

# Responsible Investment Policy

This document sets out CVC Capital Partners' ("CVC's") approach to investing responsibly and to the management of environmental, social and governance (ESG) issues, including the principles which CVC aspires to and the procedures it has implemented in order to integrate these principles into its activities.

The Responsible Investment Policy covers all CVC funds, existing portfolio companies as well as new acquisitions, all investment activities across the deal cycle, and CVC's own operations. All CVC staff are required to adhere to the Responsible Investment Policy.

## CVC's guiding principles

CVC understands that the 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 management techniques with respect to ESG factors contributes to both mitigating risks and capturing opportunities that enhance the long-term value of the CVC funds' portfolio companies. Therefore, CVC is committed to helping its investment funds make responsible investments in order to create sustainable, long-term value in close partnership with management teams and co-workers.

CVC recognises that the private equity industry can have a significant impact on society and the environment; the industry reaches a large number of people across many countries and involves the use of a significant amount of the earth's natural resources. CVC believes that understanding ESG factors should be integral to the investment process and has formalised its approach to managing these topics.

CVC has been a signatory of the Principles for Responsible Investment (PRI) since 2012. It is committed to implementing its six Principles, aligning its investment management and advisory activities with the interests of wider stakeholders. In addition, CVC considers the ten principles of the UN Global Compact in its due diligence of target companies before the CVC funds make an investment.

## CVC's commitments to invest responsibly

CVC commits, on behalf of CVC funds, to:

- **Maintaining strong ESG governance at the CVC level.** The ESG Committee, which includes Managing Partner representation, is responsible for overseeing CVC's Responsible Investment and ESG management activities. The deal and operations teams are responsible for implementing the Responsible Investment Policy and Procedures, with the support of the ESG, Legal and Compliance personnel. CVC provides its staff with specific training and resources to help them to fulfil their Responsible Investment commitments.
- **Encourage strong ESG governance within portfolio companies.** CVC has set its own ESG guidelines and strongly encourages all portfolio companies in the CVC funds to meet them. Where appropriate, CVC expects the portfolio companies to comply with additional voluntary standards, such as the IFC Performance Standards, particularly where local legislative standards are weak or laws are poorly enforced.
- **Embedding Responsible Investment initiatives and ESG management throughout the deal cycle:**

- *Pre-acquisition:* CVC teams assess ESG-related risks and management standards relevant to a target company when evaluating investment opportunities which, for example, may include factors such as health and safety, diversity, environment and climate change, ethics and anti-bribery and corruption. CVC analyses inherent ESG risks and relevant management activities (to the extent that information is available to be shared) throughout the investment review stages, and any material findings are documented in the investment papers. To assist deal teams with this analysis, CVC has developed a comprehensive ESG due diligence guidance and information tool based on internationally recognised SASB standards and an early stage ESG red flag checklist. CVC also has access to global business intelligence tools on compliance, ESG and business conduct risks which are used as part of the initial screening of potential investments. Where deemed necessary by the deal team, CVC instructs external experts to perform ESG due diligence on target companies. If CVC concludes that the ESG risks of a target company are too great and cannot be appropriately mitigated in a reasonable timeframe, no investment is made.
- *Post-closing:* From the early stages of the CVC fund ownership period, CVC seeks to support portfolio companies in improving their ESG performance. To do this, building on its pre-acquisition analysis, CVC conducts a more detailed review of each company's ESG management practices within the first 6 months of ownership, as more information becomes available. These reviews represent an opportunity for CVC to engage with the portfolio companies and to offer support to help them meet CVC's ESG guidelines. In cases where CVC identifies significant ESG factors that are integral to value protection or have potential for value creation, a further, comprehensive review of the portfolio company's ESG activities, is undertaken, potentially with the assistance of external experts.
- *Monitoring and continuous improvement:* During the period of ownership of the companies, CVC monitors portfolio companies' ESG performance with a view to helping management teams identify and respond to opportunities for further improvement on an ongoing basis, including through the use of a third party assessment process. CVC has in place processes to allow portfolio companies to promptly report any material ESG incidents and remains ready to provide support to portfolio companies should these situations arise.
- *Exit:* Increasingly, CVC discloses relevant ESG information, gathered through the pre-acquisition and CVC fund ownership periods, to potential buyers at the exit stage.
- **Engaging with investors on ESG issues.** CVC aims for broad transparency on responsible investment topics with investors in the CVC funds. To this end, CVC proactively includes ESG information in periodic reports to investors, provides updates on its comprehensive approach to ESG at annual investor conferences and advisory board meetings, makes the Responsible Investment Policy publicly available and responds to ad hoc requests for Responsible Investment and ESG information from investors.
- **Engaging with wider stakeholders.** CVC publicly reports on its ESG activities in the annual Responsible Investment Transparency Report produced for the PRI and makes information on its approach to ESG available on its website. In addition, CVC is open to engaging with relevant stakeholders on its own ESG activities, or those of the portfolio companies, as appropriate.

## CVC's commitments to operate responsibly

CVC strives to embed effective ESG practices in its own operations as well as in its investment activities. Therefore, CVC commits to:

- Putting processes in place with the purpose of ensuring ethical behaviours in its activities. All CVC employees are subject to, and receive training on CVC policies, including CVC's Code of Ethics. All employees are required to acknowledge they have received, read and understood and agree to comply with CVC policies upon joining and on a quarterly basis.
- Investing in local communities. CVC supports venture philanthropy charities that focus on helping young people and disenfranchised members of society integrate themselves into society. Venture

philanthropy combines pro bono expertise with capital to an agreed business plan and therefore has close affinity to the private equity community.

- Promoting diversity in the workplace. CVC is an equal opportunities employer and we respect the diversity of our people. Our employees are the “best of the best” who use their initiative, good judgment and creativity to drive superior performance for CVC and our portfolio companies. Our aim is to attract, motivate, develop, and retain a diverse talented group of people who make informed career and life style choices within a supportive working environment.
- Considering its own environmental footprint. CVC has formalised its approach to reducing its own environmental footprint through the creation of a pan-office employee working group to share best practice, promote awareness and support implementation of environmental initiatives.

### **The governance of this Policy**

Boards of CVC Capital Partners SICAV-FIS S.A. and CVC Capital Partners (Luxembourg) Sàrl 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.

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

The ESG Committee (which includes 6 Managing Partner representatives) is the main sponsor of the CVC ESG Policy and is accountable to the Boards of CVC Capital Partners SICAV-FIS S.A. and CVC Capital Partners (Luxembourg) S.à r.l. for its implementation.