

Balance Point Capital Partners

Environmental, Social and Governance Policy

December 2021

1. Overview

Balance Point Capital Partners (“Balance Point” or “Firm”) has established this environmental, social and governance (“ESG”) policy to formalize the Firm’s approach to the management of material ESG risks and opportunities (together, “ESG Factors”). Balance Point believes that the integration of ESG Factors within the investment process can decrease risk and help drive long-term value at the portfolio companies that the Firm’s advisory clients (each a “Fund” and collectively the “Funds”) invest in, which is consistent with our fiduciary duty.

Balance Point is not obligated to act or make investment decisions for its Funds based on ESG Factors. The review and identification of ESG Factors is a component of the Firm’s review of investment risk.

2. Purpose

The purpose of this policy is to codify Balance Point’s integration of ESG Factors into the Firm’s investment process. Balance Point has adopted, for purposes of this policy, the Sustainability Accounting Standards Board’s definition of materiality, which reads “material ESG issues are those that are reasonably likely to impact the financial condition or operating performance of a company”¹.

3. Scope

This ESG policy is intended to apply to Balance Point’s investment activities. The Firm’s ability to evaluate, monitor or control the integration of material ESG factors will vary based on a variety of factors, including, but not limited to, the level of ownership or control Balance Point has for a portfolio company, the investment instrument (e.g., debt or equity) utilized for a particular investment, the resources available to Balance Point and the respective portfolio company, and the information available to the Firm.

Additionally, as a fiduciary, Balance Point has a duty to act in the best long-term interests of its investors. Thus, no ESG-related activity will be required to be undertaken, or investment decision made, that would potentially be adverse or inconsistent with the fiduciary and contractual² duties owed by Balance Point to its investors, portfolio companies, partner companies or other constituents.

4. ESG Management

The Firm’s Chief Compliance Officer (CCO), in conjunction with the Investment Committee, is responsible for the oversight of this policy. The CCO will ensure ESG training is conducted for all investment

¹ <https://www.sasb.org/standards/materiality-map/>

² Such contractual duties may be outlined in the Private Placement Memorandum, Limited Partnership Agreement, or other documentation.

professionals on a periodic basis and is also responsible for the distribution of the ESG policy to all employees, upon hire and upon any material update to the policy.

Application and implementation of the ESG policy is the responsibility of Balance Point's investment team. The Firm's investment team ensures that the implementation of the Firm's ESG policy is applied according to the guidelines set forth below, as appropriate and practicable. A portfolio's company's business, the best interest of Balance Point's clients and the cadence of the investment process are examples of factors that the investment team will consider in the implementation of the policy.

5. ESG Integration

Balance Point seeks to integrate the consideration and management of material ESG Factors across the portfolio, subject to limitations outlined elsewhere in this policy and other relevant documents.

- **Diligence & Execution:** During the pre-investment diligence and investment execution phases, Balance Point's investment team seeks to identify material ESG risks using the Firm's ESG questionnaire ("ESG Questionnaire"). In addition to the ESG Questionnaire, investment professionals may use accounting, legal, financial, tax, human capital, or other diligence items in the assessment of material ESG Factors.

The completed ESG Questionnaire will be maintained by the relevant investment team and any material ESG Factors identified through the questionnaire or other diligence items will be documented and communicated to the Investment Committee. The Investment Committee will review any identified material ESG Factors prior to execution of an investment.

- **Monitoring:** Balance Point's investment teams are responsible for monitoring any material ESG Factor(s) identified during the diligence and execution phase. In addition, investment teams will determine any relevant action items based on such identified ESG Factors.

Additionally, Balance Point will redistribute the ESG Questionnaire to each portfolio company on an annual basis. The completed questionnaires will be reviewed by the relevant investment professionals and, if any potential material ESG Factors are identified, they will be communicated to the Investment Committee for review. Material ESG Factors discovered outside the use of the questionnaire will also be communicated to the Investment Committee.

6. Firm Alignment with ESG Practices

Balance Point is committed to conducting itself in line with this ESG Policy. Each employee is guided by the Firm's Code of Ethics and Compliance Policies and Procedures, which sets forth required standards for behavior. These policies emphasize the Firm's commitment to observe all applicable laws, outlines basic standards of legal and ethical behavior, and provides a reporting mechanism for violations of such standards. In addition to the Chief Compliance Officer, the Investment Committee helps promote and maintain these standards.

Balance Point undertakes various activities as a Firm, including environmentally focused initiatives (e.g., recycling efforts), philanthropic initiatives (e.g., donations to local organizations and crisis relief

contributions) and employee engagement initiatives (e.g., Firm-wide activities) that further align the Firm's corporate practices with this ESG Policy.

7. Conclusion

This ESG policy is subject to on-going review and will be adjusted to reflect changes in Balance Point's business and the context in which the Firm operates.

Appendix A: Acknowledgement of Certain ESG Principles

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Approach to Principle 1: Balance Point adopted an ESG Policy to formally implement the systematic review and management of material ESG Factors during the investment lifecycle of the companies the Funds invest in. Balance Point is not obligated to make investment decisions based on ESG-related findings; however, the Firm's approach to responsible investment encompasses identification, transparency in reporting, and where deemed practicable, direct engagement on ESG risks that may impair the financial or operational performance of a company.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Approach to Principle 2: In the event we identify an ESG Factor that we feel is important to engage on, we will make reasonable efforts to do so with the respective portfolio company management team or other applicable body.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Approach to Principle 3: We utilize an ESG Questionnaire to collect ESG data from each of our portfolio companies on an initial and annual basis.

Principle 4: We will report on our ESG activities.

Approach to Principle 4: We will endeavor to provide reporting related to our ESG efforts for our investors on an on-going basis.