NEUBERGER BERMAN

NB Private Equity Partners Limited
Responsible and Sustainable Investment Statement

Financial Information as of 31 July 2020, unless otherwise noted

August 2020

THIS PRESENTATION CONTAINS FORWARD LOOKING STATEMENTS

THIS PRESENTATION HAS BEEN CREATED WITH THE BEST AVAILABLE INFORMATION AT THIS TIME. INFORMATION FLOW IN THE PRIVATE EQUITY ASSET CLASS OFTEN LAGS FOR SEVERAL MONTHS. THE PRESENTATION CONTAINS A LARGE AMOUNT OF FORWARD LOOKING STATEMENTS, PROJECTIONS AND PRO FORMA INFORMATION BASED UPON THAT AVAILABLE INFORMATION. THERE CAN BE NO ASSURANCE THAT THOSE STATEMENTS, PROJECTIONS AND PRO FORMA NUMBERS WILL BE CORRECT; ALL OF THEM ARE SUBJECT TO CHANGE AS THE UNDERLYING INFORMATION DEVELOPS.

THE INFORMATION IN THIS PRESENTATION IS BASED ON THE 31 JULY 2020 MONTHLY ESTIMATE; 24% OF THE PRIVATE EQUITY FAIR VALUE IS BASED ON 31 MARCH 2020 PRIVATE VALUATION INFORMATION, 61% IS BASED ON 30 JUNE 2020 VALUATION INFORMATION AND 8% IS BASED ON PUBLIC SECURITIES AND 6% IN ROLLED FORWARD DEBT POSITIONS AS OF 31 JULY 2020.

Message from the Chairman of the Board

The Board and Manager of NB Private Equity Partners Limited ("NBPE") have long believed that investing responsibly and operating with high standards of conduct are integral to NBPE's role as a successful private equity investor. We work hard every day to earn and retain the trust of our stakeholders, including NBPE's shareholders, investor partners, employees, and the community. We are committed to upholding the highest governance standards and are relentlessly focused on constant improvement and open communications with our shareholders.

As a part of this commitment, NBPE has formalised its responsible investment practices and communications as part of its objective to deliver strong risk-adjusted returns:

- **NBPE Upholds Strong Governance Principles** – As a part of NBPE's commitment to good governance practices, the Board of Directors oversees the execution of NBPE's investment strategy. NBPE strives for ongoing improvement and transparency, as manifested in this Responsible and Sustainable Investment Statement
- **NBPE's Manager is a Leader in Responsible and Sustainable Investing –** NBPE's Manager, Neuberger Berman, is a global leader in Environmental, Social, and Governance (ESG) investing. The Manager has been ESG-integrated in private equity investing since 2007 and was awarded an A+ Top Score in the most recent UN-supported Principles for Responsible Investment (PRI) assessment
- **NBPE is Committed to Responsible Investment –** Centered on NBPE's objective to deliver better investment outcomes, NBPE has formalised its commitment to responsible investment with the adoption of a Responsible and Sustainable Investment Policy. We believe responsible investing and the incorporation of material environmental, social, and governance considerations can help inform the assessment of overall investment risk and opportunities. NBPE also recognises that climate-related risk considerations are an increasingly important component of portfolio risk management
- **NBPE's Portfolio is Assessed Through an Additional Sustainability Lens** – As a value-add to its fundamental due diligence, NBPE seeks to assess company sustainability potential as further evidence of a company's ability to deliver long-term value. The Manager has conducted a sustainability potential assessment of NBPE's portfolio which determined that 99% of the portfolio does not have significant adverse sustainability potential and 26% of the portfolio[1] is deemed to have an overall positive sustainability potential or have an overall positive benefit to people or the environment

In many ways, the recent COVID-19 pandemic and ensuing economic situation have put a spotlight on sustainability issues, highlighting the importance of good governance and social and environmental considerations as a part of well-run businesses. We endeavour to summarise our approach and consideration of this important topic.

William Maltby
Chairman
Guernsey, August 2020

1. Based on direct investment portfolio fair value as of 31 July 2020; analysis excludes third party funds (which are past their investment period but which may call capital for reserves or follow-ons) and funds that are not deemed ESG integrated by the Manager. In aggregate these exclusions represent approximately 2.7% of fair value.

Overview of NBPE's Corporate Governance

Corporate Governance Overview

The Board of Directors believes in a strong corporate governance framework and believes the board has structured its activities appropriately for an Investment Company

Corporate Governance & Investment Manager Overview

The Board believes in a strong corporate governance framework. The Board has structured its activities to provide oversight and accountability. The Company itself has no employees or operations and instead relies on the resources, infrastructure and employees of NB Private Markets[1] (the "Investment Manager"), subject to board monitoring. The Investment Manager is a subsidiary of Neuberger Berman, a private, 100% independent, employee-owned investment manager. From offices in 34 cities worldwide, the firm manages a range of strategies—including equity, fixed income, quantitative and multi-asset class, private equity and hedge funds—on behalf of institutions, advisors and individual investors globally.

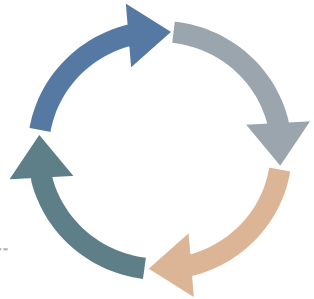
NBPE Board of Directors

NBPE Board Structure

Board with Majority Independent Directors	**Audit Committee**
Management Engagement Committee	**Nomination and Remuneration Committee**

Investment Manager: NB Private Markets

Investment Committee*	Valuation Committee*	Investment Risk Committee	Operational Risk Committee



Independent teams which collaborate to identify and mitigate risk

Independent Control Units that Collaborate	• Infrastructure Technology • Business Technology • Operations • Finance	• Legal • Compliance • AMGO • Investment Risk • Operational Risk
Independent Assurance	• Internal Audit	

1. NB Private Markets is a general description of the business of the Investment Manager, NB Alternatives Advisers LLC; there has been no change to the Investment Manager of NBPE.
** Highlights represent committees of the Investment Manager; other committees presented above are resources of the parent company, Neuberger Berman, of the Investment Manager.*

The Board & Sub-Committees

The Board is comprised of a majority of independent directors. The various sub-committees report to the board and are utilised to discuss and evaluate specific company matters

Board of Directors

Independent Directors

William Maltby
Chairman

John Falla
Audit Committee Chairman

Trudi Clark
Management Engagement & Nomination / Remuneration Chairman

Wilken von Hodenberg
Senior Independent Director

Peter von Lehe
Managing Director, Neuberger Berman

The board meets at least four times per year to discuss Company developments, strategy and direction and ongoing activities. The board also meets on an ad-hoc basis other times throughout the year to discuss dividends and other Company matters as necessary

The board has formed three sub-committees to carry out specific company matters. The chairs of the sub-committees report to the board on matters arising

For matters pertaining to risk management and principal risks, the directors consider these as part of the overall board. The board also considers other matters such as professional development, diversity, tenure, performance evaluation and succession as part of the overall board.

Sub-Committees of the Board

Committee	Principal Responsibilities
Audit Committee Meets at least three times per year	• Reviewing the Company's financial results announcements and consolidated financial statements and monitoring compliance with relevant statutory and listing requirements • Reporting to the board on the appropriateness of the Company's accounting policies and practices including critical accounting policies and practices • Considering the financial and other implications on the independence of the auditors arising from any non-audit services to be provided by the auditor
Management Engagement Committee Meets at least once per year	• Principal function Review annually the terms of the Investment Management Agreement between the Company and the Investment Manager • Also reviews annually the performance and terms of engagement of key services providers
Nomination and Remuneration Committee Meets at least twice per year	• Responsible for identifying and nominating, for approval by the board, suitable candidates to fill board vacancies as and when they arise • The NRC also puts in place plans for the succession of directors, in particular with respect to the Chairman • Agrees with the board policy for the remuneration of the directors • Review and consider any additional ad hoc payments in relation to duties undertaken over and above normal business

Board Best Practices – *Effective Risk Management*

The Board of Directors is responsible for the effective management of risks within the Company

Five Pillars Risk Management

	Investment Risk			Financial Risk	Strategic Risk	Operational Risk	External Risk
RISK	**Investment Decisions** Selecting investments to generate the best risk adjusted returns Adverse ESG factors	**Performance** Achieving underwriting case Meeting long-term return objectives	**Valuations** Misstatements to net asset value	**Financial Strength** Liquidity Management Credit facility ZDP liabilities Foreign exchange	**Meeting Objectives** Share price discount to NAV Meeting business objectives	**Operating Platform** Key professionals, IT systems, business operations, internal policies and procedures	**Legal/Regulatory & Market** Market, Economic & Political Environment Reputational Regulatory Emerging risks related to COVID-19 outbreak
KEY CONTROLS	• Highly experienced manager with deep team and 12 person investment committee • Extensive due diligence process • ESG-integrated investment process	• Thorough investment underwriting and DD • Regular board review of manager performance, operations and capabilities	• Robust , consistent valuation processes • Monthly NAV updates • Quarterly valuation review • Annual Audit	• Review of management reports and financials • Monitoring of headroom and financial ratios	• Monitoring discount and review market research • Strategic investor relations programme	• Resources of the Manager for attracting and retaining talent • Manager policies Board inquiries and reports on IT systems and IT environments	• Awareness of environment • Consultation with advisors • Manager discussions with GPs to understand COVID-19 impact

Oversight is conducted by the Board of Directors

The Board is ultimately responsible for the identification and assessment of risk

Board Best Practices – *AIC Code of Corporate Governance*

NBPE complies with the AIC code of Corporate Governance regarding best practices of corporate governance for investment companies

AIC Code of Corporate Governance

Provides a framework of best practices of governance for Investment Companies

Background

- AIC Code is built around an understanding of what shareholders want or expect to achieve by holding shares in an investment company and the role boards play in meeting those objectives
- Provides guidance on board responsibilities to deliver objectives to shareholders, including board leadership and purpose, division of responsibilities and other criteria
- Fundamentals behind the Code include treating all shareholders fairly and addressing all issues of relevance

NBPE Compliance with the Code

- The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.
- The UK Corporate Governance Code includes provisions relating to:
  - The role of the chief executive;
  - Executive directors' remuneration; and
  - The need for an internal audit function.
- The board considered these provisions are not relevant to the position of NBPE, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions have been outsourced to third parties.

Source: The AIC Code of Corporate Governance, 2019.

NB Private Market's Approach to Responsible and Sustainable Investing

NB Private Markets is a Global Leader in Responsible and Sustainable Investing

100%

Assets are ESG aware across $90 bn in private markets assets managed[1]

A+

Awarded Top Scores

In the most recent UN-backed Principles for Responsible Investment (PRI) assessment report for its overarching approach to ESG strategy and governance and integration across asset classes, including Private Equity[2]

Focus on Improving Gender Diversity

32% Female – Private Markets Global Business Heads
48% Female – Private Markets New Hires in 2019[3]

100% of global travel greenhouse gas emissions offset[4]

Supporter of the Taskforce for Climate-related Financial Disclosure (TCFD)[5]

Asset Management Awards 2020 - Private Equity Manager of the Year[6]

Representation on over 180 Limited Partner Advisory Committees[7]

Unique access to proprietary firm resources such as research analysts, data science, and ESG analytics as a multi-asset class manager[8]

1. Neuberger Berman, as of 31 May 2020.
2. PRI grades are based on information reported directly by PRI signatories, of which investment managers totaled 1,119 for 2019, 1,120 for 2018 and 935 for 2017. For full footnote, see appendix.
3. Please Note: Data is as of 31 December 2019 for U.S. employees only. Employees are not legally required to self-identify their race/ethnicity or gender. Accordingly, this information is provided only as an overview of the estimated race/ethnicity and gender makeup of our current employees.
4. Via annual purchase of carbon offsets.
5. www.fsb-tcfd.org. The Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) seeks to develop voluntary, consistent climate-related financial risk disclosures.
6. The Asset Management Awards 2020. https://www.moneyage.co.uk/assetmanagementawards/winners20.php. The Asset Management Awards' judging is undertaken by a group of judges with expertise across the UK institutional and retail asset management spaces. Each judge reviews submitted entry material and then scores the entries out of a total of score of 10 providing their reasoning as to why they have submitted that score. Two judges analyse each category and the firm with the highest overall score wins that category. Votes are verified by Insurance Asset Management's editorial team. NB Private Equity did not pay a fee to participate. Awards and ratings referenced do not reflect the experiences of any Neuberger Berman client and readers should not view such information as representative of any particular client's experience or assume that they will have a similar investment experience as any previous or existing client. Awards and ratings are not indicative of the past or future performance of any Neuberger Berman product or service.
7. As of 31 March 2020. Includes realised and partially realised investments, which are defined as investments with no remaining NAV or a DPI larger than 100% (DPI = distributed capital / paid-in capital)."
8. Neuberger Berman, as of 31 December 2019. Subject to Neuberger Berman's policies and procedures, including certain information barriers within Neuberger Berman that are designed to prevent the misuse by Neuberger Berman and its personnel of material information regarding issuers of securities that has not been publicly disseminated.

ESG Integration Framework

NB Private Markets believes material ESG factors are an important driver of long-term returns, offering potential for both opportunity and risk mitigation

ESG factors integrated into the investment process by:

Avoid

Ability to exclude particular companies or whole sectors from the investable universe

Assess

Considering the valuation implications of ESG risks and opportunities alongside traditional factors in the investment process

Amplify

Focusing on 'better' companies based on environmental, social and governance characteristics

Note: Investment strategies' ESG integration approaches may evolve over time.

Avoid

NB Private Markets Seeks to Avoid Companies with Adverse Sustainability Potential

NB Private Markets assesses company sustainability potential and seeks to avoid significant adverse outcomes

- Seek to avoid significantly adverse social and environmental outcomes to people and the planet
  - NB Private Markets seeks to avoid: companies which do not uphold human rights, controversial weapons, tobacco, civilian firearms, private prisons, fossil fuels[1]
  - Seek to avoid companies with known controversies related to human rights or serious damage to the environment; including as outlined by the United Nations Global Compact (UNGC) and OECD Guidelines for Multinational Enterprises

UN GLOBAL COMPACT

Universal principles on human rights, labour, environment and anti-corruption, and to taking actions that advance societal goals

OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

Principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards

1 –See detailed Responsible Investment Policy for definitions of exclusions

Assess

NB Private Markets Considers ESG Factors as a Standard Part of the Investment Process

ESG integration helps identify both risks and opportunities to drive value and better investment outcomes

ESG Philosophy

NB Private Markets integrates ESG considerations throughout the investment process which can lead to more consistent and better investment outcomes, by helping to identify both material risks and opportunities to drive value.

NB Private Markets is **focused on long-term partnerships** and engages with partners to promote ESG integration best practices

Oversight and Responsibility

- Deal teams are responsible for ESG analysis and the Investment Committee evaluates ESG considerations as a part of overall investment evaluation
- NB Private Markets leverages the broader firm's ESG capabilities and resources, including: firm ESG policy and climate strategy, proprietary ESG ratings and data analytics

Due Diligence and Selection

- ESG analysis is a part of every investment due diligence and is included in all IC memos
- Direct investments are focused on assessing industry-specific material ESG factors, alongside the ESG integration of the lead GP

Monitoring and Ownership

- Investments are monitored for ESG violations and risks
- NB Private Markets engages with GP partners to share ESG best practices and plays an active leadership role in ESG-related industry collaborations

A+ UN-backed PRI Assessment of ESG Integration Efforts for 2020

Manager Assessment Report

This material is intended as a broad overview of the portfolio managers' style, philosophy and process and is subject to change without notice. ESG ratings for equities and fixed income are the Central Research Analysts' view of the environmental, social and governance characteristics of a company on material factors relative to the peer group. The summary output of the material factors evaluated by the Central Research Analysts are summarised as a proprietary resource available to the firm. ESG ratings developed for public securities are not directly applied to private markets. Subject to Neuberger Berman's policies and procedures, including certain information barriers within Neuberger Berman that are designed to prevent the misuse by Neuberger Berman and its personnel of material information regarding issuers of securities that has not been publicly disseminated.

NB Private Markets' Proprietary 'Materiality Matrix' Enhances ESG Analysis

Apply sector experts' forward-looking views on financially material sustainability factors

	ENVIRONMENTAL		SOCIAL		WORKFORCE		SUPPLY CHAIN		LEADERSHIP AND GOVERNANCE	
FACTOR	Emissions	Water Management	Data Privacy & Security	Pricing Transparency	Health and Safety	Human Capital Development	Product Safety & Integrity	Materials Sourcing	Innovation	Policy & Regulation Risk
Consumer Goods	■	■	■				■	■		
Extractives/Minerals	■	■			■					
Financials			■			■	■		■	■
Food & Beverage	■	■	■		■		■	■		
Health Care	■		■	■		■	■		■	
Infrastructure	■	■	■	■	■	■	■			■

Represents a subset of factors for illustrative purposes only.

Legend

Likely to be Material
Unlikely to be Material

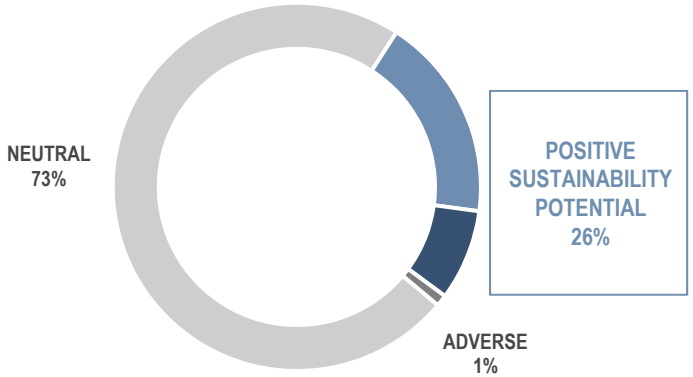
Source: Neuberger Berman Materiality Matrix, As of May 12, 2020. Materiality Matrix is as of the date indicated and subject to change without notice. For illustrative and discussion purposes only.
This material is intended as a broad overview of the portfolio managers' style, philosophy and process and is subject to change without notice. ESG ratings for equities and fixed income are the Central Research Analysts' view of the environmental, social and governance characteristics of a company on material factors relative to the peer group. The summary output of the material factors evaluated by the Central Research Analysts are summarised as a proprietary resource available to the firm. ESG ratings developed for public securities are not directly applied to private markets. Subject to Neuberger Berman's policies and procedures, including certain information barriers within Neuberger Berman that are designed to prevent the misuse by Neuberger Berman and its personnel of material information regarding issuers of securities that has not been publicly disseminated..

Amplify

NBPE Portfolio Through a Sustainability Lens

99% of NBPE's portfolio does not have significant adverse sustainability potential and 26% of the portfolio[1] is deemed to have an overall positive sustainability potential or have an overall positive benefit to people or the environment[2]

Current NBPE Portfolio by Overall Sustainability Potential



ESG ASSESSMENT BY NB PRIVATE MARKETS

−	○	+	++
Companies that contribute to significant adverse outcomes for people or the environment	Companies that have a mixed or unknown benefit to people or the environment	Companies that have an overall positive benefit to people or the environment	Companies that contribute to solutions to pressing social or environmental challenges
Example	• *Oil and gas exploration company*	• *Consumer retailer*	• *Healthcare services*	• *Recycling management company*

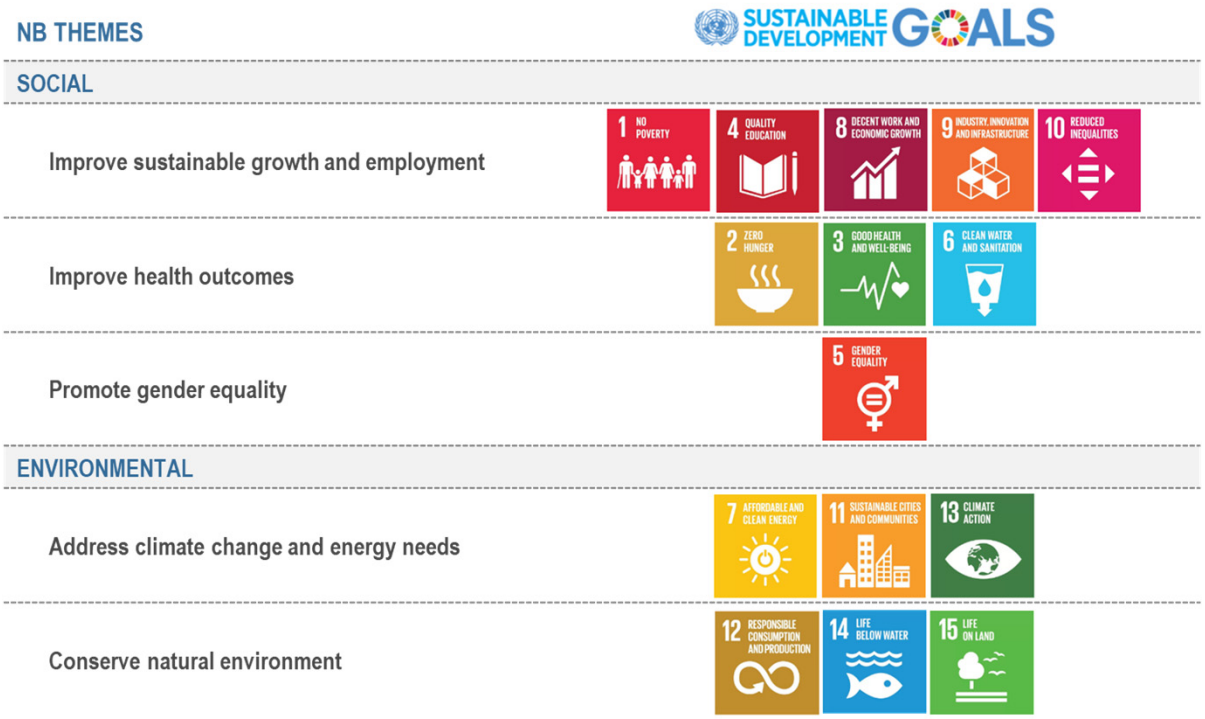
1. Based on direct investment portfolio fair value as of 31 July 2020; analysis excludes third party funds (which are past their investment period but which may call capital for reserves or follow-ons) and funds that are not deemed ESG integrated by the Manager. In aggregate these exclusions represent approximately 2.7% of fair value.
2. See appendix for a description of sustainability potential.

Amplify

How NB Private Markets Defines Positive Sustainability Potential

As a value-add to its fundamental due diligence, NB Private Markets seeks to assess company sustainability potential as further evidence of a company's ability to deliver long-term value

- Although NBPE does not specifically focus on Impact Investing, NB Private Markets believes that Positive Sustainability Potential can be an important driver of returns in its investments. This may not be present in every investment, but is viewed as an investment merit where relevant
- NB Private Markets can identify portfolio companies deemed to have an overall positive potential benefit to people and the environment, including contributing solutions to pressing sustainability challenges[1]
- United Nations Sustainable Development Goals (SDGs)[2] provide a common set of social and environmental outcomes that governments, non-profits, companies and investors can work together to achieve. NB Private Markets applies this common framework combined with other impact dimensions (e.g. depth, scale, and who is affected and relative level of need) to identify sustainability solutions



1 – In addition to fundamental analysis conducted by NBPE Manager. Based on proprietary methodology consistent with industry norms. 2- United Nations. 3- The Impact Management Project.

Amplify

NBPE Portfolio Company Examples

Portfolio companies deliver a range of positive sustainability potential

	GFL environmental	FV HOSPITAL	aldevron
	Environmental services at scale (NYSE: GFL)	**A leading hospital in South Vietnam**	**Manufacturer of plasmid DNA, a critical raw material input used in gene therapy**
Relevant SDGs	12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse; 12.4: Achieve environmentally sound management of chemicals and waste throughout their life cycle, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment; 11.6: Reduce the adverse per capita environmental impact of cities, including air quality and municipal and other waste management	3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
	• Overall, the Company's core business contributes to the sound management of chemicals and waste and reduces their release to air, water and soil – though to varying degrees depending on the business segment • The Company manages recycling and composting facilities, including 11 organic waste processing facilities that help promote a circular economy	• Hospital offering diverse range of services – primary care, emergency, oncology, pediatrics, gastroenterology and hepatology, etc. Support services also include laboratory and blood bank, imaging, physiotherapy and rehab. • First and only Joint Commission International accredited hospital in South Vietnam • The public healthcare sector overburdened, and hospital offers a private solution to emerging consumers in urban area	• Millions of people globally are living with incurable rare disorders. Gene therapies treat genetic diseases by "repairing" patient genes • The gene therapy market is highly concentrated in a few therapeutic areas – Hemophilia A, B, and Duchenne Muscular Dystrophy (DMD) accounted for ~54% of the 2019 DNA plasmid market. However, the market for gene therapy is growing rapidly: in 2019, there were 4 approved by the FDA and 1,000+ in development • The Company has been involved in COVID-19 vaccine development

Note: This material is intended as a broad overview of the portfolio managers' style, philosophy and investment process and is subject to change without notice.

Appendix

Appendix – *NBPE Exclusions*

When implementing NBPE's published investment policy, the Manager will endeavour to not invest in companies which are engaged in or meet any of the following activities or criteria, as defined herein:

Human Rights. The Manager expects corporations to uphold fundamental responsibilities as defined by the United Nations Global Compact (UNGC) in regards to human rights, labour, the environment and anti-corruption. The Manager monitors compliance with the UNGC as a part of our ESG monitoring activities

Sanction-related Exclusions. Neuberger Berman Group LLC ("NBG") and its affiliates are committed to complying with all applicable economic sanctions, including those issued by the United States through the Office of Foreign Assets Control (OFAC), European Union, United Nations Security Council and Her Majesty's Treasury (U.K.). In order to ensure compliance, among other things, Neuberger Berman performs ongoing sanctions screening and restricts transactions with sanctions targets at the firm level.

Controversial Weapons. The Manager is committed to supporting and upholding conventions that seek to ban the production of controversial weapons. As a result, the Manager seeks to avoid investing in companies that the Manager believes are involved in the manufacture of controversial weapons.

The Manager defines involvement in the manufacture of controversial weapons as either being responsible for end manufacture and assembly of controversial weapons, or being responsible for the manufacture of intended use components for controversial weapons. The Manager does not include dual-use component manufacturers or delivery platform manufacturers. The Manager defines controversial weapons as:

- **Biological and chemical weapons.** Weapons outlawed by the Biological and Toxin Weapons Convention of 1972 and the Chemical Weapons Convention of 1993.
- **Anti-personnel mines.** Weapons that signatories agreed to prohibit the use, stockpiling, production or transfer of under the 1997 Anti-personnel Landmines Convention.1 The convention was concluded in Oslo on September 18, 1997 and entered into force on March 1, 1999, six months after it was ratified by 40 states. Today, the treaty is still open for ratification by signatories and for accession by those that did not sign before March 1999. The Convention does not address the issue of financial support for companies that manufacture such weapons.
- **Cluster munitions.** Weapons that signatories agreed to restrict the manufacture, use and stockpiling of, as well as components of these weapons, under the 2008 Convention on Cluster Munitions. The Convention was agreed in Dublin, Ireland on May 30, 2008 and entered into force on August 1, 2010, six months after it was ratified by 30 states. Today, the treaty is still open for ratification by signatories and for accession by those that did not sign before August 2000. The implications for financial support of companies that manufacture cluster munitions is left unclear in the Convention. As a result, signatory states and the institutions based on them have taken a range of approaches to the question of prohibiting or allowing investments in cluster munitions producers: some prohibit all investments, some prohibit only direct investments and some have not yet banned investments.
- **Depleted uranium weapons.** Companies involved in the production of depleted uranium (DU) weapons, ammunition and armor.

Where more than 10% of current or planned revenues are derived from:

- **Tobacco** – the production, distribution, marketing or trade in tobacco or tobacco products.
- **Civilian Firearms** – the production of civilian firearms.
- **Private Prisons** - the ownership, operation, marketing or management of private prisons

Fossil Fuels. The Manager believes a sustainable portfolio minimises or neutralises the exposure to certain pieces of the fossil fuel value chain owing to the varied contribution to climate and environmental risk.

- **Coal and oil & gas supply.** The Manager seeks to avoid investment in coal and oil and gas producers, including thermal coal and oil sands.
- **Electricity generation.** For companies where power generation makes up more than 10% of revenue, the Manager believes a sustainable portfolio should only invest in generation owners that are aligned with a lower carbon emissions economy. The Manager therefore prohibits investment in generators where:
  - **Thermal coal.** No more than 30% of current or planned MWh generation derived from thermal coal.
  - **Liquid fuels (oil).** No more than 30% of current or planned MWh generation derived from liquid fuels (oil).

As of August 2020.

Appendix – *Sustainability Potential of Investments*

Sustainability Potential of Investments. Companies may have a range of effects on employees, the community, and the environment through their operations and products and services. The Manager believes that companies that exhibit leadership in managing material environmental, social, and governance considerations, are also often more resilient, competitively positioned, and exhibit lower risk profiles. Furthermore, companies that contribute positively to solutions addressing sustainability challenges are by their nature, essential. These business models may benefit from macroeconomic and demographic trends while also contributing meaningfully to addressing global social and environmental challenges, such as outlined by the United Nations Sustainable Development Goals ("UN SDGs"). Sustainable companies, by their nature, seek to manage risks, not only related to adverse social outcomes, but also ones that might harm their license to operate.

The Investment Manager defines sustainability potential as:

- Adverse sustainability potential as companies whose operations or products/services contribute to significant adverse outcomes for people or the environment, such as outlined by the United Nations Global Compact ("UNGC"), United Nations Guiding Principles ("UNGP"), and OECD Guidelines for Multinational Enterprises ("OECD Guidelines");
- Positive sustainability potential as companies that have an overall positive benefit to people or the environment, such as outlined by the UNGC, UNGP, OECD Guidelines for Multinational Enterprises;
- Significantly positive sustainability potential as companies whose products or services offer solutions to long-term sustainability challenges such as outlined by the UN SDGs.

The Investment Manager strives to identify and invest in companies that are deemed to have positive sustainability potential while avoiding exposure to companies that have known ESG-related controversies or business models deemed to have adverse sustainability potential as defined by the Exclusions outlined herein.

As of August 2020.

Disclaimers

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