

Purpose

As an active investment manager, Welkin believes that environmental, social and governance (“ESG”) factors can be important drivers of investment performance and recognizes that investing can be financially profitable while creating positive social impact. Welkin commits to be a responsible investor by considering ESG issues as part of its due diligence and portfolio management activities to the extent reasonably practicable, subject to the provisions of the legal documents governing its funds and its duty to maximize risk-adjusted investment returns for its fund investors. The policy recognizes the constraints of firm’s resources in relation to the size of the funds advised by it, the size of its funds’ portfolio companies, and the level of control Welkin has with respect to its funds’ portfolio companies. The policy is designed to implement a practical approach toward the firm’s ESG principles and responsible investment goals in this context.

In 2017, Welkin became a signatory to the globally recognized voluntary framework of the Principles for Responsible Investment (“PRI”). Welkin intends to use the PRI as a resource and guide in developing its responsible investment approach alongside the growth of its business. The firm will seek to continually update this policy as appropriate.

Scope

The policy governs all investments made by Welkin’s private equity funds and applies at all stages of the investment process. As Welkin is a growth equity investor, investments in portfolio companies made by Welkin’s private equity funds are typically in situations where they are minority shareholders. As such, Welkin’s ability to assess, set or monitor ESG-related goals and objectives at the portfolio company level is often limited; however, reasonable efforts will be made to encourage portfolio companies to consider relevant ESG-related principles and conform to the firm’s *ESG Investment Guidelines*.

Roles and Responsibilities

Welkin’s Executive Committee is responsible for implementation of this Policy and oversees ESG and responsible investment efforts across the firm. Welkin’s firm-wide Investment Committee, with the assistance of the Legal and Compliance and the Portfolio Operations teams, is responsible for ensuring that the consideration of ESG issues is integrated into investment activities by the investment team in accordance with the firm’s *ESG Approach in Growth Equity*. The investment team is responsible for considering ESG issues in their investment and portfolio management activities throughout the life of each investment. Where additional expertise is needed, the firm will utilize external resources as necessary.

Principles

Welkin has adopted the PRI’s six principles of responsible investment, as follows:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into its ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the principles.
- We will report on our activities and progress towards implementing the principles.

Goals

In connection with its investment activities, Welkin seeks to:

- Consider environmental, public health, safety and social issues when evaluating a potential investment into a target company, as well as during portfolio management and value creation activities.
- Be accessible to, and engage with, relevant stakeholders either directly or through representatives of portfolio companies, as appropriate.
- Grow and improve the companies in which Welkin invests for long-term sustainability, and work through appropriate governance structures (e.g. board of directors) with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimizing adverse impacts in these areas.
- Use governance structures that provide appropriate oversight in areas of risk management, conflicts of interest, compliance and audit, and to implement policies that encourage alignment of interests of owners and management.
- Remain committed to compliance with applicable national, provincial, and local labor laws, support the payment of competitive wages to employees, and support provision of safe and healthy workplaces in conformance to applicable laws and regulations.
- Encourage strict policies that prohibit bribery and other improper payments to public officials consistent with local laws, the U.S. Foreign Corrupt Practices Act and the OECD Anti-Bribery Convention.
- Respect the human rights of those affected by Welkin's investment activities and avoid investing into companies that utilize child or forced labor or maintain discriminatory policies.
- Provide timely information to Welkin fund investors on the matters addressed herein, and work to foster transparency about Welkin's activities.
- Encourage portfolio companies to advance these goals in a way that is consistent with their fiduciary duties.

Exclusion List

The Exclusion List defines the types of companies in which Welkin does not invest, which is comparable to the International Finance Corporation's Exclusion List. This does not apply to companies that are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to the primary operations of the target company.

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source to be trivial and/or adequately shielded.
- Production or trade in un-bonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length.