Responsible Investment ("RI") Policy

I. Purpose

AE Industrial Partners, LP ("AEI" or the "Firm") has a deep network of industry experts that source transactions, conduct due diligence and provide our portfolio companies with unique customer relationships and strategic advice. Given our track record and history, we know the key attributes of successful companies and can help create lasting, valuable business models. As such, the Firm recognizes that the implementation and effective monitoring of a comprehensive RI policy (the "Policy") will be a key component in assessing and mitigating investment risk from the beginning of due diligence through the management of portfolio investments by their respective Boards of Directors. As a focused investor in aerospace and defense, AEI will consider material RI issues that are specific to the unique business operations of each of its portfolio companies, such as business ethics, data privacy and security, and diversity and inclusion, amongst others. The purpose of this Policy is to institutionalize this philosophy within the Firm and its investment portfolios to achieve the investment objectives. That said, we recognize that RI strategies and the approach to managing RI issues will continue to evolve over time. To that end, the Firm will annually review this RI Policy and update it as appropriate.

II. Accountability

AEI’s RI Committee is responsible for overseeing the policy, approving modifications, and ensuring overall implementation within the Firm. The RI Committee provides quarterly updates to the Firm’s senior governing body the Valuation, Risk & Operations Committee ("VROC") so they are aware of material policy modifications or significant new RI-focused initiatives at both the Firm and portfolio company level. AEI is also a signatory of the United Nations Principles for Responsible Investment ("UNPRI").

III. Awareness

In developing the Policy, the Firm has taken into consideration a range of standards and industry guidance including, the UNPRI as noted in Appendix A and the American Investment Council’s Guidelines for Responsible Investment as noted in Appendix B, and has ensured that the Policy conforms to the Firm’s existing Compliance Manual, which covers a subset of the RI issues covered in the Policy such as anti-money laundering, anti-bribery and other standards.
The Firm committed to the ESG Data Convergence Initiative in 2021. As a member of the ESG Data Convergence Initiative, the Firm is committed to seeking to track various Environmental, Social and Governance (“ESG”) metrics for its long-term platform investments, such as workforce diversity, greenhouse gas (“GHG”) emissions, and energy usage. By tracking and disclosing ESG-related data, the Firm can both evaluate its own performance and contribute to the industry’s RI efforts more broadly. Ultimately, the Firm’s goal with this partnership is to foster improved RI management across its activities and within private equity more broadly.

IV. Pre-Investment Due Diligence & Screening

AEI will seek to identify investment opportunities that have a positive impact on the environment and society, or have the potential to improve their RI performance with our support. We also screen out sectors and activities that are incompatible with our RI standards or pose unacceptable risks to our reputation or returns.

AEI will commit to evaluating the materiality of ESG risk factors in our pre-investment due diligence for all platform investments, as well as for non-platform and add-on investments as a regular practice. In practice, this will be achieved in future investments by:

- Collecting data annually on ESG focus areas of resources efficiency, safety of employees, customer escapes, cyber security, and other areas as determined by the RI committee.
- Conducting an ESG assessment to determine operational areas where there is the greatest likelihood, vulnerability, and potential for significant impact on a per company basis;
- Engaging external advisors or third parties, as necessary, to provide expertise in the risk assessment of acquisition targets’ exposure to material ESG issues and identify relevant ESG opportunities;
- Incorporating material RI findings into Investment Committee materials.

V. Ownership Period

AEI will continue to regularly engage with the management teams of our portfolio companies throughout the ownership period in an effort to mitigate material ESG risks and create value through ESG opportunities. This process will begin during due diligence when we identify specific, actionable RI
improvement areas, which are then integrated into the post-close strategic plan. After acquisition, this will include:

- Considering and managing ESG issues associated with portfolio companies – from inception of the Firm’s underwriting process through the entire investment holding period – defined as "active ownership". Broad areas of focus will include capital stewardship, leadership quality, strategy and execution, accountability and transparency of operations, management of human capital, and efficient use of resources. This philosophy extends to third-party diligence and service providers to look for and address ESG issues to the appropriate governing bodies (investment teams or Board of Directors);

- Working with portfolio company management to remediate material ESG risks identified in diligence in a reasonable timeframe commensurate to their potential financial, reputation, and social impact;

- Supporting portfolio companies in establishing and abiding by corporate governance structures (including the Board and appropriate committees) that provide appropriate checks and balances, including in the areas of: audit, risk management, fair and properly aligned compensation plans, and conflicts of interest;

- Encouraging portfolio companies to maintain compliance with all relevant labor laws, supporting the payment of competitive wages and benefits to employees, and providing a quality standard of workplace safety. This includes respecting the human rights of individuals who may be directly or indirectly impacted by the Firm’s investment decisions – including avoiding child or forced labor, or entities that are known to utilize discriminatory hiring or pay policies.

VI. Internal Management

AEI will take steps to proactively manage firm-level ESG risks moving forward. We will do this by:

- Ensuring that our RI policy is available to all investment professionals for their periodic reference;

- Conducting annual training on RI issues and how to effectively manage these issues throughout the investment process and hold period;

- Continuing to implement our corporate policies to mitigate internal ESG risks that we believe to be material for the success of our firm, including
those concerning data privacy and security, anti-bribery and corruption, business ethics, conflicts of interest, and workforce diversity.

VII. Stakeholder Transparency

AEI will seek to create accountability within our organization and transparency with our limited partners with regard to our RI management approach. Therefore, the Firm will provide updates on our RI program through periodic reporting and communication internally and to limited partners. In addition, AEI will notify investors of material, negative RI incidents that, in our judgement, AEI believes may have a significant negative impact on investment performance and/or the reputation of our Firm or a particular portfolio company.

VIII. Policy Engagement

AEI’s RI committee will review and approve all potential signatories and commitments that AEI may lobby for policy changes. AEI seeks to participate in signatories and groups that may lead changes in the industries in which we invest.

This RI Policy was last updated September 2023.
Appendix A

The United Nations-supported Principles for Responsible Investment (PRI)

As institutional investors, AEI has a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, the Firm believe that environmental, social, and corporate governance issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes, and through time). AEI recognizes that adopting these Principles may better align investors with broader objectives of society. Forward looking, when consistent with our fiduciary responsibilities, AEI is committed to the following:

- Principle 1: We will incorporate RI issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate RI issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on RI issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.
Appendix B

American Investment Council’s Guidelines for Responsible Investment

1. Consider environmental, public health, safety, and social issues associated with target companies when evaluating whether to invest in a particular company or entity, as well as during the period of ownership.

2. Seek to be accessible to, and engage with, relevant stakeholders either directly or through representatives of portfolio companies, as appropriate.

3. Seek to grow and improve the companies in which they invest for long-term sustainability and to benefit multiple stakeholders, including on environmental, social, and governance issues. To that end, American Investment Council members will work through appropriate governance structures (e.g., board of directors) with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimizing adverse impacts in these areas.

4. Seek to use governance structures that provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest and to implement compensation and other policies that align the interests of owners and management.

5. Remain committed to compliance with applicable national, state, and local labor laws in the countries in which they invest; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, will respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.

6. Maintain strict policies that prohibit bribery and other improper payments to public officials consistent with the U.S. Foreign Corrupt Practices Act, similar laws in other countries, and the OECD Anti-Bribery Convention.

7. Respect the human rights of those affected by their investment activities and seek to confirm that their investments do not flow to companies that utilize child or forced labor or maintain discriminatory policies.

8. Provide timely information to their limited partners on the matters addressed herein, and work to foster transparency about their activities.
9. Encourage their portfolio companies to advance these same principles in a way that is consistent with their fiduciary duties.