



Inflexion Private Equity Partners

Responsible Investment & Stewardship Policy

February 2024

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Inflexion is a purpose-driven firm, with the aim, opportunity, and responsibility to leverage its significant influence to maximise overall value and drive positive outcomes for its stakeholders and beneficiaries. These include its portfolio companies, its employees, its investors, the wider community and the planet.

Consideration of, and action on Environmental, Social and Governance (“ESG”) issues, is critical to this effort, and inherent to responsible investment and sound stewardship.

Inflexion seeks to develop strong, resilient companies positioned for lasting growth. ESG forms an important part of Inflexion’s investment decision making criteria and theses for value creation. By doing so, we believe we are acting in the long-term interests of our investors, employees and portfolio companies and that it also makes good business sense, creating stronger returns for our investors. We work together with our portfolio companies to identify and manage potential ESG risks and capitalise on ESG opportunities throughout the lifecycle of each investment. This engagement with our portfolio companies is an ongoing exercise to understand their needs or support the management of their ESG issues. Identifying and sharing good practices across the entirety of the portfolio is central to what we do.

Our commitment to responsible investment and stewardship also extends to our own operations. Our Code of Ethics sits at the heart of our operations. Dealing with our investors, staff, suppliers and stakeholders with transparency and integrity is central to the Firm and all its activities.

Scope

This policy applies to all Inflexion Private Equity Partners LLP’s (“Inflexion” or the “Firm”) operations and the investment lifecycle, from origination to exit for all Funds.

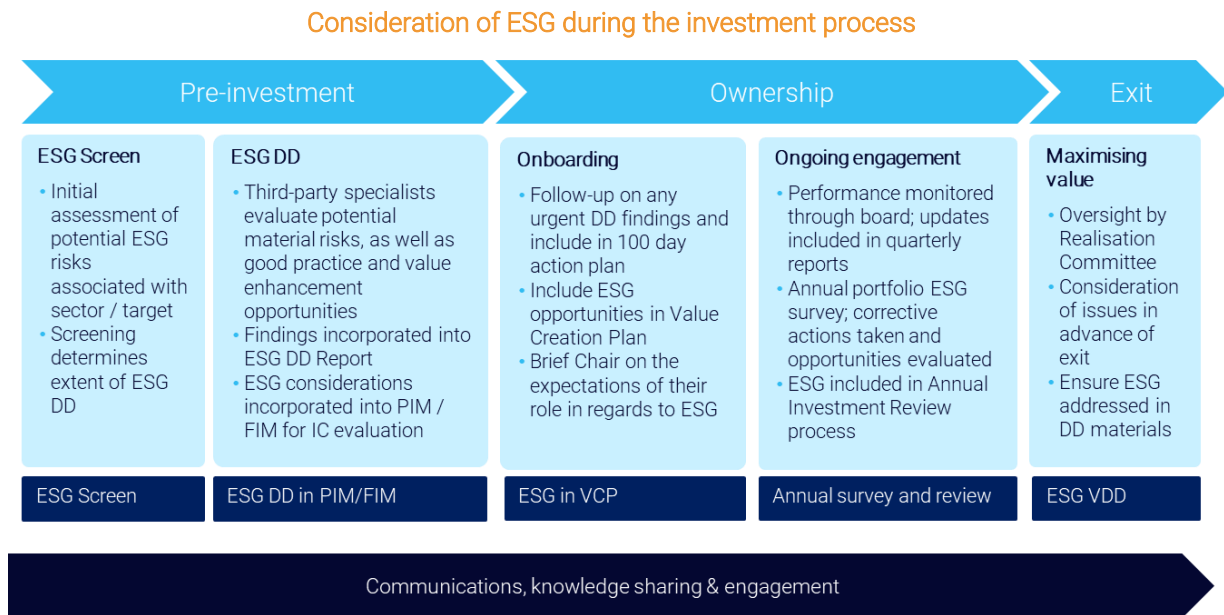
Alignment with external principles, standards & guidelines

Inflexion is a signatory to the UN supported Principles for Responsible Investment (“PRI”), the UN Global Compact (“UNGC”), Initiative Climate International (“iCI”) and ILPA’s ESG Data Convergence Initiative.

Inflexion’s integrated approach

Inflexion recognises that it can have a material impact on ESG matters and enhance sustainability outcomes through its activities, first and foremost via its portfolio companies. For this reason, the Firm has embedded ESG considerations and actions into its entire investment process.

This is illustrated below:



Pre-investment

All new investments are subjected to thorough ESG due diligence, the scope of which is tailored to address the typical risks applicable to the relevant target business, industry and sector. All financially material ESG issues are notified to the Firm’s Investment Committee, which considers them when evaluating whether to approve any investment.

Where ESG risks are identified in due diligence they will, where necessary, be addressed through the transaction documentation, either via contractual protection or the implementation of recommendations following investment in the 100-day post-closing action plan. In addition, any perceived or actual conflict of interest identified in due diligence is escalated to the Investment Committee for review and decision.

Important in our decision of any investment is management’s willingness to address issues and to see ESG as a value enhancement lever.

Inflexion will not invest in tobacco, prostitution, weapons manufacturing, gambling, pornography or the production or trade of illegal drugs.

Under Inflexion ownership

Upon completion of an investment, Inflexion will seek to work with the newly acquired portfolio company to:

- > Implement ESG improvements identified pre-acquisition as part of the agreed 100-day post-closing action plan;
- > Include ESG opportunities in the Value Creation Plan;

- > Assess which UN Sustainable Development Goals (“SDGs”) are most relevant; and
- > Determine the company’s Day 1 Tier in the Inflexion ESG Pathway and develop a plan for progression.

Inflexion ESG Framework

Not all portfolio companies are at the same stage of maturity and our focus on diverse sectors, each with a different ESG profile, means a “one size fits all” approach is not the optimal way to deliver value. In recognition of this, Inflexion has developed the Inflexion ESG Framework to guide portfolio companies in their development and implementation of ESG strategies.

Within the Framework, all portfolio companies are expected to adopt mandatory minimum standards of ESG compliance. Beyond these mandatory areas, portfolio companies are then supported to focus on specific areas, financially material to their business, that capitalise on the opportunity that ESG presents to create value within their business and wider value chain.

Broadly, Inflexion aims to ensure that its portfolio companies:

- > Comply with relevant legislation and work to high ESG standards;
- > Understand all material ESG issues across their value chain and have plans to manage associated risks and capitalise on opportunities;
- > Monitor and report performance against relevant ESG KPIs to all necessary stakeholders; and
- > Exit the portfolio in a better position than when they entered.

Specifically, and as appropriate, Inflexion looks to support its portfolio companies to address and/or align the following:

Environmental

- > Climate risk, energy usage and greenhouse gas (“GHG”) emissions
- > A circular economy, efficient resource use and responsible management of waste

Social

- > Promoting diverse and inclusive workforces with zero tolerance for any form of discrimination
- > Sound labour practices, workplace health and safety and protecting human rights
- > Transparent and responsible dealings with customers and suppliers
- > Protection of customer privacy and data security

Governance

- > Clear governance structures that facilitate accountability, transparency and board effectiveness
- > Robust internal control structures and ethical business practices
- > Meeting legal requirements with respect to anti-bribery and corruption, competition, anti-money laundering and sanctions
- > Accurate and transparent reporting

Sustainability outcomes

Through its membership of the UNGC, Inflexion has made a public commitment to support the aims of the 17 UN SDGs. We view SDGs as an important lens to support investment decision making and identify value creation initiatives. Specific sustainability outcomes will differ according to the size, sector and geography of portfolio companies. However, there are two issues that the Firm believes are relevant to all portfolio companies and where it will support all portfolio companies to address:

- > **Climate:** Inflexion supports the aims of the Paris Climate Agreement and as part of its Stewardship approach is committed to helping companies target GHG emissions reductions in line with the Agreement; and

- > **Diversity, Equity and Inclusion ("DEI"):** Inflexion understands the moral and business case for increasing diversity and is committed to support all portfolio companies in the development and implementation of a comprehensive DEI strategy.

Internal reporting

ESG performance is monitored on an ongoing basis and is discussed at board level regularly and in annual investment reviews. A formalised process of reporting ESG incidents requires material incidents to be reported to the Inflexion board members immediately.

Annual in-depth ESG reviews are undertaken via a detailed assessment in the Firm's iLevel system. Any ESG-related issues identified through the assessment are reported to the relevant Inflexion Investment Team members and are discussed by the Inflexion Investment Team at the quarterly and annual portfolio company meetings with the Investment Committee. Portfolio companies are provided with detailed feedback from the ESG assessment, including their position versus Inflexion's current portfolio, their position versus their respective sector and clear action points to improve ESG performance.

Further, ongoing annual monitoring across the portfolio covers a broad range of detailed compliance, regulatory and governance topics such as anti-bribery, sanctions, cyber security regulatory oversight and GDPR.

Inflexion further chairs a regular, dedicated portfolio-wide forum to bring together those individuals responsible for legal, compliance and ESG matters within portfolio companies for discussion, updates and sharing of best practices.

When representing Inflexion, directly or indirectly via briefing of industry associations and other third parties, employees will continuously ensure that comments and contributions are aligned with the Responsible Investment policy.

Exit

Preparing for an exit involves a review of ESG matters, particularly with respect to exit due diligence and related vendor side exit support. Portfolio companies are aware of how disciplined ESG management directly leads to value maximisation at exit and as such, ESG consideration and planning as part of the wider exit process are key items for Inflexion's Realisation Committee and value maximisation generally.

Roles and responsibilities

Inflexion's Responsible Investment Steering Committee ("RISC") operates to set the Firm's core ESG agenda and ensure it is carried out across all business functions and makes recommendations to the Executive Committee and Investment Committee for approval as appropriate. The RISC is led by the Firm's Head of Portfolio and Value Acceleration and is attended by senior staff members, including the ESG Director, Chair of Investment Committee, Heads of Buyout, Partnership Capital and Enterprise funds, General Counsel, Head of Investor Relations, Operations Partner and Head of Marketing and Communications.

The ESG Director is responsible, alongside the RISC and the Executive Committee, for the development, implementation, and oversight of Inflexion's ESG strategy.

The Investment Committee has overall responsibility for applying the principles of this policy to investment decisions.

Inflexion Investment Team members sit on the boards of all portfolio companies and use this platform to ensure ESG matters are regularly and conscientiously considered through discussions at board meetings and annual investment reviews.

All newly appointed portfolio chairs are informed of the Firm's expectations with respect to the role which they fulfil, including the ESG matters that we expect the chair to prioritise in board level discussions.

All Inflexion staff adhere to a full suite of compliance policies, including a Whistleblowing Policy, Code of Ethics, Anti-Bribery and Corruption Policy and policies relating to all relevant compliance expectations and

processes. These are actively monitored and reinforced by the compliance team and all staff are trained regularly on their contents and expectations.

Continuing education

Inflexion reviews its ESG practices and policies annually, with input from third-party consultants. A summary of these reviews will be discussed in depth at the RISC and Executive Committee meetings. Should any gaps be identified, the Firm will act swiftly to remedy the situation and improve upon its approach.

The investment team receives regular advice, input and training, including from the ESG Director, external legal counsel and/or ESG consultants to assist them with their understanding and learning around ESG. In addition, the entire firm is required to undertake comprehensive annual compliance training, which includes, inter alia, bribery and corruption and money laundering risk.

Inflexion has implemented a suite of standard investment terms which take account of ESG and related compliance risk. The investment team receive training on the implementation of these standard terms, which address the importance of the contractual protections around ESG-related risk. ESG is also included in the induction programme for new staff.

In addition, Inflexion's portfolio exchange events and ESG-dedicated sessions create a platform for exchange of best practice and capacity building on ESG factors and specific compliance regimes.

Conflict of interest

Inflexion's internal policy, procedures and controls allow it to identify and manage potential conflicts of interest. If a potential conflict of interest is identified, members of staff are expected to refer to the legal and compliance team who take responsibility for implementing controls designed to prevent conflicts of interest in Inflexion's business.

Where potential conflicts are particularly complex or difficult to manage, Inflexion will take appropriate measures to mitigate and manage such conflicts and agree with the relevant parties to protect their interest. The funds managed by Inflexion are structured using effective contractual agreements to protect against potential conflicts of interest between Inflexion, the Limited Partner or the funds or between different investors. It is normal practice for these relationships to be governed by extensive contractual documentation, such as Limited Partnership Agreements, which provide detailed mechanisms for fully disclosing and resolving potential conflicts, although Inflexion will endeavour to make proactive notifications of conflicts when they are identified.

Where a conflict does arise, the full nature of the conflict will be disclosed appropriately, together with the proposed measures for handling it. If it appears for any reason that the conflict cannot be reasonably managed, this will also be disclosed.

External reporting

ESG considerations are incorporated into the quarterly reports provided to investors and key ESG risks are reported in the commentary. Any material ESG incidents would be communicated directly to investors as appropriate. Additionally, Inflexion and many of its portfolio companies are required to adhere to the reporting requirements of SECR within their statutory accounts.

Inflexion publishes an annual ESG report, focused on the ESG performance of the Firm and its portfolio companies, in line with its goal to increase data disclosures over the coming years.

The Firm is also in the process of aligning its reporting with the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD") and is expected to publish its first TCFD report in June 2024.

Disclaimer

The ESG or impact goals, commitments, incentives, value creation plans and initiatives outlined in this report are purely voluntary, are not binding on investment decisions and/or Inflexion's management of investments and do not constitute a guarantee, promise or commitment regarding actual or potential positive impacts or outcomes associated with investments made by funds managed by Inflexion. Inflexion has established, and may in the future establish, certain ESG or impact goals, commitments, value creation plans, incentives and initiatives, including but not limited to those relating to diversity, equity and inclusion and greenhouse gas emissions reductions. Any ESG or impact goals, commitments, value creation plans, incentives or initiatives referenced in any information, reporting or disclosures published by Inflexion are not being promoted and do not bind any investment decisions made in respect of, or stewardship of, any funds managed by Inflexion for the purposes of Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector. Any measures implemented in respect of such ESG or impact goals, commitments, incentives, value creation plans or initiatives may not be immediately applicable to the investments of any funds managed by Inflexion and any implementation can be overridden or ignored at the sole discretion of Inflexion.