Miltenberg
Capital

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Sustainable Investment Policy (SIP)

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1. Our Approach

The Sustainable Investment Policy ("SIP") of Miltenberg Capital Ltd ("Miltenberg Capital" or "the Company") provides a responsible investing framework for assets and funds managed on behalf of our clients. Its purpose is to assist senior employees in effectively supervising and monitoring all investments made on behalf of our clients and inform clients and other stakeholders on the application of best practices in responsible investing at Miltenberg Capital. The investment team, which includes the Managing Partners and other senior employees of the Company, will focus on implementing and monitoring all investments made in accordance with the guidelines outlined in the SIP.

The SIP is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while at the same time setting forth reasonable risk and regulatory compliance control parameters to ensure prudence and care in the execution of investment programmes. The SIP is reviewed and approved by the Board of Directors of the Company on a regular basis.

As responsible investors, we consider part of our fiduciary duty to manage environmental, social and governance ("ESG") risks and opportunities when investing on behalf of our clients. We believe that by integrating ESG analysis into our investment process we will be able to deliver superior long-term performance through risk mitigation, identifying growth opportunities, and recognising the financial value of intangible assets, while striving to achieve positive outcomes for society and the environment.

1.1. United Nations Principles for Responsible Investment ("PRI")

Miltenberg Capital is a registered signatory of the PRI since May 2021. As a signatory, the Company has a fiduciary duty to act in the best long-term interests of beneficiaries. In this fiduciary role, we believe that ESG issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time). ESG describes the three primary areas of concern that have developed as the central factors in measuring the sustainability and ethical impact of an investment in a company or business. These three areas cover a broad set of concerns that are increasingly being included among the non-financial factors that feature in the valuation of equity and debt securities. Our SIP also addresses ESG issues pertaining to proprietary investments made by the Company. Its main objective is however to serve as a guide for the investment team on the purpose, objectives, and action plan for implementing adequate ESG measures in portfolio companies.

As a signatory to the PRI, Miltenberg Capital has a commitment to align its investment practices with following six Principles for Responsible Investment:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

We recognise that applying the six Principles for Responsible Investment may better align investors with broader objectives of society.

1.2. Compliance with Industry Standards

We define our ESG research process through the evaluation of a company's purpose and responsibility. For us, purpose refers to the impact that the company expects from goods and services sold, while responsibility refers to how a company manages its ESG risks in achieving its purpose. Our approach to integrate ESG into our investment process can be divided into four steps:

1. **Avoid** – We avoid companies that conflict with our principles and values. Due to their activity, standards, or behaviour, we exclude them from our investment universe. We choose to only invest in companies with sustainable business models that exhibit long-term growth prospects.
2. **Analyse** – We analyse ESG practices of companies alongside conventional financial issues. Our proprietary ESG research process helps us to assess the impact of a company's business on the world – and the world's impact on its business – to capture as many risks and opportunities as possible.
3. **Engage** – We engage with portfolio companies on ESG-related issues. This includes exercising voting rights, helping to instil best practices, clarifying our views, or holding senior management accountable when issues arise.
4. **Communicate** – We communicate our actions and achievements with our clients. We provide full transparency related to ESG issues primarily through our website, where we publish fund documentation, reports, policies, and insights from our experts.

As active managers, we conduct bottom-up analysis for all our portfolio companies. We identify the structural levers of sustainable growth and how well a company is positioned to take advantage of opportunities the sustainable transition presents. This approach helps us to focus our investments on opportunities that deliver positive outcomes for society and the environment.

When integrating ESG into this process, our approach is in line with the Principles for Responsible Investment's (PRI) definition[1]: "*the systematic and explicit inclusion of material ESG factors into investment analysis and investment decisions."* Please refer to Table 1 below for the definition of E, S & G as defined by the PRI. We also include guidance from PRI on what constitutes ESG integration in Table 2. ESG integration can be applied across all asset classes such as private or public equity or debt. ESG integration may however be more suited to certain asset classes where ESG-related information and data on issuers of securities are more readily available.

Miltenberg Capital's ESG process is governed by international standards for responsible investing. It has a detailed sustainability screening process.

1. A preliminary negative screening is carried out to confirm that the prospective portfolio company does not belong to any excluded sector. There is a limit system in place that prevents investments into companies that generate revenues in excluded sectors above a determined threshold.
2. Miltenberg Capital's investment team then carries out detailed research to verify and assure compliance with international ESG standards. A full list of portfolio companies may be shared with an external ESG advisor on a regular basis.
3. In case of a breach of the ESG standards of Miltenberg Capital, a dialogue is established with the management of the company.
   - 3.1. If a change in the business mix of an existing portfolio company, such as an acquisition, results in a sector breach, Miltenberg Capital will immediately divest from the company.
   - 3.2. If the breach is norms-based and leads to a violation of international guidelines, the investment team will create and implement a 12-month engagement strategy to work with company management to ensure their willingness towards addressing the issue(s) identified. Engagement takes the form of interviews, discussions, and answering quantitative data sets.

[1] For more information on the Principles for Responsible Investment, visit www.unpri.org

3.3. If the company is unwilling to cooperate, the process will result in divestment.

Table 1[2]: PRI's definition of E, S & G

Environmental (E)	Issues relating to the quality and functioning of the natural environment and natural systems. These may include for example: biodiversity loss, greenhouse gas ("GHG") emissions, climate change, renewable energy, energy efficiency, air, water or resource depletion or pollution, waste management, stratospheric ozone depletion, changes in land use, ocean acidification and changes to the nitrogen and phosphorus cycles.
Social (S)	Issues relating to the rights, well-being and interests of people and communities. These may include for example: human rights, labour standards in the supply chain, child, slave and bonded labour, workplace health and safety, freedom of association and freedom of expression, human capital management and employee relations; diversity; relations with local communities, activities in conflict zones, health and access to medicine, HIV/AIDS, consumer protection; and controversial weapons.
Governance (G)	Issues relating to the governance of companies and other investee entities. These may include for example: board structure, size, diversity, skills and independence, executive pay, shareholder rights, stakeholder interaction, disclosure of information, business ethics bribery and corruption, internal controls, and risk management, and, in general, issues dealing with the relationship between a company's management, its board, its shareholders and its other stakeholders. This category may also include matters of business strategy, encompassing both the implications of business strategy for environmental and social issues, and how the strategy is to be implemented.

[2] Source: Principles for Responsible Investment website www.unpri.org

2. Our Sustainable Investment Process

Our ESG research process enables us to integrate ESG research into the investment process. We combine third-party data sources with our in-house analysis to provide a forward-looking view of how a company is managing its stakeholders and therefore its ESG risks while benefitting from opportunities presented by ESG. We strongly believe that a company catering to the interest of all stakeholders (such as those shown in Figure 1) creates sustainable and positive financial, societal, and environmental value. ESG risks are critical to understanding a company's business practices as well as forecasting its financial performance.

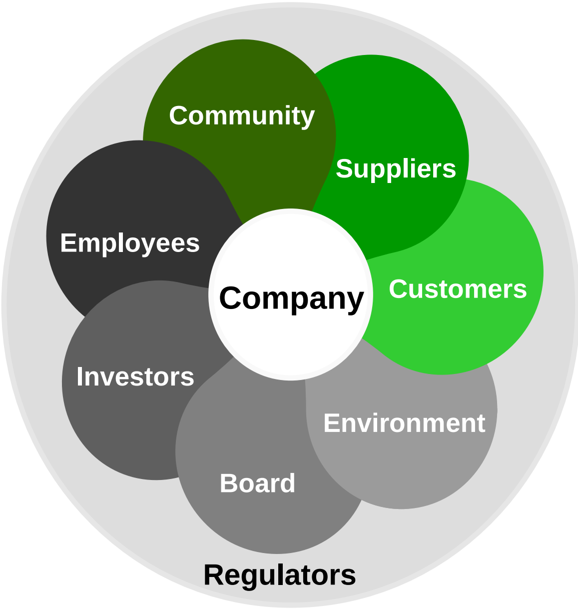

Figure 1: Stakeholders

2.1. ESG Analysis at Company Level

Knowledge gained from company visits and management meetings provides practical insights into how ESG sustainability policies and practices are supporting long-term strategic goals.

A key consideration when selecting portfolio companies is the understanding how a company's goods and services affect society and the environment. This approach leverages the UN Sustainable Development Goals' ("SDG") framework.

A technique employed in ESG analysis at company level is materiality mapping. The extent and impact of different ESG-related issues varies greatly across different sectors, industries, and sub-industries. We classify companies according to the Global Industry Classification Standard ("GICS") and map the materiality of various ESG-related issues to the respective GICS sub-industry level.

When mapping the materiality of different ESG-related issues to sub-industries and finally individual companies, we use the framework provided by the SASB Standards. We have enriched this framework with several proprietary categories particularly for governance-related issues.

We produce in-house assessments and written comments to detail our analysis. We also conduct forward-looking analysis to assess the direction of the business towards more sustainable practices.

ESG analysis at company level is incorporated into company valuations and informs the remainder of the investment process.

2.2. ESG Analysis at Portfolio Level

Aside from the ESG assessment of individual companies, ESG analysis helps the investment team to form a view with regards to the risk management of total portfolios over the long run.

2.3. ESG Engagement and Stewardship

We see ourselves as part of a wider movement that is helping to shape more responsible corporate behaviour and to increase transparency. We view ESG integration as part of expressing our convictions as long-term responsible investors, avoiding negative issues that can damage portfolio returns but also regular engagement with management to take the right steps towards enhancing their sustainability profile and practices.

2.3.1. Our Stewardship Responsibilities

We seek to be responsible custodians of our clients' capital, investing in a way that is sensible, focused and patient. This includes recognising our wider stewardship responsibilities and the role these play in protecting and enhancing the long-term value of our clients' investments. Stewardship is an integral part of our investment approach. Oversight of our stewardship activities and commitments is fully integrated into the investment team, with at least two Managing Partners signing off on each proxy voted on behalf of our clients.

2.3.2. Escalation

In our meetings and discussions with portfolio companies we seek an open and transparent dialogue. Our escalation process consists mainly of the following steps:

- We will relay our concerns and queries firstly to the investor relations team or other relevant executives of the portfolio company in question.
- If no satisfactory response is received from the first point of contact, we will attempt to elicit such a response from senior management.
- If senior management does not provide a satisfactory response, we will send an official e-mail or letter to the lead independent director of the portfolio company to seek his or her guidance on our concerns.
- If no satisfactory response is received from the board of directors, we will consult with other institutional shareholders of the portfolio company whose ESG policies are aligned with ours to determine the most adequate next steps.
- If none of the above measures allows us to resolve our concerns, we may decide to write an open letter to the portfolio company in question and may publicly disclose supporting research reports.

We believe this approach will allow us to resolve most of our concerns. If escalation options do not resolve our concerns, we may, in the best interests of our clients, sell securities issued by the portfolio company in question.

2.3.3. Our Voting Policy

We aim to exercise our proxy voting rights for all portfolio companies where we consider it practicable and advantageous. Voting rights are client assets and should be treated as such. Our concentrated universe of portfolio companies enables us to conduct proxy voting research internally, rather than through outsourcing.

We target 100% voting participation for all proxies where voting is in our discretion. We actively engage with investor relations teams, senior management, and boards of directors for any proxies where we intend to vote against or abstain. Decisions to vote against or abstain from voting certain resolutions are often driven by a lack of background information on the resolution in question. We like to give management and directors the chance to provide shareholders with all relevant information that would enable us to reach an informed decision on how to vote on behalf of our clients. We also provide senior management and boards of directors with the opportunity to discuss any disagreement on votes before making our final decision.

2.3.4. Reporting and Transparency

We produce our Annual Responsibility Report in the first half of each calendar year. The Annual Responsibility Report details our ESG and stewardship activities during the previous calendar year with qualitative and quantitative information, including:

- Full disclosure of our voting activity
- ESG/stewardship issues encountered during our investment and research process.
- Discussion of ESG/stewardship issues in management meetings with our portfolio companies.
- Changes and improvements made to the SIP and our ESG research processes.

Both the SIP and the Annual Responsibility Report is made available to our clients and their advisers. In addition, they may be provided to other interested parties or published on our website at the discretion of senior management.

3. Restrictions and Exclusions

Miltenberg Capital's ESG process is governed by international standards of responsible investing, which frames our investment screening/monitoring, restrictions, and exclusions.

3.1. Sanctions

We will exclude investments in countries sanctioned by the FATF.

We will check against Interpol and consolidated sanction lists (which include sanctions lists from the United Nations, the European Union, the US Office of Foreign Assets Control and Her Majesty's Treasury, enforcement lists, public court records, as well as risk-related articles on internet search engines).

Further to the enactment of the UN Sanctions Act 2019, the Company is also required to consider whether any of its investments are listed on any designated or targeted sanctions list issued by the National Sanctions Secretariat and disseminated through the Financial Intelligence Unit (“FIU”).

3.2. Norms-Based Breaches

We will screen companies for breaches that are in contravention of the UN Global Compact (“UNGC”), the Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, and the International Labour Organisation (“ILO”) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. During the screening process, companies’ adherence to international norms for human rights, the environment, labour standards and anti-corruption are assessed.

3.3. Diversity

We will avoid companies that have a pattern of discrimination based on race, gender, age, sexual orientation, or disability. We will seek companies that foster workplace and board diversity including representation of women.

3.4. Corporate Governance

We will avoid companies with poor governance structures or companies that have a record of illegal or questionable activities and whose corporate governance practices compromise the interests of minority shareholders and the wider stakeholder ecosystem. We believe that corruption corrodes democracy, undermines the rule of law, and hinders socio-economic development in a society. We will seek companies that have clear policies and procedures on bribery and corruption.

We will avoid investing in companies that:

1. Are subject to significant fines, lawsuits, or controversies with regards to price fixing, anti-trust violations, and consumer fraud; and
2. Demonstrate poor community relations due to discrimination or exploitation of the poor such as redlining and predatory lending.

3.5. Social responsibility

3.5.1. Human Rights

We will avoid investing in companies that have serious human rights issues or support governments with significant human rights abuses.

We will favour companies that have policies for and take a leadership role in protecting and ensuring human rights and worker rights. We will take a favourable view of companies that implement codes of conducts and actively address human rights abuses.

3.5.2. Workplace Policies

We will avoid companies that have a pattern of workplace and human rights abuses including:

1. Use of child or forced labour.
2. Violation of minimum wage and working hour standards.
3. Discrimination in hiring and promotion.
4. Violating principles of freedom of association and collective bargaining.
5. Employee harassment and abuse.
6. Poor workplace safety and health.

Companies that use overseas suppliers and vendors should have codes of conduct in place and ensure their implementation. Companies will be favoured that have inclusive diversity policies; comprehensive employee benefits, training, and development opportunities; a positive workplace health and safety record and that pay a liveable wage. Investors should note that this screen is particularly difficult to apply. For the sake of clarity, implementation of ILO guidelines is generally a strong indicator.

3.6. Environment

We will avoid companies that are major polluters of the air, water, and land. We will avoid companies with poor performance in the areas of:

1. Hazardous waste.
2. Environmental regulatory problems.
3. Toxic emissions; and
4. Greenhouse gas emissions.

We will seek companies that are positively addressing environmental issues including reducing their negative environmental impact by eliminating or reducing the use of toxic and hazardous materials, using recycled materials, and developing innovative products that help the environment.

3.7. Sector-Specific Breaches

The sector-specific screening includes exclusion of certain sectors in the fund and generally leans on the International Finance Corporation ("IFC") Exclusion List. We will avoid companies that have a pattern of producing harmful products. We will seek companies that make positive products and/or services that improve the health and environment of communities.

3.7.1. Tobacco, Drugs and Alcohol

We will avoid investing in companies that derive revenues from the manufacturing, trading, or dealing of tobacco, drugs, and alcohol as well as related products. For the sake of clarity, we will exclude companies that derive more than 10% of revenues from the manufacturing, trading, or dealing of tobacco, drug, and alcohol products.

Alcohol products shall exclude beer and wine, provided the company otherwise demonstrates its commitment to socially responsible policies and practices.

3.7.2. Firearms and Weapons

We will totally exclude companies that derive revenues from trading, dealing and/or manufacturing weapons outlawed by the Rome Statute of the International Criminal Court. During this screening, a company's involvement with prohibited or banned weapons is assessed. There is zero tolerance as far as these weapons are concerned. Companies with any involvement in controversial weapons are automatically excluded from any portfolio managed by our firm.

3.7.3. Pornography

We will totally exclude companies that derive revenues from any illegal pornography.

We will exclude companies that derive more than 10% of revenue from production of legal products and services aimed exclusively at inducing sexual excitement or a prurient interest in sex, such as sexually explicit films, entertainment, print publications and computer content. Investors should note that this allows investment in companies active in the Hotels, Restaurant & Leisure sector that offer legal cable access to such material.

3.7.4. Gambling

We will avoid investing in companies that derive revenues from gambling. For the sake of clarity, we will exclude companies that derive more than 10% of revenue from gambling activities. This expressively includes companies active in the Hotels, Restaurant & Leisure sector.

3.8. Sovereign Criteria

3.8.1. Authoritarian Regime

We will avoid countries which fall below the threshold of < 20 (on a scale from 0 to 100) in the Global Freedom Index established by Freedom House.

3.8.2. Child Labour

We will avoid countries where the employment of children is widespread.

3.8.3. Corruption

We will avoid countries which fall below the threshold of < 20 (on a scale from 0 to 100) in the Corruption Perceptions Index established by Transparency International.

3.8.4. Discrimination

We will avoid countries where the legal and social equality of e.g., women, disabled people or minorities is severely restricted.

3.8.5. Freedom of Association

We will avoid countries where freedom of association is severely restricted, particularly with regards to the possibility of peaceful assembly and of trade union organization.

3.8.6. Freedom of Speech and Press

We will avoid countries that severely restrict freedom of press and media.

3.8.7. Human Rights

We will avoid countries that severely restrict human rights, for example with regards to political despotism, torture, privacy, freedom of movement, freedom of religion.

3.8.8. Labour Rights

We will avoid countries where employment conditions, particularly with regards to minimum wages, working hours and health and safety, are particularly low.

3.8.9. Money Laundering

We will avoid countries classified as not cooperative by the OECD's Financial Action Task Force on Money Laundering.

4. Remuneration Policy

4.1. Policy Objective

Our Remuneration Policy is designed to attract, motivate, retain. and reward employees regardless of gender, ethnicity, age, disability, or any other protected characteristics.

Our philosophy is to reward individual contribution, as demonstrated by the delivery of long-term sustainable results that are aligned with our business strategy, values, behaviours and which serve the best interests of our clients and shareholders while enabling the business to grow to its potential.

Through focusing on long term awards, our incentive-pay strategies encourage employees to act like long-term shareholders of the Company and support responsible performance and a partnership culture to create a sustainable business, discouraging excessive or concentrated risk taking and avoiding conflicts of interest. Senior employees holding the position of Principal or Managing Partner are expected to become shareholders of the Company.

Individual and organisational performance is transparently and rigorously assessed against a combination of 1) portfolio and fund performance (multi-year) targets, 2) corporate financial (multi-year) targets, and 3) non-financial (primarily ESG) targets. The performance of the Company and the contribution of employees across the 3 categories highlighted determines appropriate total compensation that will attract and retain key talent.

4.2. Reward Strategy Principles

These principles form the basis of our approach to performance and behaviour-linked total compensation. The principles of our remuneration policies, procedures and practices are:

- To be aligned with business strategy, objectives, ESG values and long-term interests of Miltenberg Capital and its clients as reflected in this SIP.
- To provide competitive total remuneration potential, designed to attract, retain, motivate, and reward employees that deliver outstanding long-term performance and demonstrate exemplary behaviour as per our values.
- To promote sound and effective risk management.
- To ensure that remuneration is linked to investment, business, personal performance, and corporate behaviour measured over the short, medium, and long term.
- To differentiate and reward strong performance and demonstration of corporate behaviour and to proactively manage poor performance and behaviour not aligned to the corporate values as embedded in the SIP.
- To deliver reward programmes which are transparent, simple to administer and affordable to the Company.
- To deliver compensation and benefit strategies which have the oversight and approval of the Board of Directors of the Company.

4.3. Identified Staff

Regulation requires the Company to identify the categories of staff whose professional activities have a material impact on the implementation of the SIP and the risk profile of the Company. Identified staff of the Company is identified in accordance with the Remuneration Policy.

4.4. Annual Review

The Board of Directors will review the terms of the Remuneration Policy on an annual basis and assess whether its overall remuneration system operates as intended and remains compliant with the obligations on remuneration as set out in relevant regulations. The Remuneration Policy will be updated by the Board of Directors as and when required.