



SUSTAINABILITY POLICY

Charterhouse Sustainability Policy

This is a statement of our commitment and approach to integrating Sustainability and Responsible Investment (“Sustainability”) into our operations and investment process and it reflects our strongly-held belief that the long term financial success of our portfolio companies can be positively influenced by robust management of Sustainability opportunities and risks. It applies to Charterhouse and its funds.

Charterhouse became a signatory to the UN Principles for Responsible Investment initiative (“PRI”) in November 2013. We are fully committed to integrating the PRI principles in our operations and investment processes and to act in the long-term interests of our investors, our portfolio companies, the societies in which they operate and our Charterhouse team. To this end we:

- incorporate Sustainability issues into the investment analysis and decision-making process, by identifying and assessing Sustainability risks and opportunities;
- take an active ownership role and encourage and actively support our portfolio companies to integrate Sustainability principles into their operations;
- collate Sustainability related information from our portfolio companies and seek appropriate reporting;
- actively promote Sustainability and the implementation of Sustainability principles within the investment industry;
- work together to improve our effectiveness in implementing the Sustainability principles; and
- report our efforts and progress in implementing Sustainability principles.

Our Sustainability approach

Charterhouse embeds Sustainability Best Practices throughout our firm-wide operational and investment activities. We share and encourage our portfolio companies to integrate our Sustainability principles into their operations and we believe that by integrating Sustainability criteria into every stage of the investment life cycle, we can positively influence the long-term financial success of our portfolio companies whilst also encouraging broader objectives of society.

We define relevant Sustainability criteria as the identification and management of any material environmental, social or governance-related risks or opportunities over the life of an investment which, if not appropriately managed, could result in significant negative or potentially disruptive consequences, or which alternatively, if managed well, could achieve a positive impact on the company, its employees, the surrounding community, other stakeholders and/or the environment. Therefore, we take into account applicable material Sustainability factors when making investment decisions (alongside other considerations).

Our responsible investment and reporting processes are constantly developing and improving to ensure that we act in the long-term interests of our investors and we recognise that our investors have their own fiduciary obligations which we also strive to support through these processes.

Principles and values supporting our Sustainability approach

We believe our core principles - ethical conduct, fairness, accountability, responsibility and transparency - are fully aligned with our Sustainability approach and practices:

- **Connect** - bringing people and capital together in carefully nurtured investment opportunities in which growth potential and value creation is positively influenced by the responsible management of Sustainability risk and opportunity.
- **Collaborate** – “one firm, one team” working in a true partnership with management. We take an open, active and flexible approach, harnessing the skills, knowledge and experience of our entire team to help us support and build businesses over the long-term, integrating Sustainability principles which help promote financial performance as well as resilience and responsiveness to adapt to new challenges.
- **Change** - unlocking growth potential by supporting ambitious management teams, and by providing them with support and tools to mitigate Sustainability risk and to recognise Sustainability opportunities, among other things.

Sustainability oversight

Senior management engagement and support is fundamental in setting the tone for an integrated Sustainability approach and effort across the firm and also our portfolio. Our partners are responsible for driving our Sustainability commitment and this top-down approach is reflected by the composition of our Charterhouse Sustainability Committee.

Our Sustainability Committee spearheads our commitment to responsible investment principles and a wide cross-section of the firm is represented on the Sustainability Committee, including senior partners and Investment Team members. Sustainability oversight, accountability and implementation responsibility is executed at various levels within Charterhouse under the supervision of the Charterhouse Sustainability Committee which meets four times a year and ensures senior oversight of Sustainability matters. Our Sustainability committee formulates our Sustainability approach and policy and oversees Sustainability integration at all levels of activity within Charterhouse as well as at a portfolio company level throughout the investment lifecycle. All members of the Investment Team also take responsibility for Sustainability across our investments and portfolio companies.

Our Head of Sustainability provides day-to-day support to our Investment Team and is responsible for implementing and achieving the Charterhouse Sustainability objectives.

Sustainability integration in the investment process

All members of the Investment Team are individually responsible for Sustainability across our portfolio companies. The commitment and integration efforts of each Investment Team member are considered as part of our annual performance appraisal and remuneration considerations.

Formalised pre-acquisition Sustainability guidance

We have tailored Charterhouse Sustainability guidance which assists and guides the Investment Team and helps them to consider the most relevant questions to enable us to identify Sustainability risks and opportunities on a bespoke basis for each potential investment. This Sustainability guidance provides insight into:

- environmental factors (climate change-related physical and transition risks as well as other environmental impacted criteria for example);
- social factors (employee health and safety, career progression, community impact, diversity and inclusion for example); and
- governance factors (anonymous whistle-blowing processes, compliance and control structures and accountability, cyber security measures for example).

Pre-acquisition

Every effort is made during the investment origination and due diligence phase to identify all potential risks and opportunities that are material and relevant to a target portfolio company, including Sustainability matters. The Charterhouse investment process requires the Investment Team to confirm the absence of Sustainability concerns relating to a potential investment or explain what these are and what is being done to address them, and Investment Committee papers specifically address Sustainability issues. If Sustainability concerns are identified at any stage of a transaction, further due diligence is undertaken and, where necessary, specialist consultants may be instructed.

Post-acquisition

Sustainability matters are managed, monitored and progressed at portfolio level by:

- **Active ownership:** Charterhouse takes a very active ownership role and our appointed investor directors are able to ensure that Sustainability matters are considered at board level for each of our portfolio companies and they can help establish or enhance each respective company's Sustainability framework and action plan at an early stage in an investment's life cycle, in order to minimise risks and maximise opportunities. Where we see good Sustainability action in one of our portfolio companies, we seek to learn from that company, spreading such good practice both to ourselves and to our other companies.
- **Engagement:** the Head of Sustainability and members of the Legal and Compliance Team engage directly with portfolio companies to assist with the Sustainability integration process as well as subsequent Sustainability monitoring and reporting. Onsite Sustainability and Compliance meetings establish open dialogue and information exchange on Sustainability matters and support the agreement and progression of Sustainability priorities and action plans, as well establishing open dialogue and information exchange.
- **Monitoring:** Sustainability-related information is gathered using our comprehensive Sustainability questionnaires and mapped to our in-house monitoring tool tracking c. 200 Sustainability data points. which helps ensure efficient management of Sustainability matters.
- **Collaboration:** Charterhouse hosts an annual Sustainability conference for our portfolio companies which encourages collaboration and the sharing of Sustainability ideas and best practices. Evolving themes such as Climate Change, the UN Sustainable Development Goals and reporting initiatives are introduced to portfolio company management with a view to integrating these tailored to each company.

Exit

Our commitment to Sustainability principles is embedded throughout the entire investment process to ensure that all our portfolio companies move on to new ownership in a far better Sustainability condition than when we acquired them. We seek to leave a lasting positive legacy for each of our portfolio companies and we encourage them to continue to manage Sustainability considerations after divestment.

We believe that addressing and managing Sustainability matters of our portfolio companies helps to secure financial returns for our investors.

Climate Change

As PRI signatories, we have adopted the PRI guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), to identify and manage the climate change-related physical and transition risks and opportunities of portfolio companies as these may have a significant financial impact if ignored.

We are committed to integrating climate change issues throughout our investment process. As part of our overall portfolio company risk management, physical and transition climate change risks and opportunities are assessed on a case-by-case basis and the findings are translated into an action and strategy plan for each portfolio company, which is reviewed regularly.

Sustainability integration at firm-level

Reducing environmental impact

Charterhouse explores continuously ways to reduce our environmental impact, for example by:

- Enhancing waste management practices in our offices;
- Eliminating single-use plastics;
- Implementing measures to reduce paper and toner usage;
- Implementing initiatives to reduce our energy consumption; and
- Offsetting the carbon emissions from our corporate rail and air travel annually.

Social principles

Charterhouse is committed to upholding the highest standards of business conduct and to be a responsible employer. We believe that responsible social principles underpin everything we do, and we expect respectful, dignified and non-discriminatory conduct towards every individual we meet or work with. We are committed to promoting diversity and inclusion in the workplace and all Charterhouse staff must comply with our Diversity and Inclusion Policy.

Charterhouse seeks to contribute to society through discrete programmes including the Charterhouse Charitable Trust (registered charity no. 210894). **The Charterhouse Charitable Trust** (registered charity no. 210894) donates to various charities in London benefitting children and youths in challenging circumstances.

Please see Appendix 1 for the Sustainability Committee's Terms of Reference.

Appendix 1 – Sustainability Committee Terms of Reference as at 1 March 2025

Purpose of the Sustainability Committee

1. Sustainability and Responsible Investment Policy (“**Sustainability**”) committee (the “**Committee**”) is to oversee and monitor the implementation of Charterhouse’s Sustainability Policy (attached to these terms of reference) and give effect to Charterhouse’s commitment to Sustainability best practice. In particular, the Committee is responsible for ensuring that Charterhouse’s statutory duties are being met and for taking appropriate action if matters are not progressing.
2. The existence of the Committee does not, in any way, displace the responsibilities of Charterhouse partners and staff to comply with Charterhouse’s Sustainability Policy.

Remit

3. The Committee has the following remit:
 - To oversee and monitor the implementation of Charterhouse’s Sustainability Policy;
 - To communicate the Charterhouse Sustainability Policy to service providers, including, but not limited to law firms and consultants;
 - To develop any procedures or internal policies to give effect to, or provide further detail regarding, Charterhouse’s Sustainability Policy;
 - To engage with Charterhouse partners and staff members to promote Sustainability best practice, including facilitating internal Sustainability training and Q&A sessions;
 - Alongside members of Charterhouse’s investment and investor relations teams, to be responsible for any investor queries relating to Charterhouse’s Sustainability Policy; and
 - To oversee any updates to Charterhouse’s Sustainability Policy and procedures, and ensure that all appropriate stakeholders (including Charterhouse’s partners and staff) are involved in their preparation.

Membership

4. The Committee shall comprise at least five members drawn from the Charterhouse investment team and other functions. As of 1 November 2024, the members of the Committee are:
 - Tom Patrick (Chair);
 - Gilles Collombin;
 - Marie Jolly;
 - Vincent Pautet;
 - Victoria Proctor; and
 - Mirja Weidner.
5. Members of the Committee shall be appointed by the Charterhouse Executive Committee. Any member of the Committee may resign or be replaced by written notice which shall be given to, or received from, the Executive Committee (as the case may be).

Meetings

6. The Committee will meet at least once each quarter.
7. Committee members are expected to attend and contribute to all meetings. If members are unable to attend a meeting, they should endeavour to provide a substitute.

8. Charterhouse partners or staff members who are not members of the Committee may be asked to attend meetings from time to time to provide updates on the progress of specific initiatives. Attendance at meetings will first be agreed by the Committee.

Preparation and Administration of Meetings

9. The Head of Sustainability will be responsible for maintaining the register of future agenda items, drawing up agendas, and distributing minutes of Committee meetings. The Head of Sustainability will normally issue a call for agenda items no later than two weeks in advance of each Committee meeting. Members are at liberty to suggest agenda items at any time, and the Head of Sustainability will note these on the register of future agenda items.
10. Minutes of each meeting will be prepared as soon as reasonably practicable following each meeting. Members may be invited to comment on the draft minutes. Unless otherwise agreed by members of the Committee, the final version will be approved at the subsequent meeting of the Committee. Once approved, copies of the Sustainability Committee minutes will be circulated to the members of the Executive Committee.

Any questions regarding the operation of the Committee should be forwarded to the Head of Sustainability.

STRICTLY PRIVATE AND CONFIDENTIAL

[Current Version –March 2025]