

## SUSTAINABILITY-RELATED DISCLOSURES

Draycott II – Fundo de Capital de Risco Fechado

Published in November 27, 2024 (version 1)

This disclosure applies to Draycott II – Fundo de Capital de Risco Fechado, registered at CMVM under the number 1920 (ISINs: PTJCBPIM0005, PTJCBQIM0004, PTJCBRIM0003 and PTJCBSIM0002) (the “**Fund**”) and is made pursuant to disclosures under article 10 of Regulation 2019/2088 of the European Parliament and European Council of November 27<sup>th</sup>, 2019, related to Sustainability-related Disclosures in the Financial Services Sector (“**SFDR**”).

### A. SUMMARY

#### **No sustainable investment objective**

This financial product promotes environmental or social characteristics but is not intended to achieve sustainable investment.

#### **Environmental or social characteristics of the financial product**

This financial product promotes both environmental and social characteristics throughout the entire investment cycle. The main environmental characteristics promoted include energy transition, responsible consumption and responsible production. Some of the social characteristics promoted include, but are not limited to, decent work, job creation, employee education / training, employee talent management, and community impact initiatives.

#### **Investment strategy**

Draycott’s investment strategy, detailed in its Responsible Investment Strategy (available on the website), promotes both environmental and social characteristics, namely, but not limited to, the following: during the pre-investment phase, application of exclusion criteria, preference for investment opportunities promoting such characteristics, execution of ESG due diligences and integration of ESG principles into offer documentation, including in shareholders’ agreements; during the investment phase, approval of ESG policies and implementation of adequate governance models, including the appointment of an ESG manager and monitoring of ESG indicators relevant to the Fund and according to its methodologies at every portfolio company, as well as adoption of an active engagement approach by Draycott.

### **Proportion of investments**

100% of investments of the Fund promote environmental and social characteristics, although without the commitment of realizing sustainable investment, as defined under SFDR, nor to be aligned with the screening criteria set under the EU Taxonomy.

### **Monitoring of environmental and social characteristics**

The monitoring of environmental and social characteristics is based on Draycott's Responsible Investment Policy, namely through execution of a series of activities, of which we highlight the assessment of ESG risks and opportunities during the ESG due diligence process, the assessment of the ESG performance of portfolio companies according to pre-defined ESG indicators, and Draycott's active involvement at the portfolio companies.

### **Methodology**

Draycott's methodology to assess ESG performance focuses on the monitoring of indicators throughout the portfolio of the Fund, allowing for a global overview together with a detailed view of each investment, in comparison to previous years and to industry benchmarking.

### **Data sources and processing**

Most ESG data is shared by the portfolio companies, at a first stage, during the ESG due diligence process and, at a later stage, on a semiannual basis. The data is analyzed both by the ESG manager at the portfolio company, the operations and sustainability team at Draycott and, whenever appropriate, specialized external consultants.

### **Limitations to methodologies and data**

The data collection depends on its preparation and reporting, which are both guaranteed through well-defined processes and, whenever necessary, direct support from Draycott's operations and sustainability team and external consultants. The established processes aim to mitigate any limitations on methodologies and data, without affecting the Fund's promotion of the environmental and social characteristics.

### **Due diligence**

ESG due diligence processes are executed by Draycott's investment, operations and sustainability teams, supported by specialized external consultants as needed, together with the portfolio companies' management teams.

### **Engagement policies**

Draycott prioritizes its engagement in any matter related to the correct management of its portfolio companies, namely in what concerns to sustainability. Consequently, among other initiatives, it secures its presence and direct vote responsibility for any

resolution or decision-making process at each portfolio company's general meeting and board of directors.

### **Designated reference benchmark**

No reference index was designated to assess environmental and/or social characteristics promoted by this financial product.

#### **A. NO SUSTAINABLE INVESTMENT OBJECTIVE**

This financial product promotes environmental or social characteristics but is not intended to achieve sustainable investment.

#### **B. ENVIRONMENTAL OR SOCIAL CHARACTERISTICS OF THE FINANCIAL PRODUCT**

This financial product promotes both environmental and social characteristics throughout the entire investment cycle. The main environmental characteristics promoted include energy transition, responsible consumption and responsible production. Some of the social characteristics promoted include, but are not limited to, decent work, job creation, employee education / training, employee talent management, and community impact initiatives.

#### **C. INVESTMENT STRATEGY**

This Fund promotes both environmental and social characteristics throughout the entire investment cycle, namely, but not exclusively, the highlighted in this document and detailed in Draycott's Responsible Investment Policy (available in its website).

In the **pre-investment phase**:

- application of exclusion criteria for investments that do not meet the minimum requirements imposed by the firm's exclusion policy, or mitigating criteria of high or potentially irreversible environmental, social or governance risks;
- preference for investment opportunities that promote the selected environmental and social characteristics and/or have improvement potential regarding such characteristics and willingness to work on such improvement with Draycott;
- execution of ESG due diligence processes to assess the ESG maturity of each potential investment, quantify the key performance indicators for environmental and social topics, identify the most relevant ESG risks and opportunities, and to define action plans to achieve the promoted environmental and social characteristics during the investment period;

- integration of ESG principles into offers and shareholders' agreements.

During the **investment phase**:

- definition and approval of an ESG policy and implementation of an adequate governance model at the portfolio company, including the nomination of an ESG manager, as well as the quantification and (at least half yearly) monitoring of ESG indicators;
- adoption of an active engagement approach, making Draycott's operations and sustainability team available to the portfolio company and being present at every resolution taken by shareholder and by the board of directors.

#### **D. PROPORTION OF INVESTMENTS**

100% of investments of the Fund promote environmental and social characteristics, although without the commitment of realizing sustainable investment, as defined under SFDR, nor to be aligned with the screening criteria set under the EU Taxonomy.

#### **E. MONITORING OF ENVIRONMENTAL OR SOCIAL CHARACTERISTICS**

The monitoring of environmental and social characteristics occurs based on Draycott's Responsible Investment Policy, namely through a series of activities, of which we highlight the following:

- assessment of ESG risks and opportunities during the ESG due diligence process, still in the pre-investment phase;
- assessment of the ESG performance of portfolio companies according to pre-defined ESG indicators, throughout the entire investment period;
- Draycott's active involvement at the portfolio companies, not only on a continuous basis, with bi-annual status points, but especially whenever an opportunity to improve the ESG performance or to mitigate a material ESG risk is identified.

#### **F. METHODOLOGIES**

Draycott's methodology to assess ESG performance is centered on monitoring indicators throughout the entire portfolio of the Fund, allowing for a global overview together with a detailed view of each investment, in comparison to previous years and to industry benchmarking.

The following indicators are collected and assessed to measure and monitor the environmental and social characteristics promoted by this financial product:

ESG	Indicator	Unit	Description
E	GHG Emissions Intensity (1, 2, 3)	tCO <sub>2</sub> /M€	Total production of greenhouse gas (GHG) emissions (scope 1, 2 and 3) / total turnover
	GHG reduction initiatives	Y/N	Does the company have GHG emissions reduction initiatives in place?
	Energy intensity	kWh/M€	Total energy consumption / total turnover
	Renewable energy use	%	Total renewable energy consumption / Total energy consumption
	Fuel intensity	m <sup>3</sup> /M€	Total fuel consumption / total turnover
	Electrified fleet	%	Electrical vehicles / Total fleet
	Water intensity	m <sup>3</sup> /M€	Total water consumption / total turnover
	Waste intensity	t/M€	Total waste production / total turnover
	Recycling	%	Recycled waste / Total waste produced
	Consumption reduction initiatives	Y/N	Does the company have initiatives to reduce energy consumption / fuel consumption / water consumption / waste production in place?
S	Total severity rate	%	Total number of accidents with leave (1+ days) / total number of accidents
	Voluntary employee turnover	%	Total number of employees voluntarily leaving the company / total workforce
	Employee absenteeism	%	Total number of actual absent days / total days scheduled to be worked by the workforce
	Average annual raise	%	Average annual salary variation within two consecutive years
	Gender diversity (total firm)	%	Total number of female employees / Total workforce
	Gender diversity (top management)	%	Total number of female employees in leadership positions / Total leadership team
	Pay ratio	%	Difference between average salary of male and female employees / Average salary of male employees

	Permanent Contracts / Total workforce	%	Total number of permanent contracts / Total workforce
	Training hours per employee	h	Total training hours / Total workforce
	Talent review	Y/N	Does the company have employee talent review tools or mechanisms in place?
	Ombudsman service	Y/N	Does the company have an Ombudsman service in place?
	Volunteering initiatives	Y/N	Does the company provide volunteering initiatives addressing the surrounding communities to its employees?
G	ESG function	Y/N	Does the company have the ESG function attributed to an internal manager?
	Internal code of conduct	Y/N	Does the company have an internal code of conduct in place?
	Supplier code of conduct	Y/N	Does the company have a supplier code of conduct in place?
	Health & safety policy	Y/N	Does the company have a health & safety policy in place?
	Anti-corruption and anti-bribery policy	Y/N	Does the company have an anti-corruption and anti-bribery policy in place?
	Environmental policy	Y/N	Does the company have an environmental policy in place?
	Cybersecurity policy	Y/N	Does the company have a cybersecurity policy in place?
	Data privacy policy	Y/N	Does the company have a data privacy policy in place?

## G. DATA SOURCES AND PROCESSING

Most ESG data is shared by the portfolio companies, at a first stage, during the ESG due diligence process and subsequently through interactions with the portfolio companies on a biannual basis. The data is analyzed both by the ESG manager at the portfolio

company, the operations and sustainability team at Draycott and, whenever possible, specialized external consultants.

Most data is either collected by the specialized external consultants together with the local ESG manager, or directly through the filling of Draycott's internal ESG due diligence questionnaire (based on Invest Europe's *ESG Due Diligence Questionnaire for Private Equity Investors and their Portfolio Companies*) by the company's ESG manager.

## **H. LIMITATIONS TO METHODOLOGIES AND DATA**

The data collection depends on its preparation and reporting, which are both guaranteed through well-defined processes and, whenever necessary, direct support from Draycott's operations and sustainability team and external consultants. The established processes aim to mitigate any limitations on methodologies and data, without affecting the Fund's promotion of the environmental and social characteristics.

## **I. DUE DILIGENCE**

The execution of ESG due diligence processes in the pre-investment phase allows the assessment of the ESG maturity of each potential investment, the quantification of the key performance indicators for environmental and social topics, the identification of the most relevant ESG risks and opportunities, and the definition of action plans to achieve the promoted environmental and social characteristics during the investment period. This due diligence, executed by Draycott's team, ideally together with specialized external consultants, results in a diagnosis that highlights the main ESG risks and opportunities, assesses how the ESG topics are integrated in the business, and identifies improvement opportunities to be addressed throughout the investment period.

## **J. ENGAGEMENT POLICIES**

Draycott promotes active engagement with the portfolio companies, namely through the following approach:

- Putting the investment team and the operations and sustainability team available to support relevant topics at the portfolio level, namely financial performance, risk management, strategy, value creation agenda and ESG performance, including reporting, among others;
- Specifically, executing ESG (at least) bi-annual status points;
- Securing Draycott's presence and direct vote responsibility for any resolution or decision-making process at each portfolio company's shareholders and board of directors meetings;

- Ensuring stakeholder engagement from the early stages in the investment period in any portfolio company, starting with the respective materiality assessment;
- Reporting to investors on a regular basis.

#### **K. DESIGNATED REFERENCE BENCHMARK**

No reference index was designated to assess environmental and/or social characteristics promoted by this financial product.