ESG POLICY

Rubicon Partners LLP ("Rubicon Partners"), with its history as a long-term investor in industrial businesses, is supporting the Principles for Responsible Investment (PRI).

PRI Principles for Responsible Investment

The UN Principles for Responsible Investment ("PRI") is an international organisation that works to promote the incorporation of environmental, social, and corporate governance factors (ESG) into investment decision-making.

Launched in April 2006 with support from the United Nations (UN), PRI has over 2,300 participating financial institutions, as of January 2020. These institutions participate by becoming signatories to PRI's six key principles and then filing regular reports on their progress.

The core philosophy behind the organisation is that environmental and social considerations are relevant factors in investment decision-making and should therefore be considered by responsible investors. We share the belief that investors have a duty to act in the best long-term interest of their beneficiaries and this means considering environmental, social and governance factors (ESG).

We generally believe that Companies with an environmentally sustainable and socially responsible approach in their operations should be able to:

- **Reduce risk** with regards to their business.
- **Increase satisfaction** of its employees, customers, suppliers and the local community it is operating in.
- **Be rewarded**, because of strong ESG policies, on a day-to-day as well as a long-term base.

Rubicon Partners is a signatory of UN PRI and as such does report on their responsible investment activities annually. Reporting is compulsory for all PRI signatories. The Rubicon compliance officer is the reporting partner to PRI.

Continues overleaf

ESG POLICY *(Continued)*

As ESG is covering a broad range of aspects, Rubicon Partners as an investor and owner of small to midcap businesses is putting special emphasis on the following ESG topics. This applies for the DD/pre-acquisition as well as in the investment monitoring phase.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
› Impact of the Company's operations/products/services on the environment (e.g. climate change, pollution levels, consumption of resources). › Compliance of the Company with the relevant environmental regulatory bodies. › Measures to reduce the environmental footprint of the Company.	› Adherence of the Company to fair trade practises when sourcing, pricing and distributing products and services (external). › Compliance of the Company with the relevant health and labour standards (internal). › Tracking of social metrics (employee turnover, accident/health KPIs, satisfaction with the Company internal and external). › Prevention of discrimination in human resources policies and processes. › Promotion of building a diverse workforce. › Engagement in the local communities.	› Compliance of the Company with applicable local and national laws. › Appropriate anti-corruption practises and fair-trade practises. › Appropriate internal approval and decision-making procedures. › Ensuring an effective whistle blower policy and complaint handling.

Therefore, every investment proposal to be accepted for a fund investment needs to pass an ESG audit using a standard questionnaire we have developed and tailored to the needs of these types of businesses. Furthermore, KPIs need to be determined as a framework for regular monitoring.

Our ESG policy makes it mandatory that this initial assessment will be followed up in the first mid-term plan after acquisition by a mid-term ESG plan including KPIs objectives. Red flags in the ESG assessment either need to be addressed before closing or a clear pathway decided and agreed by the Investment Committee to remove the red flag within the closing procedures. The status of the ESG compliance will be, in addition to the internal annual progress review, audited by external providers on a 2/3 year cycle.

Investment proposals as well as midterm plans are reviewed/shared among the full Rubicon Partners investment team and are only approved, if the ESG questionnaire is attached and concrete projects are laid out.