

Responsible Investment & Stewardship

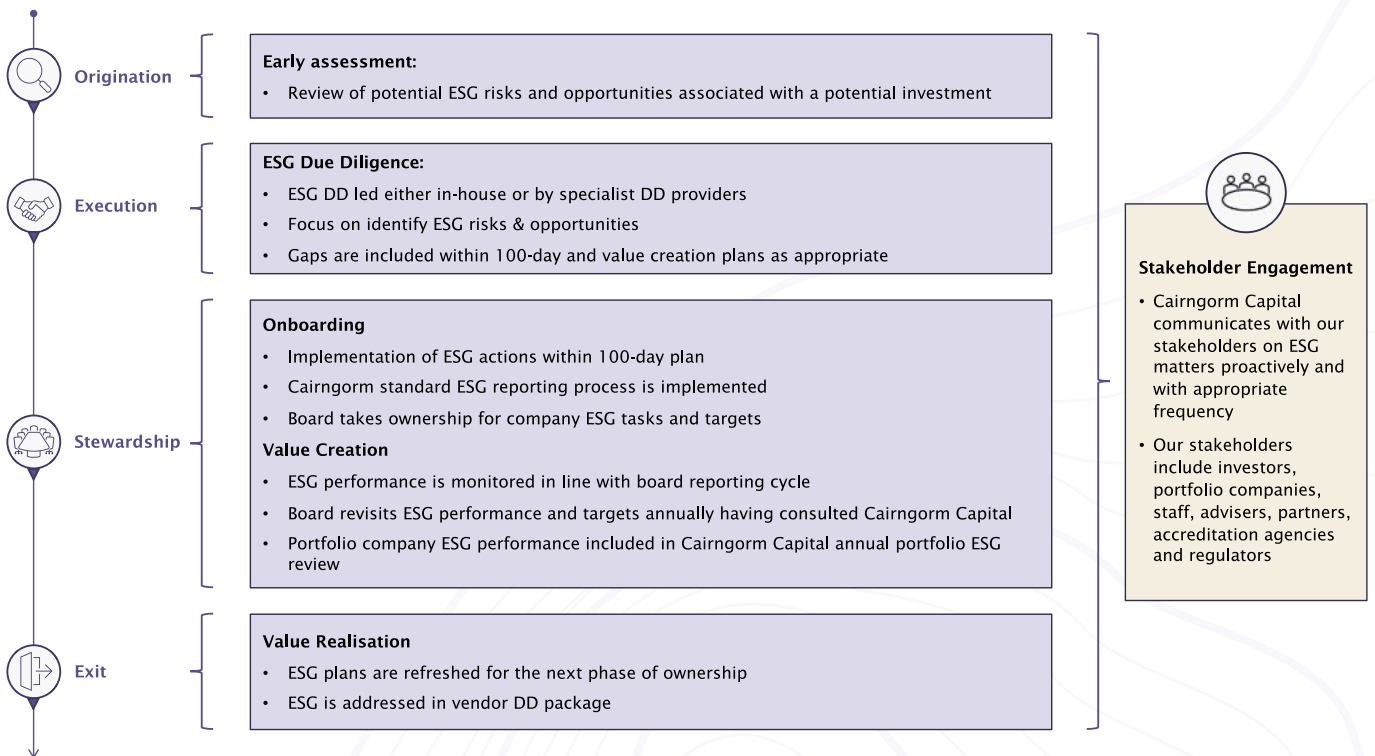
Cairngorm Capital Partners (“Cairngorm”) is a Private Equity fund manager with the overarching purpose to drive growth and maximise benefits for all our stakeholders including investors, employees, portfolio companies and the wider community. We recognize the impact that our portfolio companies may have on the environment and their communities, and it is our firm belief that we can meet our firm’s aspirations in a responsible and sustainable way whilst maintaining best-in-class ethical standards.

These ethical standards form an intrinsic part of our investment process. Cairngorm is a signatory to the UN supported Principles for Responsible Investment (“PRI”) and we follow the ESG Data Convergence Initiative (“EDCI”) framework in our reporting.

We aim to collaborate closely with our portfolio companies to maximise the positive outcomes for each business and share best practices across our portfolio. We consider Environmental, Social and Governance (“ESG”) issues through the life cycle of all our portfolio companies, which include action to minimise the impact of our operations on the environment, as illustrated below.

ESG Activities within the Cairngorm Investment Process

The Cairngorm Capital Investment Process



Origination & Execution

Cairngorm does not invest in companies with activities that are inconsistent with Cairngorm's ESG principles for example:

- Weapons
- Tobacco
- Gambling
- Pornography
- Wildlife products
- Businesses generating income from countries subject to UN, EU or US sanctions

Investment opportunities are subject to ESG due diligence, tailored to address the typical risks applicable to the relevant business, industry and sector. ESG issues highlighted in the due diligence process are shared with Cairngorm's Investment Committee for evaluation prior to completion of each platform investment and Cairngorm staff work with our portfolio company management teams to agree ESG improvement actions to be taken during the stewardship phase.

Stewardship

From the point of acquisition, we work closely with management to:

- Address ESG issues identified during due diligence process
- Include ESG opportunities in Onboarding and Value Creation Plans
- Develop, monitor and report on a progression plan through monthly board updates and annual ESG surveys

For some portfolio companies, an increased focus on sustainability may provide a competitive advantage, for example in the awarding of tenders. For other portfolio companies, sustainability may be less directly commercially relevant. Nevertheless, Cairngorm portfolio companies will remain open to opportunities to generate value in the long term by improving sustainability.

ESG Mindset

Cairngorm recognises that every portfolio company is at a different stage of maturity at the time of initial investment. Moreover, investing in a variety of markets and companies means a tailored approach is required. Nevertheless, all portfolio companies are expected to (1) include ESG considerations in their daily operations, (2) assess ESG progress during leadership meetings, and (3) participate in Cairngorm Capital's annual ESG survey. Cairngorm's aim is to support our portfolio companies to achieve high ESG standards by the point of exit by:

- Working to resolve most pressing ESG issues across their value chain and put plans in place to address associated risks and opportunities
- Regular reporting of ESG performance and
- Compliance with relevant legislations

Internal reporting

ESG performance is monitored on an ongoing basis and is discussed regularly at a Board meetings and portfolio reviews. Annual ESG surveys are undertaken by Cairngorm via a detailed questionnaire. Any identified ESG-related shortcomings are reported to the relevant Cairngorm Investment Team members and are discussed by the Investment Team and with Cairngorm's ESG Committee. Cairngorm's ESG committee also hosts discussion groups for portfolio's ESG representatives to share best practice, exchange first-hand experience and discuss individual companies' progress on ESG matters.

Exit

Preparing for an exit involves a review of a portfolio company's ESG agenda and performance, and whether vendor-led due diligence is appropriate. Portfolio company boards are aware of how positive ESG performance can assist with value maximisation at exit and as such, ESG consideration and planning as part of the wider exit process are generally important components Cairngorm's exit plans.

Continual Improvement

Cairngorm reviews its ESG practices and policies regularly, with some guidance from third-party consultants. The investment team receives regular advice, including from the ESG Committee and external consultants to assist them with their understanding and learning around ESG. The whole team is also required to undertake bi-annual compliance training, which includes bribery and corruption and money laundering risks.

Roles, Responsibilities & Reporting

Cairngorm's ESG Committee is led by the Managing Partner and includes senior members of the Investment Team, the Chief Portfolio Officer and Operations Director. The ESG Committee is responsible for the development, implementation and monitoring of ESG strategy. Investment Team members are active Board members at all portfolio companies and use their board roles to ensure ESG matters are considered and any issues addressed regularly at board meetings and quarterly investment reviews.

ESG updates are incorporated into the annual reporting to investors as part of the Annual General Meeting information presentation. Additionally, several of Cairngorm's portfolio companies are required to adhere to the reporting requirements of SECR within their statutory accounts.



Andrew Steel - Managing Partner

Disclaimer

Sustainability is only one of many considerations that Cairngorm Capital Partners takes into account when making investment decisions and managing assets, and other considerations can be expected in certain circumstances to outweigh sustainability considerations. The information provided on this site is intended solely to provide an indication of the sustainability principles, initiatives and standards that Cairngorm Capital Partners applies when seeking to evaluate and/or improve the sustainability characteristics of an investment as part of the larger goal of maximizing financial returns on investments. Accordingly, certain investments and strategies may exhibit characteristics that are inconsistent with the principles, initiatives, standards, or metrics described on this site.