



ESG = I Policy

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Document Contact:	[DRAFT - <i>individual (by title) responsible for addressing any questions or feedback with respect to the Manual to be named at approval</i>]
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ESG=I Policy

Longhouse is committed to integrating ESG principles into the Firm's operating philosophy and as a risk factor in the ICS Fund's investment decision making process.

As a majority Indigenous-owned alternative asset manager, Longhouse believes that ESG principals reflect longstanding Indigenous teachings that are core to our mission. Indeed, we believe ESG principles are akin to Indigenous teachings, thus, we refer to ESG as ESG=I (i.e., ESG = Indigenous teachings).

Our Firm is founded on the pillars of, and guided by, the Seven Sacred Teachings (i.e., Respect, Truth, Humility, Honesty, Courage, Wisdom and Love) and, as stewards of capital, we recognize how material ESG=I considerations impact the performance of our team and the long-term success of our Firm and investments.

By integrating ESG=I principals into the Firm's operating philosophy and as a risk factor in our investment decision making process, we believe Longhouse will be best positioned to accomplish its mission of generating attractive risk-adjusted returns for our investors and making a lasting positive impact on Indigenous communities for generations.

1. ESG=I at Longhouse Capital Partners

1.1 Longhouse's ESG=I Goals

We are committed to operating our business ethically, empowering our people, respecting our environment and investing in programs that create opportunities for everyone to access resources, across our communities.

Longhouse's ESG=I goals can be summarized as follows:

- Appropriately integrating ESG=I principals as a risk factor in the ICS Fund's investment decision making process;
- Achieving employee diversity targets at Longhouse, itself;
- Developing our scholarship, internship and mentorship ("SIM") programs; and
- Executing on our 5-5-5 Program Pledge

1.2 Employee Diversity Targets

People are the foundation of our success. We maintain a collaborative culture that embraces inclusivity, recognizes performance and gives every employee a path to reach their highest potential.

As a Firm, we believe that embracing diversity, in all its forms, fosters a more inclusive workplace culture, promotes creativity and enhances our firm's performance and resilience.

In fact, we named our firm Longhouse because it symbolizes our mission to bring people together to make a positive impact on the community - *a longhouse is a traditional, residential dwelling built by Indigenous peoples across North America that served as the communal dwelling.*

Longhouse is supportive of the Canadian 50-30 Challenge for diversity as described below:

2026 Diversity Target

- By 2026, Longhouse's target is senior leadership that is at least 30% comprised of individuals who identify as diverse on the basis of race / ethnicity (e.g., Indigenous), gender (e.g., female, gender diverse), sexual orientation (e.g., 'twin spirit'), age, disability status and/or socioeconomic background.

2029 Diversity Target

By 2029, Longhouse's objective is to increase our employee base to 50% comprised of individuals who identify as diverse on the basis of race / ethnicity (e.g., Indigenous), gender (e.g., female, gender diverse), sexual orientation (e.g., 'twin spirit'), age, disability status and/or socioeconomic background.

1.3 Scholarship, Internship and Mentorship (“SIM”) Programs

As a majority Indigenous-owned Firm, improving diversity and inclusion within the private capital markets and broader finance industry is part and parcel to Longhouse’s core values.

The Firm’s scholarship, internship and mentorship (“SIM”) programs are being developed to help break the cycle limiting Indigenous participation in business and finance careers.

Through our SIM programs, we are training the next generation of Indigenous youth for long-term careers in the financial services industry.

Our people are part of our community. The goal of our SIM programs is to not only help better equip and position candidates to work at Longhouse, itself, but also at other institutions within the broader private capital markets and finance industry. Our community investment philosophy is driven by the good neighbour principle and informed by the Seven Sacred Teachings.

1.4 5-5-5 Program Pledge

Longhouse is committed to empowering Indigenous communities in a number of ways and has pledged ownership interest, future carry economics and its time to its inaugural First Nation partners.

The Firm’s 5-5-5 commitment to Indigenous partners is as follows:

- 5% gift of Longhouse’s equity to our First Nations partners;
- 5% gift of Fund Carry to our First Nations partners; and
- 5% of our time to mentoring and guiding First Nations’ youth

1.5 Ongoing ESG=I Reporting at the Firm Level

Longhouse is committed to transparency, integrity, and accountability as it relates to the Firm’s ESG=I policy and goals.

Longhouse will keep its Limited Partners apprised of progress on its (i) employee diversity targets at Longhouse, itself; (ii) the development of its scholarship, internship and mentorship (“SIM”) programs to

help break the cycle limiting Indigenous participation in business and finance careers; and (iii) our firm’s execution on our 5-5-5 program pledges: (i) 5% gift of Longhouse’s equity to our First Nations partners; (ii) 5% gift of Fund Carry to our First Nations partners; and (iii) 5% of our time to mentoring and guiding First Nations’ youth.

2. ESG=I in the ICS Fund’s Investment Process

2.1 The Role of the ICS Investment Team

Longhouse’s ICS Investment Team is responsible for completing diligence of ESG=I as an investment risk factor in both the Screening process for new business acceptance, as well as final Investment Committee approval for ICS Fund capital deployment.

The ICS Investment Team will rely on an expert review of the environmental risks – historical, current and future. The ICS Investment Team will seek to evaluate social policies, commitments, as well as ongoing performance as it relates to this category of investment risk. The team will ensure outside counsel performs enhanced diligence on governance matters in an effort to ensure our borrowers have acceptable policies, procedures and ongoing oversight.

2.2 ESG=I is a Risk Factor in our Investment Decision Making Process

We assess ESG=I risks, alignment with the Seven Sacred Teachings and value creation opportunities as part of every investment. These considerations are a core focus of our due diligence.

The ESG=I considerations that may be incorporated into our investment evaluation and monitoring process include:

<u>Environmental</u>	<u>Social</u>	<u>Governance</u>
Climate change related risks and opportunities	Human rights, child labor and forced labor	Business integrity, including signs of corruption and anti-competitive behavior
Greenhouse gas emissions and air quality	Company culture, including employee engagement, diversity, equity and inclusion	Fraud, anti-bribery and anti-corruption controls
Energy	Supplier / vendor vetting and selection practices	Board composition
Waste and hazardous materials management	Labor practices, occupational health & safety	Management of conflicts of interests
Combined ecological footprint and impact	Privacy and data security	Existing ESG management structures and policies
Land use	Access and affordability	Management of the legal & regulatory environment
Environmental compliance	Product quality and safety	Critical incident and systemic risk management
Water and wastewater management	Customer welfare, sales practices and product labeling	Transparency, including financial and operational reporting
Supplier environmental assessment	Community impact	Governance systems and processes

In the normal course of evaluating prospective ICS Fund investment opportunities, Longhouse will include the type of information listed below as part of the Firm's standard ESG=I due diligence check-list:

Corporate Infrastructure Proponent:

- Review of the given corporate's own, firm-wide ESG policy and annual ESG reports, where available, to assess any ESG risks with the proponent, itself
- Review of the given corporate proponent's interaction with First Nations, in particular with respect to infrastructure projects crossing traditional Indigenous territories, to confirm the corporate's good faith efforts to comply with UNDRIP and First Nations' right to FPIC

Underlying Infrastructure Project:

- In order to assess any environmental and/or climate related risks related to a given infrastructure project that would potentially underpin an ICS Fund investment, Longhouse plans to review environmental studies, market studies and engineering reports prepared by third-party consultants, advisors and other subject matter experts, in accordance with standard industry practices

First Nation HoldCo Borrowers (i.e., prospective ICS Fund portfolio companies / borrowers):

- Governance diligence to include a review of board and/or executive composition, as well as anti-corruption, anti-bribery and anti-money laundering policies and protocols in-place and/or planned at a given prospective First Nation HoldCo borrower

ESG=I due diligence check-list findings will be documented in Screening memos and Investment Committee memos by Longhouse's ICS Investment Team for evaluation by Longhouse's Investment Committee as a risk factor in the investment decision making process.

In most instances, Longhouse expects the investment decision outcome of its ESG=I diligence findings to be binary. If Longhouse detects significant ESG=I risks and determines that there is not an appropriate mitigation plan for these issues, such an investment opportunity would be disqualified.

In certain scenarios, rather than a binary outcome, Longhouse may seek to address perceived ESG=I issues by changing structure and/or pricing of a given deal. However, such outcomes are expected to be rare.

2.3 Excluded Investments

Based on Longhouse's ESG=I Policy, certain infrastructure sectors / sub-sectors are excluded from the ICS Fund's investment universe.

Specifically, the ICS Fund will not invest in coal mining, coal-fired power generation, or upstream oil and gas assets (other than renewable natural gas assets and midstream gathering or transportation pipelines). Moreover, neither the ICS Fund nor any future Longhouse funds will invest in tobacco product manufacturers, firearm manufacturers and businesses based on pornography.

2.4 Ongoing Portfolio Tracking

The ICS Fund targets making senior secured loan, mezzanine debt and structured equity investments / financing solutions. Unlike a private equity fund, the ICS Fund is not seeking to make control or minority equity investments in portfolio companies. As such, no active ownership is anticipated.

Nonetheless, post investment and where available, Longhouse will request that its First Nation HoldCo Borrowers seek any ESG metrics and/or ESG reports that corporate proponents may track and/or commission for the relevant infrastructure asset underpinning the ICS Fund's investment.

Moreover, Longhouse will request that its First Nation HoldCo Borrowers regularly update them on applicable governance matters.

Longhouse will use such information to populate and update ESG inputs for its own, ongoing portfolio tracking purposes.

3. ESG=I Governance and Oversight

3.1 ESG=I Committee

ESG=I governance will be overseen by the Firm's ESG=I Committee. Longhouse's ESG=I Committee will consist of 5 individuals, including our CEO.

Longhouse's ESG=I Committee is responsible for establishing and proposing updates and enhancements to our ESG=I policy to ensure that the framework is appropriate and that it is being incorporated at the Firm-level, as well as in the ICS Fund's investment decision making process as a risk factor.

The ESG=I Committee will meet quarterly to discuss Firm-level activities and specific ESG=I topics related to the ICS Fund's investment strategy and/or portfolio companies.

In addition, the ESG=I Committee will meet annually with the Board of Directors to review the performance of Longhouse against its stated ESG=I and DEI goals at the Firm-level and investment-level, as well as to propose updates or enhancements to our ESG=I policy for consideration and implementation, as needed.

3.2 Compensation and ESG=I

As stewards of capital, Longhouse believes that a holistic approach to incentive compensation best aligns our employees' interests with those of the Limited Partners in our ICS Fund.

As it relates to integrating ESG=I principals as a risk factor in the ICS Fund's investment decision making process, incentive compensation for our ICS Investment Team, Origination Leads and Investment Committee Members will consider a variety of investment origination, capital deployment, investment return and portfolio performance metrics, of which the impact of material ESG=I considerations will be a component.



As it relates to fostering an inclusive workplace and creating a lasting positive impact on our communities for generations, incentive compensation for our senior partners will also consider achieving our firm's employee diversity targets, development of our SIM programs and executing on our 5-5-5 program pledges, in addition to employee advancement and retention.

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