METRICS

RESPONSIBLE INVESTMENT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

1 September 2021

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WHO WE ARE

We are a leading Australian non-bank corporate lender and alternative asset manager specialising in fixed income, private credit, equity and capital markets.

Through our managed funds we provide unrivalled access to the highly attractive Australian private debt market to investors ranging from individuals to global institutions.

We offer tailored borrowing solutions to corporate and other entities of all sizes and across all industries in Australia, New Zealand and developed Asia.

We launched our first wholesale fund in 2013 and we are the manager of a number of wholesale investment trusts in addition to the Metrics Master Income Trust (ASX:MXT), which successfully listed on the ASX in October 2017. Our second ASX-listed vehicle, Metrics Income Opportunities Trust (ASX: MOT) started trading in April 2019.

We have established a range of innovative investment products that are designed to provide investors with access to investment opportunities that seek to provide capital stability and regular income. We manage in excess of A$9 billion as at 30 June 2021.

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

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

OUR RESPONSIBLE INVESTMENT, ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

Metrics has a responsibility to act in the best long-term interests of investors in our funds. Our approach to responsible investment and environmental, social and governance (ESG) issues is growing in importance as regulation, climate change and societal expectations evolve.

We believe that environmental, social and governance 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.

We are also committed to playing our part in the achievement of the UN Sustainable Development Goals and contributing to a better future. We 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 accept our responsibility as a fund manager to accelerate and mainstream sustainability across the real economy.

Furthermore, Metrics believes in upholding high ESG standards in the management of our firm and, in particular, in our human resource and supply chain practices. 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 which are involved in modern slavery or environmental and social practices which fall below the standards expected by the community.

Metrics' Responsible Investment, Environmental, Social and Governance Policy (ESG Policy) therefore outlines our approach to incorporating responsible investment, environmental, social and governance factors into our investment management activities as well as the management of our business.

It incorporates the following key policies:

1. Environment Policy
2. Social Policy
3. Governance Policy
4. Diversity and Inclusion Policy
5. Modern Slavery Policy
6. Responsible Investment Policy

We may incorporate other policies into our ESG Policy from time to time.

We ensure, through new employee and ongoing training, that our investment professionals and other staff are aware of our ESG Policy commitments and understand how to best implement the values and commitments expressed in the Policy and assess and manage ESG-related investment risks.

RESPONSIBILITY AND OVERSIGHT

METRICS BOARD

The Board of Metrics 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.

The Board is comprised of the four Managing Partners and two Directors nominated by Pinnacle Investment Management Group Limited (ASX:PNI) together with a non-executive independent Director who is appointed as the Chairman.

Our ESG Policy is reviewed by the Board of Metrics on a quarterly basis.

INVESTMENT COMMITTEE

Our Investment Committee has been established by the Board of Metrics and is responsible for all investment decisions, oversight, monitoring and control of the investment assets held by funds managed by Metrics and the development and review of Metrics' investment policies.

The Investment Committee is responsible for ensuring that our investment process reflects our ESG Policy and our commitments under the UN-supported Principles for Responsible Investment (PRI). Our Investment Committee is responsible for reviewing our ESG Policy quarterly and recommending amendments as needed.

The Investment Committee's specific responsibilities with regards to our ESG Policy include:

> overseeing the risk profile of the funds' investment portfolio, including ESG risk

> reviewing the ESG Policy, and recommending at least annual updates or amendments as appropriate

> supporting the process of enhancing the integration of ESG factors into investment analysis and decision-making across the firm

> ensuring that all new and existing investments are within the risk appetite outlined in the ESG Policy and that ESG risks for each new and existing investment have been properly assessed and monitored

> approving new investment strategies that formally integrate particular ESG factors or social/environmental impact objectives as part of their investment process

> allocating capital in accordance with the ESG Policy

> monitoring the ESG-related aspects of existing investment strategies that formally integrate particular ESG factors or social/environmental impact objectives as part of their investment process

> supporting engagement activities with the entities in which we invest

> supporting efforts to collaborate with investors and others in the investment industry to support the broader acceptance and implementation of responsible investing

> supporting collaborations to promote compliance with evolving regulatory requirements

> overseeing reporting to third-party organisations on our investment activities, including the PRI

> having regard to the evolving attitude of our investor clients in relation to ESG-related issues.

These responsibilities rest solely with the Investment Committee which is comprised of each of the Managing Partners.

SUSTAINABLE FINANCE TEAM

Our dedicated Sustainable Finance team is responsible for supporting the Investment Committee in developing and implementing our ESG Policy.

The Sustainable Finance team assists the Investment Committee in the development and monitoring of strategies that formally integrate particular 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.

THIRD PARTY ASSURANCE

Where appropriate and in line with market practice, Metrics will endeavour to obtain and publish an annual third party review of all sustainable and impact-labelled products.

TRUSTEE / RESPONSIBLE ENTITY

Investment processes and compliance with internal policies is subject to regular audit and review by the relevant trustee/responsible entity of funds managed by Metrics.

INTERNAL AUDIT

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

INVESTMENT DIRECTORS

Investment Directors in Origination are responsible for the accurate assessment and reporting to the Investment Committee of credit and non-credit investment risks, including ESG risks, of all proposed investments.

Investment Directors in Portfolio Risk Management are responsible for the ongoing monitoring of the credit and non-credit investment risks, including ESG risks, in Metrics' investment portfolios and for the timely escalation and reporting to the Investment Committee of any elevated risks.

ENVIRONMENT POLICY

We are committed to supporting the principles of environmental sustainability and recognise that a sustainable environment is critical to prosperity on a local, national, and international level. This Environment Policy aims to integrate a philosophy of sustainable development into our investment activities and to establish and promote sound environmental practice in our operations.

In particular, we recognise the global climate emergency and the impact of human activity on climate change and support the Paris Agreement goals of:

a. 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

b. making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

We also 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.

Our aim is to be recognised as a leader in financing the acceleration of, and mainstreaming of, environmental sustainability across the real economy at a pace that reflects the urgency of the situation we face. We seek to lead by example, by looking for ways to operate our business with minimal environmental impact and by financing solutions that will promote a just transition to a low carbon economy, resilience to the effects of climate change, sustainable use and protection of water and marine resources, responsible use of resources, pollution prevention and the protection and restoration of biodiversity and ecosystems.

We strive to achieve this by increasing awareness of our efforts in accordance with this policy and fostering responsible environmental behaviour amongst our staff, our suppliers, the entities in which we invest and our peers at all levels.

We are committed to:

> ensuring that the environment is considered in our investment decisions and the development of the products we offer

> understanding and appropriately managing the environmental risks in our investments

> developing robust systems to measure, monitor, and report on the environmental performance of our investments

> engaging with the senior management of the entities in which we invest on environmental issues

> driving a culture of continuous environmental improvement with a focus on greenhouse gas emissions reduction

> actively supporting the adoption of renewable or lower-carbon fuels and energy sources

> minimising the consumption of natural resources in our daily operations, including water, paper and energy while still providing a comfortable working environment, and maximising recycling of resources used in daily operations

> monitoring and managing our operational environmental performance and developing targets to reduce adverse impacts; transparently reporting on our environmental performance

> complying with all applicable legal and regulatory requirements

> communicating this policy to all employees, investors, entities in which we invest and other stakeholders, as well as making this policy available to the general public.

SOCIAL POLICY

We are committed to supporting a fair and equitable society. We recognise that, as investors, we can play a significant role by making sure that the social dimension is fully integrated into our investment, capital allocation and operating activities. This Social Policy aims to integrate a philosophy of fairness and equity into our investment activities and to establish and promote corporate social responsibility in our operations.

Our aim is to be recognised as a leader in financing the acceleration of, and mainstreaming of, economic activity which mitigates social issues and challenges and achieves positive social outcomes. We seek to lead by example by demonstrating a high level of corporate social responsibility.

We strive to achieve this by increasing awareness of our efforts in accordance with this policy and fostering socially responsible behaviour amongst our staff, our suppliers, the entities in which we invest and our peers at all levels.

We are committed to:

> ensuring that the community and social issues are considered in our investment decisions and the development of the products we offer

> understanding and appropriately managing the social risks in our investments

> developing robust systems to measure, monitor, and report on the social performance of our investments

> engaging with the senior management of the entities in which we invest on social issues

> driving a culture of continuous social improvement with a focus on affordable housing, employment generation and access to essential services such as healthcare and education

> monitoring and managing our corporate social responsibility activity and transparently reporting on our corporate social responsibility activity

> establishing a vehicle through which we can deliver philanthropic assistance

> communicating this policy to all employees, investors, entities in which we invest and other stakeholders, as well as making this policy available to the general public.

Social issues which will be given due consideration in our investment decisions and the development of the products we offer may include: (i) employment; (ii) health and safety; (iii) diversity and inclusion (iv) development and training; (v) labour standards; (vi) operating practices in supply chain management; (vii) product responsibility; (viii) anti-corruption (ix) privacy and (x) community investment.

GOVERNANCE POLICY

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 strong business performance and retains the trust and goodwill of stakeholders – including shareholders, customers, employees and regulators. We therefore consider governance as a leading indicator of financial performance.

This Governance Policy aims to promote high standards of governance, ethics and business integrity in our operations and in the entities in which we invest.

We believe that an effective board should assume responsibility for its leadership and control. Directors should take decisions objectively in the best interests of the companies and instil and continually reinforce a culture across the organisation of acting lawfully, ethically, and responsibly. Typically, the board should meet at least quarterly with active participation of most directors either in person or through electronic means of communications. In principle, the board should have a balance of skills, experience, and diversity of perspectives appropriate to the requirements of the business.

An effective board should delineate the respective roles and responsibilities of its board and management and regularly review their performance. Appropriate processes should be established to verify the integrity of the entity's reports. Directors should oversee the establishment of a sound risk management framework and periodically review the effectiveness of that framework.

We are committed to:

> ensuring that governance issues are considered in our investment decisions and the development of the products we offer

> understanding and appropriately managing the governance risks in our investments

> developing robust systems to measure, monitor, and report on the governance of our investments

> engaging with the senior management of the entities in which we invest on governance issues

> driving a culture of continuous governance improvement with a focus on ESG strategy and reporting and business continuity planning

> minimising governance breaches in our daily operations

> communicating this policy to all employees, investors, entities in which we invest and other stakeholders, as well as making this policy available to the general public.

DIVERSITY AND INCLUSION

People and our culture define our unique position in the market. 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. At Metrics, our people are encouraged to contribute and work toward achieving outcomes for both our investor and borrower clients.

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 also acknowledge that we have a responsibility to respect human rights in our operations and supply chains, and that this includes taking steps to assess and address modern slavery risks.

While Metrics considers the risk of modern slavery within its direct operations to be low, there is a risk that Metrics could be exposed to modern slavery practices in some of our supply chains, other third-party relationships, and financing activities.

We are committed to playing our part in combating modern slavery by:

- ensuring the risk of modern slavery is considered in our investment decisions and the development of the products we offer
- understanding and appropriately managing modern slavery risks in our investments and our operations
- developing robust systems to measure, monitor, and report on incidents of modern slavery affecting our investments and our operations
- engaging with the senior management of the entities in which we invest on modern slavery
- driving a culture of continuous improvement in relation to modern slavery identification and prevention
- complying with all applicable legal and regulatory requirements
- communicating this policy to all employees, investors, entities in which we invest and other stakeholders, as well as making this policy available to the general public.

RESPONSIBLE INVESTMENT POLICY

RESPONSIBLE INVESTING

Responsible investing is at the heart of our business.

Metrics engages in responsible investment because we believe that environmental, social and governance (ESG) issues can affect, positively or negatively, the financial performance of the entities in which we invest. We do not think that responsible investment requires us to sacrifice investment returns. In fact, we believe that entities that do not consider ESG issues present a higher risk to investors and are more likely to negatively impact the long-term, risk-adjusted returns we ultimately deliver. We therefore consider ESG risks and opportunities in our investment decision-making processes in order to best protect and manage investments on behalf of our investors.

We also engage in responsible investment because we realise that our investors want their investments to be better aligned with the broader objectives of a fair, equitable, and sustainable society. We therefore 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.

For us, responsible investment is about achieving superior risk-adjusted returns for investors and this includes considering how the entities in which we invest manage ESG factors. Responsible investing is more than integration of ESG factors into our investment process. It also extends to portfolio construction, transaction structuring, monitoring and engagement, disclosure and reporting, and responding to opportunities to improve.

Metrics is proud to be a signatory of the UN-supported Principles for Responsible Investment (PRI).

The PRI is a global network of asset managers, owners, and service providers working collaboratively to implement responsible investment into practice.

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 following Principles, 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 each report on our activities and progress towards implementing the Principles.

SCOPE

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

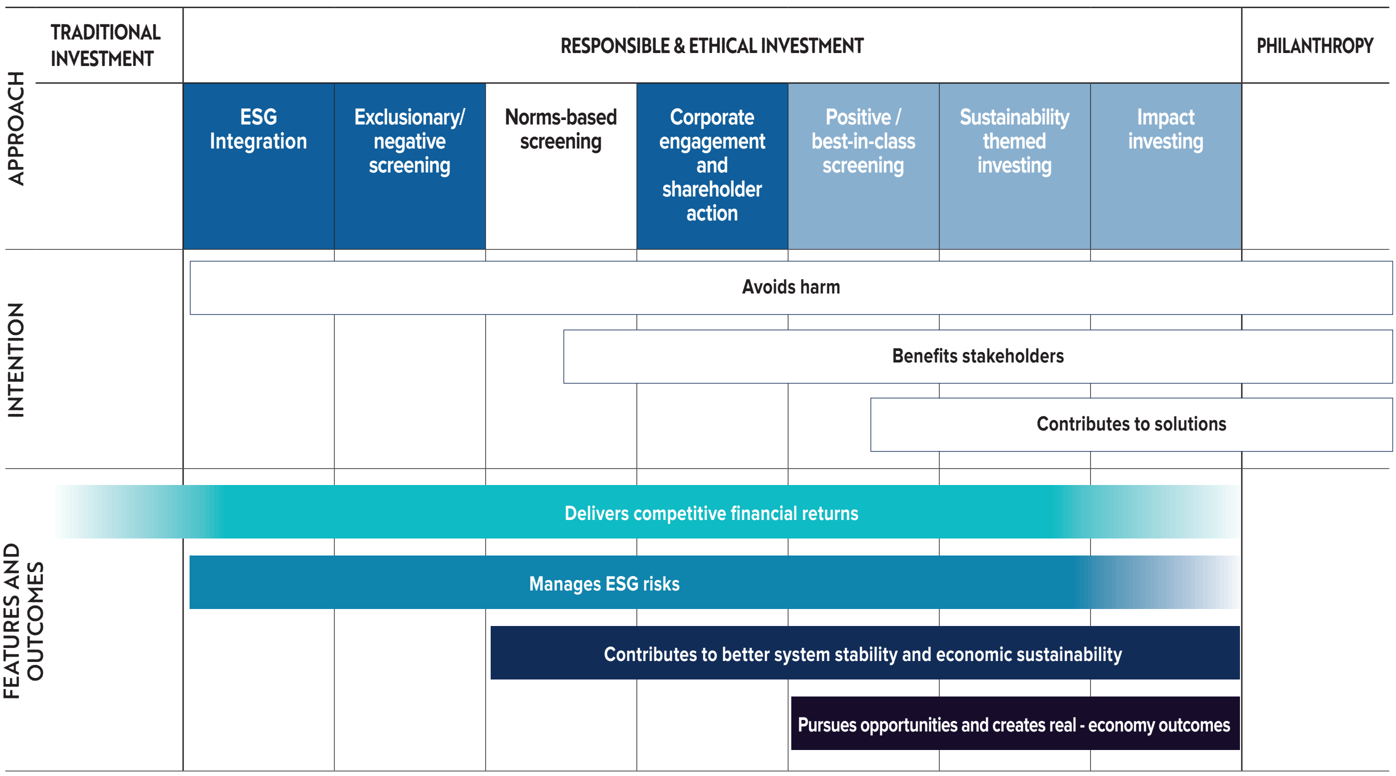
We apply exclusionary/negative screening to all of our investments and seek to continually improve our ESG integration and engagement and shareholder action in all of our existing and potential investments.

Many of our investments seek to deliver positive sustainability outcomes. In such cases, 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

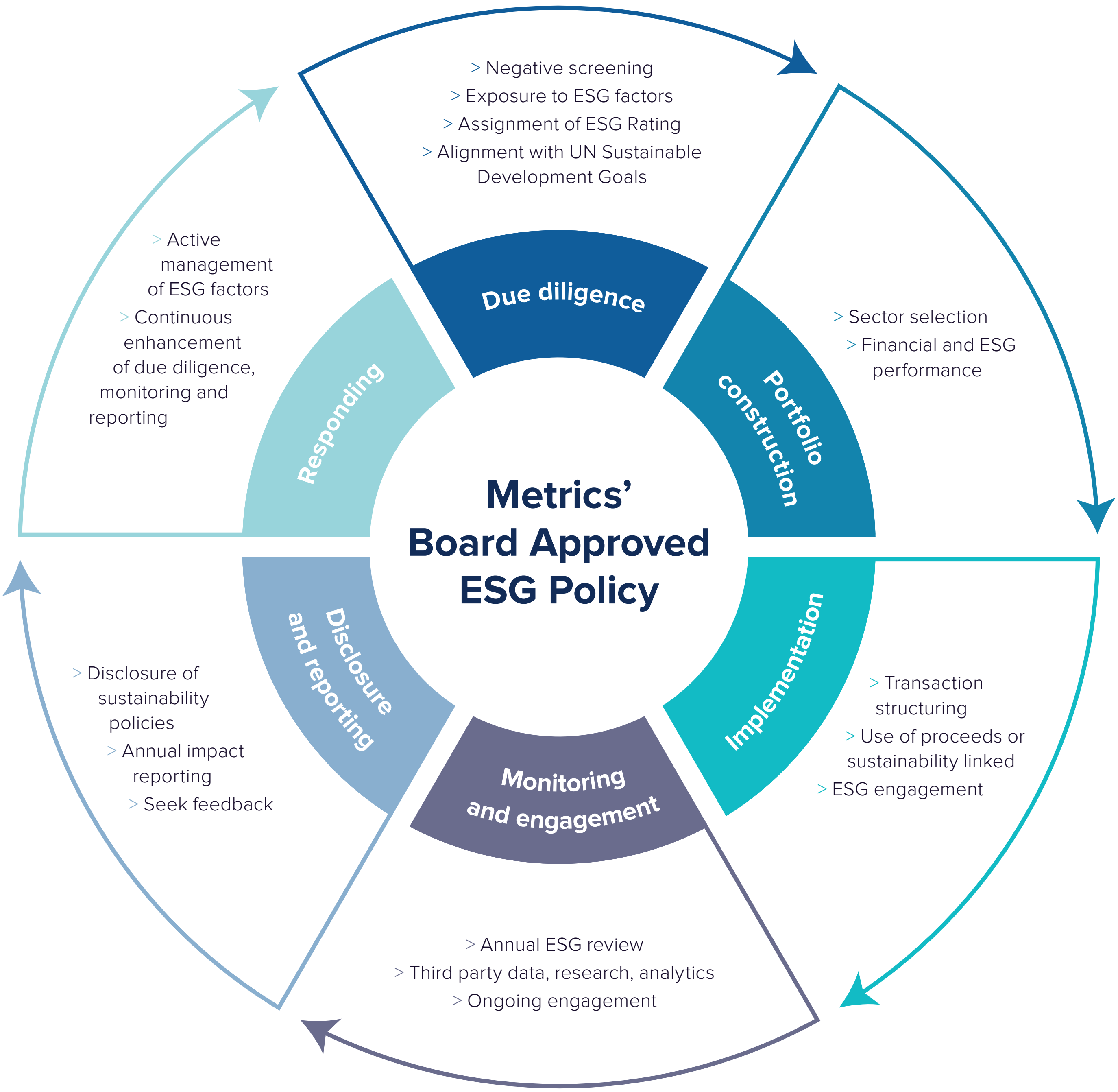


* This spectrum has been adapted from frameworks developed by Bridges Fund Management, Sonen Capital and the Impact Management Project

All Metrics funds

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

OUR APPROACH TO RESPONSIBLE INVESTMENT



DUE DILIGENCE

Understanding and assessing the ESG risks and opportunities relevant to our investments is a key part of our investment process. Companies, sectors, countries and currency are monitored for changes in ESG exposure and for potential breaches in risk limits.

Metrics believes that certain activities and industry sectors represent outsize risk to us and our investors. We therefore 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 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
- operate in any other industries as may be determined from time to time by the Investment Committee.

We take a zero tolerance position in relation to industries where Metrics applies a negative screen.

For entities operating within sectors that are not subject to a negative screen, we believe that ESG analysis is additive to the investment process. The consideration of material ESG factors alongside traditional factors is critical to our credit assessment process, noting that analysing ESG factors can assist in identifying business models that may create sustainable value while reducing risk. We also take into account non-financial sustainability factors when making investment decisions, such as alignment with UN Sustainable Development Goals.

Investment Directors in Origination and Portfolio Risk Management are responsible for the accurate assessment and reporting to the Investment Committee of financial and non-financial sustainability risks. Our activities as a private investor in corporate and other entities based in Australia, New Zealand and developed Asia means we are not a passive investor in public market securities. We have detailed private market knowledge of the entities in which we invest.

Given the limited public disclosure of ESG data by many of the entities in which we invest, we do not rely on any single third-party source for ESG analysis. Metrics will rate each potential investment on several key ESG subfactors during the initial investment process. Metrics' internal ESG ratings include qualitative judgments made by Metrics' Origination and Portfolio Risk Management teams.

Metrics' Origination teams directly engage with entities in which we invest during our initial due diligence process to seek ESG disclosure that will allow them to assess the entity's strategic strengths and weaknesses, and risks and opportunities to cash flows and valuations. We also assess the degree to which the entity is aware of its ESG-related risks and the degree to which it is prepared to mitigate those risks. As part of this process, we engage with management teams on key ESG issues.

The ESG factors against which entities will be assessed and benchmarked are identified by reference a wide range of ESG data sources integrated into our due diligence process. The Origination and Portfolio Risk Management teams may rely on any third party data, research and analytical tools that they consider relevant. Such tools may include the S&P ESG Risk Atlas, the SASB Materiality Maps and other references employed by Metrics from time to time.

Our Origination team carries out its own work on the ground. Detailed upfront and ongoing risk analysis is combined with direct interactions with the entities in which we invest and independent experts, to assist us to form our own view of risk. This allows us to ensure strategies are implemented that seek to protect our investors' capital from downside risk of loss while balancing the need to ensure that an investment seeks to deliver a fair return for investors.

Metrics includes detailed ESG risk analysis in our Investment Submissions and rates each potential investment on several key ESG factors during the initial investment process. Material ESG issues are discussed by the Investment Committee and are an important input for the final investment decision. Analysis of ESG considerations is explicitly confirmed as part of the Investment Decision Checklist signed by Investment Committee Members when investments are approved. Certain ESG issues may be flagged to be reviewed during the ongoing investment monitoring process.

Other material ESG-related risks will be identified early in the investment screening process, on a case by case basis, by the investment teams and the Investment Committee. Where such risks could cause material deterioration in the financial or operating performance of an entity over our investment horizon or represent reputational risk to either Metrics or our investors, that entity will be removed from further consideration.

Additionally, we assess the entity's impact on society and the environment, more broadly. We do not invest in entities which we conclude are not aligned with the broader objectives of a fair, equitable, and sustainable society.

Metrics will only invest if ESG concerns are adequately mitigated and both financial and non-financial risks are adequately addressed. Entities may be removed from further consideration if the Investment Committee considers that their ESG or other business practices, products and/or strategy falls short of the standards expected of responsible businesses in the relevant industry. For example, we may exclude investments in entities that disregard local laws or regulations or are disrespectful of their communities, that are connected to modern slavery in their value chains, that do not provide safe and equitable workspaces, that have poor land use practices, or that are oversize contributors to greenhouse gas emissions, among other factors.

Where we conclude ESG-related risks may have an outsize negative impact on the entity's future cash flows and value or where management is unaware or unprepared to mitigate ESG-related risks, the outcome of our due diligence and engagement may be the decision not to invest in the entity or to closely monitor ESG-related issues. 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

We seek to apply the growing body of research on ESG factors and refine our processes to structure portfolios that are equipped to generate enhanced returns through mitigating risk and capitalising on opportunities to innovate. We also have regard to the evolving attitude of our investor clients in relation to ESG-related issues.

We seek to identify ESG factors which may impact the performance of our funds, at both an individual investment level and on an aggregated basis across the portfolio. All of our funds formally integrate ESG factors into portfolio construction, through both the setting of the investment strategy and ongoing portfolio weighting decisions. The Investment Committee systematically considers material ESG risks and opportunities in investment analysis and investment decisions for each fund having regard to its individual investment strategy.

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.

A fund's investment strategy may seek to achieve positive environmental or social impacts and may adopt ESG benchmarks alongside financial benchmarks. 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.

The Investment Committee is responsible for all investment decisions, oversight, monitoring and control of the investment assets held by funds managed by Metrics and the development and review of Metrics' investment policies. In considering and making investment decisions relating to portfolio construction, the Investment Committee will satisfy themselves that ESG considerations have been properly taken into account in accordance with Metrics' ESG Policy and a fund's investment strategy.

IMPLEMENTATION

Thorough ESG analysis and the insights we glean from engaging directly with entity management presents us with an opportunity to proactively work with management as an investor seeking to ensure that entities in which we invest take appropriate actions to improve their ESG performance.

Our private market relationships with the entities in which we invest enable us to manage ESG risks during the negotiation and documentation stage of implementation by agreeing appropriate controls and restrictions, including information rights and ongoing reporting on company management and borrowers.

Working with the entities in which we invest to explore opportunities to attract capital dedicated to sustainable investment is another critical component of our transaction structuring process.

Sustainable and impact-labelled products can sometimes present an opportunity for entities to access a wider pool of capital. In some sectors, the delivery of detailed ESG information is fast becoming a prerequisite to investor interest and participation.

Where appropriate, Metrics supports the use of 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.

Loans referred to by Metrics as Green Loans align with the Green Loan Principles published by the APLMA/LMA/LSTA, the Climate Bonds Standard, or the EU Taxonomy for Sustainable Activities. Loans referred to by Metrics as Social Loans align with the Social Loan Principles published by the APLMA/LMA/LSTA. Loans referred to by Metrics as Sustainability Loans align with both the Green Loan Principles and the Social Loan Principles. Each of these loan types is characterised by the use of proceeds to support environmentally sustainable economic activity or economic activity which mitigates social issues.

Loans referred to by Metrics as Sustainability Linked Loans align with the Sustainability Linked Loan Principles published by the APLMA/LMA/LSTA. Sustainability Linked Loans may be used for general corporate purposes but contain terms designed to incentivise the borrower's achievement of ambitious, predetermined sustainability performance objectives.

Labelled loans will typically have the benefit of a second party opinion from an independent third party that confirms the alignment of the loan with the relevant APLMA/LMA/LSTA principles, the Climate Bonds Standard, or the EU Taxonomy for Sustainable Activities.

MONITORING AND ENGAGEMENT

We consider monitoring of ESG issues affecting the entities in which we invest and engagement with those entities to go hand in hand. We adopt the definition of engagement set out in the PRI's Reporting Framework glossary. Accordingly, to us, engagement encompasses all of our interactions with the entities in which we invest conducted with the purpose of improving practice on an ESG issue, changing a sustainability outcome, or improving public disclosure. Engagements can also be carried out with other stakeholders, such as policymakers or standard setters. Interactions that are not seeking change or an improvement in public disclosure are not considered engagement.

ESG considerations are systematically integrated into our monitoring and engagement activities by way of an annual ESG review, during which each company's ESG rating will be formally reviewed applying the same risk assessment methodology as during the initial investment process to ensure early identification of any emerging ESG risks and continued compliance with Metrics' ESG Policy. An entity's ESG rating may be updated if Metrics becomes aware of new or elevated ESG-related risks.

ESG considerations are also an integral part of our day-to-day relationship and investment management activities. As part of their ongoing dialogue with management teams of the entities in which we invest, Metrics' Origination and/or Portfolio Risk Management teams engage on key ESG issues identified during the due diligence process and undertake detailed periodic investment reviews, working with management teams to mitigate ESG-related risks where they believe such risks have newly arisen or become elevated.

Investment Directors in Portfolio Risk Management, together with Investment Directors in Origination, are responsible for the ongoing monitoring of the credit and non-credit investment risks, including ESG risks, in Metrics' investment portfolios and for the timely escalation and reporting to the Investment Committee of any elevated risks. Investment Directors in Portfolio Risk Management, together with Investment Directors in Origination, are also responsible for conducting each annual ESG review.

Our Investment Directors have access to third party data, research and analytical tools to help them proactively identify the key ESG issues for each entity and to benchmark them.

We believe that active monitoring and engagement improves our analysis and ultimately reduces the overall risk in our portfolios. Engagement is an essential part of being a long-term investor because engaging with entities on ESG factors can influence them to improve their performance and reduce their risk profile.

The outcome of our engagement may be the decision not to increase or renew our investment in the entity. In extreme circumstances, we may even have the right to accelerate our debt or sell our investment. 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, requesting ESG reporting or identifying the ESG-related issues we are monitoring specifically.

Given the access afforded to us as private investors, our primary method of engagement is through communication directly with management or other key stakeholders of an entity. Where relevant, we may also attend company briefings and annual general meetings. 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.

We are committed to improving transparency on our engagement activity and are currently undertaking a project to track and report on our engagement activity for investors.

DISCLOSURE AND REPORTING

Regulatory requirements continue to emerge that oblige asset managers to disclose how they are managing the financial risks relating to ESG factors. 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.

Our ESG Policy is available to our investors, the entities in which we invest, other stakeholders and the general public on our website.

We are developing robust systems to measure, monitor, and report on the environmental performance and wider sustainability impact of our investments and will report to investors and third-party organisations on our investment activities. Our reporting to the PRI is available on the PRI website.

Any investment strategies that formally integrate particular ESG factors or social/environmental impact objectives as part of their investment process will be documented, with the ESG factors or social/environmental impact objectives made available to investors. We will also describe how we plan to achieve any social/environmental impact objectives.

We will report annually on all sustainable and impact-labelled products, including, where appropriate in line with market practice, obtaining and publishing an annual third party review of all sustainable and impact-labelled products.

We support the work of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

We are working toward implementing the TCFD's recommendations.

We will actively seek feedback, particularly from our investors, on our disclosures and reporting. We will also have regard to relevant guidance offered by regulators, industry organisations and other expert bodies, with the aim of delivering continuous improvement.

TCFD's Recommendations and Supporting Recommended Disclosures

Governance	Strategy	Risk Management	Metric and Targets
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	**Recommended Disclosures**	**Recommended Disclosures**	**Recommended Disclosures**
a) Describe the board's oversight of climate-related risks and opportunities. b) Describe management's role in assessing and managing climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning. c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	a) Describe the organisation's processes for identifying and assessing climate-related risks. b) Describe the organisation's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

RESPONDING

We recognise that responsible investment is a fast-moving area, and that we will need to continue to monitor and invest in line with the pace of change. We are committed to continuous improvement and innovation in the integration of ESG into our investment processes.

Where necessary to maintain compliance with the criteria applicable to any sustainable and impact-labelled products or to achieve any social/environmental impact objectives, we will rebalance our portfolios.

We will strive to collect high quality data to continuously improve our due diligence on ESG issues, our monitoring of ESG performance by the entities in which we invest and our reporting.

We will proactively monitor the benchmarks we apply to ensure they remain appropriate. In particular, where a fund's investment strategy adopts ESG benchmarks we will seek to ensure that the benchmark remains ambitious, yet achievable.

Our progress can be measured through the score awarded to us by the PRI following its annual assessment of our reporting, the impacts delivered by our investments and the impact of our engagement.

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 possible, we engage with other stakeholders to encourage greater transparency on material ESG issues and standardisation of reporting requirements on ESG issues from corporations and other entities. Metrics is proud to be a signatory of the UN-supported Principles for Responsible Investment (PRI), a Supporter of the Transition Pathway Initiative and a Founding Member of the Australian Sustainable Finance Institute. Metrics is also a Climate Bonds Partner and member of the Asia Pacific Loan Market Association's Green & Sustainable Loan Committee.

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 and others supporting responsible investment, particularly through the development of government policy, robust criteria for sustainability benchmarking and standardised ESG disclosure. Our key memberships and collaborations are listed on our website.

Finally, we endeavour to contribute to positive ESG outcomes more broadly by promoting the principles of responsible investing and sustainability through our marketing and public relations activities and by engaging on ESG issues with investors in our funds.

Climate Bonds Initiative

APLMA
Asia Pacific Loan Market Association

PRI
Principles for Responsible Investment

Transition Pathway Initiative

Australian Sustainable Finance Institute

FOR FURTHER INFORMATION

Please email invest@metrics.com.au
or call 1300 010 311

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