Responsible Investment Policy

Chequers Capital's responsible investment philosophy

Throughout its 50-years history, Chequers Capital ("Chequers") has consistently upheld high ethical standards when investing in companies. Our role as a trusted Partner is to build sustainable businesses, which will thrive and provide employment while generating economic benefit in an environmentally and socially responsible manner. Because we believe that ESG is a crucial ingredient to improve the financial outcomes for our investors, integrating environmental, social and governance best practices within our activity comes as a genuine initiative to contribute to the long-term growth of the companies we partner with.

At Chequers, we chose to focus on the positive change we can bring through our ESG framework. Since 2011, we have been strengthening our responsible investment strategy, through improved ESG inclusion, and a consistent interest on ESG risks and opportunities relevant to both Chequers and its portfolio companies.

Our commitment is driven by five guidelines:

- Honesty: Chequers Team pursues its investing activity in compliance with applicable regulatory frameworks as well as loyal business practice
- Good Governance takes on the perspective of active leadership and monitoring of investments to the benefit of its portfolio companies' social interest and its investors
- Search for the best possible competencies, to ensure the right decision-making based on ad-hoc expertise
- Awareness related to the impacts of its orientations, such that no investments are made that harm its investors
- Target of shared value with portfolio company management and teams

Chequers' ESG approach outlines how we integrate key risks and opportunities across the investment lifecycle and is tailored to cover the three stages:

- Pre-investment phase
- Post-investment phase
- Exit phase

ESG resources at Chequers

The ESG team is composed of three members who are responsible for developing the ESG projects and formalising the processes within the Firm.

A Managing Partner is directly involved in channelling the implementation of the ESG process. His role is to define the ESG agenda and to ensure its integration at management and portfolio company levels.

The ESG Committee is composed of 6 Partners representing the investment and functional teams. Launched in 2021, the members of the Committee meet twice a year to review ESG topics within the portfolio and to discuss the strategic orientation of Chequers' ESG programme. The ESG Committee has ultimate oversight for the ESG agenda.

ESG public engagement to international standards

1. The UN-PRI

Chequers' ESG journey is aligned with industry standards and mirrored through its commitment to the UN Principles for Responsible Investment ("PRI"). The PRI stem from an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices and offer a menu of practical guidelines for incorporating ESG issues into investment practice.

Chequers became a signatory of the initiative in 2016. Since then, we have been dedicated to integrating the six principles:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

Principle 6: We will report on our activities and progress towards implementing the Principles.

Chequers' ESG strategy is assessed by the PRI on an annual basis and is benchmarked against its peers. This exercise enables the ESG team to set targets for improvement.

2. The Initiative Climat International

In 2021, Chequers joined the Initiative Climat International ("iCi"), the first long-term approach allowing private equity firms to take action in order to contribute to the COP21 objective of limiting global warming to below 2°C compared to pre-industrial levels. Through this pledge, Chequers is making the climate change issue a priority in the management of its portfolio and:

- Recognises that climate change has adverse effects on the economy which represents risks and opportunities for companies
- Contributes at its level to the objective of the COP21 to limit global warming to 2°C
- Commits to reduce the greenhouse gas emissions of its portfolio and ensure the sustainability of their performance

In practice, this public engagement encompasses the following actions:

- Integrating climate issues throughout the investment cycle
- Measuring the portfolio companies carbon footprint and
- Defining with the management of companies an action plan to reduce greenhouse gas emissions for those where this is a material issue

In addition to the PRI and the iCi, Chequers is also a signatory of several initiatives:

- France Invest Charter
  Chequers is a member of France Invest (the French Private Equity Association) and a member of the ESG Commission
- France Invest Diversity Charter
  The gender equality charter advocates for increasing the percentage of women having responsibility for Investment Committee decisions and for more inclusive recruitment practices
- Invest Europe's Code of conduct
  Invest Europe is the voice of Europe private equity, venture capital and infrastructure investment firms. The association is the guardian of the industry's professional standards, shaping the principles of ethical behaviour and trust that govern the relationships between private equity managers, their investors and portfolio companies.
- Level20
  In 2021, Chequers became a supporter of Level20 initiative, a not-for-profit organisation which promotes gender diversity in the European private equity industry

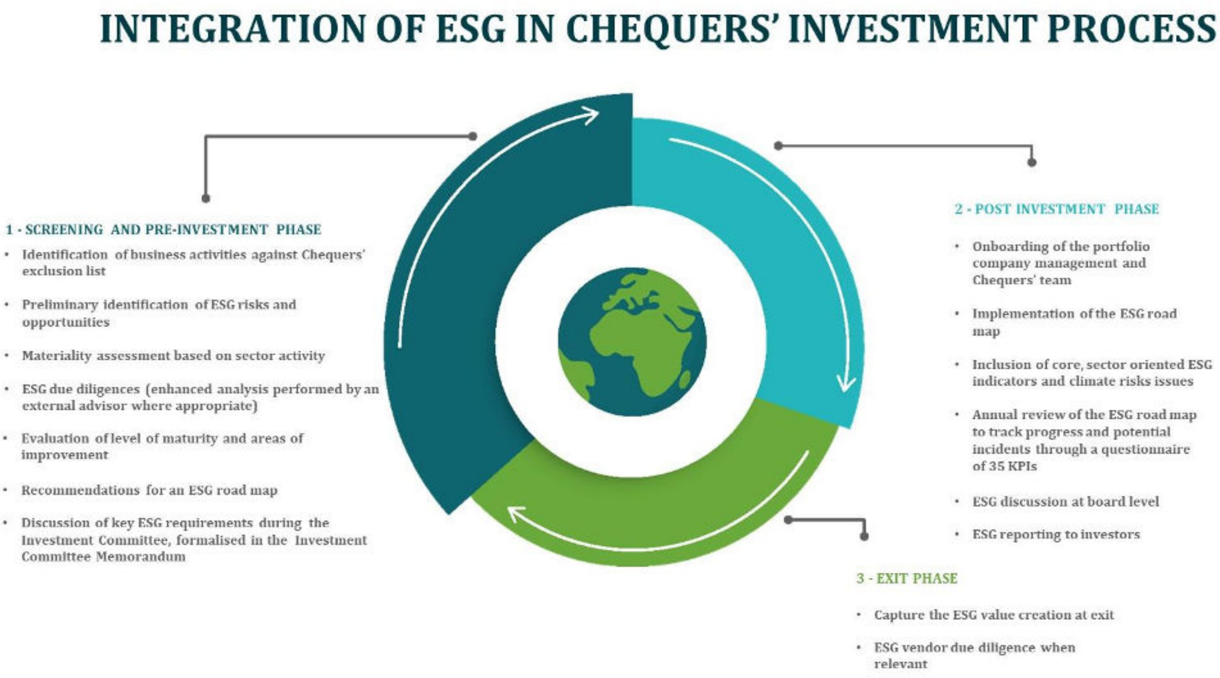
ESG in practise

Integrating ESG and sustainability at the very core of our investment process

The purpose of a company is to engage its stakeholders in shared and sustained value creation. In creating such value, a company serves not only its shareholders, but also its stakeholders – employees, customers, suppliers, local communities and society at large. The best way to understand and align the interests of stakeholders is through a shared commitment to ESG policies and decisions that strengthen the long-term growth of a company. Interaction between the ESG and the investment teams and portfolio companies is key for implementing the policy.

Chequers aims at creating significant value for its portfolio companies while meeting the rigorous criteria of its ESG framework designed to cover the different phases of the investment cycle:

- Pre-investment phase
- Post-investment phase
- Exit phase



Climate change and biodiversity inclusion

Climate change is recognised as being the major challenge for both the society and the economy. It is also one of the main factors that drives biodiversity loss.

As a result, the private equity industry faces increasing regulatory pressure to report on climate and biodiversity-related information on their portfolio. Accelerated ambition is needed towards reaching the 2ºC target set out in the Paris Agreement while addressing nature capital issue.

Chequers considers that climate change and biodiversity loss can result in significant negative economic and social outcomes.

Climate change.

Building on existing initiatives, Chequers is committed to formalise its climate change strategy at management company and portfolio levels.

Chequers' climate journey starts at management level. Our awareness on the topic increased several years ago when in consideration of our own carbon footprint, we decided to compensate the impact caused by our team's travel by planting trees in partnership with Reforest 'Action. In 2021, Chequers launched the measure of its own carbon footprint and has taken concrete actions to compensate the greenhouse gas emissions generated by its activity, such as the recent partnership with the company Cèdre to recycle the office waste of the Firm.

The second step Chequers took on the climate change issue was the adherence to the iCi. During the due diligence phase, climate change issues are evaluated when it is considered relevant for the company. Depending on the materiality weighting on the company, a climate roadmap can be prepared to address the risks.

In accordance with the recent French Legislation, (Article 29 of the French Energy & Climate Law) which requires investment managers to publicly disclose information on their exposure to climate risks and the means implemented to contribute to the energy transition, Chequers assesses its exposure to climate risks at corporate level as well as at portfolio level.

Biodiversity

Biodiversity loss is considered during the materiality analysis. The materiality of biodiversity may vary and depends on several factors. Taking into account the business sector, the geography, the regulatory frameworks and the value chain position, Chequers can determine how companies impact the biodiversity loss.

Those elements are enclosed in the Investment Committee Memorandum and will be monitored during the ownership phase if the preliminary screening of the targeted company has highlighted potential risks.

As part of the annual ESG assessment, Chequers collects specific KPIs related to climate and biodiversity risks, including the following: carbon footprint, energy and water consumption, raw material, waste management, and biodiversity impact.

In line with the iCi, Chequers has started to measure the carbon footprint of its portfolio with the help of an external consultant skilled in climate issues.

Sustainable Finance Disclosure

The European Union (EU) Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) ("SFDR") which came into force as of March 10, 2021, introduced new regulatory requirements in order to increase transparency on sustainability among financial market players and financial products.

The information below regarding the policies of Chequers is provided in accordance with Articles 3(1), 4(1) and 5(1) of the EU SFDR.

1. Integration of sustainability risks in Chequers' investment decision process.

A sustainability risk is defined as an environmental, social or governance event or condition that, if it occurs, would cause a negative material impact on the value of an investment. Should such event occur, the value of Chequers' investment would be negatively impacted.

Prior to each investment decision, Chequers would have completed a mandatory process that identifies the material risks associated with the investment opportunity. As described in its responsible investment policy, Chequers integrates ESG risks assessment in the investment process. This starts with the exclusion policy which prevents Chequers from investing in sectors considered controversial and defeating the purpose of building sustainable businesses in an environmentally and socially manner. Activities linked to the tobacco, pornography, alcohol production and distribution, firearms and ammunition, coal and casinos sectors are excluded.

Chequers' assessment of investment opportunities includes the identification of ESG-related risks and opportunities. The due diligence exercise highlights key ESG issues and encompasses climate, environmental, social, ethical, governance and external stakeholders considerations. Further, ESG consultants can be instructed to perform an enhanced ESG due diligence on potential investments, where appropriate. The outcomes of the preliminary evaluation are presented to and discussed during the Investment Committee for proposed investment(s) and documented in the Investment Committee Memorandum. The Investment Committee will or will not recommend the investment by the Fund. Chequers will not pursue an investment opportunity if major ESG-risks cannot be mitigated by a comprehensive roadmap.

Sustainability risks are addressed in the following framework:

- As a stronger commitment, an ESG clause is included in the Shareholders' Agreements. It provides a formal engagement to implement an ESG roadmap tailored for the investment and to share regular ESG communications.
- Sustainability risks are monitored throughout the post-investment phase. 53 ESG indicators are collected annually and enable Chequers to monitor progress over time.

2. Consideration of the sustainable adverse impacts

ESG, sustainability and climate change are very important to Chequers Capital and are analysed accordingly in the investment processes. Chequers therefore intends to consider the prescribed adverse impacts of its investment decisions on sustainability factors within the meaning of Article 4 of SFDR.

The inclusion of sustainable factors in the decision-making process is integrated in Chequers' ESG framework. As part of its investment process, the Firm will continue to use its existing ESG policies and procedures, and intends to add the monitoring of the principal adverse impacts during the ownership phase.

3. Remuneration policy

Chequers pays staff a combination of fixed remuneration (salary and benefits) and variable remuneration (including bonus).

Chequers believes that each employee should receive a compensation taking into account their development and collective involvement in value creation. In this regard, ESG objectives including those relating to the exposure on sustainability risks on the investment decision making process are reflected on the calculation of the variable remuneration for all relevant staff.