

Arrowhead’s Environmental, Social, and Governance (“ESG”) Policy

Arrowhead Investment Management (“Arrowhead”) is committed to the application of ESG principals in its investment process and approach to firm governance. Arrowhead believes it is important to take ESG factors into consideration not only to promote sustainability but also to support the long-term, sustainable performance of our investments. Arrowhead has always been considerate of ESG factors when screening investments and during the due diligence process; however, we are adopting the following Arrowhead ESG Policy (the “Policy”) to formalize our commitment to ESG.

ESG Governance

As the operator of a business, Arrowhead believes a socially responsible approach to business is critical to cultivating exceptional talent and generating superior returns. Arrowhead endeavors to live up to sustainable values in a variety of ways, including:

- Cultivating diverse perspectives at all levels of the organization and practicing fair employment
- Encouraging the use of public transit, discouraging use of single-use plastics, and making a general effort to limit the firm’s environmental footprint
- Avoiding conflicts of interest and unethical practices between employees, vendors, customers, and others
- Engaging highly respected third-party providers to ensure data security, thorough and accurate financial reporting, and regulatory compliance
- Maintaining honesty and transparency with limited partners
- Seeking constructive relationships with all stakeholders

ESG Investing

Arrowhead aims to support sustainable businesses through investments in debt and non-control equity, and believes that careful consideration of ESG factors can result in superior investment performance. Therefore, Arrowhead will integrate environmental, social, and governance risk considerations into its due diligence and decision-making processes.

The Arrowhead team will perform an analysis of ESG considerations in connection with making any new investment by completing the Arrowhead ESG Due Diligence Framework (the “Framework”). All Investment Committee Memos will contain an ESG section which will summarize the findings from the Framework for consideration alongside traditional quantitative and qualitative factors. As a primarily non-control investor, Arrowhead recognizes that in some situations it may have a limited ability to monitor or influence ESG issues, however as part of its due diligence Arrowhead will endeavor to obtain, where applicable, a copy of the Sponsor’s ESG policy, and post-investment, where relevant and practicable, Arrowhead will continue to observe for material ESG issues and seek to engage with management teams or sponsors should any concerns arise. Arrowhead expects that while ESG issues will be relevant, they will not necessarily be determinative with respect to any particular investment.

Implementation

This Policy and the corresponding Framework have been approved by the Investment Committee and Advisory Board. Going forward, all new Arrowhead employees will be briefed on the Policy, and all new investment professionals will be trained in the usage of the Framework. At least annually, and more frequently where appropriate, this Policy will be reviewed and updated for the latest developments in sustainability and ESG.