

ESG Policy

1. Introduction

Alpha Associates ("Alpha") is an independent private equity, private debt and infrastructure manager and advisor based in Zurich, Switzerland, with a team of more than 40 professionals. The firm is owned and managed by its founding partners and is an asset manager of collective investment schemes regulated by the Swiss Financial Market Supervisory Authority FINMA.

Alpha believes that the integration of material environmental, social and governance ("ESG") factors into the investment processes is a core part of the fiduciary duty to act in the best interests of Alpha's clients and their beneficiaries. As such, Alpha is a signatory of the United Nations Principles for Responsible Investment ("PRI") and has used the following six principles as a framework to develop its ESG policy across all its investment activities.

- To incorporate ESG issues into investment analysis and decision-making processes.
- To be active owners and incorporate ESG issues into our ownership policies and practices.
- To seek appropriate disclosure on ESG issues by the entities in which we invest.
- To promote acceptance and implementation of the Principles within the investment industry.
- To work together to enhance our effectiveness in implementing the Principles.
- To report on our activities and progress towards implementing the Principles.

We aim to integrate ESG factors throughout the investment process in all investment types (direct, primary and secondary) and asset classes (private equity, private debt and private infrastructure). To ensure the systematic integration of ESG factors in this process, we have developed a Responsible Investment Policy.

2. Alpha Associates' Responsible Investment Policy

2.1. Alpha Associates seeks to implement its policy and integrate ESG¹ into the day-to-day business activities by:

- Demanding that all Alpha employees carry out their work with the highest standards of professional and business conduct.
- Requiring all Alpha employees comply with relevant legal, regulatory and internal compliance requirements.
- Having a dedicated ESG & Sustainability professional to lead and innovate on responsible investments and to provide in-house expertise and support, particularly in respect of the activities of the investment team.
- Operating a Risk Committee to monitor the implementation of this policy and approve any significant initiatives proposed to enhance it.
- Providing an on-going training to Alpha's investment professionals on the ESG due diligence process and the importance of factoring this into the overall investment approach.

¹See Appendix 1

2.2. Alpha Associates seeks to implement its policy pre-investment by:

- Incorporating an ESG due diligence questionnaire when considering a new primary fund commitment to identify how the manager assesses ESG risks and the measures they take to mitigate them before and post-investment (see also Alpha Associates – ESG Due Diligence procedure)². We are committed to understanding the fund manager's willingness to adhere to sound ESG practices and those fund managers that show an understanding of the nature of ESG risks and seek to minimise them are favoured.

²See Appendix 2

2.3. Alpha Associates seeks to implement its policy post-investment by:

- Where appropriate, encouraging the fund managers of the portfolio funds to enhance their approach to ESG and to report on ESG performance. For this purpose, we use the PRI Reporting Framework for annual ESG monitoring of the fund managers. In this way we reduce the reporting burden of the PRI signatories among the fund managers in our portfolio and help promote responsible investing and the PRI tools and solutions.
- Keeping our investors aware of the level of ESG risks within their portfolios through ESG risk reporting.
- Working constructively with our investors that express an interest in ESG matters to support their respective ESG investment requirements.

2.4. Alpha Associates seeks continual improvement by:

- Reviewing this policy's effectiveness and amending it to reflect the latest developments.
- Encouraging continual improvement in ESG policies and practices by the fund managers of our portfolio funds by asking them to complete an annual ESG questionnaire.
- Reporting progress and recommendations to our ESG Committee.
- Reporting to PRI on an annual basis.
- Encouraging dialogue with our investors.
- Promoting the importance of ESG across the industry through representation on ESG working groups and participation at conferences, encouraging all industry participants to recognise and act on ESG issues.

3. Transparency

Alpha Associates aims to be transparent with regards to our approach to ESG activities and can provide a copy of this policy as well as Alpha's most recent PRI Transparency Report upon request.

This policy has been approved by the Board of Directors of Alpha Associates and enters into force as of December 3, 2018.

Appendix 1

Overview of ESG Risks

The acronym ESG covers a broad range of issues that are encountered when making private equity, infrastructure and real assets investments.

Examples of these risks are summarised below:

Environmental

- Environmental degradation
- Air, Soil and Water Pollution
- Climate Change
- Deforestation
- Nuclear issues
- Hydrology
- Impact of Energy Investing
- Impact of Coal Industry
- Resource Depletion/Renewable Energy
- Waste Management

Social

- Workplace Health and Welfare
- Transparency and Accountability
- Impact on Local Communities
- Animal Welfare
- Consumer Protection; and Diversity and Social Inclusion
- Modern Slavery

Governance

- Company Management Structures
- Control Mechanisms
- CEO and Board Independence
- Corporate Values
- Employee Relations
- Remuneration Policies
- Shareholder Rights
- Transparency and Accountability
- Ethical investment
- Anti-Bribery and Anti-Corruption

Appendix 2

Alpha Associates – ESG Due Diligence procedure

Alpha formally incorporates ESG factors into the investment due diligence process. Alpha believes this is crucial to harnessing the potential for value creation through effective ESG procedures, as well as in protecting the interests and reputations of Alpha Associates and its clients. The ESG due diligence findings are formally documented in investment recommendations, with potential concerns flagged for consideration by the investment committee.

Primary Fund Investing

ESG risk management forms an important component of the operational risk assessment conducted on each fund manager as part of our primary due diligence process and each primary fund manager is rated for its ESG approach. It therefore represents a formal and documented part of the due diligence and covers the following areas:

- Whether the GP is a signatory of the PRI or any other ESG related standards;
- Whether the GP has a formal approach to integrating ESG factors into the due diligence process;
- Who within the organisation is responsible for incorporating ESG considerations into investment decisions;
- How the fund manager engages with portfolio companies on ESG issues, preferably including examples from prior investments; and
- Whether the fund manager reports on significant ESG risks that arise in portfolio companies to advisory boards and/or in quarterly LP reports.

As part of our due diligence process, Alpha also focuses on examining the potential for fraud, rogue activities and other unethical behaviour of fund managers. Alpha's extensive cross referencing of fund managers prior to investment confirms that Alpha Associates makes every effort to invest only in fund managers that are of institutional quality and in managers that understand the importance of reputation in the market place. GP compliance is sought through side letters.

Alpha employs a Traffic Light System based on the above-mentioned criteria. Concerns are flagged for consideration for the investment committee in case the fund manager is evaluated to be in the amber or red category.

Secondary Fund Investing

In secondary due diligence we first evaluate the fund manager according to our Traffic Light System. In case the fund manager falls in the amber or red category, then a bottom-up ESG risk assessment of each underlying asset is undertaken. This includes the following:

- An analysis of the sector profile of the deal;
- The ESG risk profile of individual underlying assets;
- The ESG philosophy and procedures of the fund manager(s) in the deal, and their track record in mitigating ESG risk.

Direct Co-investing

Regarding direct co-investing, we first evaluate the fund manager according to our Traffic Light System. In case the fund manager falls in the amber or red category, then an in-depth ESG risk assessment is required. This includes analysing potential ESG risks to which the company may be exposed, the fund managers plan for mitigating these risks and how this has been achieved with prior investments with similar characteristics.