

Overview

Purpose

The Environmental, Social and Governance (ESG) Policies outline Lightrock's commitment to addressing ESG challenges at our own operations and that of our portfolio companies.

Summary

The ESG Policies outline Lightrock's policies across environmental, social and governance matters, and the related Business Principles Undertakings directed at portfolio companies.

Scope

While most applicable to investment teams responsible for advising on or managing investments throughout the investment process, these policies generally apply to all Lightrock staff. The general investment recommendation process is described in the Investment Process Manual. ESG Management is described in the ESG Manual. Impact Measurement & Management (IMM) is described in the Impact Process Manual.

Responsibility

Lightrock's Global Impact & ESG Function is responsible for keeping this document relevant and up to date.

Definitions

EHS	Environmental, health and safety
ESG	Environmental, social and governance
IC	Investment committee
IFC	International Finance Corporation
ILO	International Labor Organization
ISO	International Organization for Standardization
KPI	Key performance indicator
MS	Management system
OECD	Organization for Economic Co-operation and Development
SASB	Sustainability Accounting Standards Board
SFDR	Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088)
UN	United Nations

Environmental, Social and Governance Policies

Version 1.4

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1 ESG Commitment

1.1 Introduction

Lightrock is a global private equity platform that backs purpose-driven entrepreneurs tackling the world's biggest challenges. Lightrock facilitates or advises on investments with the objectives of providing investors with attractive market-oriented financial returns and measurable social and/or environmental impact.

At Lightrock we believe that by integrating Environmental, Social and Governance (ESG) considerations into the management of our portfolio companies we can deliver enhanced value for all stakeholders. Far from limiting returns, we are convinced that integrating ESG opens an array of possibilities for achieving desired returns and contributing towards the attainment of a better and more sustainable world.

1.2 ESG Policies

Lightrock's ESG Policies describe its efforts to ensure sustainable and responsible business standards, considering ESG matters. The following policies outline Lightrock's commitment to addressing ESG challenges at Lightrock's operations and that of its portfolio companies.

Environmental Policy

- Lightrock aims to reduce its environmental footprint and that of its portfolio companies by acknowledging and managing the impacts of operations on the environment, promoting the efficient use of resources, and implementing measures to avoid pollution.
- As part of Lightrock's investment strategy, the Lightrock team will favour investments in companies that are solving environmental challenges through their business model or stand out due to their management of impacts of their operations on the environment.

Social Policy

- The wellbeing of communities is at the heart of Lightrock's mission. Lightrock will actively seek to advise on investments in businesses that share Lightrock's commitment towards a more prosperous society.
- In conducting its business, Lightrock remains objective, consistent, fair, and transparent with all stakeholders. Lightrock treats all its employees and contractors fairly, respects their dignity, well-being, and diversity.
- Lightrock attains safe and healthy working conditions for its employees, consultants and contractors and safeguards the health and safety of all those affected by its operations.
- In equal measure, Lightrock promotes and expects that its portfolio companies equally acknowledge and act upon the impact of their operations on the wellbeing of employees, consumers, suppliers, and surrounding communities.

Governance Policy

- At Lightrock, staff conducts Lightrock's business with the highest legal and ethical standards and Lightrock requires no less from its portfolio companies. Lightrock's decision-making process seeks to ensure its investments are framed and operated in alignment with the highest business integrity principles and that good corporate governance practices are adopted and improved through the holding period of the advised investment funds and vehicles.
- In conducting its business and through its portfolio companies, Lightrock and its teams are committed to complying with applicable laws and regulations and fostering transparency and accountability.

1.3 Business Principles Undertaking

Given its impact-oriented investment approach, Lightrock seeks to promote sustainable and responsible business standards in the companies in which Lightrock facilitates investments or advises investing in. Lightrock recognizes that not every business will be in full compliance with its ESG objectives and policies at the date of investment. In such cases, Lightrock teams will work with the portfolio company to develop a corrective action plan that seeks to achieve compliance with clear deliverables in reasonable time frames, taking into consideration the risks and opportunities specific to that business and its size and resources. Regardless of the status of compliance prior to investment, the company and the

sponsor shall ensure that the company and its subsidiaries (whether acquired before or after the date of initial investment) shall adopt and comply with Lightrock's ESG Business Principles and requirements as follows.

1.3.1 Applicable ESG Requirements

- Comply with all applicable local and national ESG Laws.
- Comply with the relevant ESG standards set forth by IFC, The World Bank, ILO, OECD, and the UN, as specified in the legal investment documents, and operate in accordance with good international industry practices, where such requirements are more rigorous than those established under any applicable national ESG Laws.
- Implement all pending actions to achieve compliance with the requirements set out in the ESG corrective action plan within the timeframes set out therein, and any subsequent corrective actions identified post-investment.
- Use best efforts to implement the ESG value creation plan.
- Take all reasonable steps in anticipation of either known or expected material future changes to the Applicable ESG Requirements.

1.3.2 Working conditions and labour rights

- Not employ or make use of forced labour in accordance with ILO Convention No. 29 (Forced Labour) and ILO Convention No. 105 (Abolition of Forced Labour).
- Not employ or make use of child labour in accordance with ILO Convention No. 138 (Minimum Age) and ILO Convention No. 182 (Worst Forms of Child Labour).
- Pay wages which meet or exceed industry or legal national minima.
- Not discriminate in terms of recruitment, progression, terms and conditions of work and representation, on the basis of personal characteristics unrelated to inherent job requirements, including gender, race, colour, caste, disability, political opinion, sexual orientation, age, religion, social or ethnic origin, marital status, membership of workers' organizations, legal migrants, or HIV status (unless positive discrimination is permitted by law and is intended to address a historical imbalance).
- Adopt an open attitude towards workers' organizations and respect the right of all workers to join or form workers' organizations of their own choosing, to bargain collectively and to carry out their representative functions in the workplace in accordance with ILO Convention No. 87 (Freedom of Association and Right to Organize) and ILO Convention No. 98 (Right to Organize and Collective Bargaining).
- Provide reasonable working conditions including a safe and healthy work environment, working hours that are not excessive in accordance with ILO Convention No. 1 (Hours of Work (Industry)) and clearly documented terms of employment, respecting any collective bargaining agreements that are in place or (where these do not exist or do not address working conditions) conditions established, by collective agreement or otherwise, for work in the trade or industry concerned in the area where the work is carried out.
- Provide an appropriate grievance mechanism that is available to all workers and where appropriate other stakeholders, and which includes grievances brought by those affected by the operation of the company and its subsidiaries.
- Implement policies and procedures for, and encourage, the reporting of wrongdoing and misconduct by staff, employees, and contractors in their dealings with each other or with third parties that includes protection for the reporter and appropriate disciplinary action for anyone found to harass the reporter.
- In the case of any partial or complete subcontracting instance of works, monitor and supervise that the contracting parties also comply with the working conditions and labour rights principles and requirements set out in this section.

1.3.3 ESG Management System

- Develop, implement, maintain, and continuously improve an appropriate ESG Management System according to IFC Performance Standard 1 to identify, assess and manage the company's environmental, social and governance risks and impacts in accordance with the Applicable ESG Requirements.
- Appoint an ESG officer to be responsible for the implementation, operation, and maintenance of the ESG Management System. Satisfactory to the Investors, different officers may be responsible for different aspects of the ESG Management System.
- Ensure continuous and effective Board supervision of the company's ESG performance.

1.3.4 Environmental and social improvement

- Take account of the impact of its operations and seek to ensure that potentially harmful occupational health and safety, environmental and social effects are properly assessed, addressed, and monitored.
- Adopt practices, products, and services with a potential for positive environmental and social impact.

- Encourage the efficient use of natural resources especially with respect to the company's core business activities, products, and services.
- Promote the protection of the environment.

1.3.5 Business Integrity

- Uphold high standards of business integrity and honesty.
- Adopt and implement policies and practical procedures to prevent extortion, fraud, bribery, corruption, and financial crime in accordance with local law requirements and international best practice, including anti-bribery and corruption (UK Bribery Act), as well as anti-money laundering and combating the financing of terrorism best practice.
- Properly record, report, and review financial and tax information and adopt internationally recognized accounting standards satisfactory to the Investors.
- Establish corporate governance practices appropriate to the size and nature of the business.
- Deal with regulators in an open and co-operative manner.
- Use information received from its business partners only in the best interests of the business relationship and not for personal financial gain by any worker.

1.4 General Exclusion List

Lightrock will refrain from investing in companies that are involved in business activities that make part of our General Exclusion List (see Appendix). Additional investor requirements may be incorporated into investment vehicle-specific exclusion lists, in agreement with LPs, provided they are consistent with Lightrock's ESG Policies.

1.5 Alignment with International ESG Standards

Lightrock's ESG MS has been developed based on and hence primarily aligns with the IFC Performance Standards and related IFC Guidance Notes, as well as The World Bank's Group EHS Guidelines:

- The [IFC Performance Standards on Environmental and Social Sustainability](#) provide international benchmark for identifying and managing environmental and social risk and therefore providing structure and guidance on how to identify risks and are designed to help avoid, mitigate, and manage risks.
- The [IFC Guidance Notes](#) offer helpful guidance on the requirements contained in the Performance Standards, including reference materials, and on good sustainability practices to improve performance, helping clients fulfilling their roles to understand the standards.
- [The World Bank Group Environmental, Health, and Safety \(EHS\) Guidelines](#) provide technical guidelines with general and industry-specific examples of good international industry practice to meet IFC's Performance Standards.

Other international ESG standards that have been considered or drawn on in the development of the ESG MS include:

- [International Labour Organization \(ILO\) Conventions](#)
- [OECD Guidelines for Multinational Enterprises](#)
- [UN Guiding Principles on Business and Human Rights](#)
- [UN Principles for Responsible Investment](#)
- [Value Reporting Foundation: SASB Standards](#)
- [ISO Standards](#)

Given Lightrock's diverse investment activities across regions, markets, and company stages, the relevance and adoption of different international ESG standards may vary across specific regions and investments and their consideration and application in ESG processes, tools, and documentation.

1.6 Sustainable Finance Disclosure Regulation (SFDR)

As an impact investment platform, Lightrock is committed to achieve long-term positive financial performance and promote a sustainable society and environment. In the context of SFDR, Lightrock pursues Sustainable Investment objectives and has adopted policies and procedures as described in this document and the ESG Manual, among others, seeking to integrate ESG events and conditions into its investment recommendation process as well as the evaluation and monitoring of portfolio companies. For more information, please visit the [SFDR Information Statement](#) on the Lightrock website (www.lightrock.com).

Appendix: General Exclusion List

- Production or activities involving harmful or exploitative forms of forced labour¹ / child labour²
- Activities that directly or indirectly violate human rights as defined by the United Nations Universal Declaration of Human Rights
- Production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
- Production of or trade in weapons and munitions
- Production of or trade in alcoholic beverages (excluding beer and wine)
- Production of or trade in tobacco
- Gambling, casinos, and equivalent enterprises
- Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora
- Production of or trade in radioactive materials³
- Production of or trade in or use of unbounded asbestos fibres
- Production of nuclear energy
- Mining and trading of lignite or hard coal and power plants substantially fuelled by coal
- Prospecting, exploration and extraction of oil from oil shale, tar or oil sands
- Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest
- Production of or trade in products containing polychlorinated biphenyls
- Production of or trade in pharmaceuticals subject to international phase outs or bans
- Production of or trade in pesticides/herbicides subject to international phase outs or bans
- Production of or trade in ozone-depleting substances (ODS) subject to international phase-out
- Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 kilometres long)
- Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples
- Involuntary resettlement of people, households, firms or private institutions⁴
- Production, distribution, or trade in pornography and/or prostitution
- Trans-boundary trade in waste products, except for non-hazardous waste destined for recycling⁵
- Marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine net fishing, harmful to unwanted vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats.
- Destruction⁶ of High Conservation Value areas⁷
- Racist and/or anti-democratic media
- Production or trade in wood or other forestry products other than from sustainably managed forests
- Plantation projects that would require the removal of existing non-degraded natural forest

¹ Forced labour means all work or service not voluntarily performed that is extracted from an individual under threat of force or penalty.

² Child labour means the employment of children whose age is below the statutory minimum age of employment in the country of the Portfolio Company and employment of children in contravention of International Labour Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

³ This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment where the Investment Committee considers the radioactive source to be trivial and/or adequately shielded.

⁴ "Involuntary resettlement" means any permanent or temporary impact on any people, households, firms or private institutions ("affected persons"), being any of (a) an adverse effect on their standard of living, (b) their right, title or interest in any house, land (including residential, commercial, agricultural, forest, and/or grazing land), water resources, or any other movable or fixed assets being acquired, possessed, restricted or otherwise adversely affected, in full or in part, permanently or temporarily or (c) their business, occupation, place of work or residential or habitat being adversely affected, with or without displacement, in each case as a result of any of (i) an acquisition of land and other fixed assets (ii) a change in use of land or (iii) restrictions imposed on land in each case arising from an Investment.

⁵ As defined by the Basel Convention. See www.basel.int

⁶ Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

⁷ High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>)

- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial-scale use of hazardous chemicals (applicable to micro finance activities)