

RESPONSIBLE INVESTMENT POLICY

Founding Principles and Values

Northleaf Capital Partners (Northleaf) is a professional investment management organization that invests on behalf of its investors in private markets transactions globally.

Northleaf seeks to generate superior, long-term investment returns in accordance with the portfolio objectives and guidelines of the private markets mandates that it manages, while abiding by its duty to act in the best interests of its investors. Northleaf is committed to building enduring relationships with its investors, investment partners and colleagues based on trust, openness, respect and the highest standards of integrity and professionalism.

Northleaf believes that responsible corporate behaviour will have a positive influence on long-term financial performance and is committed to incorporating the consideration of environmental, social and governance (ESG) factors into its investment processes at every level.

For Northleaf, ESG considerations include a wide range of factors that may have an impact (individually or in combination) on the risk and return profile of investments. ESG considerations may include:

- **Environmental:** Air and water pollution, biodiversity, deforestation, land degradation, sustainable agriculture, ecosystems services, energy efficiency, hazardous materials, water scarcity, water solutions and infrastructure, natural resource usage, environmental footprint (e.g. waste, pollution, greenhouse gas emissions), climate change, clean technology products and services, waste and hazardous materials management and environmental management practices.
- **Social:** Human capital, workplace health and safety, labour relations and standards, human rights, First Nations and Aboriginal relations, demographic changes, supply-chain, community impacts, customer satisfaction, data protection and privacy, diversity and equal opportunities, employee attraction and retention, employee engagement, government and community relations, marketing communications, product mis-selling, and product safety and liability.
- **Governance:** Board set up and composition, executive remuneration and incentive plans, separation of chairman and CEO, corporate accountability structures, compliance, negligence, bribery and corruption, conflicts of interest and related-party transactions, anti-competitive behaviour, business ethics, lobbying, political contributions, risk management, succession planning, whistle-blower schemes, stakeholder dialogue, investor rights, accounting integrity and audit quality, cyber security and culture.

Initially published in 2011, Northleaf’s Responsible Investment Policy (the “Policy”) continues to develop and evolve. The Policy references and builds upon leading responsible investment frameworks¹, and its implementation is supported using tools² designed to support the identification, assessment, monitoring, management and reporting of ESG-related investment risks and opportunities. The Policy may be supplemented from time to time with additional policies focused on specific issue areas (“Supplemental Policies”) (including, for example, Northleaf’s Controversial Weapons Policy and Northleaf’s Responsible Contractor Policy).

Northleaf ESG Committee

Northleaf has established a firm wide ESG Committee chaired by a member of Northleaf’s Management Committee and comprising members from across the firm (including representation from senior members of the investment teams of each asset class in which Northleaf invests, who in turn chair asset class specific ESG sub-committees).

The Northleaf ESG Committee is accountable for the ongoing development and evolution of Northleaf’s approach to responsible investing in general and the firm’s Responsible Investment Policy and any Supplemental Policies. The ESG Committee is also accountable for the development and maintenance of a quarterly Northleaf ESG Dashboard by which the firm evaluates its adherence to ESG considerations and principles at the corporate level. Northleaf’s Management Committee is accountable for reviewing and approving any material changes to the Responsible Investment Policy and Supplemental Policies that may be recommended by the ESG Committee, and for reviewing and approving the Northleaf ESG Dashboard each quarter.

Signatory of:

Northleaf’s Commitment to the Principles for Responsible Investment



As a signatory to the United Nations Principles for Responsible Investment (PRI), Northleaf is committed to upholding the values of PRI and applying its principles across all of its investment activities firm wide. Adopting the principles provides an industry-wide standard against which Northleaf can continue to assess itself and strive for best in class due diligence, investment monitoring and investor reporting.

Northleaf is committed to applying the six principles of the PRI:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will report on our activities and progress towards implementing the Principles.

¹ To date, Northleaf’s Responsible Investment Policy has been developed having regard to a number of leading frameworks including those published by the Principles for Responsible Investment (PRI), the Task Force on Climate Related Financial Disclosures (TCFD), the Institutional Limited Partners Association (ILPA) and the Division for Sustainable Development Goals (DSDG) in the United Nations Department of Economic and Social Affairs (UNDESA). The Policy has also been developed in accordance with the Ten Principles of the United Nations Global Compact, UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises (including the guideline Responsible Business Conduct for Institutional Investors).

² Northleaf has implemented a number of tools including frameworks (such as an ESG Assessment Framework based on the ILPA’s ESG Framework and a Sustainability Outcomes Framework based on the DSDG’s Sustainable Development Goals), in addition to working with leading industry providers (such as RepRisk AG, an ESG data science company, and The Climate Service, Inc., a business analytics provider focused on climate risk data).

Supporter of:

Northleaf's Support for the Task Force on Climate-Related Financial Disclosures

Northleaf supports the recommendations of the Financial Stability Board (FSB) Task Force on Climate-Related Financial Disclosures (TCFD) with respect to developing voluntary, consistent climate-related risk disclosures. Northleaf is focused on investing in and building well-managed, more valuable companies and assets. Responding to the risks and opportunities associated with climate change is an integral part of this approach. Northleaf believes that support for the TCFD's recommendations will catalyse more consistent, comparable, and reliable disclosure of climate-related information that will in turn facilitate more informed business and investment decision-making.

Northleaf's Regard for Sustainability Outcomes



Northleaf has developed a sustainability outcomes framework for determining, where applicable and relevant, how investment activity may positively or negatively impact one or more of the 17 Sustainable Development Goals (SDGs) supported by the Division for Sustainable Development Goals (DSDG) in the United Nations Department of Economic and Social Affairs (UNDESA). Northleaf believes that its sustainability outcomes framework will assist in understanding the risks and opportunities that are likely to exist in a transition to an SDG-aligned world, including identifying opportunities in business models, preparing for legal and regulatory developments, protecting the reputation of businesses and their 'license-to-operate', meeting commitments to investors and beneficiaries, considering materiality over longer time horizons and minimising negative outcomes while increasing the positive outcomes of investments.

Northleaf's ESG Objectives

Northleaf's fundamental ESG objectives include:

- Assessing ESG risks and opportunities as part of investment due diligence through every stage of the investment process
- Quantifying the risk/return impact of ESG-related considerations where possible
- Monitoring ongoing ESG considerations as part of ongoing asset and portfolio management and monitoring activities
- Reporting on ESG-related matters to investors
- Promoting responsible investing to employees, partners, service providers and investors

Responsible Investment in Practice

Northleaf integrates ESG considerations into its investment activities with an appropriately tailored approach that acknowledges the varying degrees of influence Northleaf brings to bear across the asset classes in which it invests, the investment strategies it pursues and the mandates it manages.

Northleaf's investment teams are responsible for assessing ESG considerations during each phase of the investment process.

Sourcing and initial review – Each Northleaf investment team seeks to identify transaction-specific ESG considerations and issues in the preliminary evaluation of a potential investment opportunity. At this stage, investment team members will seek to identify whether a prospective investment demonstrates ESG-related risks that could negatively impact value or otherwise prevent Northleaf from making a new investment, or ESG-related opportunities that could create value. Certain investment opportunities that exhibit ESG-related risks may be declined at this early stage of review. This negative/exclusionary approach will also often incorporate norms-based screening as Northleaf seeks to invest in opportunities that exhibit best-in-class business practices and ethical standards.

Due diligence – Each Northleaf investment team assesses ESG considerations (including both risk factors and opportunities) related to each prospective investment, as well as possible risk mitigation strategies. This includes the consideration of climate change risks (both physical and transition) and opportunities, and, where applicable, an assessment of how an investment may positively or negatively impact one or more of the 17 SDGs using Northleaf's sustainability outcomes framework. The investment teams use tools such as the RepRisk ESG Risk Platform to conduct in-depth risk research on prospective investments and identify material risk factors and The Climonomics Risk Analytics Platform to help understand, quantify and mitigate climate risks. In certain cases, investment teams may engage external advisors and specialists where technical expertise is required (e.g., environmental consultants). More specifically:

Private Equity

- *For primary fund investments (both primary and secondary)*, the investment team focuses on an assessment of a private equity sponsor's commitment to ESG considerations and approach to responsible investing and uses the standards published by the International Limited Partners' Association (ILPA) as a guide. Due diligence is performed using questionnaires and discussions with members of a sponsor's team and publicly available information to assess how the sponsor integrates ESG considerations into their due diligence, investment decision-making and ongoing management/monitoring processes. The sponsor is scored on its level of ESG engagement according to a scale (Not Present, Developing, Intermediate, Advanced) based on the ILPA ESG Assessment Framework and the results form part of the findings presented to Northleaf's Private Equity Investment Committee.
- *For direct investments (including secondary direct transactions)*, the investment team works with management teams, sponsors and other investors as appropriate to ascertain all material potential ESG considerations, risks and opportunities intrinsic to a particular transaction. The investment team evaluates and rates the ESG risks and opportunities (as High, Medium or Low) and also rates the company on its approach to ESG considerations (Not Present, Developing, Intermediate, Advanced). To the extent a material ESG risk is identified, the investment team develops detailed models and scenarios to test a number of potential downside cases to ascertain whether the investment can withstand a range of possible outcomes. The results form part of the findings presented to Northleaf's Private Equity Investment Committee.

Private Credit

- The investment team undertakes an assessment of both the private equity sponsor (for sponsor-backed opportunities) and the portfolio company through discussions with the sponsor and the management team. The investment team evaluates the sponsor based on how they integrate ESG considerations into their due diligence, investment decision-making and ongoing management/monitoring processes. Similar to Private Equity, the sponsor is scored on its level of ESG engagement according to a scale (Not Present, Developing, Intermediate, Advanced) based on the ILPA ESG Assessment Framework. In addition, the investment team analyses the portfolio company to ascertain all material potential ESG considerations, risks and opportunities. To the extent a material ESG risk is identified, the investment team develops detailed models and scenarios to test a number of potential downside cases to ascertain whether the investment can withstand a range of possible outcomes. The results of the sponsor assessment and the portfolio company analysis form part of the findings presented to Northleaf's Private Credit Investment Committee.

Infrastructure

- The investment team undertakes an analysis of each investment opportunity to ascertain all material potential ESG considerations, risks and opportunities. The investment team assesses these considerations, risks and opportunities against three core analytical principles: (i) Economics (to estimate the quantitative impact of the risk or opportunity in question); (ii) Responsibility (to identify appropriate strategies to mitigate risks and capitalize on opportunities); and (iii) Oversight (to establish key performance indicators and monitoring processes to track key risks and opportunities). To the extent a material ESG risk is identified, the investment team develops detailed models and scenarios to test a number of potential downside cases to ascertain whether the investment can withstand a range of possible outcomes. The results of these assessments form part of the findings presented to Northleaf's Infrastructure Investment Committee.

Investment decision and documentation – A summary of the ESG considerations related to each investment opportunity, together with a summary of proposed strategies to mitigate ESG-related risks and capitalize on ESG-related opportunities, is included in the Investment Committee Recommendation document prepared by each investment team and presented for consideration by the Investment Committee for each relevant Northleaf mandate. The Investment Committee for each mandate has ultimate responsibility for ensuring that Northleaf's ESG standards are maintained.

Asset management and monitoring – Each Northleaf investment team is committed to engaging with and influencing investment partners, management teams, sponsors and Boards of investments where improved ESG practices or the recognition of climate related risks and opportunities could reduce risks or benefit performance. ESG considerations form an important part of the investment reviews undertaken by each Northleaf investment team on a regular (and at least quarterly) basis. As part of the investment reviews, the investment teams will use the RepRisk ESG Risk Platform and Climonomics Risk Analytics Platform to update and identify any new material ESG and climate risk factors. Northleaf works with its investment partners and portfolio company management teams to develop and improve ESG-related practices, performance and reporting as appropriate, taking into account the specific nature of the investment relationship. More specifically:

Private Equity

- *For indirect/fund-based investments (including primary and secondary fund investments), over the life of each investment, the investment team monitors and updates the ESG engagement score ascribed to a sponsor at the time an investment was made. The investment team engages with sponsors on a regular basis through quarterly update meetings, annual general meetings or advisory board meetings as appropriate. Updated ESG scores and any material ESG matters are discussed with Northleaf's Private Equity Investment Committee at regular quarterly portfolio review meetings.*

- For direct investments (including secondary direct investments), over the life of each investment, the investment team regularly re-assesses ESG considerations, risks and opportunities through ongoing discussions with management teams, sponsors and other investors as applicable. Any material findings are recorded on a Direct Investments Monitoring Template which forms the basis for discussion with Northleaf's Private Equity Investment Committee at regular quarterly portfolio review meetings.

Private Credit

- At the time of investment, the investment team highlights specific ESG considerations that are monitored throughout the life of the credit. Monitoring typically involves tracking industry trends and company specific key performance indicators in addition to discussions with company management and private equity managers (for sponsor-backed opportunities). Any material ESG matters are discussed with Northleaf's Private Credit Investment Committee at regular quarterly portfolio review meetings.

Infrastructure

- Northleaf asset managers are assigned to each infrastructure investment early in the due diligence process. The asset managers' responsibilities include monitoring and the ongoing management of ESG risks and opportunities identified during due diligence, as well as any ESG risks and opportunities that may arise after the investment is made. Management teams at each investment are required to monitor and report ESG performance to their respective board of directors/asset managers. Any material ESG matters are discussed with Northleaf's Infrastructure Investment Committee at regular quarterly portfolio review meetings.

Investor reporting – Northleaf provides its investors with regular updates on material ESG-related matters through its comprehensive investor reporting processes, including, but not limited to its quarterly reports, in-person updates, the Annual Investor Conference presentations and semi-annual update calls, and *ad hoc* communications if there is a serious or significant ESG matter to report.