



ECI Partners: ESG Policy



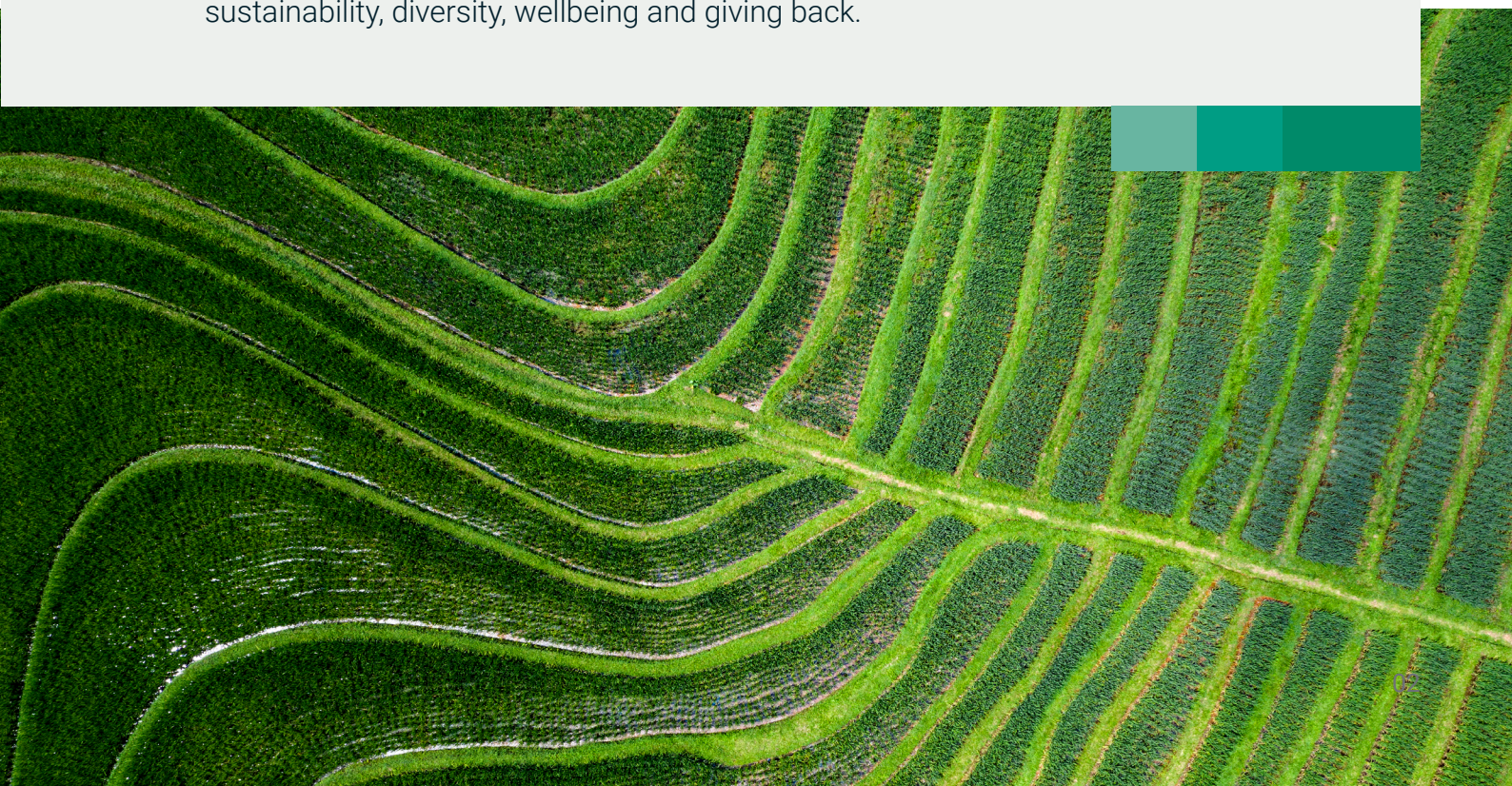
30 September 2021

ECI are responsible investors, looking to invest in businesses with a proactive approach to their ESG engagement and impact whilst delivering positive change.

We have integrated environmental, social and governance considerations into our investment decision-making since 2007. We look to support ECI portfolio companies in making further improvements during our investment period.

Today, we assess new investments against a consistent ESG framework that looks at factors such as environmental and social impact, and diversity and inclusion, in the same way that we assess financial performance. We do this because we believe it's right but also because we believe there is a correlation between purpose and success.

ECI's ESG Committee was established in 2019 to build further ESG engagement across our business and the wider portfolio. Meeting monthly, the Committee has responsibility for making tangible and measurable progress in the areas of sustainability, diversity, wellbeing and giving back.



OUR APPROACH TO RESPONSIBLE INVESTMENT

We incorporate ESG factors across the investment lifecycle, alongside financial and business performance considerations. We view these activities as a way of managing not only business risk, but to create long term sustainable value, consistent with our objective of 'Building Successful Businesses'. The process we follow to integrate ESG considerations in our investment activity is highlighted in the diagram below:



Pre-investment

Since 2007 ECI has explicitly incorporated ESG issues into its investment papers for all new acquisition opportunities. This seeks to address a broad spectrum of risk management in ECI's due diligence process. At this stage ESG related considerations or concerns will be highlighted to the investment committee where material.

OUR APPROACH TO RESPONSIBLE INVESTMENT

Post-investment

Throughout our investment period our prime focus is to work with management teams and founders to help drive sustainable growth for the long-term development of their business. Key to this focus is delivering strong and sustainable growth for all stakeholders.

Once we've invested in a company we track and use these ESG metrics to promote initiatives to management teams, encouraging them to make progress along the framework. ESG bi-annual reporting and annual external reviews help us to underscore where there are challenges and opportunities within the companies we partner with, and to share best practice across our portfolio. We will highlight key initiatives that can be leveraged across teams and provide detailed reporting on how the portfolio is performing in key ESG areas to our investors.

An ESG report is presented to the ECI Partnership Board biannually and this focuses on ensuring that ESG management contributes directly to the long-term success of our portfolio companies. We ensure that all ECI Investment team members have undertaken annual ESG e-learning training.



OUR ESG ASSESSMENT FRAMEWORK

When assessing company ESG performance we apply an assessment framework through which we integrate environmental, societal and governance considerations across the lifecycle of every investment we make. This is not only essential for mitigating potential risks – we want to invest for a future that is better for all. We apply this framework in a way which recognises the diverse nature of our portfolio, focusing efforts on mitigating current and future risks whilst realising potential opportunities for enhanced performance. Alongside complying with appropriate regulatory requirements in the jurisdictions in which they operate, we expect investee companies to act in a way which fosters the long-term sustainability of their business, with consideration to the role ESG factors have in achieving this.

Overview

An overview of the ESG factors we consider under each of these impact areas are outlined below:

Environmental Management

Understanding the risks and opportunities relating to the use of energy (building and transport), levels of resource management (reduce, re-use and recycling), water consumption and potential impact on local biodiversity.

Climate Change

Understanding the physical and transitional risks/opportunities associated with established climate change scenarios.

Health and Safety

Understanding the maturity of health and safety management systems to ensure employees, contractors and visitors are provided with a safe working environment. We also encourage companies to be proactive in providing wellbeing support to employees, covering mental and physical health.



OUR ESG ASSESSMENT FRAMEWORK

People Management

Ensuring that employees are supported to fulfil their potential. This includes appropriate investment in learning and development opportunities, performance management, pay and reward, and open two-way communication channels. We actively encourage inclusion and diversity as we are committed to building a diverse and inclusive team offering a range of perspectives and ideas. (See separate I&D Strategy 30 June 2021)

Supplier Management

Ensuring the appropriate policies and controls are in place to mitigate against unethical supply chain practices e.g., modern slavery.

Governance

Ensuring adherence to high standards of governance, requiring: strong governance and accountability within investee companies; appropriate level of transparency and process for audit, remuneration and conflict of interest to safeguard against incidents of fraud and corruption; adherence to anti-bribery and corruption laws and regulations, including the Bribery Act 2010 and where applicable the US Foreign Corrupt Practices Act (FCPA); robust systems and procedures to safeguard against potential cyber-attacks.



OUR COMMITMENT TO ETHICS AND INTEGRITY

ECI is actively engaged its own day-to-day ESG responsibilities and will seek to uphold the highest standards of professional conduct. Operating in an ethical manner and with integrity is core to how ECI conducts business, underpinning our firm's Values of 'Carefully Considered, Naturally Collaborative and Constantly Improving'.

Key aspects of our commitment in this area include:

- Ensuring every employee complies with applicable laws, regulations, professional standards, firm policy and ECI's values.
- Maintaining strict anti-bribery and corruption policies.
- Proactively minimising our own environmental impact Ensuring all ECI Investment team members have undertaken annual ESG training.
- Supporting the development and wellbeing of our employees; and by creating an equal opportunities culture so that all individuals are treated fairly and consistently. We will develop and apply policies and procedures which do not discriminate, and which promote ECI's inclusion and diversity strategy. This commitment to equality and diversity applies to all aspects of employment including recruitment, performance management and development, training, promotion, pay and working conditions.
- Playing our part in initiatives and partnerships to drive positive change in the private equity industry, for example as a founder member of Level 20, a not-for profit organisation dedicated to improving gender diversity in European private equity; 100 Black Interns, a program giving 100 internships a year to the black students and graduates in the investment management industry, designed to help transform the prospects of young black people in the UK; Out Investors, a global network with a mission to make the investment industry more welcoming for LGBT+ professionals; and our annual charity partnership, which during 2021 is with ReachOut, a mentoring a social mobility charity working with young people in disadvantaged communities.



IMPLEMENTATION AND GOVERNANCE

ECI will communicate this Policy to all investee company boards as part of 100-day plans post investment.

ESG management is a recurring agenda item at ECI's Partnership Board to ensure that this ESG policy is consistently adhered to across the portfolio.

At the pre-investment stage any ESG related issues identified during the due diligence process will be discussed by our investment team. If these issues do not preclude ECI's investment in the business, then we will work with the investee company to address these issues following acquisition, and within an agreed set timeframe post ECI investment.

Any ESG issues raised throughout the investment period will be reported to the investment team, with actions to minimise risk and/or realise potential opportunities agreed with the senior management team of the investee company. We ensure each investee company receives an external ESG assessment post ECI investment and implements any resulting recommendations to improve upon current performance.

ECI remains committed to open and transparent engagement with our key stakeholders, with this an area of focus for our ESG Committee. This includes working with our investors, intermediaries and the businesses in which we invest to continually improve performance in this area.

This revised ESG Policy has been discussed with and circulated to all staff at the firm. This document was last updated on 30 September 2021.

Signed:



David Ewing
Chairman of Partnership Board



Mark Keeley
Chair of the ESG Committee