



# ARCLINE

## RESPONSIBLE INVESTMENT POLICY

Arcline Investment Management ("Arcline" or the "Firm") seeks to incorporate Environmental, Social, and Governance ("ESG") considerations into our investment process and the operation of majority owned Arcline fund portfolio companies ("Portfolio Companies"). The purpose of this policy is to outline the responsible investing efforts of the Firm and our Portfolio Companies.

### Philosophy:

Arcline recognizes the criticality of evaluating and monitoring ESG risks and opportunities associated with the companies in which we invest. We believe that ESG policies can improve returns when implemented correctly and be detrimental to returns when ignored. This policy provides the framework for our efforts to incorporate ESG risk and opportunity oversight in balance with our broader goals of investor returns and is consistent with our fiduciary duty. ESG factors that are included in our evaluation of investment opportunities and/or the operation of our Portfolio Companies in accordance with this policy may include some or all of the below:

- **Environmental factors** relating to the health of our environment and natural ecosystems
- **Social factors** relating to the rights, well-being, and interests of our stakeholders
- **Governance factors** relating to ethical behavior and responsible decision making

Arcline seeks to invest in technology driven, meaningful to the world industrial businesses that enable a better future.

We focus on investing in businesses that have the potential to impact society on a global level. As such, we seek to align the ESG practices of the Firm and our Portfolio Companies with the principles outlined in the United Nations (UN) Global Compact, and are taking steps to formalize our assessment of investment opportunities and/or the operation of our Portfolio Companies by reference to some or all of the UN Sustainable Development Goals (SDGs). Additionally, this policy has been informed by certain of the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) and relevant provisions of the Paris Agreement, as applicable.

### Purpose:

This policy has been developed to outline Arcline's approach to managing ESG risks and opportunities in the Firm's evaluation of investment opportunities and/or the operation of our Portfolio Companies. Where relevant, ESG considerations necessarily must be weighed in conjunction with other investment criteria, opportunities, and risks of portfolio companies.

### Roles and Responsibilities:

Arcline's Head of ESG, its Chief Financial Officer, and various members of the Arcline Value Creation Group, are responsible for defining, implementing, and updating this Policy, as needed. These individuals set the responsible investing standards and associated implementation tools within the firm and our Portfolio Companies. They also administer bi-annual ESG trainings to update Arcline team members on the evolving standards as well as trainings to support Portfolio Companies with ESG management best practices. Arcline and its Portfolio Companies also utilize external ESG resources where necessary or desirable.

ESG considerations are relevant throughout the investment process. The responsibility for implementing this Policy in the context of the Firm's investment operations is shared by members of the team working on each investment, with ultimate oversight from Arcline's CEO.

### ESG Integration into Investment activities:

Arcline believes ESG topics can be considered in multiple stages of the Firm's investment lifecycle. Relevant ESG considerations will necessarily vary by company and sector and may include, but shall not be limited to:

#### Environmental

GHG Emissions  
Energy management  
Waste reduction

#### Social

Labor practices  
Human rights  
Diversity, Equity  
& Inclusion

#### Governance

Business ethics  
Unconscious bias  
Regulatory compliance  
Anti-bribery & corruption  
Cybersecurity  
Data privacy

### Exclusions

Arcline does not employ a sector-specific exclusionary approach; rather, ESG factors are considered in the pre-screening process for each investment opportunity which allows our teams to pass on those investment opportunities deemed "high risk" before beginning more detailed reviews. Arcline's ESG pre-screening process aligns with the Sustainability Accounting Standards Board (SASB) materiality topics.

### Pre-investment

Arcline endeavors to identify material considerations during the due diligence review of investments. Our due diligence review process may include end market and business model screening, management team interviews, reviews by third party service providers including environmental liability assessments, and operating site inspections.

<sup>1</sup> Arcline's Head of ESG is a member of the Arcline Value Creation Group. Compensation and expense reimbursements received by Arcline Value Creation Group members is borne by the funds and their actual or prospective portfolio companies.

### Responsible ownership

Where there are material issues identified during the diligence process, Arcline will seek to include the management of these issues in a post-investment 90-day onboarding plan, or otherwise monitor ongoing progress on these material issues, as applicable. Arcline seeks to work collaboratively with senior management of its Portfolio Companies to oversee ESG activities and to build prioritized ESG workplans. A model ESG workplan includes identifying relevant ESG metrics to track, collecting data on these metrics, and developing initiatives to improve performance.

### Sustainability & Stewardship

In keeping with Arcline's focus on investing in companies whose products and services impact the greater good, we encourage and seek to work collaboratively with our Portfolio Companies to baseline emissions and develop energy efficiency and waste stream reduction initiatives to improve overall sustainability. We also encourage and seek to work collaboratively with our Portfolio Companies to identify how their operations can support the execution of the United Nations Sustainable Development Goals (SDGs).

### Transparency & Reporting

Arcline is dedicated to transparency and incorporates ESG reporting annually to both the public and to investors on relevant or material ESG topics.