



cbpe

# ESG

Unlocking Growth.  
Together.

# Environmental, Social, and Governance (ESG) Policy

## 1. Background and purpose

CBPE is dedicated to embodying the principles of Environmental, Social, and Governance (ESG) throughout its operations, investments, and interactions with stakeholders. This comprehensive policy reflects our commitment to responsible and sustainable business practices. By incorporating ESG considerations into our decision-making processes, we aim to create lasting value for our investors, portfolio companies, and society as a whole. We support companies at important stages of their life cycle and this gives us the opportunity to drive positive change in their performance, their impact on the environment and the societies and communities in which they operate. At CBPE, we believe robust and sustainable businesses deliver better returns, and therefore we work with our companies to create and protection value through our ESG programme.

## 2. Scope

CBPE's ESG policy is applicable to all investments within our funds irrespective of whether we are majority or minority investors. Our approach and process is universally adopted in order to ensure consistency and implementation of best practise across the portfolio.

## 3. Roles and responsibilities

The Managing Partner is responsible for ensuring that CBPE works in-line with its ESG policy and applies best practice. CBPE has Co-Heads of ESG that help define the ESG strategy, ensure the processes outlined in the ESG programme are adhered to and keep ahead of the everchanging ESG landscape. CBPE's investment professionals are primarily responsible for ensuring that sustainability and ESG matters are integrated into investment decisions and assist with implementing the bespoke action plans during ownership. Working in partnership with our portfolio companies' designated ESG lead, we develop a tailored set of tools and techniques for best practice, which include robust due diligence processes and yearly performance evaluations. This is done with the support and expertise of CBPE's network of experts and specialists.

## 4. Sustainability and ESG

ESG is evolving, and at CBPE we are at the forefront of best practise. Our end to end ESG programme covers all stages of the deal cycle aimed at both identifying and managing ESG risks pre-investment, and creating and protecting value in alignment with UN Principles of Responsible Investment (UN PRI). We build the Principles for Responsible Investment and the UN Global Compact Ten Principles into our strategy, operations, and overall approach to ESG.

## 4.1 Origination

When researching a potential investment during origination, CBPE ensures it complies with the Fund restrictions where each fund outlines types of companies, activities, and sectors to be avoided and are prohibited for the fund for example illegal activity, tobacco, weapons and ammunition, casinos and gambling.

## 4.2 Pre-investment

Prior to investing, we carry out due diligence via third party experts:

- Detailed materiality assessment to identify specific risks, opportunities, and actions to help understand what is required post-investment
- Each company receives a rating from the third party expert. This rating acts as a measure of the company's ESG maturity and helps compare and contrast the business with other companies in the portfolio and recent realisations
- Share information about ESG risks and opportunities with the Investment Committee, to consider as part of the investment decision. The Committee evaluates the information to identify potential risks and mitigating actions prior to investing.

## 4.3 On-boarding

For all investments we follow our on-boarding process:

- Develop an initial ESG action plan to address any key risks and opportunities
- Put mechanisms in place to prepare for annual monitoring and review
- Monitor ESG performance through non-executive board seats and regular reviews of portfolio performance against agreed targets and action plans
- ESG to be discussed regularly at board meetings with ESG metrics reported annually

## 4.4 Support

Throughout the year, we support our management teams:

- Help implement their bespoke ESG action plans
- Address any areas that require immediate action
- Provide third-party expert support where needed

## 4.5 Monitoring

To help demonstrate performance improvements we use data and third party assessments:

- Collection and review of ESG metrics through CBPE's ESG Platform enables detailed monitoring of performance and improvements in line with TCFD
- Annual ESG monitoring review and ESG management maturity scoring using a third-party provider
- Annual update to ESG action plan to reflect renewed focus areas

## 4.6 Exit

To facilitate an exit with prospective buyers, we assist our management teams throughout the process:

- Support in providing ESG information for future investors
- Develop a vendor due diligence assessment using their annual ESG reports, strategy, ESG policies, and our annual ESG reviews

## 5. Responsible Investing

In line with frameworks and standards such as the Task Force on Climate-related Financial Disclosures (TCFD), Sustainable Development Goals (SDGs), World Economic Forum (WEF), Sustainable Accounting Standards Board (SASB) and others, we have developed an ESG programme focused on the four P's:

- Planet
- People
- Principles
- Protection

### 5.1 Planet

#### 5.1.1 Our Portfolio

Our approach to the environment, helps create value for our portfolio companies by becoming more efficient and sustainable. We support our teams to measure and manage their carbon footprint as a priority along with developing long-term, sustainable strategies as part of our commitment to mitigate the impact we have on our planet.

Our portfolio companies also identify and assess their exposure, risks and opportunities that may arise as global temperatures continue to rise. Understanding the risk and opportunity arising from climate change helps our businesses to become resilient.

We encourage our companies to commit to a set a net-zero target by supporting them to measure, reduce, and offset their carbon footprint across all aspects of their operations. To support the net-zero commitment, we engage with portfolio companies to adopt and implement energy-efficient practices. This involves promoting the use of renewable energy sources and enhancing energy efficiency in operations. By aligning our investments with sustainable and resilient business models, we contribute to the global effort to mitigate climate change.

#### 5.1.2 At CBPE

At CBPE we measure our scope 1, 2 and 3 carbon emissions with the majority considered to be indirect emissions falling within Scope 3. Since recording our greenhouse gas emissions we have successfully reduced our tCO<sub>2</sub>e year on year through a combination of reducing and removing strategy. In order to offset the remaining balance we work with the United Nations Carbon Offset projects enabling us to be carbon neutral as a firm.

Additionally each year, the CBPE team commits to a day planting trees. This activity brings everyone together to appreciate our impact on the environment and creates a long lasting benefit to help tackle climate change.

## 5.2 People

### 5.2.1 Our Portfolio

Employee Engagement and Diversity & Inclusion are key areas of focus to help create value.

To attract the diverse, talented workforce all businesses need, it is essential to create an accepting, inclusive and supportive working environment for everyone.

We commit to supporting a diverse and inclusive workplace, with engaged staff who face zero harassment and discrimination. Diversity and inclusion are cornerstones of innovation and long-term business success. CBPE actively supports initiatives within our portfolio companies that promote diversity and inclusion. By fostering an environment where diverse perspectives contribute to better decision-making, we aim to create a culture of inclusivity within our portfolio.

Respect for human rights and fair labour practices are integral to our social responsibility framework. CBPE commits to upholding internationally recognized labour standards, fostering work environments where employees are treated with dignity and respect. Our due diligence process will assess the labour practices of potential investments, ensuring that portfolio companies exemplify ethical employment practices.

Our commitment to social responsibility extends to positively impacting the communities in which we operate. CBPE strives to be a responsible corporate citizen, encouraging portfolio companies to engage with local communities. Through community engagement initiatives, we aim to contribute to social development, support local economies, and create positive and lasting impacts that go beyond financial returns.

### 5.2.2 At CBPE

At CBPE we aim to foster a positive work environment that supports the growth and success of each individual. It's important our people enjoy their work, feel valued and realise their full potential.

We ensure everyone benefits from the breadth of work and opportunities available, enriching their knowledge by leveraging our network of experts through our lunch and learn initiative. In addition we ensure the team is update to date with all regulatory and compliance requirements.

Recognising the value of diversity in CBPE, we partner with Level20, an organisation dedicated to enhancing gender diversity within the private equity sector. We are active members, with the team contributing to roundtables and acting as mentors to members of Level 20. At CBPE we also support the 10,000 Black Interns initiative and Girls are INvestors by offering internships each year. Furthermore we are supporters of Out Investors, a global organisation that was founded with the mission to make the direct investing industry more welcoming for LGBT+ individuals.

Demonstrating our commitment to social responsibility, we actively contribute to charitable causes through volunteering and raising funds. For example, in 2023 CBPE worked with ReachOut, a

mentoring charity that gives young people from disadvantaged backgrounds weekly one-to-one support from a volunteer mentor.

## 5.3 Principles

### 5.3.1 Our Portfolio

To protect value across our portfolio we believe through robust governance and management, our companies can make a positive contribution to their communities along with managing and assessing risk.

ESG is reported at the highest levels across our portfolio to ensure best practise is followed on issues such as whistleblowing, grievance management, and business ethics.

To uphold environmental standards, we ensure that our portfolio companies comply with all relevant laws and regulations. We believe that robust environmental compliance not only aligns with our values but also safeguards the long-term sustainability of our investments.

Ethical business conduct is fundamental to our corporate philosophy. CBPE expects its portfolio companies to uphold high ethical standards, promoting transparency and integrity in all business dealings. By adhering to ethical practices, we not only mitigate risks but also contribute to building trust with investors, employees, and the broader community.

Corruption poses a significant threat to sustainable development. In line with our zero-tolerance policy for corruption, CBPE insists that portfolio companies comply with all anti-corruption laws and regulations. Through robust internal controls, training programs, and regular assessments, we actively work towards creating an environment where corruption has no place, safeguarding the interests of our investors and the broader community.

### 5.3.2 At CBPE

We are registered with the FCA and adhere to the provisions outlined in the Alternative Investment Fund Manager Directive (AIFMD).

To mitigate conflicts of interest and the assurance of sound risk management practices, we have a robust risk management policy in place. We adhere to the Good Practice guidelines (FSA's communication to the International Organisation of Securities Commissions) and align with the International Private Equity and Venture Capital Valuation Guidelines laid out by the BVCA and Invest Europe. We are active members of the BVCA and our Managing Partner, Sean Dinnen, is a member of the UK & European Capital Committee.

Our investment decisions are guided by rigorous due diligence procedures. We complete comprehensive due diligence for all investments, including market analysis, business plan assessments, evaluation of the potential for value creation, assess ESG performance, and carry out risk analysis. These measures collectively help us to make informed and prudent investment choices.

## 5.4 Protection

### 5.4.1 Our Portfolio

Cybercrime is a significant risk to all businesses. As the threat continues to rise globally, we want to ensure our portfolio companies are adequately equipped to address it.

We support our companies with annual cybersecurity evaluations in order to assess their current status and potential exposure. Working with the teams, we create bespoke action plans to improve and minimise any risks highlighted. Our approach enables both CBPE and our portfolio companies to understand their progress, and use insights gained from across the portfolio to continually strengthen their approach.

### 5.4.2 At CBPE

Data protection is at the core of our business. We diligently operate within the parameters set by the Data Protection Act of 2018, which guarantees that we adhere to lawful, fair, and transparent data management practices.

In alignment with these principles, we adopt several measures to bolster security. This includes meticulously configuring IT access based on staff roles, using encryption protocols, and delivering comprehensive IT training to all members of our team.

To ensure the robustness of our cybersecurity measures, we conduct routine tests to identify vulnerabilities. Additionally, we have a third-party entity to conduct a comprehensive cybersecurity review to maintain the highest levels of digital protection through being Cyber Essentials certified.

## 6. Transparency and reporting

### 6.1 Disclosure to the public

CBPE aims to promote the acceptance and implementation of responsible investment and ownership principles within the private equity and financial industry. For this purpose, CBPE openly publishes its progress via the Annual ESG Report, as well as other relevant sustainability information, on its website.

### 6.2 Disclosure to investors

Implementing and monitoring our ESG policy is a dynamic and ongoing process. To ensure its effectiveness, we communicate our ESG policy to all employees, stakeholders, and portfolio companies. Annual assessments by third party experts will be conducted to monitor the implementation of our ESG practises, providing valuable insights for continuous improvement. We are committed to seeking feedback from stakeholders, incorporating their perspectives, and adapting our practices to align with evolving industry best practices and regulatory standards.

On an annual basis, CBPE will publish its ESG Report, documenting progress across the portfolio covering all aspects of the ESG programme.

## 7. Conclusion

CBPE is dedicated to embedding ESG principles into its DNA. This ESG policy represents our unwavering commitment to responsible and sustainable business practices. By integrating environmental, social, and governance considerations into our decision-making processes, we aim to not only deliver value to our investors but also contribute positively to the broader community. As we navigate the complexities of the financial landscape, our commitment to ESG principles remains steadfast, reflecting our belief that responsible business conduct is not only ethical but also essential for long-term success. Together, we can create a sustainable future for our investors, portfolio companies, and the global community.