

Responsible Investment Policy

June 2024

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 important role in creating sustainable food supply which is critical to serving a growing global population in the context of increasingly scarce natural resources and the challenges climate change presents to traditional production.

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

As an institutional investment manager, Laguna Bay has a fiduciary obligation to act in the best long-term financial interests of its investors and their beneficiaries. Laguna Bay believes capital may be allocated in a manner that accounts for impact, risks and opportunities, addressing sustainability global challenges and achieving the highest possible financial returns for its investors.

ESG factors can significantly impact the performance of an asset and equally impact the environment and societies 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. Commercially-focused analysis and a value-generating mindset underpins all Laguna Bay investments – and this ethos extends to matters of sustainability.

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.

This Policy also guides Laguna Bay's responsible engagement in political activities by aligning with ethical principles, sustainability goals, core values, and legal requirements, while maintaining transparency.

Conflicts are managed under an investor approved Conflicts Policy.

Our Framework

Laguna Bay works to the fundamental principle of leaving assets in a better condition than when we acquired them and that good sustainability practices are directly linked to good operational and financial performance.

Our assets are assessed and managed in accordance with our three 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 of local ecology and stewardship of productive soils; including the impact assets and their operations have on the local environment.
- **People and Communities:** We champion sustainable operators, aiming to be industry leaders in maintaining safe workplaces, equipment, and practices, managing labour relations constructively, and fostering positive relationships with and contributions to our local communities. We encourage workforce diversity, and ensure animal welfare on farms and throughout the supply chain.
- **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.

We have developed our Sustainability Framework and ESG investment assessment criteria with reference to the United Nations Sustainable Development Goals (**SDGs**). The SDGs are a set of 17 objectives designed to promote prosperity while protecting the planet. They recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection.

UN Sustainable Development Goals relevant to our Framework



Integration

Investment screening

Laguna Bay has a fiduciary duty to act in the best interests of our investors. We recognise that ESG factors can have a significant (positive or negative) impact on the performance of an asset or business and equally, that our assets and businesses may have a significant (positive or negative) impact or influence on the environment and society around them. Laguna Bay integrates ESG risks and opportunities into its screening, deal evaluation and due diligence process for potential investments. We tailor a detailed due diligence program for each new investment based on its sector, geographical location and operational characteristics.

Asset management

Each portfolio asset at Laguna Bay is governed by a board that includes Laguna Bay representation, with director representatives stewarding ESG priorities and reporting progress to both the Laguna Bay Asset Management Committee and Investment Committee. These committees provide oversight, guidance, and feedback, assess evolving ESG risks, and recommend necessary changes to investment practices.

Transparent reporting

An annual report on the firm's sustainability progress is provided to investors 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.

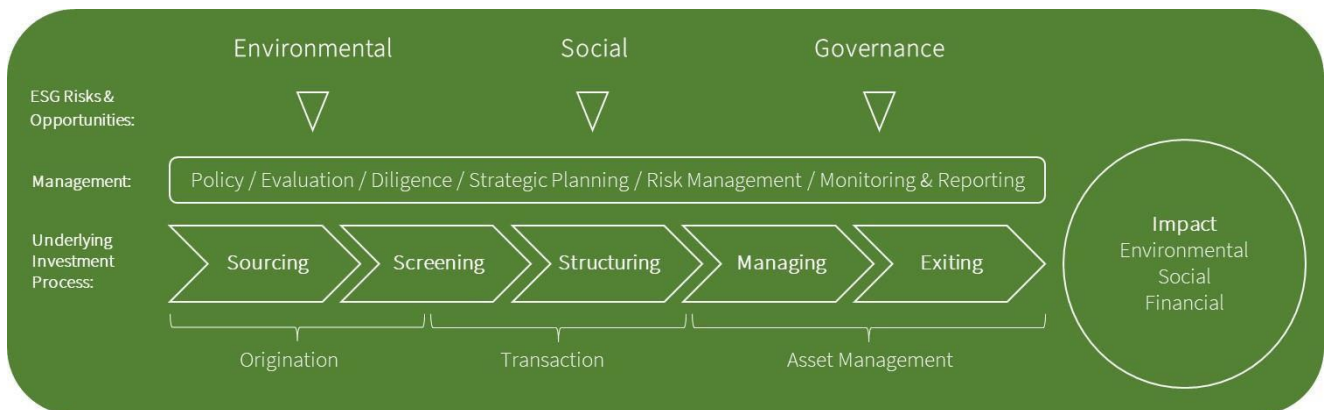
Commitments

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

