

Environmental, Social and Governance Review

2021



Cinven's business model is about creating value through collaboration.

About this report

This annual ESG Review outlines Cinven's approach to ESG both at the firm level and through its portfolio companies.

This Review provides a brief overview of Cinven's ESG approach to date, as well as key achievements from 1 January to 31 December 2021.

1977

Cinven founded

130+

Investments

€42bn

of realised value to date

13yrs

Cinven's ESG programme in place since 2009

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Introduction

Cinven is committed to creating value – for its investors, its portfolio companies and wider society – by embedding environmental, social and governance (ESG) matters throughout all stages of the investment process, and supporting its portfolio companies to become more sustainable. This report shares Cinven's key ESG achievements for 2021.



Letter from Cinven

A robust ESG approach achieves better outcomes for the environment and society, as well as Cinven's stakeholders. In 2021, Cinven achieved significant milestones in its long-term programme of embedding ESG into the firm and its investment process.



Stuart McAlpine
Managing Partner

Matthew Sabben-Clare
Partner, Chief Administrative Officer
and Chair of ESG Steering Committee

Private equity's contribution

2021 continued to demonstrate how ESG matters are shaping our economies and our societies, from climate change to the ongoing impacts of COVID-19 and the need to create more inclusive and diverse organisations.

It also brought greater recognition of the role that private capital can play in tackling these issues, particularly in decarbonising the global economy and transforming society's relationship with biodiversity. These were a key focus of discussions at both the **COP26** Climate Change Conference in November 2021, which Cinven attended, and the **COP15** Biodiversity Conference in October.

Meeting global sustainability challenges requires close co-operation among a wide range of stakeholders, including the private equity industry. Cinven welcomed sustainability-related regulatory and policy developments relevant to private equity in 2021 including the launch of the **Sustainable Finance Disclosure Regulation (SFDR)** and the UK's **Net Zero Strategy**.

Reinforcing ESG within Cinven's investment strategy

ESG has been a priority at Cinven since 2009, when the firm became a signatory of the **Principles for Responsible Investment (PRI)** and implemented its first ESG Policy.

Building on existing ESG capabilities, Cinven appointed its first ESG Director, Allegra Day, in September 2021 to drive further ESG engagement both across the firm and within its portfolio companies.

At Cinven, ESG is everyone's responsibility. Cinven fosters this culture in many ways. Its annual two-day Investment team offsite in June 2021 was dedicated solely to the topic of ESG. Cinven also delivered training on ESG topics during 2021, including hosting its second firm-wide Inclusion Week and workshops run by Cinven's Affinity Action Groups: internal working groups – chaired by Cinven Partners – focused on gender, ethnicity and sexual identity.

During the year, Cinven's core ESG purpose, principles and approach to value creation were updated as part of its refreshed ESG Policy, published in 2022, and a new ESG Investment Selection Framework (ISF). The ESG ISF sets out the types of investment opportunities are aligned with Cinven's values and ESG Policy.

Cinven actively engages with its portfolio companies to support them in becoming more sustainable. In 2021, Cinven assessed ESG risks and opportunities as part of its due diligence of all new portfolio companies. Cinven also committed to developing an ESG Value Creation Plan (VCP) with each new portfolio company from Fund 7 onwards.

As always, in 2021 Cinven focused on good governance both at the firm level and through its portfolio companies in areas such as anti-bribery and corruption (ABC), competition law, anti-money laundering (AML), sanctions, conflicts of interest, and whistleblowing.

Letter from Cinven

continued

Collaborating for change

To further embed ESG across the firm and support wider industry progress, in 2021, Cinven joined **Initiative Climat International (ICI)**, a private equity industry initiative working to understand the practical implications of decarbonisation, and the **ESG Data Convergence Project**, a group of Limited Partners and private equity firms collaborating to advance a standardised set of ESG metrics for the private equity industry.

Cinven also became a founding member of the **Private Equity Sustainable Markets Initiative Taskforce (PESMIT)**, where it co-leads the Climate Change Working Group and will work towards industry collaboration on a flagship climate change initiative in 2022.

Progressing its ESG performance

As highlighted above, Cinven is committed to playing its part in tackling climate change. In 2021, the firm kicked off a project to support its portfolio companies in measuring their carbon footprint and developing decarbonisation plans aligned with the Paris Agreement.

“Cinven is an active owner of businesses that seeks to contribute positively to the environment and society, both at a firm level and through its portfolio companies.”

Stuart McAlpine
Managing Partner

Cinven looks forward to seeing the results of this work materialise, and will provide an update on its progress next year.

Inclusion & Diversity (I&D) remained a key focus in 2021. Cinven's 2021 Investment team offsite focused on ESG showcased its Affinity Action Groups. In 2021, Cinven also launched its **Chief Human Resources Officer (CHRO) Forum** for its portfolio companies, to share best practices including those relating to inclusion and diversity.

Cinven is determined to keep up the momentum in 2022 and beyond. ESG is a journey to which the firm is committed, today and far into the future.

Stuart McAlpine
Managing Partner

Matthew Sabben-Clare
Partner, Chief Administrative Officer
and Chair of ESG Steering Committee



Meet Cinven's ESG Director

Allegra is a member of the Portfolio team, which delivers value creation alongside Cinven's portfolio companies. Appointed in September 2021, her role is to drive ESG engagement across the firm and improve ESG performance within Cinven's portfolio companies. She sits on both the firm's ESG Steering Committee and its Investment Selection Framework (ISF) Committee.



Allegra Day
ESG Director

Q What is different about Cinven's ESG approach?

A My time at Cinven so far has shown me how collaborative and nimble the firm is. The size of the Cinven portfolio enables us to test new approaches to ESG, and to genuinely support portfolio companies with the practical aspects of developing market-leading ESG strategies. We encourage a collaborative approach across Cinven's portfolio companies and have been doing this since our first Cinven Annual Portfolio ESG Conference in 2014.

Q Why did Cinven update its ESG Policy?

A Cinven has had an ESG Policy in place since 2009. It has been updated over time as the firm has evolved its ESG approach and the market has developed. I am proud to have worked on the 2021 update, published in 2022, which includes a renewed ESG purpose, a more comprehensive set of ESG principles, and greater detail of Cinven's ESG value creation approach.

Q How does Cinven engage with its portfolio companies to embed ESG?

A Each Cinven Board member and Investment team (Deal and Portfolio teams) member is responsible for driving ESG engagement and performance within the portfolio. I have also learnt that Cinven has a strong ESG governance structure – including its Portfolio Review Committee (PRC) and ESG Steering Committee – to monitor ESG performance and drive improvements. Each portfolio company's ESG performance is reviewed against ESG key performance indicators (KPIs) on a quarterly basis by both of these Committees. This allows us to interrogate the data and act accordingly. The purpose of my role within Cinven – and where I spend most of my time – is to enable a greater degree of interaction and collaboration with the portfolio companies on ESG to drive change through strategic and practical guidance.

Q Why is Inclusion & Diversity an important issue for Cinven?

A I really believe Cinven can, within our sphere of influence, make a significant contribution towards more inclusive and diverse societies. The portfolio companies of the Cinven funds have more than 120,000 employees. We have made good progress at the firm level, and I am excited by Cinven's plans to work more closely with its portfolio companies on this priority in the future.

Q Please share your favourite example of ESG in action at Cinven.

A It is hard to choose! Walking through strawberry fields north of Madrid with members of the senior management team at Planasa, a global operator in the agri-food sector and one of the Cinven funds' portfolio companies, then working with them to refine their ESG strategy, has definitely been a highlight so far. Visiting the company really brought their business and the ESG strategy to life.

About Cinven

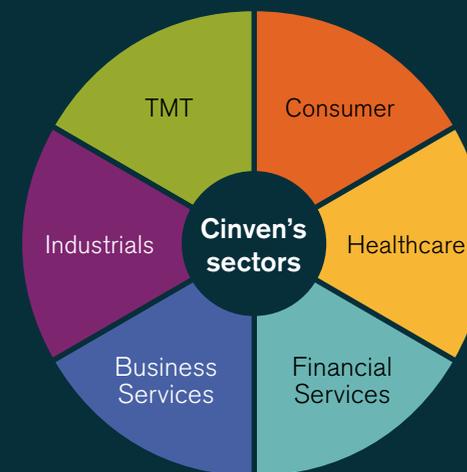
Cinven is a leading international private equity firm. It creates value for its investors, portfolio companies, employees and wider society by embedding all matters relevant to ESG throughout the investment process.

This creates stronger, more resilient and more profitable businesses and enables Cinven to contribute positively to the environment and society.

¹ Excluding companies that signed by but did not close before year end.

² Across Funds 5, 6 and 7. Excluding companies acquired in H2 2021, to allow time for the companies to integrate into Cinven's ESG programme. Residual stakes and listed holdings are not included.

Our sectors



Our operations



100%

of portfolio companies for which pre-investment ESG due diligence undertaken

100%

of new portfolio companies¹ for which post-acquisition ESG assessment undertaken

100%

of new portfolio companies¹ from Fund 7 onwards for which ESG Value Creation Plans (VCP) developed or in progress

89%

of portfolio companies report ESG KPIs to Cinven on a quarterly basis, with Cinven targeting 100% by 2022 year end²

The Cinven difference

Cinven is an engaged and collaborative investor. Portfolio companies of the Cinven funds are supported to become more sustainable during Cinven's ownership and to build a strong platform to continue improving their sustainability post-exit. This applies across all ESG topics, and all sectors and industries in which Cinven invests.

Cinven seeks to invest in, and build, businesses that are:

- Mitigating and adapting to climate change;
- Ensuring the efficient and sustainable use of resources;
- Following responsible production and consumption practices;
- Embedding Inclusion & Diversity (I&D) into their strategy and operations; and
- Upholding best-in-class moral, ethical, governance and labour standards.

Why Cinven?

Cinven believes that a responsible approach to its portfolio companies, employees, suppliers, local communities, the environment and society is an essential part of its success. This includes helping them to find tangible ways to address ESG risks and identify opportunities such as developing green products and services, decarbonising their businesses, and creating a more inclusive and engaged workforce.

Cinven is committed to creating value for its investors, portfolio companies and wider society by embedding ESG matters throughout all stages of the investment process.

At Cinven, strong ESG performance is central to every business plan.

Cinven is committed to supporting all industries and sectors in which it invests to decarbonise; recognising this can be challenging and requires Cinven to be an active partner to its portfolio companies. On other ESG matters such as Inclusion & Diversity (I&D) and occupational health, safety and wellbeing, Cinven is working hard to do more with its portfolio companies now and in the future.

At the same time, Cinven has an eye on the horizon for sustainable investment opportunities that align with its investment strategy.

Cinven values

Cinven applies the same values to ESG as it does to the rest of its activities. Cinven is committed to:



Excellence:

Cinven sets the highest of standards, is rigorous and continually strives to improve. On ESG matters, it assesses and anticipates market trends, keeps abreast of policy and regulatory changes, and maintains integrity at all times.



Partnership:

Collaboration is at Cinven's core. Cinven believes in teams not individuals, and invests in relationships for the long-term. Cinven works on its ESG approach in close partnership with portfolio companies, investors, regulators, industry initiatives and other key stakeholders.



Respect:

Cinven is a considerate and responsible investor that values transparency and accountability. All relevant matters related to ESG are intentionally embedded into Cinven's operations and those of its portfolio companies.



Ambition:

Bold, decisive and entrepreneurial, Cinven is agile and remains ahead of the market. Cinven sets ambitious ESG goals and supports its portfolio companies to do the same.



Empowerment:

Cinven develops talent, gives people the opportunity to succeed and helps them fulfil their potential. The firm empowers its teams and portfolio companies to foster an inclusive and diverse work environment.

Cinven's key ESG highlights

A signatory of the Principles for Responsible Investment (PRI) since 2009, Cinven is continually focused on improving and updating its ESG approach. Cinven recognises that a robust ESG approach achieves better outcomes for Cinven's stakeholders, the environment and society.



2021 highlights

March

- Joined Initiative Climat International (ICI)

April

- CHRO Forum established for portfolio companies

June

- Held annual two-day Investment team offsite dedicated to ESG

September

- Co-founded the Private Equity Sustainable Markets Initiative Taskforce (PESMIT) and agreed to co-sponsor the PESMIT Climate Change Working Group

- Held second Cinven Inclusion Week
- Sponsored Invest Europe's Climate Change Guidelines Part 2 'Engaging Portfolio Companies'

- ESG Director appointed to provide firm-wide and portfolio company support

November

- Launched Cinven's climate strategy project to deepen understanding of its portfolio companies' carbon emissions and how portfolio companies, and Cinven, can reduce their emissions

December

- ESG Investment Selection Framework developed
- ESG Policy refreshed (launched in 2022)
- Joined the ESG Data Convergence Project

Cinven's key ESG highlights

continued

A selection of Cinven's main achievements prior to 2021.

2009

- Joined Principles for Responsible Investment and developed first ESG Policy

2012

- Cinven ESG Steering Committee established

2013

- First ESG Review published
- Post-investment ESG assessment process launched to assess ESG risks and opportunities for each new investment

2014

- Launch of ESG Guidelines for portfolio companies
- First Annual Portfolio ESG Conference held

2015

- Cinven portfolio ESG KPI reporting introduced to support portfolio companies to measure their ESG performance
- Joined the PRI's ESG Due Diligence Questionnaire Working Group

2018

- Inclusion & Diversity (I&D) approach enhanced including internal launch of firm-wide goals and performance metrics, and launch of gender diversity KPIs
- Post-investment ESG assessment process enhanced for early identification of ESG risks and opportunities and strategic ESG engagement

2017

- Joined Invest Europe's Responsible Investment Roundtable (RIR)
- Co-established Europe-based informal ESG General Partner networking forum
- Portfolio company post-investment ESG assessment process updated and improved

2016

- Cinven portfolio ESG KPI reporting framework updated and improved

2019

- Assessment of climate-related financial risks and opportunities aligned to the Task Force on Climate-Related Financial Disclosures (TCFD) launched for all new Cinven portfolio companies post-investment

2020

- Cinven Inclusion & Diversity (I&D) Framework launched to increase employee awareness and deepen engagement
- Cyber risk assessment framework enhanced

- Joined Institutional Limited Partners Association (ILPA) 'Diversity in Action' initiative, a framework of actions needed to advance Inclusion & Diversity (I&D) in the global investment community

- Joined #10000BlackInterns initiative
- Launched Cinven's Affinity Action Groups – internal working groups focused on gender, ethnicity and sexual identity

- Development of social outcomes within Cinven's ESG Policy enhanced, including through collaboration with the University of Cambridge Institute for Sustainability Leadership (CISL)

Determining Cinven's
ESG focus

ESG strategy

This review summarises the firm's 2021 ESG performance, and covers the topics identified as most material to the firm in the past year.



Determining Cinven's ESG focus

Every year, Cinven assesses the areas of greatest ESG risk and opportunity for the firm and the portfolio companies of the Cinven funds based on market analysis and engagement with its stakeholders.



Determining Cinven's ESG focus

Identifying Cinven's material ESG topics

In 2021, in line with the Global Reporting Initiative (GRI)'s reporting guidelines, Cinven completed a robust approach to identifying its most material ESG topics. This involved reviewing Cinven's current practices, policies and procedures as well as external frameworks such as SASB standards, GRI, the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and the Sustainable Finance Disclosure Regulations (SFDR).

In addition, input was sought from a range of stakeholders – including Cinven's investors, ESG Steering Committee, the Investment team, other Cinven staff and representatives from its portfolio companies – as well as from ESG-related external advisers.

“Understanding the issues that matter most to our stakeholders enables us to prioritise what is important, and deepen our capabilities in these topics.”

Matthew Sabben-Clare
Partner and Chair of ESG Steering Committee

2021 material topics

- ESG in the investment process →
- Governance →
- Climate change →
- Inclusion & Diversity →
- Cybersecurity →
- Employee health, safety and wellbeing →

Determining Cinven's ESG focus

continued

Cinven's ESG materiality assessment

A materiality assessment is a structured process to identify the ESG topics most important to the business, and its stakeholders, within the broader context of the environment and society. This assessment is a foundational step in the development and maintenance of an ESG strategy.

All ESG topics in Cinven's materiality assessment, pictured right, have been deemed important to Cinven. Topics that are Very High Priority reflect risks and opportunities that are relevant across a high proportion of Cinven's portfolio companies and for Cinven as a firm. Topics that are High Priority reflect risks and opportunities that are material across fewer portfolio companies but are still important to Cinven.

Cinven's 2021 material topics build on those of previous years, demonstrating that the topics core to Cinven and its portfolio companies are relatively consistent over time. Specifically, Climate change,

Inclusion & Diversity (I&D), Cybersecurity and Governance remain among the most material topics. Incorporating ESG in the investment process was also identified as important among internal and external stakeholders and core to Cinven's business. Finally, Employee health, safety and wellbeing emerged as highly important, particularly among Cinven's portfolio companies and in light of the ongoing COVID-19 pandemic.

High Priority topics, such as Responsible consumption and Biodiversity and ecosystems are becoming more important for Cinven and its stakeholders. Other High Priority topics, such Human rights can be relevant to fewer Cinven portfolio companies due to the nature of their business models, and the risks and opportunities within them, but nevertheless remain important.

	Very High Priority	High Priority
Environmental	<ul style="list-style-type: none"> • Climate change 	<ul style="list-style-type: none"> • Biodiversity and ecosystems • Energy • Responsible consumption
Social	<ul style="list-style-type: none"> • Inclusion and Diversity • Employee health, safety and wellbeing 	<ul style="list-style-type: none"> • Human rights • People management
Governance	<ul style="list-style-type: none"> • ESG in the investment process • Cybersecurity • Governance 	<ul style="list-style-type: none"> • Responsible supply chain • Risk management • Selling practices and product labelling

ESG in the
investment
process

Governance

Climate
change

Inclusion
& Diversity

Cybersecurity

Employee health,
safety and
wellbeing

Material topics

The following sections introduce each of the material topics in more depth, outlining why they are important to Cinven and what measures are in place to manage potential risks and opportunities across the portfolio.

ESG in the investment process

Cinven has a long-standing and robust governance structure that oversees how ESG is implemented at a firm-wide and portfolio company level. This was bolstered in 2021 by the launch of Cinven's ESG Investment Selection Framework (ISF), the establishment of an ISF Committee to oversee its implementation, and the appointment of an ESG Director within its Portfolio team.



ESG in the investment process

Governance

Climate change

Inclusion & Diversity

Cybersecurity

Employee health, safety and wellbeing

ESG governance structure

Cinven's approach to governance considerations is set out in its [ESG Policy](#). Cinven's approach incorporates ESG into its sourcing, investment selection and portfolio management.

Executive Committee

- Responsible for developing the firm's ESG strategy and implementing the firm's ESG Policy; and
- Within the Executive Committee, Cinven's Chief Administrative Officer and Partner is responsible for ESG matters, and chairs the ESG Steering Committee.

Investment Committee

- Assesses investment opportunities with a view to making recommendations to the managers of the Cinven funds, including analysing all relevant matters relating to ESG; and
- Assesses whether an investment opportunity is aligned with the firm's ESG Policy.

Portfolio Review Committee (PRC)

- Oversees Cinven's post-acquisition investment monitoring at the firm level including all relevant matters relating to ESG;
- Reviews, and periodically refreshes, the implementation of the Cinven post-investment Value Creation Plan (VCP) for each portfolio company, including the ESG VCP; and
- Monitors portfolio company ESG performance and ongoing compliance with Cinven's ESG Policy.

ESG Steering Committee

- Provides senior cross-disciplinary oversight of all relevant matters relating to ESG;
- Advises the Executive Committee on the firm's ESG strategy; and
- Alongside the PRC, monitors ESG performance at a portfolio-wide and individual portfolio company level.

Investment Selection Framework (ISF) Committee

- Provides senior cross-disciplinary oversight from Cinven's Managing Partner, Chair of the ESG Steering Committee, ESG Director, General Counsel, Corporate Affairs Director and an Investor Relations Partner;
- Supports the Investment Committee and Investment team in assessing whether an investment opportunity is aligned with Cinven's ESG Policy; and
- Supports the scoping and assessment of ESG due diligence, where relevant.

ESG in the investment process

continued

A key focus of 2021 was the refresh of Cinven's ESG Policy and the creation of the ESG ISF. Building on the firm's existing ESG governance approach, both the updated ESG Policy and the ISF provide Cinven with additional frameworks and guidance to ensure that its ESG ambitions and strategy are consistently and universally applied across all of its activities.



Refreshed ESG Policy

Cinven's ESG Policy was refreshed in 2021 and published in early 2022. It applies worldwide across the Cinven group and the funds it advises or manages.

The Policy sets out:

- Cinven's approach and expectations relating to responsible investment;
- Cinven's governance structure, to ensure all relevant matters relating to ESG are assessed and managed appropriately; and
- Cinven's processes and procedures, to ensure all matters relevant to ESG are considered throughout the investment process and in its stewardship of portfolio companies during the ownership period.

The key changes in the refreshed ESG Policy include:

- A clearly stated ESG purpose;
- Updated and more comprehensive ESG principles;
- An updated process and framework for Cinven's approach to ESG value creation, including a commitment to developing an ESG Value Creation Plan (VCP) for portfolio companies from Fund 7 onwards;
- Details of Cinven's ESG ISF, which contains guidance on assessing alignment of investment opportunities with Cinven's ESG Policy; and
- More information on ESG processes and governance, and pre- and post-investment ESG integration.

Cinven's ESG Investment Selection Framework

The ESG ISF has been developed to provide a clear framework and guidance for the Investment team and Investment Committee when evaluating investment opportunities from an ESG perspective.

The guidelines set out in the ISF enable the Investment team to:

- Identify more quickly and consistently where investment opportunities may or may not align with Cinven's ESG Policy;
- Identify where more focused work is needed to reach a conclusion on whether an investment opportunity aligns with Cinven's ESG Policy; and
- Ensure transparent communication with all relevant parties internally within Cinven, as well as any necessary communication with other stakeholders, including investors and regulators.

ESG in the investment process continued

Climate-related risks and opportunities

Cinven requires each portfolio company to undertake an assessment aligned to the Task Force on Climate-Related Financial Disclosures (TCFD) post-investment to assess climate-related risks and opportunities material to the business. This builds on the identification of material climate-related risks and opportunities during due diligence, where relevant.

For several portfolio companies in 2021, particularly LGC and TK Elevator, the TCFD review was a useful source of information when developing their net zero and interim decarbonisation targets.

In 2021, [LGC](#) and [TK Elevator](#) both announced commitments to reach net zero by 2050 and, in the case of TK Elevator, to develop science-based emissions reduction targets.

ESG in Value Creation Plans

While ESG has been a feature of some VCP for portfolio companies previously, where there have been material ESG considerations, in 2021 Cinven increased its ambition by committing to the

development of an ESG VCP for each new portfolio company from Fund 7 onwards.

To implement this, the Investment team (Deal and Portfolio teams) identifies material ESG risks and opportunities for each portfolio company, informed by due diligence findings, and works with the company to develop an ESG VCP.

Sustainability-linked loans

Cinven sees sustainability-linked loans as a valuable way to align its ESG performance expectations with that of its portfolio company management teams during its ownership.

In 2021, Cinven successfully incorporated sustainability performance targets (SPTs) into financing for two investments.

The SPTs, which require annual external verification, ensured the conversation around and definition of material ESG KPIs happened early in the post-investment process.

The SPTs for Arxada (formerly Lonza Speciality Ingredients), a global Specialty chemicals business, include annual targets

“Our systemic approach to creating ESG Value Creation Plans has been very positively received by our portfolio companies and is differentiating Cinven. It is fantastic to see the buy-in and broad engagement across the Investment team.”

Thilo Sautter,
Partner and Head of Portfolio team

for reducing greenhouse gas (GHG) (CO₂e generated in tonnes per sales) and waste intensity (waste generated in tonnes per sales). These are measured between 2018 (base year) and 2030, and include interim targets.

More information about Arxada can be found on [page 24](#).

SPTs were also set for Restaurant Brands Iberia, the leading quick service restaurant platform in Iberia, and master franchisee for Burger King in the region. There are annual targets for GHG emissions, the installation of electric vehicle chargers, and the percentage of plant-based protein products sold versus animal protein products.



ESG in the investment process continued

Reporting portfolio companies' ESG KPIs

In 2021, Cinven took the opportunity to build on its existing portfolio company ESG KPIs, which it has been monitoring on a quarterly basis since 2015. The reasons for this was two-fold:

- To enhance the information captured across the Cinven portfolio and to analyse this data more rigorously; and
- To standardise reporting and wider data sharing.

This led to a commitment to refresh Cinven's mandatory ESG KPIs to align with market standards, including the **ESG Data Convergence Project**, supported by the Institutional Limited Partners Association (ILPA), which aims to streamline the private equity industry's approach to collecting and reporting ESG data, and requires private equity firms to report six categories of ESG metrics annually for applicable portfolio companies.

These are:

- Scope 1, Scope 2 and, optionally, Scope 3 greenhouse gas emissions;
- Percentage of energy consumed that is derived from renewable sources;
- Diversity of board members, including the percentage of women and, optionally, the percentage of under-represented groups;
- Number of work-related injuries, fatalities and days lost due to injury;
- Total and organic net new hires; and
- Whether an annual employee engagement survey is undertaken and the percentage of employees that respond to it.

Cinven's portfolio companies will include these updated ESG KPIs as part of the suite of mandatory ESG KPIs from the 2022 reporting cycle onwards.

Collaborating to drive change

As with previous years, in 2021 Cinven actively engaged with a range of ESG-related initiatives to further embed ESG across the firm and to support wider industry change:



Private Equity Sustainable Markets Initiative Taskforce (PESMIT)

Cinven was one of the co-founders of PESMIT in 2021. PESMIT is part of the Sustainable Markets Initiative, which challenges public, private and philanthropic sectors to create economic value in harmony with social and environmental sustainability.

In 2021, Cinven became one of two co-sponsors of the PESMIT Climate Change Working Group. The Group, which aims to create alignment on the role of private equity in tackling climate change over the coming years, will work towards industry collaboration on a flagship climate change initiative in 2022.

Initiative Climat International (iCI)

iCI focuses on the practical implications of setting emissions reduction targets for private equity and its portfolio companies. Cinven became a member in 2021, and is actively involved in the iCI's Net Zero working group.

British Private Equity & Venture Capital Association (BVCA)

BVCA is the industry body and public policy advocate for the private equity and venture capital industry in the UK. Senior Cinven representatives sit on the BVCA Council and various committees relevant to ESG topics.

Invest Europe

Invest Europe is a trade association representing Europe's private equity, venture capital and infrastructure sectors, as well as their investors. Cinven is represented on the Board, supports ESG initiatives (see below) and is a member of Invest Europe's Responsible Investment Roundtable (RIR) and other relevant committees.

Invest Europe's Guide to Climate Change Part 2. Co-sponsor in 2021

The [Guide](#) is a valuable tool to enable private equity managers to engage and interact with portfolio companies on climate change.

Governance

Cinven is committed to good governance, both at the firm level and through portfolio companies of the Cinven funds. It meets its legal requirements and seeks to meet society's expectations in areas such as anti-bribery and corruption (ABC), competition law, anti-money laundering (AML), sanctions, conflicts of interest and whistleblowing. Cinven seeks to comply with both the letter and the spirit of the law, wherever it applies.



Governance

Cinven and its portfolio companies are subject to a myriad of legal and regulatory requirements. Some of these are common across portfolio companies, while others are more idiosyncratic and arise with reference to a business's products or services.

It is the responsibility of every commercial organisation to identify the legal and regulatory obligations it is subject to. Within a robust and enlightened governance framework, a company is more likely to fulfil legal and regulatory commitments more efficiently and on a regular and sustained basis.

Cinven is committed to sound governance both at the firm level and at its portfolio companies. This includes Board Governance and reporting, as well as a sound legal and compliance structure including policies, resources, training and monitoring. Ethical and compliant businesses are stable and retain the trust of customers and other critical stakeholders.

“Good governance is at the heart of Cinven’s business and that of its portfolio companies. Ethical and compliant businesses retain the trust of customers and other critical stakeholders.”

Babett Carrier
General Counsel

At the outset of their relationship, Cinven assesses a portfolio company's legal and compliance resources (looking at factors such as headcount, calibre, clear roles, responsibilities and reporting lines), and also the adequacy of the framework of policies and procedures necessary in the context of the relevant business such as ABC,

competition law, AML, sanctions, data protection, conflicts of interest and whistleblowing.

Equally important is the commitment of senior management and their setting of the tone from the top. Legal and regulatory requirements are not optional; they are a consequence of what the company has chosen to do and how it has elected to do it.

Competition law

Compliance with competition law is a key focus area for Cinven, both at the firm level and at its portfolio companies. During pre-investment due diligence, Cinven seeks disclosure and understanding of a company's existing competition law compliance policies, how they ensure compliance (e.g. training, internal controls, etc.) and any potential areas of increased risk. Any focus areas that are identified during due diligence are then addressed as part of Cinven's post-investment onboarding process in order to ensure that best practices are being employed by the business.

Governance continued



To ensure consistency and quality of pre-investment due diligence and post-investment policies, procedures and monitoring in this area, Cinven has decided to appoint specialised advisers to undertake this work on each new potential investment, as well as current investments, by the Cinven funds.

Anti-Bribery and Corruption

Many of the requirements that any commercial organisation will be subject to are long established, having been developed to address past market failings and to prevent harm that has been identified either in specific jurisdictions or across jurisdictions. For example, the UK Bribery Act (2010), which underpins the management of bribery and corruption in the UK financial system, became law more than 10 years ago and is an important part of Cinven's own compliance programme as well as that of its portfolio companies. As part of its onboarding process, Cinven assesses the quality of a portfolio company's framework for meeting requirements relating to anti-bribery and corruption. Please see our case study overleaf.

INTRODUCTION	ESG STRATEGY	MATERIAL TOPICS	APPENDIX
ESG in the investment process	Governance	Climate change	Inclusion & Diversity
			Cybersecurity
			Employee health, safety and wellbeing

Recent trends

Cinven also seeks to ensure that a portfolio company has not only identified current relevant sector-specific requirements but is keeping abreast of emerging or evolving requirements.

In recent years, there has been a significant pivot in regulation from more traditional objectives to achieving sustainability outcomes. The most striking example of this is visible within the EU, as much of its legislative output is now in pursuit of its Green Deal. Cinven recognises the essential importance of the green agenda within its ESG framework and is just as committed to meeting regulation of the 21st century variety given that the outcomes are as important as more traditional bodies of law.

Looking ahead

Cinven will look to continuously improve its management of governance-related matters, both internally and across its portfolio companies. This will include the deeper integration of governance matters into the firm's ESG VCP for portfolio companies.

Governance 2021 highlights

Portfolio company reporting on Governance³

91%

of portfolio companies have a split CEO and Chairman

83%

of portfolio companies have a whistleblowing hotline, which enables reporting of Compliance incidents

81%

of portfolio companies have at least one Independent Non-Executive Director (NED)

0

number of material ABC incidents reported by Cinven's portfolio companies during 2021

³ Collected during Cinven's ESG Comprehensive Data Collection Exercise across 26 portfolio companies as at September 2021. Figures have not been subject to assurance by Cinven or its adviser.

Governance continued

Ufinet: supporting strong governance

ufinet

Ufinet, headquartered in Madrid, Spain, provides fibre infrastructure and transmission services to telecommunication operators across Central and South America, and has more than 1,750 employees. More than 86,000 kilometres of optical fibre are maintained and expanded by its employees and hundreds of subcontractors.

Ufinet developed a set of Corporate Social Responsibility and Ethical Principles, which communicate the Board's commitments, including:

- Complying with all laws and internal regulations applicable to its activities;
- Implementing an anti-corruption policy and defining the principles to control, prevent and minimise the risks associated with bribery and corruption; and
- Establishing policies to prevent and avoid irregular payments or money laundering that may arise from illicit or criminal activities in the course of its operations.

Strong corporate governance and effective implementation of ABC-related policies and procedures are important priorities for Ufinet. This is in part due to Ufinet's network operating within countries with above global average risk of corruption, according to Transparency International's 2020 Corruption Perceptions Index. As such, bribery and corruption represent potential material risks for the company.

Since 2014, Cinven's ESG onboarding process reaffirmed ABC issues as a material focus area for the business. Cinven's Investment team worked with the company's management to ensure that the matter continued to receive the required attention. The portfolio company's senior management, led by its Ethics Committee, instigated an action plan in late 2019 focused on:

- Creating and rolling out an ABC and ESG handbook. All employees receive this handbook and are required to confirm they have read the relevant material; and

- Implementing mandatory training for all employees in ABC measures and the relevant content in the handbook.

Since 2014, these initiatives achieved 100% uptake amongst Ufinet's workforce, rapidly increasing awareness of ABC issues and appropriate risk management approaches.

During 2021, the Company continued to expand its measures for identifying and preventing corruption; for example, by carrying out audits to identify areas at particular risk.

Ufinet's Board monitors its compliance programme. In addition, members of Cinven's ESG Steering Committee monitor its ABC compliance programme, having previously monitored Ufinet's management of ABC including tracking the development of its handbook and mandatory compliance training.

INTRODUCTION	ESG STRATEGY	MATERIAL TOPICS	APPENDIX
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			Cybersecurity
			Employee health, safety and wellbeing



Climate change

Private equity plays an important role in addressing climate change. During 2021, Cinven strengthened its climate-related commitments and underlined its focus on supporting portfolio companies to decarbonise.



ESG in the investment process

Governance

Climate change

Inclusion & Diversity

Cybersecurity

Employee health, safety and wellbeing

In 2021, the focus on climate change by societies, governments, regulators and the investment community globally continued to rise, driven by an increased recognition of the urgent need for action. Portfolio companies faced further scrutiny on their approach to climate change, manifested in supply chain information requests, consumer demand for green products, and increased requirements to report on their carbon emissions from investors and banks.

Cinven is keenly aware of the UK Government's focus on putting finance at the heart of its climate response. In 2021, the government published a plan to align its financial regulatory framework with its net zero target. UK regulations mandating sustainability disclosures – for which a [roadmap](#) was published in October 2021 – are expected to match the EU's Sustainable Finance Disclosure Regulation (SFDR) in scope and detail.

The UK's interpretation of the EU's SFDR will build on the UK's mandatory rules for TCFD-aligned climate risk disclosure. These were [announced in October 2021](#) and are likely to affect Cinven as an FCA-regulated investment adviser and asset manager from 2023 (with reporting required from 2024). Cinven supports these initiatives and will seek to comply with both the spirit and letter of all relevant regulatory changes.

Decarbonising Cinven's portfolio companies

Cinven has monitored carbon intensity – one of its mandatory ESG KPIs – for its portfolio companies on a quarterly basis since 2015.

In 2021, Cinven began planning how to support its portfolio companies to decarbonise, and how to decarbonise its own

Cinven portfolio companies

2021 climate highlights⁴

84%

of portfolio companies have implemented energy efficiency improvements

62%

of portfolio companies consumed energy derived from renewable sources

74%

average percentage of waste that is recycled among portfolio companies

⁴ Collected during Cinven's ESG Comprehensive Data Collection Exercise across 26 portfolio companies as at September 2021.

Climate change continued

operations. This includes an ongoing project to standardise the approach among portfolio companies for measuring their carbon footprint and helping them to develop decarbonisation plans aligned to the Paris Agreement. Further updates will be provided in the 2022 ESG Review.

Cinven is also actively involved in industry initiatives that aim to support the private equity industry to decarbonise, such as **Initiative Climat International (ICI)** and **Private Equity Sustainable Markets Initiative Taskforce (PESMIT)**. See [page 18](#) for further information.

Future focus on biodiversity

Cinven recognises the need to better understand biodiversity and the impacts its portfolio companies have on nature, as well as the impacts of nature-related risks on its portfolio companies.

The firm is closely following developments on biodiversity risk including those set out by the **Taskforce on Nature-related Financial Disclosures (TNFD)**. The TNFD was formally launched in June 2021 to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks.

Cinven plans to support its portfolio companies on this topic where it is material from 2022. In addition, **PESMIT**, of which Cinven is a founding member, includes a Biodiversity Working Group, which Cinven will seek to align with and learn from to help advance the firm and wider industry's work in this area.

INTRODUCTION	ESG STRATEGY	MATERIAL TOPICS	APPENDIX
ESG in the investment process	Governance	Climate change	Inclusion & Diversity Cybersecurity Employee health, safety and wellbeing

Setting climate targets in Cinven's portfolio companies in 2021

Cinven actively supports several portfolio companies that have made ambitious commitments to decarbonise.



TK Elevator, a leading provider of elevators and escalators, in May 2021 joined the Business Ambition for 1.5°C initiative, committing to set a target in line with 1.5°C. TK Elevator is in the process of setting its Science Based Targets, including Scope 1, Scope 2, and Scope 3, and has committed to sourcing 100% of its electricity from renewable sources by 2030. In 2021, the company received the top global ESG rating in the Machinery industry category by Sustainalytics; and was one of 200 companies worldwide included in CDP's climate change A List for the second year running.



Spain's Masmovil announced in 2021 that it had become Europe's first telecommunications operator to achieve net zero carbon emissions. In 2020, it became the first major telecommunications operator to launch a 100% green electricity service (MASMOVIL Energía) for its customers. In 2021, it became Europe's first telecommunications operator to become B-Corp certified. This entails commitments to the highest social and environmental performance.



In 2021, LGC undertook a carbon footprinting exercise across its Scope 1, 2 and 3 emissions, targeting the material categories across its business and supply chains. This led to a November 2021 commitment to achieve carbon net zero by 2050. This leading global life sciences tools company is now developing a decarbonisation plan and setting interim targets.



In 2021, Hotelbeds became the first B2B travel company to join the Climate Pledge Commitment to reach net zero emissions by 2040. This followed the 2020 launch of its Green Hotels programme. This identifies and promotes sustainable accommodation in its portfolio.

Climate change continued

> 98% reduction
in NOx emissions

arxada

Cinven acquired Arxada (previously Lonza Specialty Ingredients), a world-leading provider of microbial control solutions and other specialty chemicals, in February 2021. The Swiss-based manufacturer creates critical ingredients for disinfectants, preservatives, sanitisers and personal care products, as well as for coatings and other industrial uses.

Arxada operates 26 manufacturing sites and 17 research and development centres, with a presence in 32 countries. Arxada detected emissions of nitric oxide (NOx) at its production facility in Visp, Switzerland, which is not a health hazard at these concentration levels but is a potent greenhouse gas formed during the combustion of fossil fuels. Through a detailed investigation and a technical feasibility study, Arxada committed to reducing NOx emissions by installing a new catalytic converter at the Visp facility.

During Cinven's evaluation of the investment opportunity, and through engagement of external ESG, legal and financial pre-acquisition due diligence advisers, Cinven supported and monitored progress of the installation during and after the sale process.

Installed ahead of schedule in October 2021, the converter has resulted in a greater than 98% reduction in annual NOx emissions of Arxada. This is the equivalent of 600,000 tonnes of carbon dioxide and is estimated to reduce the total NOx emissions of Switzerland by 5%.

Cinven continues to work closely with Arxada through Board-level engagement and the Board sub-committee on ESG, and on its ongoing ESG strategy as part of the ESG Value Creation Plan.



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Inclusion & Diversity (I&D)

Inclusive and diverse teams lead to diversity of thought, higher employee engagement and better performing companies. Cinven is committed to building an inclusive working environment with equal opportunities across the firm and supporting its portfolio companies to do the same.



ESG in the investment process

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Climate change

Inclusion & Diversity

Cybersecurity

Employee health, safety and wellbeing

In 2021, Cinven made further progress towards building a more inclusive and diverse organisation, which remains a core focus of the firm. In 2022, a key priority for Cinven is to widen its focus to drive diversity progress within portfolio companies, which it has started to do with initiatives such as the CHRO Forum launched in 2021.

Cinven recognises that gender diversity among its portfolio companies, particularly at Board level and within senior management, needs significant improvement. While the issue is complex, with each portfolio company's situation different, Cinven is collaborating across the firm to support its portfolio companies in improving their Inclusion & Diversity performance. This includes promoting optimal governance and management of the topic across its portfolio.

“Cinven is committed to building an inclusive working environment to help drive performance and supporting its portfolio companies in the same goal.”

Caroline Rawes
Chief Human Resources Officer

Diversity progress at Cinven

50%

of Cinven's workforce are women

24%

of the Investment team are women, representing an 11% increase in gender diversity of the Investment team since 2018⁵

21%

of Cinven's UK Investment team are from an ethnic minority (compared to 14% representation in UK population)⁶

3.2%

of Cinven's UK Investment team identify as LGBT+ (compared to 2.7% representation in UK population)

⁵ Investment team includes the Deal, Portfolio, Investor Relations and Capital Markets teams.

⁶ Data collected from Cinven's UK operations only for Investment team (excluding SFF). In some regions (e.g. Europe), it is not possible to collect ethnicity data. However, Cinven plans to increase its data collection with respect to ethnic diversity in future.

Inclusion & Diversity continued

Increasing awareness of racial and social injustice

A focus on social issues, and movements such as Me Too and Black Lives Matter, continued to drive increasing awareness of racial and social injustice and inequality, in 2021.

In step with these movements, in 2021 the **ILPA 'Diversity in Action'** initiative – as well as other industry standards such as the **ESG Data Convergence Project** – continued developing Inclusion & Diversity-related transparency obligations and reporting requirements. In 2021, as a founding member of the ILPA 'Diversity in Action' initiative, Cinven continued to advance transparency to drive progress on Inclusion & Diversity within Cinven and its portfolio companies.

Inclusion & Diversity (I&D) within Cinven

Gender diversity

Cinven is proud of the 11% increase in female representation across the Investment team since 2018, reflecting success with the firm's I&D initiatives that have focused on recruitment, retention and engagement.

Cinven's firm-wide female representation – 50% in 2021 – is above the industry average identified by Level 20's 2021 Diversity & Inclusion Report.

In addition, the firm has 50% female representation on Cinven's Operating Committee, an internal committee that makes operational decisions on behalf of the firm.

However, women remain under-represented in Cinven Investment teams at all levels and addressing this remains a key priority for Cinven in 2022 and beyond.

One of the ways Cinven works to inspire women to join and succeed in private equity is through its support of Level 20, a not-for-profit organisation dedicated to improving gender diversity in the industry. Cinven's Head of Investor Relations co-founded this organisation and set up

and led Level 20's mentoring programme which is now chaired by a Managing Director at Cinven. Partners at the firm regularly contribute to Level 20 events and mentoring.

2021 progress towards female representation targets⁷

Cinven has set targets to increase gender diversity within the firm.

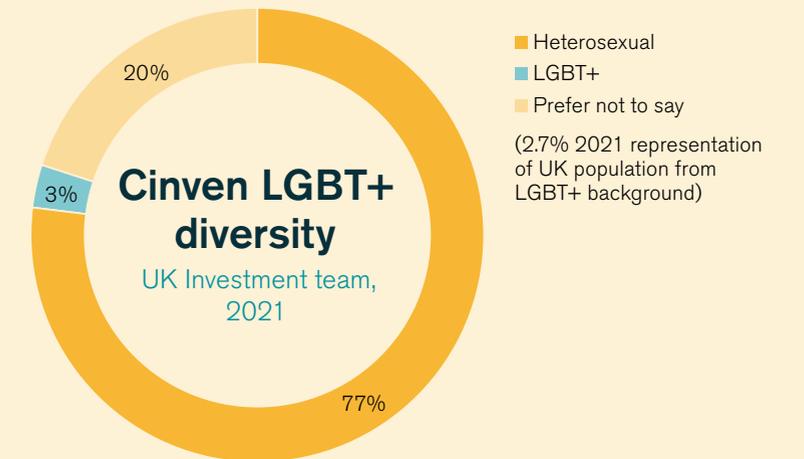
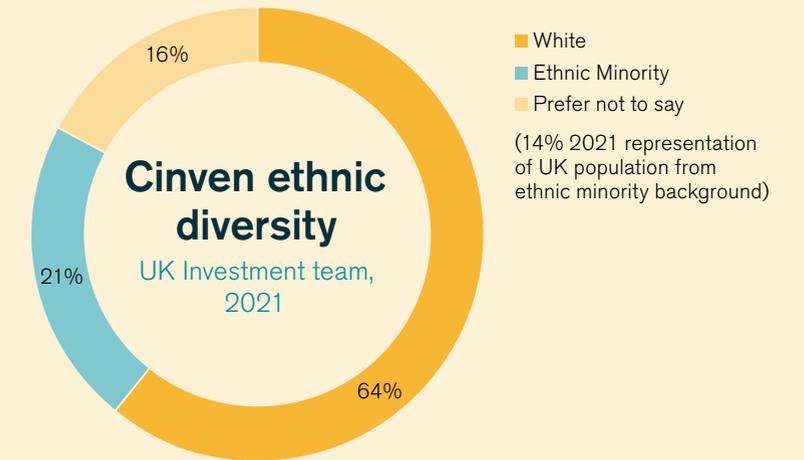
	2019	2020	2021	2021 Industry Benchmark Data
Female representation⁸				
Total employees				
Firm-wide representation	45%	46%	50%	38%
Investment professionals				
Junior representation	37.5%	29%	40.5%	33%
Mid-level representation	9.4%	17.9%	21.4%	20%
Partner representation	3.7%	6.5%	6.7%	10%

⁷ Annual data (2021, 2020, 2019) current as at September of each year.

⁸ Definitions: Junior level (Associate, Executive, Analyst) Mid-level (Principal, Senior Principal, Director, Managing Director); Partner (all Partners); Investment team (Deal, Portfolio, Investor Relations and Capital Markets teams).

⁹ UK Investment team (excluding SFF)

Cinven's ethnic and LGBT+ diversity – UK Investment team⁹



Inclusion & Diversity

continued

Ethnic and LGBT+ diversity

Having made significant progress on gender, Cinven has broadened its focus towards driving diversity progress for under-represented groups, including ethnic minorities and members of the LGBT+ community.

Cinven's target is for the firm's Black, Asian and Minority Ethnic (BAME) representation to be proportionate to the general UK population by 2028. This was achieved in 2021. Cinven is now undertaking analysis to inform future goals in this area.

In 2021, Cinven started to collect a broader set of diversity metrics, focusing on ethnicity and sexual orientation for the UK, its primary operating location.

Cinven is able to track other diversity data in the UK because there is sufficient flexibility to do this through voluntary submission of personal information. In many European jurisdictions where Cinven has a presence, restrictions surrounding personal information remain challenging.

Cinven supports a number of organisations and initiatives to promote gender, ethnic and racial equality in the private equity industry. For example, in 2021, Cinven's London office welcomed three summer interns in partnership with the **#10,000 Black Interns Programme**, a not-for-profit organisation seeking to offer 2,000 internships each year in the UK for five consecutive years.

Cinven is actively involved with the charity Sponsors for Educational Opportunity (SEO), whose mission is to prepare talented students from underserved and under-represented backgrounds for career success. One of Cinven's Partners is on the Steering Committee of a new SEO programme, the Alternative Investment Programme, which was launched in February 2021 to help increase the diversity of the workforce within leading European and global private equity and asset management firms.

Affinity Action Groups

In 2020, Cinven created **Affinity Action Groups** – focused on gender, ethnicity and sexual identity and each chaired by a Cinven Partner – to serve as internal support networks and raise awareness of these important topics within the firm. In June 2021, Cinven's two-day ESG-focused Investment team offsite included sessions from all three action groups, to promote greater awareness of these groups and initiatives among the firm.

Inclusion Week

Cinven held its first **Inclusion Week** in September 2020 to engage the whole firm in the Inclusion & Diversity agenda, including the launch of a new **Inclusion & Diversity intranet site** to enable the regular sharing of resources on this important topic. Cinven's second **Inclusion Week**, held in September 2021, included sessions on allyship, unconscious bias and psychological safety to provide insights, stimulate discussion and emphasise the role every individual can play in creating a truly inclusive and diverse work environment.

Cinven portfolio

2021 I&D highlights¹⁰

100%

of portfolio companies reported to Cinven on gender diversity¹¹

41%

Average percentage of women in total workforce of Cinven's portfolio companies

26%

Average percentage of women in senior management of Cinven's portfolio companies

12%

Average percentage of women on boards of Cinven's portfolio companies

¹⁰ Collected during Cinven's ESG Comprehensive Data Collection Exercise across 26 portfolio companies as at September 2021 and as part of ESG portfolio monitoring.

¹¹ Portfolio companies reporting at least gender diversity of total workforce to Cinven as part of ESG Comprehensive Data Collection Exercise, conducted during September 2021.

Inclusion & Diversity

continued

Setting gender targets



Viridium is a consolidation platform for the German life insurance market. Founded in 2014, the Group is a leading specialist in the management of life insurance portfolios in Germany. Acquired by Cinven in March 2014, Viridium has over 900 employees.

In 2021, Viridium established gender diversity targets and a gender diversity ambition, action plan and associated monitoring framework. The Company had previously undertaken a comprehensive exercise to collect information on the gender diversity of the life insurance sector in Germany overall, as well as to benchmark its peers. As a result, Viridium developed gender diversity targets at different levels of the organisation, based on current gender diversity performance, expected future performance, initiatives in place, and ambition.

Benchmarking identified that Viridium's gender diversity (51% female) is above the average for the life insurance sector (48%).

However, Viridium recognised an opportunity to focus on the development and representation of females at the senior management level. Viridium's

gender diversity aspirations include a 50% ratio at the middle management level and greater than 25% at the senior management level by 2029. To support these ambitions, the company plans to set out specific measures to help achieve its overall ambition and targets, including (but not limited to) setting out roles and responsibilities and formal oversight of its I&D programme, providing unconscious bias training for team members involved in recruitment, and regular monitoring of diversity ratios. Viridium collaborated with Cinven's Investment team and ESG Director to confirm that its targets align with market best practice and Cinven's expectations. The targets are expected to be publicly reported in 2022.



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LGC, a leading global life science tools company, undertook steps in 2020 to better understand the gender balance across its organisation and, following this, is implementing programmes to strengthen its inclusive culture. LGC has established a People and ESG Council and launched a women's networking group. Individual sites have also developed initiatives relating to I&D.

In 2021 LGC launched its three-year Diversity, Inclusion and Belonging (DIB) roadmap to evolve its activities in an engaging, action-based and consultative way. An internal review and report of the challenges facing women and gender balance in leadership at LGC, including targeted initiatives to support leadership progression, has also been published. Further I&D challenges and how to address these are being explored through the company's annual engagement survey, as well as commitments as part of its DIB roadmap.

Cybersecurity

Rigorous protocols are in place to protect Cinven portfolio companies' data and ensure the integrity, availability and resilience of their systems. External specialists regularly audit those systems to ensure they are fit-for-purpose.



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Keeping abreast of changing threats

Cybersecurity failure is a global economic threat, according to the [World Economic Forum 2022 Global Risks Report](#). As companies become increasingly digital – through the use of advanced data analytics, artificial intelligence and predictive software to manage information and support business continuity – the risk of cyber threats increases commensurately.

In the wake of increased remote working, and a rapid rise in the adoption of and dependence on digital systems, companies are coming under increased scrutiny by a range of stakeholders, including insurers. In particular, 2021 saw insurers requiring companies to have far higher standards of cyber resilience as part of the terms of their insurance cover.

Cybersecurity ingrained

Cybersecurity is a key tenet of Cinven's ESG approach with its portfolio companies. In 2021, Cinven worked with its specialist adviser, Aon, to ensure that best practice cyber risk management practices were being deployed by its portfolio companies.

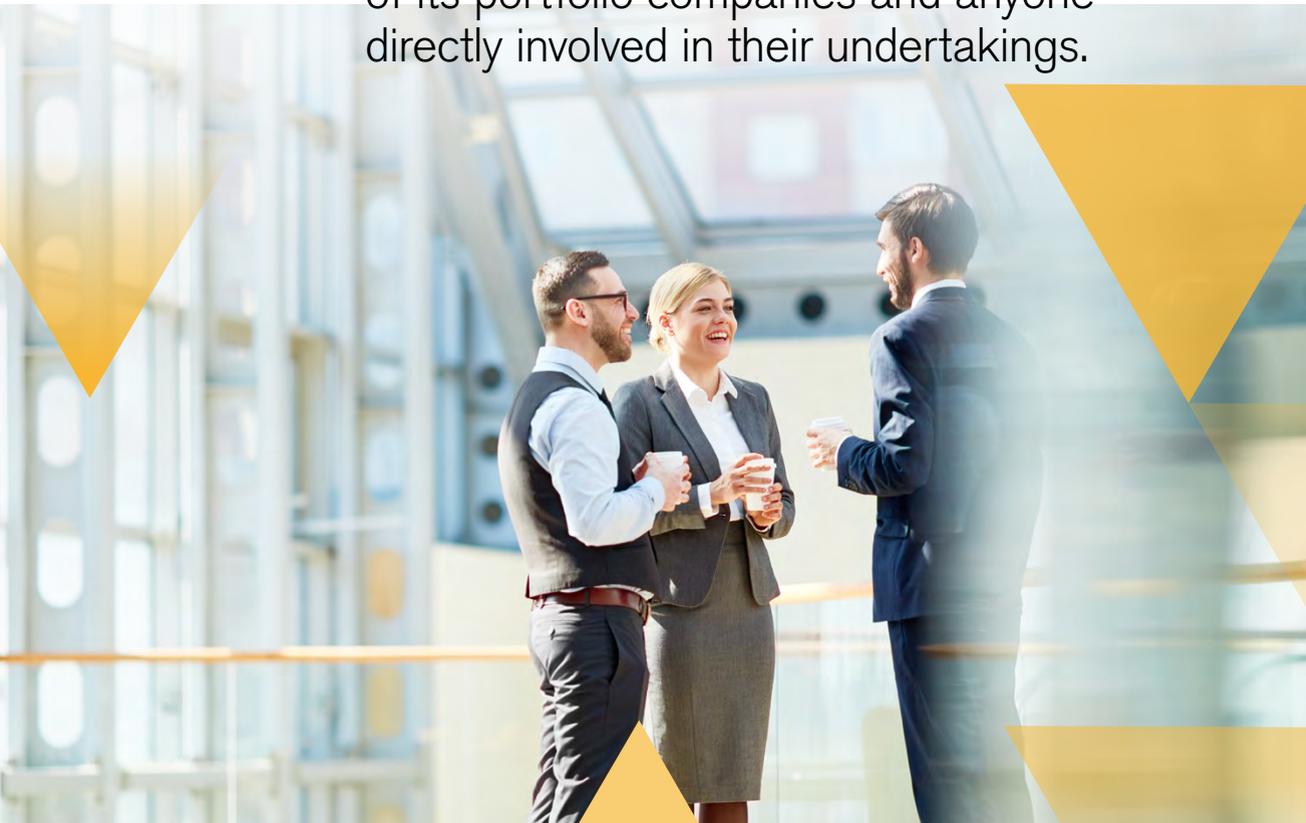
In 2021, Aon updated the post-investment cyber risk assessment process it undertakes for Cinven portfolio companies. The process now incorporates a further one-to-one session with each portfolio to fully review Aon's cyber risk assessment and recommended Action Plan to ensure full alignment with the portfolio company and agree on clear next steps.

Aon conducts cybersecurity assessments for new portfolio companies, and completed reviews for 50% of Cinven's newly acquired portfolio companies in 2021. The remainder are in the process of completing the cyber risk assessment in 2022.

From 2022 onwards, Cinven will introduce a new mandatory quarterly ESG KPI for cybersecurity breaches.

Employee health, safety and wellbeing

Cinven is committed to the health, safety and wellbeing of its own employees, those of its portfolio companies and anyone directly involved in their undertakings.



Employee health and safety has always been a priority at Cinven. The COVID-19 pandemic of 2020 and 2021, and social movements such as Me Too and Black Lives Matter, have renewed and broadened the firm's focus on mental health, wellbeing and health-related benefits.

The COVID-19 pandemic has caused global labour disruption on a scale never seen before. Cinven was aware of, and sought to manage, the significant impact of government-mandated lockdowns, social distancing and uncertainty on individuals' physical and mental wellbeing both at the firm level and its portfolio companies.

Supporting mental health at Cinven

In partnership with the UK's City Mental Health Alliance, Cinven provided 'Mental health and wellbeing for people managers' training for Cinven team leaders in 2021. This aimed to help individuals identify common signs and symptoms of mental health issues, preparing them for open and appropriate conversations with their direct reports, and sharing internal resources. A second course offered advice for individuals in maintaining good mental health.

Cinven held its first Mental Health Awareness Week in 2021, during which Cinven executives hosted firm-wide interactive sessions related to breathing techniques, mental health wellbeing and sleep strategies.

Employee health, safety and wellbeing continued



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Portfolio COVID-19 good practice

In 2021, Cinven continued to use the portfolio company reporting system it established at the onset of the COVID-19 pandemic to monitor key metrics. The system enabled Cinven to identify risk areas, including health and safety, return to work strategies, personal protective equipment provision and adaptation of workplace policies. The tracking of these metrics enabled the Cinven Investment team to develop an 'early warning system' and to work closely with the relevant portfolio company on addressing any concerns.

Health, safety and wellbeing in Cinven's portfolio companies

Cinven's ESG-related pre-investment due diligence considers whether potential investments comply with employee health, safety and wellbeing regulations, and sector and international best practice. Cinven reviews historic performance with respect to employee health and safety incidents, and reviews whether the portfolio company has an appropriate health and safety risk management system in place.

Post-investment, Cinven reviews each portfolio company's health and safety management, initiatives, resources, budgets, compliance and performance.

Cinven helps portfolio companies identify risks, manage the safety and wellbeing of employees, and identify opportunities to improve productivity. The firm works closely with portfolio companies to incorporate occupational health and safety initiatives in Value Creation Plans.

Portfolio companies must report occupational health and safety incidents on a quarterly basis. In addition, portfolio companies are required to report employee grievances on a quarterly basis.

In 2021, Cinven's portfolio companies in the industrial/retail and office-based industries experienced similar lost-time incident rates as prior years, with office-based companies achieving a rate of zero.

Employee health, safety and wellbeing continued

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Prioritising safety through training and education



TK Elevator (TKE) is a leading global provider of elevators, escalators and other innovative passenger transportation solutions. Headquartered in Germany, the company has more than 50,000 employees and over 1,000 sales and service locations, with customers in more than 100 countries. The Company was acquired by Cinven and Advent International in July 2020.

Safety is a top priority for TKE, from employees and subcontractors to the end users of the company's products, with an ultimate goal of zero accidents. TKE operates in an industry with inherent health and safety risks, primarily due to employees and contractors working at height within elevator shafts. TKE's workforce operates at customer sites, installing elevators, and manufacture elevators at TKE's own facilities.

As a co-founder of the Global Elevator Safety Forum – an industry-wide platform with a common goal to achieve zero fatalities – TKE expands its

responsibility beyond its business to promote safety across the industry, acknowledging that the contractors it employs are also widely employed by other firms in the same industry.

Health and safety is regularly reviewed by the TKE Board, Executive Committee and ESG Steering Committee, supported by a robust health and safety management team with rigorous reporting and training systems in place.

During 2021, Cinven began actively engaging with the TKE Board and senior management on ESG. Through collaboration between Cinven, TKE and Advent International, an international initiative – Safety and Health Initiative for Elevator Leading to Decisiveness (SHIELD) was launched. Cinven's Deal and Portfolio teams work closely with TKE management to support the implementation of SHIELD, including a comprehensive external review to assess and benchmark safety systems, leadership and culture.

Guided by its company-wide Occupational Safety and Health Policy, TKE implements guidelines and actions to protect its employees and contractors, including extensive needs-based training and OHSAS 18001 certified management systems. It operates the world's only in-house campus focused on targeted training for elevator industry professionals. TKE adopts 10 essential safety rules for all employees and partners to enforce the policy that 'no job is so important or urgent that it cannot be done in a safe way'.

In November 2021, TKE topped the Sustainalytics ESG ranking in the Machinery industry category following an assessment of its health and safety performance and initiatives.

Employee health, safety and wellbeing continued

Safety in core product and operations



Acquired by Cinven in 2015, Tractel® is a world-leading safety specialist providing reliable, innovative and cost-effective working-at-height solutions and services. The company focuses on providing solutions for customers to ensure workers operate safely, and its solutions are used in many end-user applications, in particular in industrial, construction, energy, telecoms and infrastructure projects.

Tractel helps customers protect their employees. Tractel's innovative products provide marked safety benefits compared with prior existing technologies, while also improving the productivity of workers.

Tractel's Personal Protective Equipment (PPE) – such as harnesses and lanyards – and Collective Protective Equipment (CPE) – such as guardrails, lifelines and safety ladders – are all designed, tested and certified according to the local H&S regulation, such as the PPE Regulation EU 2016 in the European Union, the UKCA in the UK, and the ANSI standards and OSHA regulation in North

America. The company is also an active participant in PPE/CPE standardisation bodies in both Europe and North America.

In 2021, Tractel was selected to design and supply a number of safety platforms for the high-profile art piece 'L'Arc de Triomphe Wrapped'. Traditionally, this work would have been achieved via the use of tubular scaffolding structures; instead the use of Tractel's Scanclimber mast climbing platforms meant workers did not need to climb up and down extensive scaffolding structures. Instead, workers were elevated to the required working positions by the mast climbing platform, reducing the chance of potentially serious slips and falls and lowering the physical exertion required of workers. The climbing mast also serves to elevate workers to the exact position required for each task, improving ergonomics.

Safety is paramount in everything Tractel does. As well as helping to improve the health and safety (H&S) performance of customers, Tractel is also committed to improving H&S management

within its own operations. To support its H&S programme, Tractel implements a quality, health, safety and environment (QHSE) management system in accordance with the International Organization for Standardization (ISO) 9001:2015, 14001:2015, and OHSAS 18001:2007, which provide requirements for consistent and effective management, enabling a cycle of evaluation, correction and improvement against established targets.

In early 2018, Tractel acquired the Scanclimber group – a producer of safe vertical access solutions. Following the acquisition, Tractel's corporate team worked closely with Scanclimber management to align and strengthen its employee H&S management system.

Tractel initially focused the Scanclimber management team on investing in H&S to help mitigate risks, which included repairing site roads in and around the Company's main facility, redesigning the layout of the plant and installing welding fume extractors. In addition, Scanclimber introduced an H&S training programme for



both employees and management, implemented H&S-specific KPIs focusing on incidents and near misses, and introduced an in-depth action plan for all accidents.

By 2021, the positive effects of Tractel's programme were clear, with lost-time accidents at their primary production facility declining from 19 in 2017 to 2 in 2021.

Appendix

PRI index

The table below aligns with the PRI's ESG Monitoring, Reporting and Dialogue in Private Equity Framework ([ESG monitoring, reporting and dialogue in private equity](#)), providing a guide for the exchange of information between Limited Partners (LPs) and General Partners (GPs).

Cinven supports the overall aim of this framework to achieve a degree of consistency in LP and GP communication but recognises LP information requirements vary.

Cinven includes this table as a reference index, to signpost where related information is available within the 2021 ESG Review or on Cinven's website.

Core disclosures aim to provide key information that an LP can use to monitor its investments and assess the responsible investment performance of its fund managers.

Additional disclosures aim to support a detailed understanding of the responsible investment performance of the fund manager and its portfolio companies.

Policy, People and Process

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2.4	Describe your approach to assessing the risks and opportunities that climate change poses to your portfolio companies.	Additional	ESG in the investment process	15
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Material ESG Incidents				Pages
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3.2	Periodic summary of material ESG incidents.	Core	Included in Cinven's fund reporting and updates to investors	31

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