EnTrust Global

March 31, 2021

EnTrust Global ESG Investment Policy

Introduction

EnTrust Global ("ETG") offers a range of alternative investment solutions across asset classes and strategies including opportunistic co-investments, private debt and real assets, multi-asset and multi-strategy portfolios, hedge fund strategies, and customized separate accounts. At the core of the firm's culture is an emphasis on client service and communication, extensive due diligence and proprietary risk management. This longstanding commitment naturally dovetails with our commitment to responsible investing, as described in this policy.

ETG seeks to promote responsible investing and sustainable practices in a number of ways, including (i) through firm-level policies, (ii) with respect to investments with investment partners and engagement with them, as well as in our own direct investment portfolio and (iii) through membership in organizations such as the United Nations Principles of Responsible Investments (UNPRI), of which ETG has been a signatory since 2012.

Firm Level

At the firm level, ETG has established four corporate ESG principles which set out the firm's ESG objectives with respect to non-investment matters. These Principles apply to all offices and all regions, though their application may differ based on local practice, requirements, or other factors. The firm has established a Corporate ESG Committee as a governance body which is responsible for reviewing the firm's implementation of the Principles and more generally providing support to the firm's ongoing commitment to the environment, health and safety, corporate social responsibility, and sustainability. The Committee has adopted a Charter detailing the four following principles: (i) Reduce Carbon Footprint, (ii) Eliminate Waste, (iii) Giving Back and (iv) Awareness.

ETG has adopted a number of policies and initiatives at the firm level, including among others, policies/initiatives regarding:

- Meeting its obligations as a fiduciary and steward of investors' money
- Fulfilling its obligations as a shareholder/fund investor (i.e., through its proxy voting policy)
- Management of conflicts of interest
- Anti-money laundering and anti-corruption
- Hiring practices, including diversity and inclusion
- Employee well-being, including employee benefits, workplace policies designed to promote an inclusive and healthy environment, and training.

Investment Overview

Broadly speaking, for the purposes of this policy ETG can be viewed as engaging in three primary categories of investing activities: Investments in hedge fund strategies ("**Hedge Fund Strategies**"), Opportunistic co-Investments/direct investments in specific assets ("**Opportunistic Strategies**"); and direct lending and other financing activities in the maritime and aviation sectors ("**Real Asset Strategies**").

In the course of our continued efforts and innovation to serve our clients, we strive to integrate Environmental, Social and Governance (ESG) factors within the investment process, as applicable and appropriate within the investment mandate. We take a pragmatic approach to ESG factors and engagement, and typically prefer to seek constructive engagement over simple negative screening.

Given the diverse nature of the business described above, we do not believe a narrowly defined or "one size fits all" approach to ESG factors would be suitable or practical. Instead, ETG looks to incorporate ESG considerations or engagement into the investment process for its various products, where it believes it is appropriate and as set forth in this policy, as well as in the customized mandates managed for clients who express their desire to include such factors as part of their mandate.

ETG has further strengthened its governance structure by creating a ESG Investment Committee composed of the firm's CEO, CRO, Senior investment professionals from all three business units as well as senior compliance professionals. The Committee will be responsible for brainstorming on our ESG approach and application, informing the broader team of progresses made, prioritizing tasks and assigning them to the right people, ensuring implementation of the ESG investment policy and addressing changes and challenges in the global ESG environment.

This policy provides an overview of the ESG approach taken by ETG and will generally be reviewed on an annual basis. This policy will not apply to locked-up vehicles or to products launched prior to May 2020. It may apply to customized mandates, if and to the extent agreed with the relevant clients.

I. Hedge Fund Strategies

A. Investment Reporting

For new commingled products within the Hedge Fund Strategies (as disclosed in the offering documentation for such products), and where requested by clients in existing commingled products or customized mandates, the relevant investment professionals at ETG may determine that it is appropriate to seek to limit or avoid exposure to certain sectors or activities when investing capital in underlying funds run by external managers.

In this case, ETG analysts will, in the course of their due diligence, explain the firm's investment philosophy and values with regard to ESG criteria to the selected underlying managers. As an investor in external vehicles, ETG does not always have real-time full transparency on all underlying positions and does not generally have control over the manager's strategy or positions within the manager's portfolio. ETG also believes that restricting a manager's investment activity using a single predetermined set of criteria may lead to undesirable outcomes. Alternatively, ETG will ask fund managers with which we have already invested to report on any position that involves significant exposure to the sectors/activities listed below.

- Businesses relying on forced/harmful labor, and/or forced/harmful child labor.
- Businesses which derive more than 50% of revenue from the production or trade in controversial weapons and munitions, such as cluster munitions.
- Production of tobacco products.
- Production of coal and coal-based energy, where 50% or more of a company's revenues are derived from such activities.
- Trade of wildlife or products regulated under CITES (https://cites.org).
- Unsustainable fishing activities using drift net fishing in the marine environment with nets exceeding 2.5 km. in length.
- Commercial logging operations primarily for use in endangered tropical moist forest.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

- Cross-border trade in wastes unless they conform with the Basel Convention (http://www.basel.int/TheConvention/Overview/TextoftheConvention/tabid/1275/Default.aspx).

The above list may be reviewed and updated periodically by ETG, including to add or remove items as ETG deems appropriate, based on factors such as the practicality of monitoring the various items, the cost-benefit impact on underlying managers, the efficacy of such items in promoting ESG generally, or other factors.

If a manager has significant exposure to the above activities, the manager will be expected to provide reasonable disclosure to allow our investment team to evaluate the exposure and decide on next steps. The investment team will take a holistic approach in evaluating the exposure (and other facts and circumstances relevant to the investment) and deciding what, if any, additional steps ETG should take. In the event that a manager refuses to disclose such positions, this refusal will be discussed with the applicable Sub-Committee and/or the Global Investment Committee. While such refusal will not automatically disqualify a manager, it will be considered as a negative factor in the context of the overall investment, and ETG may determine that further action is appropriate (such as reporting the matter to the client (in the case of a customized mandate), requesting other forms of comfort from the manager, placing the manager on a "watch list," re-evaluating the investment in the underlying fund and/or deciding not to invest in the underlying fund, or the like).

In instances where managers use indices, ETFs or baskets of securities to implement broad sector, factor or macro views or hedges, these investments will typically not be assessed from an ESG perspective on a look-through basis.

In order to drive positive changes in the companies in which they invest, underlying managers may short financial instruments of companies with significant exposure to activities listed in our exclusion list, without specifically reporting such exposure to ETG. In addition, if a manager is invested in such companies in connection with a specific activist campaign that includes stopping/reducing harmful activities of a company, this investment will typically be considered by ETG as having a positive (rather than a negative) ESG impact.

B. Manager Categorization and Engagement; Promotion of Responsible Investing Principles

For certain investment funds, as determined by ETG based on the respective ETG investors in such funds, ETG will typically use the Responsible Investment Due Diligence Questionnaire for Hedge Funds published by the United Nations Global Impact Group to categorize how underlying managers address ESG concerns. By carefully analyzing the answers to these questions and engaging in discussions with managers as appropriate, ETG will strive to understand how managers address ESG within their investment processes.

These ESG-related questions are currently grouped into the following five sections:

1. ***Policy***: **The policy section identifies what an investment manager considers Responsible Investing (RI)**.
2. ***Governance***: The governance section assesses who takes responsibility for the investment decisions, at what level these decisions are taken in the organization, and if the investment manager has the capacity and governance structure to implement and oversee them.
3. ***Investment Process***: **The investment process section evaluates how investment decisions are made and implemented in light of responsible investing principles.**

4. ***Monitoring and Reporting***: The monitoring and reporting section evaluates how asset owners can assess implementation, both initial and ongoing, of responsible investing into the investment process.
5. ***Diversity & Inclusion***: The diversity & inclusion section assesses how investment managers provide fair and equal opportunities to employees and candidates.

The manager's responses will subsequently be evaluated from an overall ESG perspective based on indicative criteria common to all relevant managers and shared amongst the ETG analysts. We aim to provide a framework to evaluate where each manager stands and allow for an internal discussion with the broader investment team as necessary.

Investment managers will be grouped into three categories:

1. Managers already integrating ESG factors within their investment process and able to report on them.
2. Managers in the process of integrating ESG factors within their investment process and willing to improve that integration.
3. Managers with no current plans to integrate ESG factors within their investment process.

We view ESG considerations as an important factor when considering an investment in a manager's underlying fund, as a part of our overall investment analysis and risk assessment. The failure to achieve a particular ESG "grade" will not necessarily disqualify a manager, but it will be taken into consideration, in combination with other relevant facts and circumstances, and in the context of our overall duty to seek attractive risk-adjusted returns consistent with the parameters of the relevant fund/mandate.

Where we reasonably believe a manager is falling short of reasonable expectations for ESG, we will typically seek to engage in dialogue with the manager regarding enhancements we believe the manager can make. In certain circumstances, we may determine that such enhancements are a precondition for our investment or continued investment.

As part of this process, ETG will seek to fulfill the fourth UNPRI principle by encouraging managers to become signatories to the UNPRI, as an effective way of promoting the Principles.

An additional purpose of the above reporting/scoring is to allow us, where applicable and as appropriate, to provide our own investors with an overall view of the implementation of ESG by the underlying managers, thereby enhancing our own investor communication and promoting responsible investing within the industry.

C. Other Reporting Initiatives

Finally, ETG has retained an external vendor to implement ESG scoring for those funds or customized mandates that require it — i.e., to rate a specific ETG portfolio based on the underlying investments, regardless of which of our three internal ESG categories a manager falls into. The intent is for the ESG scoring methodology from this external vendor to be applied when available on equities and corporate bonds, while indices (ETFs, or Futures), currencies, or commodities will be considered as ESG-neutral. As of December 2020, the selected vendor's database covers close to 30,000 companies, 385 governmental entities and over 215,000 shares of funds.

Where relevant, this ESG data will also be used internally by investment professionals to perform verification analysis on underlying investments and or to report the analysis to the broader team for discussion.

In addition, ETG recognizes that some clients may desire external quality assurance via ESG labelling. We are similarly evaluating the feasibility and cost-benefit of partnering with an external vendor to accomplish this goal.

D. Sustainable Finance Disclosure Regulation ("SFDR") – Dislosure on Sustainability Risks

The following disclosure is made in accordance with our requirements under SFDR:

We view Sustainability Risks (as well as competitive strengths emerging from environmental, social and governance considerations) as an important factor when considering an investment in an underlying fund, as part of its overall investment analysis and risk assessment. In forming our assessment of Sustainability Risks, we seek to combine internal experience with information received from the underlying managers and in some cases may use information from third party data specialists and rating agencies. In this regard, we consider Sustainability Risks to varying extents depending on factors such as the availability and type of ESG data, the investment horizon and objectives of the investment strategy. Whilst we engage in the assessment of Sustainability Risks as described above, we do not have formal quantifiable targets or hurdles for such. Accordingly, we do not follow a mechanistic approach to determine which Sustainability Risks might be most material, but instead assess those risks on an item-by-item and investment-by-investment basis taking into account available information and data. Any information we receive is limited and subject to change and may be dependent on an underlying fund's regulatory disclosure requirements. While we intend to make new investments into underlying funds that were not previously part of a fund's portfolio, only after we have taken into account any relevant potential Sustainability Risks, we have no direct control over the investment decisions or timing thereof at underlying fund level.

II. *<u>Other Strategies</u>*

The following disclosures include information as required by the SFDR on on how we integrate Sustainability Risks.

A. Opportunistic Strategies

The Opportunistic Strategies at ETG are by design flexible and meant to target attractive investments on an opportunistic basis; in addition, the investor base in the commingled funds offering these strategies typically has a desire to maximize returns. As such, unless otherwise determined in the future, ETG generally does not apply any blanket ESG restrictions or prohibitions to these commingled funds.

However, ETG recognizes that ESG issues can have a material impact on investment return, volatility, risk and/or risk mitigation. ETG will typically evaluate ESG risks and/or opportunities as part of its overall analysis of an investment, where and to the extent the ETG investment team determines such risks and/or opportunities are material to the risk or performance associated with a specific investment, consistent with its fiduciary duty to its clients. Where such material ESG concerns are determined to exist, they will typically be addressed in the team's investment memorandum and/or other analysis.

Where investment is being done on a co-investment basis alongside a manager and such material ESG concerns exist, these ESG factors may be raised with the manager for further discussion to ascertain the manager's due diligence of, and plan for addressing, such concerns. The ETG investment team may also choose to refer such issues for broader discussion by the applicable committee or sub-committee at ETG, where it deems such discussion would be helpful in considering the investment, and/or would be educational for personnel at the firm.

In addition, as part of its due diligence, ETG will seek to verify that, where it co-invests alongside managers, those managers are reputable and operating in accordance with applicable laws and regulations, with appropriate policies and procedures in place regarding compliance with such laws and regulations. As part of its evaluation, ETG will also use the Responsible Investment Due Diligence Questionnaire (referenced in section I.B. above) to assess managers in connection with its Opportunistic Strategies.

For customized mandates participating in Opportunistic Investments, where a customized mandate has ESG guidelines for Opportunistic Investments, such guidelines will be applied, with respect to that customized mandate and may for instance preclude the customized mandate in certain cases from participating in the applicable investment.

B. Real Asset Strategies

ETG manages a number of products and customized mandates which engage in direct lending and other financing activities within the Maritime (Blue Ocean Strategy) and Aviation (Blue Sky Strategy) industries. While the Real Asset Strategies do not apply blanket ESG restrictions or prohibitions, evaluation of ESG factors (in particular, environmental and social factors) is typically an integral part of the investment analysis undertaken by the investment teams when originating loans or leases, because it naturally dovetails with the value of the vessel or aircraft securing the loan and the reputation and reliability of the borrower operating the asset.

Blue Ocean (Maritime Finance). EnTrust's Blue Ocean team recognizes that ESG factors, particularly environmental factors, can impact the risk and performance of maritime assets. The team typically incorporates evaluation of various ESG factors into its investment analysis, such as:

- Evaluating vessels' fuel efficiency, emissions reductions and other environmental factors
- Knowing borrowers and their reputations, including their reputation for environmental and regulatory compliance and vessel working conditions/treatment of crews
- Engaging a third-party inspection firm to provide inspection reports of vessels for loan originations. These reports typically check for crew welfare, safe operation of the vessel, crew motivation, pollution controls and compliance with pending regulations.

ESG factors, particularly with respect to pollution and emissions, are taking on increasing importance in the maritime industry, with resulting impact on the economic success of ship owners and operators.

Blue Sky (Aviation Finance). Similarly, given the nature of the aviation industry, the most efficient and environmentally-friendly aircraft are often superior collateral/investments, and so ETG's Blue Sky team naturally evaluates fuel efficiency, emissions reductions and other factors when originating aircraft-backed loans or leases. In short, ESG factors can have a meaningful impact on aircraft value, and "greener" aircraft often make for better Investments.

Various ESG considerations such as environmental and crew health and safety regulations are, and often have been for decades, important to the commercial aviation industry – both under regulations and on a voluntary basis – and the Blue Sky team generally views evaluation of these criteria in investment due diligence an issue of ongoing relevance.

Blue Ocean Impact Strategy: ETG and its Blue Ocean team have launched a maritime asset leasing strategy ("BO 4Impact") focused on reducing GHG emissions and other pollutants in the maritime industry. BO 4Impact will do so by providing equity capital to acquire and own environmentally-advanced maritime vessels and infrastructure equipment ("maritime assets"), leased to large end users (corporates and governments) with a fundamental use for the maritime asset and an ambition of reducing GHG emissions and other pollutants from their operations. BO 4Impact's environmentally-advanced maritime assets will be diversified across the short sea, renewable/sustainability, and deep sea sectors, and provide a positive environmental impact by utilizing low- to zero-carbon fuel technologies, energy saving devices and design & operational efficiencies. Our annual sustainability report will detail our maritime assets' emissions on an absolute basis, versus peer assets, and versus decarbonization trajectories in line with the UN International Maritime Organization's decarbonization trajectory and the Paris Agreement targets (if available). In addition, we will provide details on other environmental and social policies in place, such as ballast water management, waste disposal, sustainable maritime asset recycling and employee well-being.