

AltaCAM

ESG Policy

As of 01.03.2021

Version 1.1

| Version control | | |
|-----------------|---|---------|
| Date | Changes introduced | Version |
| December 2020 | Creation and approval of the document | 1 |
| March 2021 | Incorporation, based on the Regulation 2019/2088 on sustainability-related disclosures in the financial services sector, of the following changes: <ul style="list-style-type: none"> • Homogenization of the terminology used in the aforementioned Regulation • Inclusion of the definition of sustainability factors and risks | 1.1 |

1. INTRODUCTION

The following guidelines represent the ESG principles that Altacam as investment advisor applies when providing investment recommendation to Luxembourg Investment Solutions S.A. as AIFM in the investment process for their funds.

AltaCAM is a joint venture established by Altamar Capital Partners and CAM Alternatives. Together they founded AltaCAM Global Credit II GP S.à r.l. (hereinafter, the “GP”). Its ultimate objective is to invest its clients' assets in their best interest. To that end, it has promoted a fund which will receive investment advice from Altamar Private Equity, SGIIC, SAU and CAM Alternatives GmbH (hereinafter, the “Advisors”).

AltaCAM's trustful relationship with its clients and business partners is based on integrity and fair business conduct. Both the AltaCAM partners are PRI signatories, Altamar Capital Partners is a signatory since 2016 and CAM Alternatives became PRI signatory in 2019 as a separate and independent company underlining its long-term commitment. Regardless, both firms were taking sustainability factors¹ into account in the investment process before becoming signatories, CAM Alternatives since 2010 and Altamar Capital Partners since 2014.

AltaCAM commits to the following principles²:

- Sustainability risks and factors are considered regularly in the investment decision-making process by the investment team
- Proactively addressing and promoting sustainability factors among investee funds
- Requesting appropriate disclosure of relevant ESG issues at investee fund and portfolio company level
- Promoting the acceptance and implementation of ESG principles in the investment industry
- Collaborative co-operation for a more effective implementation of ESG principles
- Transparent reporting on activities and progress achieved in applying ESG principles

AltaCAM understands that individual sustainability factors can have a positive and/or negative impact on an investment over the long term. The value of an investment can therefore be determined by its sustainability risk, which includes any environmental, social and governance event or condition that, if it occurs, could cause an actual or a potential material negative impact, and which consideration is often not considered in conventional return assessments.

AltaCAM has developed this ESG policy to establish the ESG guidelines to be followed by the GP and its Advisors. They have the mission to positively influence the underlying funds' GP and their respective portfolio companies to behave in a sustainable manner. Sustainability risks will be considered when evaluating investment opportunities as an integral part of the investment process. The Management Company of the Fund will also take this policy into consideration when making the investment decisions.

¹ Sustainability factors mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters

² [The principles for responsible investment](#)

Every change in this ESG policy will need the AltaCAM Board of Directors approval, with the exception of the ones related to the appendixes that will just require the agreement of the AltaCAM partners (Altamar Capital Partners and CAM Alternatives).

This policy has been promoted by the ESG teams of AltaCAM partners. Both teams are involved in the definition and promotion of all the ESG actions and processes described therein.

2. IMPLEMENTATION

ESG in the investment process

ESG requirements

AltaCAM has defined an investment process according to the PRI framework, also integrating sustainability risks into the investments decisions and assessing their likely impact on the returns of the investments, while excluding certain types of activities or investment areas (see Appendix 1).

Primary-Investments/ Fund Selection

Due diligence details

During the due diligence process of a potential investment, a number of ESG issues must be questioned and discussed in detail with the underlying funds' GP. The Joint Venture GP and its Advisors will use an ESG Due Diligence Questionnaire based on PRI criteria.

The purpose of the ESG Due Diligence Questionnaire is to gather information on the underlying funds' GP ESG principles and processes as well as their implementation at fund and portfolio company level (see Appendix 2).

ESG Scoring-Model

AltaCAM has developed its own ESG scoring model based on the information gathered in the ESG Due Diligence Questionnaire with the objective of measuring the sustainability commitment of the underlying funds' GP so that each GP is classified in one of the following four categories: Outstanding, Good, Compliant, and Weak.

Depending on the category obtained by each underlying funds' GP, a frequency for updating the ESG Due Diligence Questionnaire has been defined:

- For those underlying funds' GPs classified as Good and Outstanding, ESG information must be updated **every two years**
- For those underlying funds' GPs classified as Weak and Compliant the update will be made on an **annual basis**

The assessment of the ESG Due Diligence Questionnaire, the results of the ESG scoring model and other ESG-relevant information within the scope of the due diligence process are documented in the Due Diligence Package that is shared and discussed during the Investment Committee and thus support a balanced assessment of the risk/opportunity profile of the specific investment opportunity.

Implementation of ESG requirements

The GP and its Advisors must proactively engage with the underlying funds' GP to address any potential sustainability shortcomings or risks identified during their due diligence processes or monitoring meetings. If such shortcomings or risks are identified, the GP and its Advisors make the underlying funds' GP directly aware of the ESG requirements established by AltaCAM. Side letter negotiation is also used to further limit sustainability risks. The GP and its Advisors encourage the underlying funds' GP that an adequate mechanism is in place to report and manage ESG incidents swiftly and appropriately.

- ***Communicating requirements*** – AltaCAM fund's investment focus is the mid-market, which is generally characterised by a lower degree of institutionalised fund managers than the large-cap segment. Due to typically smaller teams, less resources and a shorter history, many fund managers in the mid-market do not have a clearly formulated ESG policy or dedicated ESG personnel. Therefore, AltaCAM encourages the GP and its Advisors to proactively seek to engage in a dialogue with the underlying funds' GP on the importance of their own ESG requirements and the appropriate level of cooperation to ensure that the required ESG standards are adequately taken into account. AltaCAM' standard side letter (see Appendix 3) encourages the underlying funds' GP to promote sustainability factors among its portfolio companies.
- ***Risk mitigation*** – In its "Exclusion List" (see Appendix 1), AltaCAM has defined areas, in which the GP and its Advisors' will make every effort to obtain confirmation from the underlying funds' GP via Side Letter that companies with activities included in the Restricted Investment List will be avoided. In case this confirmation can't be formally achieved, the IC will reconvene to re-evaluate the sustainability risks of the investments and give their final investment approval or rejection. These areas are also detailed in the ESG clause of AltaCAM side letter (see Appendix 3).
- ***Transparency*** – As part of the due diligence process, the GP and its Advisors evaluate the transparency of ESG issues among underlying funds' GPs and their respective portfolios. Annual reporting on ESG issues by underlying funds' GPs with regard to their organisation and existing portfolios is included in AltaCAM' standard side letter.

As part of the GP and its Advisors' monitoring process, ESG compliance of the AltaCAM fund is to be monitored and evaluated during its entire duration, by regularly examining the underlying fund's investments as well as the ESG reports from the underlying funds' GPs. In addition

to this, the GP's and the Advisors' investment teams collect ESG information at the Annual General Meetings of the underlying funds' GP.

Secondary Investments

Due diligence details

As part of the due diligence process for secondary investments, the GP and its Advisors will regularly evaluate if the secondary portfolio conforms to the AltaCAM ESG requirements, including (i) to identify any non-compliant underlying portfolio companies as defined by the "Exclusion List" and (ii) to document those in the Due Diligence Package that is shared and discussed in the Investment Committee.

The GP and its Advisors follow essentially the same process as with primary investments when evaluating sustainability issues of secondary investments and will also attempt to complete the ESG Due Diligence Questionnaire and assign the underlying funds' GP a category based on the AltaCAM internal scoring model.

Implementation of ESG requirements

A secondary investor is generally not in a position to renegotiate existing fund documentation to address ESG issues more comprehensively. The due diligence focus and evaluation of a secondary opportunity will be primarily on economic factors and thus relevant sustainability risks with a potential impact on the underlying future cash flows will be considered in the valuation.

In the event of substantial breaches by the underlying portfolio companies against the areas as defined by the "Exclusion List", the GP and its Advisors will generally reject the secondary transaction or will attempt to structure the transaction in such a way that the relevant portfolio companies are excluded.

Co-Investments

Due diligence details

To evaluate the attractiveness and value creation potential of co-investment opportunities, a comprehensive investment analysis is carried out. As part of this due diligence process, the GP and its Advisors review sustainability risks and opportunities of the underlying company.

The GP and its Advisors follow essentially the same process as with primary investments when evaluating sustainability issues of the co-investments' lead investor and also assigns the underlying funds' GP a category based on the internal scoring model.

Implementation of ESG requirements

In the event of substantial and irreversible breaches by the underlying portfolio company against the areas as defined by the "Exclusion List", the co-investment opportunity will be rejected.

ESG Monitoring and Reporting

As part of the GP and the Advisors ongoing ESG monitoring process, annual ESG information reported by underlying funds' GPs (when available) will be reviewed by the GP's and the Advisors' investment professionals. Any ESG event will be escalated to the Investment Committee.

If the underlying funds' GP has not yet established a regular ESG reporting, the GP and the Advisors will encourage the respective manager in introducing such a reporting by sharing, among others, best practice approaches and experiences gained from working with various underlying funds' GPs.

Each GP's and Advisors' employee is responsible for considering and implementing sustainability factors in their daily work. It is responsible for reviewing and documenting all relevant ESG aspects within the due diligence process ensuring compliance of ESG requirements for the specific investments. The Investment Committee is responsible for assessing the ESG profile of an investment along with other results of the due diligence process, considering AltaCAM ESG policy and in the context of an overall portfolio composition.

The ESG teams of the AltaCAM partners will propose ESG best practices and will promote compliance with this policy.

Finally, AltaCAM will share ESG updates with its investors in the Supervisory Committees, Annual General Meeting and when requested by clients on an ad hoc basis.

APPENDIX 1

EXCLUSION LIST

RESTRICTED INVESTMENTS

As part of its ESG policy, AltaCAM has developed a list of restricted investments (“Restricted Investment List”) in which the GP and its Advisors does not wish to participate, and which includes companies whose main activity involves:

1. The manufacture, sale or distribution of pornography products or prostitution, including but not limited to the research, development or technical applications relating to electronic data programs or solutions, which aim specifically at such activities
2. The manufacture or trade of anti-personnel landmines, cluster weapons, or biological and chemical weapons, or in the development, production, trade or storage of nuclear weapons and/or depleted uranium ammunition
3. Any material breach of UN conventions and declarations on human rights, including child labour and labour rights
4. The research, development or technical applications relating to cloning of human embryos

The GP and its Advisors will avoid making any direct investment, co-investment or secondary involving any company included in the Restricted Investment List, while in indirect investments (primaries), the GP and its Advisors will make every effort to obtain confirmation from the underlying funds’ GP that companies included in the Restricted Investment List will be avoided. In case this confirmation can’t be formally achieved, the Investment Committee will reconvene to re-evaluate the sustainability risks of the investments and give their final investment approval or rejection.

APPENDIX 2

ESG DUE DILIGENCE QUESTIONNAIRE

At your company's Level

- Does your company have a Sustainable and Responsible Investing (SRI) policy?
- Is your company PRI signatory (Principles of Responsible Investment)?
- Is your company involved in any other sustainability initiative? (e.g. UN Global Compact, Global Reporting Initiative, Carbon Disclosure Project, etc.)
- Does your company provide periodic reporting of Enterprise Social and Governance (ESG) issues?
- Does your company have staff that dedicate their time either fully or partially to Sustainable and Responsible Investment?
- Does your company provide all employees with tools, knowledge and skills to implement the SRI policy?
- Does investment team receive dedicated SRI (Sustainable and Responsible Investment) training plans?
- Does your company have any formal investment exclusion policy implying that the GP cannot and will not invest in a specific area/sector/country?

At a Fund/Company Level

- Before making an investment, does your company take into account sustainability factors and risks? If applicable, describe how this analysis impact on your company's investment decisions.
- Does your company help portfolio companies develop ESG practices?
- Does your company get involved in the implementation of these ESG practices in portfolio companies?
- Does your company monitor the evolution of these ESG practices in portfolio companies?
 - Does your company have a definition of ESG indicators to support this monitoring in portfolio companies?

- Does your company visit portfolio companies on a recurring basis in order to oversee their ESG-related progress?
- Within the ESG plans, does your company establish priorities, giving preference in the implementation of those actions which are more important in the short/medium term? (For instance, prioritise engagement with GPs over climate change)
- Have there been any material ESG incidents in the portfolios of your predecessor funds? If so, could you share with us a brief description on how you responded to the particular incident?
- Do you consider for future funds to offer excuse / opt-out rights for particular investments (if such investment falls within the restricted categories of a LP as agreed by side letter)?

APPENDIX 3

STANDARD ESG CLAUSE IN SIDE LETTER

Please note that the list of side letter provisions below intends to complete or regulate some aspects which are not usually expressly contemplated in LPAs. These side letter provisions should be considered on a case-by-case basis, bearing in mind that some of them may not be applicable in connection with the relevant fund (for instance, when the LPA already provides for specific regulation in connection with the matter covered by the side letter, or when the side letter is inconsistent with the regulation provided by the LPA).

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| ESG policy (non-PRI signatories) | The GP confirms that it has adopted an environmental, social and governance policy [which has been made available to the investor] and will act in accordance to such policy when managing the business and investments of the Partnership. |
| ESG policy (PRI signatories) | The GP confirms that it is a signatory to the United Nations Principles for Responsible Investment (“PRI”) as of the date hereof. The GP undertakes to use reasonable endeavours to take into account such principles during the life of the fund [together with the UN Global Compact Principles], when managing the business and investments of the Partnership. |
| ESG Reporting and Information (#1) [PREFERRED] | <p>The investor represents and warrants that it has adopted environmental, social and governance (“ESG”) policies. In consideration thereof, the General Partner shall use commercially reasonable efforts to, [within one hundred twenty (120) days after the end of each Fiscal Year], furnish to the Investor a description, [with respect to such Fiscal Year], of</p> <ol style="list-style-type: none"> a. any material change to the GP’s policies with respect to ESG b. a summary of any ESG-related incidents that have occurred with respect to a portfolio company of which the GP is aware and which the GP reasonably determines will have a material negative impact on the business of the Partnership, and any corrective actions that have been taken in respect thereof c. the implementation of the GP’s ESG policy with respect to portfolio companies or prospective portfolio companies d. any portfolio investments that could, in the reasonable determination of the General Partner, be characterized as “sustainable development investments” (an investment that contributes to more sustainable societies for example by addressing the UN Sustainable Development Goals) |
| ESG Reporting and Information (#2) [ALTERNATIVE] | The General Partner shall use its best efforts to prepare and distribute annually a report concerning Partnership-related ESG matters. |
| Restricted Investments | <p>The GP acknowledges that as part of its ESG written policy, AltaCAM has developed a list of restricted investments (“Restricted Investment List”) in which the AltaCam does not wish to participate, and which includes companies whose main activity involves has defined a list of restricted investments in which the AltaCam does not wish to participate, and which includes companies whose main activity involves:</p> <ol style="list-style-type: none"> 1. The manufacture, sale or distribution of pornography products or prostitution, including but not limited to the research, development or technical applications relating to electronic data programs or solutions, which aim specifically at such activities 2. The manufacture or trade of anti-personnel landmines, cluster weapons, or biological and chemical weapons, or in the development, production, trade or storage of nuclear weapons and/or depleted uranium ammunition 3. Any company in material breach of UN conventions and declarations on human rights, including child labour and labour rights 4. The research, development or technical applications relating to cloning of human embryos |