

Responsible Investment Policy



FLEXSTONE
PARTNERS

November 2021

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PRINCIPLES & VALUES

Flexstone Partners (“Flexstone”) is a global asset management and advisory firm offering investment solutions across all private markets. We are committed to integrating environmental, social and governance (“ESG”) factors into our investment process and ownership, aligned with the financial and investment objectives of our clients.

By focusing on ESG, the Firm believes it can build and manage investment portfolios which generate a superior, long-term, responsible performance by investing in ethically managed private assets.

The Firm also has appropriate governance structures in place to help ensure consistent implementation across the organization, and to help drive better risk-adjusted returns.

Given this view, and reflective of the increased importance clients are placing on ESG in their decision-making, the Firm has sought to integrate core ESG principles across its investment processes, in ongoing monitoring and reporting to key stakeholders, and across its corporate culture globally.

Flexstone main ESG principles are the following:

Deliver risk-adjusted returns: We seek to deliver superior, responsible performance by selecting investments with compelling track records and acceptable levels of risk, with a process that integrates ESG across its three dimensions.

Avoid specific risks: We decline investment opportunities with any material ESG related risks.

Raise awareness: We commit to raise awareness of responsible investing among our Fund Managers and to ensure that ESG criteria are considered in all aspects of the investment process.

Help advance Fund Managers: We designed a governance model to integrate ESG considerations across all investments, including primary, secondary and co-investments.

Provide clients with portfolios with strong ESG credentials:

- Most of our clients have adopted ESG principles as part of their investment policies. On a client-by-client basis, we are committed to apply their principles in their private asset portfolios. We ensure that sectors excluded from their investment guidelines are excluded in the fund LPA or in Side Letters. Furthermore, the fund manager is committed to apply, on a best effort basis, the ESG principles as stated in each investment policy of our clients.
- High quality fund managers and funds selected by Flexstone typically have strong ESG credentials. As a result, even though they generally have limited resources to do so, fund managers selected by Flexstone tend to adhere to generally accepted Principles even when they have not formally signed the UN PRI.

Provide clients transparency: We continually inform clients about their investments through a variety of means including periodic reporting and analytics about underlying portfolio companies ESG performance.

PUBLIC ENGAGEMENTS

UN PRI

In 2014, Flexstone signed the United Nations Principles for Responsible Investment (“UN PRI” or the “Principles”) to further formalize and reinforce its ESG commitment.

As a signatory, Flexstone has committed itself to the following six principles:

Principle 1: We incorporate ESG criteria into investment analysis and decision-making processes;

Principle 2: We are active owners and incorporate ESG criteria into our ownership policies and practices;

Principle 3: We seek appropriate disclosure on ESG highlights and issues by the entities in which we invest;

Principle 4: We promote acceptance and implementation of the Principles within the investment industry;

Principle 5: We work together to enhance our effectiveness in implementing the Principles; and,

Principle 6: We report on our activities and progress towards implementing the Principles.

Gender Equality Charter

In 2020, Flexstone committed to the France Invest-sponsored “Gender Equality Charter” with the following stated objectives:

Increase the percentage of women having responsibility for Investment Committee decisions to 25% by 2030 and to 30% by 2035 and to acquire the necessary tools to achieve this objective.

Set a target for women to make up 40% of investment teams by 2030.

Involve management in delivering on these commitments.

Ensure that published job offers are gender neutral and free of gender stereotypes in accordance with the regulations in force.

Ensure non-discriminatory recruitment and assessment practices by:

- Considering several female candidates against male candidates until the end of the process to limit profile analysis bias;
- Making sure to use a gender-neutral list of questions so that women are not asked different questions;
- Ensuring that Flexstone is as evenly represented as possible during the profile assessment, interview, and selection phase; and,
- Broadening the eligible profiles when recruiting for skills related to the unlisted investment business.

Establish monitoring indicators and communicate them annually to track and measure progress.

Implement measures to retain female talent.

By adhering to this charter, Flexstone affirms our determination to take an active approach to improving gender equality in management companies that run the funds we invest in by making our investment activities more inclusive and attractive.

ORGANIZATION & RESOURCES

Dedicated ESG Working Group

As a key aspect of the Firm's operations, ESG is managed through a six-person interdisciplinary working group, led by a senior member of our Investor Relations & Business Development team, Caroline Gibert. The ESG Working Group is staffed by representatives from Investments, Compliance, Investor Relations, and Operations to enable consistent ESG integration across the Firm.



Eric Deram
Managing Partner
Based in Europe

Historical sponsor for Flexstone ESG values
Promote and support Flexstone ESG conviction and approach



Caroline Gibert
Managing Director
Based in Europe

Lead Flexstone' global ESG approach at both the firm level and the investment level



Julien Paillé
Director, Compliance
Based in Europe

Make sure that Flexstone ESG approach complies with all regulations and is properly implemented



Ivy Omar
Executive Director
Based in Singapore

ESG champion for Social actions
Propose concrete actions, coordinate their implementation and contribute to data tracking and monitoring



Christopher Hopkins
Associate, Investments
Based in the US

Contribute to the definition of Flexstone ESG framework at investment level
Specialist for the Private Equity Impact market in the US



Candice Marmin
Associate, Investments
Based in Europe

Specialist for the Private Equity Impact market in Europe

The ESG Working Group is in charge of continuously improving the company's existing ESG practices in line with market best practices and enhancing proficiency and awareness internally.

The main missions of the Group are the following:

Continuing awareness - building efforts through training and education of employees and investment professionals regarding their role on ESG issues. This ESG policy and awareness of the issues are incorporated in the annual compliance training;

Distributing materials to employees designed to enhance their awareness of ESG issues and their appropriate role in investment decision-making process; and,

Continuously refine our ESG principles and our related actions, both as a "corporate citizen" and as an investor.

Investment team

Each investment professional at Flexstone has a responsibility towards ESG and is fully committed to integrating ESG factors at each step of the process.

The investment teams ensure to:

Undertake a consistent approach of ESG issues during the due diligence phase on each potential investment;

Identify potential ESG issues within the portfolio;

Monitor and understand the progress that portfolio companies have made with their own ESG programs through systematic representation at the advisory committees of the underlying funds; and,

Encourage general partners (fund managers) and/or portfolio companies (co-investments) to take a proactive approach to ESG matters, including sharing best practice on ESG.

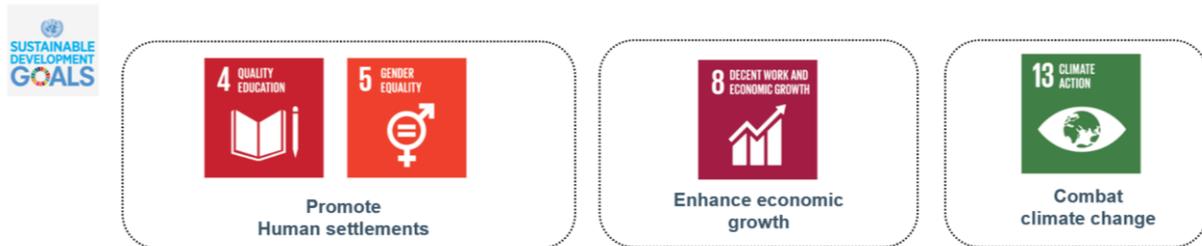
CORPORATE SOCIAL RESPONSIBILITY

SDG-based inclusive approach

Flexstone promotes an inclusive approach, based on Flexstone's team values and diversity to tackle social, environmental and governance issues.

In 2020, four Sustainable Development Goals were selected by Flexstone Partners employees in order to guide our actions as a "corporate citizen". Those SDGs are 13 (climate action), 4 (Quality Education), 5 (Gender Equality), and 8 (Decent work and economic growth).

Flexstone is implementing corporate actions globally involving all of Flexstone employees to support these SDGs selected by the team members.



Based on these 4 priority SDGs, Flexstone Partners annually commits to:

Give back to communities

- Payroll giving program for Paris based employees - donation as a round-down or fixed amount on every paycheck, with a matching system by Flexstone;
- Donate to one association or organization which supports one of the selected SDG per year;
- Dedicate one working day per year by volunteer employees to help one association; and,
- Support all employee ESG initiatives, on a voluntary basis.

Publish an annual ESG report which covers Flexstone Partners initiatives and progress towards its goals for ESG and the selected SDGs, as well as ESG progress on the Investment side.

Actively take part of market-place initiatives to drive changes and find new ways of investing capital.

Diversity & Inclusion

At Flexstone, we are convinced that human capital, diversity and a gender balanced team adds value. This is why we have chosen to demonstrate our commitment to these topics by:

Communicating on Goals 4 & 5 to promote social equality and opportunity; **and Goal 8** to enhance diversity and inclusion;

Signing the Gender Equality Charter sponsored by France Invest. Such charter requires very specific quantitative gender balance objectives to be met by 2030; and,

Ensuring that our global culture, workplaces and HR policy provide a safe and rewarding working environment to all employees on a daily basis.

By demonstrating this commitment and adhering to a formal and recognized industry sponsored charter, Flexstone affirms our determination to take an active approach to improving gender equality in management companies that run the funds we invest in by making our investment activities more inclusive and attractive.

Climate Action

Flexstone undertakes to reduce its environmental impact by managing its buildings and resources responsibly and by controlling its CO₂ emissions. This includes, but is not limited to:

Responsible use of paper: Flexstone pursues a responsible paper policy in each offices, with the objective of reducing its use of paper and promoting careful use of paper.

Responsible waste management: Flexstone has implemented a responsible waste management policy for several years and has promoted selective sorting through the voluntary use of recycling bins.

Removing plastic: In 2019, Flexstone embarked on a plastic reduction initiative. Water fountains equipped with microfiltration systems were installed in each office and employees were given aluminium bottles. In addition, all disposable plastic coffee and water cups were replaced with eco-friendly cups and bottles.

Travel policy: The Flexstone travel policy applicable to all its entities worldwide demonstrates its desire to reduce its CO₂ emissions: validation of the need to travel, prior authorisation for travel abroad, rail for journeys of under three hours, travel justification (internal (intra-group) travel or external travel for participation at a conference or client visits), etc.

Carbon offsetting: Flexstone also intend to set up a carbon offset scheme in 2022 to systematically offset its CO₂ emissions from energy and transport. This scheme would finance agroforestry, rural energy and ecosystem restoration projects.

ESG APPROACH IN THE INVESTMENT PROCESS

The objective of Flexstone ESG integration is to make sure all portfolio managers and underlying companies are well-placed to develop a sustainable business model.

Our framework is based on the following key pillars:

GP-based ESG assessment framework

Sector agnostic – sustainable businesses can be developed in all Sectors (excl. prohibited)

Global approach – same framework applied in all regions (Europe, US, Asia)

Active Advocacy Approach to accompany GPs in their ESG improvement

Specific Risk Management System

Pragmatic, Clear ESG tracking and reporting

Flexstone active ESG integration throughout the investment process



Source: Flexstone Partners

Targeted exclusion policy

Flexstone does not exclude any industry on principle as we believe sustainable businesses can be developed in all industries.

However, for certain sectors, Flexstone values or clients' requests may lead to the exclusion of all players in the sector. Prohibited investments include:

- (i) the operation of a gambling business or establishment;
- (ii) the production or sale of tobacco;
- (iii) the production or distribution of land mines and cluster bombs;
- (iv) the production or sale of weapons or armaments or ammunition of any kind;
- (v) the financial speculation on food commodities;
- (vi) the financing of research relating to human cloning or genetically modified organisms;
- (vii) the production, distribution or sale of pornography;
- (viii) the extraction, refining, production, sale or distribution of thermal coal; or
- (ix) the operation of nuclear power plants.

Flexstone also excludes co-investments in underlying companies having their registered office or conducting a major part of their business in countries that are "Not Cooperating" (as defined by Natixis AML-CTF Country classification) in tax or anti-money laundering related matters.

Flexstone systematically requests that these exclusions be specified in the side letters signed with the fund managers in whose funds it invests. All non-compliant investments are declined.

ESG analysis

Flexstone developed its own ESG rating framework applicable to evaluate GP’s and co-investment ESG approaches. This framework is applied to all investments, on a global basis (Europe, US and Asia). It includes rating GPs on their ESG practices throughout their investment process, based on a scale going from 100% for best practices to 0% for the worst ones. This scoring allows us to map investment opportunities to 3 categories of ESG performance as illustrated below.

Flexstone ESG referential to evaluate GPs’ ESG approach

Main practices of funds with best-in-class ESG approach	Weak Flexstone score: 0% to 50%	Average Flexstone score: 50% to 80%	Strong Flexstone score: 80% to 100%
 <p>INTEGRATION</p> <p>Integration: Transparency & rigor, based on a framework showing their principles (e.g. UN-PRI) and their accounting standards (e.g. SASB)</p>	Limited integration into investments and/or portfolio management process	Integrated mostly into investment process, limited integration at portfolio level, varying attention across fund cycle	Advanced integration across possibly all funds activities and across entire fund cycle
 <p>MEASUREMENT</p> <p>Comprehensive measurement: Harmonized set of quantitative metrics that are material for portfolio companies and measures ESG KPI at the fund level</p>	No or very limited metrics, mostly qualitative	Metrics in place but used on case-by-case basis, no harmonization and limited quantification	Fully or at least partially harmonized and quantified metrics across entire portfolio
 <p>REPORTING</p> <p>Reporting: Clear quantitative target both at portfolio and company level so performances can be tracked over time</p>	No or very limited reporting	Regular reporting in line with industry standards, focusing mostly on high level data	On-demand, granular reporting possible, allowing to clearly track ESG performance of the fund

Source: Flexstone Partners

Flexstone’s framework rates ESG practices across four parameters: General integration, Environment, Social and Governance (ESG).

GP scoring matrix is based on 18 criteria, including General ESG integration assessment (level of integration, ESG policy, public engagements, ESG reports and granularity etc.), representing 60% of the final score; and Environment, Social and Governance specificities for 40% of the final score.

In the case of co-investments, Flexstone performs the same analysis of the GP or sponsor that Flexstone is investing with as performed during a primary investment. As a co-investor, Flexstone’s has enhanced visibility into the underlying asset so the investment team can perform additional ESG analysis by reviewing key due diligence documents and assessing any additional ESG risks and value creation opportunities. Hence, for co-investments, the GP ESG scoring represents one third of the final ESG score. Two third of the scoring will be based on the specific companies’ exposure to risks and opportunities and the management of these in each of their respective sectors.

Environmental

There are positive and negative sides to environmental issues, and this analysis assesses how companies deal with them: it examines companies’ ability to control and measure their direct and indirect environmental impact, by limiting their energy consumption, reducing their greenhouse emissions, fighting resource depletion and protecting biodiversity.

Social

The objective is to measure how a company defines a strategy to develop its human capital, drawing on fundamental principles. The “S” in ESG covers two distinct concepts: the social aspect linked to a company’s human capital, and the one linked to human rights in general.

Governance

This dimension is set to ensure a strong alignment of interests between the management, fund managers, other stakeholders as well as employees that guarantees it meets long-term objectives. This dimension provides an analysis of how a company integrates all its stakeholders, employees, clients and suppliers, local communities and the environment, in its development model.

Contractual ESG engagements

Flexstone seeks to integrate ESG clauses in Side Letters and LPAs:

In the case of Side Letters, we request the addition of specific ESG acknowledgments and requirements underlying the importance of the RI/ESG approach for Flexstone.

In the case of the LPAs, Flexstone negotiates the LPA with the Fund Managers to reflect the necessary sector exclusions and request specific reporting provisions (reporting level, detailed data on underlying companies).

Furthermore, Flexstone seeks to have Fund Managers committing to apply the ESG principles as stated in each investment policy of Flexstone's clients.

Engagement policy

Flexstone considers divestment of non-compliant investments as a last resort. By divesting, we would essentially give up any opportunity to influence fund managers, business' or sector's ESG practices. To the contrary, staying invested in funds or companies that are committed to improving their ESG practices allows to promote the best sustainable practices within the sector. This is why Flexstone has put in place an active engagement policy by promoting ESG dialogue with Fund Managers.

As a significant and active investor and very often a Limited Partner Advisory Committee voting member, or sometimes as a board member for co-investments, Flexstone has a voice that can be used to promote the adoption of best practices for responsible investment within the investment industry. Flexstone systematically votes at Limited Partner Advisory Committee of funds to help influence fund managers' orientation on portfolio management and underlying companies.

In addition, Flexstone seeks to maintain a regular dialogue about the Fund Manager's ESG commitment to abide to, on a best effort basis, the ESG principles as stated in each investment policy of Flexstone's clients (notably support to sign the PRI for those who are not yet a PRI signatory).

The ESG dialogue establishes a permanent dialogue on the ESG approach and main issues of financial performance and social responsibility, as well as their associated action plans.

Monitoring, Reporting & Transparency

Flexstone actively monitors the right implementation of each GP ESG process and update its ESG score on an annual basis.

When it comes to co-investments, Flexstone monitor the implementation of the ESG action plan communicated at the time of investment, when available.

We also include several standard ESG metrics at company level such as Gender Equality quantitative measurements, Carbon emissions and waste management.

Finally, Flexstone will also measure and report on each co-investment contribution to the Sustainable Development Goals.

ESG-related risks and opportunities are systematically assessed during our due diligence process on both GPs and co-investments; and GPs' ability to monitor ESG factors within the companies is part of their respective areas of management and value creation.

In addition, Flexstone systematically integrates in its monitoring a focus on sustainability risks and necessary action plans implemented within the fund managers, portfolio companies and co-investments. Sustainability risks are defined as environmental, social or governance events or conditions that, if they occur, could cause a negative material impact on the value of the investment.

Sustainability risks

From the deployment phase of the investment strategy to its final liquidation, the funds and mandates managed by Flexstone are exposed to sustainability risks. A sustainability risk means “*an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment*” (Regulation (EU) 2019/2088).

Flexstone takes sustainability risks into account through the ESG scoring and its exclusion policy described above.

In the case of co-investments, we use the MSCI ESG Industry Materiality Map to take into account specific risks for each company. The MSCI ESG Industry Materiality Map provides an assessment of the long-term resilience of companies to ESG issues. It is a representation of the current Key ESG Issues and their contribution to companies' ESG Ratings.

Key Issues are assessed for each specific GICS® sub-industry or sector.

Flexstone is also engaged in an ongoing dialogue with the GPs of the underlying vehicles to mitigate sustainability risks by promoting an ESG analysis approach to them.

Although sustainability risks are considered in the investment process, it cannot be excluded that these risks may have a negative impact on the financial return of the fund's investments.

Principal adverse impact

The Article 4 of the SFDR Regulation (EU) 2019/2088 related to the publication of information on sustainability in the financial sector provides that transparency must be done on the negative impacts in terms of sustainability on the objectives of sustainable investment or on the promotion of environmental or social characteristics in investment decision over our products concerned.

Flexstone Partners wants to reinforce the consideration of the principal adverse impacts in terms of sustainability in its decisions and its organization. The governance of these subjects will be defined in procedures to clarify the roles and responsibilities of the different teams.

However, today, Flexstone Partners is not able to follow all the principal adverse impacts on sustainability. Data sources are not yet identified and do not make possible the feeding of all reports required by the SFDR regulation at entity level.

Flexstone Partners will make every effort to be able to supply and produce them in a comprehensive manner and may modify its position accordingly.

Governance and escalation process

Compliance with Flexstone's ESG policy and applicable sustainable investment regulations is included in Flexstone's control plan. Due diligence are carried out by the investment team as part of their investment process and monitoring; first- level controls are carried out by the head of ESG on a day-to-day basis; and second-level controls are carried out by the CCO on a half-yearly basis as follows:

Due diligence: Each investment professional at Flexstone has a responsibility towards ESG integration and monitoring for the investments they are in charge of.

1st-level controls: Flexstone Head of ESG is reviewing ESG assessment for each investment before the investment is made. She also makes sure that ESG roadmaps are properly monitored and reported to investors.

2nd-level controls: Flexstone compliance conduct regular controls on Flexstone ESG compliance with the regulation and with our ESG policy. These controls are formalized and communicated to Flexstone Board members.

Any ESG issues flagged at 1st or 2nd level controls are communicated to the investment team, the Head of ESG, Flexstone Compliance and Board members. Corrective actions are discussed and implemented by the relevant professionals.

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Flexstone Partners (“Flexstone”)¹ is a leading investment solutions provider in private assets with a global reach and local footprints in New York, Paris, Geneva, and Singapore. It specializes in the selection of private equity, private debt, real estate, and infrastructure fund managers for investment by Flexstone’s clients. Flexstone manages primary and secondary investments as well as co-investments. Flexstone’s expertise is distinguished by a high flexibility in building customized portfolios that are tailored to the unique needs and constraints of each investor whether institutional or private individual². Flexstone offers a large range of services, from advising on private assets portfolio construction to the management of fully discretionary separate accounts and funds of funds. Flexstone, with more than 40 professionals, manages \$8.4 billion³. It is a majority owned subsidiary of Natixis Investment Managers, one of the largest investment managers worldwide.

Further information: www.flexstonepartners.com

1 - Flexstone is the name that collectively identifies Flexstone and its underlying companies.

2 - Under certain conditions related to marketing and prospection regulatory requirements specific to each entity.

3 - Source: Flexstone Partners at 31/12/2020. Assets under management and advisory made up of commitments for closed-end private placement funds, and sum of Net Asset Value and unfunded commitments otherwise.