

# Livingbridge Stewardship 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. This Stewardship Policy should be read in conjunction with our Responsible Investment Policy.

### **I.B. What does Stewardship mean to Livingbridge?**

We view Stewardship as the way we work with our portfolio companies during our hold period to maximise their economic, social, and environmental value by drawing upon our strong in-house expertise and wider connections. We are active investment partners, so we help our portfolio companies to set and refine their business strategies and processes to add value sustainably.

### **I.C. 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. Stewardship

We are an active investment partner, regardless of the size or type of stake we take in a portfolio company. We believe that this allows us to reduce risks, maximise returns and have a positive impact on society and the environment.

## **II.A. Understanding our priorities as active investment partners**

All new portfolio companies are contractually required to comply with relevant laws and regulations and maintain high standards of corporate responsibility, ethical and social obligations.

We engage with the board of a portfolio company immediately following completion of any investment to address any recommendations arising from due diligence and to identify further opportunities for improvement. This includes carrying out an ESG health check on the portfolio company. An ESG consultant is typically appointed to work with the board of directors of a portfolio company to assess their current approach to ESG topics, with reference to the pre-investment due diligence, and to look for opportunities to develop key performance indicators (KPIs) relevant for that company. This health check helps us to understand the portfolio company's current approach to ESG, including whether ESG matters are discussed at board level and if they have historically been subject to external review and benchmarking.

## **II.B. Engagement**

We aim to collaborate with portfolio companies in addressing ESG issues throughout the investment period, leveraging our experience and specialised advisers to identify key opportunities and areas for improvement.

Each portfolio company is required to complete an annual Compliance, Risk, Environmental Social and Stewardship (CRESS) assessment, led by an external law firm. Once completed, the CRESS report is tabled at the next board meeting so that any issues and recommendations can be discussed by the directors, including in relation to ESG. The report is also shared with the Livingbridge Legal & Compliance team so that we have oversight of any issues which are flagged. We make it clear to existing and potential portfolio companies that our expectation is that ESG topics will be a regular agenda item and Livingbridge's investor directors facilitate these discussions.

We engage with portfolio companies on a case-by-case basis to identify ESG KPIs relevant to each company and measure performance against those KPIs. Investor directors who sit on the boards of portfolio companies are also mandated to raise ESG matters for consideration as and when they arise.

### **II.C. Voting and escalation**

We have one or more seats on the board of the majority of our portfolio companies. This enables us to exercise active Stewardship by contributing to discussions around strategy and also ensuring that ESG matters are considered at an appropriately senior level. In the limited circumstances where we do not have a board seat, such as where we have maintained a small minority stake in a substantially exited portfolio company, we take steps to ensure that there is an appropriately robust governance framework in place prior to our investment (or reinvestment), whether as a consequence of our existing Stewardship or otherwise. In addition, a Livingbridge investment executive will be responsible for engaging with the portfolio company during our hold period in a shareholder capacity and with the benefit of various contractual consent and veto rights. In the limited circumstances where we are unable to influence a Management team through our board participation or natural voting rights, we will use the contractual rights available to us in the investment documentation to enforce compliance.

### **III.D. Collaboration and Accountability**

New portfolio companies are onboarded to a cloud-based collaboration platform which connects the relevant individuals within Livingbridge, the portfolio company and, where relevant, professional advisers and acts as a repository for material information relevant to the portfolio company, including the ESG analysis and guidance. This platform also has inbuilt “dashboard” and “traffic light” functionality which enables us to monitor and track the progress of each company (and its portfolio as a whole) against key risk, compliance and ESG metrics. These dashboards are regularly monitored by various members of the Livingbridge team, including the board executives and the Legal & Compliance team. Any material or persistent non-compliance with rules, regulations or recommendations from third party advisers in relation to ESG matters are identified quickly and elevated to the appropriate person or persons within the portfolio company for resolution.

Additionally, we recognise the value of collective action through our membership of and engagement with various industry bodies. Livingbridge staff are members of various British Private Equity and Venture Capital Association (BVCA) Committees (including Legal and Accounting, Regulatory and Taxation) which collectively act as an interface between the FCA, other relevant industry bodies and the private equity industry to shape and influence policy to promote the interests of the private equity community and its stakeholders.

### **III.E. Conflicts of Interest**

We have a robust conflicts of interest framework to identify, manage and mitigate any potential conflicts of interest in relation to our stewardship of portfolio companies. Our conflicts of interest policy identifies specific conflict risk circumstances which require elevation to a conflicts committee comprised of senior Livingbridge staff which determines the necessary steps to appropriately manage and mitigate the potential conflict risk(s). The conflicts policy also includes guidance on record keeping and communication of potential conflicts to investors and other stakeholders.