Responsible Investment Policy

Arcmont Asset Management Limited

Effective date: July 2013
Last update: August 2025

Introduction and Background

Responsible investment involves considering environmental, social and governance (ESG) issues when making investment decisions and influencing companies or assets (known as active ownership or stewardship)[1]. This policy document outlines the extent and process of Arcmont's responsible investment activities. The objective is to provide transparency around Arcmont's responsible investment philosophy and approach.

This policy covers all of Arcmont's assets under management and is reviewed on at least an annual basis by the ESG Committee. The first iteration of this policy was implemented in 2013, with the latest enhancements rolled out in June 2025. Note that any updates made to the policy apply to the Arcmont funds that are still in their investment periods at the time changes are made. Funds that are no longer investing will not be subject to the new requirements.

Two separate responsible investment processes apply to the Arcmont funds depending on the nature of the transaction. Direct Lending transactions[2] are subject to the processes set out in Part A. Net Asset Value ("**NAV**") financing transactions[3] are subject to the processes set out in Part B.

Arcmont's responsible investment focus was established in 2013 when the firm implemented a dedicated ESG investment risk management process and became a member of the UN Principles for Responsible Investment (PRI) while part of BlueBay Asset Management. In March 2023, Nuveen Asset Management ("Nuveen"), a Teachers Insurance and Annuity Association company, acquired a controlling interest in Arcmont. Following this, Arcmont is now a UN PRI signatory under Nuveen and remains committed to the six Principles for Responsible Investment.

Arcmont is also an independent signatory to the UK Stewardship Code 2020 (the "**Code**"), and has demonstrated that the 12 principles of the Code are embedded in the firm's investment process.

Related Policies

In addition to this Responsible Investment Policy, Arcmont adheres to a Climate Change Addendum and ESG exclusions policies as well as an internal Voting Policy. The Responsible Investment Policy, Climate Change Addendum and ESG exclusions policies are reviewed by the ESG Committee annually.

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[1] UN PRI: Introductory Guides to Responsible Investment

[2] Direct Lending transactions involve the provision of lending solutions through the origination and underwriting of senior secured and subordinated loans, including equity components associated with such loans, to European medium-sized businesses.

[3] NAV financing transactions involve the provision of financing through credit and select equity-like investments to private funds, including funds managed by European and North American sponsors primarily focussed on the private equity mid-market, management companies or limited partners of sponsor funds (whether structured as debt, preferred equity or otherwise), collateralised by the cash flows of a diversified, high-quality pool of underlying portfolio companies.

Governance

ESG Committee

The ESG Committee (the "**Committee**") has responsibility for the oversight of Arcmont's (i) corporate sustainability, (ii) responsible investing and (iii) impact investing activities (together "**ESG Activities**").

Members of the senior management team sit on the ESG Committee, which is comprised of Arcmont's Chief Operating Officer (Chair), Chief Investment Officer, Chief Compliance Officer, Head of Corporate Sustainability and Responsible Investing and Head of Portfolio Monitoring. These individuals were purposely selected as they sit on central decision-making committees and span across various teams. This ensures that ESG matters are considered at critical operational and investment decision points, and the importance of investing and operating responsibly is communicated across the firm.

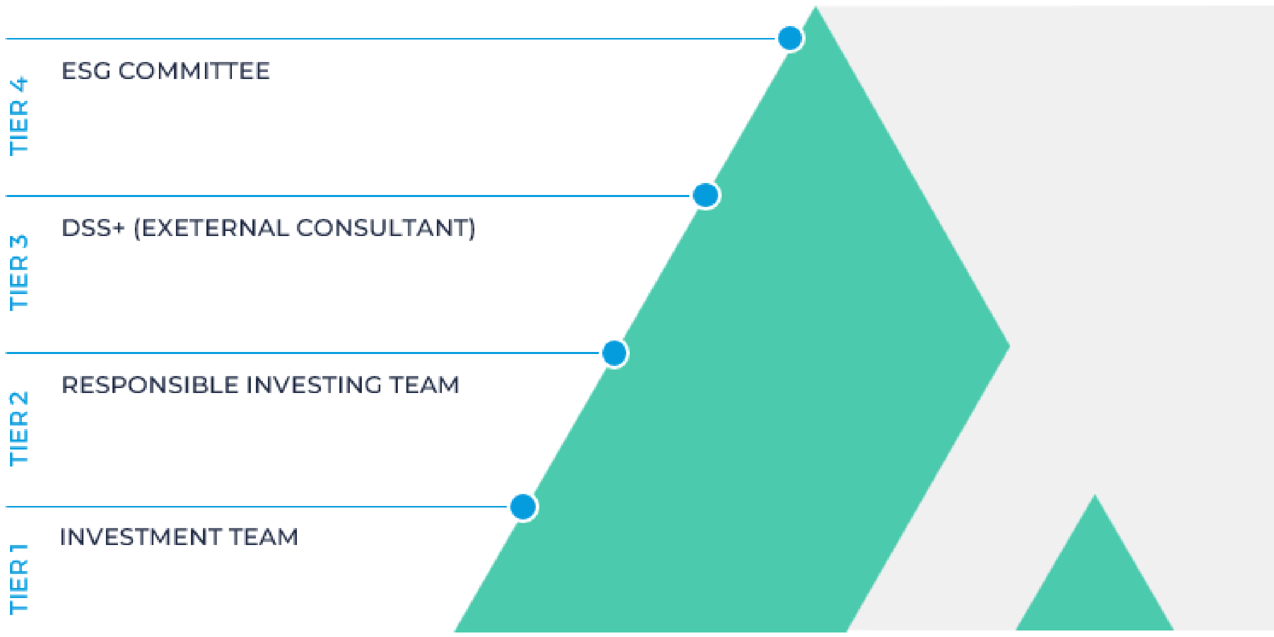
Below are some of the Committee's core responsibilities:

- Oversight of Arcmont's strategies relating to the ESG Activities.
- Ensuring appropriate resources are available to execute the ESG Activities effectively, including determining the frequency and scope of employee training.
- Reviewing and updating (as appropriate) Arcmont's policies relating to the ESG Activities.
- Ensuring Arcmont's compliance with applicable legislation relating to the ESG Activities, including the EU's Sustainable Finance Disclosure Regulation (SFDR) and the Financial Conduct Authority's (FCA) Task Force on Climate-Related Financial Disclosures regime (TCFD).
- Ensuring Arcmont complies with its obligations and commitments as a signatory to ESG-related memberships.
- Overseeing the role of the external consultants and service providers engaged to support the ESG Activities.
- With respect to Arcmont investments, approving provisions relating to the ESG Activities including sustainability-linked margin ratchets, impact-linked margin ratchets and tailored ESG engagement plans.

The Committee meets quarterly to review responsible investment-related performance and set objectives. Members are therefore able to evaluate the effectiveness and appropriateness of control mechanisms and targets, making enhancements and amendments where necessary. Note that the ESG Committee members receive regular responsible investment training.

Policy Implementation

Arcmont operates a four-tiered approach to ensure the effective implementation of this policy as shown below.



Tier 1: Investment team

The investment team is responsible for incorporating ESG factors into the deal life cycle. At Arcmont, the same investment professionals who execute a deal will monitor the investment during the holding period. As the ultimate risk takers and investment experts, they are best placed to perform ESG due diligence and monitor the ESG profiles of portfolio companies.

The team is regularly trained on responsible investment, at least annually, and all new joiners receive responsible investment training as part of the onboarding process. The team is supported by the Responsible Investing team and Arcmont's ESG Consultant, who are on hand to answer any questions and fill any knowledge gaps. Note that there are three ESG champions in the team and Arcmont's Chief Investment Officer sits on the ESG Committee.

Tier 2: Responsible Investing team

The Responsible Investing team is responsible for ensuring the investment team executes their responsible investment duties in an effective manner and for leading ESG engagements. The team is also responsible for ESG reporting, including the relevant products' SFDR disclosures. The team comprises two individuals who have been upskilled in responsible investment and receive regular training.

Tier 3: ESG Consultant

The ESG Consultant assists Arcmont with the development and execution of the firm's sustainability strategy, with a specific focus on responsible investment. The team of consultants provides Arcmont with specific subject-matter expertise and ensures Arcmont is aware of evolving industry best practices.

The ESG Consultant also serves as an independent reviewer to help ensure the integrity and thoroughness of Arcmont's responsible investment commitment. The team of consultants independently reviews the deal team's portfolio company ESG assessments. This review occurs both during the pre-investment phase and quarterly post-investment, assuring continuous alignment with Arcmont's responsible investment goals.

Material ESG Factors

Material ESG factors are those with a substantial impact on the current and future financial, economic, reputational and legal prospects of an issuer, security, investment or asset class[4]. Note that the materiality of ESG factors varies across companies, sectors, regions, asset classes and through time. Please see below definitions and examples of material environmental, social and governance factors.

	Environmental	Social	Governance
Definition[5]	Issues relating to the quality and functioning of the natural environment and natural systems.	Issues relating to the rights, wellbeing and interests of people and communities.	Issues relating to the governance of companies and other investee entities.
Examples of material ESG factors	- Climate Risk (Regulatory): Costs to comply with incoming climate-related regulations.	- Supply Chain ESG Standards & Monitoring: Reduced demand for products in response to supply chain human rights abuses.	- Business Ethics: Fines and criminal proceedings from corrupt practices.
	- Climate Risk (Physical): Asset impairments due to impact of extreme weather event.	- Employee Wellbeing, Health & Safety: Legal costs relating to workplace injuries.	- Management of the Legal & Regulatory Environment: Fines from failing to comply with relevant legislation and regulations.
	- Toxic Emissions & Waste Management: Fines from improper disposal of waste.	- Diversity, Equity & Inclusion: Legal costs from discriminatory practices.	- Tax Transparency & Accounting: Fines relating to tax malpractices.

[4] UN PRI: Reporting Framework Glossary
[5] UN PRI: Reporting Framework Glossary

Responsible Investment Philosophy

ESG factors are financially material. They are a source of investment risk and a driver of investment value. As such, Arcmont believes that understanding and minimising ESG risks and promoting better risk management practices within the firm's investment activities is essential to delivering Arcmont's goal of strong absolute risk-adjusted returns to investors and beneficiaries, in line with the firm's fiduciary duty.

Further, Arcmont believes that practising and promoting responsible investment amongst portfolio companies allows Arcmont to contribute to sustainable benefits for the economy, the environment and wider society. It also aligns with many investors' broader environmental and social objectives and positions the firm well for the increasing regulations and policies relating to ESG issues and disclosures.

Note that the generally capped upside of Private Debt investments post-closing means Arcmont's focus is drawn to the potential downside risks that may lead to a default. This generally means that Arcmont prioritises ESG factors that might be drivers of risk as opposed to sources of opportunity.

A. Direct Lending Responsible Investment Approach

Over the years, Arcmont's responsible investment approach has continued to be enhanced and developed to reflect best practice guidance. Today, Arcmont integrates ESG factors at every stage of the deal lifecycle for Direct Lending transactions with two key objectives:

1. To identify material ESG risks to enhance investment decision making; and
2. To encourage portfolio companies to better manage material ESG risks, with a specific focus on climate risks.

A summary of the process is shown below. Each step is further explained on the following pages.

Stage 1 **Negative Screening**	Opportunities are first screened against an ESG exclusions policy and screened for ESG risk incidents/controversies.
Stage 2 **Due Diligence**	An ESG materiality assessment is conducted, and the opportunity is assigned an ESG Risk Score. As part of this, a Good Governance assessment is undertaken. The analysis is documented and then sent to the ESG Consultant to independently review and agree the score before being finalised.
Stage 3 **Final Investment Decision**	The relevant investment committee considers the credit analysis, including the results of the ESG due diligence, before making their decision to pursue the opportunity.
Stage 4 **Execution**	The Deal Approval Committee ("DAC") considers the credit analysis, including the results of the ESG due diligence, before making their decision to approve the opportunity. A member of the Responsible Investing team is required to sign off on each investment from an ESG perspective as part of the DAC approval process.
Stage 5 **Monitoring**	A formal quarterly ESG review takes place where the ESG materiality assessment of every investment is updated based on monitoring updates and the ESG Risk Score is adjusted where necessary. This is independently reviewed by the ESG Consultant before being finalised.
Stage 6 **Engagement (Stewardship)**	Arcmont offers certain borrowers sustainability-linked margin ratchets[6] to financially incentivise them to better manage material ESG risks, with a specific focus on climate risks.
Stage 7 **Reporting**	Arcmont provides investors with comprehensive ESG information which includes the required Sustainable Finance Disclosure Regulation (SFDR) disclosures.

[6] Arcmont's policy is to offer a sustainability-linked margin ratchet to every (a) new Direct Lending primary borrower since April 2021 and (b) existing Direct Lending primary borrower who is provided additional financing after April 2021. However, the take up of the offer of the ratchet is voluntary and borrowers elect to participate.

1. Negative Screening

(a) ESG Exclusions Policy

The first step in Arcmont's Direct Lending responsible investment process is to screen prospective companies against an ESG exclusions policy. Transactions are screened against the relevant policy[7] prior to the initial investment decision and any follow-on investment. Arcmont seeks to avoid lending to companies that are engaged in certain controversial business activities and those that violate the principles of the UN Global Compact ("**UNGC**").

(b) RepRisk/Controversy Screening

Prospective investments will also be screened for risk incidents/controversies prior to the initial investment decision and any follow-on investment. Arcmont leverages RepRisk to complement desk-based research. Part of this controversy screening is to identify any serious violations of human or labour rights, environmental harm, corruption or other actions that breach the principles of the UNGC. Note that Arcmont considers the severity, irremediability and frequency of the incident as well as the company's degree of complicity. The measures a company has implemented to prevent repeats of the violation are also central to the assessment. If there is evidence of issues but the company has, or will put in place, robust measures, Arcmont may determine that an investment can still proceed.

2. Due Diligence

Next, every prospective investment undergoes an ESG materiality assessment and is assigned an ESG Risk Score. Key elements of this process are further described below.

(a) Arcmont's Universe of ESG Issues

In conjunction with the ESG Consultant, Arcmont created a tool titled "Arcmont's Universe of ESG Issues". The tool captures the most relevant and material ESG factors for the companies in Arcmont's investable universe and was built with reference to the Sustainability Accounting Standards Board (SASB) Standards' issues categories[8] as well as other guidance materials. These factors are systematically considered when assessing and monitoring investments.

[7] Exclusions policies vary across the Arcmont funds.
[8] SASB Standards

Environmental	Social	Governance
– Climate Risk (Physical) – Climate Risk (Transitional) – Climate Risk (Regulatory) – Biodiversity & Land Use – Energy Management – Toxic Emissions & Waste Management – Material Sourcing & Efficiency – Water Stress	– Access & Affordability – Community Relations – Customer Privacy & Data Security – Employee Wellbeing, Health & Safety – Human Capital Development – Diversity, Equity & Inclusion – Labour Practices & Human Rights – Product Design & Lifecycle Management – Product Quality & Safety – Selling Practices & Product Labelling – Supply Chain ESG Standards & Monitoring	– Ownership & Control – Responsible Business Practices – Business Ethics – Tax Transparency & Accounting – Enterprise Risk Management – Management of the Legal & Regulatory Environment

(b) ESG Appendix Generator

Arcmont has developed a bespoke ESG Appendix Generator together with the ESG Consultant to identify and assess material ESG risks. The ESG Appendix Generator includes all the factors in Arcmont's Universe of ESG Issues tool.

The ESG Appendix Generator identifies potential material risks based on a company's industry classifications, specifically MSCI's Global Industry Classification Standard ("**GICS**")[9] and SASB's Sustainable Industry Classification System ("**SICS**")[10], leveraging MSCI and SASB materiality matrices, SASB's Climate Risk Technical Bulletin[11] and Arcmont's bespoke GICS mapping tool as well as other sources.

Where an ESG risk is deemed to be potentially material, the ESG Appendix Generator provides corresponding questions for the deal team to answer. The questions consider a company's business activities, geographic location and other pertinent factors that were determined by the ESG Consultant. This helps the deal team determine whether the suggested risk is material for the business in question and ensures a systematic evaluation of ESG factors during due diligence.

The ESG Appendix Generator is used as a starting point for the analysis. Additional material issues will be identified and assessed based on transaction material/desk-based research.

[9] MSCI GICS
[10] SASB SICS
[11] SASB Climate Risk Technical Bulletin

(c) ESG Risk Score

Next, prospective investments receive a rating along each pillar of 'E', S' and 'G', according to their potential negative financial impact on the investment. These are then aggregated to form an overall ESG Risk Score which quantifies the likelihood of a negative financial impact on the investment due to ESG risks. The score ranges from +6 (Very Low Risk) to -6 (Very High Risk). Arcmont has a policy not to invest in a company with a score of less than -3 (High Risk) i.e. a company that faces moderate to severe ESG risks across multiple areas which are not being adequately managed.

(d) UN Sustainable Development Goal (SDG) Alignment Assessment

To understand the positive sustainability outcomes of investments, Arcmont screens each company's products and services for potential contributions to the UN SDGs using the Asset Owner Platform's Sustainable Development Investments Taxonomy[12], with support from the ESG Consultant. Companies are screened against the list of investable entities and, where there is a match, a revenue assessment is undertaken by the deal team to determine the magnitude of contribution.

(e) Independent Review

Once the deal team has completed and documented the ESG materiality assessment and ESG Risk Score, the materials are sent to the ESG Consultant for an independent review. Once reviewed and finalised, the information is included in a dedicated ESG section of the Final Investment Memorandum ("**FIM**").

3. Final Investment Decision

The relevant investment committee will review the FIM, including the ESG due diligence, before making their investment decision.

4. Deal Approval Committee

In addition to being approved by the relevant investment committee, every Direct Lending transaction must be approved by the Deal Approval Committee ("**DAC**") before it can be executed. To obtain approval, the deal team must complete a Deal Approval Checklist which contains questions on legal, tax, compliance and ESG matters. The ESG questions directly reflect Arcmont's ESG policies and investors' ESG requirements. A member of Arcmont's Responsible Investing team is required to sign off on every Direct Lending transaction from an ESG perspective as part of this process.

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[12] Sustainable Development Investments Taxonomy

5. Engagement (Stewardship)

Arcmont leverages the Investment Consultants Sustainability Working Group's ("**ICSWG**") definition of engagement which is "purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) on particular matters of concern with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate). Regular communication to gain information as part of ongoing research should not be counted as engagement"[13]. Using this definition, Arcmont primarily engages with borrowers via sustainability-linked margin ratchets. However, in some specific cases, Arcmont may engage with portfolio companies via tailored ESG engagement plans and via voting.

(a) Sustainability-Linked Margin Ratchets

As a Private Debt asset manager, Arcmont has less influence over portfolio companies than Private Equity owners. To gain influence over portfolio companies' ESG risk management practices, Arcmont offers certain primary borrowers sustainability-linked margin ratchets[14] i.e. provisions that tie the rate of interest a borrower pays to pre-agreed key performance indicators ("**KPIs**") and sustainability performance targets ("**SPTs**") associated with each KPI.

Each ratchet is bespoke. Therefore, the number of KPIs and SPTs varies for each investment as does the financial incentive which is determined based on the size of Arcmont's holding and the ambition of the plan. To ensure the integrity of Arcmont's offering, the firm follows the Loan Market Association's Sustainability-Linked Loan Principles[15] ("**SLLPs**") to the extent possible.

Arcmont endeavours to include a climate-related KPI in every ratchet and has a specific focus on encouraging borrowers to set and achieve science-based GHG emissions reduction targets[16]. When selecting other KPIs to be included, Arcmont pursues a materiality-first approach focusing on the issues that are likely to have the most significant financial impact, based on the result of the pre-investment ESG materiality assessment. This approach ensures every KPI is tailored to the characteristics of the portfolio company. Arcmont also prioritises systemic issues that are relevant to each borrower, including human rights, cybersecurity and biodiversity.

(b) Tailored ESG Engagement Plans

In some instances, Arcmont's investments take on an equity element. In instances where Arcmont holds significant equity ownership (>20%), or where Arcmont has become a majority owner of a company following a restructuring and performance has stabilised, a tailored ESG engagement plan will be offered to encourage the company to better manage material ESG risks and mitigate potential negative external impacts[17]. The engagement plans focus on performance

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[13] ICSWG Engagement Reporting Guide.

[14] Arcmont has a policy to offer a sustainability-linked margin ratchet to every (i) new primary borrower since April 2021 and (ii) existing primary borrower who is provided additional financing after April 2021. Note that the take up of the offer of a ratchet is voluntary, and borrowers elect to participate.

[15] Sustainability-Linked Loan Principles

[16] At the time of implementation in April 2021, Arcmont endeavoured to create a bespoke plan for every participating borrower, targeting a specific material environmental and/or social issue a borrower faced, based on the results of the pre-investment ESG due diligence. However, in July 2022, in support of the transition to a net zero economy, the programme was revised to specifically target borrowers' climate change mitigation practices.

[17] Note that tailored ESG engagements plans are voluntary, and borrowers elect to participate.

gaps and will include at least one climate change mitigation KPI. Participating companies are required to report on measures implemented to improve ESG performance and provide performance data annually.

(c) Voting

In terms of voting rights, Arcmont may be able to vote in limited instances where investments take on an equity element and shareholder voting rights are granted. In such instances, the processes and procedures outlined in Arcmont's internal Voting Policy will be followed.

(d) Collaborative Engagement

Arcmont is committed to working with others to promote responsible investment within its investment activities. This includes other lenders, Private Equity sponsors, in addition to wider stakeholders. Given that Arcmont typically invests in middle-market companies, there is less opportunity to participate in large collaborative engagement platforms, which often target large corporations with significant environmental or social impacts. For this reason, Arcmont primarily engages with other lenders and sponsors specifically to implement sustainability-linked margin ratchets.

6. Monitoring

Arcmont maintains an open and active dialogue with management teams to closely monitor the ESG profiles of portfolio companies. A formal quarterly review takes place where the deal teams reassess the ESG risks profiles of portfolio companies. Note that new material ESG risks can be added over Arcmont's holding period. Based on the monitoring updates, the ESG Risk Score of every portfolio company is reviewed and updated where necessary. This is documented and then sent to the ESG Consultant to review before being finalised.

For portfolio companies with sustainability-linked margin ratchets or with tailored ESG engagement plans, milestone updates are required to assess companies' performance against the SPTs set.

Note that Arcmont also utilises RepRisk as part of ongoing monitoring efforts. Each portfolio company is placed on Arcmont's watchlist and is screened for ESG risk incidents/controversies daily.

In the event that the ESG Risk Score falls below -3 or an ESG risk incident/controversy occurs during Arcmont's holding period, the processes outlined in the Escalation section of this policy will be followed.

7. Reporting

Arcmont provides investors with comprehensive ESG information which includes the required Sustainable Finance Disclosure Regulation (SFDR) disclosures.

B. NAV Financing Responsible Investment Approach

1. Negative Screening

Note that the targets of the negative screening vary depending on the NAV transaction type as outlined below.

NAV Transaction Type	Screening Target(s)
Fund Financing	GP and underlying portfolio companies
GP Financing	GP and, if relevant, underlying portfolio companies
LP Financing	LP

(a) Sensitivities List

Each Screening Target will be screened against the below Sensitivities List prior to the initial investment decision and any follow-on investment. Arcmont seeks to ensure that no prospective investment has a material exposure to "sensitive" sectors.

In terms of the process:

1. The deal team will assign a Global Industry Classification Standard ("**GICS**") sub-industry classification to the relevant Screening Target based on a majority revenue test.
2. Screening Targets that are assigned any of the GICS sub-industry classifications listed below will be deemed "sensitive".
3. If more than 30% of the total NAV prior to the initial investment decision and any follow-on investment is deemed "sensitive", Arcmont will not pursue the investment.

GICS Sub-Industry Code	GICS Sub-Industry Code
10101010	Oil & Gas Drilling
10101020	Oil & Gas Equipment & Services
10102010	Integrated Oil & Gas
10102020	Oil & Gas Exploration & Production
10102030	Oil & Gas Refining & Marketing
10102040	Oil & Gas Storage & Transportation
10102050	Coal & Consumable Fuels
20101010	Aerospace & Defense
25301010	Casinos & Gaming
30203010	Tobacco

b) RepRisk/Controversy Screening

Each Screening Target will also be screened for risk incidents and controversies. Arcmont leverages RepRisk to complement desk-based research. Part of this controversy screening is to identify any serious violations of human or labour rights, environmental harm, corruption or other actions that breach the principles of the UNGC. Arcmont will seek to avoid lending to counterparties or against underlying assets engaged in such actions. Note that Arcmont considers the severity, irremediability and frequency of the incident as well as the company's degree of complicity. The measures a company has implemented to prevent repeats of the violation are also central to the assessment. If there is evidence of issues but the investee has, or will put in place, robust measures, Arcmont may determine that an investment can still proceed.

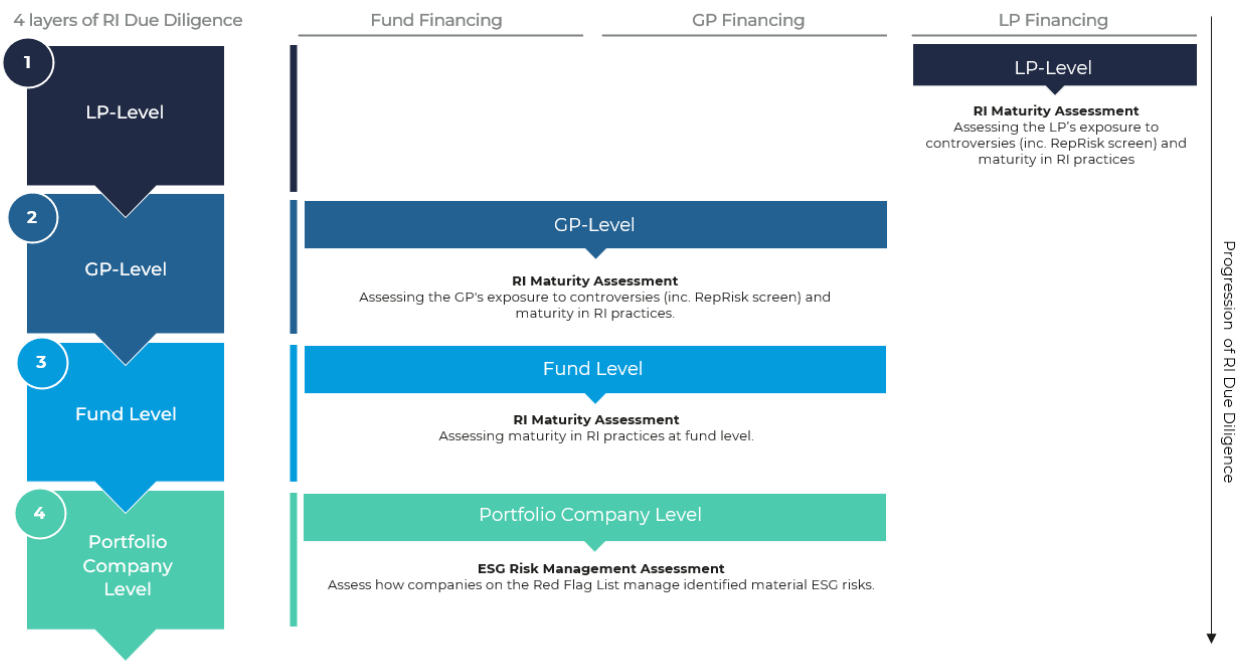
(c) Red Flag List

For Fund Financing and GP Financing (if relevant), if an underlying portfolio company operates in a "sensitive" sector or has been subject to a financially material controversy (detected via RepRisk) and has not implemented appropriate mitigating measures, it will be subject to further due diligence in the Responsible Investing Due Diligence phase.

The objective of the Negative Screening phase is to promptly identify controversial activities associated with potential investments. The outcomes of the Negative Screening are documented in a dedicated ESG section in the preliminary investment memorandum which is presented at the preliminary NAV Investment Committee meeting.

2. Responsible Investment ("RI") Due Diligence

After a prospective investment passes the Negative Screening phase, further due diligence is conducted. The process is structured and differs depending on the type of transaction as summarised illustrated below and explained on the following pages.



(a) RI Maturity Assessment

Every prospective investment undergoes a RI Maturity Assessment to evaluate how well the counterparty integrates RI practices. The assessment is conducted at different levels depending on the investment structure as summarised in the table below.

NAV Transaction Type	Due Diligence Target(s)
Fund Financing	GP, Fund and, if relevant, underlying portfolio companies
GP Financing	GP and, if relevant, Fund and underlying portfolio companies
LP Financing	LP

Irrespective of the level at which it is conducted, the RI Maturity Assessment evaluates several critical areas including, but not limited to, policies, governance, responsible investment practices and disclosures.

To support the assessment, a pre-investment RI Maturity Questionnaire may be sent to the relevant counterparty. While responses may vary, the assessment is primarily based on publicly available materials, such as websites, UN PRI reports and other external sources, ensuring completion regardless of counterparty input.

Once the RI maturity assessment has been completed, the counterparty is assigned an RI Maturity Level which is then translated into a Risk Exposure Level. If the counterparty shows no integration of RI practices, there is a higher likelihood of a negative financial impact on the investment due to ESG risks. Conversely, if the counterparty demonstrates established or strong RI practices, the likelihood of a negative financial impact on the investment due to ESG risks is reduced.

Counterparty RI Maturity Level	Risk Exposure Level
Strong	Very Low Risk
Established	Low Risk
Emerging	Medium Risk
No integration/Awareness	High Risk

(b) Red Flag List – Portfolio Company Assessment

For Fund Financing and, if relevant, GP Financing, further due diligence is performed on any underlying portfolio company on the Red Flag List as determined during the Preliminary Negative Screening phase. This additional due diligence aims to assess whether the companies have adequate processes in place to manage the identified risks ESG effectively. The result of this assessment is considered alongside the RI maturity of the GP's RI practices, recognising that gaps in a portfolio company's ESG risk management may be mitigated by a more mature and proactive manager.

(c) Independent Review

The outcome of the RI Maturity Assessment is documented in a dedicated ESG section in the Final Investment Memorandum ("**FIM**") and is sent to the ESG Consultant for an independent review before being finalised.

3. Final Investment Decision

The NAV Investment Committee will review the FIM, including the results of the RI Due Diligence, before making their investment decision.

4. Deal Approval Committee

In addition to being approved by the NAV Investment Committee, every NAV financing transaction must be approved by the Deal Approval Committee ("**DAC**") before it can be executed. To obtain approval, the deal team must complete a Deal Approval Checklist which contains questions on legal, tax, compliance and ESG matters. The ESG questions directly reflect Arcmont's ESG policies and investors' ESG requirements. The DAC reviews the populated checklist as well as the FIM, including the results of the RI Due Diligence phase. A member of Arcmont's Responsible Investing team is required to sign off on every NAV Financing transaction from an ESG perspective as part of this process.

5. Monitoring

Arcmont maintains an open and active dialogue with counterparties to closely monitor the ESG risks. A formal review takes place on an annual basis where Arcmont undertakes desk-based research and sends an annual RI Maturity Questionnaire to counterparties. The results are then used to update each investment's RI Maturity Assessment.

6. Engagement (Stewardship)

For Fund Financing and GP Financing transactions, Arcmont may offer counterparties a sustainability-linked margin ratchet to encourage them to improve their ESG risk management practices[18]. Note that the take up of the offer is voluntary, and counterparties elect to participate. To maintain the integrity and effectiveness of these financial mechanisms, Arcmont follows the Loan Market Association's Sustainability-Linked Loan Principles (SLLPs) to the extent possible.

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[18] Note that this differs to Arcmont's Responsible Investment Policy which requires Arcmont to offer a sustainability-linked margin ratchet to every (i) new primary borrower since April 2021 and (ii) existing primary borrower who is provided additional financing after April 2021.

7. Reporting

An RI summary will be provided for each transaction in the quarterly portfolio manager's reports and a more detailed product level annual RI report will be published.

Conflicts of Interest

Arcmont seeks to operate in accordance with the highest standards of compliance and ethical conduct. Accordingly, an extensive conflicts of interest framework that includes addressing conflicts of interest related to responsible investment and stewardship activities has been established. Arcmont has a documented Conflicts of Interest Policy.

Escalation

Arcmont is committed to escalating any issue that is not in line with the firm's responsible investment objectives. This includes a material decline in a company's ESG risk profile and the occurrence of ESG risk incidents/controversies. In such cases, Arcmont will raise concerns directly with management teams and other transaction parties (Private Equity sponsors and other lenders), to understand the situation, assess the impact and ensure proper remedial measures are implemented. If remedial action is not taken, Arcmont may not provide any additional facilities to the borrower and, as a last resort, may consider selling the investment to a third party. Note that Arcmont is committed to exhausting all available avenues to remedy any situation rather than divest immediately.

External Initiatives

Arcmont is committed to working with others to promote responsible investment. Accordingly, in accordance with all applicable competition and anti-trust laws, the firm and members of the firm participate in a number of initiatives which help to inform and develop Arcmont's responsible investment practices, contribute to the creation of Private Debt specific industry best practice and serve to bring about positive environmental, social and economic change.

Initiative	Status
UN PRI	Firm is a signatory under Nuveen
UN PRI Private Debt Advisory Committee	COO is a member
UK Stewardship Code 2020	Firm is a signatory

Public Disclosures

Details of Arcmont's responsible investments activities are also reported in a number of the firm's public disclosures, including Arcmont's annual:

- Corporate Sustainability Report
- UN PRI Transparency Report[19]
- Stewardship Report
- Entity-Level Task Force on Climate-Related Financial Disclosures (TCFD) Report

Contact Details

For further information on Arcmont's responsible investment approach, please contact ESG@arcmont.com.

[19] Arcmont reports under Nuveen.