



RESPONSIBLE INVESTMENT POLICY
ARCANO PARTNERS

Updated: December 2022

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Arcano Partners (the “Firm”) is a leading investment management and advisory group founded in 2003 with offices in Madrid, Barcelona, Seville, Italy, New York and Los Angeles, and a fully committed team of over 200 professionals. The firm is an independent financial advisory and alternative asset management group with two business areas: asset management for institutional investors, private banking and high net worth individuals and investment banking.

The asset management division was established in 2006, with the launch of the private equity strategy. Today, Arcano is a recognized and prestigious alternative asset manager, investing globally. Since its inception, Arcano has managed and advised over €9 billion of assets and currently employs more than 90 professionals with diverse backgrounds in this division.

RESPONSIBLE INVESTMENT: THE WAY TO PROTECT AND MAKE THE VALUE OF OUR INVESTMENTS GROW

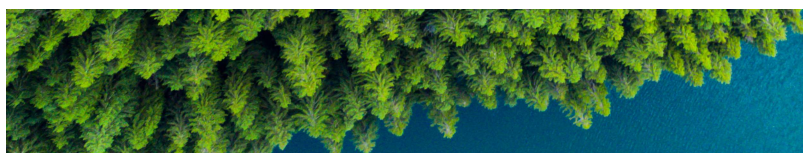
The private sector is the main engine of economic development in society, creating 90% of employment globally and providing products and services that have a definitive impact on the lives of people and the planet. Generating decent employment, respecting human rights, protecting the environment, creating new products and services that serve underserved markets are some of the effects that a company can have when carrying out its activity. At Arcano, we are fully aware of these impacts. Investment decisions have an impact not only on the direct stakeholders of Arcano but also on the indirect ones, that is, on all the clients, employees, and suppliers of the companies where Arcano participates as an investor. Therefore, we consider that those companies that are capable of generating more inclusive and sustainable economic growth for all stakeholders are the ones that tend to produce more value in the long term.

As investors in a large number of companies, mostly through funds, Arcano considers that the most significant responsibility with its stakeholders in general and with its clients, in particular, lies in:

- Conducting business and operations with the highest ethical standards
- Ensuring that Arcano integrates the leading Environmental, Social and Governance (“ESG”) concerns into its investment decision making process to manage risk and enhance sustainable growth

The principles that guide responsible investment at Arcano are the same ones that inspire the Firm every day in carrying out its business activity:

- A united and independent team committed to responsibly implementing investment decisions
- Backed by the trust that our clients have placed in us over the years
- Implementing continuous improvements by incorporating best practices in ESG during the analysis and selection of investments and
- Through constant innovation, both in terms of integration and development of ESG products



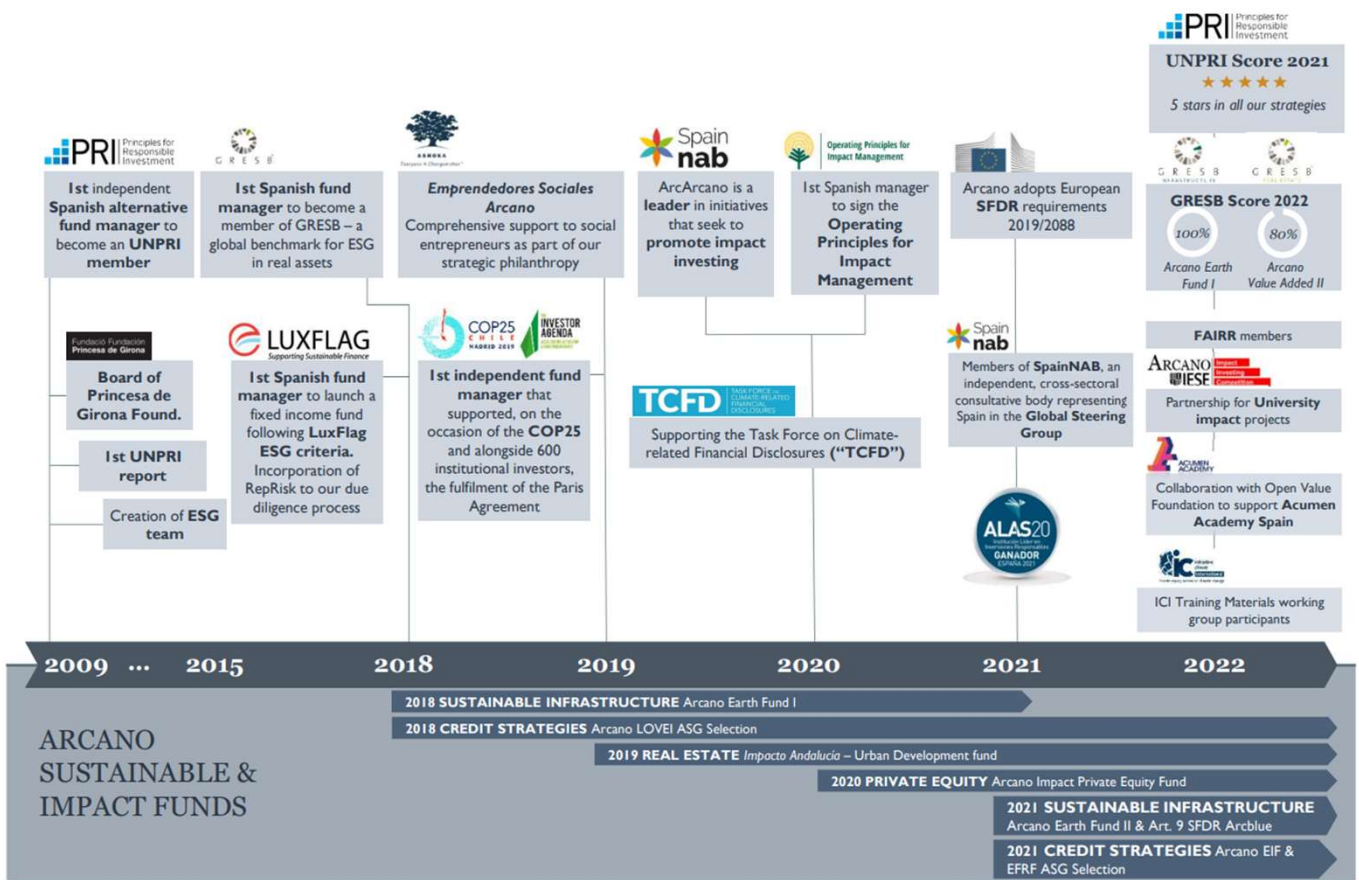
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THE COMMITMENT OF ARCANO TO RESPONSIBLE INVESTING

Arcano prides itself on being the first Spanish Asset Manager to be UNPRI (United Nations Principles for Responsible Investment) compliant since 2009. Since then, Arcano's commitment to responsible investing has been developing year after year. As the Firm incorporated new investment strategies, responsible investing at Arcano has continued to develop by adopting new trends and market standards.

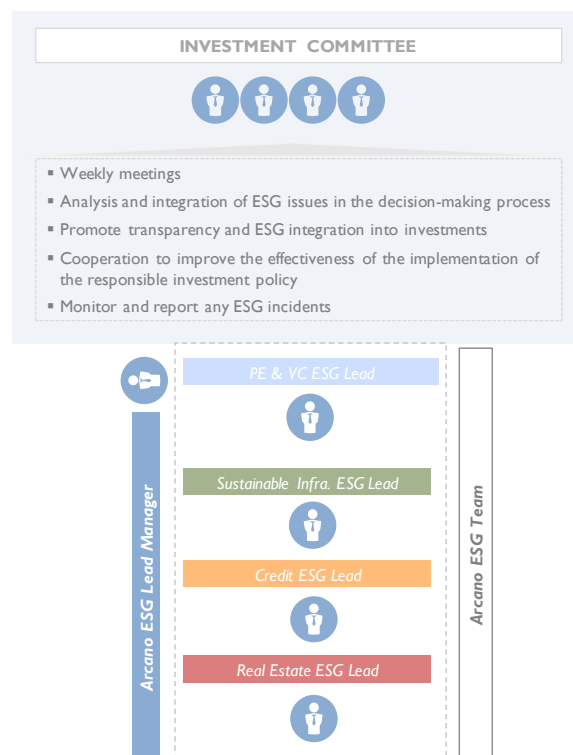
Recently, Arcano has been rethinking its approach to responsible investment to give it a more holistic approach that not only integrates ESG considerations in investment decision-making, but also contributes to providing solutions through the development of sustainable investment products. Arcano believes that it must take advantage of its experience, resources, and capabilities to create products that proactively contribute to generating positive impact. Arcano seeks to add new products that contribute to the financing of solutions to global challenges that help build a more inclusive and sustainable world while remaining true to our inherent objective as an asset manager of generating and distributing wealth. Therefore, Arcano focuses its responsible investment from two perspectives: 1) the integration of ESG considerations in its investment decisions; and 2) the development of products that contribute to providing solutions.

More than 10 years Committed to Responsible Investment



GOVERNANCE STRUCTURE FOR RESPONSIBLE INVESTMENT AT ARCANO

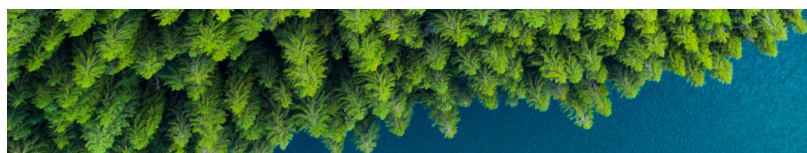
Concerning the integration of ESG issues in the investment process, Arcano has established a governance structure that seeks to ensure that the Investment Committees oversees the ESG analysis. To this end, Arcano has appointed a leader within each team, responsible for integrating ESG issues into their respective investment strategies. This team plays a central role in the investment process as its mission is to provide the management teams with analysis that highlight the ESG risks to which underlying projects are exposed and, more importantly, the opportunities identified. New strategies, tools and knowledge generated in the investment area by this team are transferred to investment professionals so that the entire team can identify ESG risks and opportunities.



RESPONSIBLE INVESTMENT IMPLEMENTATION APPROACH AND INTEGRATION OF SUSTAINABILITY RISKS IN INVESTMENT DECISION-MAKING PROCESS

Arcano manages five strategies: i) Private Equity – Investment in private equity funds (buyout, growth capital and restructuring), through primary and secondary funds, as well as direct co-investment geared towards medium-sized enterprises, chiefly in the US and Europe.; ii) Corporate Credit – Investment in European high-yield bonds and syndicated loans, private debt and revolving credit facilities.; iii) Real Estate - Investment in real estate assets in Spain and Portugal in value-add transactions.; iv) Venture Capital – Investment in primary and secondary funds, as well as direct co-investment in companies in their initial stages (seed, early and expansion phases), chiefly in the US, Europe and Israel. v) Sustainable Infrastructures – Investment in primary and secondary funds, as well as co-investment with a global approach and placing special emphasis on the US and Europe.

Responsible investing requires constant innovation, one of Arcano Partners' core values driving all investment strategies across the Firm. Arcano Partners believes the key to successful integration of ESG criteria across different investment strategies, is to have a well-structured and systematized process.



The analysis frameworks and methodologies implemented allow us to evaluate each investment's strengths and weaknesses from an integral point of view. These different tools help us analyze each investment, not only from a risk management and mitigation perspective, but also from an environmental, social and governance value creation standpoint.

1. PRIVATE EQUITY, VENTURE CAPITAL AND SUSTAINABLE INFRASTRUCTURE RESPONSIBLE INVESTMENT AND INTEGRATION OF SUSTAINABILITY RISKS

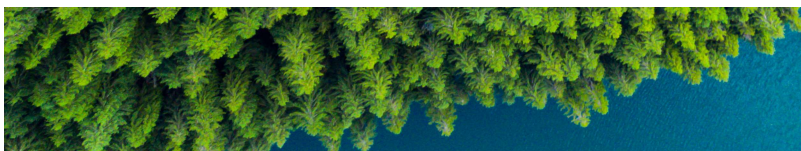
Within Arcano both the Private Equity, Venture Capital and Sustainable Infrastructures investment strategies are focused primarily on fund investments (primaries and secondaries) as well as co-investments. As a result, it will be crucial for the teams to understand, prior to investing, what the manager's ESG policy is and how they plan to analyze, manage, monitor and report on ESG risks. Particularly during each companies' ownership phase, it will be essential to discuss how the Manager will integrate environmental, social and governance aspects in their underlying companies as a tool for risk mitigation and value creation. In addition to the teams' ESG efforts during the initial investment decision process, it is relevant to note that our ESG policy extends throughout the entire investment and monitoring process.

Please find below further details on the implementation of our responsible investment policy for fund investments and co-investments:

➤ PRIMARY FUND INVESTING

Initial Screening: Arcano excludes from its investments any fund whose investment strategy includes companies operating in the restricted sectors indicated by the International Finance Corporation ("IFC"). If during the life of the fund, any of the managers invest in companies that are in breach of the above standards or if any of the underlying companies do so, Arcano will use its best endeavors to ensure that the manager takes action to ensure that the situation is reversed. Furthermore, Arcano encourages managers to consider the 10 Principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises when selecting their portfolio investments. These principles rule out investment in companies that, for example, violate human rights or international laws, that engage in forced or child labor, or that are involved in ongoing environmental violations.

Due Diligence: Arcano has defined a well-structured ESG assessment process. It uses a comprehensive and broad approach to identify ESG risks and opportunities, providing a rating for each of the underlying managers, which allows them to be classified according to a scale or benchmark. This rating includes indicators in its analysis with the objective of (i) understand the actual ESG commitment of the managers, and (ii) verify the effectiveness with which ESG considerations are integrated into investment selection (iii) identify the ESG monitoring controls that the manager puts in place during the life of the investment and (iv) assess the degree of transparency of the manager in communicating ESG information to its investors.



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The investment team conducted this assessment, in parallel to the investment due diligence, following an ESG questionnaire. The questionnaires' responses are processed and analyzed through conference calls/meetings with the managers and will be verified through different external sources specific to each assessment criterion. Once the ESG assessment is completed, each manager obtains their own standardized rating.

The rating obtained by each manager is included and discussed during the Investment Committee meeting (held on a weekly basis) as well as any other relevant element of analysis. The lower ESG rating granted to a particular Manager, does not automatically rule it out from investment consideration, as long as there is clear ESG policy or specific measures being implemented which demonstrate the Managers' clear intention to improve. To this end, Arcano includes a specific clause in a side letter agreement (complementing each Funds' Limited Partnership Agreement) encouraging the manager to incorporate ESG considerations in its investment decisions.

Monitoring: Arcano monitors its investments through continuous communication with managers throughout the life of the investment. Also, it monitors the ESG aspects of portfolio companies through an alert system provided by third parties. If a severe ESG incident is detected in any of the portfolio companies, Arcano will contact the manager immediately to understand the causes of the event properly.

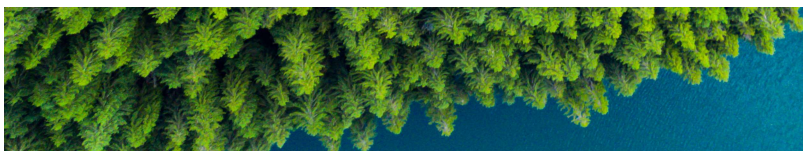
Reporting: Arcano encourages managers to disclose two types of indicators: (i) specific and material to each of the portfolio companies according to the sector they operate in; and (ii) common indicators to all industries and sectors.

➤ SECONDARY FUND INVESTING

Arcano follows the same procedure as when investing in primary funds. That said, during the preliminary screening and as a result of the particular dynamics of secondary transactions, if any of the funds have exposure to companies that operate in any of the restricted sectors indicated by the IFC in its exclusion list, the investment will be allowed to proceed as long as the underlying companies do not represent more than 2% of the total size of Arcano's fund.

➤ CO - INVESTMENTS

During the analysis of a direct co-investment opportunity, Arcano assesses its ability to manage its business's social, environmental, and governance issues. Also, once the direct co-investment is completed, ESG considerations are fully implemented at the monitoring level. Arcano monitors its investments through continuous communication with the managers throughout the life of the investment. Besides, it monitors the ESG aspects of portfolio companies through an alert system provided by third parties. If a severe ESG incident is detected in any of the portfolio companies, Arcano will contact the manager immediately to understand the causes of the event properly.



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2. CREDIT RESPONSIBLE INVESTMENT AND INTEGRATION OF SUSTAINABILITY RISKS

Credit strategies are geared towards investing in high-yield, short-term bonds, loans, and direct credit in European non-financial companies.

Arcano concentrates its ESG greatest efforts in its initial investment decision while paying attention to the later stages of the investment process. The portfolio is mainly constructed bottom-up, with an individual company fundamental analysis approach. External information is sourced in a first step from sell-side research providers and from companies' filings. For both bonds and loans Arcano requires information regarding potential risks or liabilities arising from the companies' ESG performance.

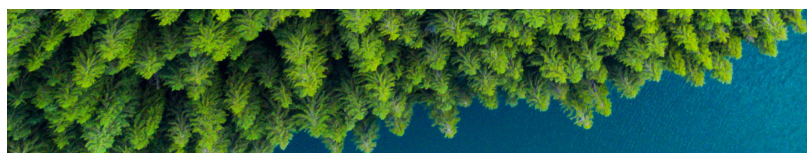
➤ CREDIT ESG FUND WHICH PROMOTE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

For specific Arcano Credit ESG Funds, environmental, social and governance concerns are integrated into the fundamental analysis performed on each potential investment. For this purpose Arcano has developed a five-step approach:

1. Data gathering: The portfolio is mainly constructed bottom-up, with an individual company fundamental analysis approach. In the same way, our ESG approach is based on an in depth review of the ESG performance of every individual company we consider investing in.
2. Apply Arcano exclusionary screening: Any transactions which are not permitted due to our negative screening are immediately eliminated from the eligible universe.
3. Assign Arcano ESG Scores: Every instrument in the portfolio is assigned an Arcano ESG risk score. The scores range from 0 - 100, with 100 classified as the best possible score (no ESG risk). The ESG risk score takes into account both external scores and internal research. The score assigned to every issuer by external independent ESG Data Providers is used as the base for our ESG risk assessment. Based on analysts' interaction with the company and on all internally gathered ESG information, the investment committee may propose a downward or upward adjustment of up to 20 points to the external independent ESG score.
4. Calculate ESG weights: Each issuer in the baseline index is bucketed into bands 1 – 5. Each band functions as a scalar which is utilized in the overall ESG integration approach.
5. Monitoring: Changes to scores can be proposed by the responsible analyst, the portfolio manager, or by the investment committee.

At the time of the assignment of the Arcano ESG risk score, the committee sets engagement targets.

The detailed terms of these policies can be found in the website.



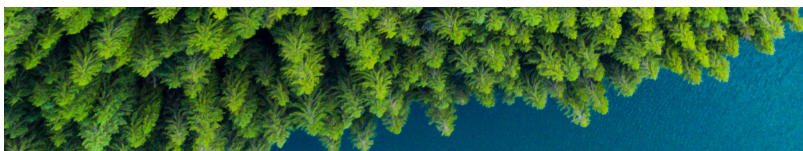
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3. REAL ESTATE RESPONSIBLE INVESTMENT AND INTEGRATION OF SUSTAINABILITY RISKS

Arcano incorporates sustainability risks into its investment process, from pre-investment to post-investment, monitoring, and exit.

Pre-investment: Arcano uses a scorecard approach to identify risks and detect ESG opportunities that may arise over the investment horizon. Depending on the asset type (residential, office, retail), Arcano reviews which ESG measures can be adopted based on the Technical Building Code and the best practices set by the international standard GRESB (The Global ESG Benchmark for Real Assets) and translates them into an action plan. Also, Arcano evaluates the possibility of adhering the asset to a national and / or international green certification, such as LEED, BREEAM, or WELL Building Standard.

Post-investment, monitoring, and exit: The established sustainability action plan will be adapted to the finally agreed project and implemented and monitored. When selecting construction companies, Arcano will ensure that they share Arcano's responsible investment policy and consider relevant sustainability issues in real estate assets.



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SUMMARY OF RELEVANT ESG CONSIDERATIONS BY INVESTMENT STRATEGY

PRIVATE EQUITY AND VENTURE CAPITAL			
	<ul style="list-style-type: none"> Energy consumption Water consumption Waste management 	<ul style="list-style-type: none"> Health and Safety Diversity & Inclusion Impact/ Community Development 	<ul style="list-style-type: none"> Bribery and corruption Cybersecurity Data protection and privacy Audit Committee Executive compensation
SUSTAINABLE INFRASTRUCTURE	<ul style="list-style-type: none"> New capacity of clean energy introduced into the grid (MW) Green electricity generated (MWh) Equivalent number of houses powered by clean energy Tons of carbon dioxide equivalent avoided (tCO₂e), tons of oil equivalent avoided (toe), and tons (t) of other air pollutant emissions avoided. Others (e.g. liters of diesel avoided by switching to electric ferries, gallons of clean water provided) 	<ul style="list-style-type: none"> Health and Safety Diversity & Inclusion Age balance Professional development training Impact/ Community Development Local employment Number of homes passed by fiber optic cables Number of SMEs served by data centers Number of employees working from home (fully or partially) due to broadband internet 	<ul style="list-style-type: none"> Bribery and corruption Conflict of Interest Audit Committee Independent Investment Committee (IC) members Executive compensation ESG-dedicated professionals ESG-linked performance compensation
CREDIT	<ul style="list-style-type: none"> Energy consumption Water consumption Waste management 	<ul style="list-style-type: none"> Health & Safety Diversity & Inclusion Impact/ Community Development 	<ul style="list-style-type: none"> Bribery and corruption Cybersecurity Data protection and privacy Audit Committee Executive compensation
REAL ESTATE	<ul style="list-style-type: none"> Biodiversity and habitat Climate/climate change adaptation Energy consumption Greenhouse gas emissions Indoor environmental quality Material sourcing Pollution prevention Renewable energy Resilience to catastrophe/disaster Sustainable procurement Waste management Water consumption 	<ul style="list-style-type: none"> Human Rights (Child labor, Forced labor, freedom of association..) Employee Health & Wellbeing Employee remuneration Customer satisfaction Health and Safety (contractors, tenants and employees) Labor standards Community development Diversity & inclusion 	<ul style="list-style-type: none"> Bribery and corruption Cibersecurity Data protection and privacy Executive compensation Fiduciary duty Fraud Political contributions Shareholder rights

