



QUADRUM
CAPITAL

THE ABILITY TO
GROW SUSTAINABLE
BUSINESS



Quadrupole Capital recognises the influence we have on our planet and the people living on it. We perceive this influence as a responsibility and opportunity to aim to have a positive impact on our planet and shape a sustainable society to set the stage for current and future generations. Our team and the family of Quadrupole Capital portfolio companies are devoted to seize this opportunity and drive value creation, spurred by our intrinsic motivation and acting from the belief that in this way, we can best serve the interests of our stakeholders. From 2021 onwards, Quadrupole Capital formalises this commitment into its investment life cycle, with this policy serving as a way to further illustrate how.

Quadrupole Capital's Commitment

Our perspective on Responsible Investment

For us as investment professionals, Responsible Investment means to actively challenge portfolio companies and provide them with a toolkit to integrate Environmental, Social and Governance (ESG) principles into operations. Core to this belief is fostering entrepreneurship – the responsibility lies with the entrepreneur or portfolio company. Through dialogue between our team and the portfolio companies, we focus on improving ESG maturity to minimise sustainability risks and to create sustainable and long-term value. As a signatory to the Principles for Responsible Investment (PRI), Quadrupole Capital endorses and embeds the established six principles¹.

Objectives and key priorities

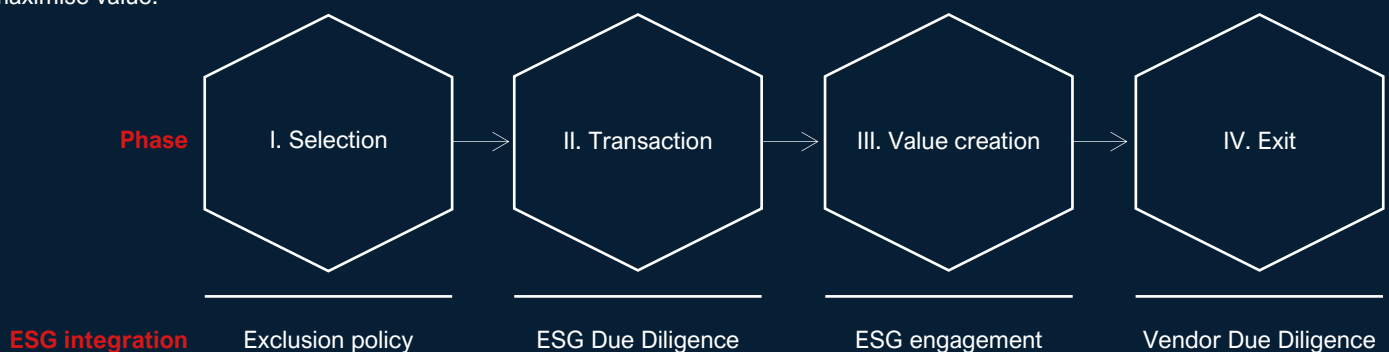
Quadrupole Capital has integrated ESG in its investment cycle with the objective of creating high-performing, resilient companies that over time may have a positive contribution to the planet and society. Building on dialogue with stakeholders, such as investors and portfolio companies, our team nurtures the idea of helping companies establish a self-sustaining ESG management approach.

We aim to promote stewardship towards integrating Responsible Investment and ESG principles within the private equity industry. Therefore, Quadrupole Capital provides its ESG Policy and annual ESG reports to investors and shareholders.

Due to our established geographical presence, predominantly in Western Europe, environmental issues are most pressing². We support the goals set out by the 2015 Paris Agreement and inspire our portfolio companies to proactively tackle energy and climate-related regulations and measure progress in line with the Greenhouse Gas Protocol accounting standards.

ESG in Practice

From 2021 onwards, Quadrupole Capital formalised ESG principles into the entire investment process, from the selection and transaction phase to the value creation and exit phase, for all active funds. This way of working ensures that relevant ESG factors are continuously and structurally managed by both Quadrupole Capital and its portfolio companies to minimise sustainability risks and maximise value.



I. Selection

As one of the aspects to consider in the overall due diligence, the investment teams assesses whether companies are willing to build

¹ <https://www.unpri.org/>

² The Conversation, Nature Sustainability



resilience and drive positive change, whilst maximising value. Potential outstanding ESG performance is not the sole determinant of our investment decisions. Notably, to exclude any sustainability risks related to these areas, Quadrum Capital has a negative screening strategy and excludes business activities related to tobacco, pornography and controversial weapons in its investment scope, due to the unethically and the related negative exposure to our planet and society. Additionally, we are highly critical of investing in fossil fuels, nuclear energy, and industries with exposure to animal exploitation. If we choose to invest in such sectors, stricter ESG reporting requirements are included in the respective fund's terms and conditions.

II. Transaction

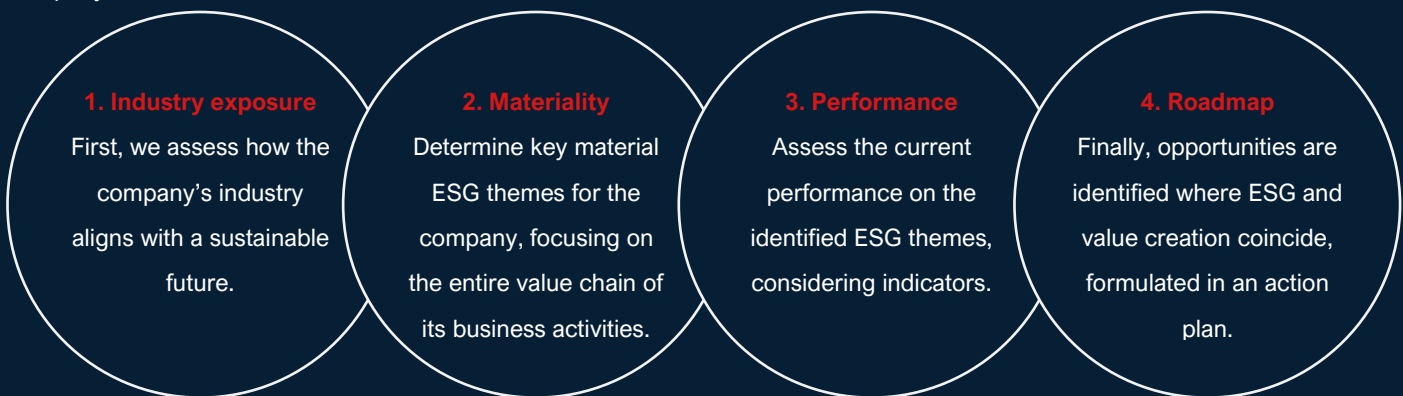
We systematically perform an ESG Due Diligence for all potential investments to identify ESG-related risks. The ESG Due Diligence highlights how the company can mitigate such risks and benefit from value creation opportunities. The main findings of the ESG Due Diligence are summarised in each investment memorandum presented to the relevant governance body. The governance body weighs ESG performance and the future potential of investments in the decision-making process. Based on material risks detected in the ESG Due Diligence, a short-term action plan could be incorporated in the post-acquisition plan.

III. Value creation

During the ownership period (value creation phase), we conduct an annual ESG assessment touching upon underlying environmental, social and governance themes, among others:



We apply a four-step framework³ to best capture ESG risks and opportunities in an annual Sustainability Report for each portfolio company:



IV. Exit

Our goal in the exit phase is to have provided companies with the right tools and skillsets to develop an ESG management approach that they can independently maintain. During the divestment period, if deemed relevant we can provide an ESG Vendor Due Diligence to the new shareholder(s) to highlight the ESG improvement realised at the portfolio company.

Roles & responsibilities

Our ESG team involves employees from various functions and levels of seniority within Quadrum Capital. They oversee the implementation of the ESG policy, handle specific ESG issues identified in the investment process, and provide support to investment managers in case of ESG-related events.

³ Developed by an external ESG specialist (MJ Hudson ESG & Sustainability) and aligns to several internationally recognised reporting frameworks and standards such as SASB, PRI, and the Greenhouse Gas Protocol



Investment teams within Quadrum Capital actively support their respective portfolio companies in the annual ESG monitoring & reporting cycle. Our team regularly receives training on Responsible Investment and ESG aspects to be able to provide their portfolio companies with the necessary skills and context to have a high-quality conversation on the topic of ESG. Within our portfolio companies, the board of directors and the company management are responsible for realising targets set in the annual ESG review process.

Practice what you preach

As an entity ourselves, we are also committed to improving our own ESG performance. Quadrum Capital is included in the annual ESG review cycle to measure and monitor our impact and act accordingly.

Quadrum Capital encourages diversity and inclusion in each area of operation. We present integrity and respect in our practices and policies and adhere to applicable local and international standards and regulations.

Information on EU Sustainable Finance Disclosure Regulation

Sustainability risk policy

Quadrum Capital coheres to the definition of sustainability risk as described in Article 2(22) of the Regulation (EU) 2019/2088 (SFDR): “an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment”. Following Article 3(1) of the SFDR, Quadrum Capital considers sustainability risks in the investment decisions of funds. Please refer to the paragraphs above for a further substantiation on how Quadrum Capital integrates the sustainability risks in its investment decisions.

Principal adverse impact statement

Quadrum Capital does not consider the principal adverse impacts of its investment decisions on sustainability factors in accordance with Article 4(1)(a) of Regulation (EU) 2019/2088 (SFDR) because Quadrum Capital had on average less than 500 employees during the last financial year and given its size, Quadrum Capital considers it not proportionate – in terms of investment in time, costs and capacity and in light of the complexity involved with it - to provide the detailed information in accordance with Article 4(2) of the SFDR. Quadrum Capital will periodically reconsider this decision and the reasons behind it. There may be reasons why Quadrum Capital decides to issue a principal adverse impact statement in the future, for example if this is required by participants, as a result of changes in legislation and regulations or if the investment policy of a specific fund is adjusted.

Remuneration policy in relation to the integration of sustainability risks

Compliance with Quadrum Capital's ESG policy regarding the integration of sustainability risks into the investment decision-making process can be part of the assessment of the performance of Quadrum Capital's management, as defined by Article 5 of the Regulation (EU) 2019/2088 (SFDR).