



RESPONSIBLE
INVESTMENT POLICY

SEPTEMBER 2020

1. INTRODUCTION

Artesian, is a global alternative investment management firm specialising in fixed income, venture capital and impact investment strategies.

We consider environmental, social, and corporate governance (ESG) factors fundamental to our business. Indeed, many of our investment products are grounded in the investment proposition of investing for impact.

ESG factors are integral to our investment teams' decision-making process and culture - and through these, our company practices and standards.

A fundamental cornerstone of Artesian's strategy is to build a sustainable investment platform capable of targeting long-term performance.

Artesian believes that integrating ESG criteria into its investment process helps achieve this goal while also enhancing value for its stakeholders.

Artesian is a signatory to the United Nations Principles for Responsible Investment (PRI).

Signatory of:



Artesian has committed to adopting and implementing the PRI's six Principles for Responsible Investment across its business and for each investment strategy.

The Principles are not a set of prescriptive rules and are to be applied as appropriate within each asset class and investment approach. They provide a robust and widely endorsed framework through which investors can incorporate ESG issues into their decision-making and ownership practices, and as such, they inform Artesian's investment processes.

Artesian commits to adopting and implementing the 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.

As applicable and appropriate, Artesian:

- Artesian believes that a cross-asset class approach to impact investment, informed by a deep understanding of cutting-edge innovation and technology, creates superior and sustainable strategic and financial returns.
- Incorporates ESG issues into its investment analysis and decision-making processes.
- Conducts active engagement on ESG issues with the companies in its investment portfolios. This is pivotal in assessing risks and opportunities, and optimising long term investment value.
- Seeks appropriate and applicable disclosure on ESG issues by companies or entities in which we have, or will, invest.
- Reports on its ESG activities and progress to investors.
- Supports the implementation of ESG practices in the investment management industry.

Artesian believes that integrating responsible investment criteria into its investment process enhances value for its stakeholders. The various sector specific responsible investment issues are prioritised, with a focus being on the most important in the short/medium term. The aim with this investment approval integration is to develop a better



understanding of how responsible investment issues can be intelligently translated into incremental investment returns ultimately for the benefit of both Artesian and its investors.

Responsible investment integration occurs across Artesian's investment platform to varying degrees based on the product's asset class and the investment teams' specific processes and strategies. In general, integration is based on the principle of financial materiality, recognising that responsible investment integration should be specific to the asset class, capital structure, sector, geographic location, issuer size and type, holding period of the security, degree of influence or control, and other considerations.

The responsible investment integration process identifies how responsible investment factors are used (both as a source of risk mitigation and enhanced opportunity), measured and reported, as well as their influence on decision-making and how each of the investment teams continue to enhance and evolve its process over time.

We believe that the most effective way to integrate responsible investment into an investment process over the long term is for investment teams themselves to research responsible investment factors and consider them alongside other inputs into the investment process. For this reason, we embed such research in the work of our Investment Analysts rather than employing a separate ESG research team.

Artesian believes that analysing ESG characteristics enhances traditional credit analysis by providing a fuller understanding of the risk profile of each issuer. Our proprietary credit analysis frameworks integrate bottom-up ESG research in order to enable our Portfolio Managers to better assess investment opportunities. Furthermore, Artesian sees the scalability of credit markets as an underappreciated avenue for investors to facilitate positive change. The rise of the green bond market and the innovation of sustainability-linked bonds are prime examples of how investor demand, capital market innovation, and corporations can foster positive impact, whilst improving returns with quality fixed income.

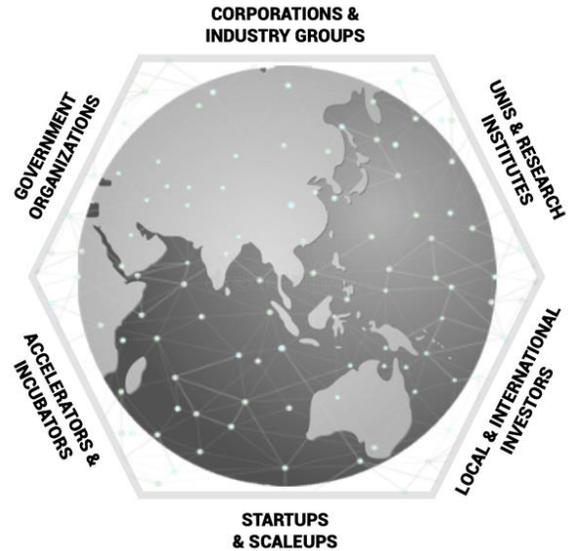
Through this portfolio construction methodology, Artesian is funding incumbents that are generating positive externalities for society – creating resilience for those firms that are striving for business models that are inclusive of all stakeholders. For investors we are reducing fat-tail risks of credit investing by incorporating responsible investment screening as part of our analysis.

FIXED INCOME

- Funding market incumbents that are generating positive externalities for society.
- Creating resilience for those firms that address the needs of society in a responsible way.
- Using credit metrics and ESG analysis/screening to fund sustainable business models to ensure investors avoid fat-tail risks.
- Funding incumbents that are striving for business models that are inclusive of all stakeholders.

Artesian believes that innovation, with technology as a key facilitator, can have a sustainable deflationary effect on the cost of infrastructure required to address critical social and environmental issues. Artesian scales its responsible investment activities by building collaborative partnerships, with innovation ecosystem participants with domain expertise, including government organisations, corporations and industry groups, universities & research institutes, accelerators, and incubators to achieve sustainable outcomes at scale.

ARTESIAN ENGAGES IN COLLABORATIVE PARTNERSHIPS WITH A BROAD RANGE OF PARTICIPANTS IN THE INNOVATION ECOSYSTEM



EXAMPLES OF ARTESIAN'S EXISTING COLLABORATIVE PARTNERS



Artesian is committed to continuous improvement. As a key part of that, this Responsible Investment Policy is continually reviewed, based on evolving best practice and our understandings and new research initiatives. We continue to reconsider and enhance our policy and processes with this objective.

VENTURE CAPITAL

- Funding disruptors that will generate positive outcomes for society that are also commercially attractive.
- Identifying market opportunities where Environmental, Social and Governance (ESG) analysis indicate a market failure and/or industry or incumbent vulnerabilities.
- Creating more inclusive business models as a competitive edge against incumbents.
- Design companies that generate positive externalities for society.
- Use technology to bring down barriers to catalyse positive change.

Artesian believes that active engagement on responsible investment and indeed all investment relevant issues with the companies in its investment portfolios is critical.

Artesian believes that active engagement on responsible investment issues with the companies in which we are considering or are invested in, is an appropriate and important mechanism to inform companies our perspective as a responsible investor.

Artesian follows the UN PRI guidelines for responsible investment investment engagement as summarised in the table below:

VALUE CREATION DYNAMICS	INVESTORS
<p>COMMUNICATION Exchanging Information</p>	<ul style="list-style-type: none"> • Signaling and defining ESG expectations. • Seeking detailed and accurate corporate information. • Enhancing investor ESG communication and accountability.
<p>LEARNING Producing & Diffusing Knowledge</p>	<ul style="list-style-type: none"> • Building new ESG knowledge. • Contextualizing investment decisions • Identifying and diffusing industry best practice.
<p>POLITICAL Deriving Political Benefits</p>	<ul style="list-style-type: none"> • Advancing internal collaboration and ESG integration. • Meeting client expectations. • Building long-term relationships.



5. OVERSIGHT

The aim of the ESG Committee is to set strategy, review investment process and provide direction and leadership regarding:

- Firmwide commitment to continual improvement of ESG expertise and knowledge.
- Greater ESG integration in investment processes and research activities.
- Broader community engagement, including thought leadership, participation in conferences and an active role guiding investee companies and market initiatives.

The ESG Committee is responsible for the oversight of Artesian's responsible investment policy. The Committee is chaired by the Head of ESG Investing, John McCartney. The Committee meets quarterly to review responsible investment policy adherence across Artesian's debt and venture capital funds.