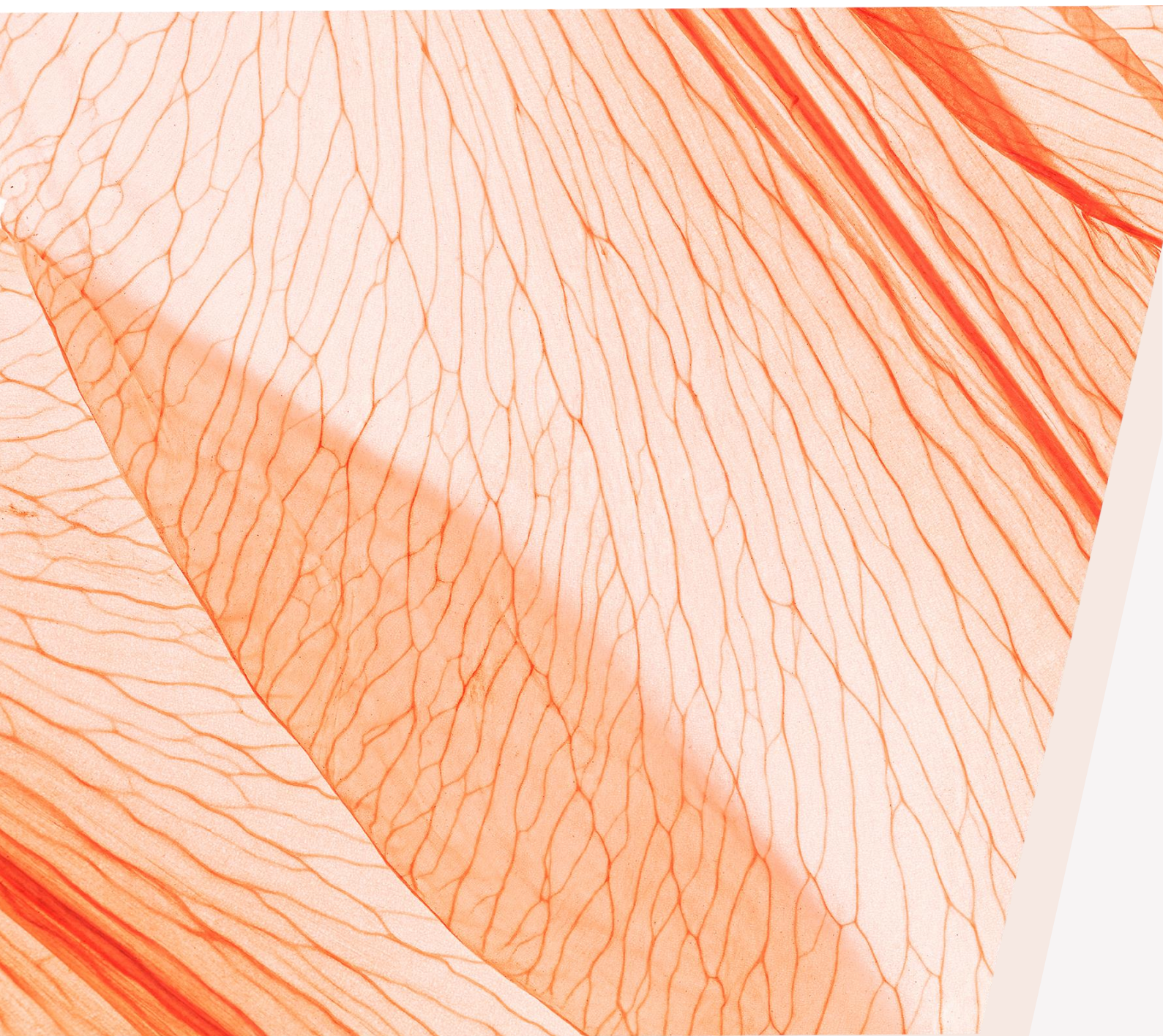


Five Arrows

 Rothschild & Co



V2.0 November 2025

Five Arrows Sustainability Risks Management Policy

Contents

1. Introduction	3
1.1 Purpose, scope and application	3
1.2 Policy review and approval	3
1.3 Other relevant policies and procedures	3
2. Definition of Sustainability Risks	4
3. Internal governance, organisation and training	4
4. Integration of Sustainability Risks in the investment making-decision process	5
5.1. Pre-Investment.....	5
▪ Five Arrows investment restrictions	5
▪ ESG due diligence.....	5
▪ ESG Controversies and Red flags assessment.....	5
▪ Main Sustainability Risks shared with the IC	5
5.2. Holding and Exit period	6
▪ Monitoring of ESG Controversies and potential breaches of UNGC principles	6
5.3. Sustainability Risk Tools	6
5. Sustainability reporting to investors	6
6. Contact and document history	7
7. Glossary	7



1. Introduction

1.1 Purpose, scope and application

This document sets out the Five Arrows approach to integrating the consideration of Sustainability Risks into its investment decision-making processes and portfolio management (the “activities”). This policy shall be published to comply with the disclosure requirements laid down in Regulation (EU) 2019/2088 (“SFDR”).

This policy applies to Five Arrows' EU entities and products that are subject to SFDR but also applies to Five Arrows' non-EU entities in respect of their services provided to alternative investment funds (“AIF”) and mandates that fall within the scope of the SFDR. As such, this policy applies to the Five Arrows activities of Rothschild & Co Investment Managers, Five Arrows Managers LLP, Five Arrows Managers SAS, Five Arrows Managers North America LLC, and Five Arrows Managers USA LLC (collectively “Five Arrows”, “we”, or “us”).

This policy covers the four Five Arrows investment strategies, unless otherwise stated:

- Corporate Private Equity (“CPE”);
- Multi-Strategies (“FAMS”);
- Direct Lending (“DL”); and
- Credit Management (“CM”).

The objective of this policy is to establish the guiding principles Five Arrows follows for integrating and managing Sustainability Risks. This includes how such risks are assessed, considered, monitored, and reported throughout the firm’s investment activities.

1.2 Policy review and approval

Drafted by: Five Arrows Sustainability Team and the Risk Management Team.

Last approved by: Five Arrows Sustainability Committee in November 2025.

Policy review frequency: Regularly by Five Arrows Sustainability Committee.

Previous version issue date: October 2023.

Each Rothschild & Co Group Entity is required to implement procedures, systems and controls, as appropriate, to comply with this Policy, whilst also incorporating any local law requirement where necessary.

If no revisions to this Policy are required, the review must still be recorded, and a newly dated, but unamended, version be issued. This should also be recorded on the Document History section. The local policies which implement this Policy are subject to the same review cycle as this Policy. All local policies will include a policy review and approval clause.

1.3 Other relevant policies and procedures

The following documents should be referenced in conjunction with this policy:

[Five Arrows Responsible Investment Policy](#)

[Five Arrows Principles of Adverse Impact Statement](#)



2. Definition of Sustainability Risks

According to Five Arrows, and in line with the definition provided under article 2(22) of the SFDR, a “Sustainability Risk” is defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of our investments.

Sustainability Risks can be categorized into four key areas:

- Market (e.g., reputational risks, license to operate),
- Operational (e.g., climate-related physical risks, high employee turnover, health and safety issues),
- Financial (e.g., investor attrition, liquidity constraints), and
- Regulatory (e.g., tax compliance, legal or regulatory breaches).

These risks can be identified and assessed at every stage of the investment process, particularly during the pre-investment and holding phases.

A Sustainability Risk represents the potential for negative outcomes — such as reputational damage or financial impacts. An “ESG Controversy”, by contrast, is often the actual manifestation of such a risk. It typically involves a tangible incident or violation — for example, a labour rights breach, environmental spill, or corruption case — that exposes a company to public scrutiny, stakeholder backlash, or regulatory consequences.

Despite the different geographies and product types in which Five Arrows operates and the complex and varied regulatory environment surrounding sustainability topics, we believe it is important for Five Arrows to have a common interpretation of these requirements and to align our different activities and funds through a common approach. To ensure this consistency, Five Arrows has established a common set of practices for application throughout its various lines of business. These practices help to ensure appropriate management of the various Sustainability Risks Five Arrows faces.

Each investment strategy has its own set of levers to integrate Sustainability Risks in the investment decision-making process, ranging from negative screening to deeper integration and management of those risks.

Sustainability Risks can be identified across investment products, sectors and regions. The inherent financial risks (or opportunities) are assessed applying the following criteria:

- Time horizon: short- (<1 yr), medium- (1-5 yrs), long-term (>5 yrs),
- Size of financial impact (magnitude): estimated on a 3-scale-system based on defined financial thresholds¹,
- Probability (likelihood): low, medium, high.

Key risks assessed include, for example: Invested AUM exposed to physical and transition risk; Climate-related market or liquidity risk; Inherent risks of failing to protect and adequately manage confidential and personal data; Potential negative impact on clients and other stakeholders in case of data breaches, and Reputational risk related to greenwashing accusation.

3. Internal governance, organisation and training

For a description of our internal sustainability-related governance, organisation and training, please refer to Five Arrows’ Responsible Investment Policy.

¹ Quantitative thresholds to define severity of the financial impact were defined based on financial effects in terms of performance, financial position, cash flows, access to and cost of capital, applying criteria and thresholds used in considerations for the early warning indicator on profitability from significant potential operational losses in the Rothschild & Co Group’s Recovery Plan and from a financial auditor materiality



4. Integration of Sustainability Risks in the investment making-decision process

As presented in Five Arrows' Responsible Investment policy, available on our website, we integrate Sustainability Risks at each step of the investment process.

Five Arrows has implemented a comprehensive Sustainability Risk management framework that encompasses a list of investment restrictions, the identification of material Sustainability Risks, the assessment and monitoring of ESG Controversies as well as Red Flags, both in the pre-investment phase and during the holding period, where relevant and in line with individual fund documentation.

5.1. Pre-Investment

This critical stage enables us to highlight the main potential issues as regards Sustainability Risks, so that these can be correctly understood and can be taken into consideration as part of our investment-making decision processes.

- **Five Arrows investment restrictions**

Please refer to Five Arrows' Responsible Investment Policy for details on our list of investment restrictions and its application.

The sectors and topics that are included in the Five Arrows' list of investment restrictions have been deemed by Five Arrows to bear a high-risk exposure to potential negative impacts or negative outcomes — such as reputational damage or financial impacts for the investments or for Five Arrows itself.

It should be noted that individual fund documentation may include additional investment restrictions agreed upon with investors. These often contain broader exclusion criteria or more stringent limitations.

- **ESG due diligence**

Recognising that our ability to gather data, access non-financial information and appraise risk outcomes varies according to the nature of the relationship and size of our investments, Five Arrows makes use of various processes to address the specificities of our investment strategies.

For this reason, Five Arrows has developed proprietary ESG due diligence tools, tailored to each fund, that are being progressively deployed.

This critical stage is aimed at enabling Five Arrows to highlight relevant potential issues as regards Sustainability Risks and their impacts, so that these can be correctly understood and can be taken into consideration as part of the investment-making decision processes.

- **ESG Controversies and Red flags assessment**

During pre-investment, a first ESG Controversy and “Red Flag” check is integrated within the ESG due diligence tool. If an ESG controversy or a Red Flag is identified, the alert is escalated in accordance with our internal policies and processes to the relevant party, notably the Risk Management team and Compliance teams, as appropriate.

- **Main Sustainability Risks shared with the IC**

The results of the Sustainability Risk assessment and of the ESG due diligence are typically included into the relevant Investment Committee Memorandum.



Standardised baseline applied across the platform



Pre-investment

Exclude certain sectors and identify main risks, opportunities and impacts

- Five Arrows investment restrictions and exclusions as stated above
- ESG due diligence completed²
- ESG controversy assessment conducted²
- Main risks and opportunities shared with the Investment Committee²

See below for²

5.2. Holding and Exit period

The way Five Arrows monitors and/or manages Sustainability Risks through an investment's holding period are naturally different depending on the investment strategy, the materiality and type of any identified risk, and the level of exposure of the relevant fund(s) to a particular company or risk factor.

Across our strategies, and whenever possible, investment teams engage with portfolio companies and General Partners ("GPs") on sustainability-related issues and practices. As part of this dialogue, they are also asked to complete an annual ESG questionnaire to support ongoing monitoring and transparency.

For more information, please refer to our Responsible Investment Policy.

- **Monitoring of ESG Controversies and potential breaches of UNGC principles**

During the holding period of an investment, an on-going check is performed by the Risk Management function via the RepRisk platform at the level of the GPs and of the portfolio companies – for primary investments, the RepRisk check is only performed at the GP level. If an ESG Controversy or a potential breach of the United Nations Global Compact ("UNGC") principles is identified, the alert is directly escalated in accordance with our internal policies and processes.

5.3. Sustainability Risk Tools

Please refer to Five Arrows' Responsible Investment Policy for details on the main sustainability-related tools.

5. Sustainability reporting to investors

Five Arrows firmly believes that transparency is important for driving progress in sustainability and promoting responsible practices within the financial ecosystem.

Given the diversity of investment strategies within Five Arrows, the varying sustainability objectives of our investment vehicles, and the differing expectations of our investors, sustainability reporting is provided at two distinct levels:

- **Firm-wide and Strategy Level:** Primarily through the annual Five Arrows Sustainability Report, which is publicly available online.
- **Individual Fund Level:** Via each fund's annual report, in line with each fund's applicable SFDR regime.

When appropriate, and upon request, more detailed information on specific portfolio companies can also be shared with investors.

² Excluding Hermance Capital Partners (HCP) within the FAMS strategy.



6. Contact and document history

Policy Contact:

Five Arrows Sustainability Team and Risk Management team.

Document History:

Version ³	Changes Made	Author / Reviewer	Date
v1.0	Document creation	Five Arrows Sustainability Team and Risk Management team / Five Arrows Management Committee	October 2023
v2.0	Material changes across the policy	Five Arrows Sustainability Team and Risk Management team / Five Arrows Sustainability Committee	November 2025

7. Glossary

Terms

and acronyms

Definition

AIF	Alternative Investment Fund as defined in Article 4(1)(a) of the Alternative Investment Fund Managers Directive ("AIFM Directive")
CM	Credit Management ("CM") , manages diversified credit funds, segregated managed accounts and Collateralised Loan Obligations ("CLOs") which invest in European and U.S. leveraged loans and high yield bonds issued by larger issuers. Certain funds and managed accounts also invest in CLOs
CPE	Corporate Private Equity ("CPE") , focuses on investing in Europe and North America (in developed markets) through a series of funds focused on the lower mid-market, mid-market and upper mid-market
DL	Direct Lending ("DL") , provides customised senior and subordinated debt financing solutions to privately owned businesses across the European and U.S. mid-market
ESG	Environment, Social and Governance issues
ESG controversy	An event flagged by the RepRisk tool as «Sever and medium reach» concerning a portfolio company or General Partner ("GP")
Greenwashing risk	The practice where sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial service. This practice may be misleading to consumers, investors, or other market participants
Climate-related risks	Refer to the potential negative consequences for societies, economies, and ecosystems resulting from climate change. These risks are generally categorised into two main types: Physical Risks: These are risks associated with the direct physical impacts of climate change, such as extreme weather events (e.g., hurricanes, floods, droughts), rising sea levels, and changes in temperature and precipitation patterns, Transition Risks: These risks arise from the process of transitioning to a lower-carbon economy. They include policy and legal changes, technological advancements, market shifts, and reputational risks as organizations adapt to new regulations and societal expectations
FAMS	Five Arrows Multi Strategies ("FAMS") , focuses on investing in multi-asset GP-led secondaries (Five Arrows Secondary Opportunities - FASO), Single-asset GP-led secondaries and co-investments (Five Arrows Strategic Assets - FASA), investments in third party funds (Five Arrows Private Equity Programme – FAPEP and Hermance Capital Partners – HCP), technology-focused investments (Five Arrows Global Technology - FAGT) and sustainable investments (Five Arrows Sustainable Investments - FASI)
Mandate	Discretionary portfolio management activity on behalf of single investor

³ Version rules are the following: 0.1 should be added for any minor changes and 1 for any material changes



Red Flag	Means the section in the ESG DD tool called “Red Flag” that concerns exclusion lists, high-risk countries, RepRisk checks and UNGC principles
RepRisk	Means the RepRisk platform which aggregates large amounts of data from public sources worldwide, such as news articles, regulatory filings, and NGO reports, to provide comprehensive risk assessments. It uses machine learning algorithms and human intelligence to analyse this data and identify potential ESG risks that could impact a company's reputation, financial performance, or sustainability practices
Rothschild & Co Group or Group	For the purpose of this Policy, means Rothschild & Co SCA and its consolidated subsidiaries
SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector
Secondaries	Refers to a type of GP-led secondaries transaction in which a Private Equity sponsor transfers a single portfolio company from an existing fund into a newly formed investment vehicle, typically structured as a Single-Asset Continuation Vehicle (“CV”). This structure enables the sponsor to continue managing and investing in a specific asset beyond the typical fund holding period, while providing liquidity options to existing Limited Partners (“LPs”) and bring in new investors under updated terms
Single-Asset transactions	Refers to a type of GP-led secondaries transaction in which a Private Equity sponsor transfers a single portfolio company from an existing fund into a newly formed investment vehicle, typically structured as a Single-Asset Continuation Vehicle (“CV”). This structure enables the sponsor to continue managing and investing in a specific asset beyond the typical fund holding period, while providing liquidity options to existing Limited Partners (“LPs”) and bring in new investors under updated terms
Sustainability risk	An environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of our investments under article 2(22) of the SFDR, specific attention is typically given to controversial exposition in the companies’ client-base
UNGC	United Nations Global Compact principles



This document has been prepared by Five Arrows Managers and is intended solely for informational purposes and for the sole use of the recipient. It does not constitute an offer to sell, a solicitation to buy, or a personal recommendation regarding any financial instrument or investment strategy. It should not be construed as legal, tax, financial, sustainability or investment advice. No investment decision should be made solely based on the information contained herein.

Please carefully read the legal documentation for the fund before making any final investment decision. Recipients are encouraged to seek independent professional advice tailored to their individual circumstances.

This document has not been approved by a regulatory body. The information provided in this document has not been verified by an external auditor.

Five Arrows Managers takes the greatest care to ensure the quality of the information supplied. Although it has been prepared based on sources that Five Arrows Managers considers to be reliable it may be changed without notice, this information is not guaranteed by Five Arrows Managers to be as accurate as possible, exhaustive, or relevant and is subject to change at any time without prior notice and may not reflect the most current developments. None of the information in this document should be considered as a promise, commitment or past or future representation. Past performance is not indicative of future results.

This document is not intended for distribution to, or use by, any person or entity in any jurisdiction where such distribution or use would be contrary to local law or regulation.

Five Arrows Managers shall not be held liable for any direct or indirect consequences arising from the use of this document or any decision made based on its content.

This document is public and may not be copied, reproduced, translated, or distributed, in whole or in part, without the prior written consent of Five Arrows Managers. All trademarks and logos used herein remain the property of their respective owners.

In the event of any inconsistency between versions of this document in different languages, the English version shall prevail.

The information presented in this document is based on sources that Five Arrows Managers considers reliable as of 21/11/2025.

