



## ESG Policy

In this ESG policy, we formalize our motivations to integrate ESG considerations and principles of responsible investment into our investment process. This policy applies to Strada Partners 0 and Strada Partners I and subsequent funds, and to all affiliated companies where a fund managed by Strada Partners has a majority stake, as well as to Strada Partners' own operations.

Strada Partners' funds classify as financial products that promote environmental and/or social characteristics, but do not have sustainable investments as their objective. The funds are generally oriented and promote environmental and/or social characteristics in the sense that the funds aim to invest in companies that grow responsible businesses, focus on having a sound governance and comply with minimum social and environmental safeguards, including those concerning labour rights, human rights, anti-bribery and environmental protection. "Responsible investment" is integrated in the investment process by taking measures in respect of investment screening, due diligence, monitoring, holding, reporting and exiting.

### **1. Our beliefs & DNA**

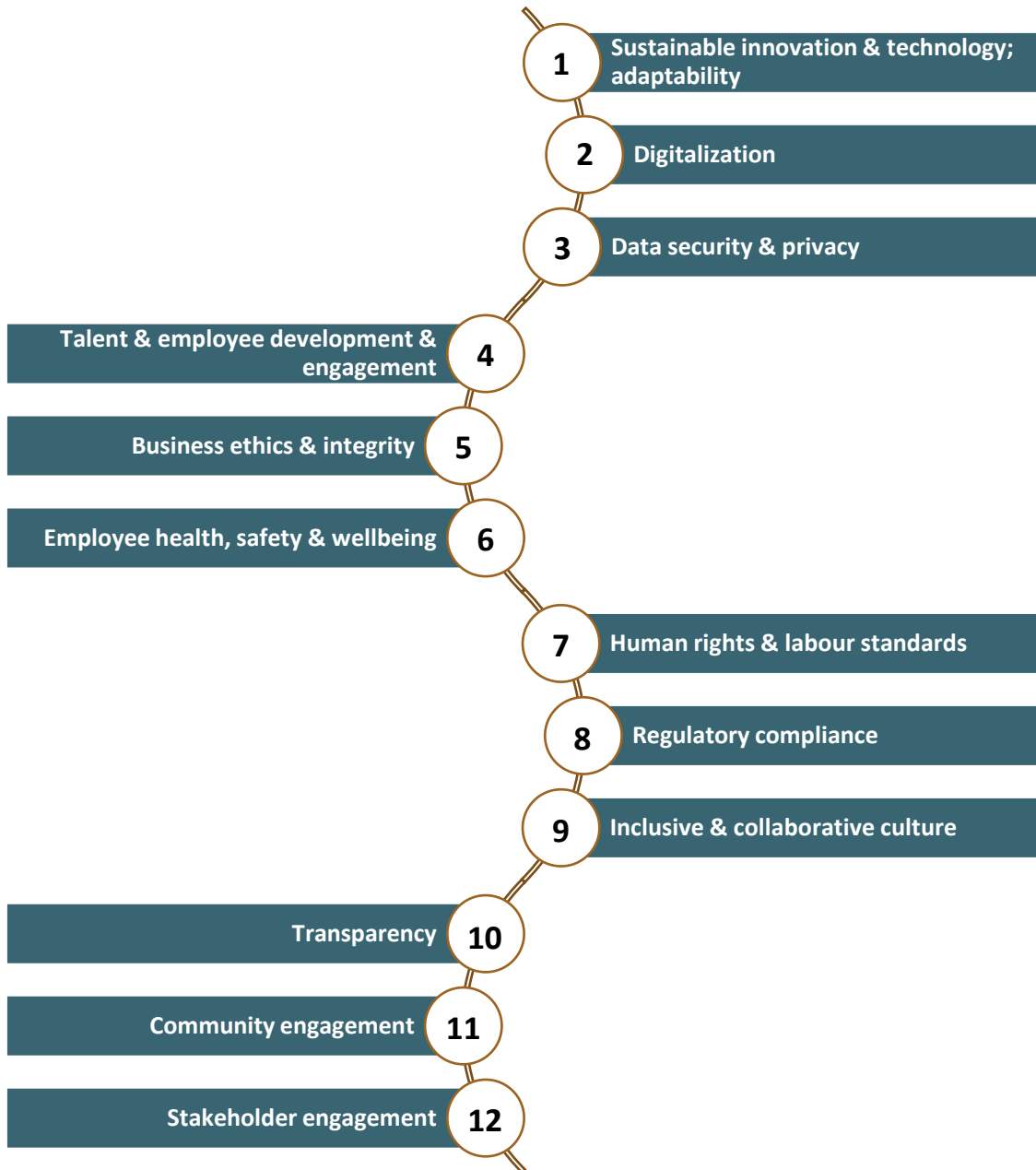
At Strada and at our companies, we care about a sustainable, safe, healthy and fair environment for all. We believe that environmental and social issues can only be solved with business as part of the solution, and we feel a deep responsibility to contribute. We are convinced that focus on sustainability not only mitigates risks but is fundamental to long-term value creation and future-proofing of the companies we work with. Foremost with the aim of driving positive change and creating real impact.

Environmental: footprint (travel & fleet), waste, energy consumption, carbon emissions, resources management, server use, data centers, e-waste

Social: Education & learning, health & safety, wellbeing, anti-discrimination, diversity & inclusion, talent management

Governance: compliance with general good governance, GDPR & privacy, cybersecurity, data security, personal safety, continuity of systems, integrity & transparency, use of personal data, AML, corruption

Our ESG DNA:



## 2. Frameworks

Besides our commitment to integrate ESG principles into our own operations, we want to promote these principles within the broader private equity sector. We are a signatory to the United Nations Principles of Responsible Investment ([PRI | Home \(unpri.org\)](https://www.unpri.org)). Our Compliance Manager Phaedra Beyers is a member of the Belgian Venture Capital and Private Equity Association's ESG Committee ([ESG Committee - BVA](#)), and we have a dedicated ESG intern who assists our portfolio companies with their ESG trajectory.

We nurture an ESG strategy focusing on the UN Sustainable Development Goals on which we can have a direct impact.



We are a member of Level20 ([Home - Level20](#)), an international organization aiming to enhance diversity & inclusion in the private equity industry, as well as a dedicated supporter of Lignaverda ([Lignaverda • Let's Make The Desert Green!](#)), a Belgian organisation fighting against climate change, land degradation and rural poverty.

With the dedicated SFDR e-tool of Cambrian ([Cambrian - Lawyers, advisors, strategists](#)), we have mapped out the framework of our article 8 fund classification which formed the basis of our broader ESG policy. For our annual ESG reporting and the preceding data collection, we are working together with the ESG software



tool Wequity ([Wequity - Your assistant for ESG & Compliance questionnaires](#)). The metrics and KPI's we have defined in cooperation with Studio D ([STUDIO D \(studiodee.be\)](#)) and Wequity are fully in line with the ESG reporting standards of Invest Europe ([ESG reporting template](#) | [ESG reporting standards guide](#) | [Invest Europe](#)).

For the coming years, we are looking for ways to engage us in terms of continuous learning, for instance by mentoring students from a less favourable background and also opening our internships to a less obvious audience.

### 3. Positive impact vs risks

Thanks to our investment focus on software, tech & healthcare, we already have a big positive impact on society and the environment by nature.

For the "E":

- Automation software and software that leads to efficiency gains leads to less transportation of customers and employees;
- Massive reduction of print and paper use due to automation solutions (e.g.: digitizing files, reducing receipts);
- Software and applications replace an existing process and application that is much more material-intensive. This leads to less use of raw materials.

For the "S":

- Software solutions increase employee involvement and engagement with customers (e.g.: self-planning and changing shifts, self-planning of training budget);
- Software solutions increase the wellbeing of customers' employees (e.g.: higher flexibility in terms of scheduling, enabling more remote working);
- Software solutions in the field of recruitment can contribute to greater diversity in job applications.

For the "G":

- Software solutions in the field of good governance and business processes can ensure a lower risk of business conduct malpractice.

In addition to this *natural* impact, we also naturally engage in guiding our portfolio companies with regard to ESG topics, by the kind of hands-on and involved investor we strive to be:

For the "E":

- Working with our portfolios on being the best in class in terms of energy consumption, server use,



e-waste, etc.

For the “S”:

- Assisting in appointment of C-level and board members; assisting in broader recruitment (also thanks to our broad fellow network);
- Setting up expert sessions for our portfolio companies;
- Creating high-quality jobs;
- Paying particular attention to wellbeing and diversity of workforce;
- Emphasizing the importance of continuous learning, training & personal development.

For the “G”:

- Professionalising board & management reporting and keeping track of budget, strategy & focus;
- Risk management with strong focus on cybersecurity.

On the other hand, the main ESG risks we have identified and are striving to improve in the coming years are the following:

- Limited diversity within the boards of directors of IT companies;
- Server use, data centers and computing power have high energy consumption;
- Talent management & retention;
- Cybersecurity risks;
- Lack of the necessary checks and control mechanisms and policies to combat fraud, bribery, money laundering or corruption practices;
- Insufficient knowledge and compliance with regulations.

**4. Process**

Deal sourcing

We do not invest in companies or activities outlined in our exclusion list:

- Thermal coal
- Tobacco
- Armaments
- Oil & gas
- Oppressive regimes
- Adult content
- Alcohol



- Animal testing
- Gambling
- Nuclear power
- Palm oil

In addition, unfair working conditions, serious pollution and flagrant breaches of good governance practices are specific ESG-related controversies that automatically disqualify a potential investment.

### Due diligence

Strada starts assessing the ESG risks associated with potential investments during the due diligence phase with an ESG DD Questionnaire that is based on the *Guide to ESG Due Diligence for Private Equity GPs and their portfolio companies*, as published by Invest Europe ([External resources | Invest Europe](#)). When sustainability risks are identified, they will be discussed within the Investment Committee.

We will incorporate ESG issues into investment analysis, valuation models and decision-making processes.

### Investment cycle

We believe that transparency is essential for developing trust and long-term partnerships with our stakeholders. For this reason, each portfolio company is committed to report annually on a number of predefined ESG metrics. The data collection and output is professionalized by the Wequity software tool.

By consolidating the various inputs of our portfolio companies and the Strada funds, we aim to present our shareholders and stakeholders with an annual ESG report.

Strada's Operations & Compliance Manager Phaedra Beyers is in charge of the reporting process and works closely with dedicated ESG responsible teams within the portfolio companies.

### Divestment and Exit

ESG management at exit will be vital in highlighting growth opportunities, maximising brand value, meeting investor expectations and in securing the reputational health of a firm.

We will work with the company to-be-exited towards an ESG report showing the ESG improvements year over year and the areas to be improved. To quantify the impact of the ownership on company value, goals and KPIs used to monitor ESG performance can be compared to industry benchmarks and to the goals and KPIs set at the time of implementation.



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## SUSTAINABLE DEVELOPMENT GOALS

