

Cordiant Capital Inc

ESG Engagement Policy

V 1.0

Version Published: November 2022



CONTENTS

Our Approach	2
Purpose	2
Engagement with Investee Companies	3
- <i>Prioritisation of issues</i>	3
- <i>Methods of engagement</i>	3
- <i>Integration into the Investment Process</i>	3
- <i>Investee Companies Expectations</i>	4
- <i>Escalation</i>	4
Engagement with Other Stakeholders	5
- <i>Transparency for our Limited Partners/Investors in our Funds</i>	5
- <i>Conflicts of Interest</i>	5
- <i>Collaboration</i>	5
- <i>Governance of the Engagement Policy</i>	5

Scope of ESG Engagement Policy

“Cordiant” refers to Cordiant Capital Inc. (registered as a Portfolio Manager and an Exempt Market Dealer with the Autorité des Marchés Financiers, the Ontario Securities Commission and other Canadian regulators as well as a Registered Investment Advisor with the U.S. Securities and Exchange Commission and as an Investment Fund Manager in Quebec and Ontario); Cordiant Luxembourg S.A. (regulated as an AIFM by the Commission de Surveillance du Secteur Financier of Luxembourg); Cordiant Digital Infrastructure Management LLP as well as affiliated entities.

This Policy applies to Cordiant’s investment analysis and investment management activities across its private equity and private credit strategies (both those listed as Investment trusts and those structured as traditional closed-ended private capital funds) where the firm acts as AIFM or investment manager.

Cordiant acknowledges the importance of the private capital industry in contributing to outcomes such as those defined in the United Nations’ (“UN”) Sustainable Development Goals¹ (“SDGs”) and the 2015 Paris Agreement² goals (“Paris Agreement”). It has thus incorporated this Policy into its investment processes and seeks to ensure that its investee companies uphold the standards and principles outlined in this policy.

¹ <https://sdgs.un.org/>

² <https://www.un.org/en/climatechange/paris-agreement>

Our Approach

At Cordiant, we consider that assessing a company's performance on Environmental, Social and Governance ("ESG") matters is important for the proper identification of investment risks as well as for establishing a base to achieve positive impact. This can be achieved by proactively engaging with investee companies on ESG.

Indeed, active engagement is a vital component of the investment process as well as the medium by which Cordiant seeks to improve investee company practises based on specific objectives (whether financial, operating and/or ESG). As such, Cordiant regularly engages with investee companies on both financial and non-financial issues that have a material impact on long-term performance.

Active and collaborative engagement with investee companies ensures ESG risks are managed with respect to Cordiant's ESG principles and standards. Additionally, engagement is essential to help work towards contribution to pre-determined social and environmental targets, such as those defined by the SDGs.

Underscored by our Commitments

Cordiant is a signatory to both the UN Principles for Responsible Investment³ ("PRI") and the Operating Principles for Impact Management⁴ ("Impact Principles"). These commitments frame our engagement approach and dialogues with investee companies, and we endeavour to adhere to their principles:

PRI - Principle Two:

"We will be active owners and incorporate ESG issues into our ownership policies and practices."

Impact Principles - Principles Five and Six:

"Assess, address, monitor, and manage potential negative impacts of each investment."

"Monitor the progress of each investment in achieving impact against expectations and respond appropriately."

Purpose

Detailed in this Policy are the methods through which Cordiant undertakes its stewardship responsibilities and engagement across Cordiant's private debt and private equity strategies. This Policy provides the framework for our interactions with companies and stakeholders, complementing our Responsible Investment Policies and procedures.

This engagement policy is intended to outline the key aspects of Cordiant's engagement with investee companies and stakeholders, including:

- Monitoring and evaluating ESG risks, opportunities and performance, and social and environmental impact opportunities throughout the pre-investment and holding periods;
- Remediation methods to address ESG concerns;
- Dialogue and escalation processes with investee companies;
- Expectations of our investee companies;
- Communication and collaboration with investors, stakeholders and external organisations; and
- Management of potential conflicts of interest.

³ <https://www.unpri.org/>

⁴ <https://www.impactprinciples.org/>

Engagement with Investee Companies

Prioritisation of issues

Engagement priorities are based on responses to questionnaires and subsequent analysis of potential gaps, in conjunction with an understanding of the key sustainability risks pertaining to an investee company, such as the sector or the country(s) of operation. The objective is to maximise performance in the long-term, ensure investee companies adhere to Cordiant's standards, and to promote positive impact.

We also consider emerging responsible investment practices, regulatory evolution and requirements, global market trends and the potential impact on sustainability issues or regulatory requirements.

Methods of engagement

Cordiant manages both private equity and private debt strategies. Whilst these differing capital solutions afford variable levels of influence during the investment lifecycle, we seek to engage with investee companies in a consistent manner across our strategies over identified material topics. As such, our methods of engagement are consistent across these strategies, with engagement taking several forms:

- Electronic forms of communications including phone calls, video calls, and e-mails;
- Proprietary questionnaires and tools to gather and collect information;
- Regular one-one-one or group meetings with an investee company's management and/or persons responsible for sustainability; and
- Site visits to the portfolio companies' operations either by Cordiant team members or appointed third-party specialists.

These engagement methods are principally implemented by the appointed ESG and Impact Officer for each deal working in conjunction with the Investment Professionals assigned to the opportunity. On Infrastructure Credit deals, the ESG process may be supplemented by consultation with the appropriate industry team.

Integration into the Investment Process

Screening

During the pre-investment phase, our objective is to gather information to enable comprehensive assessment of ESG performance.

We assess material environmental factors and mitigating actions (such as emissions measurement and management), social factors (such as working rights and labour conditions) and governance factors (such as composition of the boards) to understand the ESG risk profile of an investment and potential impact creation opportunities.

The maturity of an investee company's sustainability policies and ESG practices and procedures are also evaluated. This constitutes a key area of focus and forms the basis of an initial gap analysis. During this analysis, we determine whether additional information or analysis is required, and whether investee company policies and procedures are adequate (or require enhancements). This process not only provides useful insights into the firm but is critical in establishing and developing a constructive relationship with the company.

Information is gathered through a mix of proprietary tailored ESG Questionnaires, online meetings with management teams and ESG teams, and site visits.

Management

Subsequent to investment, we seek to carefully assist investee companies and actively engage with them to help augment sustainability practices. We focus on specific, identified objectives.

Where gaps have been identified, we work alongside investee companies to define objectives, set clear targets and establish timeframes for progress. The first focus post-investment is typically remediation of pre-identified issues, alongside measures to eliminate (and if not possible mitigate) any adverse ESG and impact outcomes. If concerns are highly material, Cordiant will engage proactively with the company to develop an E&S Action Plan ("ESAP"), outlining the necessary measures a company must adhere to in order to meet Cordiant's ESG expectations and standards.

Data Tracking

The investment management process is supported by the gathering and analysis of relevant ESG data. Post investment, Cordiant and investee companies mutually agree on the ESG and impact indicators we require to measure and monitor sustainability.

Cordiant seeks for investee companies to disclose relevant ESG information from the outset of the investment and believes the measurement and monitoring of these indicators are a core foundation to understanding material risks and taking appropriate action. Given Cordiant's mid-market growth focus, we understand that there are constraints for some of our investee companies in disclosing this information initially and seek to assist companies where possible in this process.

If gaps have been identified in a company's ESG processes, or an ESAP has been implemented, we will monitor the progress made by a company in delivering upon the defined objectives and remediation measures. Slippage on these metrics spurs additional dialogue and engagement.

Investee Companies Expectations

A successful ESG programme must be attentive to the expectations of investee companies. We seek to have investee companies recognise and acknowledge this Engagement Policy. We communicate to them that this Policy alongside Cordiant's Responsible Investment Policy is an important factor for Cordiant, and that it will be a matter of active and ongoing focus throughout the life of the investment. By adopting a practical, partnership-oriented approach Cordiant seeks to have early warning of any slippage against goals or timelines. This approach also provides a surer foundation for any actions Cordiant may undertake to enforce change.

Cordiant also maintains regular dialogue with portfolio companies on any identified issues which might present material risks to the company's performance.

Escalation

If engagement with an investee company is stalled, Cordiant will decide if escalation is needed to ensure the desired outcome. Escalation could take the form of targeting higher levels of the corporate hierarchy or collaborating with co-lenders or other investors. In equity investments personnel changes may also be required.

Engagement with Other Stakeholders

Transparency for our Limited Partners/Investors in our Funds

Cordiant seeks to report to its investors on key financial and ESG matters. This can come through inclusion in the habitual reporting processes or, when appropriate, on an *ad hoc* basis. At the minimum we aim to disclose key ESG engagement activities and efforts on an annual basis, with key investee company level developments forming part of the normal cycle of regular reporting.

Conflicts of Interest

Cordiant has established policies and protocols in order to identify and mitigate risks around potential conflicts of interest in the Investment Process (including those elements focused on ESG). These are summarised in our Conflict of Interest Policy, which is communicated to all employees by Cordiant's Chief Compliance Officer when they join the firm, and which remains available at any time for all employees.

Collaboration

It is our belief that collaborating with like-minded investors and other stakeholders can be beneficial in achieving our objectives and are at any event necessary in achieving positive systemic changes.

The first place where this principle can be applied is in a deal where Cordiant is lead investor. There we will communicate our ESG and engagement policies and seek to drive positive outcomes as a group.

When appropriate, Cordiant will participate in events, working groups and other industry-level initiatives. This allows Cordiant to gain knowledge of current best practices in the market and foster good relationships with organisations to which it is a signatory or member, as well as with peers within the ESG and impact space.

Cordiant is currently a member and/or signatory of:

- United Nations supported Principles for Responsible Investment ("PRI");
- The Impact Principles;
- Global Impact Investors Network ("GIIN"); and
- Canada Forum for Impact Investment and Development ("CAFIID").

Governance of the Engagement Policy

The Engagement Policy is reviewed annually or more frequently as needed by Cordiant's ESG and Impact Team. Any updates are approved by Cordiant's Board for implementation and publication. The implementation of this Policy is overseen by the ESG & Impact Team in combination with the Investment Teams.