

# PATRIA

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## RESPONSIBLE INVESTMENT POLICY

### 1. INTRODUCTION

This policy sets up the general guideline on Responsible Investment at Patria and describes our commitment, considerations, and processes to ensure that environmental and social aspects are integrated in our governance, with the goal of leading investments that are sustainable in the long-term.

### 2. SCOPE

This policy is applicable to Patria and its controlled companies. We recommend that investee companies follow this policy, integrating sustainability factors into their culture and decision-making processes. This policy is also recommended to be considered, as good practice, by companies in which Patria holds non-controlling stakes.

Partners, employees, and any person working in benefit of Patria must comply with the guidelines set forth herein upon fulfilling their duties and endeavouring efforts to promote the policy and its objectives.

### 3. RESPONSIBLE INVESTMENT AND SUSTAINABILITY APPROACH

Patria is a sector specialist in alternative asset management with on-the-ground expertise everywhere Patria operates. Patria assesses trends to guide its direction, aiming at delivering consistent results for clients and creating long-lasting impact for stakeholders.

Patria has crafted a consistent investment strategy that meets the financial commitments and returns undertaken with our clients, considering the pillars of responsible investment. We seek sustainable and inclusive economic growth where we invest through our activities.

Patria observes the highest standards and guidelines for environmental, social, and governance, including the Universal Declaration of Human Rights, the UN Sustainable Development Goals, and the Paris Climate Agreement.

This policy is based on several globally recognised standards, including the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business

and Human Rights, the IFC Performance Standards on Environmental and Social Sustainability, and the UNPRI's Six Principles for Responsible Investment.

## 4. GOVERNANCE

We have a dedicated Responsible Investment and Sustainability team working closely with all asset classes, with the following set of responsibilities:

- i. Identifying and monitoring relevant global trends.
- ii. Providing input into governance seeking sustainability of our business.
- iii. Driving the implementation of the responsible investment management system for all asset classes.
- iv. Disclosure and transparency of relevant sustainability information.

To ensure that aspects of responsible investment thoroughly considered, incorporated and disseminated throughout Patria's activities, we established two forums for internal alignment and to timely address relevant regulations and market expectations.

1. **PAX Responsible Investment Forum**, a high-level working group, led by the Head of Responsible Investment and Sustainability and composed by representatives of multiple areas including Investor Relations, Shareholder Relations, Economic Analysis, Compliance and Legal, as well as the different investment verticals. This forum meets quarterly to:
  - i. Identify and discuss global trends and their impact.
  - ii. Perform a high-level analysis of relevant investment decisions.
  - iii. Oversee responsible investment alignment within Patria.
2. **Value Creation Responsible and Sustainable Business Forum**, a bi-monthly forum, led by the Responsible Investment and Sustainability team, counting on representatives from private equity and infrastructure portfolio companies. The participants of the Forum:
  - i. Follow up on Patria's responsible investment agenda and the performance of the portfolio companies.
  - ii. Discuss relevant sustainability topics and trends.
  - iii. Develop organizational capabilities on sustainability matters by providing training and inviting external speakers.

## 5. GENERAL GUIDELINES FOR RESPONSIBLE INVESTMENT AND SUSTAINABILITY

Patria has designed a Responsible Investment Management System to orderly address sustainability matters. The System is the basis for Patria's responsible investment responding to regulatory requirements, and reasonable investors expectations. The System considers rigorous methods and it is comprised of three main elements:

- I. Responsible Investment Fundamentals (Item 5.1)
- II. Responsible Investment Procedure (Item 5.2)
- III. Policies, guidelines and templates to standardize and govern responsible investment.

## 5.1 Responsible Investment Fundamentals

We acknowledge that socio-environmental aspects can impact the assets in which our funds have invested and Patria adequately assesses such aspects. The assessment is tailored according to the different phases of the investment cycles and asset classes.

We review and monitor our Responsible Investment Fundamentals, in light of aspects we understand can potentially be material for our investments, including:

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>• Environmental policies</li> <li>• Emissions</li> <li>• Climate-related risks</li> <li>• Energy management and efficiency</li> <li>• Land use</li> <li>• Water use</li> <li>• Biodiversity and nature</li> <li>• Waste management</li> <li>• Impact of product or service</li> <li>• Positive environmental contribution</li> </ul>	<ul style="list-style-type: none"> <li>• Human Rights</li> <li>• Employees Rights (includes Diversity, Equity and Inclusion)</li> <li>• Health and safety</li> <li>• Social license to operate</li> <li>• Data and information protection</li> <li>• Impact of product or service</li> <li>• Positive social contribution</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance and oversight</li> <li>• Risk management</li> <li>• Anti-corruption and business ethics</li> <li>• Transparency and disclosure</li> <li>• Supply chain management</li> </ul>

**Table 1.** Patria's Responsible Investment Fundamentals

## 5.2 Responsible Investment Cycle - Procedure

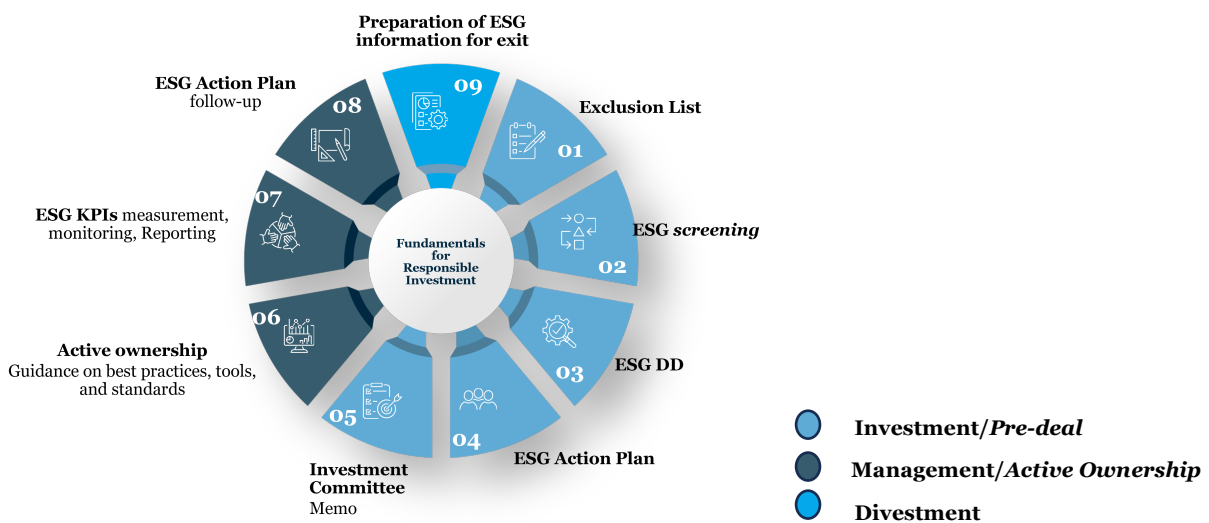
Our Responsible Investment Fundamentals are built into our professional activities, providing the basis for sustainable investments, with an aim to maximise investor returns.

The Responsible Investment Cycle is composed of a total of nine steps, aimed at evaluating and addressing material environmental, social, and governance considerations during deal screening, management, and divestment activities. These steps are observed at the relevant moment for each asset class.

1. **Exclusion List**<sup>1</sup>: compliance with the relevant exclusion list(s), according to the fund that will make the investment.
2. **Screening**: high level review of Responsible Investment Fundamentals that can impact the new investment, based mainly on industry, jurisdiction, and location.

<sup>1</sup> The main list guiding this assessment is the IFC's Exclusion List: <https://www.ifc.org/content/dam/ifc/doc/mgmt-pub/ifc-exclusion-list.pdf>

3. **Due Diligence (DD):** assessment of applicable sustainability regulations, standards, and other relevant aspects identified during the DD process.
4. **Action Plan Design:** plan to be addressed by the target investment company in the short, medium, and long-term. It includes specific strategies, milestones, and required deliverables.
5. **Investment Committee:** presentation of sustainability materiality for consideration during the decision-making process.
6. **Responsible Business support and Engagement:** offering of sustainability expertise and facilitating knowledge building. Supporting investees in the identification and implementation of best practices. Particularly relevant for Patria's private equity and infrastructure portfolio.
7. **Key Performance Indicators (KPIs):** monitoring, measuring and periodic reporting of material environmental, social, and governance aspects, based on our Responsible Investment Fundamentals.
8. **Responsible Business Action Plans Execution in Ownership:** Monitoring, supporting and calibrating the implementation of Action Plans.
9. **Divestment:** Preparation of material environmental, social, and governance related information to analyze a company's integral performance for divestment purposes.



**Figure 1.** Responsible Investment Cycle as applied to control oriented strategies. Nine steps to assess and monitor material environmental, social, and governance considerations, based on the Responsible Investment Fundamentals

### 5.3 Policies, guidelines and templates to standardize and govern responsible investment

In order to ensure strong governance and consideration of sustainability matters, we standardize our way of conducting responsible investment assessments and analysis. Through the formalization of processes and guidelines, we strengthen our accountability to our stakeholders.

## **6. MEASUREMENT AND REPORTING**

We monitor, measure, and periodically report material environmental, social, and governance aspects using globally recognized standards. We also monitor emerging sustainability-related opportunities and risks, including climate-related ones, that may impact investments in the longer term. Patria monitors KPIs based on our Fundamentals and, depending on the asset class or sector, other pertinent aspects are monitored. Finally, each asset class or portfolio company may also define and measure its particular initiatives, supported by Patria. It is expected that, whenever relevant, baselines will be established to measure KPIs and determine targets and milestones.

The investee, with the support of Patria, may define how to operationally address sustainability priorities. Private Equity and Infrastructure portfolios count on a dedicated value creation team that leads our active oversight, and is responsible for approving the Annual Plan of portfolio companies.

Above all, acting in compliance with the Ethics, Integrity and Transparency Principles outlined in our Code of Conduct is of Patria's Essence, permeating the entire firm and our activities.

## **7. DIVESTMENT**

During the asset divestment cycle Patria supports the preparation of the relevant information that describes environmental, social, and governance performance.

## **8. TRANSPARENCY AND DISCLOSURE**

Patria will disclose responsible investment and sustainability information to its stakeholders on an annual basis and we will also timely respond to requests from clients and regulatory entities. To ensure transparency and disclosure of relevant information, Patria will use globally recognised standards and instruments to report its responsible investment practices.