

The logo for North Edge, featuring the words "North" and "Edge" stacked vertically in a white, sans-serif font. A small purple square is positioned to the right of the text, partially overlapping the top right corner of the page.

North
Edge.

A large, circular graphic composed of numerous thin, vertical lines of varying lengths and colors, ranging from light purple to bright pink. The lines are arranged in a radial pattern, creating a sunburst or starburst effect. The text is centered within this graphic.

**Responsible
Investment Policy**

September 2022

1. INTRODUCTION

Our mission is that every investment we make will have a positive impact.

NorthEdge Capital LLP ("NorthEdge") is a private equity fund manager, focused on four core sectors:

- Technology
- Healthcare
- Business Services
- Specialised Industrials

Within each of these sectors we determine the material ESG risks and opportunities, which are included in company specific value creation plans to improve positive impact throughout our hold period, and beyond.

Our reputation as a trusted partner, our sector experience and our proximity to the teams we back provide us with better access to high-growth businesses that are predominantly based in the regions.

This Responsible Investment (RI) policy outlines how we incorporate Environmental, Social and Governance (ESG) risks and opportunities across the investment cycle, in line with our investment strategy and core values – Respect, Integrity, Ownership and Responsibility.

2. OUR DEFINITION OF RESPONSIBLE INVESTMENT

At NorthEdge, responsible investing means building better businesses. Businesses that are sustainable, diverse and secure, and that includes our own. We believe responsible investing helps us to make better investment decisions and build businesses that are more valuable for all of our stakeholders – our investors, our colleagues, our portfolio teams and our communities.

ESG factors are incorporated throughout the full investment life cycle, through integration, screening and engagement, leveraging our role as active owners to build better businesses alongside portfolio management teams.

3. SCOPE

ESG risks and opportunities are incorporated into our investment process and business operations in line with our fiduciary duties, but more importantly in line with our objective to build better businesses that are:

- More sustainable
- More diverse
- More inclusive
- More secure
- Better places to work

This policy will cover all our assets under management, apply to existing and future investments and consider both ESG risks and opportunities.

This policy will influence the consideration of ESG factors, as well as sustainability risk, in relevant internal guidelines, private placement memorandums and annual portfolio company reviews.

This policy applies to NorthEdge **and** our portfolio companies.

4. COMMITMENTS AND PRINCIPLES

We continuously aim to align our approach and activities with relevant and leading national and international standards, which are reviewed on a regular basis by the ESG Committee. To date we have adopted the below policies or participate in the following working groups:

- We have been a signatory to the PRI since 2012, and leverage the six principles of responsible investment to frame our policy
- We use the UN Global Compact to assist in our early-stage screening of potential investee companies
- We have voluntarily been a signatory of the Taskforce on Climate Related Financial Disclosures (TCFD) from 2019, reporting annually since 2020
- We were a founding signatory of the UK chapter of Initiative Climat International ("iCI"), encouraging participation across our industry, we continue to engage with the group as it expands
- We became a signatory of the ESG Data Convergence Project in 2022, its inaugural year, to support the standardisation of ESG data across investment managers and institutional investors in the private investment industry, with the aim of promoting more signatories to the initiative
- We became one of the first private equity firms to become signatories to the Mindful Employer Charter, encouraging our portfolio and network to align

We plan to become a Carbon Literate Organisation and align with SFDR at an entity level during 2022. To further demonstrate our commitment to responsible investment, and in line with our mission that every investment we make will have a positive impact, Principle Adverse Impact indicators will be reported for all active NorthEdge funds and will not be limited to future SFDR-regulated funds.

We also track portfolio performance against four UN Sustainable Development Goals, which we believe are applicable to all companies within the portfolio:

- ▶ Goal 3, target 3.4
- ▶ Goal 5, target 5.5
- ▶ Goal 8, target 8.5
- ▶ Goal 13, target 13.1

The data for these measures is tracked pre- and post-investment to measure impact and contribution over time.

These initiatives guide our internal and portfolio management approach, where through our active ownership approach we can guide best practice to always seek improvement. In particular, the TCFD framework enables a focus on the risks and opportunities with regards to climate change, incorporating specific climate considerations at each stage of the investment cycle.

In addition to the above, our own responsible investment principles are to:

- ▶ Promote and maintain the highest standards of business integrity
- ▶ Continue to educate our portfolio companies on ESG risks and opportunities, promoting a culture of continuous improvement and good governance, through our portfolio forums and Nexus – our portfolio community platform
- ▶ Screen potential portfolio companies for ESG risks and opportunities pre-investment, embedding improvement initiatives and KPIs within the Value Creation Plan
- ▶ Ensure portfolio companies monitor and report against their ESG progress on a regular basis through our ESG annual portfolio reporting, which is mandated in the NorthEdge investment agreement, and through company Board packs – focussed on material ESG risks and opportunities for the individual portfolio company
- ▶ Communicate transparently and use our sphere of influence to drive positive action and change across our portfolio, industry and community. To support this NorthEdge regularly discusses its ESG approach and progress within the investment community, alongside publishing its RI policy, ESG report, PRI report, TCFD report, carbon emissions dashboard and other relevant ESG information on its website. ESG is also discussed during annual investor meetings, advisory boards and in quarterly LP reports
- ▶ Develop a Net Zero plan for NorthEdge during 2022 alongside specialist operating partners, this will include influencing our portfolio to develop their own Net Zero plans – with an overall aim of decarbonising NorthEdge and its portfolio in line with global efforts to limit warming to 1.5°C. Whilst we reduce our emissions and transition to Net Zero we will remain carbon neutral on a Scope 1, 2 and Operational Scope 3 basis
- ▶ Encourage companies to build inclusive cultures, resulting in more diverse representation in leadership teams across the portfolio
- ▶ Mandate compliance with relevant laws and regulations in our portfolio companies' geographical areas of operation
- ▶ Encourage a relevant level of ESG disclosure with key stakeholders
- ▶ Uphold a consistent approach towards the incorporation of ESG factors across the whole investment cycle
- ▶ Respect international human and labour rights principles, health and safety standards, and not tolerate any form of discrimination

5. EXCLUSIONS AND REFERRALS

Exclusion List

NorthEdge commits to not invest:

- a) In companies whose primary business activities involve the following products or activities:
 - Manufacturing, distribution or sale (including financing thereof) of arms or ammunition of any kind
 - Oil & gas production or any business engaged in direct extractive industries
 - Manufacturing, processing, distribution or sale of tobacco products
 - Operation of casinos or other equivalent gambling facilities
 - Products or activities involving exploitative forms of forced or child labour
 - The trade in human body parts or organs
 - Animal testing for cosmetics or food products
 - Pornography
 - Unbonded asbestos fibres
 - Drift net fishing
 - Distilled alcoholic beverages
 - Research, development or technical applications relating to electronic data programs or solutions which aim specifically at supporting any activity referred to in this exclusion list, internet gambling or online casinos or are intended to enable persons to illegally enter into electronic data networks or download electronic data
- b) In companies whose business majorly involves any:
 - Operations that are illegal under UK law or national laws in the countries in which the company operates.
 - Products or activities that are banned as per global conventions and agreements (e.g. certain pesticides, chemicals, wastes, ozone depleting substances and endangered or protected wildlife or wildlife products) which cannot be resolved under our ownership.
 - The supply or purchase of sanctioned products, goods or services to or from countries or regions covered by UN or UK government sanctions.
- c) In companies with the sole purpose of removing or avoiding portfolio company pensions liabilities.

Referral list

NorthEdge *may* invest in businesses which are engaged in the following activities – but the opportunity must first be discussed at Investment Committee before significant due diligence is initiated, and where we are confident that through our active ownership principles, we have significant influence to drive change:

- Nuclear power generation or fuels – considered in situations where we believe it supports the UK's decarbonisation agenda
- Certain technologies (i.e. Stem cell research, genetic modification) – considered in situations where we believe it supports the advancement of healthcare and improves patient outcomes
- Companies which operate near specific locations, such as:
 - Environmentally protected areas;
 - Sites of Special Scientific Interest;
 - Habitats of rare or endangered species;
 - Fisheries of economic importance;
 - Land occupied by indigenous people or vulnerable groups;
 - Primary or old growth forests of ecological significance; or
 - Culturally or archaeologically significant areas.

Considered in situations where appropriate licences to operate were held, or clear evidence could be provided to show that operations do not cause harm

6. IMPLEMENTATION OF POLICY AND INTEGRATION OF SUSTAINABILITY RISKS INTO THE INVESTMENT PROCESS

The investment cycle and consideration of ESG factors

We fulfil the commitments made in this policy by incorporating ESG factors into our investment process, decision-making and ownership practices that directly influence portfolio companies to enhance performance in these areas. This covers adherence to the UN Global Compact, alongside well-defined value creation themes that link to ESG initiatives including sustainability, diversity equity & inclusion, health and safety, climate risks and opportunities, and cyber and information security. Sector and geography specific risks are also factored into the process.

Our investment process throughout the deal cycle ensures that the values and business practices of each company are considered.

ESG factors are considered in every phase of the investment life cycle as outlined below:



Pre-investment: Our new business team completes an ESG screening document ahead of commissioning any external due diligence, in order to understand the ESG risks and opportunities of the target company and highlight any potential factors requiring further due diligence. It is completed with the deal team and C-Suite representative of the target company. In 2021, we introduced ESG reporting and cyber monitoring requirements within the investment agreement.

Post-investment: We are active owners in all our portfolio companies and incorporate ESG within the Value Creation Plan (VCP) for each investment. To ensure we help to create long-term sustainable businesses, beyond our ownership, the portfolio company Boards are responsible for managing ESG factors on a day-to-day basis. We manage portfolio companies' ESG developments through a combination of Board participation as well as ongoing monitoring of progress and maturity at a central level, which is intended to provide focus on ESG risks and opportunities which management can then pursue. This is fed back to the Investor Director to drive improvements with the company and is monitored through the NorthEdge portfolio monthly review process. We have central internal resources, as well as operating partners where required, to provide specialist advice or support on a specific topic. We run ESG education programmes and forums for portfolio

companies, and regularly produce tools to support the portfolio to make progress – examples include ESG Sector Guides, sharing best-in-class examples of ESG reports/communications and portfolio case studies.

Annual reporting: We require all portfolio companies to complete our annual ESG reporting which is a mixture of quantitative and qualitative metrics covering scope 1 and 2 CO₂e emissions (Scope 3 is encouraged but currently provided on a voluntary basis), renewable energy usage, diversity & inclusion, health and safety and governance. This reporting is managed internally, but aligns to relevant regulatory and industry standards – as detailed in section 4.

At exit: NorthEdge will include information on a company's ESG performance in the documentation that will be disclosed to potential buyers. This information will showcase all efforts made during the ownership period with regards to ESG management/performance improvement and highlight contributions made to the investment.

ESG at NorthEdge

With regard to our own ESG impact, we will effectively integrate consideration of ESG factors into our own operations and set ESG objectives and targets for the future.

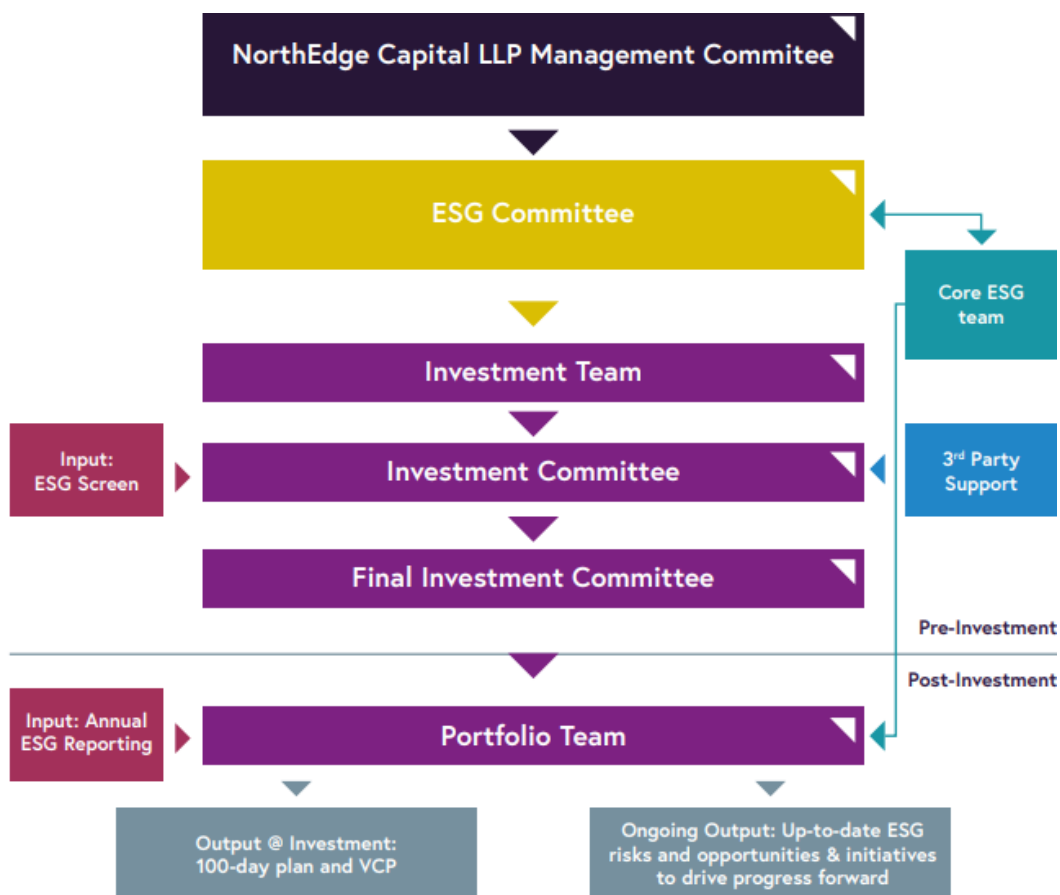
For further information on our progress against and commitments to Environmental, Social and Governance initiatives, please read our latest [ESG Report](#). 2021 highlights include:

Environmental	<ul style="list-style-type: none"> ▶ Carbon Neutral on a Scope 1, 2 & Operational Scope 3 basis – 336 tCO₂e offset through accredited programmes ▶ 3,360 trees planted to support reforestation ▶ 33,600 plastic bottles removed from the ocean ▶ Net Zero commitment
Social	<ul style="list-style-type: none"> ▶ DE&I Committee ▶ Annual Colleague Survey - +73 eNPS ▶ D&I Survey – 18% women in NorthEdge investment team ▶ 6 Mental Health First Aiders ▶ Training – Living Leader leadership and Insights Discovery profiling ▶ 10,000 Black Interns participation ▶ International Men's Day event ▶ March March charity initiative raised over £35,000 ▶ Over 650 gifts donated through NorthEdge Mission Christmas
Governance	<ul style="list-style-type: none"> ▶ ESG Committee ▶ Cyber Security review
Overall	<ul style="list-style-type: none"> ▶ 4th out of 155 BVCA firms assessed for ESG Transparency in the Orbis Advisory and ITP Energised 2021 report

7. GOVERNANCE OF RI POLICY IMPLEMENTATION

Organisational leadership

The LLP Management Committee has ultimate responsibility and sets the ESG governance agenda across the firm. The ownership of ESG objectives is delegated to the ESG Committee to cascade throughout the firm and incorporate into our overall business strategy. This structure is shown in the diagram below with the role of each team described below.



Source: Internal Governance structure, 2022

Investment Team

Performs the initial review of ESG risks and opportunities and completes the ESG screen.

Investment Committee

Reviews initial ESG screen, directs internal and 3rd party due diligence accordingly.

Final Investment Committee

Reviews the findings of any due diligence and provides ultimate sign-off on the investment, including a final consideration of climate-related risks and opportunities.

Portfolio Team

Provide ongoing support to management on ESG objectives and review annual ESG portfolio survey responses. The Portfolio Team is part of the Investment Team but has additional specific responsibilities for our portfolio of companies.

Core ESG Team

Complete independent maturity assessments of portfolio companies on investment (from H2 2022 onwards) and annually thereafter to ensure appropriate progress is being made across material E, S & G factors. Maturity assessments are based on the ESG screen/survey responses, alongside publicly available information such as Company ESG reports.

ESG Committee

Direct the overall ESG approach and governance for the firm, reporting to the NorthEdge Capital LLP Management Committee annually.

Reporting

We report on ESG progress within our quarterly and annual reporting to LPs. This covers ESG performance at both the portfolio companies and NorthEdge. Any material ESG incidents are reported to LPs as required and in a timely manner.

We report our portfolio progress following our annual reporting, and report publicly through our annual ESG report which we launched in May 2021. Our TCFD report is also available on our website, we also report on our ESG progress throughout the year on our website, LinkedIn and our portfolio community platform "Nexus". Previous versions of this policy have included case studies, which are now reported within our annual ESG report and on our website.

Policy governance

Lucie Mills has executive oversight of our responsible investment policy and leads on policy development and incorporation activities – including new business and investment opportunities, portfolio ESG reporting and monitoring and ESG training for both new and existing team members and portfolio companies. Prem Mohan Raj (Partner, COO) supports from a compliance oversight perspective.

Over time, responsible investment policy implementation and consideration of ESG factors throughout the investment cycle will be included in colleague appraisals and individual development plans.

The policy has been approved by:
Lucie Mills (Partner)

A handwritten signature in black ink, appearing to read "LMills", positioned above a dotted line.

Please contact Lucie Mills if you have any questions in relation to this responsible investment policy:
lucie.mills@northedge.com

This responsible investment policy is effective from: 1 September 2022
Next scheduled review due: March 2023