



Responsible Investment Policy

July 2024



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Opening Remarks

Environmental, Social and Governance (“ESG”) aspects of the businesses in which we invest are key considerations and are an integral part of our investment decision making process. DunPort has adopted a Responsible Investment Policy to guide our investment and credit process for our portfolio companies and the community in which we operate which we consider important to long term value creation.

Today, DunPort is a United Nations’ Principles for Responsible Investment (“UN PRI”) signatory, a public supporter of the Task Force on Climate-Related Financial Disclosures (“TCFD”) and also of the Paris Agreement.

We are delighted to publish our most recent Responsible Investment Policy which we will continue to review and enhance on an ongoing basis.



A stylized, handwritten signature in black ink, appearing to read 'Pat Walsh'.

Pat Walsh
Executive Director
Co-Founder, DunPort



A stylized, handwritten signature in black ink, appearing to read 'Ross Morrow'.

Ross Morrow
Executive Director
Co-Founder, DunPort

About DunPort

DunPort Capital Management (“DunPort”) is an Irish-based alternatives investment management company focused on private debt lending to companies in the European lower middle market. DunPort was founded in 2017 by Pat Walsh and Ross Morrow who established the first private debt platform in Ireland in 2013.

DunPort has rapidly evolved since its formation and is now the leading provider of non- bank debt capital to SMEs and mid-sized corporates in the Irish market and an established player in the UK lower mid-market. In addition, DunPort has an emerging presence in the fast growing and underserved Benelux lower mid-market. DunPort has delivered over €1.2bn in loans originated across 65 borrowers over the past 10 years and has a demonstrable track record of delivering strong risk adjusted returns to its investor base which is made up of large institutional investors, pension funds and family offices.

Based in Dublin, Ireland and with an office in London, DunPort has “through the cycle” investment expertise and its nineteen professionals have a unique blend of origination, execution, portfolio management and restructuring / workout experience. In addition, its Investment Committee comprises some of the most experienced transactional and credit investment professionals in the UK and Ireland.

DunPort’s decision making process and principles provide a strong framework to assess the environmental, social and governance (“ESG”) elements of businesses that we invest in, and in our own business, to ensure long term value creation.






The following considerations are adopted by DunPort and its team:

- Assist portfolio companies with long term sustainable and ethical growth for the benefit of stakeholders, including employees, shareholders and partners;
- Encourage performance related structures, by matching business improvement and financial rewards, both internally and where appropriate within portfolio companies;
- In alignment with SFDR (Sustainable Finance Disclosure Reporting) Article 8 compliance, promote environmental and social characteristics across portfolio companies and consider principal adverse impacts on sustainability factors. DunPort integrate these considerations throughout the new investment appraisal methodology and ongoing portfolio management activities;
- At all times, consider and adhere to stringent anti-corruption ethics and policies;
- Manage public relations relating to DunPort and portfolio companies effectively and in accordance with the best interests of stakeholders;
- Act as a responsible steward of investors’ capital; and
- Represent DunPort, portfolio companies, investors, employees and other stakeholders with integrity.

Responsible Investment Policy Overview

The development of DunPort’s Responsible Investment Policy was supported by an ESG Working Group consisting of a number of team-members and senior management, together with external ESG specialist consultants. DunPort commits to continually review its Responsible Investment Policy as the business evolves in line with best practice.

Key highlights of our Responsible Investment Policy include:

	<p>DunPort’s ESG framework is integrated across the business from:</p> <ul style="list-style-type: none"> • (i) Investment level decision making (e.g., initial screening, ESG due diligence); and • (ii) Portfolio level (top down analysis, annual ESG questionnaires circulated to borrowers); and • (iii) Investment manager level (DunPort’s carbon footprint, social contributions, employee training, education support and well-being).
	<p>Transparency and integrity are core to DunPort’s value system where we commit to publish our Responsible Investment Policy on our website and continue to review on an annual basis. Aggregated results of our annual ESG questionnaires across our portfolio companies are disclosed on our website and included in our investor reporting.</p>
	<p>Employees were consulted as part of the development of this policy and ongoing training provided. Continual employee feedback is taken on board to ensure the policy is an iterative document.</p>
	<p>Responsibility for maintaining, reviewing and implementing the Policy lies with DunPort’s senior management team</p>
	<p>DunPort’s RI Policy was last updated in July 2024.</p>

DunPort's ESG Commitments

DunPort is a UN PRI signatory (United Nations' Principles for Responsible Investment) and a public supporter of the TCFD (Task Force on Climate-Related Financial Disclosures) and the Paris Agreement.

ESG is an integral part of our investment decision making process. DunPort is a progressive, responsible asset manager and employer, enabling positive change with stakeholders and leading by example.

DunPort is committed to:

- Incorporating ESG considerations into its investment analysis and decision making;
- Encouraging its portfolio companies' boards of directors and management teams to incorporate appropriate ESG guidelines into their respective policies and activities; and
- Improving the identification, management and implementation of ESG issues on an ongoing basis.



DunPort is a signatory of the UN PRI and commits to the UN PRI's Principles as follows:



1 We will incorporate ESG issues into investment analysis and decision-making processes.

- DunPort incorporates ESG considerations at all stages of its investment process.
- DunPort actively screens out any companies engaged in excluded activities.
- DunPort applies a comprehensive ESG Due Diligence and Risk Scoring System when evaluating potential investments to inform our overall credit analysis, taking account of potential risks and opportunities.



2 We will be active owners and incorporate ESG issues into our ownership policies and practices.

- We will be active owners and incorporate ESG issues into our ownership policies and practices where relevant.



3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.

- DunPort seeks ESG related information from each of its potential investee companies before making an investment, through a comprehensive ESG Due Diligence Questionnaire and engagement with the company.
- Post investment, DunPort conducts an annual ESG Survey of its portfolio companies, the results of which are presented to Investment Committee and communicated to all DunPort investors.



4 We will promote acceptance and implementation of the Principles within the investment industry.

- DunPort is an active member of the Irish UN PRI Signatories community and an active member of the UN PRI collaboration group to share ideas and feed into new and developing UN PRI policies with particular focus on private markets. DunPort actively promotes the UN PRI Principles on its website and across all DunPort email signatures.



5 We will work together to enhance our effectiveness in implementing the Principles.

- DunPort actively enhances its ESG policies and procedures to ensure that it is implementing the Principles according to best practice, which is done through DunPort's ESG Working Group.
- Provides regular training to our staff to ensure understanding of implementation of the ESG framework.



6 We will report on our activities and progress towards implementing the Principles.

- DunPort will report on its activities periodically in accordance with UN PRI requirements.



1. ESG at Investment Level

DunPort is committed to integrating ESG considerations into its investment decision-making. This is intended to provide a greater understanding of the risks companies may be exposed to in relation to ESG issues and ensures a wider scope of business risk is assessed as part of the investment process.



1.1 Responsible Governance Practices

Our responsible investment procedures promote Environmental and Social characteristics and require our Borrowers to adhere to our standards of good governance.

At DunPort, good governance is fundamental to sustainable and ethical investment practices. Within our framework, the focus on good governance ensures that DunPort and its portfolio companies uphold the highest standards of transparency, accountability, and ethical conduct.

The good governance requirement is a set of minimum standards against which portfolio companies will be assessed and monitored by DunPort as Investment Manager throughout the investment cycle. DunPort requests whether the portfolio companies have an anti-bribery and corruption policy, cyber security, GDPR compliance, and anti-money laundering policy in place.

The Environmental characteristics include, but are not limited to limiting energy consumption, recycling possible materials, and reducing carbon emissions production.

The Social characteristics include proportionate remuneration, ensuring the health and safety of staff at work, the learning and development needs of employees, and considering contributions to the wider community, including charitable efforts and inclusion.

For example, in 2024, a new Fund, Willow Corporate Credit DAC, will be compliant with SFDR Article 8 and will monitor and report on industry-standardised ESG metrics. DunPort's SFDR Article 8 fund will adhere to our responsible investment policy, integrating sustainability factors throughout the investment cycle.

1. ESG at Investment Level



1.2 Screening




DunPort has strict ESG exclusion criteria including the following:

- Where a business activity consists of an illegal economic activity
- Where a business is involved in harmful or exploitative forced labour or harmful child labour
- Where a business substantially focuses on:
 - The production of and trade in tobacco and related product;
 - The production of and trade in casinos and equivalent enterprises;
 - The production of and trade in weapons and ammunition, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies; and
 - R&D or technical applications related to electronic data programs or solutions which aim specifically at internet gambling or online casinos or pornography or are intended to illegally enter into electronic data networks or download electronic data.
- Certain fossil fuel-based energy production
- Certain energy-intensive and/or high CO₂ emitting industries



1.3 ESG Due Diligence

DunPort's ESG due diligence questionnaire ("ESG DDQ") is completed by the Borrower, prior to any transaction taking place. The ESG DDQ is formed of two sections: the first section presents a set of sector-agnostic ESG questions; and the second section is a set of industry-specific questions drawn from the ESG Integrated Disclosure Project (ESG IDP). This ensures our due diligence approach is focused on key material risks customised to each sector. The advanced set of questions and ESG considerations allows for a better understanding of potentially material issues that could affect the risk or return of an investment and ensures that these issues can be identified and addressed as part of the investment process. Sample considerations in the questionnaire are set out below:

 Environmental Considerations	 Social Considerations	 Governance Considerations
<p>Focus areas:</p> <ul style="list-style-type: none"> • Pollution (air, waste or noise pollution, soil contamination) • Carbon footprint and carbon reduction plans • Climate change risk and opportunities 	<p>Focus areas:</p> <ul style="list-style-type: none"> • Labour and Working Conditions • Customer/Product Safety and Integrity 	<p>Focus areas:</p> <ul style="list-style-type: none"> • Board of Directors • Diversity • Cyber Security and GDPR • Human Rights Statement
<p>Areas for Due Diligence:</p> <ul style="list-style-type: none"> • Environmental Management • Industry Environmental Standards • Environmental Policy • Carbon Emissions and Pollution • Measurement and Reduction Plans • Environmental Incidents or Litigation 	<p>Areas for Due Diligence:</p> <ul style="list-style-type: none"> • Employee Health & Safety • Equality and Discrimination • Complaints and Litigation • Regulatory Production Standards • Health or Social Impact on Customers 	<p>Areas for Due Diligence:</p> <ul style="list-style-type: none"> • Board Composition, Independence, and Meetings • Legal or regulatory breaches • Board and Management Diversity and Policies • Cyber Security and GDPR Policies • Monitoring and Incident Reporting • Fraud and AML

The questionnaire is fluid and is expanded or adjusted depending on the nature of the potential Borrower or industry it operates in to ensure material risks are appropriately assessed at pre investment stage.

1. ESG at Investment Level

Risk Assessment

DunPort reviews the responses from the ESG DDQ and conducts a risk assessment to identify the company's exposure to material risks. DunPort applies a dual lens risk assessment:

Lens 1: Determine the industry's risk exposure using a High/Medium/Low Risk rating

Lens 2: Assesses the company's risk exposure using a Managed/Unmanaged risk criteria to determine RAG status of the company's business practices (see table below)

-
- **Not in scope or not relevant**

 - **High Risk:** Unmanaged ESG risk. The company has not implemented actions to mitigate financial, legal or reputational risk. This will require mitigating action to be taken immediately or in the short-term.

 - **Medium Risk:** Moderate management of ESG risk. The company has implemented some actions to financial, legal or reputational risk. This will require mitigating action to be taken in the medium term.

 - **Low risk (Advisory):** Management of ESG Risk with systems in place to mitigate financial, legal and reputational risk. Actions can be considered for the medium term to mitigate risk exposure escalating. No action required in first 100-days post deal.

 - **Low risk:** Comprehensive management of ESG risk with systems in place to mitigate financial, legal and reputational risk. Risk included on company's risk register. No action needed as best practice achieved.

For topics flagged as Green Advisory, Amber, or Red, DunPort provides recommendations for mitigating the risk exposure in this area. The Borrower is expected to action these recommendations or have a substantial plan in place to mitigate the risk going forward. Once the RAG assessment has been conducted, an ESG Due Diligence RAG Overview table is incorporated in the Investment Papers presented to Investment Committee. This includes details of potential risks to ensure these risks are fully assessed in the investment decision making process.

ESG risks are assessed alongside all other commercial risks of the investment along with actual or potential mitigants. DunPort may require certain actions to be taken by the potential Borrower as a condition precedent or condition subsequent to its investment or it may decide not to proceed with an investment if the risk is too high or sufficient mitigants cannot be identified.



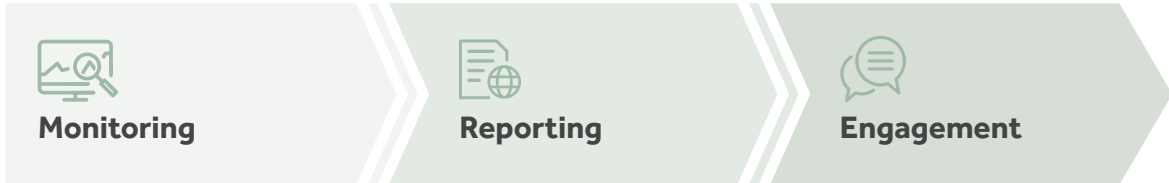
1.4 ESG Ratchets and Conditions

As part of DunPort’s commitment to integrating ESG factors into the investment process, we consider ESG risks when pricing transactions and may consider ESG margin ratchets if deemed appropriate by the investment team and approved by the Investment Committee.

The resulting sustainability linked loan (“SLL”) pricing provides a lower cost of credit to borrowers that agree to a number of ESG or Sustainable Performance Targets where performance against target is measured over time. This can include targets such as a measurable reduction in energy usage. DunPort has aligned its SLL process with the Loan Market Association’s (“LMA”) Sustainability-Linked Loan Principles and guidance. We look to support our Borrowers as they make this journey to improved ESG qualities in their business and SLLs prove to be an effective tool to assist with this.



2. ESG at Portfolio Level



2.1 Monitoring

We encourage our portfolio companies to proactively manage and report against ESG KPIs set by the Principles for Responsible Investment. ESG KPIs are tracked at both an aggregate level and on a borrower-by-borrower basis through our annual ESG surveys by portfolio companies. Our annual surveys are consistent with widely recognised frameworks such as the UNFCCC Paris Agreement, The UN Guiding Principles on Business and Human Rights, OECD framework amongst others. Engagement has been consistently positive, with a 96% response rate in 2023.

A sample of our most recent survey results across three of DunPort’s funds is set out below:

Our track record

<p>27% have a CSR/ESG Policy in place</p>	<p>45% have taken steps to reduce their carbon footprint in the last 12 months</p>	<p>4,240 jobs supported by DunPort portfolio companies</p>
<p>100% have a Health and Safety policy in place</p>	<p>18% measure their carbon footprint</p>	<p>95% provide employee training opportunities and funding for education</p>
<p>10% female board members</p>	<p>7% ethnically diverse Board members</p>	<p>77% have an employee incentive programme</p>



2.2 Reporting

DunPort is committed to transparency across our stakeholders. We will continue to publish our Responsible Investment Policy on our website and include ESG KPIs from our annual surveys of our portfolio companies, as set out by Principles for Responsible Investment.

As a signatory of the UN PRI, DunPort is committed to meeting its disclosure and reporting requirements.



2.3 Engagement

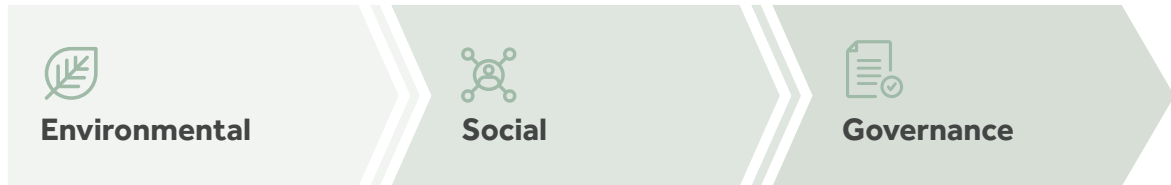
DunPort engages with our Borrowers on ESG matters and promotes good corporate governance and ESG practices in our portfolio. This includes engagement during the negotiation of a transaction and the associated documentation to address key ESG risks, and as part of our ongoing portfolio management responsibilities in relation to ESG matters.



3. ESG Integration at Corporate Level

DunPort promotes ESG and sustainability within our own business as well as throughout our investment processes and in our investment company portfolios.

At investment manager level we have taken steps to embed strong ESG practices and improve our focus on sustainability and employee wellbeing as follows:



3.1 Environmental

- Environmental goals are core to DunPort’s overall business strategy to ensure that all business decisions are undertaken with a view to low environmental impact.
- DunPort promotes responsible waste disposal through the promotion and accessibility to recycling waste disposal across all offices.
- DunPort measured its carbon footprint for 2023 setting a baseline for future reductions. DunPort engages with a Sustainability Consultancy to calculate its Scope 1, 2 and 3 carbon emissions.
- DunPort has considered the use of carbon offsets but will not incorporate them into our strategy without being comfortable that the offsets are high quality and would constitute a valid and effective offset of our emissions. DunPort will report on any offsets should they be used in the future.



3.2 Social

- Social responsibility is fundamental to all decision making and core to DunPort's overall business strategy.
- DunPort is committed to protecting and respecting human rights across its business and investments, and will, in line with the UN Guiding Principles on Business and Human Rights:
 - Avoid causing or contributing to adverse human rights impacts through its own activities, and address any impacts should they occur;
 - Seek to prevent or mitigate adverse human rights impacts that are directly linked to its operations, products or services by its business relationships, even if it has not contributed to those impacts.
- **Promoting Equality, Diversity and Inclusion:**
 - DunPort promotes an inclusive and engaging working environment that helps our team to excel and allows each person to reach their potential. This includes having mentors to support junior team members, offering parental leave and having a flexible working policy that encourages hybrid working and allows for shortened working weeks or part time work where required.
 - DunPort recognises the value of diversity of thought and having a team with a variety of backgrounds, experiences, and viewpoints, and believes that this contributes to both culture and performance, through more informed decision-making.
 - DunPort recognises the importance of ensuring equal opportunities for all irrespective of race, religion, gender, civil status, family status, sexual orientation, age, disability or those that are members of the Traveller community. DunPort values flexibility and seeks to ensure that it makes accommodations to suit the needs of individual team-members, enabling a more inclusive culture.
 - When hiring, DunPort seeks the best talent, and ensures detailed consideration is given to a wide pool of applicants. We place value on backgrounds and competencies that can be additive to our team. Where recruiters are used, we seek that initial screening provides a balanced, diverse pool of applicants for DunPort to review to ensure a representative spectrum of candidates are being assessed.
- **Promoting Employee Development:**
 - DunPort employees are encouraged to take on learning & development where continual training courses are made available to the team. In addition, bespoke, individually focused training courses can be availed of depending on individual employee needs.

3. ESG Integration at Corporate Level

- DunPort hires interns to work with the team each year over the course of a 9 month period and provides a dedicated 'mentor' to each intern, with a focus on supporting the development of young talent.
- DunPort provides financial support to employees pursuing further education or professional qualifications as well as providing study and examination leave.
- **Firm level contribution to Society:**
 - DunPort takes a holistic approach to community development and societal contribution and aims to create a lasting positive social impact, particularly in relation to health and well-being.
 - DunPort contributes to local charities on an annual basis including but not limited to: The Irish Cancer Society, Barnardos, Focus Ireland, St. Vincent de Paul, The Irish Hospice Foundation and the Jack & Jill Foundation.
 - DunPort furthermore supports the community by sponsoring local sports teams such as Three Rock Rovers Hockey Club, Greystones Boys Rugby Club and Greystones Girls Football Club.
- **Transparency is core to DunPort's value system**
 - DunPort is proactive to flag any issues in a timely manner and to be as transparent as possible on matters pertaining to the investment manager or indeed the funds under management.





3.3 Governance

- DunPort’s business strategy governs the direction of the company and the company’s values, vision and goals, including its ESG strategy.
- DunPort’s staff handbook provides details on the expectations of employees and of DunPort, including but not limited to disciplinary and grievance procedures, dignity at work, parental and compassionate leave, whistleblowing, flexible working and remote working policies.
- DunPort performs Know-Your-Customer / Anti-Money Laundering checks on all investors in its funds and on the shareholders and leadership teams of companies it plans to invest in. This is done through an external service provider with expertise in this area.
- DunPort places significant importance on promoting operational excellence and invests significant time and resources into its operations as demonstrated by the recruitment in 2022 of a Chief Operations Officer:
 - DunPort uses both in-house and external capabilities to ensure proficiency in areas such as financial reporting, IT and security, compliance, investor relations, fundraising and staffing.
 - DunPort chooses best in class service providers to ensure that its operations are robust, including specialist and well renowned third-party fund administrators, security trustees, custodians, corporate secretarial services, and loan administrators across all of our Funds ensuring a high level of oversight and internal controls.
- Promoting robust governance and oversight practices:
 - DunPort has a formal board of directors in place (two executive and three non- executive members) who gather at least eight times per annum and more frequently as required.
 - DunPort’s Investment Committee is made up of experts in the field of corporate finance, law, ESG and credit investing. This ensures a high level of oversight and robust governance. The Investment Committee meets formally once per quarter to review the performance of the investment portfolios and as required to consider new transactions or material variations / amendments to existing transactions.

