

RESPONSIBLE INVESTMENT POLICY

Stirling Square Capital Partners



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Stirling Square and Responsible Investment

Stirling Square Capital Partners LLP, its affiliates and the funds these affiliates advise (together "Stirling Square or the "Firm") recognise the importance of responsible investment ("RI") in creating and protecting long-term value and in growing sustainable business ecosystems for future generations.

The Firm sees RI as an investment approach that incorporates the consideration of environmental, social and governance ("ESG") factors as key determinants of the long-term success of its businesses. Stirling Square does not pursue specific impact investing strategies; however, it firmly believes that considering and continuously improving ESG factors across its portfolio value chains can lead to sustainable outcomes for its broad stakeholder base. The Firm also believes that all participants of the global economic system, including its portfolio companies, must contribute to the UN Sustainable Development Goals (UN SDGs) that represent the most critical challenges facing humanity today.

Stirling Square is committed to embedding ESG considerations into its corporate culture and transferring these values and tools to its portfolio companies. As controlling shareholder of international mid-sized companies that it seeks to transform, the Firm has a responsibility and opportunity to elevate the ESG agenda of its businesses, making them both better employers and world citizens.

In recognition of its commitment to RI, in October 2018 Stirling Square became a signatory of the UN Principles for Responsible Investment ("UNPRI") and has since continued to improve its RI practices. In 2022, the Firm became a member of the UN Global Compact and the IFRS Sustainability Alliance. In 2023, Stirling Square joined the ESG Data Convergence Initiative. The Firm reports on RI activities, including portfolio actions and KPIs to its investors and in its annual Sustainability Report.

Policy

Stirling Square has a formal approach to the management of ESG risks and opportunities throughout the investment cycle. Whenever portfolio companies are successful in addressing ESG risks and seizing opportunities, they will become better businesses and generate lasting value for all stakeholders.

This policy applies to Stirling Square and all its investments made across all geographies and sectors from the effective date.

The Firm aims to improve its RI policy continuously, reviewing it periodically and revising it at often as necessary to incorporate the most pertinent and relevant developments in global RI thinking, best practice and applicable regulations.

Principles

When performing its duties as a responsible investor, Stirling Square endeavours to:

- Act upon its defined values and guidelines;
 - Implement the six Principles of the UN PRI;
 - Provide information and training to ensure that employees can effectively manage ESG matters across investment activities;
 - Integrate ESG considerations into all stages of the investment cycle, from screening and asset selection, through ownership and transformation management, to exit;
 - Promote a dynamic ESG culture across its Firm and all organisations comprising its investment portfolio, driving initiatives that bear incremental environmental and social impacts;
 - Ensure compliance with relevant laws, regulations and sound ethical practices across the Firm and all portfolio companies; and
- Report any material ESG issues to investors as they arise, as soon as practicably possible.

Responsible Investment Guidelines

Stirling Square has defined specific guidelines to help select investments responsibly. The Firm strives to invest in companies that:

- Comply with the Ten Principles of the UN Global Compact;
- Maintain supportive relationships with their core communities; and



- Sustain strong corporate governance and risk management cultures, aiming to use established best practices and comply with applicable local and international regulations within their underlying industries.

In applying these guidelines to its investment activities, Stirling Square seeks to be both principled and pragmatic and considers industry norms, corporate performance, competitive issues, regulatory requirements, relative size and maturity of the businesses, and other relevant factors.

The Firm does not expect that all portfolio companies will meet these high standards immediately following the investment; however, it expects portfolio management teams to commit to meeting these standards within a reasonable timeframe after acquisition. Stirling Square will be supportive of their efforts. Moreover, Stirling Square will not invest in companies on the Exclusion List under any circumstances.

Exclusion List

Stirling Square will not invest in companies whose primary activity consists of:

- Gambling or the manufacturing, distribution or sale of gambling machines;
- Prostitution services;
- Production, distribution or sale of pornography;
- Production, distribution, marketing or sale of hard liquor or tobacco products;
- Manufacturing, production, distribution, or sale of weapons, firearms, and ammunition; and
- Extraction and production of coal, oil or gas.

Specific judgement is applied for activities not listed but which are considered sensitive or that present similar risks.

Responsible Investment through Stirling Square's Investment Cycle

Stirling Square considers ESG matters at all stages of the investment cycle, from initial due diligence, transformational ownership, to exit. The investment selection is subject to the Exclusion List and the RI Guidelines described above.

Asset selection

Potential investments are introduced to the Investment Committee for consideration via a Deal Introduction Memorandum ("DIM"). The DIM incorporates, to the fullest extent possible, early assessments of the ESG governance and maturity of the investment target, possible areas of impact of the investment (assessed via the applicable regulations, UN SDGs alignment, Global Compact Principles), as well as early views on possible exposure to climate change risks.

For investments, examples of material ESG impacts may include, but are not limited to:

- Environment: waste & emissions management, packaging, water and energy efficiency, biodiversity protection;
- Social: human rights, health & safety, labour standards, employee engagement, diversity, and training; and
- Governance: business ethics, anti-bribery and corruption, cybersecurity, and internal controls.

The DIM is typically followed by internal due diligence inquiries (including meetings with senior management of the target company) to assess the investment opportunity and identify areas for further due diligence investigation. Stirling Square has developed a proprietary ESG tool to be utilised leveraging all the available information to identify key ESG issues for further due diligence analysis, pre-completion action planning, and post-completion deployment.

The internal due diligence inquiries inform a subsequent Preliminary Investment Recommendation ("PIR") document discussed in an Investment Committee forum. This document includes a specific ESG section, which is structured to typically present the assessment of identified material ESG risks and adverse impacts, ESG maturity rating, exposure to climate change risks, and any other ESG-related analysis relevant to the evaluation of the investment.

If specific ESG factors are identified for further investigation, the PIR will list them and outline a plan – and budget – or further due diligence. Specialist external ESG advisers will be engaged, as applicable. The Stirling Square team, in close cooperation with the management of the target company, will then assess how the identified risks can be mitigated and opportunities formalised in the value creation plan.

Following a comprehensive round of external due diligence and further interactions with the target company's management team, a Final Investment Recommendation ("FIR") document is prepared and discussed with the Investment Committee. This document expands the ESG assessment from the PIR stage by including more details about any pre-completion evaluation and laying out a tentative sustainability strategy based on a high-level materiality assessment. An investment will not be recommended if ESG risks are considered too significant for Stirling Square to address effectively during its targeted investment holding period. More often, however, ESG factors present improvement and value creation opportunities.



Ownership

Stirling Square works with portfolio management teams during the ownership period to address ESG-related issues and act upon opportunities identified during the due diligence inquiries. Stirling Square supports its portfolio companies with continuously improving their ESG performance and assisting them in the development of sustainability strategies. Stirling Square facilitates the sharing of best practices across its portfolio companies and senior management teams and supports them by engaging external consultants when necessary.

As the first step after completion of an investment, the Firm incorporates specific ESG actions in its '100/180-Day Plan'. This will typically include the participation to the annual Sustainability Engagement Programme, perform or update a materiality assessment exercise, and assess exposure to climate change risks with external advisors' support where required.

After the first 100/180-Day period, investee companies are expected to commence the development of formal sustainability strategies to bring together all ESG related activities. Such sustainability strategies should be generally refreshed and updated every two years. As part of the initial sustainability strategy development, Stirling Square will assist portfolio company's managers in the development of a sustainability roadmap with specific objectives and ESG Key Performance Indicators to be monitored on an ongoing basis. Another priority is to ensure that a robust governance structure is established and enforced at each portfolio company (including a responsible person for sustainability). Lastly, Stirling Square will encourage portfolio companies to publish sustainability reports and determine robust strategies for decarbonisation and climate action and improve diversity, equality and inclusion.

Each year, Stirling Square performs its annual Sustainability Engagement Programme including comprehensive survey amongst all its portfolio companies to track ESG performance, roadmap progress and assess how dynamic forces around the business have progressed.

The board of directors of each portfolio company is responsible for implementing strategies and policies related to ESG matters and is mandated with tracking the progress of those initiatives throughout the year. The sustainability capability and investment teams at Stirling Square are available to support the boards with ad hoc input, including via the involvement of external consultants if required. Stirling Square's board representatives are accountable for reporting any ESG-related matters to the ESG Committee.

Portfolio companies are encouraged to adopt formal sustainability frameworks and standards including but not limited to UN SDGs, UN Global Compact, OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and ILO Labour Standards.

Exit

Prior to exiting an investment, Stirling Square will ensure that information on material ESG issues is made available to potential buyers, inter alia, via an ESG reporting as part of Stirling Square's vendor due diligence suite.

ESG Commitment of the Firm

In addition to incorporating ESG matters into its investment management process, Stirling Square maintains a strong commitment to ESG as an independent going concern. The Firm demonstrates its responsibilities on ESG matters as a controlling shareholder and is keen to showcase the same level of corporate responsibility in its own operations.

Appendix 1 illustrates some examples of how the Firm pursues improvements along the three ESG dimensions.

Policy Governance

RI is a prevailing conceptual framework pursued by the Management Committee of Stirling Square.

In December 2019, Stirling Square established the Sustainability capability tasked with the systematic development of the Firm's RI approach.

The Management Committee has delegated the oversight of RI matters to the ESG Committee.

ESG Committee members are:

- Andreas Theilgaard (Principal)
- Elisabetta Ricci (Chief Operating Officer)
- Gregorio Napoleone (Founder and Managing Partner, and Chair of the ESG Committee)
- Pascal Monteiro de Barros (Head of Investor Relations)
- Pierre Klemas (Chief Sustainability Officer)
- Toni Gillespie (Chief of Talent)

The implementation of the RI policy is a requirement of all Stirling Square members. This policy and the RI framework are reviewed annually by Stirling Square's ESG Committee. All changes are subsequently communicated to Stirling Square's LP Advisory Committee.



Climate Change

Stirling Square recognises the gravity of the challenges imposed upon the world by climate change and supports the Paris Agreement of 2015.

The responsibility of an investor is to ensure that it constantly assesses, plans actions to mitigate, and appropriately reacts to, the risks stemming from climate change. Stirling Square is driven by three objectives:

- As a corporate citizen and member of society, the Firm seeks to contribute its fair share in the fight against climate change;
- As a financial investor, the Firm aims to fulfil its fiduciary duties by de-risking investments wherever possible; and
- As transformational leaders, the members of Stirling Square strive to dynamically enhance the strategic relevance of portfolio companies by pursuing the opportunities that emerge from the global focus on climate change.

Since 2021, the Firm's climate change approach has been governed by a dedicated Climate Change policy.

Partnerships and Contribution to Local Community

Stirling Square supports initiatives and organisations that promote environmentally- and socially-relevant projects and principles and encourages its portfolio companies to do the same.

Currently, the Firm holds signatory status with the UN PRI, is a dedicated member of the UN Global Compact, serves as a sponsor of Level 20, and actively participates in key initiatives such as Initiative Climat International (iCI), Out Investors, the IFRS Sustainability Alliance, and the ESG Data Convergence Initiative.

The Firm supports the charitable works of the Walkabout Foundation and Global Down Syndrome Foundation.

Stirling Square ESG Committee

Date of effect: September 2023

Date of review: September 2024



Appendix 1

Some examples of how the Firm pursues improvements along the 3 ESG dimensions.

Environmental

The team believes that it can tangibly contribute to sustainable environmental practices. The following selected achievements are representative of the focus on environmental issues.

- Commitment to plastics reduction: ceasing purchasing of plastic-bottled water;
- Move towards "paperless office" via expanded use of digital systems and devices;
- Working from an energy-efficient office that uses LED lighting and renewable energy;
- Purchasing electricity certified from renewable sources;
- Carbon footprint is calculated yearly. The Firm looks for pragmatic ways to reduce its footprint.

Social

The Firm's members and employees are its most critical asset, and their wellbeing correlates directly with the success of Stirling Square. The following are representative of the Firm's focus on social issues.

- Talent function led by Chief of Talent;
- Active work on achieving a better gender balance in the Firm with, inter alia, targeted recruiting and mentorship of women;
- Development of the Diversity, Equality & Inclusion policy is ongoing;
- Committed to maintaining a work / life balance that meets employees' wellbeing expectations, including by consenting to work-from-home practices and having best-in-class maternity / paternity policies;
- "One Team" philosophy: cohesion, mentoring, and inclusion are of paramount importance. The Firm promotes opportunities for social interaction and professional integration among all team members;
- Embracing the 'kaizen' culture and continuous improvement. The Firm provides firm-wide and individual support towards this goal with systematic field training, mentoring, fostering personal development by assigning project leadership roles independent of seniority, and open-table discussions on all facets that comprise the Firm's investment management business.
- Individual performance appraisal process for all team members that is detailed, extensive and constructive;
- Individual career development plans for all employees and members.

Governance

The Firm believes strong internal governance is critical to ensure its long-term success. The following selected achievements are representative of the Firm's focus on governance.

- Strong value-driven culture with purpose, mission and vision;
- Operation of multiple functional committees, including Management, Investment, Operating, Compensation and ESG;
- Deployment of risk management structures;
- Firm-wide focus on compliance (e.g., GDPR, SMCR) and relevant training;
- Wide range of policies governing relevant aspects (e.g., compliance, maternity);
- Clearly established complaints procedures;
- Wide range of 'Futureproofing' initiatives aiming at codifying the knowledge and experience of the Firm, and making them available to all members and employees;
- Dedicated function to drive the sustainable development of Stirling Square led by the Chief Sustainability Officer;
- Strong cybersecurity protection via a retained managed security service provider;
- Transparent investment decision making with Investment Committee and portfolio discussions open to all professionals.