

## **Epiris LLP**

### **Environmental, Social & Governance Policy**

#### **Overview**

Epiris LLP (hereafter “Epiris”, “we”, “us” and “our”) is an independent private equity firm whose mission is to build great businesses that deliver outstanding returns for investors. We do this by resolving the complexities that hold businesses back, and unlocking their potential with fresh capital and thinking. This has delivered a top-decile investment performance record.

We believe that careful management of Environmental, Social and Governance (“ESG”) matters is not only good business practice but also an essential part of achieving our mission. We have therefore integrated ESG into our strategy and operations, and we work closely with the companies we invest in to do the same. We do this by being focused on topics that are relevant to every business, no matter what it does nor where it does it; we call these topics our “Four Pillars”.

The purpose of this ESG Policy is to communicate:

- Our approach to ESG and the key areas which guide our engagement with portfolio companies during the ownership period;
- How we integrate ESG across the investment lifecycle, including the policies, systems and processes underpinning it; and
- Our governance structure regarding the management and oversight of ESG matters.

We have been a signatory to the United Nations Principles for Responsible Investment (“UNPRI”) since 2021 and adhere to its six Principles for Responsible Investment. As a signatory to the UNPRI, we also support the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”).

#### **Scope**

This Policy applies to all our staff, across all the funds we manage or advise, and to all investments made by those funds.

#### **Our approach to ESG**

Underlying this Policy are three key commitments, namely that we will, to the best of our ability:

- Ensure the identification and management of ESG issues is integrated into the core of our business and our portfolio companies’ business activities;
- Ensure we and our portfolio companies comply with relevant laws and regulations and seek to adopt best practice in the countries in which we and they operate as they relate to environmental protection, occupational and public health and safety, human rights, child labour, discrimination, labour and business practices;
- Seek to adopt, and encourage our portfolio companies to adopt, the highest ethical standards, and to consider environmental sustainability and responsibility in all operations.

#### **Four Pillars**

We believe that, whilst every portfolio company will naturally have its own particular set of ESG risks and opportunities, some ESG issues will be relevant to every portfolio company. We believe that we can be more impactful in managing these issues by being focussed and by sharing best practice, expertise and resources. We have defined four such areas, referred to as our Four Pillars, and for each have set out an aspirational goal, a set of best practices to help us our and our portfolio companies deliver these long-term ambitions, and some metrics to measure progress.

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**Pillar One: Climate Change**

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Aspiration:	Epiris and its portfolio companies will achieve Net Zero by 2050.
Best practice:	<ul style="list-style-type: none"><li>• Measure and report greenhouse gas emissions (GHG) across Scopes 1, 2 and 3.</li><li>• Have an SBTi-aligned plan by 2030 or, if later, within 24 months of the date of Epiris' first investment.</li><li>• Assess climate-related (both physical and transition) risks and opportunities in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures.</li></ul>
Metrics:	GHG emissions (Scopes 1, 2 & 3), Net Zero strategy (Y/N), energy consumption including the proportion that is from renewable sources.

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**Pillar Two: Sustainability**

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Aspiration:	Epiris and its portfolio companies will as far as possible source raw materials from sustainable sources, reduce raw material consumption, reuse or recycle materials and products at the end of use, and reduce emissions of hazardous substances.
Best practice:	<ul style="list-style-type: none"><li>• Assess the impacts associated with all stages of the lifecycle of a product, process, or service, including those within the supply chain.</li><li>• Reduce raw material consumption and source raw materials from certified sustainable sources.</li><li>• Reuse or recycle materials and products at the end of use.</li><li>• Reduce pollution and discharges of hazardous pollutants or chemicals.</li><li>• Send zero waste to landfill or incineration.</li><li>• Ensure that activities, and engage with suppliers to ensure their activities, do not involve land degradation, deforestation or harm to IUCN Red List Species.</li><li>• Work with suppliers to manage risk through supplier audit programs and provide guidance on the procurement of goods and services in a socially and environmentally responsible manner.</li></ul>
Metrics:	Responsible procurement policy adoption, supplier audit rates, proportion of purchases from sustainable sources, waste streams including hazardous waste, water usage and emissions.

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**Pillar Three: People**

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Aspiration:	Epiris and its portfolio companies will aim to be employers of choice, to offer an open, equitable and inclusive working environment populated by a diverse workforce and which offers opportunities to contribute, collaborate and progress, and to recognise the importance of our people's physical and mental health and safety.
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- Best practice:
- Create a human resources strategy which defines the human resources required to deliver the business strategy and sets out how to attract and manage talent to that end.
  - Establish a safety-first culture, visibly led by senior leadership, supported by training and processes to provide safe working conditions for all workers, including contractors.
  - Foster an inclusive culture, populated by a diverse workforce and where individuals are treated fairly with the access, opportunity, resources and power to progress.
  - Treat all employees, and contractors, fairly in terms of recruitment, progression, remuneration and conditions of work, irrespective of gender, race, colour, language, disability, political opinion, age, sexual orientation, religion, or national/social origin.
  - Provide effective, meaningful, two-way workplace communication to facilitate engagement and recognition.

Metrics: Gender diversity on the board and in the C-suite, Gender Pay Gap, work-related accidents and days lost, net new hires and staff turnover, staff training, employee survey (Y/N) and response rates.

**Pillar Four: Ethics**

Aspiration: Epiris and its portfolio companies will act with integrity and professionalism, with robust governance structures supported by training on key issues.

- Best practice:
- Implement a whistleblowing policy and procedure for the workplace with provisions to protect the reporter.
  - Establish audit & risk and remuneration committees of which no less than half of the members should be non-executive directors.
  - Uphold the highest standards of business integrity and professionalism, underpinned by a culture set by the company’s leadership, robust governance structures, training programs and comprehensive processes and policies.
  - Provide training, supported by policies and internal procedures in respect of, but not limited to, anti-bribery and corruption, Modern Day Slavery, diversity and inclusion, environment & sustainability, health & safety, harassment, abuse, bullying, grievances, conflicts of interest, whistleblowing, fraud and money laundering, anti-competitive practices, lobbying & political donations, cyber security & data protections and ISO standards (if appropriate).

Metrics: Proximity to biodiversity-sensitive areas, litigation, policy suite, frequency of audit & risk and remuneration committee meetings, completion of training on governance policies.

We recognise that where these aspirational targets require a significant change from the *status quo ante*, they may take many years to achieve in full.

**Additional considerations**

The Four Pillars are part of a much broader set of ESG issues which will also be considered in the course of due diligence and during the ownership period. This broader set includes:

<b>Environmental</b>	Air and water pollution
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	<p>Biodiversity</p> <p>Climate adaptation and mitigation</p> <p>Deforestation</p> <p>Ecosystems services</p> <p>Energy efficiency</p> <p>Hazardous materials</p> <p>Land degradation</p> <p>Resource depletion</p> <p>Waste management</p> <p>Water scarcity</p>
<b>Social</b>	<p>Customer satisfaction</p> <p>Data protection &amp; privacy</p> <p>Diversity, equity and inclusion</p> <p>Employee attraction &amp; Retention</p> <p>Government &amp; Community relations</p> <p>Human capital management</p> <p>Human Rights and Modern Day Slavery</p> <p>Indigenous rights</p> <p>Labour standards</p> <p>Labour-management relations</p> <p>Marketing communications</p> <p>Product mis-selling</p> <p>Product safety &amp; liability</p> <p>Supply chain management</p>
<b>Governance</b>	<p>Accounting standards</p> <p>Anti-competitive behaviour</p> <p>Audit committee structure</p> <p>Board structure &amp; committees</p> <p>Bribery &amp; competition</p> <p>Business ethics</p> <p>Compliance</p> <p>Executive remuneration</p> <p>Lobbying</p> <p>Political contributions</p> <p>Risk management</p> <p>Separation of Chairman &amp; CEO</p>

	Stakeholder dialogue
	Succession planning
	Tax matters
	Whistleblower schemes
	Cybersecurity

## ESG in the Investment Lifecycle

We recognise that ESG is an integral part of our investment selection and management processes. We have embedded ESG at all stages of the investment lifecycle – from screening and identification pre-acquisition, through management and reporting during our ownership, to disclosure to prospective buyers at exit.

### 1. Pre-acquisition

Before making an investment in a new portfolio company, we screen companies in several ways.

We will not invest in companies that:

- Are directly involved in the development, production or sale of chemical, biological or nuclear weapons, cluster bombs or anti-personnel mines;
- Intentionally and continually violate relevant laws and regulations in relation to *inter alia* the environment, occupational and public health and safety, human rights, child labour, discrimination, labour or other business practices, or support or tolerate violations of human rights and / or labour practices, bribery and corruption or other forms of illegality;
- Are listed on the sanctions programmes administered by the US Treasury Department's Office of Foreign Assets Control, the United Nations, the European Union or the United Kingdom.

We also screen companies to identify key ESG considerations, in particular those in relation to our Pillars, as well as whether or not the target company is involved in gambling or the production and/or sale of alcohol, armaments, pornography and/or tobacco. We will not make investment in such companies without ensuring these activities are undertaken lawfully and any issues of concern can be satisfactorily mitigated on ownership.

Following the initial screening, we will perform discrete ESG due diligence to identify the issues in relation to our Pillars and the material topics, based on sector and geography, which we expect to focus on during our ownership. The findings of this work, as well as an appraisal of any issues relating to our Four Pillars will be reviewed by the Epiris Investment Committee. Identifying and understanding relevant ESG issues and opportunities before acquisition means we ensure that these topics are incorporated into our investment analysis and decision-making processes.

### 2. Ownership

Having made a new investment in a portfolio company, we use a standard Epiris process to assess the company's performance against our Four Pillars best practice as well as any other material ESG risks and opportunities.

We then develop an ESG Plan setting out the steps required to close the gaps between current and best practice. This is informed by a set of Key Performance Indicators ('KPIs') and a clear timetable which will be regularly measured and reported to both the portfolio company's board and our ESG Committee. Working together, we and the portfolio company will monitor progress in implementing the ESG Plan and review and update the ESG Plan annually.

As part of our approach to active ownership, one or more members of the Epiris investment team are appointed to each portfolio company's board where they sit alongside members of the relevant company's management team and a typically independent Chair. Responsibility for delivering the ESG

Plan rests with this board from which members of the management and Epiris teams are nominated to lead execution.

We regularly engage with our portfolio companies on ESG topics and annually review each portfolio company's ESG Plan to assess performance and update the KPIs as necessary. Information regarding the ESG Plan and progress will be disclosed to our staff, investors and other stakeholders.

### 3. *Exit*

At exit we include details of a portfolio company's ESG performance in the information to be disclosed to potential buyers to demonstrate the improvements made during the ownership period and the value enhancement achieved.

## **ESG at Epiris**

At Epiris, we lead by example by establishing and executing an ESG Plan in respect of our own operations.

### *Epiris activities*

Our own ESG Plan is built on the Four Pillars described above.

**Climate change:** we calculate our GHG emissions and have taken steps to reduce them with a particular emphasis on business travel and energy consumption.

**Sustainability:** we have analysed the sustainability of our operations and ensured that we reduce, reuse and recycle where possible.

**People:** we are a people business whose future success depends on attracting, developing, and retaining the very best talent. To do that, we recruit through several channels to access the broadest possible candidate pools, and we build diverse teams through a conscious approach to recruitment and with an internship programme that seeks to help tackle the underrepresentation of diverse talent in the investment management industry. We develop our people by investing in training, through formal and informal feedback processes, with mentoring programmes, and an active approach to managing careers. The development opportunities we offer are an important part of retention alongside reward structures as well as a flexible and transparent culture that supports our people both in and away from the workplace.

**Ethics:** we are a regulated business with high standards in terms of compliance and behaviours. We regularly review and provide training across our policy suite, and actively promote the highest standards of integrity and professionalism across the firm.

### *Stakeholder engagement*

We collaborate with a variety of stakeholders including external service providers, who help portfolio companies develop their ESG Plans and monitor alignment to our Four Pillars. We engage with all the investors in the funds we manage or advise. We publish an ESG Annual Report which is sent to investors and made available on our website; and we provide other updates and information to investors through our quarterly reporting and annual investor meeting. We also engage as appropriate with investors individually to understand and help them meet their own objectives and reporting requirements.

Epiris also does not conduct any form of political engagement directly or through any third parties.

## **Governance and Ownership**

### *Structure*

Our first ESG Policy was published in 2016 and since then, we have taken steps to review our Policy on an annual basis. Our Policy is communicated to all staff, investors in funds managed or advised by Epiris, and companies in which such funds have invested.

The Managing Partner of Epiris, Bill Priestley, is ultimately responsible for ESG issues. He has delegated day-to-day responsibility for Epiris' ESG Policy and programme to the firm's ESG Committee, chaired by Alex Cooper-Evans.

Our ESG Committee is made up of Partners and other staff from across the firm. It meets regularly to review our own ESG Plan and performance. It is responsible for ensuring that our approach to ESG evolves to accommodate new challenges and standards as well as the needs of our investors. The Policy, and the underlying framework supporting its implementation, will be reviewed by Epiris' ESG Committee annually.

#### *Managing conflicts of interest*

We manage conflicts of interest in line with our Conflicts of Interest Policy which includes provisions for identifying, mitigating and managing actual or potential conflicts of interest between some or all of the investors in funds managed or advised by Epiris, those funds themselves, service providers to those funds, investments made by those funds, and / or Epiris itself, or in the performance of various functions by Epiris.

#### *Training and implementation*

We recognise that the management of ESG issues is an ongoing and evolving process and therefore are committed to monitoring and reviewing our activities and efforts to ensure continual improvement in ESG performance. Within Epiris, we offer ESG training to all our staff and actively encourage our portfolio companies to also develop and deliver their own ESG training programs.

We will ensure, through the development and implementation of ESG Pillars, that ESG is on the board agenda of every company in which we invest, and the performance in implementing its ESG Plan is reported by each company not only to its board but also to us at least quarterly.

This Policy has been approved by the Epiris Executive Committee and will be reviewed annually.

**Alex Cooper-Evans**  
**Chairman of the Epiris ESG Committee**

Last reviewed: 15<sup>th</sup> October 2024  
Next review due: 15<sup>th</sup> October 2025