

## Environmental, Social and Corporate Governance Policy

Ergon believes responsible investment principles are essential to long-term success and crucial to maintain the trust we receive from investors, business owners, management teams and own employees. We therefore promote environmental, social and corporate governance considerations in our investment process, at our portfolio companies and in our own corporate culture.

Concretely, we endeavour to:

- Avoid investing in sensitive sectors;
- Assess the ESG profile of target companies before investing;
- Monitor ESG-related matters at our portfolio companies and promote continuous improvement;
- Reduce Ergon's and its portfolio companies' environmental footprint;
- Implement best corporate governance practices at our firm and portfolio companies;
- Report transparently to our LPs;
- Contribute to the local community.

In accordance with these beliefs, Ergon adhered in 2016 to the United Nations Principles for Responsible Investment (UNPRI), thus committing that the firm and our portfolio companies implement an ESG strategy. Ergon is also a member of the Luxembourg Private Equity Venture Capital Association (LPEA) and of Invest Europe, which represents the private equity community across Europe.



### Monitoring by Dedicated ESG Committee

Ergon's responsible investment and ESG commitments are monitored by a dedicated ESG Committee, consisting of five members (two Partners, one Director, the CFO and the Compliance Officer). The ESG Committee meets quarterly to:

- Review the Policy's effectiveness and amend it if needed;
- Review the Policy's implementation at the firm and at portfolio companies;
- Report relevant findings and recommendations to Ergon's Board.

### Commitments

#### *Avoid investing in sensitive sectors*

Ergon refrains from investing in sensitive or illegal sectors such as tobacco, weapons and ammunitions, casinos, internet gambling and pornography.

### *Assess the ESG profile of target companies before investing*

In line with UNPRI, Ergon incorporates ESG-related matters into its investment analysis/due diligence and decision-making process. Such topics are included in Investment Committee Memoranda and discussed with the Investment Committee.

If conflicts with our ESG Policy are identified, the ESG Committee together with the deal team defines a clear action plan to resolve these before or shortly after the investment, unless such issues are material and unresolvable, in which case the investment opportunity is turned down.

### *Monitor ESG-related matters at our portfolio companies and promote continuous improvement*

We provide both guidance and support to help our portfolio companies embrace our ESG principles:

- A clear set of ESG expectations is communicated to all portfolio companies' management teams;
- Areas of improvement are highlighted to the respective management teams during the 100-Day Plan implementation period, and as appropriate thereafter;
- The portfolio companies' respective Boards of Directors (often controlled by Ergon) monitor implementation and progress;
- The ESG Committee reviews portfolio companies at its quarterly meetings;
- An annual ESG-related questionnaire is sent to portfolio companies, the results of which are incorporated into a dedicated database and analysed. Actions are considered when specific indicators fall outside of predefined thresholds.

### *Reduce Ergon's and its portfolio companies' environmental footprint*

We aim to limit our and our portfolio companies' environmental impact, by:

- Limiting energy consumption and waste (e.g., decrease water consumption, minimising paper consumption, etc.);
- Minimising emissions of greenhouse gases (e.g., production process, using videoconferencing vs. air travel, etc.);
- Developing new environmentally friendly products and services, and sourcing sustainable products;
- Supporting environmental norms and certifications.

### *Implement best corporate governance practices at our firm and portfolio companies*

Ergon aims to promote best corporate governance practices at our firm as well as at our portfolio companies:

- Exhibition of honesty, integrity, fairness and respect in all business dealings;
- Definition of clear responsibilities, procedures and controls;
- Promotion of transparency and accountability;
- Ensuring of healthy and safe working conditions, as well as clients' and suppliers' safety;
- Commitment to equal opportunities and diversity, not discriminating on any grounds;
- Promotion of a stimulating, rewarding and inclusive environment, and retention of the best talent.

### *Report transparently to our LPs*

We promote transparency and communicate regularly with our investors, disclosing ESG-related information as part of our periodic performance update reports. In addition, starting in 2018, Ergon takes part to the PRI annual assessment; the PRI transparency reports are publicly available on their website.

### *Contribute to the local community*

Contributing to the local community is an essential part of Ergon's social identity. In this respect, we support (and encourage our portfolio companies to do so as well) initiatives and organisations which promote socially relevant projects and principles.

