

Sustainable Investment Policy

Graphite Capital is a leading investor in mid-market companies in the UK, investing in a multi-sector portfolio in which we seek to add value, resilience and sustainability as we support business growth and generate financial returns.

We are committed to integrating the sound management of ESG factors into all aspects of our business, across every stage of the investment lifecycle, working to avoid or minimise negative impacts, while we maximise positive impacts and outcomes for society, the environment and the economy. We have been actively engaged in addressing ESG issues since 2008 and have continually developed our approach since then.

This policy sets out our commitments to sustainable investment, which we are applying across all our funds and business undertakings:

Our commitments

- To integrate ESG factors into the lifecycle of each of our investments, using defined processes and systems to ensure a consistent approach.
- To take account of our stakeholders' perspectives and priorities in making investment and business decisions.
- To equip our team with the tools, guidance and confidence to be advocates for sustainable business practices within our investments, as well as our wider business community.
- To engage with the management teams of our portfolio companies to promote and support active ESG management and the adoption of relevant standards and good practice.
- To stimulate action on impacts related to climate change, on and by our investments, including risks and opportunities inherent in the transition to 'net zero' and a low-carbon economy.
- To further other global ESG initiatives, such as diversity and inclusion and the adoption of the UN Sustainable Development Goals, across our investments.
- To promote the highest standards of governance, business ethics and compliance, both within our own undertakings and those of our investments.
- To keep our business practices aligned to the Principles of Responsible Investment, the Ten Principles of the UN Global Compact and other important global sustainability frameworks.

Climate change

We recognise that climate change is one of the most important issues facing the global community today. That is why we have specifically committed to the following:

- If not yet measured, all our portfolio companies will measure scope 1 and 2 emissions within 12 months of acquisition, regardless of their size or sector; and
- In aggregate, we aim to reduce the aggregate carbon intensity of the portfolio of our next fund by 20% during our hold period.

We invest in companies for growth and expect that their operations will expand and headcount will increase under ownership. To take account of this, carbon intensity will be measured as tCO₂e per £m of revenue.

We encourage all our portfolio companies to actively work towards reducing emissions further.

Integration of ESG into our investment lifecycle

We have adopted a Sustainable Investing framework to guide us in addressing a wide range of ESG matters within our investment processes.

During the pre-investment phase we:

- Create an ESG profile of each prospective investment, using an online pre-investment screening tool to assess the target company's ability to address material ESG matters;
- Identify risks and opportunities to be addressed under our ownership, taking into consideration the sector and geographies in which they operate (which may lead us to decline investment opportunities where ESG risks or concerns are too great);
- Undertake further in-depth due diligence, usually performed by a specialist third party, should we identify material risks at the pre-investment screening stage (this may also lead us to decline investment opportunities where ESG risks or concerns are too great); and
- Plan our engagement with the management team on ESG-related risk and value creation, with short-term actions executed immediately post deal and longer-term actions put on the board agenda and value creation plan.

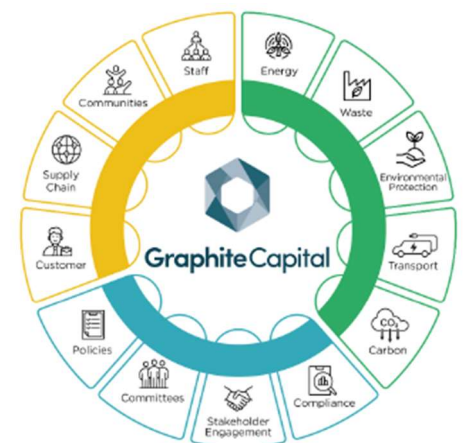
During the investment phase we:

Initially:

- Use our governance role to engage with and support management teams to develop and maintain ESG action and improvement plans, including ensuring a Sustainability Officer (or equivalent) is appointed;
- Onboard each company (within 12 months of ownership), to a sustainability impact measurement platform;
- Within each of the categories shown opposite, we interrogate our investments' performance and ambitions including across their governance, leadership, workforce, supply chain and ecosystem. We review each organisation's social, environmental and ethical policies, procedures, product and/or service standards;
- In addition to understanding the company's current sustainability status (the 'Actual' score), the online platform allows our portfolio companies to define their sustainability objectives (the 'Ambition' score);

After 12 months:

- Make ESG and sustainability, and the companies' progress against their objectives, a board agenda item;
- Ensure that the identified ESG risks, ESG opportunities and ESG incidents are reported to the board and to us, promptly and regularly;
- Engage with each company's CEO and board members to assess their current score and set new targets. The resultant 'Ambition' rating provides the basis for a strategic 'Sustainability Roadmap'. The scores are dynamic and can be updated continuously, allowing the organisation to track progress. Scores can both rise and fall in line with this; and
- Take stock annually, with senior management teams presenting to Graphite's Investment Committee.



At exit we:

- Assess progress and achievements in relation to the material ESG matters we identified pre and post deal; and
- Present an analysis of value creation, future opportunities and conclusions in an exit review paper.

Reporting on ESG

Graphite Capital gathers ESG KPIs annually across the portfolio. We report under the EDCI (ESG Data Convergence Initiative) and issue an Annual Sustainability Report. A summary of ESG outcomes and progress is also presented at our Annual General Meeting (AGM).

Policy implementation and review

The Board of Graphite Capital is committed to the implementation of this policy and to providing the resources and support required. We will review its efficacy and applicability on an annual basis.

DATED:

July 2025