

# DRAYCOTT

## RESPONSIBLE INVESTMENT POLICY

### A. PURPOSE

This document clarifies Draycott's approach to investing and actively managing its portfolio responsibly. It includes not only the environmental, social and governance (ESG) principles to which Draycott aspires, but also the procedures it has already implemented to achieve them.

Draycott is aware of the impact that investment decisions may have on society, and is truly committed to act responsibly, applying the highest ethical and business standards, namely in what concerns to ESG topics.

The key aspects that Draycott covers in each of the 3 ESG sub-categories are, among others, the following:

- Environmental: climate change; natural resource scarcity; eco-efficiency; emissions, water and waste management; pollution; deforestation;
- Social: respect for stakeholders' human rights; health and safety; labour conditions; diversity and equality of opportunities; fair treatment of each stakeholder, including customers and communities;
- Governance: legal and ethical conduct; transparency; integrity; corporate structure; accountability regarding each stakeholder; tax governance; cybersecurity.

Draycott believes that companies that are successful in avoiding ESG risks and capturing ESG opportunities will outperform in the long term, as they will be better positioned to deal with growing resource scarcity, consumer demands, and regulation, among others. Additionally, Draycott considers that such companies will achieve higher growth, cost savings and profitability in the long run, while strengthening their relationships with the stakeholders and improving their reputation.

The goal of this policy is to establish Draycott's approach to integrating ESG risks and opportunities, transversally to its investment cycle. The principles expressed in Draycott's Policy of Conflicts of Interest prevail and should complement this document.

## **B. COMMITMENT**

Draycott is committed to investing responsibly by:

- Incorporating ESG considerations into Draycott's investment decisions and portfolio management practices;
- Transparently communicating Draycott's responsible investment approach, including goals and progress, monitored through Draycott's ESG scorecard;
- Collaborating with peers, organizations, and other stakeholders in order to shape the financial industry towards a more ESG-compliant future.

Furthermore, Draycott has a binding investment exclusion list, which prohibits investment in several sectors that do not comply with the firm's ESG criteria and/or are somehow unethical. Draycott's exclusion list is a contractual obligation and it includes any business involving violation of the Universal Declaration of Human Rights, significant damage of critical cultural heritage, destruction of High Conversation Value, anti-democratic media, radioactive materials, coal, oil and gas exploration, weapons and munitions, hard alcoholic beverages, tobacco, and adult entertaining, among others.

## **C. GOVERNANCE AND ACCOUNTABILITY**

This policy aims at defining Draycott's approach to ESG integration through the whole investment cycle across its portfolio. Although Draycott preferably opts for majority investments, its participation in portfolio companies varies. In companies in which Draycott maintains control, Draycott's Operations & Sustainability Team (Ops Team) will closely work with management teams in order to determine material topics and

integrate and monitor ESG issues, following major international standards and ensuring that each company clearly defines its own sustainability strategy. When Draycott has a minority stake, it will still be available to share its responsible investment policy and support the invested company in ESG topics.

The Board of Directors is responsible for the governance, formal oversight, accountability, and, when necessary, approval of any update to this policy, as well as the fundamental supplementary ESG policies and processes.

All personnel is required to acknowledge to have understood and agree to comply with Draycott's Responsible Investment Policy and all internal policies upon joining and annually thereafter. Every team member is aware of the firm's commitment to responsible investment, being therefore responsible to incorporate such principles in their daily activities and in participating in Draycott's joint efforts.

#### **D. TRANSPARENCY AND STAKEHOLDER ENGAGEMENT**

In order to ensure transparency regarding ESG topics, Draycott commits to reporting on its positioning and progress on an annual basis, either through informal updates or reports shared with investors.

Draycott supports the financial sector's efforts to achieve a more ESG-compliant future, and became signatory of Principles for Responsible Investment (PRI) in 2023. It is committed not only to implementing its six principles, but also to aligning its activities with the interests of a wider range of stakeholders. Additionally, Draycott is aligned with the UN Sustainable Development Goals, aiming at addressing the most major global challenges by 2030, with emphasis on 8: Quality Education, Affordable and Clean Energy, Decent Work and Economic Growth, Sustainable Cities and Communities, Responsible Consumption and Production, Climate Action, and Partnerships for the Goals

Draycott has published this Responsible Investment Policy on its website.

## E. ESG INTEGRATION

Draycott's ESG integration approach follows, for each investment, the following steps:

1. Due diligence:
  - Integrating ESG risks and opportunities in investment decision making within target group under analysis, including discussing with Draycott's Investors Committee, the ultimate responsible for the approval or rejection of a proposed investment;
  - Engaging with third-party ESG due diligence advisors, whenever possible;
  - Not advancing in investments that do not respect the minimum requirements according to Draycott's ESG scorecard;
  - Integrating ESG principles into offers and shareholders' agreements.
2. Policy (6 months post acquisition):
  - Defining and approving an ESG policy for each invested company, in line with both Draycott's responsible investing policy and the most relevant ESG hot topics in the sector;
  - Formalizing an adequate governance model in the invested company, either by creating a Sustainability Committee, or by assigning the sustainability responsibility to an internal function within the firm;
  - Whenever possible, aligning top management incentives with ESG priorities and goals.
3. Materiality and Action Plan:
  - Identifying material topics;
  - Providing ESG training sessions to management team;
  - Analyzing carbon footprint;
  - Setting actions, objectives and KPI for each material topic, to be included in both Value Creation Plan and 100-day Post-investment Plan;
  - Whenever appropriate, sustainability-linked financing is arranged, aligning interests through engagement with financial stakeholders on ESG factors.
4. Monitoring and Reporting:

- Monitoring the execution of the ESG action plan, ideally through quarterly and annual reporting;
- Ongoing ESG incident management.

#### 5. Exit

- Along with financial and other considerations, evaluating the responsible investment thesis of potential buyers when making exit decisions.

Draycott's Ops Team is available to engage with management teams of invested companies in what concerns addressing ESG risks and opportunities specific to its business or transversal to the entire portfolio.

## F. GENERAL GUIDELINES

Draycott is committed to keep developing its ESG approach, not only centrally, but mainly at the portfolio level, namely in what concerns the following:

### 1. Environment:

- a. Higher adoption of clean energy;
- b. Higher efficiency of operations, energy, water and paper wise;
- c. Minimization of the environmental impact of produced waste by increasing awareness about waste reduction, reutilization and recycling, promoting circularity whenever possible.

### 2. Social:

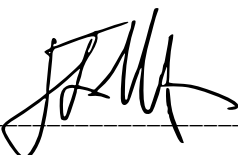
- a. Adherence to international norms related to human rights and working conditions;
- b. Tight monitoring of health and safety performance;
- c. Implementation of employee training and development plans;
- d. Implementation of ombudsman figure;
- e. Maximization of volunteering initiatives associated with local communities.

### 3. Governance:

- a. Ethical conduct;
- b. Risk assessment;
- c. Strengthening of cyber security and data privacy;
- d. ESG criteria in the selection and negotiation with suppliers.

**Date:** 25/10/2024

**Signature:**

A handwritten signature in black ink, consisting of stylized initials and a surname, is written over a horizontal dashed line.

(Responsible)