

Product name: Draycott II, Fundo de Capital de Risco Fechado

Legal entity identifier: Draycott - SCR, S.A.

Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of sustainable investments with an environmental objective: _____%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of sustainable investments with a social objective: _____%

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It promotes E/S characteristics, but will not make any sustainable investments



What environmental and/or social characteristics are promoted by this financial product? The main environmental characteristics promoted by the financial product are energy transition and responsible consumption and production. Some of the social characteristics promoted include decent work, job creation, employee education / training and talent management, as well as community impact.

➤ **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

Among others, we highlight the following indicators:

- GHG emissions

Os indicadores de sustentabilidade medem a forma como são realizadas as características ambientais ou sociais promovidas pelo produto financeiro.

- Energy consumption intensity
- Renewables adoption
- Recycling
- Health & safety policy
- Absenteeism
- Average salary
- Mechanisms in place to solve labor issues
- Internal code of conduct
- Anti-corruption & fraud policy
- Cybersecurity policy
- ESG Governance

- What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable. The fund promotes E/S characteristics, but will not make any sustainable investments.

- How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?

- Not applicable. The fund promotes E/S characteristics, but will not make any sustainable investments.

- How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable. The fund promotes E/S characteristics, but will not make any sustainable investments.

- How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

Not applicable. The fund promotes E/S characteristics, but will not make any sustainable investments.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.



Does this financial product consider principal adverse impacts on sustainability factors?

Certain significant adverse impacts are considered as exposed here, but not all, as described in Annex I of Regulation EU/2022/1288.



What investment strategy does this financial product follow?

Draycott invests in small and medium companies, in various sectors, searching for investment opportunities that promote sustainability and/or have not only improvement potential related to ESG, but also willingness to walk that path with Draycott. Draycott prefers family-owned companies, with potential to create value through management professionalization, market consolidation, geographic expansion and, ideally, exportation, as well as operational optimization and profitability improvements.

➤ What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?

Draycott commits the compliance with environmental and social characteristics promoted by this financial product, not only while selecting opportunities, but also throughout the entire investment cycle, namely through the following initiatives:

- Any investment opportunity is submitted to an ESG due diligence process, to assess its ESG maturity, quantify the most relevant environmental and social KPI, identify ESG risks and define an action plan to achieve the environmental and social characteristics promoted, still during the investment period;
- Draycott seeks investment opportunities that promote sustainability and/or have not only improvement potential related to ESG, but also willingness to walk that path. Additionally, it prohibits binding investments in sectors that do not comply with basic ESG requirements and/or are, in any way, unethical (see Draycott’s exclusions list). Effectively, Draycott can decide not to

advance with investments that do not respect the minimum requirements imposed;

- During the post-transaction period, the portfolio company has to define and approve an ESG policy, implement an adequate governance model, and define and closely monitor relevant ESG objectives. Whenever possible, senior management team's benefits are aligned with ESG priorities and goals, and green financing is secured;
- All the above is reflected in Draycott's Responsible Investment Policy (attached).

➤ What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

There is no minimum committed rate to reduce the scope of the investments considered prior to the application of that investment strategy.

➤ What is the policy to assess good governance practices of the investee companies?

Draycott verifies, during the due diligence phase, whether the potentially future portfolio companies have the following good governance mechanisms in place:

- ESG function attributed to any employee
- Internal ESG objectives
- Top management remuneration linked with ESG priorities
- Health and safety policy
- Internal code of conduct
- Supplier code of conduct
- Anti-fraud and anti-corruption policies
- Cybersecurity policy or strategy
- Data privacy policy

Depending on such diagnosis, Draycott defines an action plan to improve the company's performance during the investment period.

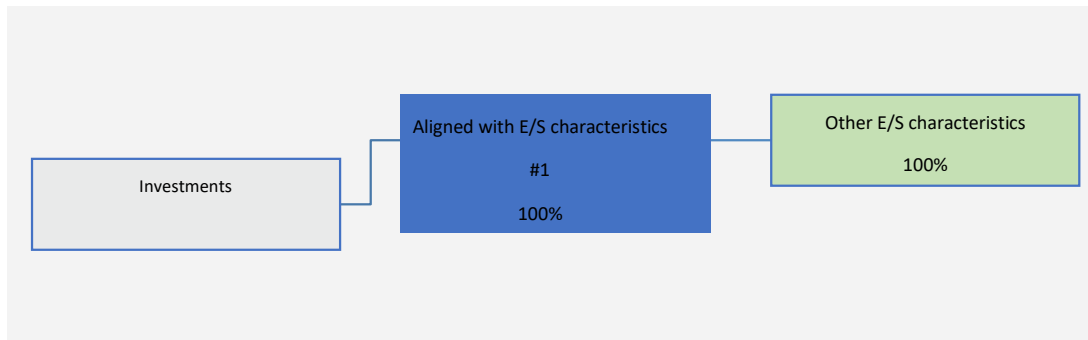


What is the asset allocation planned for this financial product?

100% of the investments will be aligned with E/S characteristics.

- How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

When derivatives are used for investment purposes, for hedging purposes or for efficient portfolio management, they are not considered to obtain the environmental or social characteristics promoted by the Fund.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable. The fund promotes E/S characteristics, but will not make any sustainable investments.

- Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?

No.

- What is the minimum share of investments in transitional and enabling activities?

The Fund does not have a minimum share of investments in transitional and enabling activities, in the sense that it does not commit to a minimum share of investments environmentally sustainable in alignment with EU taxonomy.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable. The fund promotes E/S characteristics, but will not make any sustainable investments.



What is the minimum share of socially sustainable investments?

Not applicable. The fund promotes E/S characteristics, but will not make any sustainable investments.



What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

Not applicable.



Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

Not applicable. No specific index was defined.

- How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?

Not applicable.

- How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable.

- How does the designated index differ from a relevant broad market index?

Not applicable.

- Where can the methodology used for the calculation of the designated index be found?

Not applicable.



Where can I find more product specific information online?

More product-specific information can be found on the website www.draycott.pt.