

ESG Principles

As one of the leading investment managers for alternative assets in Germany, CAM Alternatives recognizes its responsibility to encourage clients, fund managers and portfolio companies to behave in a socially responsible manner. We firmly believe that the value of an investment opportunity is also determined by its sustainability which includes environmental, social and governance (ESG) issues.

Our ultimate objective is to invest and manage the assets in the best interests of our clients. As an integral part of our investment advisory and investment process, we also take ESG factors into account when considering and evaluating investment opportunities. This is based on our understanding that individual ESG factors can influence an investment positively and/or negatively in the long term, a consideration that is often not taken into account in the conventional calculation of returns. We therefore also see it as our responsibility to assert our influence on clients, target funds and portfolio companies with regard to ESG factors.

In addition to the obligation to comply with legal regulations, we strive to ensure a trusting cooperation with our clients and business partners through integrity and fair business conduct. When assessing investment opportunities, we have taken into account the United Nations Principles for Responsible Investment (UN PRIs) since 2010. At the beginning of 2019, CAM Alternatives signed the UN PRIs as a separate and independent company. This confirms our long-term commitment to the following principles:

- Regular consideration of ESG factors in the investment decision-making process by the investment team
- Proactively addressing and promoting ESG factors among our target investments
- Requiring appropriate disclosure of relevant ESG issues at the fund and portfolio company level.
- Promoting the acceptance and implementation of ESG principles in the investment industry
- Cooperative collaboration for more effective implementation of the ESG principles
- Transparent reporting on our activities and progress in applying the ESG principles

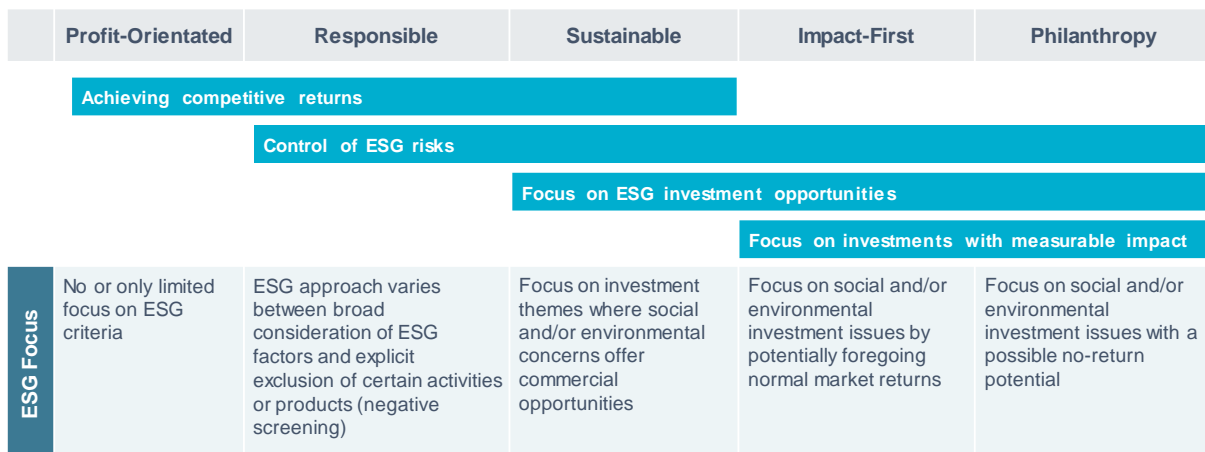
In addition to the UNPRI, CAM Alternatives also considers additional, relevant frameworks and initiatives in its sustainable investment approach including the United Nations Sustainable Development Goals (SDGs), the Paris Climate Agreement, the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB¹).

¹ CAM Alternatives has a licensing agreement with the Sustainability Accounting Standards Board and uses the SASB Materiality Map in evaluating the impact of various ESG factors on each industry sector.

Objective

CAM Alternatives’ ESG guidelines are the foundation for its ESG principles and the subsequent/resulting actions and processes to implement them.

There exist a variety of different ESG investment approaches as show in the graph below. CAM Alternatives sees itself as a "responsible investor", which means that ESG factors are taken into account during the investment process, but do not serve as exclusive selection criteria for the investment decision, as would be the case for example with impact-first investing:



CAM Alternatives is constantly reaffirming this claim as a responsible investor:

- We are convinced that the implementation of ESG criteria in the investment philosophy of CAM Alternatives supports and even improves the risk-adjusted return of investments in the long term.
- We specifically take ESG criteria into account in our investment process as well as in the analysis and selection of investment opportunities.
- We expect appropriate transparency in the implementation of ESG principles and reporting of any ESG issues by the companies and fund managers with whom we work and in whom we invest.
- We promote the acceptance and exchange of ESG principles in the alternative investment industry and pursue the goal of continuously improving the implementation of ESG in our investments and in our own company

CAM's ESG guidelines and processes are reviewed annually to ensure that they are up to date, adapted and continually developed.



ESG Parameters

CAM Alternatives applies the UN PRI principles and also considers additional global and regional frameworks and initiatives as guidance (SDGs, Paris Agreement, SASB, TCFD). Consequently, CAM Alternatives takes into account various ESG aspects and characteristics (also “Sustainability Outcomes”) as part of the investment process and will make every effort to avoid making investments in certain excluded sectors as listed below:

- Production of or trade in weapons of mass destruction, inhumane weapons or technologies subject to international prohibitions
- Production of or trade in coal
- Oil/gas production in the oil sands and shale gas sector
- The production, trade and/or distribution of products or activities that are deemed to be illegal under applicable law in the country where such company is incorporated
- Products, goods or services from countries that are subject to any economic or financial sanctions or trade embargoes administered or enforced by the United Nations Security Council²
- Production and presentation of pornographic content
- Engaging in or promoting prostitution

Due to the "blind pool" risk associated with primary investments, it will not always be possible to identify investments in advance that do not comply with our ESG and climate standards. Besides agreements in side letters, we will engage directly with the relevant target fund manager in order to raise its awareness of the issue and to work with the manager on improving its ESG standards and monitoring mechanisms.

In addition to the above exclusion criteria, CAM Alternatives considers the following ESG aspects within the investment process:

Environmental	Social	Governance
Air and water pollution	Customer satisfaction	Accounting standards
Biodiversity	Data protection and privacy	Anti-competitive behaviour
Climate change	Diversity and equal opportunities	Audit committee structure
Deforestation	Employee attraction and retention	Board composition
Ecosystems services	Employee engagement	Bribery and corruption
Energy efficiency	Government and community relations	Business ethics

² available at <https://www.un.org/securitycouncil/sanctions/information>

Hazardous materials	Human capital management	Compliance
Land degradation	Human rights	Executive remuneration
Resource depletion	Indigenous rights	Lobbying
Waste management	Labour standards	Political contributions
Water scarcity	Labour management relations	Risk management
	Marketing communications	Separation of chairman and CEO
	Product misselling	Stakeholder dialogue
	Product safety and liability	Succession planning
	Supply chain management	Whistleblower schemes

Source: PRI (2020), Technical Guide for Limited Partners: Responsible Investment in Private Equity, www.unpri.org

Through a materiality analysis on country, sector and portfolio manager level which, among others, follows the categorisation of significant ESG risks as defined in the SASB Materiality Map, ESG aspects that are of particular importance for the investment are identified and taken into consideration when determining ESG risks and opportunities as well as monitoring and engagement activities.

ESG Methodology and Due Diligence Process

CAM Alternatives has developed a methodology to consider sustainability aspects within the investment process. Information on the ESG activities of the target investments is obtained and processed at different points in time and at different levels, thus determining the ESG risk and the ESG compliance of the investment.

The methodology used differs depending on the investment type.

Primary Investments/Fund Selection

When examining a target fund for a possible investment, a number of ESG aspects are queried, discussed and reviewed in dialogue with the target fund manager. For this purpose, CAM Alternatives uses, among other sources, an ESG specific due diligence questionnaire based on the criteria of the UNPRI. The aim of the due diligence questionnaire is to record the ESG principles and processes of the target fund manager and their implementation at portfolio company level.

With CAM Alternatives own ESG scoring model, both the history of the underlying fund product family and the current investments of the target fund manager are reviewed along

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various ESG assessment criteria. This involves analysing the historical investment activities in predecessor products, evaluating the target fund manager's responses to the due diligence questionnaire, analysing historical ESG events and including relevant industry and country ratings for the invested portfolio in the assessment. The respective rating parameters are weighted at portfolio company level and aggregated at target fund level with the corresponding investment amount.

CAM Alternatives additionally places particular emphasis on climate-related risks and opportunities. To this end, CAM Alternatives analyses future possible climate-related risks as well as the current climate-related risk and opportunity management of its target funds. To assess future possible climate-related risks, a scenario analysis is conducted in which a target fund's potential risks stemming from sectoral or geographical exposure under a set of different climate change scenarios (e.g. increase of global temperatures by 1.5°C as compared to pre-industrial levels) are evaluated. To assess a target fund's current climate-related risk and opportunity management, similar to CAM's ESG scoring model, the fund manager is asked a set of TCFD-aligned questions that are then scored within CAM Alternatives ESG scoring model. By applying the TCFD approach when assessing target funds, CAM Alternatives actively supports the roll-out of the TCFD recommendations.

Secondary Investments

For secondary investments, CAM Alternatives will regularly check the conformity of the invested portfolio with its ESG and climate requirements, in particular identifying any potential violations of the defined exclusion areas by the underlying portfolio companies and documenting them in the investment memorandum.

Despite a high level of transparency regarding the characteristics and quality of the underlying portfolio companies, CAM Alternatives will also regularly review secondary investments according to an ABC analysis to determine the extent to which the investee fund managers in the secondary portfolio have incorporated ESG and climate aspects in their organisations, addressed them in their portfolio companies and disclose them to their investors in their reporting.

A secondary investor is usually not in a position to renegotiate the existing fund documents to address ESG issues more comprehensively. The assessment and valuation of a secondary opportunity will regularly focus on the economic outlook of the target companies and thus incorporate relevant ESG and climate factors with potential impact on the future cash flows of the respective company. Similar to CAM Alternatives approach for primary investments, the fund manager is asked a set of TCFD-aligned questions related to the secondary portfolio, that are then scored within CAM Alternatives ESG scoring model.

In the event of substantial and irremediable breaches of the defined exclusion areas by the underlying portfolio companies, CAM Alternatives will regularly reject the secondary

transaction or attempt to structure the transaction in such a way that relevant portfolio companies are excluded and do not become part of a transaction.

Co-Investments

Co-Investment opportunities are subjected to a comprehensive investment analysis to assess their attractiveness and value creation potential. As part of this analysis, CAM Alternatives reviews the ESG and climate risks and opportunities of the potential target company and rates them within a tiered co-investment risk spectrum. Similarly, each co-investment is classified in CAM Alternatives' general ESG scoring model to allow for appropriate portfolio aggregation.

In addition, CAM Alternatives basically follows the same process as for a primary fund investment in the ESG and climate assessment of the fund manager who manages the co-investment as a so-called lead investor and with whom CAM Alternatives invests as a co-investor. Especially in the case of a co-investment, the investors and thus CAM Alternatives can directly influence the ESG and climate factors in the target portfolio company. In case substantial ESG deficits are identified in the due diligence, CAM Alternatives will jointly agree with the lead investor on a corresponding "action plan" for addressing these deficits. In the event of substantial and non-curable breaches in the potential co-investment, in particular against the defined exclusion areas, CAM Alternatives will regularly reject a co-investment opportunity.

Monitoring of ESG Characteristics & Engagement Approach (“Stewardship”)

In line with CAM Alternatives' primary mission, its monitoring and engagement approach aims to optimise the risk-adjusted returns for our clients.

ESG reporting, which has now been introduced by many target fund managers and is often practised annually, is reviewed by the investment professional responsible for the target fund manager as part of CAM Alternatives' ongoing ESG monitoring process. Any occurring ESG events are escalated to CAM Alternatives' ESG Committee and addressed in discussion with the target fund manager.

For target fund managers that may not yet have established a regular ESG reporting, CAM Alternatives will assist the respective fund manager in introducing such a reporting by sharing, among others, best practice approaches and experiences gained from working with various target funds .

Moreover, CAM Alternatives also uses its own ESG and Climate scoring model for the ongoing systematic ESG and climate-related risk and opportunity assessment (“Stewardship Tool”) or review of all indirect portfolio company shares acquired by the target funds and/or direct holdings of the CAM fund of funds in co-investments after subscription to the target funds/co-

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investments. In this context, the ESG and climate scoring model not only enables a historical view of the portfolio investments, but is also suitable, for example, for assigning country and industry classifications according to NACE per portfolio company for the new investments. Furthermore, as mentioned above, CAM Alternatives applies a materiality analysis on country, sector and portfolio manager level in order to identify ESG aspects that are of particular importance for the investment. This enables an ongoing differentiated consideration, evaluation and also monitoring and targeted engagement activities in regard to potential ESG risks and opportunities for the individual investments.

CAM Alternatives compiles the findings from the ongoing monitoring process for new investment programmes in an annual ESG report, which is subsequently made available to investors.

In addition to its UNPRI membership, CAM Alternatives is involved in the IIGCC (The Institutional Investors Group on Climate Change) and the associated cooperation with investors, regulators, politicians and business partners. Furthermore, the ESG Officer of CAM Alternatives is a member of the working group "Sustainable Finance & ESG" of the Bundesverband Alternative Investments e. V., which strives for an exchange between regulators and member companies on current ESG regulatory approaches and best practices. In addition, the ESG Officer is involved in an ESG Impact Council of a target fund manager.

Conflict of Interest

In case of an internal conflict or disagreement between the ESG Officer and Investment Management about the adequate balance between return optimisation and ESG risk mitigation, the decision is escalated to the ESG Committee. In the case of external conflicts, CAM Alternatives proactively enters into a dialogue with the relevant target fund manager about addressing any potential ESG deficits or risks identified in the monitoring process. Together with the target fund manager, a corresponding "action plan" for addressing the deficits is agreed or the agreed "opt-out" rights are exercised. In the event of substantial and non-curable breaches, in particular against the exclusion areas defined in the Exclusion List, CAM Alternatives will consider, in the most extreme case, selling the target fund concerned via a secondary market transaction.

ESG Responsibility

The management of CAM Alternatives is ultimately responsible for implementing an appropriate ESG approach including targets for climate objectives, not only at company level but also for the invested assets entrusted by the firm's clients.

To further develop and monitor its ESG approach, CAM Alternatives' management has established an ESG committee. The task of the committee is to issue guidelines and recommendations to the management of CAM Alternatives for approval, and to monitor their implementation. The ESG guidelines and processes are reviewed by the committee on an annual basis to ensure up to date developments, and, if necessary, are adjusted accordingly. The recommended guidelines and processes are approved by the management.

The investment team is primarily responsible for the consideration of ESG factors and for the implementation of climate actions in the investment activities of CAM Alternatives. CAM's ESG Officer, who is independent of the investment team, verifies compliance with ESG requirements in specific investment cases. As part of the investment decision, the climate impact of a new investment proposal is discussed and assessed in the Investment Committee with involvement of the ESG Officer.

At the corporate level of CAM Alternatives, each employee of the company is responsible for the implementation and consideration of ESG factors and climate topics in their daily work. In doing so, the management supports them with appropriate incentives and assistance. In addition to an annual training session on ESG, CAM Alternatives' various measures for implementing general compliance and specific ESG principles are documented in the organization handbook. The organization handbook is known to every employee and must be observed by them.