

# **Environmental, Social and Governance Policy**

Caird Capital LLP (“Caird”)

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## Environmental, Social and Governance Policy

At Caird, we believe it is important to behave responsibly as a firm and actively demonstrate our commitment to environmental, social and governance (“ESG”) issues to our employees and other stakeholders.

We understand the significance of recognising ESG issues with respect to the whole of our business activities, at both the firm level and fund level. Effective ESG practices can have a considerable impact on business risk, valuations and financial performance, which are fundamental to our business and the business of our portfolio companies. For this reason, ESG is integrated into our investment strategy and decisions.

In developing our ESG policy, we took account of a number of publications including the United Nations-supported Principles for Responsible Investment (PRI) report, “Responsible Investment in Private Equity: A Guide for Limited Partners, Second Edition.”, as well as our own internal anti-corruption and compliance procedures already in place. Caird implements the policy as detailed below.

We seek to implement this policy and integrate ESG into the day-to-day activities of our business by:

- Ensuring that all Caird employees adhere to the highest standards of professional and business conduct;
- Requiring all Caird employees to comply with relevant legal, regulatory and internal compliance requirements;
- Providing all relevant personnel with an appropriate level of support, assistance and ESG training;
- Distributing this policy and related ESG information to all Caird employees;
- Considering applicable ESG issues in all investments, business strategies and initiatives, at both firm and fund level; and
- Appointing an ESG officer to lead on responsible investment, particularly in respect of the activities of the investment team.

We seek to implement this policy, pre-investment, by:

- Ensuring that ESG risks and opportunities are considered as part of our evaluation of any prospective investment, by, for example:
  - Including ESG factors in our due diligence metrics;
  - Incorporating ESG considerations in our analytical templates; and
  - Providing ESG commentary in investment committee reports, where relevant.

We seek to implement this policy post-investment by:

- Where appropriate, monitoring ESG-related information for our underlying investments;
- Encouraging the management teams of each portfolio company to identify and raise material ESG issues; and
- Ensuring appropriate disclosure and encouraging dialogue on ESG issues with our Limited Partners’ and other stakeholders’.

We seek continual improvement by:

- Reviewing this policy’s effectiveness and implementation on a regular basis; and
- Reviewing, and where relevant acting upon, ESG information (on performance and incidents) provided to us by senior management of each investment.

## Farm Animal Welfare Policy

We believe that farm animal welfare has been under-represented in the UN supported PRI report and ESG as a whole. Animal welfare is more commonly known to be linked to factors such as food safety, environmental issues or labour standards; however, work undertaken by the International Finance Corporation (IFC) and others has established broader links between farm animal welfare, and the sustainability and profitability of businesses. Developments related to farm animal welfare can also create business opportunities which is why we include it as a factor in our overall approach to ESG matters.

### Definition and scope

We consider the welfare of an animal to be its physical and mental health and general well-being, as measured by behaviour, physiology, productivity and reproductive success, as well as by the incidence of injuries and diseases. Current agricultural practices frequently threaten or violate animal welfare by relying on the confinement of animals in large numbers; inappropriate methods of handling, transportation or slaughtering; or other features of intensive farming. Businesses that fall into this area for the purposes of our investment analysis are both those directly engaging in such practices and those we deem inextricably linked to them by reason of their business models.

### Methodology and approach

While economic analysis in farm animal welfare is generally less developed than it is in many other areas of ESG, there are principles, criteria, standards and schemes that we believe can be useful. Depending on the context, we believe it may be appropriate to consider: the IFC Good Practice Note on Animal Welfare in Livestock Operations; the Business Benchmark on Farm Animal Welfare, or Freedom Food; and the RSPCA's farm assurance and food labelling scheme; among others.

As part of our investment strategy, we include farm animal welfare considerations in the pre-investment due diligence and post-investment monitoring and engagement processes to which our ESG policy applies. More generally, we raise such issues with the management teams of our portfolio companies and other appropriate parties. In each of our current and future portfolio investments, we ensure that:

- Appropriate animal welfare standards are being followed
- A plan for a transition to appropriate animal welfare standards is being implemented
- The investment will facilitate a transition to appropriate animal welfare standards