

RCP|Advisors

Your Private Equity Partner in the Lower Middle Market

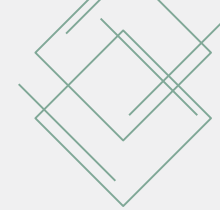
The United Nations Global Compact

Communication on Progress 2018-2019

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Letter of Commitment

Founded in 2001, RCP Advisors, a federally registered investment adviser¹, is a private equity investment management firm that provides access to North American lower middle market private equity fund managers through funds-of-funds, secondary funds, and co-investment funds. Additionally, the Firm provides advisory and research services. RCP is headquartered in Chicago, Illinois. With \$7.8+ billion in committed capital² and 50 full-time professionals as of June 10, 2019, RCP believes that it is one of the largest, most experienced and respected fund sponsors focused on the lower middle market segment of the North American private equity market.

RCP is pleased to share our 2018 – 2019 environmental, social and governance (ESG) progress. As a fund of funds, we have developed our ESG program to not only impact our organization but also reach out to our underlying managers to assist them with the development of their own programs. While we have a thorough program for our organization, we are most proud of creating ESG Policy templates that our underlying managers can leverage as we promote the creation of their own program. We feel that we are promoting the UN Global Compact principles throughout our private equity community.

As we look forward to 2019 – 2020, we will continue to improve, grow and promote our ESG standards, which have become a cultural cornerstone of our firm.

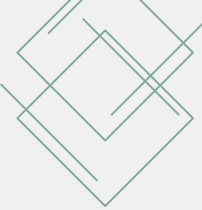
I am pleased to reaffirm RCP's support of the UN Global Compact. Thank you for taking the time to read our report.

Regards,

Jon Madorsky
Managing Partner

¹ Registration with the U.S. Securities and Exchange Commission as an investment adviser does not imply a certain level of skill or training.

² Committed capital is calculated based on aggregate committed capital to all funds advised by RCP since the firm's inception in 2001 (including RCP's non-discretionary advisory accounts as well as RCP Funds and advisory accounts that have since been sold, dissolved, or otherwise wound down or are otherwise no longer under advisement by RCP). Does not include assets managed or advised by Columbia Partners Private Capital or RCP's ancillary products or services.



RCP Advisors

Specializing in North American Lower Middle Market Buyouts Since 2001

\$7.8B+

in committed capital¹

27

RCP Funds²

50

full-time professionals

RCP'S CORE INVESTMENT STRATEGY

Invest in top-tier North American lower middle market private equity managers

Target primary and secondary funds sized from \$250M to \$1B

Target companies with enterprise values between \$10M and \$250M



PRIMARY FUNDS-OF-FUNDS

Invest in 10-15 managers

Commit \$20M to \$35M per manager

Diversified portfolios by industry, strategy, and geography



SECONDARY FUNDS-OF-FUNDS

Purchase quality PE interests

Original commitments of ~\$3M to \$30M

Target single assets and portfolio(s) of assets on the secondary market



CO-INVESTMENT FUNDS

Co-invest alongside top managers and lead sponsors in niche market

Target co-investments between \$5M and \$20M
Diversification by manager, industry, and strategy

1. Committed capital is calculated based on aggregate committed capital to all funds advised by RCP since the firm's inception in 2001 (including RCP's non-discretionary advisory accounts as well as RCP Funds and advisory accounts that have since been sold, dissolved, or otherwise wound down or are otherwise no longer under advisement by RCP). Does not include assets managed or advised by Columbia Partners Private Capital or RCP's ancillary products or services. 2. Refers to RCP's discretionary funds. The figures set forth represent RCP's preferred ranges with respect to such figures but actual figures may vary due to circumstances at the time of investment. For example, a primary commitment may be less than \$20M based on a manager's capacity for accepting new commitments. Diversification does not guarantee a profit or protect against a loss in declining markets.

Commitment to Responsible Investing

RCP Strives to Align its Operations within Broader Societal Objectives, Including ESG Issues

RCP Advisors has a fundamental ethical and investment belief in responsible behavior. We seek to execute this belief across our firm's culture, general business practices, investment considerations, the general partners with which we invest, and the portfolio companies with which we interface. We have based our ESG Policy, which can be viewed [on our website](#), on the ten principles of the United Nations Global Compact, as delineated throughout this document.

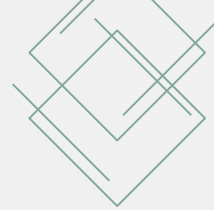
Since joining the UN Global Compact in July 2018, RCP Advisors has made great strides in fulfilling our commitments. Creating a Green Team to lead our ESG initiatives, participating in a number of community-focused volunteer projects, confirming our commitment to waste reduction by eliminating plastic water bottles in the office, and creating an ESG policy education initiative for our General Partners are among our most notable and impactful projects within the past year.

We stay strongly committed to upholding both responsible investment practices and honest, forward-thinking firmwide policies. We are very happy with the remarkable progress we have made throughout the year, and look forward to improving and augmenting our large arsenal of projects focused on Human Rights, Labor, Environment, and Anti-Corruption.





Human Rights



Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

RCP policies encourage a healthy, positive workspace

RCP employees are provided with standing desks to ensure promotion of health, and are encouraged to walk or cycle during amenable weather conditions. Each employee is provided access to comprehensive health, dental, and vision insurance plans. Contingency work-from-home plans under adverse weather conditions have been put in place and tested in Winter 2019.

RCP encourages its employees to consider the well-being of our community by participating in quarterly volunteer activities

In Summer 2018, RCP employees helped beautify a Chicago southside community underpass in partnership with the [Green Star Movement](#), a local urban revitalization project. We will be partnering with the Green Star Movement in Summer 2019 as well.

In Fall 2018, we donated essentials and holiday gifts to families in need as part of the [Angel Tree program](#), and our Partners sponsored the luncheon during which we distributed gifts to participating families.

In Winter 2019, RCP employees donated pairs of glasses to be sent overseas to people in need as part of the [New Eyes program](#). RCP is committed to supporting both local and global communities in securing essentials that help to elevate standards of living.

In Spring 2019, we will be partnering with [The Plant Chicago](#), a closed-loop ecosystem that serves as a proof of concept for a circular economy. It houses several small businesses (such as brewery, bakery, beekeeper, farm, etc.) that trade waste items to serve as inputs into various production cycles, thereby diverting waste from landfills. The volunteer trip serves as both a fun volunteer activity and an opportunity to learn about how businesses can convert waste into cashflow.

RCP helps provide fresh, healthy meals to Chicago communities in need AND minimizes food waste

RCP periodically donates unopened trays of food through the [Replate program](#). These trays are distributed to Chicago communities. To date, RCP has donated ~320 lbs. of food over 5 donation events.

RCP ensures that managers do not participate in human right abuses pre-investment

RCP works to obtain side letter provisions addressing ESG considerations, including Human Rights protections, with its underlying funds. Although there is no guarantee these side letters will be granted, in 2019, RCP negotiated a side letter provision in one of our funds that prohibit investments in entities that have, among other things, been "legally or judicially proven in a court or competent jurisdiction to be involved in serious systematic human rights violations."

RCP Advisors uses a proprietary ESG tracking process to keep managers accountable to not participating in human rights abuses

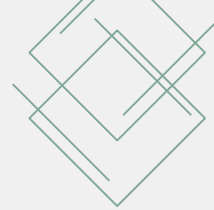
RCP has implemented an automated process that scans through portfolio company descriptions for "trigger words" that categorize all relevant portfolio companies as an "ESG Concern" or "ESG Benefit", further flagging all companies that may be of Humanitarian concern. Some relevant trigger words are as follows: "Casino", "Gambling", "Diamond", "Ivory", "Para-military".

All automatic categorizations are subsequently reviewed by an RCP analyst to eliminate false taggings or miscategorizations. This process serves as a tool for confirming manager strategy and measuring process with regards to ESG-related sectoral exclusion or inclusion.

RCP aims to expand its library of trigger words to more accurately flag potential humanitarian concerns.



Labor



Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

RCP encourages positive development of human capital through open, transparent discourse across levels of management

RCP holds firmwide Monday lunch meetings to give employees a forum for listening to team-by-team updates and contributing to firmwide discussions. Additionally, RCP encourages its employees to listen in on its weekly investment committee meetings to ensure full transparency on its investment process.

Our employees participate in quarterly and annual reviews to guarantee a one-on-one forum for expressing their goals and ideas, learning about growth opportunities, and evaluating compensation packages.

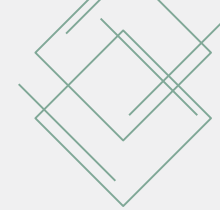
RCP stays flexible and responsive to employee needs

We keep the office plentiful but resource-efficient. Employees are provided with firm-sponsored Monday lunches, a fully-stocked kitchen, trials of snack products, and a variety of coffee options. Keeping environmental considerations in mind, we make sure to order only as many options and amounts as employees feel they need, keeping open conversations regarding environmental considerations, healthier alternatives, and changing preferences.

RCP upholds a cooperative, equal-opportunity and discrimination-free environment

RCP has enacted an Equal-Opportunity and Anti-Harassment policy that aims to ensure that RCP remains a safe and inclusive environment. Employees are encouraged, without retaliation, to report instances of harassment or discrimination to their supervisor, department head, or head of compliance.

We have dedicated several Wellness Rooms in our office for taking an undisturbed break, taking personal calls, breastfeeding, etc. to encourage employees to tend to their needs in a discreet and healthy manner.



Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

RCP has formed a Green Team to head its ESG projects internally, motivating social and environmental progress firmwide

The Green Team, formed in August 2018, is responsible for communicating projects and policies firmwide, getting employees involved in various volunteering opportunities, keeping up-to-date with local environmentally-focused programs, and implementing behavior-change projects that help to reduce waste and increase resource efficiency. Upholding RCP's commitment to flexibility and efficiency, the Green Team actively sources ideas from the rest of the firm.

RCP is committed to reducing waste and increasing efficiency

Reducing Waste

In 2018, RCP phased out water bottles and installed a water dispensing machine, saving a total 18,340 plastic bottles to date. In addition, RCP no longer provides K-cups to its employees, instead encouraging use of our coffee carafes, cold brew dispenser, and espresso machine. In 2018, RCP also implemented a double-sided printing default, installed more energy-efficient printers, and enrolled in R4 Services Green Initiative, a shredded paper recycling program. To date, RCP has recycled 2,340 lbs. of shredded paper, resulting in an estimated 7,490 gallons of water and 3.52 cubic yards of landfill space saved.

Seasonal Flexibility

In response to variability in resource demands predicated by seasonal changes, RCP has instituted a number of practices in 2018/2019 to lower resource intensity and emissions. RCP has launched Summer Fridays – closing the office at noon on Fridays in the summertime – in order to reduce use of air conditioners, lighting, and other electronic devices. Employees are also encouraged to lower blinds in windowed spaces in order to ensure more efficient operation of air conditioning systems in summertime.

Fuel Emissions

To facilitate reduction of fuel emissions by RCP employees, RCP subsidizes use of public transportation, and encourages its employees to walk or cycle to work when weather conditions are suitable.

RCP has implemented a climate policy to ensure long-term engagement on environmental issues

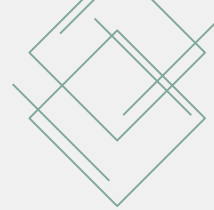
RCP implemented a Climate Policy in 2019. The Climate Policy is predicated upon three principles: **Information, Education, and Action**. RCP is committed to staying informed about climate-related rules and regulations, keeping familiar with work done by partner organizations such as the UN Global Compact, and actively identifying risks and opportunities. RCP also plays a proactive role in increasing awareness of responsible industry practices within both General and Limited Partners, making sure to set good examples as a firm. Finally, RCP takes steps to reduce its carbon footprint by encouraging resource-efficient practices and keeping RCP employees informed and engaged.

RCP Advisors uses a proprietary ESG tracking process to keep managers accountable to not participating in environmental abuses

Refer to pg. 6 for full process explanation. Relevant "trigger words" for the "Concern" categorization in the "Environmental" category include: "Fracking", "Fuel", "Mine", "Mineral", "Pesticide", "Oil". Relevant triggers for "Benefit" categorization in the "Environmental" category include: "Ecosystem", "Preservation", "Recycling", "Renewable", "Soil", "Sustainable".

RCP Advisors communicates best practices pertaining to ESG issues to its network of General Partners (GPs)

RCP has developed three sample ESG policies with the aim of helping GPs consider ESG issues in their day-to-day operations and investment processes. The "Baseline" policy aims to introduce basic ESG procedures to GPs that have not yet considered the practice. The "Comprehensive" policy pushes GPs to be more thorough in their ESG-related operating and reporting efforts. The "Reach" policy is intended for GPs that wish to be industry leaders in ESG compliance and reporting. Each policy will be accompanied by a comprehensive checklist of action items to help GPs place themselves within the appropriate policy framework.



Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

RCP has implemented a robust Code of Ethics that prevents bribery, conflict of interest, and insider trading

Gifts and Contributions

The Code of Ethics limits the value of gifts that employees can give to and receive from people or entities with which they have business relations. Employees are encouraged to contact the Chief Compliance Officer with any questions about ability to give or receive a certain gift. Further, gifts of cash or cash equivalents are prohibited. Employees are also prohibited from making contributions to officials of a government entity. New employees are required to disclose contributions made over the previous two years.

Confidential Information

RCP implemented a Confidential Materials and Information Policy in December of 2018 in order to ensure that no information within RCP's purview is mishandled or used for wrongful purposes. The policy prohibits unauthorized use or disclosure of confidential information, which protects both RCP Advisors and its stakeholders.

Securities and Transactions

Securities held by employees are reported annually, and ongoing transactions are reported quarterly. In 2019, we began implementing a process to help employees report securities and transactions easily and reliably through an online portal.

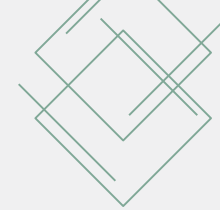
It is RCP's policy to strictly comply with the U.S. Foreign Corrupt Policies Act and all other applicable laws against bribery and other improper payments.

RCP conducts annual compliance training for its employees

Employees receive training for various policies, including the Code of Ethics and Cybersecurity, upon commencing work, and subsequently on an annual basis. Employees must also take compliance surveys to test their understanding of RCP's policies. Employees also receive a briefing any time new policies take effect.

RCP Advisors follows news on General Partners closely, recording any instances of corruption, neglect, or wrongdoing into our database

To prevent doing business with unreliable GPs and discourage irresponsible and unethical behavior, we keep up to date with news surrounding corruption, as well as violation of human rights, labor rights, and instances of material environmental events (fires, oil spills, etc.). Such events weigh negatively against any future relationship RCP may have with a violating GP.



RCP Advisors – Contact Information



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RCP VALUES



Integrity



Proven Returns through Unique Focus and Discipline



Proactive, Tenacious, and Focused on Growth



Family Orientation



Intellectually Curious



Client Centered and Transparent