

Responsible Investment Policy

September 2021

Overview

Laguna Bay is an investment firm specialising in food and agriculture. Our research-driven, value-based investment strategy builds scalable and sustainable food and agribusiness, for the benefit of all. We recognise our role in the food and agribusiness sector is critical to help create sustainable solutions with natural resources becoming scarcer through a combination of a growing global population and climate change.

The objective of this Responsible Investment Policy (**Policy**) is to ensure that sustainability matters, including environmental, social and governance (**ESG**) risks and opportunities, are adequately considered as part of Laguna Bay's investment processes and in the ongoing management of our investments.

Responsible Investing

Laguna Bay has a fiduciary duty to act in the best interests of our investors. Conflicts are managed under an investor approved Conflicts Policy. Commercially-focused analysis and a value-generating mindset underpins all Laguna Bay investments – and this ethos extends to matters of sustainability.

ESG factors can significantly impact the performance of an asset or business and equally impact the environment, society and governance around them. We understand that superior ESG and sustainability practices work with, not against, good operational practices, and deliver improved performance which ultimately enhances value. Accordingly, the assessment of ESG risks and opportunities forms an important part of Laguna Bay's screening, deal evaluation and due diligence process when reviewing potential investments. A detailed due diligence program is tailored for each new investment based on the key ESG risks and opportunities we identify by reference to the sector, geographic location and operational characteristics of the investment.

This Policy does not preclude Laguna Bay from making particular investments. Rather, it seeks to ensure our investment decisions are well informed, lead toward sustainable outcomes and have regard to the relevant inherent ESG risks and opportunities.

Our Framework

Part of our mission is to leave assets in a better condition than when we acquired them, which is why every Laguna Bay investment is assessed and managed in accordance with our four sustainability pillars:

- **Climate and environment:** Our assets are managed with a long-term view of reducing our impact on climate and environment. We consider climate change and its potential impact on investments; the availability of, and competition for, water; the protection and stewardship of productive soils; and the impact assets and their operations have on the local environment.
- **People and communities:** We champion sustainable operators and treat our local communities with respect. We review our target partner's existing Health, Safety and Environment policies; analyse the partner's relationships with all stakeholders; and assess the impact our investment has on its community including rural-urban migration, employment opportunities, skills and generational succession.
- **Governance and standards:** Laguna Bay commits to a strong ESG focus in our due diligence process and encourage our partners to do the same. We ensure the structure and composition of boards of directors are skilled, fit and proper; investigate the partner's organisation and reporting structure regarding transparency and accountability; and review their existing operational and ESG policies.
- **Livestock and wildlife:** Laguna Bay not only meets, but looks beyond our legal obligations and social expectations. We assess animal welfare performance against applicable regulations and engage experts to benchmark this; and identify opportunities to drive regeneration projects that improve local ecology, expand habitat and protect biodiversity.

UN Sustainable Development Goals relevant to our Framework



Asset Management

Strategic Direction

We believe that sustainable investing and management involving the proactive management of key ESG issues across our portfolio, will help protect and enhance the value of our investments, while creating positive outcomes for all our stakeholders.

Laguna Bay's asset management teams are responsible for ensuring ESG opportunities are acted upon, and any associated risks are appropriately managed.

Transparent reporting

An annual report on the firm's sustainability progress is provided to investors at the end of each Financial Year. Material issues or incidents are reported to the Fund's Investor Advisory Committee as soon as practical.

Monitoring compliance

The Investment Committee is responsible for monitoring compliance with this Policy on an annual basis, or as required. Where instances of non-compliance are identified, the Managing Directors are responsible for determining and/or recommending appropriate remedial action.

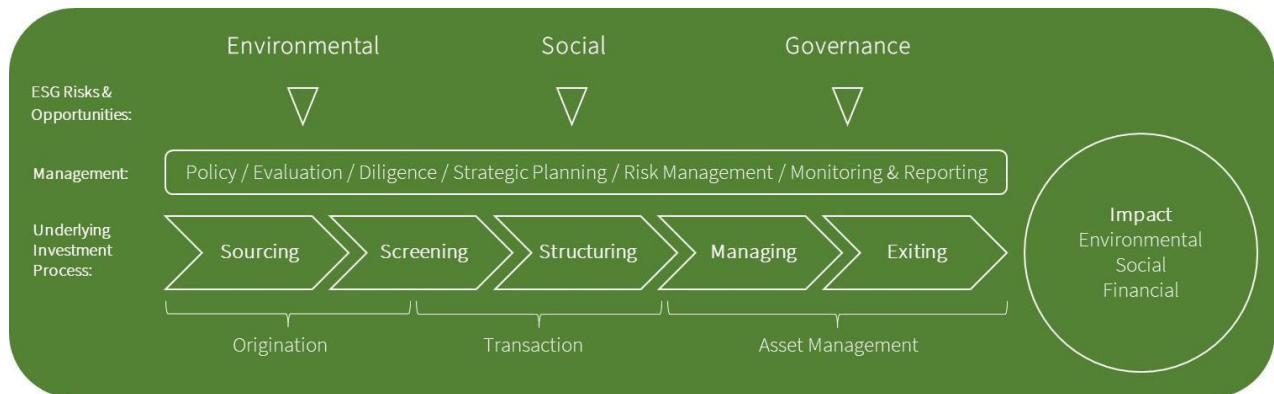
Commitments

Principles for Responsible Investment

Laguna Bay is a signatory to the United Nations-backed Principles for Responsible Investment Initiative. We commit to the following principles:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

Alignment with investment approach



Our associations



United Nations Sustainable Development Goals.



PARIS2015
COP21-CMP11

The Paris Agreement
and Australia's NDC.



Task Force on Climate-related
Financial Disclosures.

