



Responsible Investment Policy

Updated August 2021

Fremman's Founding Principles

Sustainability is one of the most significant challenges of our time and as a private equity firm Fremman Capital ("Fremman") considers that it has an important role to play.

Fremman's core ethos is to build better, more sustainable businesses that have a positive impact on society.

When establishing a name for the Firm, the Founding Partners wanted to establish a corporate identity that both reflected their vision and the core values that they wanted to promote through Fremman's investment activity. "Fremman" is an old English verb meaning to **assist, promote and accomplish**. This encapsulates the Firm's fundamental desire to: i) **Assist** management teams to achieve their goals; ii) **Promote** truly sustainable practices within both the management company and its portfolio companies, whilst also upholding the highest ethical principles and conduct; and iii) ultimately **Accomplish** strong financial returns and better outcomes for all stakeholders.

This document sets out Fremman's approach to investing responsibly and to the management of environmental, social and governance (ESG) issues.

Commitments to International Standards



Fremman aims to be a responsible investor that promotes best practices in terms of investment practice, carbon emissions reduction and climate-related risks financial disclosure.

- > **Fremman is a signatory of the UN PRI since 2021 and is committed to applying the six principles of Responsible Investment.**
 - We will incorporate ESG issues into investment analysis and decision-making processes.
 - We will be active owners and incorporate ESG issues into our ownership policies and practices.
 - We will seek appropriate disclosure on ESG issues by the entities in which we invest.
 - We will promote acceptance and implementation of the Principles within the investment industry.
 - We will work together to enhance our effectiveness in implementing the Principles.
 - We will each report on our activities and progress towards implementing the Principles.

- > **Fremman committed to Initiative Climat International in 2021.**
 - We recognize that climate change will have adverse effects on the global economy, which presents both risks and opportunities for investments.
 - We will join forces to contribute to the objective of The Paris Agreement to limit global warming to well below 2°C, and in pursuit of 1.5°C.
 - We will actively engage with portfolio companies to reduce their greenhouse gas emissions, contributing to an overall improvement in sustainability performance.

- > **In addition, Fremman considers the ten principles of the UN Global Compact in its due diligence of target companies before making an investment.**



Dedicated ESG Resources

In order to deliver its ESG strategy in a structured and efficient manner, Fremman has set up an ESG governance based on two bodies:

- > **A dedicated ESG team** in charge of developing and implementing ESG initiatives at both a management company and portfolio company level.
- > **An ESG Committee**, headed by the Head of ESG, comprising the Partners of the firm. The ESG Committee meets once a month and on an ad-hoc basis as and when an investment opportunity requires it. The role of the ESG Committee is to discuss the ESG strategy and ESG initiatives presented by the ESG Team; and as required, assess investment opportunities in respect to the ESG investment strategy and philosophy of the Firm.

As a member of the IC, the Head of ESG represents the ESG Committee at all IC meetings.

ESG in Fremman's Investment Process

As part of our ESG strategy, we have integrated ESG into all stages of the investment process with a focus on specific ESG areas.

- > **ESG is integrated into all stages of the investments process**

As a responsible investor, Fremman has integrated ESG into all stages of its investments process from acquisition through to exit.

- **Asset selection and origination**

In originating and selecting investment opportunities, the team excludes companies active in sectors non-compliant with UN PRI such as tobacco, pornography, controversial weapons and illegal activities, as well as activities with sustained exposure to coal mining and fossil fuels.

- **ESG during the acquisition process**

During the acquisition process, an internal and/or external ESG due diligence is systematically conducted to identify the key ESG risks, including climate-related risks. Through a dialogue with management, the team assesses management's core values and attitude toward ESG.

A dedicated ESG Committee meeting, attended by the entire team, is systematically held prior to any investment decision. Based on a presentation of the ESG profile of the target company, made by the ESG advisor (if any) and/or the ESG team, the ESG Committee determines whether such company fits Fremman's ESG strategy and philosophy.

To ensure complete alignment with management and other potential shareholders, a specific ESG clause is included in the Shareholders' Agreement.

- **ESG during the holding period**

Post-acquisition, a clear ESG roadmap is agreed with management and incorporated into the portfolio company's 100-day plan. Opportunities for value creation via the implementation of strategic ESG initiatives are included in the plan, and performance is subsequently measured via both qualitative and quantitative KPIs.



Once a year, the ESG Team will communicate an ESG questionnaire to each portfolio company. The outcomes from this will then be discussed at the Audit Committee and board levels and the aggregation of results from all portfolio companies will allow Fremman to undertake an ESG analysis at a portfolio level which will be presented to investors and other relevant stakeholders as part of the Annual ESG Report.

ESG issues and KPIs will be discussed at least once a year by the portfolio company board; and at least twice a year at the Audit Committee.

- **ESG at exit**

ESG remains an important consideration post-investment. As a consequence, all prospective acquirers of a portfolio company will be assessed in order to establish their track record and approach to ESG. This reflects Fremman's commitment to ensuring that its portfolio companies are only passed on to custodians who will preserve the long-term value of the business.

- > **ESG is an area of focus**

Fremman aims to protect the planet and to build better, more sustainable businesses that have a positive impact on society. We will work with portfolio company management teams to focus in particular on the following areas:

- **Environment:** We will pursue a positive environmental impact of all our companies, with a focus on:
 - Compliance with environmental regulations;
 - Limiting factors contributing to climate change and climate change impact on business;
 - Efficient energy consumption;
 - Reducing carbon footprint and GHG emissions;
 - Sustainability of resources;
 - Responsible disposal of waste and recycling.
- **Social:** We aim to align interests of all stakeholders involved in our activities and to promote inclusion, diversity and equality. Main areas of consideration are:
 - Preservation of human rights and avoidance of any complicity in human rights abuses including modern slavery, child labour and other unacceptable practices;
 - Promotion of equality and diversity amongst employees and avoidance of discriminatory employment practices;
 - Health & Safety as well as well-being at work;
 - Contribution to the local community, enhancing the positive impact of our practices through the portfolio companies;
 - Promotion of youth and education as a driver of social change.
- **Governance:** We aim to ensure that a clear framework of ethics, practices and accountability is embedded into the management company and our portfolio companies. This means ensuring and promoting:
 - Ethical behaviour in all activities;
 - Appropriate management structure with check & balances;
 - Integrity, fairness, respect and transparency with all stakeholders;
 - Data protection and security.



Transparency and Reporting

We strive to be transparent and will regularly report through our Annual ESG Report and through the PRI reporting framework.

Governance of the Responsible Investment Policy

The Responsible Investment Policy will be reviewed and where appropriate updated at least annually by the ESG Committee to reflect initiatives taken, evolving practices and emerging requirements.

Fremman will actively communicate the Responsible Investment Policy to the Fremman team and will use the Responsible Investment Policy as a basis to engage internal and external stakeholders on ESG management.

