

16. Environmental, Social and Governance Policy

16.1. Vision

At Rivean Capital, responsibility means investing in companies that share our values and commitments to the highest Environmental, Social, Governance (ESG) standards. As Board members and investors, we strive to continuously improve both financial and non-financial performance throughout our portfolio on behalf of their customers, their industries, and all our stakeholders.

We are committed to responsible investment and active ownership principles. We believe incorporating Environmental, Social, and Governance (ESG), or in a broader scope, sustainability, considerations into our portfolio management supports future-proofing companies and generates superior long-term performance while positively/meaningfully contributing to our society and the environment.

It is as board members and investors that through our partnership-based approach to value creation, we encourage, support and stretch our portfolio companies to strive for best practice ESG standards and to have a positive impact through their operations and products. Our active and pragmatic approach to ESG enables our companies to become more sustainable, more resilient, and more ethical operators. At firm level, Rivean aims to 'walk the talk' focusing its internal ESG approach on reducing carbon footprint, improving talent management and diversity & inclusion as well as further integration of ESG considerations in our processes and operations.

16.2. Scope

This ESG policy applies to Rivean Capital, its affiliated companies and to the funds managed by Rivean Capital (the "**ESG Policy**"). Where a fund managed by Rivean Capital has majority control of portfolio companies, Rivean Capital will apply this ESG Policy and work with the portfolio company to set and monitor ESG targets and work towards best-in-class ESG performance. In cases where Rivean Capital has limited ability to implement this ESG Policy, e.g. in the case of minority control or portfolio companies prepared for exit, Rivean Capital will make reasonable efforts to encourage portfolio companies to set and monitor ESG targets and work towards best-in-class ESG performance

16.3. Objectives

At Rivean Capital, ESG considerations have been an integral part of our business model and engagement with our portfolio companies for over a decade. The overall objective of this ESG Policy is to formalize Rivean Capital's approach to ESG and support embedding ESG considerations throughout the investment lifecycle. The specific objectives of this ESG Policy are to:

- a) Attract and maintain lasting relations with investors that have high ESG standards.
- b) Promote responsible behavior at Rivean Capital through embedding ESG-related considerations throughout our business.
- c) Encourage our portfolio companies through engagement to address material ESG-related risks and to unlock related opportunities.
- d) Address how we create long-term value for internal and external stakeholders, including portfolio company stakeholders, such as employees, customers, suppliers, shareholders and wider society.

- e) Comply with the laws and regulations of the European Union, such as the Sustainable Finance Disclosure Regulation (“SFDR”) that provides a disclosure and transparency regime for funds that make sustainability-related claims.

All funds, up to Fund VI, were raised prior to 10 March 2021, being the date on which the SFDR became effective. As a consequence, all funds prior to 10 March 2021 are originally not SFDR-classified. Rivean Capital’s current strategy is to classify its future funds as at least Article 8 SFDR in line with the objectives of Rivean Capital to promote responsible behavior within Rivean Capital, to offer funds that promote environmental and/or social characteristics and to ensure that the portfolio companies in which Rivean Capital invests have good governance practices in place.

The public disclosures in accordance with Articles 3(1), 4(1)(b) and 5(1) of the SFDR are attached as Annex 2 to this policy and are also available on our website.

16.4. ESG Principles

Rivean Capital considers the following ESG principles when investing in portfolio companies (the “**ESG Principles**”):

- a) Compliance with local and national laws and regulations in the regions where funds managed by Rivean Capital invest;
- b) Refrain from investing in companies that do not respect Rivean Capital’s ESG Principles or do not maintain ethical standards similar to those set out in this ESG Policy;
- a) Identification of ESG opportunities and risks throughout the investment lifecycle;
- c) Respect the following guidelines:
- The Ten Principles of the UN Global Compact relating to Human Rights, Labour, Environment and Anti-Corruption
 - UN Principles for Responsible Investment
 - Principal adverse impact (“**PAI**”) indicators as set out in Annex 2;
 - Task Force on Climate-Related Financial Disclosures (“**TCFD**”) requirements;
 - animal rights; and
 - the interests of stakeholders in our portfolio companies, e.g. employees, customers, suppliers, shareholders and wider society
- d) Promote adequate corporate governance including policies to avoid bribery and corruption in line with national laws and international conventions such as the OECD Anti-Bribery Convention, as well as in relation to good governance, covering sound management structures, employee relations, remuneration of staff and tax;
- e) Ask and encourage the management teams of portfolio companies to operate in accordance with Rivean Capital’s ESG Policy and advance our ESG Principles throughout their value chain. Management is required to comply by agreement as required by the standard blocks that should be included in the shareholders’ agreement. (Management is always party to this agreement;
- f) Require co-investors to agree to the ESG-related provisions that are included in the shareholders’ agreements of portfolio companies;
- g) Transparent reporting on ESG.

16.5 Implementation of the ESG policy

ESG considerations are embedded across Rivean Capital's investment cycle from target screening and due diligence to ongoing monitoring during ownership and reporting at exit through our systematic and proprietary methodology. Material ESG risks and opportunities are considered as part of the investment analysis and appropriate governance procedures are adapted to manage and monitor ESG considerations throughout the ownership period.

A fundamental tenet of Rivean Capital's stewardship with our portfolio companies is our Portfolio Enhancement Program. Through this program, we support our portfolio companies' management teams, with the help of our industry and functional experts, to unlock maximum value and scale businesses into industry champions. During continued dialogue with the management team throughout the investment lifecycle, we work together to set priorities, identify key actions and track progress against these plans. ESG related initiatives represent, as any other, a critical element in a wholistic approach to value creation.

16.6. Target screening

Rivean Capital refrains from investing in companies that derive a significant portion of income from:

- production and/or distribution of weapons;
- production of tobacco and tobacco products;
- pornography; or
- any other industry that does not operate in accordance with our ESG Policy or when indicated in fund constitutional documents.

16.7. Target due diligence

a) As a result of ESG considerations being fully integrated into Rivean Capital's standard investment process ESG risks and opportunities are assessed by the investment team and signed off by the Investment Committee as part of our standard investment approval process. Our due diligence is carried out through a variety of processes, including information requests to the target and industry research. The ESG-assessment during the investment process consists of four key steps:

1) Industry Risk: the relevance of ESG and sustainability in the industry is assessed while at the same time defining the potential for sustainable growth ('license to grow');

2) ESG Materiality: the key ESG-related material themes that are likely to impact the financial or operating performance of a company are identified and the severity of the identified key material themes are determined, including any red flags;

From steps 1) and 2) the fact sheet contains an ESG section with the industry risk assessment score and list of key ESG-related material themes identified.

For the Project Proposal steps 1) and 2) are further detailed and a first assessment of risks and opportunities is identified based on an initial view of steps 3) and 4).

3) Company Performance: To clarify further our due diligence, supported by an external ESG-related due diligence advisor when relevant, deeper evaluation of the targeted company's performance on key ESG-related material themes and its overall ESG-management is carried out, including company interview and feedback where required. This provides us with a refined view of the ESG-related risks and opportunities;

4) Priority Issues & Opportunities: Set the priority of ESG risk and value creation opportunities to inform the Investment Proposal and include these projects in the Portfolio Enhancement Program (PEP) roadmap.

In the table below, the different steps in the investment process, along with the relevant ESG activities and deliverables are detailed:

Investment stage	Activities	Deliverables
Fact Sheet	<ul style="list-style-type: none"> Evaluation of industry risk Identification of material themes Identification of potential red flags 	<ul style="list-style-type: none"> ESG section including industry risk assessment score and list of key material themes identified
Project Proposal	<ul style="list-style-type: none"> Deepen industry risk and material themes based on desk research and available information 	<ul style="list-style-type: none"> Refined view of ESG topics Clarification of DD scope Selection of potential ESG DD advisor
Investment Proposal	<ul style="list-style-type: none"> ESG DD along defined scope in PP phase addressing the four step ESG approach 	<ul style="list-style-type: none"> ESG section with description of findings across ESG topics Prioritizing of identified ESG value creation projects in PEP roadmap

- b) Rivean Capital will incorporate standard clauses in the relevant shareholders agreement regarding:
- Complying with and respecting our ESG Principles and ethical standards; and
 - Ensuring that no investments are made in those industries which are excluded (as referred to in paragraph 16.5 above).

16.8. Ownership period – ongoing monitoring, reporting and action

During the ownership phase, Rivean Capital commits to carry out the following:

- a) At portfolio company level, defining ESG responsibility at the management level.
- b) Continuous monitoring of progress on identified ESG risks and opportunities through the incorporation of prioritized ESG-projects in Rivean Capitals' Portfolio Enhancement Program. As part of this, ESG value creation projects progress is discussed on a monthly basis between the portfolio company's management and the Rivean Capital investment team. Internally the developments in the Portfolio Enhancement Programs across the portfolio are discussed in a bi-monthly strategic portfolio meeting by the members of the investment committee. ESG value creation projects may be bespoke to the portfolio company, or in alignment with industry or international standard such as TCFD. In addition, Rivean Capital commits to collecting data on the principal adverse impacts (PAI) as set out under SFDR to support monitoring ESG-related topics.
- b) Annual ESG review of portfolio companies is carried out with the assistance of an external ESG advisor. The ESG review consists of an independent review of the relevance of ESG themes which can be updated when deemed outdated. A performance review of the portfolio company on the material themes including an assessment of the progress made since the review and/or initial performance assessment is carried out as part of this. Secondly, a part of the review is the KPI data collection in which data for portfolio-wide selected KPIs is being collected and year-on-year development is assessed;

- c) Engage through its Board seats with portfolio company management teams to improve a company's ESG performance; and
- d) Encourage portfolio companies to report externally and internally on ESG topics to relevant stakeholders.

16.9. Exit

- a) When the value creation related to the applied ESG approach becomes material, an external advisor may prepare a vendor ESG Due-Diligence report. The goal of such a report is to describe the company's behavior in the ESG area; identify how the implementation of the ESG prioritized projects has created value; show the evolution of ESG KPI's collected in annual reporting during the investment period; demonstrate the impact of the ESG prioritized projects on the evolution of the set KPI's (e.g. reduction of waste, energy consumption, employee turnover, ...)
- b) An ESG Exit report will be prepared for all portfolio companies after closing exit when required for a fund.

16.10. Transparency and Reporting

Rivean Capital gives periodic updates on the implementation of this ESG Policy:

- a) During fund-raising, Rivean Capital discloses to potential investors its policies with regard to ESG and also makes appropriate disclosures in the marketing documentation. The documentation of funds managed by Rivean Capital also includes all relevant information with regard to ESG management;
- b) During the life of a fund managed by Rivean Capital, all relevant information will be disclosed to its investors, including changes to the ESG Policy and material ESG developments and associated incidents in portfolio companies. Transparency to investors and other stakeholders is formalized through annual ESG reporting to investors, advisory committee meetings, an annual general meeting and as part of the investor relations team's function;
- c) In case of a material ESG incident, which is defined as a significant event related to ESG at a portfolio company or at Rivean Capital that may materially impact a portfolio company, a fund managed by Rivean Capital, Rivean Capital or its stakeholders, Rivean Capital will inform stakeholders as soon as reasonably possible and will in due course address such incident;
- d) [Investors have the right to request reasonable information related to ESG, which will be provided to the extent this information is available.

16.11. Fund manager level

To live up to its commitment to the ESG Principles, Rivean Capital has formalized an internal ESG approach at the fund manager level, which is based on three pillars. We believe these three pillars are key ESG themes for fund managers to generate investment value while also contributing to the environment and/or society. The three pillars and our goals are as follows:

Carbon Footprint – Our goal is to minimize our carbon footprint to the extent possible. This is in order to contribute our share to the climate goals as set in the Paris Agreement.

Talent management – Our homegrown team has been one of the fundamentals in our success as a firm today. Putting talent together with a diversified team is a vital condition to generating sustainable financial



returns now and in the future. For Rivean Capital, diversity means having a balanced team based on diverse cultures, genders and educational and professional backgrounds.

Responsible investing – By having fully integrated ESG program as part of our core investment processes and procedures, Rivean Capital has developed a unique approach to future-proof its portfolio companies and to capture the value creation potential that ESG offers (as further outlined above)

16.12. Roles and Responsibilities

- a) Rivean Capital established an ESG Committee, consisting of a few of Rivean Capital's Investor Relations Team members and Rivean Capital's investment professionals, headed by the Head of ESG;
- b) The Head of ESG reports on a quarterly basis to the Executive Committee, or more frequently when required.
- c) The ESG Committee provides knowledge about ESG and advises jointly with Rivean Capital's Director Legal & Compliance on ESG matters and ensures compliance with ESG-related laws and regulations, as applicable, on the funds managed by Rivean Capital (dependent on their categorization as described in the SFDR); the ESG regulatory committee meets on a quarterly basis
- c) ESG is the prime responsibility of Rivean Capital's investment professionals with the Head of ESG acting as expert team member. Rivean Capital expects its Senior Partners acting as Board members and portfolio company management members to actively monitor the ESG performance of the portfolio companies. ESG is specifically on the agenda for the Portfolio Enhancement Program team members who, together with the Head of ESG, ensure progress on the ESG prioritised projects as a core component in the PEP roadmap. In case a particular subject matter expertise is needed, the investment professionals may use external resources where appropriate; and
- e) The Executive Committee of Rivean Capital has reviewed and approved this ESG Policy and ensures its continuous improvement through periodic updates.

16.12. Memberships and commitments to International Standards

As a responsible investor, Rivean Capital has committed to international standards to foster international collaboration and make a positive contribution to international sustainability goals and wider society.

Rivean Capital has:

- become a signatory to the United Nations supported Principles for Responsible Investment (UN PRI) in 2019;
- integrated the United Nations Sustainable Development Goals (UN SDG) in its investment process; and
- integrated the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) in its investment process.

Rivean Capital is a member of:

- ESG Data Convergence Initiative (EDCI)
- Level20
- ICI (Initiatif Climate International)

This policy has been reviewed: December, 2023

Annex 1

The Sustainable Finance Disclosure Regulation (“SFDR”) provides for the classification of funds in three categories:

- i. Article 6 covers funds which do not integrate any kind of sustainability consideration into the investment process (i.e. they do not have ESG as an investment objective nor are they considered to “promote” ESG). While these will be allowed to continue to be sold in the EU, provided they are clearly labelled as non-sustainable, they may face considerable marketing difficulties when matched against more sustainable funds.
- ii. Article 8 funds are those that are deemed to “promote” ESG as referred to in the SFDR, “... where a financial product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.”
- iii. Article 9, also known as ‘products targeting sustainable investments’, covers products targeting bespoke sustainable investments and applies “... where a financial product has sustainable investment as its objective and an index has been designated as a reference benchmark.” This will typically encapsulate impact funds with ESG as an investment objective.