

Responsible Investment Policy

Integration of sustainability risks in investment decisions

| Version | Approved by the Board of Directors on | Comments |
|---------|---------------------------------------|---|
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1. Introduction

Miria Group is convinced that responsible investing enhances risk-adjusted returns and believes that companies with sustainable business practices and high standards of corporate governance will become the success stories of the future.

Miria Group recognises the importance of responsible investment practices and integrates environmental, social and governance considerations into its investment processes in accordance with applicable regulatory requirements and internal ESG policies.

In line with Miria Group’s ESG values, considerations regarding environmental, governance, and social issues are an integral part of Miria Asset Management Limited’s (hereinafter “Miria AM”) investment selection process. Miria AM believes there is a strong link between the longer-term positive impact of ESG integration and improved risk-adjusted returns. In addition to having a positive effect on the well-being of society and the environment, consistent ESG integration enables Miria AM to identify the associated risks and opportunities, and to unlock potential value. As a result, Miria AM takes ESG factors into account in its operations and business practices, in the products and investments it promotes, and in its relationships with various categories of stakeholders.

This policy is an integral part of Miria Group’s overall approach to ESG. It contains rules, practices, and definitions that are aligned with applicable regulatory requirements and generally accepted market practices.

2. Objective and Scope

Objective

The objective of this Responsible Investment Policy (hereinafter “**RI Policy**”) is to define how Miria AM integrates sustainability factors and risks within its investment selection and evaluation process for the Alternative Investment Funds managed by Miria AM (hereinafter “**AIFs**”).

As required by art. 3 of Regulation no. 2088/2019 (hereinafter “**SFDR**”), which applies to Miria AM as a Financial Market Participant, this RI Policy will be published on the Miria Group website.

Scope

This RI Policy applies to services provided by Miria AM in accordance with the terms of the licence and authorisation granted by the MFSA or any other competent regulatory authorities.

The AIFs managed by Miria AM may adopt either liquid or illiquid investment strategies. This includes (but is not limited to) investment in instruments of the following categories: equities, bonds, derivatives, loans, debt instruments, collective investment schemes, real estate, private equity, and foreign exchange.

Miria AM may delegate certain functions and, in particular, portfolio management or investment advice, of some AIFs to third party investment managers or advisers (hereafter "Portfolio Delegates"). Miria AM's policy with regards to its Portfolio Delegates is to grant them autonomy in their fund management or advisory activities within the scope of the mandate granted by Miria AM and in accordance with the investment policy of the relevant AIF. However, Miria AM will conduct due diligence and maintain ongoing oversight of the approach to ESG taken by each Portfolio Delegate to ensure that it is aligned with this RI Policy

3. Definitions

The definitions below have been extracted from the following regulations:

- EU Regulation 2019/2088 of the European Parliament and the Council of 27 November 2019 on sustainability reporting in the financial services industry,
- EU Regulation 2020/852 of the European Parliament and the Council of 18 June 2019 on establishing a framework to encourage sustainable investment and amending Regulation (EU) 2019/2088

Sustainability Factors: environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters;

Sustainable Investment: an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance

Financial Market Participant: includes an alternative investment fund manager (AIFM)

Financial Product: includes an alternative investment fund (AIF); an IBIP; a pension product; a pension scheme; a UCITS; and a PEPP;

Sustainability Risk: an environmental, social or governance event or condition, which, if it occurs, could cause an actual or a potential material negative impact on the value of an investment.

Investee Entity: the company or other legal entity in which an AIF makes an investment.

4. ESG Criteria and funds classification

ESG criteria

The three central factors in measuring the sustainability of an investment are:

- **Environmental criteria** which examine how an Investee Entity contributes to environmental challenges, such as energy consumption, waste, pollution, reduction of greenhouse gas emissions, resource depletion and deforestation, protection of biodiversity and climate change and how the Investee Entity performs in this regard.
- **Social criteria** which analyse how the Investee Entity develops its human resources, referring to universal fundamental principles, such as people management, diversity and equal opportunities, working conditions, and health and safety.
- **Governance criteria** which assess how well the management of an Investee Entity is able to activate a process of collaboration between the various stakeholders in order to ensure that long-term objectives are met, consequently ensuring the long-term value of the investment. Such processes include (but are not limited to) codes of conduct and business principles, accountability, transparency and disclosure, avoidance of conflicts of interest, bribery and corruption, shareholder engagement and shareholders rights, executive remuneration, board diversity and structure when applicable.

The concept on which sustainable investment management is based is that the more companies succeed in being sustainable, transformative and proactive in relation to the environment and the communities in which they operate, the more likely they are to adapt and generate profitability in the medium and long term.

Consequently, ESG analysis focuses on how Investee Entities are impacted by ESG criteria, on what and how relating strategic plans and management actions affect their short and medium-term investment performance.

Miria AM integrates ESG criteria into its investment process. These criteria may differ according to the relevant AIF's investment strategy. The ESG criteria are grouped by reference to the investment strategy (liquid or illiquid) of the relevant AIF and are listed in Template 1 (which is a non-exhaustive list).

| | Liquid Strategies | Illiquid Strategies |
|-------------|--|---|
| Environment | <ul style="list-style-type: none"> ○ GHG emissions ○ Energy consumption and efficiency ○ Air pollutants ○ Water usage and recycling ○ Waste production and management (water, solid, hazardous) ○ Impact and dependence on biodiversity ○ Impact and dependence on ecosystems | <ul style="list-style-type: none"> ○ Energy consumption and efficiency ○ Air pollutants ○ Water usage and recycling ○ Waste production and management (water, solid, hazardous) ○ Impact and dependence on biodiversity ○ Impact and dependence on ecosystems |
| Social | <ul style="list-style-type: none"> ○ Forced and compulsory labour ○ Workplace health and safety ○ Discrimination diversity and equal opportunity ○ Supply chain | <ul style="list-style-type: none"> ○ Workplace health and safety ○ Customers health and safety ○ Discrimination diversity and equal opportunity ○ Supply chain management ○ Community impacts |
| Governance | <ul style="list-style-type: none"> ○ Codes of conduct and business principles ○ Transparency and disclosure ○ Bribery and corruption ○ Shareholder right | <ul style="list-style-type: none"> ○ Codes of conduct and business ○ Accountability ○ Transparency and disclosure ○ Board diversity and structure ○ Bribery and corruption ○ Stakeholder engagement ○ Stakeholder rights |

Funds Classification - According to the SFDR, there are four levels of integration of ESG criteria in the investment management process, as described below:

| Level 0 | Level 1 | Level 2 | Level 3 |
|---|---|--|---|
| <p>Article 6 products</p> <p>ESG risks are not relevant. ESG criteria are not integrated in the Investment Decision Making process.</p> | <p>Article 6 products</p> <p>ESG criteria are taken into account when selecting a company/asset in which to invest. The Investment manager of a fund must perform a selection process on each decision based on Common ESG criteria, defined for all investments.</p> | <p>Article 8 products</p> <p>Investment management promotes, among other criteria, ESG criteria, provided that the company/asset where we invest follow these good governance practices. The Investment manager performs a selection process for each decision based on Common ESG criteria defined for all Investments plus on their impact on the promoted criteria.</p> | <p>Article 9 products</p> <p>In this case, sustainable investment is an objective of the portfolio. The selection of the instruments in which the fund invests combines financial analysis, ESG analysis and impact analysis. The investment process has an additional feature of having declared and measurable ESG goals. And its investment policy should explain how the achievement of the ESG objective will be measured.</p> |

5. Governance, Roles and Responsibilities

Below is a list of the functions involved in the governance of the ESG investment process.

Board of Directors

The Board of Directors of Miria AM approves the RI Policy, including the relevant supporting documentation. The RI Policy will be reviewed at least on an annual basis. The Board of Directors will supervise the implementation of this RI Policy, and will regularly review the ESG reporting at an AIF level.

Investment Committee

The Investment Committee of Miria AM is responsible for:

- Applying the ESG guidelines set out in this RI Policy and for integrating the consideration of sustainability risks into the investment processes, including the investment decision making process;
- Monitoring and reviewing this RI Policy and the performance of the AIFs;
- Establishing and reviewing guidelines for investment by the AIFs;
- Issuing rules for stock selection and setting the portfolio structure and asset allocation for the AIFs; Monitoring the activities of each Portfolio Delegate in respect of Miria AM's delegated functions;
- Making recommendations to the Board of Directors of Miria AM.

Miria AM's ESG Team

The Miria AM's ESG Team is responsible for:

- Coordinating the development of this RI Policy and submitting it for approval;
- Monitoring the proper integration of this RI Policy and verifying if amendments are required in the light of regulatory developments and industry practices;
- Assisting the Miria Investment Team with the integration of ESG criteria for each AIF or portfolio and monitoring the ESG status of each AIF or portfolio and coordinating the alignment of this RI Policy with other Miria AM policies, when necessary;
- Ensuring that the required ESG-related disclosures for each AIF are made in a proper manner and within deadlines in accordance with relevant regulatory requirements;
- Coordinating third-parties and consultants on RI Policy review matters.

Miria Investment Team

The Miria Investment Team is composed of (i) portfolio managers who take the investment decisions, (ii) an investment analyst team and (iii) investment advisers.

The Miria Investment Team develops its own investment strategy for each AIF ensuring proper integration of ESG risk factors during the decision making process in line with this RI Policy.

The Miria Investment Team is responsible for:

- Scouting for investment options that are in line with the investment strategy of each AIF;
- Performing investment management functions, which include but are not limited to carrying out investment selection and ensuring that appropriate due diligence processes are in place;
- Selecting third parties to be used for ESG due diligence processes and ESG data providers;
- Preparing and submitting reports to the Miria AM Investment Committee and/or to the Board of Directors with regard to the performance of the relevant AIF, including ESG KPIs monitoring and reporting.

Miria AM Risk Management Function

The Miria AM Risk Management Function is responsible for:

- Monitoring the compliance of each AIF with Miria AM's ESG requirements and criteria as set by this RI Policy.
- Participating in the necessary ESG due diligence when it is not performed by third parties.

Miria AM Compliance Function

The Miria AM Compliance Function is responsible for:

- Verifying the compliance of all Miria functions with this RI Policy and with the regulation framework applying to ESG matters.

Miria AM Internal Audit Function

The Internal Audit Function is responsible for:

- Checking and verifying the adequacy of Miria AM's ESG risk assessments and mitigation actions, and their consistency with prevailing regulations.

6. Integration of ESG factors within the Investment Process

Level 0 - Art. 6 of the SFDR - ESG risks not relevant

ESG approach: ESG criteria and risks are considered as not relevant for the portfolio. In such case, Miria AM must comply with all disclosure requirements of the SFDR, in particular those in Art. 6.

Level 1 – Art. 6 of the SFDR – ESG risks and criteria taken into account

ESG approach: ESG criteria are taken into account when selecting an Investee Entity in which to invest, in accordance with Art. 6 of the SFDR.

Level 2 - Art. 8 of the SFDR – Financial Products which promote ESG characteristics

ESG approach: Investment management of the relevant AIF promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the Investee Entities in which the investments are made follow good governance practices.

LIQUID STRATEGIES - Direct or indirect investment in Investment Entities

Investment management process:

Stage 1. ORIGINATION & PRE-ASSESSMENT:

Sectoral exclusion. Miria AM does not invest in Investee Entities with weak corporate governance that are involved in and/or derive significant revenue from, certain industries or product lines, including:

- Production of armaments;
- Production of tobacco;
- Production of hard spirits;
- Adult entertainment;
- High impact fossil fuels.

Stage 2. DUE DILIGENCE:

At this stage, Miria AM analyses the ESG performance of Investee Entities with the help of Indices made available by third party companies (for example: MSCI or equivalent) that include:

- an Environmental score;
- a Social score; and
- a Governance score.

Miria AM will aim to make such analysis of all potential Investee Companies, when the rating is available. The achievement of a level of score which Miria AM considers as acceptable is preferred, but is not obligatory, as investment in Investee Companies for Art 6 SFDR Financial Products is not restricted by the availability of a rating level. All relevant information concerning sustainability risks will be disclosed when the pre- contractual disclosure is made in accordance with Art. 6.

Stage 3. INVESTMENT DECISION:

At this stage, the Miria AM Investment Committee approves the relevant investment made by the Miria Investment Team and ensures that the investment is in line with this RI Policy. The Miria AM Investment Committee also approves KPIs for monitoring environmental and/or social characteristics.

Stage 4. HOLDING PERIOD:

Following investment, continuous ESG monitoring is carried out through KPI verification, the measurement of ESG investment outcomes and risk, the identification of potential positive impacts, and ensuring that ESG disclosures and reporting are performed in accordance with regulatory requirements.

Stage 5. INVESTMENT EXIT:

At this stage, Miria AM considers the internal closure process by verifying the extent of ESG characteristics achieved through KPIs.

ILLIQUID STRATEGIES - Including Lending, Real Estate NPLs, Real Estate UTP, Real Estate Special Situations, Real Estate Funds Units, Shares or Units of Investee Entities that own real estate assets, Notes, etc

Investment management process:

Stage 1. ORIGINATION & PRE-ASSESSMENT:

Sector exclusions: Miria AM does not invest in Investee Entities and does not provide loans to Investee Entities that are involved in and/or derive significant revenue from, certain industries or product lines, including:

- Production of armaments;
- Production of tobacco;
- Production of hard spirits;
- Adult entertainment;
- High impact fossil fuels.

Real Estate exclusions: Miria AM does not buy debt instruments, provide loans, invest in funds units or SPVs if the underlying collateral comprises real estate assets that were:

- Developed in protected natural areas;
- Dedicated to the extraction, transportation or production of high impact fossil fuels, weapons, tobacco, hard spirits;
- Dedicated to the adult entertainment industry.

Stage 2. DUE DILIGENCE:

At this stage, Miria AM assesses the ESG characteristics of each underlying real estate asset and of the relevant investment business plan before the acquisition, and also bases its assessment on reports of third parties such as:

- a Technical report of the asset that shall include an analysis of the energy efficiency, water usage and general technical condition of the real estate asset;
- a Legal report;
- ESG reports of the asset that include an assessment of the existing certifications and an evaluation of the physical and transition risk.

Miria AM takes into consideration the results of the ESG characteristics evaluation on the real estate asset at acquisition and the targeted ESG characteristics achievable through the implementation of the investment business plan, but do not limit investments for Art 6 SFDR Financial Products based on this assessment.

Miria AM performs an evaluation of the governance principals of the fund managers, service providers and operating partners involved with the relevant illiquid investment based on a KYC questionnaire for each illiquid investments type and excludes potential counterparties that have not adopted appropriate codes of conduct and business principles or, if they don't have such codes and principles, are not willing to adopt those adopted by Miria AM.

Miria AM analyses all relevant counterparties (for example, the borrower, fund managers and service providers) and underlying illiquid investment by carrying out:

- Due diligence of counterparties: analysis of the ESG characteristics of the counterparty based on a checklist (found in **Annex 1**) in order to determine the ESG score of the counterparty. This analysis should be done by Miria AM itself or by an appropriate expert/third party. As a binding element, the minimum ESG score of the counterparty should be defined and disclosed to the investors at product disclosure level;
- Due diligence of illiquid investment: analysis of the environmental and social characteristics of the relevant real estate asset based on a checklist (found in **Annex 2**) to define its profile. Due diligence should be performed by a third party expert. As a binding element, the minimum level of the ESG score of the relevant real estate asset, as well as the quantity and outcome of the KPIs applicable to the environmental and/or social characteristics of the relevant real estate asset, can be determined and will be disclosed to the investors at product disclosure level.

Stage 3. INVESTMENT APPROVAL:

At this stage, the relevant Miria AM portfolio manager, based on information set out in the Investment Memorandum prepared by the Miria Investment Team, approves the proposed investment and ensures that the investment is in line with this RI Policy. The Miria AM Investment Committee then approves KPIs for monitoring the environmental and/or social characteristics as set out in the Investment Memorandum.

Stage 4. HOLDING PERIOD & ONGOING MONITORING

Following investment, continuous ESG monitoring is carried out through KPI verification (based on the approved Investment Memorandum), the measurement of ESG investment outcomes and risk, the identification of potential positive impacts, and ensuring that ESG disclosures and reporting are performed in accordance with regulatory requirements.

Stage 5. INVESTMENT EXIT:

At this stage, Miria AM considers the internal closure process by verifying the extent of ESG characteristics achieved through KPIs.

ESG investment strategy for Financial Products managed by Portfolio Delegates

Miria AM may delegate certain investment management activities of some of AIFs or investments to external firms (such as, SGR or Special Servicer). Miria AM's approach in respect to its Portfolio Delegates is based on the following principles:

- Miria AM does not impose its own RI Policy on its Portfolio Delegates. Subject to the requirements set out below, each Portfolio Delegate is autonomous within the investment mandate, business plan and risk management process agreed with Miria AM.
- Due diligence is performed by Miria AM on its Portfolio Delegates to verify that they have policies complying with all applicable regulations in force relating to the management of sustainability risks. Miria AM will also verify that each Portfolio Delegate has the appropriate methods and tools in place to ensure the proper application of own responsible investment policy.

- The policies and practices of Miria AM's Portfolio Delegates must not conflict with Miria AM's basic ESG values.
- Arrangements are required to be out in place to ensure that Miria AM has the same oversight on the portfolios or assets allocated to Portfolio Delegates as it does for the portfolios or assets managed by itself in order to verify adherence by the Portfolio Delegates to agreed ESG criteria.

6. Integration of ESG factors within the Investment Process

Miria AM is aware that sustainable investment is based partly on non-financial considerations: the use of sustainability criteria may, therefore, reduce the range of investment opportunities or lead to the divestment of investments at a time that is not financially viable.

A fund that uses sustainability criteria may therefore underperform the market or other funds that invest in similar assets without applying sustainability criteria.

However, incorporating sustainability risk into the investment process can lead to the mitigation of negative risk impacts and contribute positively to the long-term returns of investors.

Consequently, Miria AM assesses sustainability risks when taking investment decisions and assesses in which measure sustainability risks may affect the performance of AIFs and other portfolios under management.

Miria AM identifies possible environmental, social or governance events or conditions which, if they occur, could cause a significant negative impact, both actual or potential, on the value of the investments under management ("Sustainability Risks") and recognizes the importance of proper management of such risks for the purpose of protecting the value and profitability of the investments and has integrated sustainability risks mitigation in its investment decision process.

In particular, such Sustainability Risks are identified during the Stage 2 Due Diligence and the relevant outcome is considered in the applicable underwriting models and business plans as well as being mitigated as a pre-condition of the investment or execution of specific investment management activities during the Stage 4 Holding Period.

How Sustainability Risks are identified, assessed, and incorporated will vary with the investment strategy, portfolio objective, and asset class of the relevant AIF or portfolio and is based on the check-list in **Annex 3**.

Sustainability Risks could manifest themselves through different existing risks: for example, an investment (within both the liquid or illiquid strategy) could face potentially reduced revenues or increased expenditures from physical climate risk or transition risk due to higher operating or capital costs or increased production costs due to changing input prices and output requirements; real estate assets could face reduced value through direct damage or re-pricing in real estate valuations due to stricter energy efficiency standards.

Sustainability Risks could impact investment performance, or increase volatility and may result in a loss to the value of the relevant Financial Product.

Annex 1 ESG Due Diligence check-list for the counterparties

ESG Due Diligence check-list for Borrower should evaluate its performance at next categories:

Environmental

-  Physical Risk
-  Governance e reporting
-  Climate Change
-  Energy
-  Waste management
-  Biodiversity and Ecosystem

Social

-  Relationships with Community
-  Relationships with Employees
-  Relationships with Stakeholder
-  Human Rights
-  Poverty
-  Mobility Management

Governance

-  Ethic Consideration
-  Strategy and Risk Management
-  Inclusion
-  Transparency
-  «Whistle blowing»
-  Governance system

Annex 2 ESG Due Diligence check-list for real estate investments

ESG Due Diligence check-list for Real Estate

Certification: presence of energy certifications, such as LEED. Preassessment of actions required for obtaining

Energy: presence of tools for energy efficiency and use of renewable energy

Comfort and wellbeing: presence of WELL v2 certifications. Preassessment of actions required for obtaining

Waste management: mode of waste management and presence of adequate space for collection, possible presence of separate collection

Emission: analysis of emission and potential decrease

Annex 3 - ESG Sustainability Risks assessment check-list

| Area | Risk | Risk Factor | Due Diligence Topic | Mitigant |
|-----------------------------|--|--|--|--|
| Environment - physical risk | Climate change | > exposure of buildings to adverse climatic events | <ul style="list-style-type: none"> > Location > Existing condition > Technical Requirements to be considered in case of refurbishment or new constructions | <ul style="list-style-type: none"> > Insurance policies > Capex Plan to improve existing condition and/or to mitigate climate risk |
| Environment - transition | Market | <ul style="list-style-type: none"> > increase of energy costs > obsolescence of the real estate assets > loss of value | <ul style="list-style-type: none"> > Energy rating and performance > Emissions (GHG) > Maintenance condition > Technical Requirements to be considered in case of refurbishment or new constructions | <ul style="list-style-type: none"> > Refurbishment and/or retrofit projects > Capex plan > Certifications |
| | Adherence to law | Non-compliance with cadastral, urban planning, environmental and fiscal legislation | <ul style="list-style-type: none"> > Administrative and Technical issues: title, urban planning, building permits, cadastral, environmental, fiscal > Technical Requirements to be considered to be compliant with law | <ul style="list-style-type: none"> > Refurbishment and/or retrofit projects. > Capex plan > Certifications |
| Social (Stakeholder Risk) | Violation of human rights/good job | Lack of safety and violation of the rights of the workers involved in the investment management | <ul style="list-style-type: none"> > Contracts | <ul style="list-style-type: none"> > Specific clause for contract of works and suppliers > Code of conduct (<i>codice etico</i>) |
| | Health and safety of the users/workers | Exposure to H&S- related incidents involved in investment management | <ul style="list-style-type: none"> > Specific H&S requirements > Insurance Policies | <ul style="list-style-type: none"> > Specific clause for contract of works and suppliers > Insurance Policies |
| Governance | Lack of Governance | Weakness of supply chain Legal claims and litigations for violation of tax and environmental law | <ul style="list-style-type: none"> > Contracts | <ul style="list-style-type: none"> > KYC > Ex-ante evaluation of suppliers > Code of conduct (<i>codice etico</i>) > Service Level Agreement |