

Resolution Capital Limited
Responsible Investment Policy

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This Responsible Investment Policy has been approved by the Board of Resolution Capital Limited (RCL) and should be read together with RCL's Engagement and Proxy Voting Policies. These Policies can be found on our website: www.rescap.com

1. Investment objectives and philosophy

RCL is a specialist global real estate securities manager. Our investment objective is to deliver superior risk adjusted long term returns, compared with relevant benchmarks.

This we believe can be achieved by investing in a concentrated portfolio of carefully selected listed real estate securities. There is an emphasis on avoiding fundamental flaws which could reasonably result in permanent impairment of the underlying investments. This aligns our investment process and security selection with clients' objectives of long term wealth creation.

Primarily through bottom up research, RCL seeks to identify and invest in a select group of high quality stocks which afford unique characteristics that the market continues to under appreciate. The stringent filtering process focuses on identifying and exploiting three key attributes:

- High barrier property markets where landlords have the best potential for long term pricing power;
- Strong balance sheets which can successfully withstand and exploit market cycles; and
- Management teams with skill, discipline and alignment.

Environmental, Social and Governance (ESG) considerations are an integral part of RCL's investment philosophy. We believe these initiatives benefit the broader community and that strong ESG practices of the companies in which we invest are likely to be additive to their performance and hence investor's will ultimately be rewarded through superior investment outcomes.

As a mark of our commitment RCL has been a signatory to the United Nations Organisation initiated Principles for Responsible Investment (www.unpri.org) since 2010. RCL is progressively integrating ESG considerations into its investment process to align itself with the six Principles of UNPRI. We incorporate ESG factors in stock analysis and as discussion points for broader engagement activities.

RCL is a member of GRESB (Global Real Estate Sustainability Benchmark) and we benchmark our portfolio GRESB rating versus the relevant benchmark. We target a portfolio GRESB rating above the benchmark.

The following section highlights some of the ESG factors we consider in our investment process.

2. Environmental

Environmental policies that lead to greater energy, water and waste efficiencies reduce operating expenses, making assets more profitable and environmentally sustainable. Additionally, tenants and consumers are increasingly setting minimum standards for sustainability. Buildings that meet such requirements have higher occupancy. Finally, buildings with high environmental standards may receive better pricing upon sale, due to a wider pool of potential buyers.

Where possible we measure the company's consumption (per square metre), like-for-like change and targets for:

- Energy;
- Greenhouse gas (GHG);
- Water; and
- Waste.

However, in our opinion, environmental ratings can't be measured in isolation, for a number of reasons, including:

- Limited data availability across all REITs;
- Inconsistent methodology between different regions and sectors; and
- Does not take into account properties acquired for the intention of retrofitting to raise sustainability ratings.

Hence, we do not think it is always appropriate to rank the environmental rating of the static portfolio, but rather we track how each company is improving.

Whilst we take industry measures of sustainability into account, it is critical to consider the objectives and track record of management. We use meetings with management and property tours to discuss environmental credentials and review how they are incorporated into asset management and development.

3. Social

Real estate touches many facets of our everyday lives and therefore it's important to consider how companies interact with all stakeholders. We consider, partly from a risk perspective, a number of the company's policies and performance, including:

- Customer and local community relationships/engagements;
- Safety track record (including fatalities);
- Adherence to human rights (in the supply chain); and
- History of illegal activities/corruption.

In terms of company employees we, where practicable, review of the following factors:

- Employee engagement and training;
- Staff turnover (treatment); and
- Diversity.

4. Governance

We believe that good governance and good management are imperative to an entity's long term success. We have observed that companies with aligned management typically outperform companies with inferior alignment over the long term. We focus on:

- Management share ownership;
- Remuneration structure and KPI's;
- Board composition (including diversity);
- Track record, transparency, integrity;
- Minority shareholder protection; and
- Conflicts of interest/related party transactions.

We are active owners and we engage with companies on different ESG issues and seek to improve disclosure where relevant. Please refer to our Proxy Voting and Engagement policies for more details.

5. Approach

The responsibility of incorporating ESG into the investment process sits with the Investment Team. The team integrates ESG factors in the investment process. Investment Analysts and Portfolio Managers are responsible for identifying and assessing relevant ESG factors. A discussion of these factors is included in stock initiation and research reports and are explicitly factored into valuations via adjustments to the company's earnings forecasts and / or valuation multiple, where applicable.

ESG is an important component of Investment Team staff variable remuneration.