

EMK Capital
Responsible
Investment Policy

I. Our approach to responsible investment

EMK Capital aims to achieve transformational growth and build world-class businesses that are leaders in their markets. We believe that to build market-leading businesses, we must strike a balance between driving short-term financial gain and establishing the fundamental components of long-term success. Our value creation strategy is to build companies that will not only stand the test of time, but that are stalwarts of a more sustainable future economy.

We accomplish this by integrating sustainability considerations into our investment practices at every stage of the investment lifecycle. Three core principles serve as the foundation for our decision-making:

1. **Value creation** by identifying operational efficiencies and strategic opportunities
2. **Value protection** through risk management protocols to reduce exposure to environmental, social, or economic-related risks and hazards
3. **A net positive impact** on the environment and society by consciously considering how we can amplify the positive impacts of our activities and minimise negative externalities

This approach aligns with our fiduciary duty and our obligations as responsible investors. We believe that by embedding these principles into our investment practices and engaging our investee companies to innovate to deliver a more sustainable future, we enhance financial value by building businesses that are more resilient, competitive, and purpose-driven.

II. Purpose and scope

This document guides our behaviour to investing responsibly by setting out an approach and roles and responsibilities. It outlines the firm's commitments with regards to the integration of sustainability factors into the investment process and should be read in conjunction with our Sustainability Policy, which provides more details on EMK's sustainability-related commitments. This includes consideration of negative and positive impacts of EMK's investment decisions on sustainability factors.

This Policy applies to all entities under the EMK umbrella, including the Funds it advises and all EMK employees, who are expected to be aware of the contents of this Policy and the expectations and procedures it contains.

III. Adherence to international standards and conduct codes

EMK is committed to aligning with industry initiatives that promote high standards of responsible behaviour among the international investment and business communities. The firm became a signatory of the UN Principles for Responsible Investing (UN PRI) in 2017. We commit to adopting and implementing the six principles as a cornerstone of our fiduciary duties. This Policy also reinforces EMK's commitment to Article 3 of the Sustainable Finance Disclosure Regulation (SFDR), which covers the integration of sustainability risks, and Article 4, which covers the consideration of principal adverse impacts.

In addition, the firm leverages, and is influenced by, several additional initiatives' guidance and frameworks that promote responsible investment and sustainability practices in private markets.

These include but are not limited to:

- a. UN Global Compact (UNGC)
- b. UK Sustainable Investment and Finance Association (UKSIF)
- c. Universal Declaration of Human Rights
- d. The International Labour Organization (ILO)
- e. UN Guiding Principles on Business and Human Rights
- f. initiative Climat International (iCI)
- g. The Taskforce for Climate-related Financial Disclosures (TCFD)
- h. The Taskforce for Nature-related financial Disclosures (TNFD)
- i. ESG Data Convergence Initiative (EDCI)

IV. Integrating sustainability considerations across the investment lifecycle

a) Pre-investment

Sustainability due diligence is conducted for every platform investment at the appropriate stages ahead of acquisition to ensure alignment with Fund requirements, screen out deals which fall into our portfolio or fund level exclusions, and to assess the sustainability-related risks, impacts, and opportunities associated with the investment. For deals brought to the Investment Committee, a summary of the due diligence findings is included in the Investment Committee Memoranda in a dedicated Responsible Investment section, which must be reviewed, appraised, and formally signed off by the Head of Responsible Investment.

For bolt-on acquisitions, sustainability considerations are also expected to be incorporated into due diligence. A bolt-on is deemed “significant” — and therefore subject to the same review, appraisal, and sign-off process described above on a case-by-case basis relative to the following conditions:

1. Entry into a new geography
2. Entry into a new sector or market segment
3. Size of the new acquisition relative to the platform

b) Ownership

Any critical sustainability-related issues and mitigating actions uncovered during the pre-investment stage are incorporated into the 100-day plan. We aim to onboard all companies to EMK’s Sustainable Business Transformation Programme (SBTP), which puts in place the enabling foundations for sustainability leadership, within the first 12 months of ownership. The SBTP is underpinned by a toolkit of proprietary and third-party resources and platforms that the Responsible Investment team leverages to support and monitor companies.

c) Exit

When the management and deal teams start to consider exit timing, a report in the form of vendor due diligence documentation is compiled to demonstrate sustainability performance, milestones achieved, and the value that has been protected and created during the ownership period.

d) Exclusions

EMK will not invest in any companies which draw more than 10% of their revenue from any of the following industries:

- 1) the manufacturing, distribution or sale of weapons or armaments;
- 2) pornography or the sex industry;
- 3) products and services that promote the termination of life;
- 4) the manufacture, distribution, or sale of tobacco; or
- 5) the establishment or operation of casinos or any form of gambling.

In addition, EMK does not invest in companies where we are aware that there is engagement in illegal activities. We also avoid investing in activities contravening the UK, EU, USA, and/or UN Trade Sanction Lists and companies that contravene the UN PRI and UNGC principles as well as the OECD Guidelines for Multinational Enterprises. This implies that, unless a clear resolution for these issues is identified and executed as part of the investment strategy, we do not invest in companies that:

- 6) fail to respect internationally recognised human rights, including those outlined in the UN Guiding Principles on Business and Human Rights;
- 7) do not uphold fundamental labour rights, either directly or through their supply chain, including failing to provide fair wages, decent working conditions, and the freedom of association, or that engage in forced labour, modern slavery, or child labour;
- 8) engage in discriminatory practices based on race, gender, ethnicity, religion, disability, sexual orientation, or any other protected characteristic;
- 9) violate anti-corruption laws and fail to implement effective anti-bribery and corruption controls in line with global best practices such as the OECD Anti-Bribery Convention;
- 10) operate in non-compliance with industry-specific standards, regulatory requirements, or best practices, thereby exposing stakeholders to financial, operational, or reputational risks;
- 11) fail to comply with applicable environmental, health and safety, ethical, and social legislation, including obligations related to climate change, pollution control, biodiversity protection, and occupational health and safety;
- 12) do not meet basic animal welfare standards, including companies that engage in practices involving unnecessary harm, cruelty, or inhumane treatment of animals, particularly where higher-welfare alternatives exist in line with internationally recognised frameworks such as the OIE Terrestrial Animal Health Code and EU Animal Welfare Standards; or
- 13) are involved in the manufacture of internationally prohibited or otherwise widely recognised controversial weapons, including anti-personnel landmines, cluster munitions, chemical or biological weapons, and certain nuclear weapons system.

V. Reporting on our approach to responsible investment

EMK commits to reporting on its performance as a responsible investor to its key stakeholders in the form of an annual Responsible Investment Report. This will be made publicly available on our website.

In addition, EMK also commits to disclosing material sustainability-related incidents to LPs¹. An incident is deemed material if it has a materially negative impact on EMK's value creation such as:

- A fatality or serious injury
- Potential to cause significant reputational damage
- Product safety incidents which could harm customers or result in product recalls or boycotts
- Major cyber security breaches and data loss
- Events such as fraud, bribery, corruption, trade union action, environmental pollution/leak which could pose a threat to the operation of a company and its licence to operate

VI. Oversight of our approach to responsible investment



EMK expects that the Board and executive management team of each portfolio company oversee the sustainability strategy and performance of the organisation. Each company is also required to identify a sustainability lead with whom EMK's Investment Team and Responsible Investment team can collaborate.

¹ The timing of disclosure of material sustainability-related incidents may need to reflect legal discovery and proceedings and their impact on the company's commercial interests.

Policy approved by: Edmund Lazarus, Managing Partner and Mark Joseph, Managing Partner

Policy owner: Eva Vogt, Partner and Head of Responsible Investment

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This Policy will be reviewed and updated annually.