

Deerpath Capital Management, LP

Environmental, Social and Governance Policy &
Procedures

Amended & Restated as of March [5], 2021

Overview

The purpose of this policy is to describe the environmental, social and governance (“ESG”) policies employed by Deerpath Capital Management, LP (“Deerpath”) when considering and/or executing investment opportunities for any fund managed by Deerpath. Deerpath is committed to responsible investment principles and will consider Sustainability Risks as applicable in the course of its due diligence and in the monitoring of portfolio investments to the extent reasonably practical for a lender. This policy applies to all investments considered and/or made by Deerpath.

For the purposes of this ESG policy and procedures, “Sustainability Risk” means an environmental, social or governance event or condition which if occurs, may cause a potential material negative impact on the value of the investments made by funds managed by Deerpath.

Such risk is principally linked to climate-related events resulting from climate change (i.e. Physical Risks) or to the society's response to climate change (i.e. Transition Risks). Social events (e.g. inequality, inclusiveness, labor relations, investment in human capital, accident prevention, changing customer behavior etc.) or governance shortcomings (e.g. recurrent significant breach of international agreements, bribery issues, products quality and safety, selling practices, etc.) may also translate into Sustainability Risks.

Policy Scope

In connection with the Integration of Sustainability Risks, as part of its overall investment process, Deerpath will seek to:

1. Consider the environmental, public health, safety and social risks associated with each target company when evaluating whether to invest in such company;
2. Partner with equity sponsors whose investment philosophies include the positioning of portfolio companies for long-term sustainability and minimizing adverse impacts in respect of environmental, public health, safety and social risks;
3. Ensure target companies remain committed to compliance with applicable national and local laws and in good standing within their communities;
4. Target portfolio companies that operate in industries that are not susceptible to reputational or headline risks and are not involved in ethically challenged or controversial businesses. Businesses or industries in which Deerpath would not invest are: abortifacient drugs, marijuana, gaming, pornography, predatory lending, stem cell research, strip mining, tar sands and thermal coal, agricultural land, production of tobacco, cluster bombs, anti-personnel mines, weapons, and agricultural commodities, and alcohol sold in a manner that does not meet with Deerpath’s standards for responsible marketing and retailing (see Appendix);
5. Target portfolio companies that employ comprehensive policies that prohibit bribery and other improper payments;
6. Ensure target companies maintain nondiscrimination policies (i.e. no discrimination on the basis of age, color, handicap, marital status, national origin, race, religion or sex), including the respect for human rights of those employed by the company or those who are affected by the business activities of the company.

Policies and Procedures

Prior to making an investment in a target company, Deerpath will request existing ESG policies and related documentation maintained by the target company. Deerpath will review any existing policies and the implementation of such policies by target companies to ensure such policies are comprehensive and the procedures implementing such policies are sufficient to ensure compliance. In cases where a formal ESG policy has not been adopted or where Deerpath determines there are either insufficient policies or procedures employed to enact such policies, Deerpath may discuss with, and recommend to, the target company amendments to existing ESG policies and improvements to procedures to ensure compliance with policies.

Applicable Standards

A significant portion of Deerpath's portfolio investments include the use of SBIC financing and, in such cases, portfolio companies are required to sign SBA Form 652, which is a confirmation that the company complies with the nondiscrimination policies of the U.S. Small Business Administration. In addition to complying with the SBA's mandated rules and regulations, when making investment decisions and evaluating target company policies and procedures, for investments in SBIC financed investments or otherwise, Deerpath may consider the SBA's other related policies and guidelines and may use as a guideline for best practices the International Finance Corporation Performance Standards on Social and Environmental Sustainability and Industry Sector Guidelines, as may be amended from time to time.

Monitoring

As a lender, post-investment Deerpath has limited influence on the day-to-day activity and management of the companies in which it invests. As such, Deerpath has limited ability to influence and control the integration or implementation ESG-related principles of each portfolio company. Nonetheless, Deerpath's goal is to comply with the principles of this policy, which in turn depends on compliance by portfolio companies and associated equity sponsors with whom Deerpath partners. Accordingly, Deerpath believes that an in-depth review of ESG policies and procedures employed by these partners in the course of its due diligence process, and a collaborative approach to adopting and implementing sound ESG policies and procedures, is important to its investment process. Deerpath is committed to responsible investment, and throughout the lifecycle of an investment, Deerpath will seek to improve its target companies' ESG policies and procedures where appropriate.

[Signature Page Follows]

The undersigned has received and read a copy of this Deerpath Capital Management, LP Environmental, Social and Governance Policy & Procedures (the "**Deerpath ESG Policy**") and understands its contents.. The undersigned understands that Deerpath Capital Management, LP ("**Deerpath**") expressly reserves the right to change, modify, or delete any provisions of the Deerpath ESG Policy without notice. Although Deerpath wishes to communicate the Deerpath ESG Policy to the undersigned, it is expressly understood and agreed that (a) the Deerpath ESG Policy is not to be considered binding on Deerpath or the undersigned or any of their respective affiliates or any other person or entity, (b) no liability or binding obligation is intended to be created between Deerpath or any of its affiliates, on the one hand, and the undersigned or any of its affiliates, on the other hand, pursuant to the Deerpath ESG Policy, and (c) any failure by the undersigned to comply with the Deerpath ESG Policy shall not be deemed to constitute a default under any loan agreement or other similar investment agreement (or any ancillary document thereto) relating to a financing of the undersigned by Deerpath.

Acknowledged as of _____, 20____.

By: _____

Name:

Company:

Title:

Appendix

Standards for Responsible Marketing and Retailing of Alcohol

Overview

The purpose of this addendum is to describe the standards employed by Deerpath for responsible marketing and retailing as part of Deerpath's ESG policy when considering and/or executing investment opportunities in any business that produces and/or distributes alcohol products.

Deerpath is committed to ensuring that these standards exist and are followed in the course of its due diligence and in the monitoring of relevant portfolio investments to the extent reasonably practical given Deerpath's position as a lender and given its investment size relative to the size of the portfolio company. This policy applies to all investments considered and/or made by Deerpath that involve any business that produces and/or distributes alcohol products.

Applicable Standards to be Considered

1. Compliance with federal, state and other applicable laws including but not limited to promotional policies and restrictions, health related and/or other disclaimers, transparent labeling (alcohol content and other) and restrictions on underage sales of alcohol and promotion of alcohol to underage individuals;
2. Recognition of potential harm caused by alcoholic drinks to consumers and others;
3. Corporate commitment to alcohol harm-reduction and public policy in support of harm-reduction;
4. Transparency with regards to the company's policy advocacy and any use of external lobbyists;
5. Operation in line with a code of ethics when commissioning research (where appropriate);
6. Responsible serving policy as part of its business model; and
7. Policy on the production or sale of problematic products, including but not limited to one-off shot products, high strength lagers and ciders.