FREMMAN
CAPITAL

Responsible Investment Policy

Updated December 2022

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.

In the context of Sustainable Finance Disclosure Regulation, Fremman's fund I SCSp is classified as an Article 8 fund. This fund promotes environmental and social characteristics by taking ESG criteria into account in the investment process. It has established processes which support improvements in portfolio company policies, processes and/or performance, by focusing on the following topics:

- Climate Change;
- Inclusion; and
- Wellbeing,

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 assessment 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, monitor compliance with the various European laws and regulations, and as required, assess investment opportunities in respect to the ESG investment strategy 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.

- Pre-Investment

  In originating and selecting investment opportunities, the team excludes companies active in sectors non-compliant with UN PRI such as tobacco, alcohols, narcotics, gambling, pornography, human rights violations, child labour, human cloning, corruption, controversial weapons and illegal activities, as well as activities non-compliant with environmental standards, or with sustained exposure to coal mining and fossil fuels.

  During the acquisition process, an ESG assessment is performed by Fremman and/or third party advisors, as appropriate, to identify the key ESG opportunities and risks faced by the company, the main negative impacts that its activity could generate, as well as its level of maturity, in particular regarding Climate Change, Inclusion and Wellbeing. Through a dialogue with the proposed investment's management body, the management's core values and attitude toward ESG are assessed.

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

  Once the investment decision is confirmed, a specific ESG clause which outlines the portfolio company's ESG engagement is integrated into the shareholder agreement.

- Post-Investment

  Portfolio companies develop their own ESG roadmaps, with support from Fremman and/or third party advisors, as required in the context. The ESG roadmap outlines improvements to policies, processes and performance in respect of ESG in general, and to the following three categories in particular: Climate Change, Inclusion and Wellbeing.

  Portfolio companies select their focus in respect of at least one of the three categories referenced above. Each category contains a number of sub-categories containing supplementary indicators and priority areas that portfolio companies can choose to focus on.

  Progress is monitored in respect of the implementation of ESG roadmaps through annual data collection and reporting. Annual data collection and reporting seek to include data regarding principal adverse impacts on sustainability factors. ESG data is collected and analysed for each company, and an interview is conducted with the management of the company to ensure the coherence of data.

Results of annual data collection and reporting is generally shared with portfolio companies and included in engagement between Fremman and the company’s board of directors (or equivalent management body) and/or management team to assess and monitor progress in respect of ESG roadmaps.

The results of data collection and reporting across the portfolio also allows Fremman to report certain progress in respect of Climate Change, Inclusion and Wellbeing and any associated sub-categories at the portfolio level, which are presented to investors and other relevant stakeholders as part of the Annual Sustainability Report.

- 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 passed on to custodians who will, in Fremman’s view, 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;
  - Environmental risks;
  - Factors contributing to climate change and climate change impact on business;
  - Efficient energy consumption;
  - Reducing carbon footprint and GHG emissions;
  - Sustainability of resources;
  - Water;
  - Responsible disposal of waste and recycling;
  - Biodiversity.

- Social: We aim to align interests of all stakeholders involved in our activities and to promote inclusion, diversity, equality and wellbeing. 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 inclusion, equality and diversity amongst employees and avoidance of discriminatory employment practices;
  - Health & Safety as well as Wellbeing at work;
  - Training;
  - Social dialogue;
  - Contribution to the local community, enhancing the positive impact of our practices through the portfolio companies.

- 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;
  - Sustainability governance;
  - Data protection and security.

Transparency and Reporting

We strive to be transparent and will regularly report through our Quarterly Reports, Sustainability Reports and through the PRI reporting framework.The communication of the RI Policy is covered in the last section about the governance.

Principal Adverse Sustainability Impacts statement

(a) Summary

Fremman's Fund I SCSp (the "Fund") is classified as an article 8 fund under the Sustainable Finance Disclosure Regulation (SFDR). The information below summarises Fremman's policies with regards to the Principal Adverse Impacts of investment decisions on sustainability factors in the context of the SFDR. Principal Adverse Impacts (PAIs) are defined by the EU* as being "the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters".

(b) Description of principal adverse sustainability impacts

The Fund's Principal Adverse Impacts are considered during the holding period. The PAIs are assessed in the holding phase via an annual reporting questionnaire. The following principal adverse impact indicators are assessed during the holding period via an annual questionnaire:

Name	Definition
GHG emissions	Formula: Current value of investment / investee company's enterprise value * investee company's GHG emissions
Carbon footprint	Formula: (Current value of investment / current value of all investments * investee company's GHG emissions) / current value of all investments (€M)
GHG intensity of investee companies	Formula: Current value of investment / current value of all investments * investee company's GHG emissions / investee company's revenue (€M)
Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources
Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector
Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas
Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average
Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average
Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
Board gender diversity	Average ratio of female to male board members in investee companies
Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

The monitoring of these indicators in the holding phase will ensure that the potential most significant negative impacts of investment decisions on environmental, social, governance or supply chain matters are continuously assessed and that preventive measures can be taken when necessary.

*https://www.esma.europa.eu/sites/default/files/library/jc_2021_50_-_final_report_on_taxonomy-related_product_disclosure_rts.pdf

Specifically, the PAIs are identified by level of relevance of the fund and according to regulatory requirements.

Fremman also identified other PAIs relevant to their activity. A list of relevant non-mandatory PAIs was identified:

Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement
Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy
Rate of accidents	Rate of accidents in investee companies expressed as a weighted average
Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies, expressed as a weighted average
Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct
Lack of grievance / complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/ complaints handling mechanism related to employee matters
Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers
Incidents of discrimination	Number of incidents of discrimination reported in investee companies and incidents of discrimination leading to sanctions in investee companies, expressed as a weighted average

Their monitoring was approved in 2022. The ESG team is now responsible for their monitoring.

(c) Description of policies to identify and prioritise principal adverse sustainability impacts

Sustainability throughout the investment process

Projects within Fremman's Exclusion list are excluded, which is an efficient measure in reducing the impacts of the PAIs. An internal and/or external ESG assessment is systematically conducted to identify the key ESG risks, including climate change related risks.

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

Post-investments, portfolio companies develop their own ESG roadmap, with support from Fremman and/or third party advisors, and determine how to mitigate the sustainability risks and optimise the impact of the project. Throughout the asset's holding period, the deal team and ESG team work with portfolio companies to ensure that ESG action plans are properly implemented and monitored.

Once a year, the ESG Team communicates an ESG questionnaire to each portfolio company. The PAIs are integrated into this internal ESG reporting grid. 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 Sustainability Report.

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, in Fremman's view, preserve the long-term value of the business.

(d) Engagement policies

In order the reduce the PAIs, their impact on sustainability factors is considered all along the investment process.

During the pre-investment phase:

- Exclusion list: see above.
- ESG assessment: see above.
- A dedicated ESG Committee meeting, attended by the entire team, is held prior to any investment decision.

- Once the investment decision is confirmed, a specific ESG clause which outlines the portfolio company's ESG engagement is integrated into the shareholder agreement.

During the holding period:

- Environmental and social performance assessment of each portfolio company: post-acquisition, portfolio companies will develop their own ESG roadmaps with support from Fremman and/or third-party advisors. The ESG roadmap will outline improvements to policies, processes and performance in respect of ESG in general, and to the following three categories in particular: Climate Change, Inclusion and Wellbeing (the "ESG Roadmap"). Based on annual data comparison for each of the ESG roadmap's indicators, Fremman, together with third party advisors, will establish whether the data evolution can be qualified as progress.
- Carry out an annual data collection exercise in respect of ESG roadmaps and wider ESG KPIs, especially PAIs: an annual review of ESG performance and identification of areas for improvements are conducted to increase environmental and social benefits of projects and to prevent adverse impacts.

At Exit:

- All prospective acquirers of a portfolio company will be assessed in order to establish their track record and approach to ESG.

(e) References to international standards

Fremman is a signatory of the UN PRI, an international network of investors working together to put the six Principles for Responsible Investment into practice.

Remuneration policy

Sustainability risks are not taken into account in the remuneration policy to date.

Governance of the Responsible Investment Policy

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

Fremman actively communicates the Responsible Investment Policy to the Fremman team and to external stakeholder by publishing it on its website. Fremman uses the Responsible Investment Policy as a basis to engage internal and external stakeholders on ESG management.