



RESPONSIBLE INVESTMENT POLICY

BACKGROUND AND PURPOSE

Volery Capital Partners is a private equity firm focused on growth investments in the financial services industry that benefit people and the planet. We provide strategic growth capital and hands-on support to help management teams achieve new levels of company growth, financial performance, and measurable impact.

Every investment has environmental and/or social impact – where impact is defined as ‘a change in an important positive or negative outcome for people or the planet¹’. These can range from negative impacts such as CO2 emissions to positive impacts such as increasing access to affordable healthcare for vulnerable populations. Volery’s definition of impact includes environmental, social and governance (ESG) factors. Environmental factors include issues related to the planet and environment, social factors include issues related to people and communities, and governance factors include issues related to the governance of companies and other related assets.

At Volery, we believe that having insight into and effectively managing these impacts is fundamental to reducing risk and creating long-term value for stakeholders including our investors, local communities, society and the environment. We are committed to investing our investors’ capital in a responsible way by integrating impact considerations, alongside financial factors, during our investment due diligence and ownership.

The purpose of this policy is to communicate Volery’s approach to integrating impact considerations into our investment decision-making process, serving as both a risk management tool and also as a way to create long-term value for people and the planet. The policy applies to all potential investments across a range of sectors.

OVERARCHING STRATEGY

Volery’s investment strategy is anchored in financing solutions to climate change and economic inclusion. Specifically, the climate portion of our strategy is built around climate-related opportunities stemming from resource efficiency, lower-emission sources of energy, and other types of emerging opportunities. The inclusion portion is built around financial inclusion and creating social and economic resilience through education and workforce development, affordable housing and healthcare and other financial products and services.

¹ Impact Management Project (IMP)

For every investment we make, we formulate a specific impact thesis that articulates the positive social and/or environmental impact we seek to have. Regardless of the intended positive impact, how an organization identifies, mitigates and manages negative impacts is an important part of how we view all investments and is the focus of this document. For more information on how we evaluate impact considerations, please see materials on Volery’s impact assessment and management tool.

RESPONSIBLE INVESTMENT PRIORITIES

Guiding Principles

Volery’s integration of impact factors into its investment activities is guided by the following five principles:

1. Impact factors are an integrated part of our investment analysis and decision making processes and are core to how we assess investment opportunities and potential risks.
2. Our strategy is focused on generating positive impact for people and the planet and a key component of this is to “first, do no harm.”
 - a. Volery avoids investing in strategies where practices or products cause significant social or environmental harm.
 - b. All investments must adhere to relevant local and international laws, including adherence to international protocols on banned products.
 - c. Volery will work closely with investments to identify, mitigate and manage the negative impacts of their operations (e.g. emissions, waste).
3. We are committed to being a value-added partner, particularly as it relates to improving the impact management and reporting practices of our investments.
4. Collaborating to support the growth of the responsible investment industry is a core goal of Volery’s mission.
5. We are focused on continuous improvement around impact considerations and will use lessons learned to advance our understanding and application of impact best practices.

International Industry Guidelines

Volery’s Responsible Investment Policy is based on a commitment to promote industry guidelines for corporate responsibility regarding human rights, labor rights, the environment and anti-corruption as set out in:

- The UN Global Compact
- The UN Guiding Principles on Business & Human Rights
- The UN-backed Principles for Responsible Investment (PRI)
- The UN Environmental Program Finance Initiative (UNEPFI)
- The Universal Declaration of Human Rights
- Additional industry-specific international principles

We expect all investments to respect these principles and pursue transparency regarding their corresponding management efforts.

Screening & Exclusions

Volery screens investments as part of pipeline development and on an ongoing basis to ensure that they sufficiently address responsible practices of international industry principles. Our screening and exclusionary practices cover both products and services as well as overall business practices.

We exclude investments in the following areas:

Products / Services

- Tobacco
- Pornography
- Illegal weapons
- Gambling

Practices

- Corporate governance issues (i.e., corruption)
- Human rights violations
- Severe environmental damage
- International Labor Organization (ILO) violations

Furthermore, Volery will make investments that:

1. Comply with applicable national, state, and local labor laws in the countries in which they invest, supporting the payment of competitive wages and benefits, assurance of safe and healthy workplaces, and freedom of association and collective bargaining.
2. Support and respect the human rights of all members potentially affected by the investment. We aim to filter out any investment opportunities with sustaining human rights abuses, including utilization of child or forced labor or discriminatory practices.
3. Support greater environmental responsibility, including protection and conservation of the planet. We aim to filter out any investment opportunities that demonstrate clearly irreversible harm or strong aversions to reducing negative impacts on the environment.
4. Work against corruption in all forms, including abiding by policies that prohibit bribery and extortion.

INVESTMENT PROCESS

Impact considerations are embedded in Volery's overall investment process. This includes:

- *Sourcing* – We do a negative screen of investments, with particular caution against products, services, and practices that are illegal or banned under international protocols. We also do a positive screen of all investments to identify an impact thesis

that is based on the track record of the investment opportunity and grounded in other external evidence. Where a clear and credible impact thesis cannot be determined, a deal will not advance.

- *Due diligence* – We complete an impact assessment which identifies material negative impacts and other impact risks, refines and evidences the impact thesis, and identifies impact related value-creation areas to prioritize post acquisition.
- *Investment decision* – A summary of the impact assessment is included in every investment memorandum submitted to the Investment Committee, which ultimately informs the investment recommendation. Depending on the impact risks and opportunities identified in the due diligence phase, an action plan may be included in a post-acquisition plan. The impact assessment also includes ongoing reporting requirements.
- *Ownership* – Based on the agreed upon action plan, we will work with portfolio companies to improve their impact management and reporting processes. We will also monitor impact performance through regular reporting requirements.
- *Exit* – We will highlight the results of these impact efforts through case studies and other mixed-media materials and work with portfolio company management to align with impact related standards.

For more information, please see materials on Volery’s investment process.

Impact Assessment Tool

A core feature of how we integrate impact throughout the investment process is an assessment tool we developed to evaluate potential investments (and portfolio companies) from multiple impact angles. We call this assessment tool *alpha*.

The *alpha* assessment tool looks at investments from three key angles: impact process (the company’s internal processes for assessing impact factors), impact performance (the specific environmental and social outcomes that result), and company values (the company’s workplace practices such as employee management).

In more detail, *alpha* is comprised of five parts:

1. **Approach to impact** – Processes for assessing and managing impact factors (e.g. the ability to identify and mitigate impact risks including climate-related risks);
2. **Leadership** – Commitment, leadership, and internal and external capacity to manage impact considerations (e.g. having clear roles and responsibilities related to impact processes);
3. **Presentation** – Measurement and reporting of resulting impact performance (e.g. baselines, benchmarking, KPIs);
4. **Hypothesis for impact** – Impact thesis stating the specific impact outcomes that Volery believes will result from the investment (e.g. number of quality jobs); and

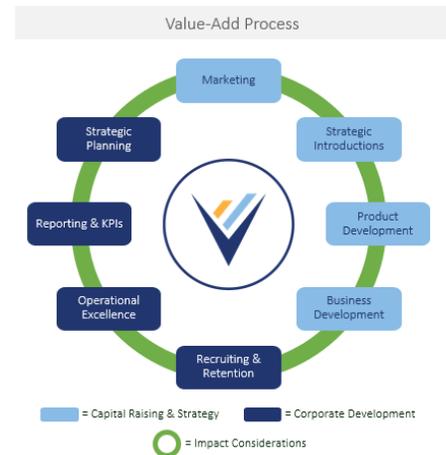
5. **Application of values** – Practices around managing employees, Diversity, Equity and Inclusion (DEI), environmental footprint and community engagement (e.g. diversity of senior management).

alpha is a comprehensive assessment tool that can be rolled up to a high-level summary or drilled down into for a detailed scoring report. The results of the assessment are used to highlight the merits and risks of the investment, areas of potential value-add, and as a management tool to drive improvement within investments.

Volery built *alpha* by leveraging the best practices of various industry standards, including IFC Operating Principles for Impact Management, Impact Management Project (IMP), SDG Impact Standards, Sustainability Accounting Standards Board (SASB), IRIS+, B Impact Assessment, Environmental Defense Fund (EDF) and UN Sustainable Development Goals (SDGs).

STEWARDSHIP

Volery is a value-added partner focused on active engagement with investments to maximize stakeholder value for shareholders, employees, customers, the environment and other stakeholders. Our stewardship priorities focus on strategic business planning, institutionalization, capital formation and impact best practices. Impact considerations are an embedded aspect of how we approach all aspects of value-added support including product development, recruiting and retention, and reporting & KPIs. See our Stewardship Policy for more details.



REPORTING

Incident Reporting

Volery requires that all investments make best efforts to report medium and severe environmental and social related incidents in a timely manner. The Impact Committee is responsible for responding to these reports, taking any necessary action and identifying lessons learned to share with other assets.

Impact Reporting to Stakeholders

Volery plans to publish an annual impact report detailing our progress around impact integration and engagement over the course of the year. This report will include impact highlights from our portfolio of investments as well as a description of value-added activities Volery has completed. Volery's first impact report is expected to be launched in 2022.

INDUSTRY ENGAGEMENT

Collaborating to support the growth of the responsible investment industry is a core goal of Volery's mission. Volery is a member of the United Nations Principles for Responsible Investment (PRI) (2020) and a proud supporter of the Impact Management Project (IMP), the

Taskforce for Climate Related Financial Disclosures (TCFD), IRIS+, and The Paris Agreement. Volery was also selected to ImpactAssets 50 2021 as an Emerging Impact Manager.

A key part of industry engagement is policy-related activities where we envision our firm will engage through membership and with governing bodies as Volery, as well as owners of our portfolio companies. We engage thoughtfully and with the intent to help advance the industry's evolution to sustainable finance. As we make additional investments and continue to refine our processes, we seek to become more engaged in various industry initiatives to share lessons learned and contribute more formally to the advancement of the impact investing industry.

Our governance processes will inform our industry engagement and policy activities to ensure that they are aligned with our overarching strategy for responsible investing. We are committed to disclosing our engagements and representing our firm in a way that reinforces our impact objective to scale solutions to climate change and inequality.

GOVERNANCE

Volery was formed with the shared belief of the importance of responsible investing and a desire to drive more capital into the space. While identifying, managing, and reporting on impact considerations are an embedded part of all team members' roles at the firm, Volery's Impact Committee plays an oversight and supporting role.

Volery's Impact Committee is an overarching body that is responsible for overseeing all impact related processes across the firm. The Impact Committee is a key contributor to investment process documentation, including investment memos, which are ultimately be reviewed and approved by Volery's Investment Committee. The Impact Committee is also responsible for sharing lessons learned with the broader industry.

Roles and responsibilities are in part guided by our Investment Process document, which is available upon request. This is a detailed manual which articulates how impact considerations will be integrated in the firm's investment processes. Volery's Partners are accountable for the investment process and strategy of the firm.