



# Responsible Investment Policy

|| Charlesbank ||

## Overview

Charlesbank Capital Partners, LLC (“Charlesbank” or “we”) is committed to the consideration of material responsible investment (“RI”) issues throughout our investment processes consistent with and subject to any applicable fiduciary, legal or contractual obligations. Delivering strong returns to our investors is central to our mission, and we pride ourselves on doing so in a careful and thoughtful manner. Charlesbank believes that the consideration of material RI issues is important to good business practices. Furthermore, we recognize that effective RI management can mitigate risk and unlock opportunities for value creation across our investment portfolio. Our RI approach is applied across all investment strategies, including private equity and private credit, and is calibrated based on the nature of our position, degree of control and the material risks relevant to each investment.

This RI Policy articulates our approach to incorporating material RI considerations throughout the investment lifecycle at Charlesbank. We recognize that RI strategies and the approach to managing related issues will continue to evolve over time. To that end, we will periodically review this policy to incorporate prudent changes.

For the purposes of this RI Policy, “material” RI issues are defined as those RI issues that Charlesbank determines have or potentially have a significant impact on an organization’s going forward ability to create, preserve or erode economic value for that organization and its Investors.

## Scope and Limitations

This RI Policy is intended to reflect Charlesbank’s general framework for managing RI considerations through the lifecycle of an investment for control and co-control investments. For minority and credit investments and other types of investments where Charlesbank determines it has limited ability to conduct diligence or to influence and control the consideration of RI issues, Charlesbank strives to apply the principles of this RI Policy to the extent practicable, taking into account relevant factors including, among other things, our role in the investment, perceived sector risk, investment size and expected hold period.

## Responsibility

As good stewards of investor capital, we seek to integrate responsible investing across the portfolio and throughout the investment lifecycle. For us this means:

- Identifying and mitigating risks to support investment performance
- Unlocking opportunities inherent to a business’s core equity value creation plan
- Identifying and managing material risks in private credit investments to support credit quality, downside protection and long-term value preservation

Charlesbank seeks to evaluate the operations and performance of our portfolio companies with respect to key impacts on employees, communities and the environment. The investment team for each of our investment strategies, respectively, along with senior members of the operations, investor relations and portfolio resources

teams, generally convenes weekly to review the strategy's existing portfolio, potential investments and topical subjects, as well as quarterly for more in-depth portfolio reviews. Should material RI issues arise for any of our strategies, they will typically be discussed in this forum. Material RI-related concerns may cause Charlesbank to discontinue pursuit of potential investments on behalf of its managed funds.

In addition, Charlesbank is committed to supporting RI management capacity and awareness amongst its investment professionals by:

- Providing all employees with this RI Policy
- Conducting periodic training on RI issues and how to effectively manage these issues throughout the investment process and hold period

## Pre-Investment Due Diligence

Charlesbank seeks to evaluate RI risk factors for investments across our range of asset types and industries. The depth of diligence is calibrated to the materiality of such risk factors. The investment team is ultimately responsible for evaluating available information on the material RI risks and opportunities of an investment target and its effect on the attractiveness of the investment opportunity. In practice, this is generally achieved by:

- Conducting an RI assessment to determine operational areas where there is the greatest likelihood, vulnerability and potential for material RI risks and opportunities on a per company basis
- Engaging external advisors or third parties, as necessary, to provide expertise in the risk assessment of acquisition targets' exposure to material RI risks and to identify relevant RI opportunities
- Incorporating material RI findings identified during diligence, if applicable, into Investment Committee materials and decisions on the allocation of investment capital and pricing of risk
- Categorically excluding from consideration any investment in a company that Charlesbank learns directly engages in child labor, forced labor, sex trade or human trafficking; supporting and upholding conventions that seek to ban the production of biological and chemical weapons (Biological and Toxin Weapons Convention of 1972 and Chemical Weapons Convention of 1993), the use, stockpiling, production or transfer of anti-personnel mines (1997 Antipersonnel Landmines Convention), and the manufacture, use and stockpiling of cluster munitions (2008 Convention on Cluster Munitions)
- Assessing sector-specific RI risks, taking into consideration the social effects upon vulnerable communities, if applicable, and the societal implications specific to certain industries, including performing enhanced RI due diligence in the unlikely event Charlesbank considers potential investments that primarily engage in Restricted Industries. "Restricted Industries" include: adult entertainment, animal testing, bail bonds, gambling, production and/or sale of illegal drugs, for-profit prison and related services, subprime consumer lending and alcohol, tobacco and firearms

## Responsible Investing Factors Considered During the Investment Lifecycle

Charlesbank generally considers material RI risks and opportunities that apply to the sector and geography of the investment. To that end, examples of material RI factors that may be incorporated into the investment evaluation and ongoing ownership period, as applicable, include:

- Environmental factors, such as the assessment of physical and transitional climate change risk to support portfolio companies' ability to access the necessary tools to combat adverse climate impacts across our various industries. Additional environmental elements are considered when they are material to a company's business, such as waste creation and air, land or water contamination
- Social elements, such as an industry-focused evaluation of a portfolio company's operational footprint to determine exposure to concerns such as labor law violations or exposure to modern slavery or human rights abuses
- Governance criteria, such as a review of prospective and current investments' policies and auditing mechanisms to uphold high standards of business integrity across data privacy and ethical business

practices, including compliance with applicable international regulations. When material, industry-specific governance considerations are also referenced, such as maintaining proper product safety practices and supply chain transparency

## Lifecycle Considerations Specific to Private Credit

The private credit team evaluates material RI considerations as part of its overall diligence and risk assessment. As an initial screen, the team applies Charlesbank's sector guidelines, including sector avoidance criteria, when determining whether to pursue a potential investment. For opportunities that proceed, the team utilizes a structured RI due diligence assessment tool to identify and evaluate material RI considerations relevant to the transaction. The credit team may also leverage relevant RI diligence conducted by Charlesbank's private equity team, where available and applicable, including prior internal analyses and third-party RI assessments from earlier transactions involving the same or related companies. Where appropriate, the team engages third-party advisors to further diligence specific RI matters or address identified risks or red flags.

Material RI findings are incorporated into Investment Committee discussions and may inform transaction structuring, pricing, covenant design or ongoing monitoring considerations. Post-investment, RI-related risks and developments are reviewed through regular portfolio monitoring and borrower engagement, consistent with our role and level of influence as a lender.

## Actions During Ownership Period of Control or Co-Control Portfolio Companies

Charlesbank seeks to engage with the management teams throughout our ownership period in an effort to continuously mitigate material RI risks and create value through RI opportunities. This process begins during pre-investment due diligence when we identify specific, actionable RI improvement areas, which are then integrated into the post-close strategic plan. In practice, this may be achieved by:

- Seeking to address or remediate material RI risks identified in diligence in a reasonable timeframe commensurate to their potential financial, reputational and other impacts by implementing a formal monitoring program
- Considering how to monitor key RI metrics by company and across the portfolio over time to support relevant reporting to our management teams and investors, as well as collecting annual RI metrics through an RI survey aligned to industry standards including the RI Data Convergence Initiative (EDCI)
- Connecting portfolio companies to internal and third-party RI resources (e.g., data providers, industry benchmarks) to support continuous improvement on RI issues (e.g., business ethics, data privacy and security, supply chain / sourcing, etc.) and enable operational advancement
- Empowering best-practice sharing among portfolio company management on best practices for RI-related matters, including creating best places to work, managing reputational matters and community relations
- Implementing governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest
  - Communicating portfolio-wide initiatives, operational best practices, and industry insights and trends with key stakeholders at portfolio companies through roundtables and webinars
  - Enhancing the visibility of relevant RI program updates or significant events in regular company communications (e.g., board meetings, annual reports), such as conducting formal board-level RI reviews

## Accountability and Transparency

With leadership from senior members of our investment, operations and investor relations staff, Charlesbank seeks to create accountability within our organization and transparency with our limited partners regarding our RI approach. Therefore, we are resolved to provide updates on our RI program through periodic reporting and communication internally and by disclosing this RI Policy to investors and prospective investors (as required and upon request). We also make information regarding our RI approach and related initiatives, including Workforce & Labor Engagement, available on our website.