PROFIT THROUGH **PURPOSE**

RESPONSIBLE INVESTMENT POLICY

resonance

PURPOSE

The Policy sets out how Resonance integrates ESG considerations into investment decisions and ownership practices, as guided by the UN Principles for Responsible Investment (PRI)[1]. It sets out our investment beliefs, strategy, and approach, which guides our asset allocation, stewardship activities, and reporting practices. The policy also explains how we contribute to addressing pressing global challenges such as climate change, human rights, and the broader UN Sustainable Development Goals (SDGs)[2].

By investing responsibly, we aim to avoid harm, safeguard the performance of our financial objectives, and play an active role in driving positive outcomes for people, places and the planet.

SCOPE

This Policy applies to all Resonance employees involved in financing, investment, stewardship, and engagement activities, as well as to investees through Resonance's investment activities. It covers all investment portfolios and applies across all jurisdictions in which Resonance invests.

OUR INVESTMENT BELIEFS

Resonance was founded to mobilise capital for social impact, supporting enterprises and communities to create positive change. As a Certified Social Enterprise and B Corporation[3], environmental, social, and governance (ESG) considerations are central to how we operate and invest - they are part of our DNA. We were established to help champion and embed responsible and impact-led investment within the mainstream financial system.

Our investment approach is grounded in the belief that ESG issues are interconnected and materially affect long-term investment performance, economic resilience, and societal wellbeing. We believe responsible investment requires consideration not only of financial returns, but also of the broader impact investments have on people, communities, and the environment. In particular, we recognise climate change, human rights, inequality, and governance failures as systemic issues that can affect communities, markets, and the stability of the global economy.

Our vision is of a world where capital serves people and communities, everyone is empowered to invest for positive social impact, and resources are stewarded responsibly for future generations. We are committed to respecting internationally recognised human rights and supporting a just and inclusive transition to a low-carbon economy. We expect the assets, businesses, and projects we invest in to operate responsibly, uphold fair labour practices, promote diversity and inclusion, and manage environmental impacts effectively.

We also recognise that environmental and social issues are closely linked. Climate change, environmental degradation, and resource pressures can disproportionately affect vulnerable individuals and communities, while poor governance can undermine both social and environmental outcomes. Through our investment, stewardship, and engagement activities, Resonance seeks to contribute to a more sustainable, inclusive, and equitable financial system that supports long-term value creation, transparency, accountability, and positive real-world impact.

While responsible investment sets the baseline for how we invest, our ambition extends beyond avoiding harm and investing responsibly. As a dedicated impact investor, we seek to deploy capital intentionally to generate measurable positive outcomes for people, places, and the planet alongside appropriate financial returns. We believe capital exists on

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1 [Principles for Responsible Investment]()
2 [Sustainable Development Goals]()
3 [B Lab]()

a spectrum[4], ranging from investments that may cause harm, through those that mitigate risks and avoid negative impacts, to those that actively contribute to solutions for social and environmental challenges.

Resonance's purpose is to mobilise and steward capital towards the latter: supporting enterprises, assets, and projects that create additional positive impact and help address systemic issues such as inequality, social exclusion, housing need, climate change, and long-term community resilience.

Our position on climate change

We recognise that climate change is one of the most significant global challenges facing society, the economy and the investment industry. We believe that climate risk is financial risk, and that managing climate-related impacts is fundamental to preserving long-term value, resilience and positive outcomes for our investors, portfolio companies, communities and wider stakeholders.

As a responsible investment manager, we are committed to supporting the transition to a low-carbon and climate-resilient economy. We expect the businesses in which we invest, alongside our partners, suppliers and other stakeholders, to share our recognition of the climate emergency and to demonstrate a proactive approach to managing climate-related risks and opportunities.

As outlined in our **Net Zero Commitment**, we support the UK's transition to net zero by 2050 and are committed to reducing greenhouse gas emissions associated with our business activities in line with limiting global warming to 1.5°C. We are working towards achieving Net Zero Carbon across our operations and investments by 2045 or earlier. Where emissions cannot yet be eliminated, we will seek to offset residual emissions through the purchase of verified, high-quality carbon solutions.

We will continue to integrate climate considerations into our investment decision-making, stewardship and operational practices, recognising that meaningful climate action is essential to delivering sustainable long-term value and impact.

This commitment to the climate is upheld and managed towards through the following:

- **Property Net Zero Strategy**
- **Impact Labs Net Zero Strategy**
- **Operations Net Zero Strategy**

[4] See page 11 for more information on the Spectrum of Capital.

Our position on human rights and modern slavery

We recognise that respecting and protecting human rights is fundamental to responsible business and investment practices. We are committed to conducting our business in a manner that upholds the dignity, wellbeing and rights of all individuals connected to our operations, investments and supply chains.

We believe that strong governance and responsible investment practices should contribute positively to society and create sustainable long-term value for investors, employees, portfolio companies, communities and wider stakeholders. We therefore expect the businesses in which we invest, together with our partners, suppliers and other stakeholders, to uphold internationally recognised human rights standards and to operate ethically, transparently and responsibly.

We have zero tolerance for modern slavery, forced labour, human trafficking, child labour or any form of exploitation, as outlined in our **Modern Slavery Policy.** We are committed to identifying, assessing and mitigating human rights risks within our business activities, investment processes and supply chains, and we encourage continuous improvement and accountability across all stakeholder relationships.

As part of our responsible investment approach, we seek to integrate consideration of human rights, labour standards and modern slavery risks into our due diligence, investment decision-making and stewardship activities. We recognise that protecting human rights is essential to preserving long-term value, reducing operational and reputational risk, and delivering positive social impact.

We will continue to review and strengthen our policies, processes and engagement activities to support the protection of human rights and to promote ethical and responsible business conduct across our investments and operations

Our position on Equality, Diversity and Inclusion (EDI)

EDI is mission critical. We are committed to fostering an inclusive culture where all individuals are treated with dignity and respect, where diversity of thought and experience is valued, and where everyone has equitable opportunities to contribute and succeed.

We recognise our responsibilities under the Equality Act 2010 to prevent discrimination, harassment and victimisation, to promote equality of opportunity, and to make reasonable adjustments where required[5]. Beyond legal compliance, we recognise that EDI is integral to effective decision-making, healthy organisational culture, innovation and long-term value creation.

We therefore seek to embed inclusive and equitable practices across our operations, investment activities and stakeholder relationships. We expect the businesses in which we invest, together with our partners, suppliers and other stakeholders, to demonstrate a commitment to fair treatment, inclusion and responsible business conduct.

As part of our responsible investment approach, we seek to consider EDI-related risks, opportunities and outcomes within our due diligence, investment decision-making and stewardship activities. We recognise that organisations with inclusive cultures and diverse perspectives are better positioned to manage risk, respond to change and deliver sustainable positive impact.

We will continue to review and strengthen our policies, practices and engagement activities to support EDI, as outlined in our **EDI Strategy**.

[5] Equality Act 2010

Our position on inequality

We recognise that growing inequality represents one of the most significant social and economic challenges facing society. Increasing inequality not only creates injustice and undermines social wellbeing but also poses a fundamental risk to long-term investment value, economic resilience, functioning financial markets and social stability. We believe that persistent and widening inequalities can weaken communities, reduce opportunity, increase systemic vulnerabilities and create outcomes that are contrary to our mission and intended social impact.

As an impact investment manager, we are committed to directing capital towards organisations, projects and communities that are underserved by traditional financial markets and where investment can contribute to reducing inequality and improving access to opportunity. Across all of our investment activities, we apply a consistent focus on supporting those most in need and addressing structural barriers that limit access to housing, finance, services and economic participation.

This includes providing investment to social enterprises, charities and mission-led organisations that may otherwise face limited access to appropriate funding, despite the essential role they play in supporting individuals, strengthening communities and delivering positive social outcomes. We also seek to support communities experiencing deprivation, exclusion or underinvestment, including rural and geographically underserved areas, through investments that build local resilience and expand access to essential services and opportunities.

Through our property and housing investments, we work to increase access to safe, stable and affordable homes for people experiencing or at risk of homelessness, individuals fleeing violence or crisis situations, and those with varying support and care needs. We recognise that access to secure and affordable housing is fundamental to reducing inequality and enabling long-term wellbeing and social inclusion.

As part of our responsible investment approach, we seek to consider inequality, inclusion and social need within our investment decision-making, stewardship and operational practices. We believe that intentionally directing capital towards underserved people and places is essential not only to delivering positive impact, but also to supporting more sustainable, resilient and inclusive economies and communities over the long term.

ESG INTEGRATION

Resonance is committed to integrating ESG considerations throughout our investment activities and decision-making processes. We recognise that a practical and effective approach to responsible investment must be proportionate and tailored to the context of each investment strategy, asset class, and investee, while remaining aligned with our overarching **ESG Strategy**.

Our investment activities are focused across two core areas:

- **Property** – investing in residential assets that are leased to housing partners,
- **Impact Labs** – providing debt and grant funding to charities, community organisations, and purpose-driven businesses.

We integrate ESG considerations into investment analysis, portfolio management, and decision-making processes across all investment activities. While the specific methodologies and tools used may differ across these areas, our overall approach to ESG integration remains consistent. Our approach is underpinned by the following principles and practices:

- **Double materiality assessment**
  We use recognised frameworks, industry standards, and ongoing stakeholder engagement to identify ESG factors that are material both to financial performance and to wider social and environmental outcomes across our investment activities. These assessments are maintained through our **ESG Risk Register** and inform the development and review of our **Property ESG Strategy** and **Impact Labs ESG Strategy**.

- **ESG Goals, Objectives, and KPIs**
  Based on our materiality assessments, each business area has defined ESG goals, objectives, and key performance indicators (KPIs) that guide investment and portfolio management decisions, as outlined in the Property ESG Strategy and Impact Labs ESG Strategy. These include commitments relating to climate action, social impact delivery, and responsible governance, as relevant to each strategy and investment type.

- **ESG tools and processes**
  In line with our fund-level impact measurement and management frameworks, material ESG considerations are embedded throughout the investment lifecycle using a range of tools and processes. These include exclusionary screening criteria, ESG scorecards, impact assessments, due diligence processes, and ongoing portfolio monitoring. While assessment methodologies are tailored to sector-specific contexts, our ESG integration framework consistently considers issues such as climate-related risks and opportunities, human rights and labour practices, corporate governance standards, diversity, equity and inclusion, and other material sector-specific ESG factors.

EXCLUSIONS AND RESTRICTIONS (NEGATIVE SCREEN)

The restrictions and exclusions set out below form part of our responsible investment requirements and apply across all of our investment activities. These restrictions and exclusions are not exhaustive and may be supplemented by additional requirements, restrictions or exclusions from time to time.
In addition, each business area, investment strategy and fund may be subject to its own specific restrictions and exclusions in accordance with its investment mandate, governing documents, applicable laws and regulations, and investor commitments.

Investees must not use our capital for, and we will not finance or invest in, any activity involving the production, use, trade or distribution of the following:

1. **Illegal activities**
    - Any product, activity or material that is illegal under applicable local, national or international law, including laws implementing internationally agreed bans or phase-outs under global conventions and agreements.
    - Activities that would cause any person to violate applicable UK, EU or US sanctions.
2. **Hazardous and prohibited materials**
    - Hazardous chemicals, polychlorinated biphenyls (PCBs), persistent organic pollutants (POPs) [6], hazardous pharmaceuticals[7], pesticides or herbicides[8], and hazardous wastes[9];
    - ozone depleting substances[10];
    - Unbonded asbestos fibres.
    - Radioactive materials, except for:
        - medical equipment;
        - quality control (measurement) equipment;
        - equipment for civilian power generation; or
        - equipment where the radioactive source is minimal and/or adequately shielded.
3. **Protected wildlife and environmentally harmful practices**
    - Wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
    - Unsustainable fishing methods.
4. **Weapons and military-related activities**
    - Weapons, munitions or nuclear products primarily designed for military purposes.
    - Goods or services intended for military end users.
    - Goods or technologies that are otherwise restricted, including equipment that may be used for torture.
5. **Tobacco**
    - Tobacco or tobacco-related products, where this represents a substantial or significant proportion of an organisation's revenue or business activities.
6. **Gambling**
    - Gambling, gaming casinos and equivalent enterprises, except for society lotteries as defined under the Gambling Act 2005.
7. **Pornography and prostitution**
    - Pornography.
    - Prostitution.
8. **Hate and anti-democratic content**
    - Racist, misogynistic or anti-democratic media.
9. **Animal testing**
    - Non-pharmaceutical or non-medical animal testing.

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[6] Annex A and Annex B of The Stockholm Convention.
[7] United Nations Consolidated List of Pharmaceutical Products whose consumption or sale have been banned, withdrawn, severely restricted or not approved by governments.
[8] List of pesticides identified under Annexes A and B of the Stockholm Convention and Annex III of the Rotterdam Convention.
[9] Unless compliant with the Basel Convention and the underlying regulations.
[10] Chemical compounds regulated by the Montreal Protocol, together with target reduction and phaseout dates.

   - Animal testing that is not conducted in accordance with applicable UK or EU legislative and regulatory requirements.

10. **Fossil fuels**
    - Fossil fuel exploration, production, refining, transportation, energy generation, or the construction of facilities supporting such activities.
    - This exclusion does not apply to organisations whose primary activities are mitigating the harmful impacts of fossil fuels or advancing environmental protection and climate change objectives.

Where any of the activities listed above represents a substantial or significant proportion of an organisation's business or revenue[11], the organisation will be considered ineligible for investment unless otherwise expressly permitted under the applicable investment mandate or governing documentation.

ACTIVE OWNERSHIP

Stewardship is the responsible allocation, management, and oversight of capital to create sustainable long-term value for clients and beneficiaries, while contributing positively to society and the environment.

Stewardship has traditionally been associated with equity investing, where investors exercise control and influence through shareholder rights. However, it is equally applicable to Resonance, albeit in a different form. For our property funds- investing directly in residential assets leased to housing partners- stewardship is exercised through active asset ownership, asset management, and partnership relationships. For our debt funds - which predominantly provide loans to charities, social enterprises, and community groups - stewardship is delivered through the provision of capital and ongoing, relationship-based support through the duration of loan repayment.

While the mechanisms differ, the underlying principles of stewardship and active ownership remain the same: the long-term, responsible management of assets on behalf of investors to protect and enhance value and deliver positive outcomes, aligned with our ESG Strategy.

Our approach is outlined in our **Stewardship Policy**, which provides the guiding framework to our **Property Stewardship and Engagement Strategy** and **Impact Labs Stewardship and Engagement Strategy**.

As an overview, engagement priorities include climate change, human rights, diversity and inclusion, and other fund-specific outcome areas. Escalation tools include direct dialogue, collaborative engagement and divestment, as outlined in our **Escalation Plan**.

MONITORING AND PARTNER DISCLOSURE

We seek appropriate and proportionate disclosure on ESG issues from the entities in which we invest and the partners with whom we work. We recognise that our investees and partners vary significantly in size, capacity, and resources, and therefore take a practical and tailored approach to ESG and impact data collection, reporting, and monitoring.

We request relevant ESG and impact information throughout the investment lifecycle, including during due diligence and through ongoing portfolio monitoring and annual reporting processes. Where appropriate, we also draw on external research, publicly available information, and third-party disclosures to support our assessments and oversight activities.

We encourage our investees and partners to develop awareness of, and alignment with, internationally recognised ESG disclosure standards and frameworks where relevant and proportionate to their activities.
Our approach is intended to support transparency, continuous improvement, and the effective management of material ESG risks and opportunities, while avoiding unnecessary reporting burdens on investees and partners.

GOVERNANCE AND REPORTING

As outlined in the **ESG Policy**, ESG performance is reported semi-annually to the Leadership Team and annually to the Board. This includes an update on ESG risks and opportunities for our investment activities, including, but not limited to, climate change, human rights, and EDI. Annually, we produce fund-specific Impact Reports which includes ESG-related information.

[11] For companies, 'substantial' means more than 10 per cent of their consolidated balance sheets or earnings.

We also disclose our alignment with (and benchmarks against) global frameworks, such as the UN PRI and B Corp. Membership of differed ESG initiatives, reporting frameworks and standards, is continuously reviewed.

QUESTIONS & FEEDBACK

If you have questions, feedback or any ideas to share that might help us to do better, please get in touch.

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