

TRILANTIC | EUROPE

ESG POLICY

Last Updated March 2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY STATEMENT

1. Rationale for the Policy

Trilantic Europe has historically paid close attention to Environmental, Social and Governance (“ESG”) matters and will continue to remain a responsible and attentive investor, keen on considering a wide array of non-financial indicators when evaluating a transaction and during the life of its investments. Through this policy statement, Trilantic Europe recognizes the significance of ESG issues and their important impact on private equity investing with regards to raising funds, making investments, portfolio management and value creation at portfolio company level.

This policy also outlines the general principles for how ESG factors are integrated in the investment strategies and decision-making processes for funds advised or managed by Trilantic Europe. This Policy embeds any ESG related rights and obligations as may be relevant to Trilantic Europe in accordance with applicable rules from time to time.

We generally believe that companies with an environmentally sustainable and socially responsible approach to their operations should be able to reduce risks with regards to their business and ultimately be able to achieve greater cost efficiencies and profitability margins. In consequence of the above we expect companies with strict focus on ESG matters to be rewarded with increased valuation levels at exit, as both private and public market investors as well as trade buyers pay strong attention to sustainability matters.

Trilantic Europe is committed to responsibly investing by integrating ESG considerations into our investment processes as well as aligning the operations of the funds management company to relevant ESG guidelines.

As part of the development of Trilantic Europe’s ESG framework, we have considered a broader set of ESG related activities, policies and codes. As a result of this process, Trilantic Europe became a signatory of the United Nations supported Principles for Responsible Investment (PRI) in 2014 and has consistently improved its ranking, obtaining maximum ratings in 2019 - A on Strategy & Governance and A on Direct & Active ownership.

2. Scope

This policy applies to all private equity investments considered by the relevant Investment Committee or Advisory Board made by Trilantic Europe funds. Where appropriate, we will seek external support in cases in which Trilantic Europe determines it has limited ability to conduct diligence or to influence and control the integration of ESG considerations in the investment.

3. Policy sponsor and responsibilities

Trilantic Europe’s Chief Operating Office is the main sponsor of this policy and is responsible for reviewing the ESG policy periodically, which is ultimately reviewed and approved by the General Partners of the Trilantic Europe funds. He is supported by all private equity investment professionals that are primarily responsible for ensuring that the consideration of ESG issues is integrated into private equity investment decisions. Where required we will seek additional expertise and utilise external sources as relevant and necessary.

4. Objectives

Overall, the Trilantic Europe team engages, to the best of its ability, in the following activities:

- Compliance with relevant standards, codes and other regulations with regards to ESG matters including but not limited to human rights, health and safety, environmental topics, as well as labour and general business practices of the jurisdictions in which Trilantic Europe is present or engages in business activities
- Adherence to the highest standards of conduct with the intention to avoid even the appearance of negligent, unfair or corrupt business practices
- Encourage investment professionals and relevant employees at portfolio companies to share knowledge, best practices and other experiences with regards to ESG related matters
- Trilantic Europe aims to engage with its stakeholders and Limited Partners to accommodate their views and initiatives in the area of ESG issues and align its own initiatives accordingly
- Encourage portfolio companies to establish ESG policies and practices, including practices to measure ESG performance where applicable
- Identification of ESG issues including both risks and opportunities is seen as a key part of the investment process and is conducted both prior to the acquisition of the portfolio companies as well as during portfolio management / ownership of the company when appropriate
- Engagement with expert consultants during the due diligence process of portfolio investments or during the life of the investment where appropriate

5. Approach to ESG issues in our investments

In line with the above, the decision-making process for Trilantic Europe funds includes attention to ESG matters throughout the investment cycle. Since Trilantic Europe invests in different sectors and geographies, a flexible approach will be adopted in assessing ESG issues throughout the Fund's life with methodologies and scope of the assessment tailored to each situation.

Trilantic Europe has considered, and continues to consider, ESG factors in its investment process but it does not, at this stage, consider adverse impacts of investment decisions on sustainability factors as specifically contemplated by the EU Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) (the "SFDR"). Trilantic Europe has chosen not to do so for the present time as it considers its existing ESG policies and procedures to be appropriate, proportional and tailored to the investment strategy of Trilantic Europe funds. Trilantic Europe continues to closely monitor regulatory developments with respect to the SFDR and other applicable ESG-focused laws and regulations, including the implementation of related and secondary legislation and regulatory guidance and will, where required or otherwise appropriate, make changes to its existing policies and procedures.

Trilantic Europe funds will integrate ESG considerations and consider ESG opportunities and material sustainability risks in the sourcing of investment opportunities and as part of the on-going review of the portfolio. Trilantic Europe will apply the following approach in the different stages of the investment decision making process:

5.1 Pre-investment

Assessment of ESG risks and opportunities is typically conducted within normal investment pre-acquisition research and valuation processes and more thoroughly included as part of the dedicated ESG due diligence of the opportunity.

ESG due diligence will aim to identify the material sustainability risks for the opportunity. Key findings on sustainability risks as well as ESG opportunities which have been identified during the investment's evaluation will aim to be discussed with the management of the target company. The firm respects investors that want to follow sector exclusion policies, and such considerations and policies will be diligently reviewed and discussed at the relevant meetings. When material ESG issues are identified, they may be included in discussions with the Investment Advisory Board.

In Trilantic Europe's view, sustainability risks, if they occur, may cause an actual or potential material negative impact on the value of the relevant investment and hence the relevant Trilantic Europe fund. Sustainability risks and other ESG issues/opportunities that are identified by Trilantic Europe in respect of a portfolio company during the due diligence and structuring processes must often be validated post-acquisition with full access to the company resources in order to prepare a bespoke portfolio action plan and where relevant, the development and potential mitigation of those risks.

5.2 Ownership phase

The first step is to outline goals in the 100-day plan and steps to address any material sustainability risks or other ESG issues/opportunities that have been identified during the due diligence and structuring. ESG risks and opportunities that had been identified must often be validated post-acquisition with full access to the company resources in order to prepare a bespoke portfolio action plan.

As significant shareholders we have the duty to encourage our portfolio companies to adopt and pursue sustainable and responsible business practices. We strive to monitor ongoing progress on ESG issues and to engage in constructive dialogue with management teams in order to promote ESG practices, determine long-term alignment of interests, properly assess the ESG strategy of the management team, and in particular to promote compliance with transparency and disclosure mechanisms and requirements.

In order to ensure high quality governance, Trilantic Europe uses a standard corporate governance framework at the time of acquisition. We then work constantly with portfolio companies and encourage the management teams to identify material ESG issues to the relevant decision-makers and share across the portfolio best practices and experiences. Our objective is to ensure relevant ESG developments are consistently on the portfolio company board's agenda and, when appropriate and reasonable, and always keeping in mind the best interest of investors, to support the portfolio companies' efforts to report externally and internally on their ESG approach and performance.

Exhibit 1: ESG Guidelines

Environmental
<ul style="list-style-type: none"> • Consideration of the impact that the portfolio company’s operations/products/services have on the environment (e.g. climate change, pollution levels, etc.)
<ul style="list-style-type: none"> • Review compliance by the portfolio company with the relevant environmental regulatory bodies
<ul style="list-style-type: none"> • Evaluation of potential measures to reduce the environmental footprint of the portfolio company, following acquisition, either in its manufacturing facilities, transportation / delivery and waste management where applicable
<ul style="list-style-type: none"> • Continuous review of cost efficiencies and commercial opportunities through actively managing the environmental impact of the business
<ul style="list-style-type: none"> • Engagement of detailed Environmental Due Diligence when appropriate (ERG / Big 4 have performed a detailed environmental DD on all the opportunities brought to the Investment Committee)
Social
<ul style="list-style-type: none"> • Review the portfolio company’s adherence to fair trade practices when sourcing, pricing and distributing products and services (e.g. working conditions, fair market pricing etc.)
<ul style="list-style-type: none"> • Assess how the portfolio company sources raw materials
<ul style="list-style-type: none"> • Review adherence to domestic health and labour standards
<ul style="list-style-type: none"> • Prohibit unlawful child labour or other forms of forced labour
<ul style="list-style-type: none"> • Track whether the portfolio company addresses social metrics such as employee turnover and satisfaction within the company
<ul style="list-style-type: none"> • Review the portfolio company’s engagement with local communities and charities as well as support of employees with regards to charitable work / supporting humanitarian actions
<ul style="list-style-type: none"> • Avoid discrimination in human resources policies and processes

Governance
<ul style="list-style-type: none">• Review compliance by the portfolio company with applicable local and national laws
<ul style="list-style-type: none">• Review/establish as appropriate anti-corruption practices, including extortion and bribery
<ul style="list-style-type: none">• Establish a proper decision-making board of directors that acts in the best interest of the company, including appointment of independent directors, as appropriate
<ul style="list-style-type: none">• Review/establish as appropriate the portfolio company's policy on disclosure and transparency with relevant stakeholders
<ul style="list-style-type: none">• Ensure portfolio company's diligent and transparent cooperation with regulatory and supervisory authorities