



WATERLAND
PRIVATE EQUITY INVESTMENTS

POLICY ON RESPONSIBLE INVESTING

Introduction

As a long-term investor and owner, Waterland Private Equity Investments (“Waterland” or “we”) believes that responsible attitude with respect to ESG has a positive influence on corporate and financial performance. As outlined in this Policy on Responsible Investing (the “Policy”), Waterland considers ESG factors from an opportunity, return and risk point of view and encourages the companies in which it invests to adopt policies and practices that enhance long-term corporate and financial performance. As said we believe that effective management of ESG enhances value, reduces cost and reduces risk.

In this context, this Policy which summarises Waterland’s core investment beliefs including the commitment to the UN-backed Principles for Responsible Investment (“PRI”), a corresponding governance structure to support this commitment, as well as an implementation strategy to foster the integration of environmental, social, and governance (“ESG”) factors into the investment process and across the organisation. It also describes how Waterland discloses, collaborates, and discusses best practices with external parties with respect to its ESG-efforts and how Waterland aligns its people and the organisation with sustainable development.

1 ESG and Our Core Investment Belief

Waterland is convinced that ESG factors impact the environment in which we invest and thus our core business. As part of the Waterland investment strategy, we believe that responsible investment is not only the right thing to do, but that effective management of ESG risks and opportunities is also an opportunity to create value. As a result, it is of paramount importance that we explicitly recognise and evaluate the ESG-related risks and opportunities and manage these in a prudent and methodical manner.

We recognise our responsibility as an investor to contribute to a more sustainable financial system by taking a long-term, responsible approach across the funds we manage and the companies in which we invest. We pay attention to how our investment process can positively contribute to promoting greater responsible investment outcomes by reducing risk through our rigorous process of oversight, seeking control and greater access to underlying investee entities, both in terms of our due diligence process and how we manage and monitor investments over time. When our companies are successful in avoiding ESG risks whilst capturing ESG opportunities, they will outperform over the longer term.

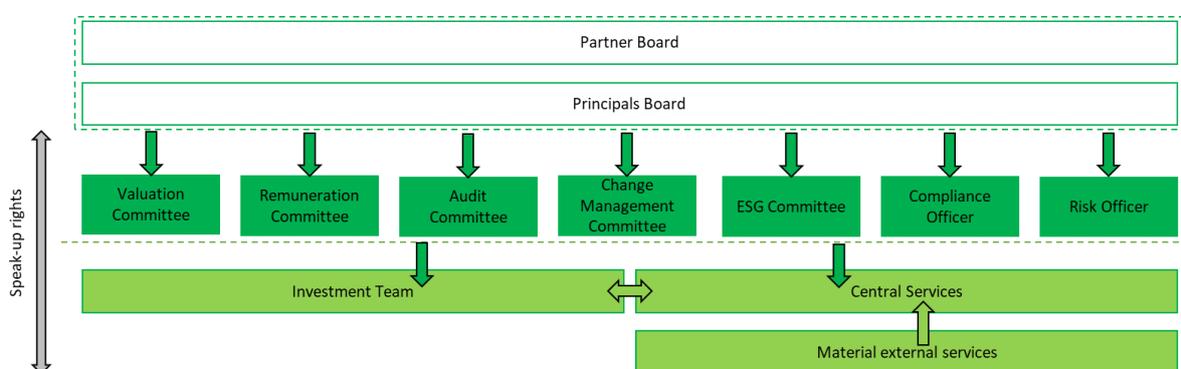
We are stewards of money entrusted to us by our institutional clients, who in turn manage money on behalf of their investors. As active investor, we play an important role in ensuring that our investments uphold commonly accepted standards of environmental protection, human rights, and good governance in a way that will enhance and underpin the financial returns that our investors expect of us over the long-term. In this context, Waterland is a signatory to the PRI, which plays a central role in our ongoing efforts to integrate ESG across our investment process.

Finally, Waterland believes that successful and responsible investments with comprehensive consideration of ESG-related risks and opportunities ultimately depend on the knowledge, convictions, and beliefs of the people running the investment process, and therefore is committed to corresponding recruitment, talent development, organisational learning, training, and alignment.

2 Our Governance Structure and ESG Process

To further anchor the PRI across the organisation's culture and investment activities, Waterland has developed its governance structure and compliance processes. Figure 1 shows Waterland's board and committee structure, including the ESG Committee. These Partner-led working groups are collaborative and maintain a strong corporate and fund management framework. The ESG Committee is entrusted with responsibility for overseeing the implementation of our Policy. This structure allows the ESG Committee to have a direct link to both the Waterland Board, the other working groups, the Investment Team and Central Services.

Figure 1: Waterland's Committee Structure
Chart: Key teams and reporting tiers



The ESG Committee sources its membership diversely both from the organisation, both from the Investment Team as well as from Central Services. The following are the Committee's key responsibilities:

- maintaining, improving and taking responsibility for the implementation of the Policy;
- provide the Waterland board with its view on ESG risks and/or opportunities arising out of market/target analysis during the various stages of the decision making process;
- advancing Waterland's responsible and ESG capabilities and outcomes in line with industry best practice;
- raising awareness and educating Waterland staff and stakeholders of ESG responsibilities and considerations as they relate to investment planning and decision making and other corporate functions;
- reporting to stakeholders and, where appropriate, the broader public on Waterland's approach to sustainability and responsible investing;
- reporting Waterland's performance against the PRI;
- advancing the merits of active engagement with government, international organisations for responsible investing, investor groups, industry bodies and other non-government organisations; and
- collaborating, engaging and supporting research to help bolster industry-wide sustainability and responsible investment practices.

3 Integration of ESG into our Investment Process

Our overarching approach to incorporate ESG considerations into our investment process is guided by the **6 principles of the PRI framework** and the relevant guidance reports therein. These principles are integrated into our investment process.

Investment planning

As part of our fund planning across business lines, we develop our investment strategies taking into account ESG risks and opportunities. This may relate to the selection or exclusion of particular LPs, stakeholders, geographies, asset types due to ESG elements that they bear.

Deal sourcing

Waterland devotes significant resources to conducting a pro-active 'top-down' analysis of the market or industries. In every stage of the Waterland investment process (as from analysing to investing until exit), the Waterland investment team prepares proposals for the Waterland board to decide upon. In these documents, ESG risks and opportunities for the respective market or target are included.

ESG in our pre-investment due diligence

As a long-term investor, we undertake detailed pre-investment due diligence of potential investments, its management and supply chain, before making an investment decision. The ESG assessment is an important component of Waterland's due diligence process for any potential investment. The outcome of this assessment is documented in due diligence reports and reviewed by the Waterland board and the ESG Committee (where a sensitive business risk has been identified), prior to an investment decision being approved. The respective matter will be discussed by the ESG Committee and the ESG Committee advises the Waterland Board accordingly.

Engagement

Engagement with companies is part of Waterland's fundamental approach as an active and engaged investor. This approach has the advantage of enhancing communication and understanding between the companies in which we invest and Waterland. Waterland concentrates on each company's ability to create lasting value. It will question or challenge the companies on ESG and other issues, if Waterland has reason to assume that they might affect the future value of those companies. Waterland believes that engagement is an effective approach through which shareholders affect positive change and enhance long-term financial performance. Moreover, Waterland believes such engagement is consistent with a strategy to maximise investment returns without undue risk of loss.

ESG and systematic risks

In addition to investment-specific risks, Waterland seeks to stay abreast of global developments and systemic risks that could impact investment risk and return over the long-term, including (but not limited to) climate change.

We recognise the value of being active participants of collaborative organisations and groups, including membership to any relevant educative and engagement organisations that might help to better manage and mitigate the impact of systemic risks.

4 Our engagement, collaboration and disclosure efforts

Waterland actively engages with its (existing and potential) companies on a range of investment issues, including on ESG-related considerations. Waterland will continue to encourage wider understanding, adoption, and disclosure of ESG-related factors across these relationships and investments.

We **summarise** qualitative ESG considerations and report to our investors.

We **measure** the efficacy and impact of ESG considerations integrated into our investment process.

We **collaborate** with ESG -specific industry groups and are members of the PRI and other organisations active in the battle against climate change, and the pursuit of sustainability or responsible investing.

We **contribute** to investor surveys on our approach to ESG in a pro-active and positive way, including the PRI's assessment report, and will continue to explore ways to bolster how we measure, manage and disclose ESG considerations into our core investment decisions and outcomes.

5 Aligning our people and the organisation with sustainable development

We will continue to pursue many activities to foster greater organisational learning and knowledge sharing within the organisation. For example, an internal network has been established with case studies on ESG-related factors, research papers and discussion documents as a central resource for people to access and learn.

Waterland is a private equity firm with a relatively low environmental footprint in its direct activities, although efforts are taken to further improve the corporate practices and activities in a way that is consistent with its Policy.

Waterland also promotes good corporate governance in the way that it does business, including for example, adherence to a code of ethics, fair and equitable treatment of personnel, encouraging diversity and parity, adhering to regulations and legislative requirements regarding taxation, anti-money laundering and others as relevant across different jurisdictions.

Waterland also integrates ESG-considerations in its profile as an equal-opportunity employer, providing flexibility to staff to enhance good working-life-balance.

Comprehensive alignment of interest is a key aspect in managing third-party money. Accordingly, Waterland is an independent, Partner-led organisation with most of key staff members being equity holders in the company. This equity ownership aligns staff behaviour with the long-term value of the business and therefore connects the consideration of ESG aspects with the concrete financial position of Waterland members.