



ESG & SUSTAINABILITY POLICY

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1. Introduction

Quadriga Capital aims to create lasting impact as a responsible investor. For Quadriga Capital, sustainability goes hand in hand with its responsibility towards investee companies and investors. The creation of positive lasting impact is the goal and a value driver that guides Quadriga Capital's investment decisions. The appropriate consideration of environmental, social, governance (ESG) and sustainability factors in its corporate activities, and daily interaction with their stakeholders are the means to reach it.

Quadriga Capital's commitment as a responsible investor is demonstrated by its longstanding status as a signatory of the UN Principles for Responsible Investment (UN PRI), the application of the Quadriga Capital ESG Impact Monitor and its recent signing of the IFC Operating Principles for Impact Management ("Impact Principles").

2. Scope and Objectives

The ESG and Sustainability Policy (the "**Policy**") applies to the investment partnerships managed by Quadriga Capital VI GP Limited ("**Quadriga Capital**") or advised by Quadriga Capital Eigenkapitalberatung GmbH ("**German Adviser**").

The Policy explains how Quadriga Capital approaches the integration of ESG and sustainability opportunities and risks into its decision-making process. Throughout the investment lifecycle, Quadriga Capital reports - internally and externally - on ESG and sustainability topics of its investee companies.

Additionally, the Policy guides Quadriga Capital in supporting investee companies to create value for stakeholders, society, and/or the environment, while enhancing investment returns in line with its fiduciary duty and return generating goals.

3. Governance

Quadriga Capital has the ultimate responsibility for its sustainable investment efforts. The Investment Review Committee provides advice to the Quadriga Capital Board of Directors on possible investments, thereby improving the quality and consistency of the decision-making process. Quadriga Capital monitors and reports on a quarterly basis on the integration of ESG and sustainability topics to its investors. Quadriga Capital and the investment team of the German Adviser monitor the mitigation or rectification of material ESG issues identified in the investment process.

The ESG/Impact team of the German Adviser coordinates the integration of ESG and sustainability across all investee companies and provides advice to Quadriga Capital. It develops and shares best practice across the portfolio and helps to systematise ESG in the investment process.

For its impact strategy Quadriga Capital has established an external Impact Advisory Board ("**IAB**") consisting of three external board members, who advise on and monitor ESG and impact in the investment process as well as during the entire holding period of an investee company.

4. Risk Management

Quadriga Capital defines ESG and sustainability risks in investments as an environmental, social, governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.



The investment team of the German Adviser is responsible for the ESG and sustainability process as described in section 5. The aim is to mitigate sustainability risks, create value by acting on ESG and sustainability opportunities and to gather from investee companies the relevant data to monitor and measure sustainability risks as well as to enable transparent reporting thereon.

5. Processes Integration

Quadriga Capital's investment process is divided into three phases: (i) the lead phase where potential investments are sourced;(ii) the execution phase where the due diligence is conducted and – after acquisition – (iii) the value creation phase. The table below illustrates how ESG and sustainability factors are integrated across these phases.

ESG and sustainability factors considered in the investment process and holding period

Investment Process			
	Lead Phase	Deal Phase	Value Creation Phase
Sustainability, ESG and Impact Integration	<ul style="list-style-type: none"> • Application of ESG exclusion criteria • Identification of ESG themes • Identification of thematic impact alignment 	<ul style="list-style-type: none"> • Due diligence on material sustainability and ESG factors to identify risks and opportunities • External ESG due diligence, questionnaire based on 85 ESG indicators • Identification and assessment of impact themes • Assessment of key impact metrics/KPIs 	<ul style="list-style-type: none"> • ESG Impact Monitor • Monitoring of >400 ESG indicators • ESG analysis by sustainability expert Hydrodata • Monitoring of impact metrics/KPIs based on relevant impact theme for investee company • Active ownership, sustainable ESG and impact value creation • ESG risk management • ESG incident • reporting
Responsible Parties	<ul style="list-style-type: none"> • QC ESG/Impact team, investment team 	<ul style="list-style-type: none"> • QC ESG/Impact team, investment team, external advisor, QC IAB 	<ul style="list-style-type: none"> • QC ESG/Impact team, investment team, external advisor, QC IAB

The following sections explain how Quadriga Capital integrates ESG and sustainability opportunities and risks in its investment process.



5.1 Sourcing and Avoidance

Quadriga Capital uses ESG and sustainability trends to identify investment opportunities.

Quadriga Capital avoids investment opportunities with unacceptable risks because of the products or services offered and/or the business' use of practices which cannot be remediated or managed through active ownership, or which are not compliant with supranational, regional or local rules.

Without the prior approval of the Advisory Panel, funds managed by Quadriga Capital shall not invest in companies which derive a significant proportion of their turnover from:

- (i) operating gambling establishments or websites;
- (ii) the development, production or sale of tobacco based products;
- (iii) the development, production or sale of weapons;
- (iv) human cloning;
- (v) pornography; or
- (vi) exploration for oil, gas or coal.

For the avoidance of doubt, this prohibition shall not preclude involvement with such sectors on a purely incidental basis, such as the sale of tobacco or lottery tickets by a supermarket group or the supply of automotive parts which may be installed in military vehicles.

Furthermore, Quadriga Capital avoids businesses engaging in the following practices:

- (vii) illegal or harmful practices that cannot be remediated through responsible ownership, and
- (viii) the deforestation or burning of substantial natural ecosystems for the purpose of land clearance.

Quadriga Capital follows relevant sanctions and laws promulgated by the United Nations, European Union, United Kingdom, United States and other governments or international bodies in jurisdictions in which Quadriga Capital operates (together the "**Sanctions Regimes**"). Therefore, Quadriga Capital also avoids investing in the following:

- (ix) businesses responsible for serious environmental damage or human rights violations, as defined by the UN Human Rights Declaration which cannot be remediated by responsible ownership and
- (x) businesses subject to sanctions by the Sanctions Regimes.

5.2 Due Diligence

Quadriga Capital requires an ESG and sustainability (impact) due diligence before an investment decision is made. Quadriga Capital aims to identify and assess the economic impacts of any significant harm caused by the potential investment's products, services or business practices as well as material ESG and sustainability factors or topics, as these are expected to be indicators of potential investment risks.



Quadriga Capital uses specialised external consultants for the ESG, sustainability and impact due diligence. This enables Quadriga Capital to obtain more information on industry standards, norms and benchmarks which the company should be benchmarked against. Depending on the materiality, ESG and sustainability risks and opportunities identified may be translated into value creation initiatives. These initiatives are implemented during the holding period as part of Quadriga Capital's active ownership.

Based on an ESG due diligence questionnaire material ESG and sustainability risks and sustainability factors identified will be prioritised according to the industry the potential investee company operates in. In case of significant harm, Quadriga Capital will not invest in such a target company. Other risks will be monitored and mitigated during the holding period.

5.3 Value Creation Phase

During the holding period, Quadriga Capital monitors ESG and sustainability factors using its existing governance structure: (i) the Quadriga Capital ESG Impact Monitor and (ii) integrating ESG and sustainability factors in its financial and risk management models. Quadriga Capital monitors all investee companies on an ongoing basis to ensure any potential ESG and sustainability issues are identified quickly. All investee companies are required to participate in the annual Quadriga Capital ESG Impact Monitor to report on their ESG and sustainability performance. The Quadriga Capital ESG Impact Monitor gathers comprehensive information about the status of planned, ongoing or recently completed ESG-relevant improvement measures based on over 300 ESG performance indicators.

As part of Quadriga Capital's board procedures, all investee companies' ESG and sustainability incidents must be reported.

5.4 Pro-active Engagement

Quadriga Capital's ESG and sustainability engagement approach is based on active ownership and the close collaboration with all parties involved. Quadriga Capital's representatives on the supervisory board of an investee company collaborate with the investment teams of the German Adviser and the ESG/Impact team to formulate and implement ESG initiatives by leveraging Quadriga Capital's ESG and sustainability experience and due diligence findings.

Post-acquisition, the investment team of the German Adviser conducts an ESG and sustainability onboarding with the senior management of the investee company that covers (i) an introduction to sustainability, ESG and impact, (ii) standard ESG and sustainability practices, (iii) case studies of ESG and sustainability value creation, (iv) risk management projects and (v) relevant reporting requirements.

In collaboration with the investee companies' management, the investment team of the German Adviser and the ESG/Impact team create an ESG and sustainability roadmap.

The progress is monitored with the Quadriga Capital ESG Impact Monitor as mentioned in section 5.4. Based on the results ESG and sustainability improvement measures are adjusted. The ESG/Impact team conducts periodic checks of the ongoing ESG and sustainability projects of investee companies and assesses whether adequate resources are being devoted to the material ESG and sustainability opportunities and risks. The ESG/Impact team ensures that the relevant Quadriga Capital bodies are informed and ESG and sustainability performance indicators are reported. ESG and sustainability data is provided to potential buyers during an exit process upon request.



6. Reporting

Quadriga Capital is a signatory to the UN PRI and therefore reports on the activities and progress made on ESG and sustainability integration in the annual UN PRI report.

Quadriga Capital also publishes an annual ESG Report detailing its aggregate performance on ESG and sustainability indicators and progress made in further developing ESG and sustainability.

Quadriga Capital provides to its limited partners and other stakeholders an ESG and sustainability update in the quarterly and annual reports. When possible, Quadriga Capital also reports on the link between its investments' products or services, ESG and sustainability projects and their impact on the Sustainable Development Goals as well as Quadriga Capital's contribution to achieving the underlying targets using adequate metrics and performance indicators.