



CORDIANT's
ESG ENGAGEMENT POLICY

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Version History

| Version | Published | Updates |
|---------|--------------|---|
| V.1.1 | January 2021 | First version of the Policy |
| V.1.2 | June 2024 | <ul style="list-style-type: none"> • Minor modification of language • Added more information on the monitoring, management and reporting of incidents • Signature of CEO and Chairman added |
| V.1.3 | March 2026 | <ul style="list-style-type: none"> • Updated language in the “Active Engagement Throughout the Investment Process” section • Addition of the Net Zero Asset Manager Alliance (“NZAM”) in the “collaboration” section • Supplemental information added in the “Conflicts of Interest” section |

Scope of ESG Engagement Policy

As an asset manager, Cordiant¹ recognises that its clients have entrusted it to act in the best interests of the funds it manages. Cordiant seeks to deliver maximised risk-adjusted investment returns while also acknowledging the importance of the private capital industry in contributing to outcomes such as those defined in the United Nations’ Sustainable Development Goals (“UN SDGs”) and the 2015 Paris Agreement goals (“Paris Agreement”). Cordiant has therefore incorporated this Policy into its investment processes and seeks to ensure that its employees, portfolio companies and all relevant stakeholders uphold the responsible investment standards and principles that it outlines. The policy applies to Cordiant’s investment analysis and investment management activities across its private equity and private credit strategies (both those listed as investment trusts and those structured as traditional closed-ended private capital funds) where the firm acts as AIFM, investment manager or portfolio manager².

Detailed in this Policy are the methods through which Cordiant undertakes its stewardship responsibilities and engagement across Cordiant’s private debt and private equity strategies.

In addition to its Responsible Investment Policy and procedures, this engagement policy is intended to outline the key aspects of Cordiant’s engagement with portfolio companies and stakeholders, including:

- Monitoring and evaluating ESG risks, opportunities and performance, and social and environmental impact opportunities throughout the pre-investment and holding periods;
- Remediation methods to address ESG concerns;
- Dialogue and escalation processes with portfolio companies;
- Expectations of Cordiant’s portfolio companies;
- Communication and collaboration with investors, stakeholders and external organisations; and
- Management of potential conflicts of interest.

¹ “Cordiant” refers to: Cordiant Capital Inc. is registered as (i) an Investment Fund Manager, a Portfolio Manager and an Exempt Market Dealer with the Autorité des Marchés Financiers, Quebec, and the Ontario Securities Commission, (ii) a Portfolio Manager and an Exempt Market Dealer in Alberta and (iii) an Exempt Market Dealer in British Columbia, as well as a Registered Investment Advisor with the U.S. Securities and Exchange Commission; Cordiant Luxembourg S.A. (regulated as an AIFM by the Commission de Surveillance du Secteur Financier of Luxembourg); Cordiant Digital Infrastructure Management LLP as well as affiliated entities.

² The approach implemented has changed as methodologies within the responsible investment landscape have evolved, as such not all processes will have been applied to previous investments. Where appropriate Cordiant endeavours to implement updated processes and tools on current investments.



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SECTION I:
**CORDIANT'S APPROACH
TO ACTIVE ENGAGEMENT**





Cordiant considers that assessing a company’s performance on Environmental, Social and Governance (“ESG”) matters is a useful tool for the proper identification of investment risks as well as for establishing a base upon which it can achieve positive impact. This impact can be achieved by proactively engaging with portfolio companies on ESG risks and opportunities.

Active engagement is a vital component of the investment process as well as the medium through which Cordiant seeks to improve portfolio company practises based on specific objectives (whether financial, operational and/or ESG). As such, Cordiant regularly engages with portfolio companies on both financial and non-financial issues that can have a material impact on long-term performance and corporate governance.

Active and collaborative engagement with portfolio companies ensures ESG risks are managed in accordance with Cordiant’s principles and standards. Additionally, engagement is essential to help portfolio companies contribute to sustainability targets that have been pre-determined between Cordiant and portfolio companies, such as those defined by the SDGs.

Prioritisation of issues

Engagement priorities for each portfolio company are based on responses to questionnaires and subsequent analysis of potential gaps, in conjunction with an understanding of the key sustainability risks pertaining to a portfolio company, such as the sector or the country(s) of operation. The objective is to optimise performance in the long-term, ensure portfolio companies adhere to Cordiant’s standards, and promote positive impact.

We also consider emerging responsible investment practices and the evolving regulatory environment, as well as global market trends and their potential impact on sustainability issues or regulatory requirements.

Methods of engagement

Cordiant manages both private equity and private debt strategies. While these differing capital solutions afford variable levels of influence during the investment lifecycle, Cordiant seeks to engage with portfolio companies in a consistent manner across its strategies over material topics identified during due diligence and throughout the life of an investment, while being mindful of the level of influence it holds. As such, methods of engagement are consistent across these strategies, with engagement taking several forms:



Information is gathered and analysed through a mix of proprietary questionnaires and tools, and online meetings with management and ESG teams;



Regular post-investment monitoring via one-on-one or group meetings with a portfolio company’s management and/or persons responsible for sustainability; and



Site visits to the portfolio companies’ operations, conducted either by Cordiant team members or appointed third-party specialists.

These engagement methods are principally implemented by the appointed ESG and Impact Officer for each deal, working in conjunction with the Investment Team member(s) assigned to the opportunity.



Active Engagement Throughout the Investment Process

Screening

During the pre-investment phase, information is gathered to enable a comprehensive assessment of ESG performance.

We assess material environmental factors and mitigating actions (such as emissions measurement and reduction), social factors (such as worker rights and conditions) and governance factors (such as exposure to litigation) and compliance with Cordiant's own internal Minimum Standards to understand the ESG risk profile of an investment and potential impact creation opportunities.

The maturity of a portfolio company's sustainability policies and ESG practices and procedures are also evaluated. This constitutes a key area of focus and forms the basis of an initial gap analysis. During this analysis, it is determined whether additional information or analysis is required, and whether any actions need to be implemented by the company in order to achieve best practices in terms of sustainability performance. This process not only provides useful insights into the firm but is critical in establishing and developing a constructive relationship with the company.

Management

Pre-investment and following the results of the gap analysis, if areas for improvement are identified, Cordiant will communicate to the portfolio company the need to implement an Environmental and Social Action Plan (ESAP). The ESAP, as agreed to by the portfolio company, will serve to outline the necessary measures a company must adhere to in order to meet Cordiant's ESG expectations and standards, and will constitute the framework of engagement efforts. Cordiant and portfolio companies will also agree on the ESG and impact indicators required to measure and monitor sustainability.

Post-investment, Cordiant seeks to carefully assist portfolio companies and actively engage with them to help enhance sustainability performance. Where gaps have been identified, Cordiant works alongside portfolio companies to define objectives, set clear targets and establish timeframes for progress. The first post-investment focus is typically remediation of pre-identified issues, alongside measures to eliminate (or, if not possible, mitigate) any adverse ESG and impact outcomes.

Tracking

The investment management process is supported by regular collection and analysis of relevant ESG data. Cordiant expects portfolio companies to disclose relevant ESG information from the outset of the investment and believes the measurement and monitoring of these indicators are a core foundation to understanding material risks and taking appropriate action. Given Cordiant's mid-market growth focus, it is understood that constraints may exist for some portfolio companies in gathering, processing and disclosing this information initially and the ESG and Impact team will seek to assist companies where possible in this process.

If gaps have been identified in a company's ESG processes, and an ESAP has been agreed upon and implemented, Cordiant will monitor the progress made by a company in delivering upon the defined objectives and remediation measures. Slippage on these metrics triggers additional dialogue and engagement.

Portfolio companies are required to notify Cordiant of ESG-related incidents and, in the event of a significant and material incident, to submit an incident report. Cordiant will take subsequent actions as necessary and oversee mitigation efforts to ensure similar events are prevented to the greatest extent possible in the future. An incident log is in place to track (i) the event, (ii) the response and (iii) the mitigating actions put in place.



Portfolio companies Expectations

A successful ESG programme must be attentive to the expectations and capacity of portfolio companies. In advance of any investment, Cordiant shares with them its Engagement Policy and communicates that this policy, along with its Responsible Investment Policy, will form the basis of an active and ongoing relationship throughout the life of the investment. By adopting a practical, partnership-oriented approach, Cordiant seeks to have early warning of any slippage against goals or timelines. Cordiant believes this approach also provides a stronger foundation for any actions Cordiant may undertake to encourage and support positive change.

Cordiant also maintains regular dialogue with portfolio companies on any identified issues which might present material risks to the company's performance.

Escalation

If engagement with a portfolio company is stalled, Cordiant will decide if escalation is needed to ensure the desired outcome. The ESG Team will collaborate with the investment team and, if necessary, the matter will be escalated internally to Cordiant's Investment Priorities Committee (in the case of credit investments) and/or the respective Investment Committee (for equity and credit investments). Escalation could take the form of requiring engagement from higher levels of the corporate hierarchy or collaborating with co-lenders or other investors. In equity investments, where Cordiant's degree of influence is higher, escalation could involve adjusting corporate and personal KPIs and, if this does not result in sufficient change, personnel changes may be initiated.





SECTION II:
**ENGAGEMENT WITH
EXTERNAL STAKEHOLDERS**





Collaboration

It is Cordiant’s belief that collaborating with like-minded investors and other stakeholders can be beneficial in achieving financial and ESG objectives and creating positive systemic changes.

When appropriate, Cordiant will participate in events, working groups, and other industry-level initiatives. This allows Cordiant to gain knowledge of current best practices in the market and foster good relationships with organisations to which it is a signatory or member, as well as with peers within the ESG and impact space.

Cordiant is currently a member, signatory or participant of:



Transparency for Cordiant’s Limited Partners / Investors in its Funds

Cordiant seeks to report to its investors on key financial and ESG matters. This can come through inclusion in the regular reporting processes or, when appropriate, on an ad hoc basis. At minimum, Cordiant aims to disclose key ESG engagement activities and efforts on an annual basis with key portfolio company-level developments forming part of the normal cycle of regular reporting. Earlier vintage funds and those classified under Article 6 of the EU Sustainable Finance Disclosure Regulation (SFDR) are excluded from ESG engagement reporting due to their age and regulatory classification. These funds were established prior to the implementation of current ESG frameworks and therefore do not fall within the scope of Cordiant’s ESG engagement reporting obligations.

Conflicts of Interest

Cordiant has established policies and protocols to identify and mitigate risks of potential conflicts of interest in the Investment Process. These are summarised in its Conflict of Interest Policy, which is communicated to all employees by Cordiant’s Chief Compliance Officer when they join the firm, and which remain available for review at any time by all employees. Engagement activities are undertaken with the objective of preserving the corporate social responsibility of portfolio companies, taking into account financial, social and environmental considerations. Where differing time horizons or priorities arise between these considerations, the matter will be brought to the appropriate governance bodies for review and guidance.

SECTION III: GOVERNANCE AND OVERSIGHT

The Engagement Policy is reviewed at least annually by Cordiant’s ESG and Impact Team. Any updates are approved by Cordiant’s Board for implementation and publication. The implementation of this Policy is overseen by the ESG & Impact Team in combination with the Investment Teams.



Cédric Garnier-Landurie | CEO



Jean-Francois Sauvé | Executive Chairman