

Cinven

Sustainability Policy

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1. Purpose

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

Responsible investment is a key priority for Cinven and is core to its investment strategy. When sourcing and assessing investment opportunities, and subsequently during its ownership period, 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 and diversity into their strategy and operations; and
- Upholding best-in-class moral, ethical, governance and labour standards.¹

Furthermore, Cinven avoids investing in businesses whose products, services or practices cause material environmental or social harm where there is no clear path during Cinven's ownership to:

- Mitigate, remedy or reduce the company's negative impact on the environment and/or society; and/or
- Support the company to have a more positive impact on the environment and/or society.

Cinven believes that a responsible approach towards its portfolio companies (including their employees, suppliers and local communities), the environment and society is an essential part of its success.

Cinven's goal is to build stronger companies in order to create value for its investors, portfolio companies and wider society. As part of this, Cinven is committed to embedding relevant matters relating to sustainability into the investment process and supporting its portfolio companies to become more sustainable during Cinven's ownership.

Cinven strives to use its position as a shareholder to encourage its portfolio companies to achieve best-in-class standards of business integrity and good governance. Cinven considers that good corporate governance and risk management must be embraced and undertaken at a portfolio company level. Relevant procedure should be tailored by the portfolio company to reflect its given industry, sector and activities.

1. While Cinven will seek to make such investments and/or build such businesses as described above, Cinven does not represent or warrant that any particular investment will exhibit all or any of the features described above as at the date of investment and would not be obliged to reject an investment opportunity or dispose of an existing investment where it failed or ceased to meet any or all of the features described above. In its capacity as a responsible investor, Cinven will engage with portfolio companies on such sustainability matters and at such times, and may prioritise engagement on certain sustainability matters over others, in both cases as Cinven determines to be appropriate in its complete discretion

2. Scope of this Policy

This Sustainability Policy (the “Policy”) sets out:

- Cinven’s approach and expectations related to responsible investment;
- Cinven’s governance structure to ensure relevant matters relating to sustainability are assessed and managed appropriately; and
- Cinven’s processes and procedures to ensure relevant matters relating to sustainability are embedded into the investment process and in its stewardship of portfolio companies during its ownership period.

This Policy applies across the Cinven group and the funds it advises or manages, and describes how Cinven’s sustainability approach is implemented with regard to its private equity investments.

The Policy applies to all Cinven employees, who are expected to be aware of the content of, and procedures set out in, the Policy. Employees receive periodic training on how to incorporate considerations of Cinven’s sustainability expectations when carrying out their specific role, and to work to improve Cinven’s performance in this important area. Cinven also expects this Policy to be relevant to its portfolio companies and advisors.

Cinven has been a signatory of the Principles for Responsible Investment (PRI) since 2009 and has agreed to its six Principles of Responsible Investment. Upon becoming a signatory to the PRI, Cinven developed its first Sustainability Policy in 2009, and has periodically updated the Policy since this time. This Policy is aligned to the PRI; and Cinven seeks to comply with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the International Labour Organisation’s (ILO) Declaration on Fundamental Principles and Rights at Work.

This Policy and/or the procedures for its implementation may be altered at any time by Cinven’s Executive Committee. The Policy and procedures are to be reviewed on approximately an annual basis.

3. Cinven's core sustainability principles

Relevant matters relating to sustainability are an important part of Cinven's evaluation of investment opportunities. The following will be incorporated into Cinven's analysis, where relevant:

Environmental

- Mitigation of, and adaptation to, climate change
- Management of energy, including through consumption, sourcing and generation
- Responsible production and consumption, with a view to transitioning to a circular economy
- Sustainable use and protection of water and marine resources
- Pollution prevention and control
- Management of waste and hazardous materials
- Protection and restoration of nature, including biodiversity and ecosystems

Social

- Promotion of inclusive and diverse cultures and teams
- Being non-discriminatory, including on the grounds of gender, race, disability, sexual orientation and age
- Preservation of human rights, including no exploitation of child labour
- Support of local communities, including avoiding causing harm
- Application of sound labour practices in the workplace
- Protection of customer privacy and data security
- Acting responsibly towards customers, including through selling practices and product labeling
- Having a high regard for occupational health and safety, and the quality and safety of end products
- Responsible sourcing
- Consideration and promotion of animal welfare
- Promotion of charitable and/or other not-for-profit causes through corporate donations
- Responsible use of Artificial Intelligence (AI)²

Governance

- Transparent and accountable governance and management structures that allocate clear responsibilities and enable effective board reporting
- Effective internal control mechanisms, including appropriate policies and procedures
- Executive remuneration that contributes to long-term success of the business and sound risk management
- Adopting an ethical approach to business practices
- Compliance with both the letter and the spirit of the law, wherever it applies
- Meeting legal requirements and society's expectations in important areas such as anti-bribery and corruption, competition law, anti-money laundering and sanctions
- Ensuring potential or perceived conflicts of interest are appropriately managed
- Seeking to comply with, and inform, industry standard sustainability guidelines and best practices
- Accurate and transparent financial and non-financial reporting

2. Cinven has developed a Responsible AI Policy for internal use which contains more guidance on the responsible use of AI at Cinven.

4. Sustainability governance structure

Executive Committee

Cinven's Executive Committee is responsible for the firm's sustainability strategy and oversees the implementation of this Policy.

Investment Committee

Cinven's Investment Committee undertakes the firm's investment selection process, including analysing relevant matters relating to sustainability. The Investment Committee determines whether an investment opportunity is aligned with this Policy. To make this determination, the Investment Committee may apply Cinven's Investment Selection Framework (ISF), where relevant. Further information on the ISF is provided in section 5 of this Policy.

Portfolio Review Committee

Cinven's Portfolio Review Committee (PRC) is responsible for overseeing Cinven's post-acquisition investment management including relevant matters relating to Sustainability Material sustainability risks and opportunities, including Governance and Compliance matters, are reviewed by the PRC on a quarterly basis. Part of the PRC's role is to review, and periodically refresh, the implementation of Cinven's post-acquisition Value Creation Plan (VCP) for each company, and monitor portfolio performance. For new portfolio companies, Cinven develops a sustainability-specific VCP or integrates sustainability within the overall VCP. Progress against sustainability initiatives within the VCP, and Governance and Compliance performance of a portfolio company, are reviewed by the PRC annually. The PRC also monitors post-acquisition compliance with this Policy by Cinven's portfolio companies.

ESG Committee

Cinven's cross-disciplinary ESG Committee is responsible for the day-to-day implementation of this Policy and reports to the Executive Committee periodically on relevant matters relating to sustainability. The ESG Committee advises the Executive Committee on the firm's sustainability strategy and, alongside the PRC, monitors performance on relevant matters relating to sustainability at Cinven's portfolio companies and portfolio-wide.

Investment Selection Framework (ISF) Committee

Cinven's Investment Selection Framework (ISF) Committee provides guidance to the Investment team and Investment Committee on whether an investment opportunity is aligned with this Policy and how to apply the Investment Selection Framework (ISF), where relevant. Further detail on the ISF is provided in section 5 of this Policy. The ISF Committee is composed of senior managers from within the firm as agreed by the Executive Committee from time to time.

Managing conflicts of interest related to responsible investment

Cinven manages conflicts of interest in accordance with the firm's Conflicts of Interest Policy which includes details of procedures to identify, monitor and appropriately manage conflicts of interest throughout the firm's business and the investment process. The key objective of the Conflicts of Interest Policy is to ensure the primacy of the interests of funds and their investors. It seeks to achieve this by requiring the prompt identification of any possible conflict and then the taking of appropriate measures to suitably manage and mitigate that conflict. Management of a conflict may require disclosure and possibly also prior consent of the impacted party before proceeding. Any course of action with a material conflict that cannot be sufficiently mitigated will not be taken.

Cinven's approach to the management of conflicts of interest is aligned to its core sustainability principles. Nothing included in this Policy should be taken to overrule the requirements in the Conflicts of Interest Policy.

5. How Cinven implements the Policy

Sourcing investment opportunities

Cinven's investment selection process includes an assessment of relevant matters relating to sustainability. It is supported by the Investment Selection Framework (ISF), a framework which elaborates on this Policy with respect to each sector that Cinven invests in. The ISF outlines three categories which a potential investment opportunity may fall within:

- **Misaligned:** Businesses that Cinven will not invest in. This is focused on products, services or practices that are not aligned with this Policy and are therefore out of scope.
- **'Review and Explain':** Businesses that Cinven may choose not to invest in. This is focused on products, services or practices that may not be aligned with this Policy and/or are otherwise controversial or potentially involve reputational risk for Cinven.
- **Aligned:** Businesses that Cinven will invest in. This is focused on products, services or practices that are aligned with this Policy (i.e. all other businesses that do not fall within (1.) and (2.).

A sustainability matter will be reviewed by the ISF Committee when Cinven determines it is in scope of the ISF and is material; where there is no clear path to mitigate, remedy or reduce the environmental and/or social harm during Cinven's ownership; and where Cinven becomes aware of the matter during the investment selection process.

Pre-investment due diligence

Before acquiring a business, Cinven seeks to identify material sustainability risks or opportunities within the business and/or any external factors affecting the business. Based on in-depth sector knowledge, Cinven seeks to identify the material sustainability risk and opportunity areas for an investment opportunity and assess the company's sustainability Governance and Management capabilities, as well as undertake reputational risk due diligence. This includes identifying Legal and Compliance-related risks, such as those relating to anti-bribery and corruption, anti-money laundering, competition law sanctions, and risks related to the use of AI.

Relevant matters relating to sustainability may be business-specific or common to the industry, sub-sector and/or geography in which the business operates. The relevant matters relating to sustainability are assessed through a variety of sources, including regulatory/compliance filings, investor disclosures and/or media reports. This exercise is an integral part of Cinven's overall due diligence process.

Where sustainability risks and/or opportunities are identified, Cinven initially prioritises those that are most material. Internal discussions determine whether further assessment is required, and if so, independent analysis and expert advice from specialist external consultants may be sought to, for instance, undertake sustainability-specific or additional legal due diligence.

Relevant matters relating to sustainability are included in investment papers, presented to, and considered by, Cinven's Investment Committee and Managing General Partner Board. A section on sustainability is required in all Investment Committee papers. The Investment Committee must assess relevant matters relating to sustainability before giving its approval and recommending any investment to the Managing General Partner Board for consideration.

If an investment opportunity involves any sustainability risks which are deemed unacceptable, it will be rejected on those grounds.

In cases where material sustainability risks are identified and deemed acceptable, a plan is developed by Cinven and agreed with management to prioritise, address, manage and/or remedy the risk. In some circumstances, relevant matters relating to sustainability are incorporated into deal documentation.

5. How Cinven implements the Policy continued

Post-investment stewardship, monitoring and value creation

Once a company is acquired, Cinven engages proactively with management on relevant matters relating to sustainability. Cinven seeks to integrate sustainability into post-investment strategic planning and implementation early in the process to ensure that material sustainability risks and opportunities are identified and prioritised. As part of this, Cinven develops a sustainability-specific VCP, or integrates sustainability within the overall VCP, with each new portfolio company.

Cinven's post-investment approach to sustainability includes the following steps:

- Introduction to Cinven's sustainability approach and requirements
- Baseline assessment of company's sustainability performance, sustainability governance and management
- Review of the board, overall governance and approach to Compliance
- Develop sustainability VCP with management
- Monitor sustainability performance and material risks and opportunities
- Provide access to best practice and networks through Cinven's portfolio and advisers
- Ongoing engagement to encourage continuous improvement, and preparation for exit.

Exits

Cinven seeks to incorporate sustainability into the exit process through an exit readiness assessment, sustainability Vendor Due Diligence (VDD) and further disclosure of relevant sustainability matters upon request.

6. Stakeholder engagement

Cinven engages with relevant stakeholders including its investors, regulators, employees, portfolio companies, industry bodies and local communities. This includes the sharing of relevant information and contributing to industry initiatives. Cinven prioritises the entities on which to focus its stewardship efforts based on the strategy and priorities of the firm.

On an annual basis, Cinven publishes a publicly available sustainability report which sets out Cinven's management of material sustainability risks and opportunities, and overall portfolio performance on sustainability. This report includes a disclosure on climate-related risks and opportunities that are relevant to the firm, aligned to the TCFD.

As a signatory to the PRI, Cinven meets the signatory reporting requirements. Cinven also reports sustainability-related information to its investors and industry bodies upon request.

In the UK, Cinven fully complies with the Private Equity Reporting Guidelines (PERG), an independent body which oversees transparency and disclosure within UK private equity. PERG is also responsible for monitoring Cinven for conformity with the Walker Guidelines, a set of enhanced rules on disclosure that apply to certain private equity firms and their larger portfolio companies in the UK.

Approved by the Executive Committee

September 2024

Policy Title:
Sustainability Policy

Effective Date of this Version:
2024

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2009

Policy Description:
This policy defines Cinven's governance and approach to responsible investment

Authority to Amend this Policy:
Executive Committee

Authority to Waive this Policy:
Executive Committee

Policy Review Cycle:
Approximately on an annual basis

Responsibility for Review Cycle:
ESG Committee