

## Gresham LLP- Environmental, Social and Governance (ESG) Policy

### Our view of ESG management

At Gresham we are committed to working with our portfolio companies to integrate ESG considerations into business as usual practices. We also look to minimise our own direct impacts and lead by example where we can. Our view of ESG management is no different to any other aspect of business performance and we believe that effective management of these issues will deliver sustainable long-term value and market leading companies. This is why we assess levels of ESG performance prior to investing, and continue to monitor performance throughout the investment cycle.

We have introduced a framework to help guide our decision making internally, whilst providing our portfolio companies with a clear set of expectations in terms of how ESG issues should be managed.

In summary we focus on the following key ESG pillars:

- **Environment** – minimising and managing environmental impact
- **Communities** – making a positive contribution to the communities in which we operate
- **People** – investing in and developing employees
- **Ethical Standards** – operating to the highest ethical standards
- **Corporate Governance** – operating to the highest standards of corporate governance
- **Reporting and Engagement** – reporting performance and engaging with key stakeholders

The following policy outlines our own ESG performance and the expectations we have of our portfolio companies. When applying this framework we are mindful that each business will be faced with a unique set of issues and that the following pillars will be of varying levels of relevance across our portfolio. We therefore encourage companies to focus on those areas which have a material risk or opportunity.

### Environment – minimising and managing environmental impact

We strongly believe that effective management of environmental impacts is linked to business performance and the generation of long-term sustainable value. On this basis we will place initial emphasis on legal compliance, and see this as non-negotiable across our portfolio. Beyond compliance we expect appropriate risk management controls to negate any adverse environmental impacts and then encourage the vision for companies to realise potential opportunities.

At Gresham we strive to reduce our carbon footprint and manage our resources as efficiently as possible. We understand our own carbon footprint and where practical encourage our employees to avoid any unnecessary business travel and instead make use of alternatives (including video conferencing facilities). We also proactively work with our landlords to reduce electricity usage and we have introduced movement sensors to ensure we avoid lighting unoccupied spaces. We procure paper from FSC mixed sources and aim to certify all our publications as carbon neutral. We also encourage double sided printing on our office printers and collect recyclable materials where local recycling collections deem this viable.

Within our portfolio we would expect companies, where appropriate, to address the following key impact areas:

- Energy: manage and minimise energy usage across business operations (consider: buildings, fleet and travel).
- Waste: follow the waste management hierarchy of prevention, reuse, recycling and disposal of all waste materials (disposal to landfill being the least preferred option).
- Water: manage and minimise water usage across business operations.

In addition to these core areas we would also expect companies to be proactive in the management of further impacts which are more specific to their operations and may include such issues as biodiversity, restriction of certain chemicals/substances and sustainable sourcing.

### **Communities – making a positive contribution to the communities in which we operate**

We believe that each portfolio company should act as a responsible neighbour and make a positive contribution to the communities in which it operates. This may be achieved through a number of activities which may include financial donations, equipment donations and employee volunteering activities. Each company is encouraged to exercise judgement in selecting appropriate community investment activities. We expect portfolio companies to consider the impact of these community investment activities in order to create a feedback loop and where possible to measure the return on investment.

### **People – investing in and developing employees**

Providing a safe workplace with opportunities for personal development and reward will nurture talented people, both at Gresham and within our portfolio companies, and ultimately provide the foundation for future success regardless of age, race, gender, sexual orientation, or disability. The activities we expect to see are by no means exhaustive and we appreciate that certain initiatives will be more relevant to some businesses than others. In summary though we would expect portfolio companies to have considered the following areas:

- Learning and development – appropriate personal investment to ensure a talented and engaged workforce.
- Workplace diversity – support workplace diversity to improve employee satisfaction, productivity, and retention.
- Health & Safety – prioritise the safety of employees at work and their wellbeing.
- Communication – two-way employee communication with appropriate feedback mechanisms.
- Pay & Reward – provide the appropriate level of incentives and reward to attract and retain talent.

This is not an exhaustive list and we expect initiatives in this area to be relevant to the individual business and the market within which they may operate. At the very least we would expect portfolio companies to meet both legal requirements and industry practice in people management and where practicable to benchmark themselves on a regular basis against industry peers.

### **Ethical Standards – operating to the highest ethical standards**

Gresham is committed to ethical and responsible investing and we expect our portfolio companies to manage social and environmental impacts in line with this policy. We ensure our business is conducted according to ethical, professional and legal standards as expected of us by the relevant authorities.

Within our portfolio companies we expect the same level of professionalism and ensure they operate to the highest ethical standards in an open and transparent manner. We proactively work with our portfolio companies to ensure that they remain compliant as legislation and guidance develops.

We also expect our portfolio companies to understand and manage environmental and social supply chain risks appropriately. This may involve taking a hands-on approach where the severity of the risk warrants direct intervention.

**Corporate Governance – operating to the highest standards of corporate governance**

Exercising good corporate governance is central to Gresham’s investment approach. We insist that portfolio companies: hold regular formal board meetings (with an Agenda which includes Health and Safety, ESG and Compliance), conduct regular strategic and budget reviews, and form an audit committee.

**Reporting and Engagement – reporting performance and engaging with key stakeholders**

Gresham promotes transparency in its day-to-day business activities and encourages this within portfolio companies. To underpin this policy we have begun to encourage signatories to report on ESG performance and provide Gresham with an understanding of potential risks and opportunities.

We will relay this understanding to our investors and incorporate any comments and challenges into our ESG framework.