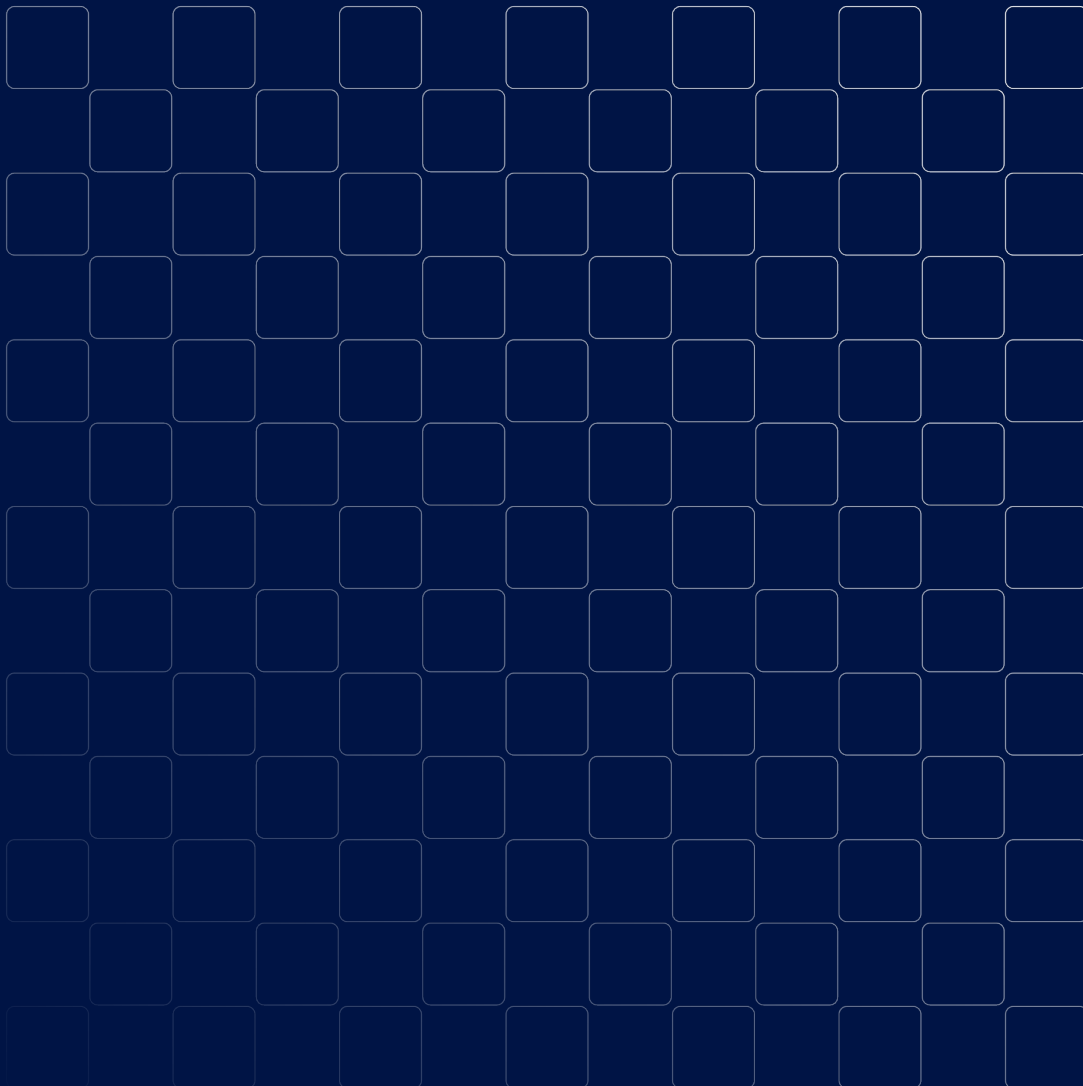


Environmental, Social and Governance (ESG) Policy

Qualitas Limited ACN 655 057 588 (Company)



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1 Purpose

The purpose of this policy is to define Qualitas' approach and commitment to the integration of environmental, social and governance ("ESG") factors throughout the organisation and through our fund investment platform.

As one of Australia's leading alternative real estate investment managers Qualitas recognises that we have an important role to play in the allocation of capital in the Australian economy. We understand that ESG factors can have a material impact on financial and investment performance and that we have a duty to be a responsible steward of our investors' capital.

Qualitas believes that we can have maximum impact by leveraging our leading platform to deploy capital into investment opportunities that provide attractive risk adjusted returns and can generate measurable environmental and/or social benefit. These types of investments may be in areas such as the decarbonisation of buildings, energy efficiency, healthcare and social and affordable housing.

By embedding ESG considerations into our corporate and investment processes we aim to:

- Ensure compliance with the laws and discharge of our fiduciary duties in the jurisdictions in which we operate.
- Avoid harmful or reputationally damaging activities and investments.
- Enhance risk adjusted returns for Qualitas' shareholders and investors in our funds.
- Identify opportunities where we can contribute to positive change in the communities in which we operate and to the environment (including through the development of new investment products with a higher focus on addressing environmental and/or social challenges).
- Promote a workplace that is inclusive and values diversity.
- Deliver on the broad expectations of our stakeholders.

2 Scope

This Policy applies to the Qualitas Group and to all subsidiaries, funds, trusts and other investment vehicles managed or controlled by Qualitas. Throughout this Policy references to "Qualitas", "we" or "our" means the Qualitas Group¹.

3 ESG beliefs and priorities

Qualitas considers ESG factors at two levels:

1. Corporate

- We seek to lead by example by integrating our ESG beliefs and priorities in our operations.

2. Funds and Investments (Responsible Investment)

- We integrate ESG considerations into our investment analysis and decisions in order to identify and mitigate risk and identify potential opportunities to optimise returns.

¹ Arch Finance ("Arch") is a wholly owned subsidiary of Qualitas. Arch originates and manages a portfolio of first mortgage commercial loans for which borrowers are typically small investors or small businesses. Due to limited availability of reliable ESG data and low ability to influence ESG outcomes in this segment of the mortgage market it is not practical or feasible to undertake ESG due diligence on these borrowers in the manner outlined in this policy. As such Arch applies discretion in the application of this policy to its lending activities. Arch will not make loans to borrowers that operate in any of the excluded sectors included in this policy.

- We seek to develop funds and investment strategies that invest in specific ESG themes that we believe offer attractive risk adjusted returns.

Our ESG priorities reflect what we believe are the factors that are most material for our business at each level and where we believe we can have meaningful impact.

Our Corporate Priorities

1. **Emissions reduction** – We are committed to measuring and reducing the greenhouse (GHG) emissions intensity of our operations. We aim to occupy energy efficient offices and use clean energy as far as is practicable across our corporate locations. We are committed to being a carbon neutral business via an annual Climate Active certification and to using only the highest quality carbon offsets, that align with our ESG priorities across the group, where we need to do so.
2. **Inclusion & diversity** – We are committed to a working environment that is inclusive, free from discrimination, physically and psychologically safe and that values and recognises the power of diversity in achieving long-term performance.
3. **Community engagement** – We recognise that we operate within communities and that communities are key stakeholders in our social licence to operate. We aim to deliver real impact through our social and community programs which includes engagement with our charitable partners and with First Nations stakeholders through our Reconciliation Action Plan.
4. **Strong governance** – We believe that good corporate governance is essential to creating and preserving long-term value. We are committed to maintaining the highest standards of corporate governance across our business and investing activities. We believe that issues such as board diversity, director incentives and remuneration and ESG disclosure and oversight are hallmarks of well-run companies. We are committed to transparency and disclosure and support the introduction of climate related financial disclosures.
5. **Modern Slavery** – We recognise that Modern Slavery can occur in every sector and has severe consequences for victims. Modern slavery also distorts global markets, undercuts responsible business and can pose significant legal and reputational risks for Qualitas. We are committed to assessing and addressing the risks of Modern Slavery in our corporate operations, supply chains and investments. We will produce a Modern Slavery Statement in accordance with the requirements of the Modern Slavery Act².

Our Responsible Investment Priorities

1. **ESG integration** – We integrate relevant and material ESG considerations into investment analysis and decision making across our funds and investments where practicable.
2. **Improving engagement** – Whilst our level of influence will vary across different investments and funds, we will seek to engage constructively with borrowers and partners to understand ESG risks and opportunities and to exert influence where we can.
3. **Incorporating ESG into product development** – We believe decarbonisation, the energy transition, healthcare and housing affordability and supply shortages present attractive long-term ESG aligned investment themes in the real asset sector. We will seek to develop investment strategies that incorporate environmental and/or social objectives as a core element of the investment strategy, focused on these themes, alongside generating attractive risk adjusted returns.

Our Stakeholders

In formulating this policy and our ESG strategies more broadly we have regard to the following key stakeholder groups:

- Qualitas Shareholders
- Investors in the Qualitas funds
- Qualitas Board directors, ESG Advisory Group members, Qualitas Trustee board directors and employees
- Our borrowers and investment partners

² Modern Slavery Act refers to the Modern Slavery Act 2018 (Cth) ("Act"). For FY24 Qualitas was not a reporting entity for the purposes of the Act and was not required to submit a Modern Slavery Statement to the Modern Slavery Statements Register. Qualitas has undertaken a preliminary assessment of modern slavery risks across our supply chain and we are considering producing a voluntary Modern Slavery Statement, which we would make publicly available. Any voluntary statement we produce would address all mandatory criteria for a Modern Slavery Statement required under the Act.

- Our suppliers
- The communities in which we operate (including First Nations stakeholders)
- Government and regulators

4 Responsible Investment

Qualitas is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and we are committed to implementing its [six principles](#).

We have developed a Responsible Investment Framework that we apply across our funds and which we believe reflects our corporate values and our strong focus on risk management.

The key elements of our approach are outlined below.

ESG in New Product Development

Qualitas aims to incorporate ESG themes such as decarbonisation, the energy transition, healthcare and social and affordable housing into the development of new funds and investment strategies. We believe these themes present attractive long-term investment opportunities in the real asset sector. As a fund manager, our aim is to connect investment capital with investment opportunities and this is where we believe we can best leverage Qualitas' platform and expertise to help achieve our stated ESG priorities.

Negative and Exclusionary Screens

Qualitas seeks to avoid investments that have the potential to cause significant harm to the environment or society. Qualitas will not make investments or support sponsors or borrowers that operate in the following sectors (subject to the materiality thresholds specified):

SECTOR	SCREEN APPLIES TO	MATERIALITY THRESHOLD APPLIED ³	RATIONALE FOR EXCLUSION
Production and sale of military equipment, firearms or munitions	Sponsors ⁴ , borrowers, tenants ⁵	100%	Potential negative social impact and potential reputational risk for Qualitas
Production, storage and/or transportation of nuclear/radioactive material (excluding medical equipment or quality control measurement equipment)	Sponsors, borrowers, tenants	100%	Potential negative environmental impact and potential reputational risk for Qualitas
Manufacture/production of tobacco products (including vapes)	Sponsors, borrowers, tenants	100%	Potential negative social impact and potential reputational risk for Qualitas

³ The materiality threshold refers to the threshold above which an investment will be excluded. 100% materiality threshold means that there is zero tolerance for investments in these sectors.

⁴ Sponsor means a person or entity that owns or controls (either wholly or jointly) an asset, project or entity in which Qualitas or a Qualitas controlled fund is making an investment. A sponsor may include a guarantor.

⁵ Tenant means a person or entity who rents or leases a property which Qualitas or a Qualitas controlled fund owns or has taken as security (e.g. a mortgage) for an investment where the net rental income from the tenant is >25% of the total net rental income of the property.

Sale of tobacco products (including vapes)	Sponsors, borrowers, tenants	>50% of annual revenue ⁶	Potential negative social impact and potential reputational risk for Qualitas
Adult entertainment, brothels and sale of pornography	Sponsors, borrowers, tenants	100%	Potential negative social impact and potential reputational risk for Qualitas

Sensitive Sectors

Qualitas also recognises that certain sectors involve increased investment risk and/or reputational risks for Qualitas. We consider the following sectors to be sensitive and investments in these sectors or Sponsors involved in these sectors require heightened attention to ESG considerations and escalation to the Investment Committee for further discussion and decision making.

SECTOR	AREAS OF SENSITIVITY	ESCALATION
Production or sale of alcohol products (pubs, bottle shops, breweries, wineries, distilleries)	<ul style="list-style-type: none"> Potential social harm due to problem drinking Potential reputational risk due to regulatory or conduct breaches by operators 	Relevant Fund Investment Committee
Gaming and wagering (pubs, clubs, casinos)	<ul style="list-style-type: none"> Potential social harm due to problem drinking Potential reputational risk due to regulatory or conduct breaches by operators 	Relevant Fund Investment Committee
Hazardous chemical storage	<ul style="list-style-type: none"> Potential environmental harm due to accidental spills or damage to facilities (e.g. fire, flood, earthquake) 	Relevant Fund Investment Committee
Fossil fuel distribution or sale (e.g. coal, oil, gas port and terminal facilities, refined oil product (petrol/diesel) distribution or sale)	<ul style="list-style-type: none"> Potential environmental harm due to GHG emissions Investment risk due to fossil fuel phase out 	Relevant Fund Investment Committee

Investment Due Diligence

All potential investments across our funds⁷ undergo a pre-investment ESG assessment undertaken by the Investment team, with the assistance of our internal ESG team and, where appropriate, external support.

ESG ratings are assigned to investments using inhouse developed rating tools, which assess relevant aspects of a Sponsor's ESG performance as well as sustainability elements specific to the asset.

Our ESG assessment framework has been developed to guide our ESG considerations and to assist our investment teams to identify ESG risks that could have a material impact on the performance of an investment or on the reputation of Qualitas. Areas we consider in our assessment include the following.

⁶ Annual revenue means the sales revenue of the entity as reported in its most recent financial statements for a 12 month period.

⁷ Loans undertaken through the Arch Finance Warehouse Trust are subject only to the Negative and Exclusionary Screens set out in this policy.

ENVIRONMENTAL CONSIDERATIONS	SOCIAL CONSIDERATIONS	GOVERNANCE CONSIDERATIONS
<ul style="list-style-type: none"> • Energy efficiency • Climate risks • Water management • Building ratings and certifications • Land use • Waste management • Hazardous materials & contamination 	<ul style="list-style-type: none"> • Stakeholder engagement • Workplace health & safety • Diversity & inclusion • Labour relations • Modern slavery • Access & affordability • Design standards & materials 	<ul style="list-style-type: none"> • ESG policies & practices • Risk management • Board structures & governance • Financial reporting & transparency • Legal & regulatory compliance • Conduct

Investment Committee

ESG ratings and discussion of ESG factors considered relevant and material to the investment are included in our Investment Committee Memorandums for consideration by the Investment Committee (“IC”), which is responsible for the approval of investments.

Sponsor Engagement

Qualitas operates in private markets and we recognise that our investors, partners and borrowers are at different levels of ESG maturity. We have more influence in some investments than in others, but we seek to actively engage with Sponsors on ESG matters and to exert influence where we reasonably can. The ways in which we do this vary depending on the type and duration of the investment and the investment objectives of the fund, but may include:

- Collecting ESG data from the entities in which we invest.
- Engaging directly with Sponsors to understand their approach to ESG risks and opportunities
- Incorporating ESG metrics in investment business plans and documentation
- Seeking opportunities to assist investees to implement ESG and sustainability initiatives in their business or projects.

Equity Investments

Where Qualitas or our funds are directly investing in real estate assets (either through equity or structured preferred equity investments) we incorporate sustainability considerations as part of the investment strategy for the asset. For new investments⁸ we complete a sustainability review as part of our pre-investment due diligence which aims to identify any material environmental related risks as well as opportunities to improve the sustainability performance of the asset during our ownership.

The findings of sustainability due diligence are reported in Investment Committee Memorandums and where appropriate incorporated into the business plan for the investment.

We support the use of building rating schemes such as Green Star, NABERS and NatHERS. In investments where we have a direct and controlling interest we encourage the application and use of building ratings for our investments where they are feasible.

Where we are seeking external debt finance for an investment we will seek to use Sustainability Linked Loans or other forms of sustainable finance to support our investments where it is practical and feasible to do so.

⁸ This includes any direct real estate investments undertaken after the date of this policy.

5 Responsibility and accountability

Qualitas aims for best practice governance and oversight of its ESG initiatives at each level in the business – including:

- **Board:** The Board has responsibility to consider ESG factors as part of its strategic planning processes and to prioritise best practice. The Board is ultimately responsible for sustainability governance, including approving the Qualitas ESG Policy.
- **ESG Advisory Group:** The ESG Advisory Group provides advice to management and the Board on ESG strategy, policy development and reporting of ESG strategic priorities.
- **Executive Team:** The Executive Team is responsible for ESG leadership, strategy and oversight.
- **Head of ESG:** The Head of ESG is responsible for the day-to-day management of the ESG initiatives and frameworks, assisted by the ESG Steering Committee.
- **ESG Steering Committee (ESGSC):** The ESGSC, which comprises senior representation from key parts of the business and is chaired by the Head of ESG, is responsible for strategy and policy development, reporting and implementation of strategic priorities. Within this group, further working groups are established on an as-needs-basis to design and test key aspects of ESG integration relating to investments and operations. The ESGSC currently meets quarterly.
- **Investment Committee:** The Investment Committee is responsible for the effective integration of ESG factors into investment due diligence and decision making in accordance with our Responsible Investment framework.

Accountability

Where practical, each employee, contractor and adviser engaged by Qualitas is required to have regard to ESG factors in their engagement with the business. Each person is responsible and accountable for ensuring that Qualitas complies with its requirements and goals towards its initiatives and priorities.

6 Collaboration and knowledge sharing

Qualitas is committed to continuous improvement and believes that progress on ESG issues is best achieved through collective efforts. We actively collaborate with industry associations and maintain membership of leading bodies focused on ESG and sustainability related matters, such as UNPRI, the Responsible Investment Association of Australasia (RIAA) and the Investor Group on Climate Change (IGCC). We believe these bodies provide valuable opportunities to work together and share knowledge and best practice and provide powerful platforms for collective advocacy.

We will seek to expand our membership and engagement with these bodies overtime and provide opportunities for our staff to be involved in working groups and committees wherever possible.

7 Reporting

Internal reporting

Internal reporting is managed and monitored by the Head of ESG. Reporting to the Board occurs at least bi-annually and to the Executive Team at least quarterly.

The Head of ESG is responsible for communicating the contents of this policy and advising the Executive Team of any breaches of this policy. Breaches will also be recorded in the Qualitas incidents and breaches register maintained by the Director – Group Compliance.

External reporting

Qualitas is committed to transparency and disclosure in monitoring and reporting on its ESG initiatives. We undertake reporting associated with our annual Climate Active certification as well as our UNPRI and GRESB reporting obligations.

Our annual report includes updates on our ESG programs and initiatives and we provide regular ESG updates at our half yearly results announcements and at our Investor Days.

8 Policy Review Process

We seek continuous improvement and this policy will be reviewed biennially, and more frequently if deemed appropriate.

The Head of ESG is responsible for the review of the Policy. The Policy is endorsed by the ESG Advisory Group and approved by the Nomination, Remuneration and Governance Committee and any material changes must be approved by the Board.

9 Related Policies

Qualitas seeks to reflect ESG and its obligations in its suite of policies, including but not limited to its:

- Investment policies
- Risk Management Framework and Risk Appetite Statement
- Conflicts Management Framework and Policy
- Anti-Bribery & Corruption Policy
- Anti-Money Laundering Policy
- Anti-Bullying, Sexual Harassment & Violence Policy
- Work Health & Safety Policy
- Workplace Policy
- Whistleblower Policy
- Board Charter
- Code of Conduct
- Modern Slavery Statement

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