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ENGAGEMENT REPORT

DECEMBER 2025

Artesian is a global, alternative investment management firm specialising in fixed income, venture capital and impact investment strategies.

We consider environmental, social, and corporate governance (ESG) factors fundamental to our business. Indeed, many of our investment products are also grounded in the investment proposition of investing for impact.

ESG factors are integral to our investment teams' decision-making process and culture, and through these, our company practices and standards.

At Artesian, we recognise that active engagement with issuers and our portfolio companies is a vital tool in driving meaningful ESG improvements.

Constructive dialogue, informed by rigorous research and long-term thinking, enhances both financial performance and sustainable outcomes.

Over the past year, our engagement efforts have been widespread across sectors focusing on the development of the labelled bond market and addressing ESG risks.

Artesian applies a rigorous three-pillar engagement strategy to systematically integrate ESG considerations into investment decision-making.

Pillar 1:
Promote the Issuance of Labelled Bonds

Artesian believes the issuance of green, social and sustainable bonds generate material positive environmental and social impacts.

We are committed to developing the breadth of the labelled bond market, including:
- Influencing issuers to issue inaugural labelled bonds.
- Providing feedback on structure and use of proceeds.
- Sharing insights from offshore markets that can be applied locally.

Pillar 2:
Manage Existing ESG Risk

In our view, ESG risk analysis is integral to fundamental credit analysis as ESG factors can significantly influence the long-term financial health and stability of an issuer.

We engage with issuers on ESG risks and opportunities that are material to their business and then incorporate that into our credit analysis. Additionally, we closely monitor ESG trends and their potential impact on our portfolio companies.

Pillar 3:
Respond to Idiosyncratic ESG Events

As part of our portfolio monitoring process, we regularly screen our portfolio companies for any unacceptable changes to their business models or incidents/controversies that may pose a risk to their ESG profile.

When such events occur, we promptly engage with management to assess the situation and understand their response, helping us to determine whether the risk is manageable or if further action, such as divestment, is required.

We had

53

meetings

with

43

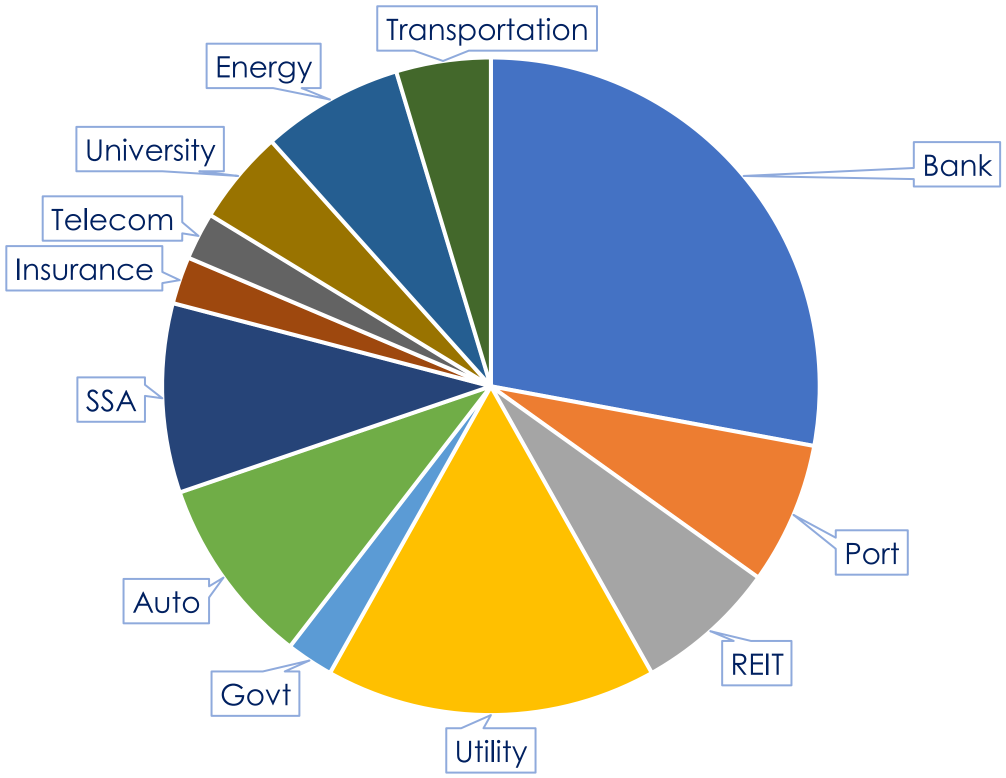
issuers

from

12

sectors.

ENGAGEMENT BY SECTOR



Through our engagement activity, it remains evident that corporate supply of labelled bonds continues to be constrained by a combination of structural and regulatory factors. Many issuers lack the internal systems and data infrastructure required to meet reporting expectations, while others do not yet have a sufficiently large or clearly defined pool of eligible assets or capital expenditure to support a credible labelled issuance. While structural constraints remain, many issuers are now progressing preparatory work. This includes framework development, asset mapping and internal governance, without committing to immediate issuance.

Against this backdrop, our engagement has focused on supporting issuers in understanding the tangible benefits of credible, transparent sustainability frameworks. We continue to observe that issuers demonstrating clear sustainability leadership are better positioned to access a broader, more engaged and longer-term investor base, with potential benefits for both funding diversification and pricing. Over the year, our engagements have reflected a disciplined approach — encouraging credible issuance where appropriate, while also exercising selectivity where frameworks or reporting standards fall short.

Issuer	Engagement type	Outcome
SEVERN TRENT	**Pillar 1:** Promote the Issuance of Labelled Bonds	Artesian engaged with Severn Trent on the potential issuance of a blue bond which is highly relevant to its operations and asset base. Engagement focused on framework design and use of proceeds. Severn Trent is exploring blue bonds and sustainable finance frameworks, with a focus on river-based initiatives.
Mercury	**Pillar 2:** Manage Existing ESG Risk	Artesian has been a regular investor in Mercury's green bond programme. During the year, we met with the issuer to obtain an update on financial performance and forthcoming issuance plans. At the time of the meeting, Mercury was preparing to issue an additional green bond. Artesian confirmed that Mercury's green bond issuance is fully allocated to financing new projects, which we consider to be highly impactful. The forthcoming issuance, in which Artesian participated, will finance the development of two wind farms and a geothermal plant.
PORT of BRISBANE Here for the future	**Pillar 3:** Respond to Idiosyncratic ESG Events	Following heightened focus on climate risk in the port sector, Artesian engaged with Port of Brisbane to assess transition risks and climate resilience considerations. The engagement informed Artesian's assessment of sector specific ESG risks facing the ports sector and supported continued monitoring of climate-related exposures within the portfolio.

Looking ahead to 2026, our focus is on building on the strong engagement foundations we have established with local issuers and market participants.

We are actively working with issuers to:

- Bring the first AUD blue bond to market, focused on projects that protect ocean and marine ecosystems;
- Undertake sector-level studies to identify material ESG risks and impacts, assess issuer responses, and support more informed analysis and knowledge-sharing across the industry, and;
- Further diversify the AUD labelled bond market, particularly through influencing increased corporate issuance.

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Issuer	Date	Engagement type	Summary of discussion
NAB	6/02/2025	Pillar 1	We are seeing limited issuer interest in labelled bond issuance, particularly among first-time issuers, with activity increasingly concentrated in sectors that are committed to the branding and strategic benefits of labelled securities.
Industrial Bank of Korea	18/02/2025	Pillar 1	Use of Proceeds under Social Eligible Categories will give priority to support housing, education and other activities which have positive social benefits.
Port of Brisbane	19/02/2025	Pillar 1	Investor Introduction. Discussion re possible PoB labelled bond issue. Whilst PoB has not previously issued an AUD labelled Bond, the business evidenced need leadership in ESG and impact assessment and management.
Stockland	25/02/2025	Pillar 2	Artesian developed the view form the discussion that SGP is not urgently seeking to execute another labelled security. According to management "the value proposition is not really there for the issuer", highlighting additional compliance costs. SGP is not tagging (allocating) assets, Sensed that the initial SGP green bond served a purpose at that time – to highlight SGP as a sustainability leader, but it is now comfortable with that role and thus, don't see the relevance (merit)at this point.
TransGrid	27/02/2025	Pillar 2	TransGrid noted it has not established an ESG framework. TransGrid advisor, Barrenjoey, noted that discussion re a green bond issuance had been held, but decided not proceed at this point, instead a non-labelled issue. However, Barrenjoey advised it is a case of "when not if" a green bonds is issued.
Contact Energy	27/02/2025	Pillar 2	Meeting was convened to discuss 2025 interim results presentation. Contact also confirmed FY25 revenue from thermal generation may be > 5% due to very rainfall affect on hydro generation. Indicated may be an issues circa May June 2025 as hybrid security.

Issuer	Date	Engagement type	Summary of discussion
Beyond Bank	3/03/2025	Pillar 1	Investor introduction as part of investor roadshow. Beyond Bank has very limited reporting infrastructure to enable determination of asset register (loan portfolio). Are currently looking at a Green loan product but hold concerns over inferred rate discount. Beyond Bank indicated it would welcome a follow-up conversation re ESG implementation and potential future labelled bond issuance, noting it had only recently engaged its sustainability team of 3.
Transpower	4/03/2025	Pillar 2	Transpower has issued green bonds under its Green Finance Programme and thus, meeting was part of a proposed new issue.
CBA	5/03/2025	Pillar 1	CBA approached Artesian seeking input into a revised QTC Sustainable Finance Policy. Artesian responded to all the issues and aspects raised and noted that we had undertaken significant engagement with QTC including particularly its ownership of coal mines and coal-fired generation assets and as such, we are precluded from investing in QTC issues.
Auckland Council	5/03/2025	Pillar 1	Introduction and discussion re possible labelled bond issue. Auckland Council has an existing labelled bond program and was the first NZ entity to issue a green bond in NZD in 2018. Has now issued 10 green bonds in NZD and EUR with the bulk of issuance related to financing electric trains, other transport infrastructure, and sustainable water assets.
Toyota Finance Australia	5/03/2025	Pillar 1	Discussion re possible labelled bond issue. Toyota Motor Corp (US financing entity) has issued multiple labelled bonds and was the first ever green bond issuer from the autos sector. The lack of AUD issuance was attributed to the very slow EV sales they've had across their book.
OCBC	5/03/2025	Pillar 2	Discussion re continued labelled bond issue. Only 1 x green bond outstanding as constrained by internal tracking and reporting process - it is very manual, with a minimal headcount responsible for this. Indicated may look to automate this in the future and subject to that could. look to be more regular issuers of labelled bonds.

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Australian Energy Market Operator	5/03/2025	Pillar 1	Artesian has previously met with AEMO on 2 occasions regarding potential issuance of a labelled bond - on the basis that the much of AEMO business is to facilitate the integration of renewably generated electricity into the national electricity grid. AEMO's response to a UoP bond or SLB was essentially a polite "we've got a long road ahead of us before we'd be ready for that".
Airservices Australia	5/03/2025	Pillar 1	Discussion focused on potential labelled bond issue. Low appetite for labelled bond issuance and a lacklustre attitude towards sustainability.
Mercury	5/03/2025	Pillar 2	Investor update meeting: Mercury has $907 green bonds outstanding, and all green bonds are issued to finance new projects (i.e. no refinancing of existing assets).
QBE Insurance	7/03/2025	Pillar 1	Investor update: QBE has one labelled bond outstanding; a USD Gender Equality Bond issued in 2017. Indicated that, as a business, they're focused on making sustainability part of the business model, not their funding plan and seemed uninterested in a labelled bond issuance.
Volkswagen	7/03/2025	Pillar 1	Investor update and discussion re possible labelled bond issue. Volkswagen is a regular issuer of green bonds in EUR but none in AUD. Volkswagen is currently working on its local sustainable financing framework, currently arranging an SPO.
Kiwibank	7/03/2025	Pillar 1	Investor update and discussion re possible labelled bond issue. Kiwibank indicated it is currently undertaking a technology uplift project and could work in the infrastructure to enable easy tagging loans easily to pool into a UoP bond. Also indicated offering significant affordable housing financing given the housing affordability challenges in NZ and were surprised that Artesian would be very supportive of a potential social bond issue and will bar this in mind as they get undertake their technology upgrade.

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Mizuho Bank Ltd/Sydney	7/03/2025	Pillar 1	Introduction and discussion re possible labelled bond issue. Mizuho policy is that all labelled bond issuance be done through the head office branch, they handle all the classification of assets as eligible or not and have the reporting infrastructure, AUD hasn't been on the cards as of yet.
Mercedes	7/03/2025	Pillar 1	Meeting and discussion re possible labelled bond issue. Seemed genuinely interested to hear of Artesian' s appetite for labelled bonds and keen on the idea of Mercedes being the first mover in the AUD market.
Climate Bond Initiative	13/03/2025	Pillar 1	General discussion of green bond market and Blaithnaid's new role.
E.ON SE	17/03/2025	Pillar 1	Introduction as part of investor roadshow. More than 50% E.ON bond issues are green and subsequent to this meeting, they issued a Green Bond which Artesian invested in.
Inter-American Development Bank	31/03/2025	Pillar 1	Investor Introduction - IADB to provide an update on its current financials, funding status and Finance Framework.
Port Of Brisbane	31/03/2025	Pillar 1	Follow-up meeting re possible green bond issuance and long-term Climate risk issues.
Landesbank Baden-Württemberg (LBBW)	10/04/2025	Pillar 1	Meeting and discussion re possible labelled bond issue. LBBW, a non-listed public sector bank, has issued significant green and social bonds in Sterling and Euro, with a current green asset register of around $8 billion.

Issuer	Date	Engagement type	Summary of discussion
NBN	17/04/2025	Pillar 2	The meeting discussed NBN's potential sustainability bond, focusing on social and environmental metrics. two primary metrics were highlighted; (i) total active premises on the fixed wireless network by speed tiers and total data downloaded over the network. These metrics will be assured by PwC. The bond will allocate 20% to regional fixed wireless investments and 80% to green assets. The social impact report, covering FY23, shows consistent well-being improvements in regional and remote areas. The asset pool for social bonds is $1.5 billion, primarily from fixed wireless upgrades. The team is considering a two-tranche bond issue to attract investors.
Kiwi Bank	29/04/2025	Pillar 2	Kiwibank interviewed Artesian for our views on various ESG topics as part of their sustainability materiality assessment.
Severn Trent	30/04/2025	Pillar 1	Severn Trent is exploring blue bonds and sustainable finance frameworks, with a focus on river-based initiatives. They also discussed their funding requirements, noting a £50 billion investment plan over five years and the potential for diversifying funding sources, including the Australian dollar market.
Liberty Financial	10/05/2022	Pillar 1	Introduction follow-up and discussion re potential social bond issue. Artesian provided input that if Liberty were to issue a Social Bond, it would be imperative to clearly communicate the social benefit of these loans through clear metrics, given there is no concessional pricing or terms. For example, reporting the demographics of their customer base segmented by income band or other relevant demographics to highlight the efforts to promote financial inclusion.
OCBC	13/05/2026	Pillar 1	Follow up discussion to meeting at the ANZ Debt Conference re the Bank's Green Bond program. The bank aims to automate its manual tracking process for green bonds. OCBC would consider issuing further green bonds in the near future, as there is high investor demand for such instruments. However, it noted that the green pool is limited; most funding comes from deposits (80%), with wholesale issuances comprising 3-6% primarily in USD and AUD and issuances are selective to ensure the best use of the pool.

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BOQ	14/05/2025	Pillar 1	The meeting focused on Bank of Queensland's (BOQ) progress in sustainability and emissions reporting. Key updates included the completion of the finance emissions baseline for FY24, with assurance ongoing. BOQ identified four sectors for Net Zero Banking Alliance (NZBA) targets: residential mortgages, passenger vehicles, light vehicles, and agriculture. The bank is developing a risk management roadmap and a strategy roadmap to integrate climate risks and opportunities. Discussions also covered the potential for a green bond program, the importance of an internal carbon price, and the need for consistent data standards. The team emphasized the importance of transparency and continuous improvement in sustainability reporting.
Contact Energy	21/05/2025	Pillar 2	Update meeting and discussion re further issuance of green bonds
Korean Development Bank	22/05/2028	Pillar 1	The meeting discussed KDB's bond issuance strategies, focusing on the potential for single tranche or dual branch issuances, with a current emphasis on three-year tenor transactions. The bank reports on environmental and social outcomes and is considering the impact of coal conversion projects. KDB has issued green bonds and social bonds, primarily in domestic currencies, and is evaluating the allocation of assets to Australian projects. The bank also plans to provide detailed ESG criteria and emissions data in follow-up communications.
Volkswagen Finance Australia	26/05/2025	Pillar 1	VW developing an Australian Green Finance and any AUD green bond would be issued under that. Any green bond would only be issued against funding of battery electric vehicles. VW is clearly following but noted it required increased volumes of vehicles from current levels.
IDB Invest	30/05/2025	Pillar 1	Introduction to IDB invest sustainability efforts its potential returning to the AUD market, for issuance of a blue or labelled bond

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Lloyds Banking Group	4/06/2025	Pillar 1	Lloyds has set sustainable finance goals, including 47 billion in sustainable finance targets, with significant growth in EV financing and commercial banking customers. Lloyds has issued about STG 1.7 billion of green bonds off their framework and expressed intentions to continue issuing ESG, green, and social bonds.
EFA	5/06/2025	Pillar 1	Meeting and discussion re for EFA establishing a Sustainable Finance Framework and its approach. EFA is considering a green enabling green bond with single project loan to start, focusing on a large loan to a specific project rather than a portfolio of small loans.
KHFC	5/06/2025	Pillar 1	Introduction and discussion re proposed KHFC social bond issue. The meeting discussed the eligibility criteria for policy mortgages, targeting lower-income homeowners with a maximum property value of 600 billion Korean won and an income cap of 50-70 billion Korean won. Discounts are offered to first-time buyers and veterans. The net proceeds will be used to facilitate access to housing finance for low- and middle-income earners in Korea through a diverse range of mortgage loan products as detailed in KHFC's Social Financing Framework. The meeting discussed the eligibility criteria for policy mortgages, targeting lower-income homeowners with a maximum property value of 600 billion Korean won and an income cap of 50-70 billion Korean won. Discounts are offered to first-time buyers and veterans.
Port of Newcastle	8/07/2025	Pillar 1	Introduction and investor roadshow in advance of an inaugural AMTN transaction. PON's revenue is heavily dependent on coal, with 63% of channel revenue coming from coal vessels. This is problematic for issuance of a green bond. If it weren't for this, PON's hydrogen ambition and the clean energy precinct, would seem to be eligible project for labelled bond funding.
NBN	4/09/2025	Pillar 2	Catchup post NBN's sustainability bond issue in May. The potential for a social bond issue in Australian dollars is reiterated, with a focus on meeting investor demand. Discussion included the potential for a social bond issue if there is sufficient investor interest. However, mentions the next Australian deal will be a sustainability bond issue, expected within the next four to five months.

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University of Western Sydney	8/09/2025	Pillar 1	Introduction and discussion re possible AUD labelled bond issue. Not previously issued labelled bonds. UWS's commitment to serving the socioeconomic demographic of Western Sydney, sustainability, education, equity, and social outcomes, would seem to support issuance of a labelled bond.
Oncor Electric Delivery Company	16/09/2025	Pillar 1	Introduction and discussion re possible labelled security issue. Oncor has previously issued green bonds and sustainability bonds, including a minority women-owned business enterprise bond. Oncor's Chief Sustainability Officer has a deep understanding of ESG and green bond reporting, which is crucial for investor engagement. The company is exploring new markets for green bond issuance, including Australia and Canada, due to the administrative burden of issuing in the US.
BOQ	1/10/2025	Pillar 1	Follow-up meeting, update and progress on labelled security issuance. Amanda highlighted BOQ's participation in ASFI and Aust taxonomy development. Also it continued progression at BOQ in a range of ESG disclosure and loan documentation, the latter to better facilitate issuance of a labelled security.
Port of Brisbane	2/10/2025	Pillar 3	Follow-up meeting, update and discussion on Artesian' s Australian Ports Study.
Patrick Terminals	8/10/2025	Pillar 1	Introduction and discussion re possible green bond Issuance. Based on meeting, Artesian believes there is very limited likelihood of Patricks pursuing issuance of a labelled security.
Victoria Power Networks	15/10/2025	Pillar 1	Discussion focused on VPN's proposed green bond which will be the first transaction of any kind aligned to the Australian Sustainable Finance Taxonomy announced in June, and the first European Union Taxonomy-aligned issuance for an Australian entity.
Australian National University	22/10/2025	Pillar 1	ANU has not previously issued a labelled security. Noting ANU's close federal government relationship, its Canberra location, academic and curriculum commitment to environmental science and studies including the highly regards Fenner School Artesian sought to engage over the prospect of ANU issuance of a green bond, believing it to be relevant and appropriate to ANU.

Issuer	Date	Engagement type	Summary of discussion
Region Retail Trust	23/10/2025	Pillar 1	Introduction and discussion re possible bond issuance. RRT reflected a high level of understanding regarding labelled security issues, with Rachail Margilos highlighting a significant level of understanding. RRT demonstrates a strong understanding of and commitment to ESG risk assessment and management. However, it noted a limited go-forward sustainability capex and thus, UOP with a significant installed capacity.
E.ON SE	8/10/2025	Pillar 1	As a commitment to ensure its preclusive screens are being correctly applied, Artesian participated on the group investor call to confirm its understanding of the status of an E.ON ownership interest in and/or operation of nuclear and or fossil fuel generation assets.
ENBW	29/10/2025	Pillar 2	Investor Update.
EFA	6/11/2025	Pillar 1	The meeting focused on EFA's Critical Minerals. EFA noted is finalizing a framework which will accommodate green, social, and sustainability-linked transactions in the future. First labelled bond will likely be a one-to-one critical minerals transaction under a Use-of-Proceeds format. It is expecting the framework to be completed by end CY2025.The upcoming bond issue will be a $500 million, five-year fixed-rate bond, with plans for additional issues in AUD and USD next year.
Vonovia	11/11/2025	Pillar 1	Introduction and discussion re possible green bond issuance. On August 28, 2025, Vonovia SE issued its first Australian dollar bond, raising A$850 million (approximately €475 million) through two unsecured series. The company notes it is exploring green and social bond issuances but faces regulatory challenges in Australia. Vonovia noted its core funding is in Euro, but AUD is a fair proportion.
MTRC	11/11/2025	Pillar 1	In our prior meeting with MTRC, we discussed the company's strategy for diversifying its investment base, including potential Aussie dollar bond issuance. ANZ organised this meeting following MTRC's request to it to arrange some investor meetings as they have been monitoring the AUD market given the number of successful Kangaroo transactions in the last year. ANZ advised that if MTRC were to issue in AUD, they would look to issue in "green" format. They could also look at a corporate hybrid transaction in AUD which they have done earlier this year in USD.