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POLICY ON RESPONSIBLE INVESTMENT & SUSTAINABILITY RISK INTEGRATION

PURPOSE

1. The purpose of this Responsible Investment & Sustainability risk integration policy (hereinafter the "**Policy**") is to define the approach of UAB "INVL Asset Management" (hereinafter the "**Management Company**" or "**we**") to integrating the consideration of sustainability risks related to value creation opportunities into investments decisions. This Policy acts as the basis for how our own assets under management and assets under management should be managed consistently with our responsible business objectives and relevant laws and governance standards.

2. We aim to incorporate a responsible investment approach and contribute broadly to societal wellbeing and sustainable development through ESG integration, active ownership, exclusions, and our commitment to the Principles for Responsible Investment (hereinafter the "**PRI**").

SCOPE

3. The Management Company manages different types of assets (such as equity, fixed-income, money market and cash equivalents, alternative investments) through AIF funds (hereinafter the "**Fund(s)**")and own book investments . The integration of addressing sustainability risk in the decisions making process for a particular Fund depends on the type of assets, strategy, term of investment. Recommendations of this Policy apply across all existing business segments and across all major asset classes. The particular Fund may implement additional mechanisms and instructions to further identify, manage and mitigate ESG risks.

4. Members of the Investment Committees and Fund managers (hereinafter the "**Investment Team**"), responsible for the management of particular Fund, with assistance from the employees of the Management Company, are responsible for implementing the Policy in investment decision-making process, executing the investment strategy of the respective Fund and managing other procedures related to investments made by the Investment Team.

5. The Management Company has formally submitted a Principle Adverse Impact (PAI) assessment, which is publicly available on its website (www.invl.com). The Management Company provides sustainability-related disclosures as set out in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

DEFINITIONS

6. **Sustainability risk** - an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment (as specified in sectoral legislation, in European Union Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2013/36/EU,

2014/65/EU, (EU) 2016/97, (EU) 2016/2341, or delegated acts and regulatory technical standards adopted pursuant to them).

7. **ESG** – represents the environmental, social and governance factors under which investors can assess and evaluate investment on how advanced it is with sustainability. ESG includes the following points:

7.1. **Environmental factors** – factors pertaining to the natural world. These include the use of, and interaction with, renewable and non-renewable resources (e.g., water, minerals, ecosystems, biodiversity);

7.2. **Social factors** – factors that affect the lives of humans. It includes the management of human capital, animals, local communities, and clients;

7.3. **Governance factors** – factors that involve issues tied to countries and/or jurisdictions or are common practice in an industry, as well as the interest of a broader stakeholder group.

GENERAL PROVISIONS

8. The Management Company ensures that sustainability risk is integrated into relevant documents and communicated to: (i) all departments of the Management Company through periodic training and during the preparation of other internal policies; (ii) the Management Board of the Management Company, when presenting the documentation for the establishment of a new Fund; (iii) investors by providing them with the documentation for the establishment of the new Fund; and (iv) the public, as sustainability information about the Management Company’s and managed Funds is made available on the our website.

9. When assessing sustainability risk, the Management Company ensures that the evaluation is conducted by individuals with the necessary competence, knowledge, and experience, and that there are enough such individuals to properly assess Sustainability risk. This approach ensures a high level of diligence and care in evaluating sustainability risk related to investments.

10. The Policy has been prepared in accordance with European Parliament and of the Council (EU) 2019/2088, (EU) 2020/852, (EU) 2022/1288, the Law on Markets in Financial Instruments of the Republic of Lithuania, the Law on Collective Investment Undertakings of the Republic of Lithuania, other delegated acts and regulatory technical standards adopted pursuant to them and other legal acts.

IDENTIFICATION OF SUSTAINABILITY RISK

11. There are different sources of sustainability risk that may impact the investment case. Not all risks may be relevant to all investments. Sources of sustainability risk include, but are not limited to:

11.1. **Physical and transition risks to the investment.** Physical risks are a subcategory of climate risks. Physical risks are typically classified into:

11.1.1. **Acute risk:** short -term, extreme weather events, for example, heat waves and storms, and

11.1.2. **Chronic** risks: long-term changes in climate variables, such as temperature, precipitation, and sea levels.

11.2. **Failure** to adequately manage physical climate risks may result in consequences such as the destruction or damage of facilities, the disruption or failure of supply chains and logistics, and potential changes in demand for products and services.

11.3. **Transition** risks arise from environmental or social factors such as changes in consumer habits or technologies advancements towards a less polluting and greener economy. Inadequate management of transition risks may lead to consequences such as the impairment of defunct or outdated assets or reserves, the loss of customers, and the need for significant capital expenditure.

11.4. **Reputational risk to investment.** Reputational risks may arise from various reasons such as inadequate control, excessive risk-taking, and lack of due diligence. In an investee entity violating sustainability norms or failing to manage its sustainability risks effectively, it may suffer reputational damage. Consequences of reputational damage include but are not limited to: (i) loss of customers, (ii) loss of or degradation of supplier relationships, and (iii) withdrawal of funding.

11.5. **Regulatory risk to investment.** Regulatory risks may arise due to voluntary or involuntary violation of the law. If an investee entity violates a sustainability norm or fails to adequately manage its sustainability risks, it may suffer regulatory consequences. Regulatory consequences include, but are not limited to, monetary fines, the removal of licenses to operate, increased supervision or reporting burdens.

PROCESSESS FOR INTEGRATION OF SUSTAINABILITY RISKS

12. Each Investment Team systematically integrates Sustainability risk consideration into its investment process. Procedural implementation varies depending on asset class, geography and investment strategy. Below is an overview of the approach across different Investment Teams or (where appropriate) investment strategies:

12.1. **Listed equity and fixed income.** The Investment Teams integrate Sustainability risks into investment decisions for listed equity and fixed income strategies at least one (or more) of 3 (three) main ways: first, Sustainability risk is considered as part of macro-economic analysis. Second, Sustainability risk-related scenarios are included in risk analysis. Third, Sustainability risk is considered in selecting implementation approaches for investment ideas.

12.2. **Private equity and private debt.** The Investment Teams integrate Sustainability risks into investment decisions for private equity and private debt strategies through assessment during the pre-investment phase. To evaluate the sustainability risk indicators and factors considered to be material to a given investment (prioritizing as deemed relevant and applicable given the particularities of the Portfolio Company itself and the industry it operates in). The Investment Teams considers the sustainability assessment together with other material factors in the context of the specific assets and investment strategy.

12.3. **Infrastructure, Property and Real Assets.** The Investment Teams integrate Sustainability risks into investment decisions on real assets through a multi-step process which starts with the identification of Sustainability risk indicators and factors considered to be material to a given investment, in the context of the relevant investment objective. The Investment Teams considers the sustainability assessment together with other material factors in the context of the specific assets and investment strategy.

12.4. **Fund of funds.** As limited partners (when our Fund invests in other master funds, as limited partners), Sustainability risks are considered in the investment process through both macroeconomic asset-class analysis and manager analysis. The top-down (asset allocation) investment process considers sustainability risks associated with economic views and the bottom-up (manager selection) component considers the managers' approach to sustainability risk in their investment process.

RESPONSIBLE INVESTMENT PRINCIPLES AND SUSTAINABILITY RISKS MANAGEMENT METHODS

13. As a signatory of the PRI initiative, which aims to integrate ESG consideration into the investment decision-making and ownership practices, the Management Company is committed to the fulfillment of the following 6 (six) principles:

13.1. to incorporate ESG issues into investment analysis and decision-making processes;

13.2. to be active owners and incorporate ESG issues into Management Companies ownership policies and practices;

13.3. to seek appropriate disclosure on ESG issues by the entities in which the Funds invests;

13.4. to promote acceptance and implementation of the principles within the investment industry;

13.5. to work together to enhance effectiveness in implementing the principles;

13.6. to report on activities and progress towards implementing the principles.

14. **Implementation Methods.** The Management Company sustainability work embraces several perspectives and methods which together create value for our beneficiaries, but also for society at large. Management Company applies 3 (three) methods for managing Sustainability risk and integrating these risks into investment decisions. The application of these methods may vary depending on asset class, fund strategy, term etc.

14.1. **Integration.** The Management Company complements traditional fundamental analysis with ESG consideration. In carrying out its activities, each investment decision maker shall evaluate the investment decisions based on requirements of compliance with the investment decision with ESG or sustainability criteria. Various methods could be applied, including but not limited to, fundamental or quantitative sustainability analyses, investments in sustainable financial instruments, climate optimization, optimization towards the UN SDG.

14.2. **Engagement.** The Management Company encourages stakeholder partnership and engagement opportunities that support ESG management in its investment management activities. We consider stakeholder engagement as a change process where investors seek to improve investment objective practices with a specific aim in mind. This can be conducted in a variety of ways but mostly it is based around long-term and constructive dialogue. In particular, the objective of engagement activities is to influence investment in which the Management Company invests in, in order to improve their management of sustainability issues, reduce long-term risks and improve long-term financial performance of investment portfolios.

14.3. **Negative screening.** The negative screening method is used to avoid investing in activities or sectors that pose significant reputational, regulatory, or financial risks. The Management Company's negative screening criteria are based on significant harm to the environment or society. In order to reflect the nature of the Management Company, we base our negative screening on lists of prohibited and restricted investments. Economic activities or sectors included in the list of prohibited investments are prohibited in all cases, while economic activities or sectors on the restricted investment list are considered riskier because they require significant changes to align them with a climate-neutral economy or eliminate negative impacts on society.

14.4. The lists of prohibited or restricted investments for individual financial products may be broader or overlap, depending on the investment strategy of the financial product or the conditions of clients or investors. In the event of any inconsistency between the negative screening criteria or procedures of the Management Company and those of a specific financial product, the latter shall prevail.

14.5. These lists are primarily intended for financial products created and actively managed by the Management Company itself, but the Management Company seeks to fully integrate negative screening criteria into passively managed products as well. The guidelines do not apply where, at the time of the investment, information about the prohibited or restricted nature of the investment was not known or only became known or apparent after the investment was made (e.g., in the case of index funds). In cases where such investments are included in the portfolio, the Management Company will seek to minimize undesirable impacts as far as possible through active engagement, involvement, risk monitoring, or other appropriate measures.

14.5.1. **Prohibited investments**. These are economic activities or sectors that are particularly harmful to society and which the Management Company seeks to avoid entirely in its financial products. The following are considered prohibited economic activities or sectors:

14.5.1.1. Production of tobacco products;

14.5.1.2. Manufacture, repair, or trade in weapons of mass destruction;

14.5.1.3. Gambling activities (including online gambling and casinos);

14.5.1.4. Activities related to the creation or distribution of pornographic works;

14.5.1.5. Companies that deliberately and systematically violate the principles of the United Nations Global Compact (UNGC) or the recommendations of the Organization for Economic Co-operation and Development (OECD) for multinational companies.

14.5.2. **Restricted investments**. These are economic activities or sectors that are characterized by increased sustainability risks. Such activities are not automatically excluded from investment opportunities, but before a decision to invest is made, depending on the size and duration of the investment, an additional assessment is carried out, covering the ability of the potential investment object, taking into account the investment period and objectives, to reduce sustainability risks to an acceptable level, or other reasons that may justify the investment are assessed. The decision to invest is made by the Investment Committee based on the conclusion of the sustainability risk assessment. Once a decision has been made to invest in an economic activity included in the list of restricted investments, the monitoring of the sustainability risks and progress of the investment is included in the annual review of the financial product's performance. The following are considered restricted economic activities or sectors:

14.5.2.1. Energy sectors with particularly high carbon intensity (i.e., 250 grams of CO2e per kWh of electricity);

14.5.2.2. Extraction or processing of fossil fuels and peat;

14.6. The lists of prohibited and restricted investments shall be reviewed at least once a year, as well as when there are significant changes in regulatory or market conditions.

PRINCIPLES OF SUSTAINABILITY

15. While the Management company strives to integrate environmental and social principles into our investment decision-making procedures, it acknowledges that achieving a positive impact is not always feasible. Certain Funds, due to their specific investment strategies or acquired ownership structures, may not align perfectly with our ESG principles. Despite this, the Management Company remains dedicated to making its best efforts to enhance sustainability outcomes and mitigate risks where possible.

16. **Environmental Principles.** The Management Company acknowledges the importance of taking action to address the physical and transition risks of climate change, resource depletion and biodiversity loss, and recognizes its potential to have a severe negative impact on humans, ecosystems and the global economy. The Management Company aims to support the Funds' investments to be on track pursuing environmental goals through various means, where applicable:

16.1. assessing the risk of climate change, including physical climate risks;

16.2. avoiding or minimizing adverse impacts on biodiversity when material to business operations;

16.3. promoting environmentally resilient and regenerative value creation initiatives, focusing on decarbonization, energy efficiency and circularity;

16.4. limiting the discharge of harmful substances and waste.

17. **Social Principles.** The Management Company recognizes the potential impact that organizations, their products and services, as well as the built environment can have on people, local communities, and society. Funds' investments put the best effort to engage in positive ways with each of their key stakeholders through, where applicable:

17.1. promoting diversity, equity and inclusion and having zero tolerance against any type of discrimination and harassment;

17.2. addressing customers' interest, including customer health and safety, data security and customer privacy and responsible marketing practices;

17.3. supporting tenant and resident health, wellbeing in real estate management;

17.4. improving employees' health and safety, such as minimizing work-related injuries and fatalities, and well-being, such as increased employee resilience and engagement;

17.5. aligning to international standards on human rights throughout activities, operations, and stakeholder relationships internally and externally. This includes respecting employees' and contractors' rights to decent working conditions, including minimum wages, working hours, health and safety and the right to collective bargaining, in accordance with local regulations.

18. **Governance Principles.** The Management Company believes in adopting accountable leadership principles throughout its decision-making and investment process. The Management Company adheres to and instills sustainability governance models for Funds' investments, adjusted to the specific governance position, which provides a solid foundation for developing and embedding ESG goals, monitoring, and assessing performance. The Management Company aims for such governance models to include where applicable:

18.1. having a defined corporate governance structure with clear responsibilities and procedures and appropriate internal control mechanisms;

18.2. setting action plans on material sustainability aspects, and sustainability related policies;

18.3. maintaining a high level of business ethics in all types of transactions and interactions and preventing corruption, including no acceptance or offer, under any circumstances, of bribes to or from any person or entity in relation to their business and fair competition practices;

18.4. complying with applicable and relevant laws and regulations, in markets where portfolio companies operate, or real assets are operated;

18.5. conducting financial and non-financial reporting in an accurate and transparent manner, including tax matters.

CONFLICTS OF INTEREST

19. The Management Company analyzes potential conflict of interest and takes additional measures in case it is concluded that a (potential) conflict of interest is not being managed effectively. The Company's Conflict of Interest policy includes and takes into account any conflicts of interest that may arise as a result of the integration of sustainability risks in our processes and internal controls. The

latest and most current version of the Conflict-of-interest policy is published on the website www.invl.com.

MONITORING AND REPORTING

20. Various methods and periodicity are used to monitor and control Sustainability risks. Funds may implement mechanisms on monitoring based on the integration level of this Policy.

21. We produces reports for our clients and other stakeholders. The Management Company will publish this Policy and make a submission to the annual PRI reporting cycle. The current version of the Policy is published on the Company's website: www.invl.com

22. The Management Company regularly (but no less than once per year) conducts Sustainability risk assessments and updates this Policy if there is a need.

FINAL PROVISIONS

23. It is important to note that ESG factors are an input into our investment process, not an objective. Our objective remains to make financial judgments on the risk and rewards of investments.

24. To ensure transparency in the integration of Sustainability risk, the Management Company provides more detailed information to investors before they decide to invest, together with the Fund's constitutive documents, which also contain information on sustainability.

25. This Policy has been adopted, and the possible future changes should be approved by the Management Board of the Management Company.