

## Introduction

Cap10 Partners LLP (“Cap10”) is a pan-European private equity firm providing creativity and capital to under-appreciated businesses. We invest in companies headquartered in Western Europe with an enterprise value between €100m to €500m in sectors / themes with which we are familiar and where we are the logical investor.

We seek out businesses with an underlying societal purpose which are aligned with the UN Sustainable Development Goals, but where the situation they are in, or the transaction dynamic, is complex. Our primary focus is on public infrastructure solutions, niche industrials, essential consumer needs, health, pharma and wellbeing, and mission-critical business services. We aim to bring an active partnership to our investments to drive transformative change across the whole value chain. This includes relevant Environmental, Social and Governance (ESG) aspects, which have not been a priority before our investment, and which are often a driver for creating value. We do not always take majority positions but will always invest so as to have the ability to meaningfully influence key decisions.

## Vision Statement

Cap10 believes that every responsible person (be it an individual or a legal entity) should care deeply for the entire ecosystem within which it operates ensuring a sustainable and meaningful future for everyone. This is anchored on the fundamental belief that humans are firstly “social and moral beings”, and interdependent with the natural habitat they live and work in. Within this context, Cap10 believes that a **societal purposeful** approach (i.e. an approach that takes into account society at large) is integral to all its activities, including its investments and operations.

Our societal purposeful approach is part of our core principle of “doing what is right, in the right way”. It starts with how we want to consider and behave towards others (“**People first**”), but also addresses our overall ecosystem and how we intend to interact with it. As such, responsible investment is core to our firm’s **values** and ambitions: to build and grow world-class sustainable and purposeful businesses with the highest standard of ethics, integrity, fairness, and transparency - which in turn acts in the best interest of all (including our investors).

## Commitment

We are committed to investing responsibly and ESG and ethical considerations are integral to our investment decisions, the way we manage our portfolio companies, and how we operate as a firm. To demonstrate this, Cap10 has made a number of commitments:

- We commit to advancing the realisation of the UN **Sustainable Development Goals** through our investment strategy.

## Our approach

Cap10 considers that private equity with its long-term horizon and freedom from short-term reporting goals is naturally aligned to investing responsibly. How capital can be set to work to deliver ‘meaningful outcomes’ for all stakeholders forms the basis of our operations, investing decisions and the stewardship of our portfolio companies.

Our approach firstly looks at the alignment of the business with purpose-based outcomes, using the UN SDGs as the lens through which to assess this. The UN SDGs are a call to consciousness and action to ensure that all people enjoy peace and prosperity on a protected planet. Then we seek to ensure that our investments both do the right thing (in terms of making a positive contribution to the wider

ecosystem in which they operate) and do it the right way (which for us is about acting at all times with authenticity, integrity, and fairness). In this way we intend our investments to be a catalyst of change for good. We have developed an ESG Framework which focuses on three key areas:

- **Purpose:** understanding and articulating the wider societal purpose and impacts of the business and setting strategy to maximise the positive benefits
- **Values:** embedding integrity, transparency and fairness throughout governance and operational practices
- **People:** impacts on employees, customers, workers in the value chain, wider community and society and facilitating transformative partnerships between them

This is intended to help us to engage with our portfolio companies at every stage of our investment cycle and concentrate on the material issues, which are most likely to contribute to the effective transformation of the business.

We do not consider this policy to be a ‘finished product’, but rather it remains a work in progress as striving for excellence and continuous improvement are some of our key principles. Accordingly, as we continue to reflect on how we can best positively contribute to our ecosystem, we will continue to adapt this policy, and improve our investment and management practises. We have consulted with, and will continue to work with, experts in the field as we constantly challenge the status quo and seek to create real impactful change through our considered investing approach and allocation of capital.

## Implementation of the Responsible investment Policy

### Pre-investment

We look to invest in complex business situations where the underlying products and services often address key societal needs. Pre-investment we **screen all potential investments** to ensure we only invest in companies that are in line with our core values and approach. We will not invest in companies including (but not limited to) those which are linked to:

- An illegal economic activity (meaning any activity which is illegal under the laws or regulations applicable to Cap10)
- The production and trade of tobacco products
- The production of any weapons and ammunition
- The production or distribution of pornography
- Illegal access to electronic data networks and associated data that cannot be remedied by the time of the Fund’s investment
- Businesses solely acting as operating companies in primary industries (extraction, agriculture, oil & gas, timber)
- Gambling
- Any other activities which (in our opinion) conflict with our core values or which we feel is exploitative of vulnerable customers, communities, or habitats

As with any analysis – financial, operational, managerial - we adopt a systematic and informed approach when analysing the environmental, social and governance influences of a business. Whilst we do have checklists that help guide us, we place a strong emphasis on identifying and understanding the impact and opportunity to improve that are specific to that business.

If a company passes our pre-investment screening, it goes through **our due diligence process** to carefully assess the material ESG risks and opportunities for the specific company and the key areas

on which to engage with management teams post-investment. The findings from the due diligence are reported in our investment committee papers and are an integral part of our investment decision-making process.

With a robust discussion on these topics at each stage of the Investment Committee process, we are then able to build a plan based around the most relevant issues for that particular business and demonstrate how by addressing them we can create or protect value. This is key to ensuring that we have an action plan ready to go for when the deal closes, and we can move forward with our strategy of delivering meaningful change and exploring the significant potential highlighted in our analysis.

### **Active ownership and stewardship**

Cap10 believes that sustainable long-term success for business only comes from aligning all stakeholders and creating a 'win-win' environment that respects the needs of all. This drives behaviour to create positive relationships throughout the value chain and with the wider community. We actively engage with our portfolio companies, throughout the investment lifespan, to promote sustainable business practices thereby enhancing long-term value. Our stewardship approaches are detailed here.

Although our portfolio companies are very different and face different challenges, there are some consistent practices we put in place to help them navigate their approach to creating sustainable long-term success:

- We support CEOs to articulate the societal purpose of the business and make it an integral part of the business strategy.
- We ask our management teams to develop a sustainability plan *as part of our 100 day process* addressing the material issues identified in due diligence and setting targets to address the key areas of purpose, values and people and any other relevant ESG issues for that business (such as culture and engagement, building partnerships across the value chain, energy consumption and reduction, employee wellbeing, or supply chain resilience) to meet the aim of doing business in the right way.
- We put relevant issues on the board agenda for regular monitoring, and through our seat on the board, we keep management accountable for fulfilling their societal purpose as part of the strategy and for delivering on the sustainability plan through regular review. We aim to align management's financial incentives with sustainability targets.
- This is an ongoing conversation and is as important a part of our business review process as evaluating commercial, operational, or financial considerations.
- The setting of goals that reflect our commitment to sustainability is key as is monitoring progress and providing ongoing support. We ensure that management's remuneration is designed to reward achievement within these goals.

The core ESG issues outlined below are regularly considered throughout the investment process. Outside of these we also explore ESG risk and opportunities which are unique to individual Portfolio Companies.

### Environmental Management

At Cap10, we will work with Portfolio Companies to understand opportunities to improve environmental management performance and unlock the potential for value creation. Areas covered include:

- compliance with local and international environment laws and standards;
- efficient use of energy, water, manufactured products and natural resources;
- reducing the production of waste and promoting the benefits of reuse and recycling;
- avoiding the use of scarce materials, incidents of pollution and negative impacts to biodiversity;
- maximising opportunities in the use of cleantech and renewable energy.

### Social Issues

We strongly believe in promoting and developing sound labour and human rights practices by working with our Portfolio Companies. This includes, but is not limited to:

- compliance with local labour laws and standards including adherence to minimum wage and working hours legislation;
- developing and maintaining health and safety and wellbeing policies and standards;
- a commitment to equal opportunities, avoiding discrimination based on age, race, gender, religion, sexual orientation or disability;
- compliance with international conventions on human rights;
- supporting the elimination of the use of child labour;
- maximising product/service safety and quality;
- developing and supporting employees through structured education, training, and skills programmes;
- engaging positively with local communities.

### Corporate Governance

Strong governance is at the heart of what we do at Cap10. It enables us to maintain the defensibility of the businesses we invest in whilst giving us the platform from which to drive the transformation change that we seek in our investments. Examples of strong governance that we seek to establish at Portfolio Company level include:

- the formation of a monthly Steering Committee;
- Appointment of a board level director responsible for ESG matters
- formalised delegation of actions from the board and clear definition of powers;
- the establishment of Anti-Bribery and Corruption policies and Codes of Conduct;
- the development and advancement of internal control systems, procedures and standards;

### Collaboration, Escalation & Conflicts of Interest

Cap 10 may collaborate with other investors where it makes sense to do so and where the overall impact may be greater than if Cap 10 were to act alone.

Cap 10 will consider escalation techniques where initial stewardship efforts have been unsuccessful. This will seek to address any barriers to the company implementing ESG efforts.

- Firstly, where we determine a company does not have the required expertise to implement new ESG requirements, the first priority will be to ensure all staff are adequately trained and supported.
- Where a portfolio company is not willing to make changes, we will first encourage peer review of successful ESG implementation and reiterate the value-add gained from successfully integrating ESG throughout a company.
- Following on from this we will seek to reinforce any requests at a board level and, in the event this is unsuccessful, we will engage with majority shareholders and seek to replace obstructive management team members.

From time to time, potential or actual conflicts of interest may arise as a result of implementing responsible investment approaches or engaging with investee entities. At all times, Cap 10 recognizes its fiduciary duty to our investors and acts in the best interest of our clients. Any potential or actual conflicts that arise are handled in line with our Conflicts of Interest Policy.

### **Disclosure and reporting**

Transparency and openness are crucial if we are to be held to account by ourselves, our investors, and the wider stakeholder community. We want to set goals that are aligned with the stated SDG intentions and to report progress in a manner that is accessible and focused, where our commitment to impactful change can be tested, challenged and improved.

We will require our portfolio companies to provide us with regular and suitable ESG disclosure to enable us to monitor and actively manage the material ESG factors identified for each company. We report annually to our investors on the ESG performance of the portfolio.

### **Governance and implementation**

It is the responsibility of every member of the investment team to ensure that our responsible investment approach, including the emphasis on societal purpose, are integrated at each stage of the investment cycle. ESG training needs for team members are reviewed bi-annually and appropriate training is provided on an at least annual basis to ensure that colleagues have the knowledge and tools they need to comply with this policy. Annual performance reviews and appraisals will include a review of the extent to which this policy is understood and implemented for each member of the investment team, and this will help to inform remuneration decisions. Part of the parameters set to establish remuneration will include ESG criteria.

Along with the founding partner, the COO/CFO forms part of the ESG committee and is responsible for ensuring implementation of this policy and its compliance across the firm.

This policy has been updated and approved by Cap10 LLP's Operating Committee on 19 February 2026. The ESG Committee will review this Responsible Investment Policy periodically.

[Appendix 1 – Cap10 ESG framework](#)

# ESG Framework



Purpose	Values	People
<b>Societal purpose:</b> articulate and action the <b>societal purpose</b> of the business and its place within the business strategy	<b>Ethics and Integrity:</b> promote and exercise the highest standards of business conduct and personal behaviour	<b>Culture:</b> create great culture to attract and retain talented and diverse employees who can deliver on the business purpose
<b>Partnerships:</b> grow the business in a way that creates benefits throughout the value chain	<b>Fairness:</b> carry out business in a manner which treats stakeholders and society fairly	<b>Care throughout the value chain:</b> conduct business in a way which respects and considers people throughout the value chain, both end-users and workers in the supply chain
<b>Impacts on the environment:</b> manage and improve the environmental footprint of the business	<b>Transparency:</b> be open and honest in communications with all stakeholders	<b>Impacts on communities:</b> manage the relationship between the business and the communities in which it operates and those which it impacts

# ESG Framework | Purpose practices



Articulate a broader 'purpose' for portfolio company's existence beyond pure economic considerations

Take effective action to embed portfolio company's purpose into its operations and strategy

Act in a manner to promote fair business relationships with its suppliers and customers, and seek outcomes that benefit all parties

Manage and minimise energy usage and emissions; and promote using renewable energy sources

Take action to avoid and reduce negative environmental impacts

Manage biodiversity loss, hazardous waste, water usage and emissions

# ESG Framework | Values practices



Have robust policies to promote ethical practices which are regularly reviewed

Have robust separation of functions and delegated powers, structured risk management processes and effective board oversight

Clear policies regarding anti-bribery & corruption matters, and codes of conduct (incl. conflicts of interest)

Keep data secure and complies with GDPR

Have robust cyber-resilience procedures and data protection compliance

Act in a fair and transparent way towards all stakeholders

Be open, honest, timely and fair in all communications

Put policies in place to foster transparent & structural communication

# ESG Framework | People practices



Align incentives to promote the fulfilment of purpose and fair sharing of company success

Use tools to measure engagement and develop a culture to enhance engagement

Support and encourage a healthy and happy workforce

Be a place where people want to work

Recognise and reward talent in an open, transparent and fair way

Provide decent work and opportunities, at the real living wage (as set out by the Living Wage Foundation) or above

Promote a diverse workforce, inclusive environment and provide opportunity for development to all

Monitor the diversity of the workforce (including the board) and commit to closing the gender pay gap

Consider safety, fairness and wellbeing of end users throughout the product / service lifecycle

Responsible sourcing and procurement, screening, selection, monitoring and engaging with suppliers on their environmental and social impacts

Build relationships and partnerships/play an active role where relevant with local communities and/or with business forums, to demonstrate reputation as a good neighbour/business

Board actively considers and monitors KPIs that include responsibility towards wider stakeholders