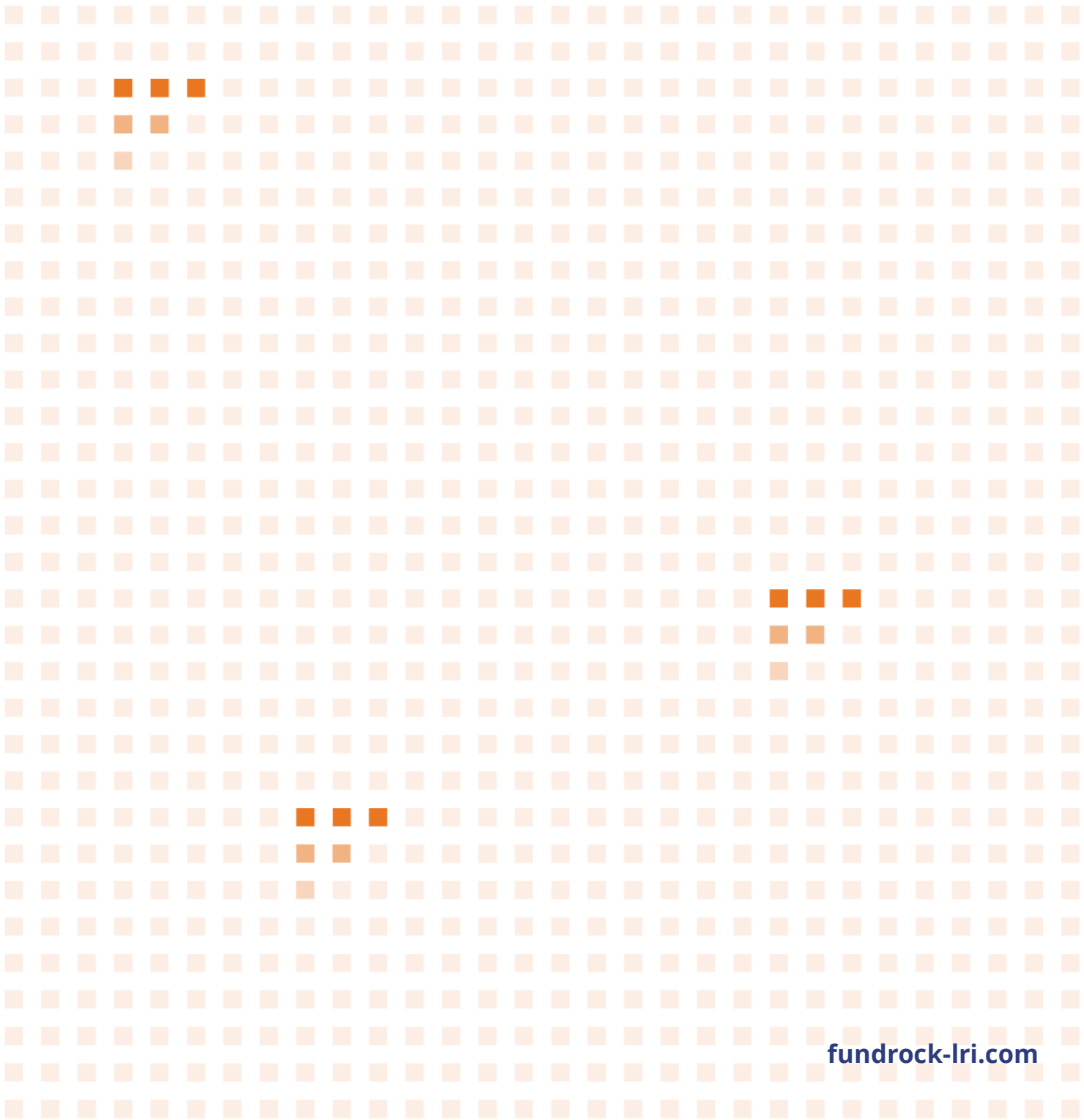
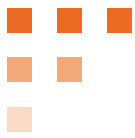




Sustainability Risk
Policy
LRI Invest S.A.





1. Introduction

1.1. Purpose of this policy

The following sets forth processes for ensuring that all investments are made in accordance with the investment objectives and restrictions applicable to the Fund(s). This policy applies to LRI Invest S.A. UCITS and AIF portfolio management mandates as well as to the cases where the portfolio management function has been delegated to third parties. This policy outlines the processes related to the investment selection, ESG requirements and governance in case of delegation of the portfolio management function and in case of non-delegation of the function.

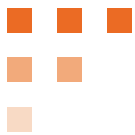
2. Delegation framework

In case of delegation of the portfolio management function, the portfolio management team (Portfolio Management Oversight) of LRI Invest S.A. will ensure that the Portfolio Manager perform the delegated activities in accordance with the Investment Management Agreements, the Management Regulations, the applicable Laws and Regulations and more specifically the Law dated 17 December 2010, the CSSF Circular 18/698 and well as the provision of the Law of 12 July 2013 and the EU Commission Delegated Regulation of AIFM but also CSSF Regulation 10-4 and the SFDR regulation (EU) 2019/2088 (its relevant delegated acts) and Taxonomy regulation (EU) 2020/852. . The PMO has defined the oversight monitoring process by having defined specific controls to be carried out for initial and periodic due diligence.

2.1. Investment selection principles and process

The oversight of the investment selection process shall ensure:

- the delegate has adequate knowledge and understanding of the assets in which the funds are investing.
- the existence and adequacy of written investment selection policies/procedures (or similar document(s) / process(es))
- the existence and adequacy of written due diligence policies/procedures in the selection of investments, based on qualitative, quantitative, reliable and up to date research; the controls over the implementation of the related policies / processes;
- the right records management over the selection process (strategy decisions, allocation decisions, selection possibilities and decisions).
- the existence and adequacy of written policies/procedures in the integration of sustainability risks and factors in investment decisions based on qualitative, quantitative factors including where relevant the integration of principal adverse impacts.
- When relevant, the existence and adequacy of written policies/procedures in the integration of extra-financial factors or ESG factors in investment decisions based on qualitative, quantitative, reliable and up to date research; the controls over the implementation of the related extra-financial policies / processes.
- When relevant, the extra-financial policies/ procedures are based on the availability of ESG related information and used to identify whether there may be any significant issues, that require either more detailed technical assessment or need to be managed post-investment.



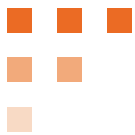
- When relevant that, the ESG analysis is fully integrated to the process of investment selection and integrates environmental, social and corporate governance (ESG) considerations into investment management processes.

The portfolio management oversight functions (PMO) of LRI Invest S.A. has applied the following measures to control the 3rd party portfolio managers:

- ensure that the Portfolio managers are fully licenced and capable to perform their function and have adequate knowledge about the assets they invest in including sustainability risks and factors and when relevant, extra-financial or ESG knowledge.
- ensure that the Portfolio Managers have written investment selection
- due diligence policies/procedures in place and the related controls over their implementation (including that investments are made on the basis of qualitative, quantitative, extra-financial reliable and up-to-date researches);
- ensure that the Portfolio Managers have implemented pre-trade controls to monitor compliance with the objectives, investment strategy and regulatory risk limits including sustainability risks
- ensure that the right records management over the selection process is in place
- ensure that the Portfolio Managers have written investment selection
- due diligence policies/procedures in place and the related controls over their implementation (including that investments are made on the basis of qualitative, quantitative, reliable and up-to-date researches);
- ensure that the Portfolio Managers have implemented pre-trade controls to monitor compliance with the objectives, investment strategy and regulatory risk limits including sustainable risks
- ensure that the right records management over the selection process is in place.

3. Non-delegation framework

In cases where the portfolio management function is not delegated the PMRA & PMFA teams follow the investment policies and procedures as outlined in the respective real assets and financial assets procedure manuals including any sustainable factors when relevant. An Investment Committee (GIC) decision is required when real asset transactions need to be evaluated. The Investment Committee considers and reviews each investment or disinvestment proposal received from the investment advisors, advisory bodies (e.g. investment committees) or the management bodies of the funds and takes decisions on behalf of the AIFM for the respective fund. In performing its tasks, the GIC particularly considers the Investment policy, the Investment strategy and the Investment objectives of the funds including any sustainability consideration and when relevant Principal Adverse Impact and ESG criteria that may apply to the fund and to the proposed investment. The GIC consist of six to eight senior employees of LRI Invest SA with relevant experience and competences in the fields of PE/RE/Debt and / or Infrastructure sectors. Standing members of the Committee are senior members of the portfolio management, valuation, legal and oversight teams. The GIC is subject to the supervision of the



Management Board of LRI Invest SA (LRI) and is chaired by the Head of Portfolio Management Real Assets. A quorum of a minimum of three votes is required for a decision to be valid.

3.1. Responsibility

It is the responsibility of the Portfolio Manager to accept/reject investment deals in accordance with the investment strategy and objectives of the Fund.

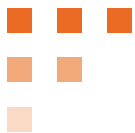
It is the responsibility of the Investment Advisor and his/her team to initially perform the analysis of a prospective investment opportunity, the investment cost as well as other necessary financial and extra-financial information needed to make a well-informed investment decision. In addition, the Investment Advisor's team carefully evaluates all the necessary factors in order to make informative decisions for all Private Equity, Real Estate, Infrastructure or Debt investment opportunities. The Investment Advisor will carry out any necessary legal, technical, commercial, sustainable factors and where relevant principal adverse impact and environmental, social and governance due diligence checks and will provide a summary of the results to the AIFM. The due diligence results and the description of the investment opportunity are presented to the AIFM in the form of an investment proposal. The Investment Committee will meet on an ad-hoc basis to review the recommendation made by the Investment Advisor. Based on the transaction evaluation documents prepared by the valuation, risk management and portfolio management teams the Investment Committee shall decide whether to proceed with the investment or not. Only upon GIC / AIFM approval of the recommended transaction the investment advisor may proceed with the investment / divestment process.

3.2. Investment Selection Principles

LRI will ensure a high level of diligence in the selection and ongoing monitoring of investments, working in the best interest of the AIFs, the investors and the integrity of the markets. LRI's personnel have the necessary skills and expertise in real and in financial assets including sustainable related matters to ensure qualified, prudent and diligent processing of investment decisions. Each AIF under management has a defined investment strategy within the AIF Documents that acts as a business plan for the AIF. This strategy specifies, inter alia, the geographic focus, asset class and specific investment limitations as well as setting out the underlying rationale for investment strategy. The AIF documents for close-ended AIFs may also include specified periods of time in which new investments can be made and other time restrictions. The investment strategy for each AIF will be reviewed by the Investment Committee on an annual basis. To the extent allowable by the AIF Documents, the strategy may be updated in response to market conditions or any other consideration.

3.3. Investment selection process

Once an investment opportunity is allocated to an AIF, an Investment Proposal is prepared by the Investment Advisors Team. The appropriate decision-making body within the Investment Advisor will review the investment and determine the viability of the investment on a stand-alone basis and also in the context of the portfolio. This review includes an extensive underwriting process to check assumptions used by the Investment Advisors Team. The Investment Proposal is shared with the Risk Manager to underwrite the investment's risks early



in the process and their feedback is incorporated into the final Investment Proposal. The Investment Advisor will review the Investment Proposal and produce its own recommendation memorandum.

The investment proposal (prepared by the advisor) and the transaction assessment papers prepared by the AIFM departments of LRI are submitted to the Investment Committee (GIC). Upon review of the provided documentation the AIFM body approves or rejects the transaction.

3.4. Due Diligence (“DD”) and negotiation process

The DD process will start with preliminary DD activities performed prior to the first review by the Investment Advisor and then increasingly involve third-party experts following the authorization of the DD budget, if applicable. During the transaction and DD process, it is the role of the Investment Advisor to coordinate DD activities of external service providers. The Investment Advisor must review the respective DD reports prepared by external service providers as well as perform its own DD activities and negotiate with the seller. The following analyses shall be performed by either the Investment Advisor (or its service providers) or external service providers during the DD process:

External service providers:

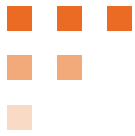
- External valuation report
- Legal DD (property and deal level, if not tested / standard);
- ESG data provider or third parties
- Technical DD;
- Tax (entire structure, if not tested / standard structure);
- Environmental, engineering, seismic and other studies, as necessary and appropriate.

Investment Advisor:

- **Market:**
 - Expand on the macro-level and micro-level reviews that commenced prior to first review and incorporate, where appropriate, input from third-parties;
 - In case the Investment Advisor is not already familiar with the properties’ / portfolio’s local market(s), make visits (of a representative sample).
- **Financial:**
 - Compile budget forecasts, business plans and scenarios, as appropriate.

Technical, operational and legal DD:

- **Technical**
 - Review technical DD, follow up on findings to be resolved, document the follow up process and outcomes.
 - Assess any relevant environmental issues as well as studies commissioned by LRI from third-party consultants and provide opinions / recommendations to the Investment Committee.



- **Operational**
 - Analyse tenancy, marketing and operating expenses at the property / economic unit level. Evaluate risks identified throughout the DD process with regard to the extent to which the AIF can mitigate them including sustainability risks;
 - Assess the investment opportunity considering its specific risk profile and impact on the AIF's overall risk profile.
- **Legal**
 - Review legal DD, follow-up on findings to be resolved, coordinate resolution process with external lawyers (as required), and document follow-up process and outcomes.
 - Address any regulatory issues that may arise, or issues related to contractual obligations of the AIF, conflicts of interest, etc. arising in the context of the transaction to the Compliance Officer of LRI;
 - Review tax DD, follow-up on findings to be resolved, coordinate resolution process with external tax advisors (as required), and document follow-up process and outcomes.

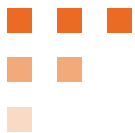
As seen necessary during the progression of the DD, the Investment Advisor will refine its strategic business plan for the investment opportunity. The refined business plan will be dependent on a variety of specific considerations including market context, structural, legal and tax considerations.

Detailed financial models disclosing the financial and operational assumptions will be compiled by the Investment Advisor. In addition, scenario analyses reflecting various financial, operational and timing modalities will be prepared. The analyses will be explained in an advisory memorandum. Upon completion of the DD process, the Investment Advisor shall prepare a package of documentation ensuring that the Investment Committee is in a position to make a well-informed decision. In addition to this package of documentation, the Investment Committee will consider the transaction assessments prepared by the valuation, risk management and portfolio management departments of the AIFM.

For each GIC decision a resolution document will be prepared and filed accordingly.

3.5. Due Diligence (“DD”) and responsible investment

The DD process includes sustainability related matters and where relevant Principal Adverse Impact and environmental, social and corporate governance (ESG) analyses performed either by the Investment Advisor or ideally by a third-party provider appointed by the AIFM. The integration of sustainability related matters including environmental, social and corporate governance (ESG) considerations into the investment management processes may have an impact on the financial performance of the individual assets of the fund or on the AIF as a whole. The ESG analysis shall be performed by either the Investment Advisor (or its service providers) or external service providers during the DD process.



The ESG review focuses on the availability of ESG related information and is used to identify whether there may be any significant issues, that require either more detailed technical assessment or need to be managed post-investment. The ESG analysis is an integral part of the AIFM's investment process.

Investment Advisors maintain an on-going dialogue with the AIF's management teams (where relevant) and encourage them to identify and raise material ESG issues. The AIFM also requests the AIF managers to report on their approach and on their achievement of the pre-defined ESG indicators. The AIFM may use the support of external providers or questionnaires to carry out an ESG review of the AIF.

3.6. Investment Committee

The GIC is responsible for reviewing potential acquisition, disposition or any other major decision related to the investments or capital structure of the fund.

GIC meetings will be held regularly, currently daily via E-mail. The decision will be taken in Luxembourg at the premises of LRI Invest SA.

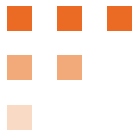
The investment approval process is outlined in a separate GIC policy.

3.7. Ongoing management and monitoring of investments

Apart from its involvement in the decision-making process of the AIF as described above, the portfolio management function of LRI shall ensure that business plans and sustainability criteria of the fund are regularly reviewed and updated to allow an assessment of the risk and performance of the AIF, taking into account current market conditions. The revised plans/budgets shall take into consideration the investment strategy of the AIF as set out in the AIF documents.

During the monitoring process, the portfolio management function shall work closely with the risk management function of the LRI and make sure that information provided to the risk management function is accurate and timely.

- For each mandate the AIFM will monitor / review:
- Current performance vs. plan figures;
- Quarterly investor reports; Annual / quarterly valuations;
- Annual budgets;
- Treasury management;
- Anti-money laundering requirements (AML), Bribery Act 2010 and the Criminal Finances Act 2017;
- Follow-On Investment Reports to the Investment Committee, where a material change of business plan or investment of additional equity is contemplated.
- Making recommendations to the Fund on Investment disposal.



- Ongoing management and monitoring of investments regarding sustainability factors and where relevant ESG. This monitoring phase is used to assess the actual delivery of the sustainability factors and if relevant the ESG terms and conditions of the fund. It covers a multitude of areas, includes assessing investments approach and decisions and ESG integration practices and performance, including the ability of the fund to keep in line with the mandate and investment management agreement. The integration of sustainability risks should be taken into account amongst all questions related to the investment strategy and decisions. For Funds concerned, to effectively perform ESG integration practices, ESG factors should explicitly be included in all investment decisions. Therefore, questions on ESG integration should be included when needed amongst all questions related to the key assessment topics listed above. 8. Policy review This policy will be reviewed on an annual basis. Any changes will need to be approved by the management board of the LRI.

4. Policy review

This policy will be reviewed on an annual basis. Any changes will need to be approved by the management board of the LRI.

Review & update

Amendment History

Date Issued	Version	Comments
March 2021		Final + ESG
July 2022	1.1	SFDR and AIFMD Delegated Act 2021/1255 of 21 April 2021

Further information can be obtained free-of-charge on request to FundRock LRI.

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