

Livingbridge Responsible Investment (RI) Policy

I. Introduction

I.A. Why has this policy been developed?

We (Livingbridge) are a mid-market private equity firm. We primarily invest in businesses in four sectors: (i) technology, (ii) services, (iii) healthcare and education, and (iv) consumer. We have a strong track record of being responsible investors and believe it is important to formalise our commitment to Responsible Investment and Stewardship.

I.B. What does Responsible Investment mean to Livingbridge?

Responsible Investment is our continuous commitment to incorporating environmental, social, and governance (ESG) factors into our investment decisions and processes. We believe it is important that we work alongside each of the businesses within our portfolio to set and refine their business strategies and processes to add value sustainably.

I.C. What are Livingbridge's Responsible Investment objectives?

Each of our portfolio companies is at a different stage of its ESG journey and has different ESG priorities and ambitions so we believe it is our primary responsibility to support them on an individual basis. We do this through having consistent and clear policies with regard to (i) the ESG factors we take into account when making investment decisions, (ii) how we help each portfolio company to mitigate risk and/or exploit opportunities to strengthen returns, (iii) how we engage with our portfolio companies to help them achieve their ESG objectives and further our ESG priorities, and (iv) how we satisfy our monitoring and reporting requirements to our investors.

I.D Is this policy aligned to external frameworks?

We are signatories to the UN Principles for Responsible Investment (UN PRI) and see it as a valuable source of industry best practice. We operate in line with the requirements of the UN PRI as we believe that by implementing these Principles we will achieve better outcomes for our investors, as well as closer alignment between our Responsible Investment objectives.

The six Principles are as follows:

1. Incorporating ESG issues into investment analysis and decision-making processes;
2. Being active investment partners and incorporating ESG issues into partnership policies and practices;
3. Seeking appropriate disclosure on ESG issues by the entities into which investments are made;
4. Promoting acceptance and implementation of the Principles within the investment industry;
5. Working together to enhance effectiveness in implementing the Principles; and
6. Reporting on activities and progress towards implementing the Principles.

I.E. Scope

This Policy has been reviewed and approved by the Livingbridge Partnership Board. All staff are required to adhere to it, and it applies to our investment activities in respect of new investments and our existing portfolio.

Additionally, all staff are required to confirm that they have read and understand the policy and agree to adhere to and implement it in the performance of their roles and responsibilities. Staff are trained on how to interpret and implement the policy as part of the in house training program and in house experts are able to provide guidance on a case-by-case basis.

II. Responsible Investment

II.A. Pre-Investment

Prior to investment, all potential targets are screened in order to identify key ESG risks and opportunities. While this preliminary screening is more general, the new investment due diligence process is tailored to each potential target. Further detail on each stage of this process is set out below.

II.B. Negative screening

The investment team are required to complete a proprietary ESG Screening Tool for each potential target. This incorporates negative screening criteria to identify investments which are deemed unsuitable based on sector, geography, and operational concerns. Any red flags

identified here are raised with the Investment Committee for further consideration. A list of Livingbridge's restricted investments is included as an appendix to this policy.

II.C. Further ESG review

The second stage of the ESG Screening Tool identifies areas of climate-related risk and the third stage of the Screening Tool focuses on sector-specific risks. The Screening Tool helps to scope further ESG and climate change due diligence. Potential investments are assigned a rating: a green rating identifies that a potential target is more advanced on its ESG journey, whereas a red rating highlights areas of risk that will be raised with the Investment Committee for further consideration.

II.D. Due Diligence

Following initial appraisal by the Investment Committee, ESG due diligence is undertaken by an external provider. The form and scope of this diligence is tailored to each potential investment and informed by the results of the Screening Tool and the Compliance, Risk Environmental, Social and Stewardship (CRESS) assessment. The Legal & Compliance team, together with the relevant members of the deal team, undertake the CRESS assessment to understand, amongst other things, the extent of any inherent or potential ESG risks present within the target group as results of its current set up, the nature of the business it undertakes and/or the geographies in which it operates.

ESG must be addressed in the paper which is presented to Investment Committee ahead of a transaction receiving final approval. Any material ESG risks will be raised and discussed with Investment Committee.

II.E. Post-Investment

We require new portfolio companies to maintain high standards of adherence and compliance with relevant laws and regulations. Post-completion, an external ESG consultant works with the board of each portfolio company to perform an ESG health check to assess the company's approach to ESG, tackle any issues identified during due diligence, develop ESG KPIs and ensure high standards of corporate and social responsibility.

III. Transparency, Disclosure, Reporting

We are committed to continuously improving our ESG-related disclosures and communications to our investors, portfolio companies, and staff.

III.A. Monitoring

Appropriate KPIs are identified following completion and are then tracked as part of our ongoing portfolio company monitoring. As each company is at a different stage of ESG growth, we consider what is appropriate on an individual basis. ESG KPIs are reported and tracked through a collaboration platform dashboard on an annual basis.

The annual CRESS assessments are also a key component of our portfolio monitoring. The assessments bring any issues to the attention of the relevant investment team members so that they can be raised at board level and addressed. The investment team are supported internally at Livingbridge on this by the Legal & Compliance Team and by our Head of ESG, who can also recommend specialist advisers where required.

III.B. Reporting

We commit to providing our investors and key stakeholders with reliable, relevant information on ESG developments across our portfolio on a regular basis. We comply with our disclosure obligations as a UN PRI signatory and are developing our own reporting in line with best practices in our sector and internationally. We will include highlights from our portfolio companies' KPIs and other monitoring activities as part of our investor reports.

IV. Oversight and Governance

IV.A. ESG responsibilities

Ultimate oversight and accountability for Responsible Investment and Stewardship, as with all governance matters, lies with the Livingbridge Partnership Board. Implementation of Responsible Investment and Stewardship is managed day-to-day by the investment team. The investment team incorporates our approach to Responsible Investment at every step of the new investment process. The investor directors of each portfolio company (with reference to the relevant Investment Committee) ensure that our portfolio operates within our Responsible Investment and Stewardship framework.

IV.B. Policy governance

The Livingbridge Partnership Board is responsible for this policy. We review and update our Responsible Investment approach regularly, at least once per year, to ensure that we are meeting our responsibilities.

IV.C. Restricted Investments List

We do not invest in companies which principally operate in the following sectors or activities:

- A. Tobacco;
- B. Distilled alcoholic beverages and related products;
- C. Any illegal economic activity under law or regulations;
- D. Financing of casinos or equivalent enterprises;
- E. Gambling or gambling related products (including internet gambling or online casinos);
- F. Human cloning;
- G. Pornographic products;
- H. Arms or munitions;
- I. Genetically modified organisms;
- J. Prostitution or procuring of prostitutes or similar enterprises;
- K. Direct real estate investments;
- L. Financing of research, development or technical applications relating to electronic data programs or solutions for the principle purpose of (a) to support the activities of A. to H. above, or (b) to enable the illegal entry into electronic data networks or downloading of electronic data;
- M. Oil and gas or other natural resource investments (other than an entity that provides services or consulting to a company in the oil or gas and other natural resources sectors)