

RESPONSIBLE INVESTING POLICY

Arsenal Capital Partners (“Arsenal”) believes that companies with environmental, social, and governance (“ESG”) standards are typically better managed, have fewer business risks, and ultimately deliver better value. As such, Arsenal endeavors to incorporate ESG management into its investment decision-making and management practices to maximize risk-adjusted returns for its investors and other stakeholders.

This policy is intended to define a set of principles that will guide Arsenal’s consideration of material ESG issues. Arsenal seeks to align with the practices laid out in the Guidelines for Responsible Investment, as set forth by the American Investment Council and incorporated herein as reference in Appendix A. Arsenal recognizes that industry guidelines and practices for ESG management will mature over time; therefore, Arsenal will continuously review and revise this policy to ensure that it evolves accordingly.

Investment Approach

Arsenal will endeavor to evaluate ESG considerations throughout the entire investment lifecycle. Arsenal is committed to evaluating material ESG risks of potential portfolio companies pre-investment. This will be achieved by:

- Assessing material ESG risks and opportunities associated with target companies when evaluating whether to make an investment
- Where necessary, engaging external advisors to heighten the assessment of acquisition target’s exposure to material ESG issues
- Incorporating a discussion of material ESG risks into Investment Committee reviews

Arsenal will continue to work with its portfolio companies after acquisition to increase awareness of ESG issues, mitigate material risks and adverse impacts, and create value through ESG opportunities. This will be achieved by:

- Seeking to incorporate ESG practices into its portfolio companies’ policies and practices
- Requiring portfolio companies to comply with applicable local, national, and international laws with respect to anti-bribery and corruption, the environment, worker health and safety, data protection, and human rights
- Seeking to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest
- Seeking to implement compensation policies that seek to align the interests of owners and management
- Ensuring that material ESG risks identified in diligence are remediated, where practical and appropriate
- Monitoring material ESG issues throughout the investment lifecycle

Internal Accountability and Commitment

Arsenal’s investment professionals have primary responsibility for ensuring proper management of ESG issues at the portfolio company level. Arsenal is dedicated to building the ESG management capacity of its team. Arsenal is also dedicated to addressing firm-level ESG topics



in the areas of ethics and compliance, anti-bribery and corruption, equal employment opportunity, and data privacy and security. Arsenal will rely on external advisors, where additional expertise is needed, for successful ESG management during the investment process, throughout the ownership period, and internally at the firm-level.

Investor Transparency

Arsenal is also committed to being transparent with our limited partners regarding its ESG management practices. To that end, Arsenal will provide updates on its ESG program and notify investors of material, negative ESG incidents as deemed necessary.

Revised: June 2021.

Appendix A: AIC's Guidelines for Responsible Investment

The AIC has adopted a set of comprehensive responsible investment guidelines that members will apply prior to investing in companies and during their periods of ownership. The guidelines cover environmental, health, safety, labor, governance, and social issues.

The guidelines call for AIC member firms to:

- Consider environmental, public health, safety, and social issues associated with target companies when evaluating whether to invest in a particular company or entity, as well as during the period of ownership.
- Seek to be accessible to, and engage with, relevant stakeholders either directly or through representatives of portfolio companies, as appropriate.
- Seek to grow and improve the companies in which they invest for long-term sustainability and to benefit multiple stakeholders, including on environmental, social, and governance issues. To that end, AIC members will work through appropriate governance structures (e.g. board of directors) with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimizing adverse impacts in these areas.
- Seek to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest and to implement compensation and other policies that align the interests of owners and management.
- Remain committed to compliance with applicable national, state, and local labor laws in the countries in which they invest; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, will respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.
- Maintain strict policies that prohibit bribery and other improper payments to public officials consistent with the U.S. Foreign Corrupt Practices Act, similar laws in other countries, and the OECD Anti-Bribery Convention.
- Respect the human rights of those affected by their investment activities and seek to confirm that their investments do not flow to companies that utilize child or forced labor or maintain discriminatory policies.
- Provide timely information to their limited partners on the matters addressed herein, and work to foster transparency about their activities.
- Encourage their portfolio companies to advance these same principles in a way which is consistent with their fiduciary duties.