

Responsible Investment Policy

March 2023

I Our Philosophy & Commitment

AlInvest seeks to be a leader and proponent of positive change and continuously works on building more impactful portfolios for investors. To be a leader in responsible investment (RI), we focus our efforts on our circle of influence to improve sustainability performance of our portfolios, be transparent with our investors and hold ourselves accountable as we progress.

RI is an integral part of the AlInvest culture. In 2008, AlInvest first hired a dedicated RI officer and developed its RI Standards which continue to guide us today. Since then, we have incorporated RI considerations in our investment processes, in our engagement efforts within the industry, and in our reporting to investors.

Over time, we have firmly embedded RI in the investment analysis and decision-making processes. Since 2009, all investment opportunities that AlInvest has considered have been subject to RI due diligence – including more than 930 total Primary Fund commitments, Secondary Investments and Co-Investment opportunities (as of September 30, 2022). This longstanding engagement and history on RI have helped inform a thoughtful and comprehensive understanding of the RI challenges and opportunities in the private equity segment.

We have been consistently revising and extending our RI activities, and we have commensurately invested in expanding our resources and expertise. This document outlines AlInvest's approach to RI integration, and our resourcing, scope, and investment application.

Over the years, we have strengthened our commitment to not only manage ESG risks within our investments, but also within our own firm.

As part of The Carlyle Group, we work to cultivate diverse and inclusive teams—with diverse perspectives, experiences, interests and cultural identities—who can examine ideas from every angle to generate competitive business insights and make better decisions. We are proud to rank above industry averages in the representation of women across levels and roles in our firm, and are committed to doing even more.

In 2018, AlInvest introduced a DEI Framework focused on increasing diversity, equity and inclusion within our own organization as well as promoting diversity as an investor. We also established a DEI taskforce, consisting of employees from various offices and departments, who help build and execute the DEI action plan and introduced a dedicated DEI component within our primary fund underwriting process. Please view additional details on Carlyle's DEI strategy and impact [here](#).

AlInvest is an active participant in various ESG events and organizations, aiming to stay at the forefront of emerging issues such as climate risk. In 2018, The Carlyle Group became the first major private equity firm to achieve carbon neutrality across its operations. In 2020, Carlyle performed its first climate scenario workshop exercise in order to better understand climate risks and opportunities and build climate resilience into our corporate strategy. We seek to continuously improve environmental stewardship within our firm, particularly in the areas of energy and materials use. We also encourage our employees to get involved where they live, work and invest through our volunteer and wealth sharing programs.

OUR RESPONSIBLE INVESTMENT STANDARDS

AlInvest:

- Integrates responsible investment (RI) considerations into the investment process
- Engages with private equity sponsors (GPs) and portfolio companies to promote improved RI performance and adoption of RI policies and reporting
- Works with peers and GPs in the private equity industry to implement this policy and to promote sustainability in general
- Communicates actively with investors and other stakeholders

1.1 Our commitment

AlInvest is committed to leading by example and leveraging our scale and breadth of relationships to increase adoption of Environmental, Social and Governance (“ESG”) and Impact initiatives throughout our industry.

We seek to promote transparency and a structured RI approach in private equity investment processes to facilitate the identification and consistent management of ESG risks, opportunities and sustainability outcomes as well as allow for comprehensive and insightful RI and impact reporting.

As sustainability-related regulations are evolving across the globe, AlInvest is committed to developing and maintaining internal policies and practices that align with the latest developments. Our disclosures as required under the EU’s Sustainable Finance Disclosure Regulation (SFDR) can be found on our [website](#).

1.2 Definition

Within AlInvest, RI covers both the consideration of ESG factors where they create business risks and opportunities as well as the consideration of sustainability outcomes.

AlInvest believes that ESG-related risks and opportunities can impact the performance of its investment portfolios and therefore should be given appropriate consideration in investment decision-making and portfolio management processes.

Further, we observe that a company’s operations, products and services have sustainability outcomes (positive and negative real-world impacts) that can be considered for certain investor portfolios.

2 Scope

This document applies to AlInvest’s primary fund investments, secondary investments, portfolio finance investments and co-investments. As there are specific differences across these strategies, AlInvest takes a bespoke approach to integrating RI for each strategy as further described below.

AlInvest complies with the relevant specific RI related regulations in relevant jurisdictions (e.g. the SFDR in the European Union). To comply with those specific RI related regulations, AlInvest has implemented additional specific RI related policies and disclosure requirements.

For the avoidance of doubt, this policy only applies to AlInvest and does not apply to any of the other investment strategies of The Carlyle Group. More information on Carlyle’s approaches can be found [here](#).

3 Governance & Resources

We believe it is important to have both dedicated in-house RI expertise, as well as broad-based responsibility for RI matters across our investment teams. AlInvest's dedicated RI team is led by a global Head of Responsible Investment who reports directly to the AlInvest Operating Committee ("OpCo"). The OpCo oversees the development and implementation of AlInvest's RI strategy and policy. The RI team also regularly reports to the AlInvest Partners Board.

AlInvest's dedicated RI team is tasked with the development and implementation of the RI strategy, including development of RI guidelines and ensuring the integration of such guidelines into the investment process.

The RI team works closely with the investment teams that complete RI due diligence for new investment opportunities, assess the portfolio for potential ESG issues and, alongside the RI team, engage with private equity fund managers (GPs) and portfolio companies on ESG. All new investment professionals receive on the job training, including the application of our RI approach in the relevant investment strategy. The RI team further supports the investment teams in case of specific questions, either on investment opportunities or more broadly.

AlInvest's Legal & Compliance team is responsible for monitoring all relevant legal and regulatory developments, including those related to ESG and sustainability. AlInvest also works with reputable national and international law firms in order to stay apprised of relevant developments. With regards to ESG and sustainability legislation and regulation, the Legal & Compliance team liaises closely with AlInvest's RI team.

AlInvest's Risk Management team is responsible for ensuring that proper risk controls are in place, and providing the relevant data and reporting in relation to ESG and sustainability related regulation.

4 Integration in the Investment Process

Responsible investment is an integral component of our investment process – from investment sourcing, through the investment decision making process and the portfolio management phase. It provides an additional lens to help us assess investment opportunities and identify opportunities for engagement in our portfolio.

To cater to our different private equity strategies, AlInvest has developed bespoke approaches for the incorporation of RI.

4.1 Investment decision making

We have developed strategy-specific RI due diligence processes and tools that assist the investment teams in assessing ESG factors in current and prospective investments. For example, for primary fund investments we will focus on the RI practices of the GP, whereas in co-investments we will be primarily focused on the ESG factors directly relevant to the target company. The results and conclusions of the RI due diligence are normally included in the final investment proposal that is presented to the AlInvest Investment Committee (IC). The IC is responsible for making all final investment decisions.

AlInvest considers materiality of ESG factors and impact upon the risk/return profile of an investment, both from a financial perspective as more broadly. AlInvest uses the UN Global Compact and SASB (Sustainability Accounting Standards Board) standards as reference frameworks and will also consider other ESG factors it believes to be materially relevant for an investment.

When AlInvest, based on its own assessment, identifies (material) ESG risks in a potential investment opportunity, it will seek to further investigate the situation and determine how to proceed. AlInvest seeks to weigh all relevant

investment risks, including ESG risks, holistically and carefully in relation to the return potential of the investment opportunity. In situations where AlInvest moves forward with the investment, AlInvest could decide to enhance ESG monitoring and/or to address the situation directly with the GP or management team.

We are committed, to driving continuous improvement in our approach and application of RI integration across our investment teams and strategies.

4.2 Portfolio monitoring

Our investments are reviewed on a regular basis by our investment professionals, monitoring both quantitative and qualitative performance. This includes monitoring for significant developments from a responsible investment perspective. We will engage on relevant RI topics with a GP and/or a company either directly or through our (observer) board position, where relevant.

AlInvest expects GPs and portfolio companies to respect the UN Global Compact principles in the fields of human rights, labor rights, the environment and anti-corruption. Should AlInvest become aware of any violations of the Global Compact or other RI incidents, it will seek to engage with the relevant GP or portfolio company with the goal of trying to resolve the issue in a satisfactory manner and, where relevant, undertake any other actions required to comply with applicable regulations and investor agreements. The RI team keeps a log of these incidents.

4.3 Investment restrictions

AlInvest seeks to avoid funds and portfolio companies that are directly involved in the manufacturing or distribution of products that are prohibited under laws of applicable jurisdictions, or that are likely to be prohibited under laws of other applicable jurisdictions within the foreseeable future.

Further, as part of our climate approach, we are committed to avoiding investments in thermal coal.

5 Communication and Disclosures

Transparency is core to our RI approach. AlInvest actively communicates with investors and other stakeholders on developments in our RI strategy across our investment approach.

Information on our RI efforts can be found on our website and in our publicly available annual RI Report. We provide regular RI updates to our investors, during investor meetings and in periodic investor reports, including a review of any relevant RI incidents.

Our RI communications also specifically address Diversity, Equity and Inclusion (DEI) and climate change, including a progress report aligned with the Task Force on Climate-related Financial Disclosure (TCFD).

5.1 ESG Data

We believe ESG data is a critical component to effectively integrate, improve, and monitor RI across our investments. This data is useful in communicating with our investors and broader stakeholders. We seek to collect ESG key performance indicators (“KPIs”) across our investments and engage with sponsors to obtain more comprehensive ESG data. Together with other leading global GPs and LPs, we initiated the ESG Data Convergence Initiative (EDCI) in 2021, and formed the first GP-LP partnership to align on a standardized set of ESG metrics and mechanisms for comparative reporting. The working group’s objective is to streamline the approach to collecting and reporting ESG data. More information on the EDCI can be found [here](#).

5.2 Regulatory disclosures

Sustainable Finance Disclosure Regulation (SFDR) disclosures are available on the AlInvest [website](#).

6 Industry engagement

We understand that we can achieve more if we work together. Our role as a leader and advocate within the broader PE community is critical to our RI efforts. We are proud to lead and contribute to initiatives that drive ESG progress in the private equity sector, and our efforts extend beyond our team to engagements with PE sponsors, institutional investors and portfolio companies.

AlInvest is actively involved with several private equity initiatives that focus on RI. We have been a signatory to the UN Principles for Responsible Investment (UN PRI) since 2009 and a member of Institutional Limited Partners Association (ILPA) since 2002. We are a founding signatory of the ESG Data Convergence Initiative and a member of Initiative Climat International (iCI) since 2022. Other ESG initiatives that we contribute to include those from Invest Europe, Hong Kong and Venture Capital Association (HKVCA), Dutch Private Equity and Venture Capital Association (NVP), and Level20.

Beyond our formal memberships, AlInvest is an active participant in the private equity RI community, speaking at industry events, providing educational sessions, and attending industry working groups. In the past, our team has presented on ESG and impact issues at Super Return Singapore, Super Return Berlin, PEI's Responsible Investor Forums, and various industry association events. We also conduct educational sessions for our investors and GPs on RI topics.

Our approach to responsible investment has continuously evolved since 2008. RI has proven to be a dynamic field, and we are committed to continue developing our practices to align with the changing expectations of our investors, regulators and other stakeholders. We view this as a living document intended to help guide our teams in integrating RI and advance our approach. This RI policy is reviewed at least annually by the RI team, and updated to reflect new developments.

THIS POLICY IS IN EFFECT AS OF MARCH 1, 2023.