



RESPONSIBLE INVESTMENT POLICY
2021

1. Purpose & Scope

This policy (the “**Responsible Investment Policy**”) sets out the approach adopted by Cobepa SA (“**Cobepa**”, and together with its affiliates, the “**Cobepa Group**”¹) to the management of environmental, social and governance (“**ESG**”) issues, including the principles which the Cobepa Group aspires to and the procedures it implements in order to integrate these principles into its activities.

The responsible and effective ownership and management of a company can create benefits for all stakeholders: from employees to customers, suppliers to shareholders, and the wider community at large. Implementing best practice behaviours, mindset, culture and finally actions with respect to ESG factors contributes to both mitigating risks and capturing opportunities that enhance the long-term value of portfolio companies. The Cobepa Group is therefore committed to investing responsibly by integrating ESG considerations into its investment strategy and processes as well as into its own operations.

This Responsible Investment Policy covers all existing portfolio companies as well as new acquisitions, all investment activities across the deal cycle, and the own operations of the Cobepa Group. All staff are required to adhere to the Responsible Investment Policy.

The Responsible Investment Policy has been approved by the Board of Directors of Cobepa on 10 June 2021 and will be up for regular evaluation.

2. Guiding principles

The Cobepa Group actively integrates ESG considerations into its investment strategy and processes, by taking into account and acting on **three dimensions**: ESG compliance, ESG awareness and ESG opportunity.



ESG compliance (risk)

The extent to which a company controls or manages the compliance aspects of ESG (e.g. GDPR, non-discrimination, fraud, ethics and regulations).



ESG awareness (management)

The extent to which a company is currently aware of ESG and the (potential) positive impact (opportunities) and negative impact (risks) it has on its business, and takes action accordingly.



ESG opportunity (competitive advantage)

The extent to which a company integrates ESG aspects in its business model compared to its competitors.

¹ Any reference to the Cobepa Group in this policy shall, however, exclude Cobepa’s portfolio companies.

These three dimensions guide the Cobepa Group throughout its ESG ambitions and actions during the entire investment process (sourcing, due diligence, ownership, and exit).

The Cobepa Group uses a **broad definition of ESG** which captures three pillars. Each pillar brings together several ESG topics, the relevance of which differs from one sector to another, and from one company to another.

The Cobepa Group applies the **concept of materiality** when determining which ESG topics to address for each company. This approach allows the Cobepa Group to remain pragmatic and ensures that ESG efforts are focused on what matter most to the companies’ business and stakeholders.

Examples of relevant ESG topics

ENVIRONMENT	SOCIAL	GOVERNANCE
<p><i>Climate change</i></p> <ul style="list-style-type: none"> • Air quality • Biodiversity & ecosystem <p><i>Resource efficiency</i></p> <ul style="list-style-type: none"> • Energy management • Water management • Fleet & fuel management <p><i>Environment Pollution</i></p> <ul style="list-style-type: none"> • Air pollution • Waste management • Noise pollution • Ecological impacts 	<p><i>Legal, compliance</i></p> <p><i>Health and safety</i> (employees, customers, subcontractors)</p> <p><i>Human capital management</i></p> <ul style="list-style-type: none"> • Employee recruitment, wellbeing, and retention • Employee training and development • Labour practices <p><i>Human rights</i></p> <ul style="list-style-type: none"> • Community relations • Diversity & inclusion 	<p><i>Ethics and governance</i></p> <ul style="list-style-type: none"> • Anti-bribery and corruption • Fraud • Conflicts of interests • Competitive behaviour <p><i>Data security</i></p> <ul style="list-style-type: none"> • Cybersecurity • Personal data protection <p><i>Responsible sourcing</i></p> <ul style="list-style-type: none"> • Supply chain risk management • Supplier auditing

3. Commitments & Approach

A. ESG in the deal cycle

The Cobepa Group frames its Responsible Investment Policy within the deal cycle around four core principles:

<p>Principle 1:</p> <p>We will incorporate relevant ESG aspects into investment analysis and decision-making processes.</p>
<p>Principle 2:</p> <p>We will be active owners and incorporate relevant ESG aspects into our ownership policies and practices.</p>
<p>Principle 3:</p> <p>We will seek appropriate disclosure on relevant ESG aspects by the entities in which we invest.</p>
<p>Principle 4:</p> <p>We will work to enhance our effectiveness in implementing our ESG principles.</p>

The investment team is responsible for implementing the Responsible Investment Policy within the deal cycle, with the support of the ESG and the legal departments. The Cobepa Group provides the investment team with specific tools and trainings to help them to fulfil their Responsible Investment commitments.

The Cobepa Group intends to have a systematic approach on ESG during the entire deal cycle and has defined its ambitions as such:

1. Pre-acquisition

The Cobepa Group confirmed in an **exclusion list** the sectors in which it has always refused to invest (Schedule 1). In addition to these excluded sectors, the Cobepa Group also refuses to invest in companies of which management teams' awareness and willingness to tackle ESG issues would be considered as too low or inadequate. During sourcing and origination, the investment team shall ensure compliance with these exclusions.

During the initial screening phase, the Cobepa Group systematically performs a **preliminary ESG review**, covering the three ESG dimensions (compliance, awareness and competitive advantage) and applying the concept of materiality. To assist the investment team with this analysis and to allow for a formalized approach, the Cobepa Group will develop a systematic ESG due diligence checklist.

Where deemed necessary, this preliminary ESG review will be complemented by specific due diligence performed by **external experts** on selected ESG topics.

Findings from the preliminary ESG review, and from any specific ESG due diligence, shall systematically be included in the investment memorandum and discussed by the

Investment Committee. The investment note submitted to the **Board of Directors** for final approval shall always contain an ESG section.

The Cobepa Group is committed to support portfolio companies to optimise their ESG performance and enhance their long-term value. Therefore, a deficient ESG assessment will not automatically exclude a target company. The Cobepa Group may decide to invest in such a company if it concludes that there is opportunity for substantial improvement. However, no investment will be made if the Cobepa Group concludes that the ESG risks are too significant and cannot be appropriately and timely mitigated or remedied, or if the awareness and willingness of the target company's management team to tackle ESG issues is too low.

2. Post-closing

From the early stages of its ownership period, the Cobepa Group seeks to support portfolio companies in improving their ESG performance and assessing the sector-specific risks.

The Cobepa Group shares the **Responsible Investment Policy** (together with other relevant compliance policies or codes of conducts) with its portfolio companies upon closing of a new investment (and upon any material update of the policy thereafter).

In cases where, during the pre-acquisition phase, the Cobepa Group identified relevant ESG factors which need to be remedied, improved or enhanced, specific **ESG action plans** will be set up in close collaboration with the portfolio companies' management teams, and progress towards implementing these plans will be regularly monitored during Board meetings of the portfolio companies.

3. Monitoring and continuous improvement

Portfolio companies' management teams are primarily responsible for ensuring that ESG topics are adequately managed within their companies.

During the ownership period, the Cobepa Group monitors portfolio companies' ESG performance with a view to **supporting management teams** in identifying and responding to opportunities for further improvement on an ongoing basis.

This shall be done through:

- ESG considerations being discussed at least once a year at the **Board of Directors** of each portfolio company; and
- **annual reporting** being expected by each portfolio company on the progress of qualitative and quantitative ESG performance.

This will allow the Cobepa Group to identify relevant ESG risks and opportunities, and to communicate to all relevant and authorized stakeholders on the ESG efforts within each of its portfolio companies.

B. ESG in Cobepa's own operations

The Cobepa Group strives to embed effective ESG practices not only in its investment activities but also in its own operations.

Therefore, the Cobepa Group commits to:

- ***Putting processes in place with the purpose of ensuring ethical behaviours in its activities.*** All Cobepa employees are subject to, and receive training on the policies of the Cobepa Group, including its values and ethics. All employees are required to acknowledge that they have received, read and understood and agree to comply with such policies upon joining.
- ***Promoting diversity in the workplace.*** The Cobepa Group respects and promotes the diversity of its people with the goal of creating a well-rounded and motivated team with equal opportunities.
- ***Ensuring employee development and well-being.*** The Cobepa Group adheres to attracting, motivating, developing, and retaining a diverse talented group of people who make informed career choices within a supportive working environment. The Cobepa Group is determined to be an employer of choice by continuously looking over the development and the well-being of its employees.
- ***Considering its own environmental footprint.*** The Cobepa Group promotes awareness and supports the implementation of environmental initiatives.

4. Stakeholder engagement

The Cobepa Group aims to engage with its shareholders, employees and with wider stakeholders on ESG issues and communicate effectively on its responsible investment topics.

Engaging with shareholders on ESG issues.

The Cobepa Group aims for broad transparency with its shareholders. To this end, the Cobepa Group will include ESG information in its annual report, makes the Responsible Investment Policy publicly available and responds to ad hoc requests from shareholders on ESG information concerning portfolio companies.

Engaging with wider stakeholders.

The Cobepa Group makes information on its approach to ESG available on its website. In addition, the Cobepa Group is open to engaging with relevant stakeholders on its own ESG activities, or those of the portfolio companies, as appropriate.

5. Governance of this policy

The Cobepa Group will review and, where necessary, update the Responsible Investment Policy annually to reflect on-going efforts to improve its Responsible Investment approach, as well as emerging requirements from stakeholders and evolving good practices.

The Cobepa Group will actively communicate the Responsible Investment Policy to the investment team and will use the Responsible Investment Policy as a basis to engage internal and external stakeholders on ESG management, as appropriate.

Schedule 1 – Exclusion list

The Cobepa Group excludes investments in companies that:

- Have production or other activities that involve forced labour or child labour;
- Manufacture, distribute or sell arms or ammunitions or are principally exposed to the defense industry;
- Are principally engaged in the manufacturing of or trading in tobacco;
- Manufacture or sell pornography;
- Are principally engaged in activities related to gambling;
- Of which the activities, products or services are deemed illegal under any applicable law, regulation or global convention in the relevant jurisdiction.
- Of which the management teams' awareness and willingness to tackle ESG issues would be considered as too low or inadequate.