

# Environmental, Social and Governance (ESG) Policy





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# ESG Core Principles

Responsible investment is a key priority for Cinven. Cinven is in business to create stronger, more profitable companies, thereby creating competitive returns for its investors. Cinven believes that a responsible approach towards its portfolio companies, their employees, suppliers and local communities, the environment and society is an essential part of its success.

Cinven believes that responsible ownership and business success go hand in hand and, as such, Cinven has embedded consideration of ESG factors throughout all stages of its involvement in an investment. Cinven is fundamentally committed to building long-term, sustainable businesses, which will grow, provide employment and generate economic benefit in an environmentally and socially responsible manner, both during and after Cinven's ownership. Responsible investment, and subsequently responsible ownership, require proper analysis, judgement and mitigation of risk. Cinven aims to invest in companies that take a responsible approach towards environmental, social and corporate governance risk.



# ESG Definitions

The three main areas of focus for responsible investment relate to the environmental and social impact of any business's activity, and the manner in which a business is managed. Together, these factors are known as Environmental, Social and Corporate Governance ('ESG').

ESG processes and procedures focus on non-financial performance indicators that address a company's attitude towards responsible investment, sustainability, the impact on society and the environment, as well as other ethical and corporate governance considerations.

## Environmental

The depletion of natural resources and the threat of climate change have raised concerns about the environment and the potential financial impact on businesses. Sustainable options are increasingly being considered as part of investment choices. The issues are diverse but the main areas are:

- Factors contributing to climate change
- Efficient energy consumption
- Responsible disposal of hazardous waste
- Sustainability of resources
- The impact of climate change on businesses

## Social

Inclusion, diversity and equality are becoming more important considerations in relation to the way in which businesses operate fairly and can generate competitive advantage with increased awareness resulting in greater scrutiny. In particular, there are increasing commercial benefits to businesses which have inclusive and diverse work ethics and practices. The impact that a company has on its employees, local communities and society is also a key area of focus. The main areas of consideration are:

- Preservation of human rights, and avoidance of any complicity in human rights abuses
- Equality and diversity amongst employees
- Non-discriminatory employment practices
- Ensuring there is no exploitation of child labour or indentured servitude
- Health and safety
- Animal welfare
- Corporate donations

## Corporate Governance

Corporate Governance covers the rights and responsibilities of the management of a company – its structures, corporate values and accountability processes. This relates to the following areas:

- Management structure – power balance between the CEO and board, separation of Chairman from CEO, appropriate checks & balances for members of the management team etc.
- Employee relations and workplace grievances
- Executive remuneration
- Corporate codes of conduct

As part of Cinven's response to the challenges and appointment of monitoring and reporting on ESG more broadly, we became a signatory to the Principles of Responsible Investment ('PRI') in March 2009.



# Cinven's core ESG Principles

- Always comply with both the letter and the spirit of the law, wherever it applies
- Ensure that Cinven's investment process takes a responsible approach to investing, and recognises the potential impact of businesses on the environment, workers, communities and society, as well as the potential impact of climate change on the businesses in which Cinven invests
- Ensure that we and our portfolio companies always respect human rights and ensure no exploitation of child labour
- Ensure there is no bribery or corruption in any of our dealings
- Act with integrity at all times in all our dealings
- Always be non-discriminatory (whether on grounds of gender, race or disability), and seek equality and diversity in our employment practices
- Act responsibly with respect to the environment, aiming for a sustainable approach to the use of resources, avoiding irresponsible disposal of hazardous products and unnecessary waste
- Ensure that our management structures and policies reflect the need for transparency, accountability, equality and probity in the management of our businesses
- Seek to comply with and inform industry standard ESG guidelines and best practices, and actively manage ESG considerations and risks effectively

In addition to these core Principles, Cinven has agreed to the six Principles of responsible investment as set out by the PRI which are to:

- incorporate ESG issues into our investment analysis and decision making processes;
- be active owners and incorporate ESG issues into our ownership policies and practices;
- seek appropriate disclosure on ESG issues by the entities in which we invest;
- promote acceptance and implementation of the Principles within the investment industry;
- work together to enhance our effectiveness in implementing the Principles; and
- report on our activities and progress towards implementing the Principles.

We have incorporated these Principles into our business processes and practices.



# ESG Procedures

## Pre-Investment Due Diligence

Before acquiring a business, Cinven's Investment team identifies whether there are any ESG-related key risks or opportunities. Cinven may also use specialist external consultants to help assess specific risks. Cinven's ESG considerations may be company-specific or common to the industry/subsector or geography as a whole, and include political and regulatory developments. The considerations are researched through a variety of sources, including regulatory/compliance filings, investor disclosures and/or media reports. With support from legal advisors, Cinven also assesses anti-bribery and corruption ('ABC') risk and seeks assurance that the company is fully compliant with the ESG laws and regulations in the relevant jurisdictions, for example health and safety, labour and energy usage. This initial ESG assessment is an integral part of Cinven's due diligence and overall risk and value creation assessment of the business.

If material ESG issues or risks are identified during the due diligence process, Cinven initially prioritises those which are most material. Cinven determines on a case-by-case basis whether further assessment is required, and may seek independent analysis and expert advice from specialist external consultants, for instance environmental experts, if required.

ESG considerations are included in Investment papers, which are presented to, and considered by, the Investment Committee. The Investment Committee must give its approval before any investment is recommended to the Managing General Partner for its consideration.

Cinven subsequently considers whether it deems the risk(s) unacceptable, and thus rejects the investment opportunity on those grounds, or risk(s) to be addressed, managed or rectified during its ownership. In cases where material ESG risks are identified and deemed acceptable, a plan is developed by Cinven and agreed with management to prioritise, address, manage and/or remedy the issues identified. This plan is often incorporated into the broader Value Creation Plan that is developed with the management team post-investment. In some instances, further obligations or warranties from the vendor may be sought, for instance in the purchase documents or as on-going obligations.



# ESG Procedures continued

## ESG Steering Group

We have established a firm-wide ESG Steering Group to oversee our reporting requirements and initiatives with the following responsibilities:

Individual	Responsibility	
Matthew Sabben-Clare	Chairman	Chief Administrative Officer; Portfolio Review Committee and Operating Committee member
Alex Hess	LP co-ordination / reporting	Partner, Investor Relations and Executive Committee Member
Sarah Verity-Thomas	LP co-ordination / reporting	Managing Director, Investor Relations
David Barker	Portfolio Review Committee	Investment and Executive Committee; Partner, Executive and Investment Committee member
Thilo Sautter	Portfolio team	Partner, Head of Portfolio team, Portfolio Review Committee member
Samuel Williams	Portfolio team	Executive, Portfolio team
Vanessa Maydon	ESG monitoring and reporting	Corporate Affairs Director
Laura Chattington	ESG monitoring and reporting	ESG and Marketing Manager
Babett Carrier	Governance, regulatory systems, controls and compliance	General Counsel
Peter Moore	Governance, regulatory systems, controls and compliance	Compliance Manager



# ESG Procedures continued

## Post-Investment Monitoring

Following the implementation phase of Cinven's ESG procedures and protocols, as part of Cinven's active ownership approach, Cinven maintains regular dialogue with its portfolio companies, through formal Board meetings, ad hoc meetings and calls between Cinven and the relevant ESG representatives, and events organised by Cinven, e.g. Cinven's Annual Portfolio ESG Conference.

All portfolio companies are regularly reviewed by Cinven's Investment teams to monitor the ESG considerations identified during the due diligence or post-acquisition process. This includes monitoring the delivery and outcomes of action plans that have been agreed. For material items, an update of the actions undertaken is incorporated into Cinven's quarterly Portfolio Review Committee (PRC) papers which are reviewed by Cinven's Portfolio Review Committee and ESG Steering Group.

If new or additional ESG matters arise during Cinven's ownership of a portfolio company, Cinven's approach mirrors that of its pre-acquisition approach. Cinven seeks to assess and rectify the situation through discussion with management and the development of an action plan. If a serious ESG risk is identified, the issue is escalated immediately to Cinven's Portfolio Review Committee, ESG Steering Group and, depending on the gravity of the issue, to its Executive Committee.

Monitoring of portfolio company ESG performance is integrated within Cinven's broader portfolio monitoring processes. Cinven requires that each company's finance and / or ESG team report the company's bespoke ESG KPIs alongside its financial and operating performance on a quarterly basis. This information is uploaded into the central iLevel reporting system and reviewed by the Investment team, the Portfolio team, the Portfolio Review Committee and the ESG Steering Group. In addition, the Boards of our portfolio companies are required to review ESG matters on a regular basis with an executive Board member given specific overall responsibility for ESG matters. As such, Cinven Investment teams regularly receive ESG performance information and consider it in conjunction with the financial and operational performance of the respective portfolio companies.