

ESG and Responsible Investment Policy
Our commitment to sustainability

Investcorp-Tages
March 2021

ESG Policy - Executive Summary

Investcorp-Tages' commitment to sustainability is applied both externally, as part of ESG incorporation into the investment process, and internally through the adoption of sustainable business practices, starting from the promotion of a healthy, respectful and sustainable working environment.



We are a signatory of the UN PRI: As an asset manager, Investcorp-Tages acts in the best, long-term interests of our clients, and we believe that the consideration of ESG factors can positively affect the performance of investment portfolios. In light of this, we became a signatory of the Principles for Responsible Investment (PRI) in June 2018.



We integrate ESG considerations within the investment process: Investcorp-Tages incorporates ESG factors into its investment and operational due diligence processes into liquid and private markets alternative investments. The ESG due diligence findings are formally documented within the research and operational due diligence reports which are presented to the firm's investment decisions-making bodies. Moreover, ESG considerations can be hardwired into client investment mandates in accordance with specific investor preferences.



We have an ESG Team to set the agenda for all sustainability-related activities: Investcorp-Tages has organized an ESG Team that comprises key people across the different functions, including: investment, business, operations compliance and marketing teams. The role of the ESG Team is to set the agenda for all ESG activities within Investcorp-Tages. The ESG Team escalates any matters to the Executive Committee (ExCom) and shall respond to any requests for information or action by the ExCom. The ExCom of Investcorp-Tages has the ultimate responsibility on the approval of any changes in the ESG policy or in the ESG integration in the investment and non-investment processes and across the firm.



We believe that mitigating ESG risks strengthens downside protection: This commitment incorporates transparency and fairness into all our activities. To this end, Investcorp-Tages believes that an assessment of Environmental, Social and Governance (ESG) issues is a crucial part of investment and operational risk management across all the investments we make. This investment universe comprises a wide variety of investment managers, investment strategies and investment vehicles in the alternative space, ranging from the more liquid products to private markets. A common thread through each of these investments is the belief that mitigating ESG risks strengthens downside protection and enhances the investment community's reputation.



We are committed to the promotion and development of impact investing. Investcorp-Tages aims at generating social impact and targeting specific UN Sustainable Development Goals (UN SDGs) by investing in Impact Private Equity and Venture Capital funds or co-investing alongside other managers, particularly in the space of healthcare, education, job creation and circular economies. Such investments also aim to contribute to the Paris Agreement goals towards low carbon economy.



We seek appropriate disclosure on ESG issues in the entities we invest: Investcorp-Tages is also committed to raise awareness among market participants and its stakeholders, including clients, employees and shareholders on ESG issues. Consistent with the UNPRI principles we seek appropriate disclosure on ESG issues by the entities in which we invest and promote active dialogue around ESG issues.



We promote best practice in the industry through active engagement: Investcorp-Tages engages on a regular basis on ESG matters with its underlying managers through a dedicated ESG questionnaire and active dialogue. The main objective is to gather updated information on results, priorities and leading practices by external managers, as well as fostering dialogue on ESG themes among stakeholders.



We are an equal opportunity employer with staff from a variety of backgrounds, cultures and nationalities: Investcorp-Tages aims to recruit the best talent available as an equal opportunity employer. We take pride that our current staff members come from a variety of backgrounds, cultures and nationalities. Investcorp-Tages is committed to promote work-life balance, through the adoption of flexible working arrangements and other practices.



We promote volunteer work and community engagement by team members. Investcorp-Tages welcomes initiatives by its staff to carry out fundraising and charitable donations in favour of NGOs.



We report achievement of the targets with specific reference to the UN Sustainable Development Goals: Investcorp-Tages is constantly assessing industry and regulatory developments to advance its approach to ESG integration, including investments with specific ESG mandates and a strong commitment to social impact investing in the Private Equity and Venture Capital sectors. With regards to the specific social impact targets set on its impact strategies, Investcorp-Tages has committed to reporting on a yearly basis the level of achievement of the targets with specific reference to the UN Sustainable Goals identified for each area of activity.

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Roles and responsibilities

Investcorp-Tages integrates its commitment on sustainability and sustainable investing in its own governance structure at the levels of Supervision and Implementation, as outlined below. Roles and responsibilities on ESG topics and considerations are outlined in detail in dedicated internal regulation.

Supervision

The ExComs of the Investcorp-Tages are responsible for oversight and monitoring of the performance and progress of the company regarding corporate responsibility, sustainability and sustainable investing.

The COO is also a member of the ESG team, with the role of promoting the integration of ESG principles within corporate strategies and coordinating the implementation of the ESG Policy and responsible investment initiatives, reporting to the ExComs on their progress.

Supervision responsibilities include:

- periodic verification of the level of application of the Policy and related procedures, through dialogue with the ESG Team;
- oversight to ensure the adoption of appropriate procedures for the operational implementation of the Policy, in agreement with the ESG Team and Investment Teams and with the coordination of the COO;
- continuous dialogue with investors and other stakeholders, in particular the underlying fund managers;
- promotion of the culture of sustainability within Investcorp-Tages and among the other peers and stakeholders of the company.

Implementation



We have an ESG Team to set the agenda for all sustainability-related activities. Investcorp-Tages has organized an ESG Team that comprises key people across the different functions: Investment, Business, Compliance and Marketing teams. The role of the ESG Team is to set the agenda for all ESG activities within Investcorp-Tages. The team meets quarterly to review activities, targets and achievements. Notes of each meeting are reported to the Executive Committee for assessment and review. The COO shall provide direct communication to enable the ESG Team to escalate unresolved issues to the ExCom and to respond to any requests for information or action by the ExCom.

Implementing Responsible Investments not only applies to dedicated ESG personnel but is integrated into the activities of any role in the company. Investcorp-Tages engages all employees to support and align with the Policy as part of their day-to-day role in the workplace. Investcorp-Tages has also identified within the Investment team a Head of ESG and Impact Investing, with a specific mandate and responsibility on these areas.

The pre-trade compliance checks on ESG criteria are carried out as part of the due diligence process conducted by the research analysts on any investment. For those products that have a specific ESG mandate or for impact investments, the Head of ESG and Impact Investing is responsible for oversight. On the operational side, the Head of the ODD team reviews all the material and has a veto power on all investment decisions. The members of the Fund Review Meeting review and check that the due diligence process has been carried out comprehensively and challenge the findings to ensure there is no material missing information. Post trade monitoring is carried out on the investment side by the assigned research analyst and on the operational side by the Operational DD analyst.

For impact investments, Investcorp-Tages may engage external advisors to provide an independent assessment and review of the impact generated by its investments.

Continuing Education and Performance assessment

Compliance with all applicable laws and regulations is of paramount importance. All Investcorp-Tages staff receive training in these areas on joining the firm and at least annually thereafter, including modules on anti-bribery and corruption, market conduct and information security. In addition to our compliance training programme, Investcorp-Tages encourages ad hoc training to suit the needs of individual members of staff. Periodic courses are organized on responsible investments and sustainability aspects with internal and / or external resources, relying also on the competences developed by colleagues of its affiliated companies including Investcorp and Tages groups. We also support a number of employees who undertake studies for relevant professional qualifications, including CFA and CAIA.

Furthermore, the C-suite executives, Head of ESG and Impact Investing and the ESG Team, together with individuals involved in the responsible investment process, have performance assessment and set variable compensation linked to the active participation to projects and initiatives related to the integration of ESG factors and Responsible Investing.

Document management

The ESG policy can be updated or reviewed, in light of changes in the regulatory and market context or in the priorities of Investcorp-Tages on ESG issues and sustainable investments. The ExCom of Investcorp-Tages has the ultimate responsibility on the approval of any changes/integration in the ESG policy or in the ESG integration in the investment and non-investment processes. The ESG Team can propose integration, revisions or updated to the ExCom and is responsible to communicate the content of the new policy within the organization. The ESG policy is made public through the website of Investcorp-Tages and through its media channels.

The main recipients of this ESG Policy include senior management, employees and members of the ESG Teams, with specific reference to the responsibilities defined for each in the document itself. The ESG Policy is distributed and is available through the company intranet and it is also available for clients of Investcorp-Tages.

Version	Update	Reviewed sections	Reviewed by	Approval
N°				

Definitions

Below are the main terms and definitions used in the document:

- **ExCom:** the firm's Executive Committee;
- **Sustainability and sustainable development:** development that meets the needs of the present without compromising the ability of future generations to meet their own needs;
- **ESG:** Environmental, Social and Governance factors, the three main pillars for the integration of sustainability in the firm's operations and investments;
- **Sustainable Investment:** Investment in an economic activity that contributes to an environmental objective as measured by key indicators or to a social objective (e.g. support to social cohesion, labour relations, disadvantaged communities);
- **Sustainability Risk:** environmental, social or governance event or condition that could cause an actual or a potential material negative impact on the value of the investment;
- **UN PRI:** The United Nations Principles for Responsible Investment, to which the firm commits as outlined below.

Commitment to the UN Principles for Responsible Investment

We are a signatory of the UN PRI. Investcorp-Tages became a signatory of the UN PRI on 05 June 2018 through its affiliated company Tages Capital and committed to following six principles as a framework across all investment activities:

1. Incorporate ESG issues into investment analysis and decision-making processes
2. Be active owners and incorporate ESG issues into our ownership policies and practices
3. Seek appropriate disclosure on ESG issues by the entities in which we invest
4. Promote acceptance and implementation of the principles within the investment industry
5. Work together to enhance our effectiveness in implementing the principles
6. Report on our activities and progress towards implementing the principles

Investcorp-Tages reports to the UNPRI on the activities undertaken in each assessment year. The UNPRI Transparency Report is available on the UNPRI website following each assessment.

Investcorp-Tages is committed to the promotion and development of impact investing. Investcorp-Tages aims at generating social impact and targeting specific UN SDGs by investing in Impact Private Equity and Venture Capital funds or co-investing alongside other managers in the space of health care, education, job creation and circular economies. Such investments will also aim to contribute to the Paris Agreement goals towards a low carbon economy.

Investcorp-Tages's approach to sustainable investment



As part of its strategy and approach to investments, Investcorp-Tages recognizes the value of sustainability in the investment process. **We believe that mitigating ESG risks strengthens downside protection** and supports the selection and management of investments, providing several benefits:

- reinforcing the risk assessment of each investment;
- identifying and monitoring risk and opportunity drivers associated with sustainability issues;
- improving dialogue with managers and promoting the adoption of responsible investment practices;
- generating value and positive impacts for investors and communities.

Sustainability is considered part of the added value in the core business of the company, which is to generate consistent returns for investors through active, diversified and transparent investment strategies.



For this reason, **we integrate ESG considerations within the investment process**, as appropriate to the relevant investment solutions.

The methods of integrating ESG factors in the various stages of the investment are briefly listed below; the ESG Team adopts tools and procedures to implement the sustainable investment approach defined by the company within its operations.

Multi-manager investment solutions

Sourcing and Due Diligence

ESG considerations are an integral part of the investment and operational due diligence that Investcorp-Tages carries out for the appointment of new managers. The integration of ESG factors in the investment process has been motivated by the conviction that such factors have a direct effect on risk management and performance. The policy, which disciplines all investments irrespective of geography or asset class, drives the due diligence process of all third-party managers. Such due diligence, which is composed by an investment and operational section, is then reviewed by the Fund Review Meeting before approving any investment.

The ESG assessment will include, as appropriate, the following areas across our investment managers, investment strategies and underlying investment vehicles:

Investment Manager ESG Assessment

- Investment manager corporate governance;
- Investment manager cash management and control policy;
- Investment manager key support staff independence, reporting lines and escalation procedures;
- Investment manager alignment of interests (for example, allocation to own investment strategies alongside external clients);
- Investment manager regulatory and compliance considerations;
- Reference checks of the investment manager via Investcorp-Tages' network of industry contacts;
- Independently commissioned background checks on investment manager principals and entities;
- Investment manager commitment to ESG standards, such as being a signatory to PRI.

Investment Strategy ESG Assessment

- Investment manager integration of ESG factors into their investment process and strategy;
- Standalone ESG / responsible investment policy available for investors;
- Designated responsibility for ESG aspects within the investment strategy;
- Access to ESG data sets relevant to the investment strategy.

Investment Vehicle ESG Assessment


- Investment vehicle corporate governance;
- Investment vehicle management and control policy;
- Investment vehicle key terms consistent for all shareholders;
- Investment vehicle independent administrator and track record verification.

In addition, the following areas form part of the assessment:

- **Environmental Issues:**
 - o Climate action according to the Paris Agreement targets;
 - o Water & energy – consumption, efficiency, scarcity;
 - o New legislation regarding the use and disposal of plastic safety & quality standards;
 - o Travel policy.
- **Social Issues:**
 - o Human rights in managing global operations;
 - o Cyber security arrangements - understanding and managing the risks;
 - o Business ethics - fair hiring practices, pay, policies, tax;
 - o Safety & quality standards.
- **Governance Issues:**
 - o Remuneration and Assessment – practices aligned with investor priorities and beliefs;
 - o Board and Executive members - composition, fair appointment practices, succession planning;
 - o Ownership structure;
 - o Compliance Policies - Anti Money Laundering, Conflict of Interests, Personal Accounts;
 - o Counterparty selection and appointment.

The due diligence, including the integrated ESG sections, is submitted for the approval to the Fund Review Meeting of Investcorp-Tages. The Fund is discussed and reviewed and follow ups regarding ESG could be asked before the formal approval of the investment by the Investment Committee.

Investment performance and risk monitoring

 **We seek appropriate disclosure on ESG issues in the entities we invest:** an annual review is carried out by the Operational team and an annual survey is sent to all approved managers to update their current ESG policy or approach.

The analysts are also asked to assess the manager's effective application of responsible investment practices. Investcorp-Tages promotes period engagement with approved managers on ESG issues and the adoption of sustainable investing practices.

Portfolio construction and risk management

The portfolio construction and risk management aim at evaluating the contribution of ESG factors to determining investment strategy and asset class. For those investment mandates that specifically requires it, the risk management also evaluates the alignment of the portfolio as a whole and the selected managers with the client's sustainability priorities.

Impact Investing

 **We are committed to the promotion and development of impact investing:** as part of its investment solutions, Investcorp-Tages developed a dedicated Social Impact product, defining specific investment targets, mainly through private equity managers, to support the UN Sustainable Development Goals.

In all private investing, manager selection and due diligence are critical steps in the investment process and are important factors in robust risk management and targeting positive returns; impact investing funds are no exception. The impact assessment should run parallel to any return analysis and be used alongside purely financial data to determine the success of each investment. It is in this way that the true impact of an investment can be measured to not only produce financial returns but have a positive social impact.

When allocating to impact strategies the investment process is paramount, especially considering the added complexity of impact reporting and measurement. The due diligence has to expand its focus to a third, very important area of analysis: impact measurement and assessment. This becomes the third leg of the analysis process together with traditional investment analysis and operational due diligence and has to be developed in parallel with these, in order to complement and integrate with the other two dimensions. The definition of the Impact Targets is fundamental in facilitating proper screening and selection of Impact products, that must be consistent and aligned in their targeted achievements of the same goals.

Investcorp-Tages has partnered with a dedicated independent impact advisor to define a Theory of change and identify the specific objectives to be pursued in the investment products. This process allows the team to define the strategy's targets in terms of the output and outcomes that the firm wants to achieve from both a financial and social impact

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perspective. For impact assessment, Investcorp-Tages and the advisor have agreed upon the Impact Management Project's framework for impact assessment, modifying it to ensure the minimum criteria for an investment are aligned with the Investcorp-Tages Impact product's targets.

For each impact target, the independent advisor will set out a set of indicators used to increase the level of accountability of the impact strategy. These indicators will each have specific sub-indicators which will ensure regular data flow, appropriate task assignment and responsibility among partners, as well as identifying the potential timing and phases of the achievement of each target to maximise transparency and reduce risk.

Once these indicators are defined, the next stage is to carry out a process of harmonization that take place to align the existing assessment frameworks of the underlying funds in the proposed portfolio in order to ensure that their impact reporting and measurement methodologies are compatible with the criteria set out by Investcorp-Tages and the dedicated advisor.

Once a clear baseline for reporting and measurement has been established, it can be used as a marker to measure the change in financial performance and impact year on year for each underlying fund. This data will then be aggregated at a portfolio level.

Partnerships



We promote best practice in the industry through active engagement. Investcorp-Tages is committed to promoting the incorporation of sustainability considerations into investment solutions provided in partnership with other asset managers and through seeding programs through transparent dialogue and leading practices, in line with UN Principle for Responsible Investment N° 4: "Promote acceptance and implementation of the principles within the investment industry".

Cross-Asset research

Investcorp-Tages aims at integrating sustainability at the first screening level for the identification of potential investment targets. These may include the analysis of drivers for ESG risks associated with the investment and the qualitative monitoring and evaluation of investment opportunities that may arise from developments and evolutions on sustainability topics (environmental and/or regulatory issues) and may be factored into portfolio construction and strategic decisions.

Bespoke portfolios

Where Investcorp-Tages offers dedicated investment solutions to its clients, the integration of ESG considerations in the investment process follows the priorities and preferences of the investor to ensure consistency with both the company's commitment and the investment mandate.

Investcorp-Tages's commitment in addition to investments

Investcorp-Tages' commitment to corporate responsibility is applied both externally, as part of ESG incorporation into the investment process, and internally to promote a healthy, respectful and sustainable working environment.

Environmental Issues

Investcorp-Tages is committed to minimize any direct environmental impact of its activity, by carefully analysing any potential risk and setting up best practice to limit its consumption of paper and energy, as well as emissions from corporate travel.

Social Issues



We are an equal opportunity employer with staff from a variety of backgrounds, cultures and nationalities.

Investcorp-Tages' business success and reputation are founded on integrity and trust in everything that we do. Our future success depends on our staff, and Investcorp-Tages recruits the best talent available as an equal opportunity employer, valuing talent, diversity and inclusion in the workplace. Investcorp-Tages is committed to promoting work-life balance, through the adoption of flexible working arrangements and other practices.



We promote volunteer work and community engagement by team members, whenever consistent with job duties and responsibilities. Investcorp-Tages welcomes initiatives by its staff to carry out charitable fundraising work and supports charitable donations and initiatives, more information on our initiatives is available online [here](#).

Governance Issues

Investcorp-Tages operates in a highly regulated sector where governance matters are taken very seriously. We seek to meet the highest standards of corporate governance in all jurisdictions. Investcorp-Tages is committed to promoting best practice across the asset management industry and is a member of the Alternative Investment Management Association (AIMA).

Communication

Investcorp-Tages aims to deliver prompt communication related to its activity to promote sustainability through its social media (dedicated website page and social media). Investcorp-Tages engages on a regular yearly basis with its underlying managers through the ESG questionnaire, with the objective of gathering updated information on results, priorities and leading practices by external managers, as well as fostering dialogue on ESG themes among stakeholders.

Investcorp-Tages drafts dedicated reports or case studies on ESG topics that are considered of material importance for its investment products, as well as instrumental in promoting good practices in the investment strategy.

Annexes

- ESG Team Terms of Reference
- DD questionnaire
- Impact Investing - Assessment and Methodology

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