

Primavera Capital

Responsible Investment Policy

1. Introduction

Primavera Capital (Primavera, we, or the Firm) is committed to upholding our fiduciary duty to generate long-term returns for our investors and enhance the value of our portfolio. We believe that responsible investment is key, and recognizing the significance of environmental, social, and governance (ESG) factors in our investment analysis and decision-making process would mitigate the risks and uncover value creation opportunities in both current and future investments. We aim to enhance our capacity to deliver superior returns to our investment partners while contributing to solving some of the most urgent global challenges.

This Responsible Investment (RI) policy outlines Primavera's commitments and approach to integrating ESG factors and demonstrates responsible ownership throughout the investment lifecycle, in accordance with our fiduciary duties to our investors and our commitment as a signatory of the Principles for Responsible Investment (PRI) since 2023. Additionally, we reference various international standards and frameworks¹ while developing our approach, which we believe achieves the right risk adjusted return.

2. Scope and Limitations

This policy is applicable to investments made by funds managed by Primavera, considering their respective investment strategies. Primavera incorporates material sustainability aspects² into its investment analysis and implements measures to effectively manage and monitor sustainability throughout the ownership period.

The extent of policy implementation depends on factors such as the specific characteristics of each investment, Primavera's level of influence, investment structure, terms, existence and nature of governance rights, and other relevant considerations. The implementation of this policy will be carried out to the best extent feasible given the circumstances, and engagement with portfolio companies will be customized and adjusted based on these factors.

Primavera first established such Policy in 2015. This version of the policy supersedes all previous versions and any commitments in those versions. Regular annual reviews and updates of this policy are conducted to ensure its ongoing relevance and effectiveness. Any necessary adjustments or modifications will be made accordingly.

3. Our Commitments

Primavera adheres to the following commitments:

1. Complying with all applicable national and local laws, rules, and regulations in the jurisdictions where Primavera invests and operates;

¹ Referenced standards and frameworks include: Six Principles of the United Nations Principles for Responsible Investment (PRI); the Ten Principles of United Nations Global Compact (UNGC); the IFRS Sustainability Accounting Standard Board (SASB) standards; the Task Force on Climate Related Financial Disclosures (TCFD) and ESG Data Convergence Initiative (EDCI).

² For the purposes of this policy, "material sustainability aspects" are defined as those ESG factors that Primavera, in its sole discretion, determines have, or have the potential to have, a substantial impact on an investment's ability to create, preserve or erode economic value for that investment and its stakeholders.

2. Ensuring adequate governance is in place to oversee sustainability implementation in the investment process and the Firm's daily operations, with sponsorship from senior leadership;
3. Incorporating the PRI's six Principles into our operating and investment decision-making and portfolio management process, and engaging with our portfolio companies on sustainability matters when applicable;
4. Communicating our responsible investment approach, commitments, and progress to our limited partners (LPs) and other stakeholders;
5. Incorporating sustainability into our Firm's own operations with a goal to empower our employees with sustainability -related awareness, mindset, and knowledge; and
6. Reviewing and updating the Policy as necessary to reflect changes in Primavera's mandate, applicable regulatory requirements and evolving sustainability practices or standards.

4. Our Governance

At Primavera, responsible investing is a company-wide and cross functional effort, and we strive for a highly coordinated approach. Our board members and senior leadership holds the ultimate responsibility for overseeing these initiatives and approving key strategic decisions regarding responsible investment.

The Sustainability Committee is accountable for directing and defining the scope of the Responsible Investment Policy and Primavera's sustainability strategy. The committee ensures that this policy is reviewed annually, kept up to date with global developments, and effectively communicated to Primavera's stakeholders and teams. They are also responsible for systematically implementing and monitoring the existing investment strategy, as well as supporting the enhancement of the principles, tools, and integration process, which includes facilitating ongoing training to equip all employees with sufficient knowledge. This addresses new stakeholder expectations, evolving best practices, emerging issues and opportunities, and the changing regional regulatory landscape. Additionally, they oversee reporting to third-party organizations such as the PRI.

Representatives from Primavera's investment, legal, and investor relations teams take charge of driving the sustainability agenda and ensuring consistent implementation of the responsible investment approach. They collaborate with the deal team, who have the responsibility of overseeing the assessment of ESG factors for potential investments and directly engaging with portfolio companies after the investment is made. Where additional subject matter expertise is needed, the teams may utilize external resources as appropriate.

5. Our Sustainability Principles

Primavera aims to integrate a variety of focused and timely sustainability issues into our approach. We strive to enhance our commitment to sustainable practices and ensure that our strategies are relevant and effective in addressing current environmental challenges.

In addressing climate change, we aim to include climate considerations in our firm-level strategy and investment decisions whenever they are relevant and significant, with the objective of protecting and enhancing the value of our investments while guiding our decision-making processes. We evaluate both physical and transition risks related to climate change. Furthermore, we are committed to engaging with and supporting our portfolio companies, as appropriate, to help them understand and improve their ability to manage key climate change initiatives such as decarbonizing their businesses and enhancing operational efficiencies.

6. Responsible Investment Initiatives and Sustainability Integration

Sustainability analysis are integrated throughout the investment cycle, from pre- to post-investment. Subject to the scope and limitations, Primavera may tailor the integration approach and selectively apply elements of this Policy as deemed practicable, given the specific circumstances.

Pre-investment:

Our process of integrating sustainability begins with a *screening* procedure. We periodically update our exclusion criteria to ensure that the deal team does not proceed with an investment if it violates these criteria and fails to meet the standards set for the next stage of the investment process.

As part of our *due diligence* process, we have developed a proprietary toolkit to assist our deal team in evaluating the management and performance of a target company based on relevant and sector specific ESG factors. The objective is to identify any significant risks in the areas of reputation, regulation, and operations. Additionally, we aim to uncover potential opportunities within the transaction. In certain cases, we may *involve external advisors* to enhance our analysis.

The sustainability findings and considerations are documented in the investment memorandum (IM) and presented to the Investment Committee (IC) as an integral part of the investment decision-making process during the *investment decision and deal execution* stage. Once approved, key sustainability considerations, recommendations, initiatives, and conclusions from the IC meeting are summarized to form a *sustainability action plan* for post-investment initiatives.

Post-investment:

Primavera acknowledges the importance of fulfilling its fiduciary duty as a responsible investor by exercising stewardship oversight over the companies it manages on behalf of its investors. As part of our ownership and monitoring process, our Investment Portfolio Monitoring and Management (IPMM) committee collaborates closely with the deal team to conduct *sustainability performance monitoring*.

Based on the investment strategy, Primavera takes various factors into consideration, including its holdings, the sustainability action plan developed, and the materiality of potential risks and value creation levers. These factors allow us to customize our topics, themes, and engagement methods, as outlined in our *Stewardship Policy*, to maximize the value of each investment based on its particular circumstances. We also set relevant metrics to continuously monitor the sustainability performance and potential risks of our investments. As a participating member of the EDCI, we collect sustainability data from our portfolio companies in accordance with the EDCI guidance.

In the event of a significant ESG-related incident, the IPMM committee is promptly informed, and a *corrective action plan* is formulated and implemented for the corresponding portfolio company. If our engagement efforts prove ineffective or if the corrective action plans are deemed inadequate, Primavera will explore *further escalation measures*.

Exit:

Upon *exit*, Primavera reviews the sustainability performance and discloses, as appropriate, relevant sustainability information gathered throughout the investment phase.

7. Transparency and Reporting

Primavera is committed to maintaining transparency and actively communicating its responsible investment approach, progress, and outcomes to its limited partners and stakeholders in a timely manner. The communication takes place through various channels, such as the website, the annual report, annual investor conferences, responding to our investors' inquiries, and advisory committee meetings, to share information on the sustainability performance of its investments and progress towards sustainability commitments. As a signatory, we also report to the PRI annually. In the event of any significant ESG-related incidents, Primavera promptly communicates with investors.

Primavera acknowledges that sustainability-related challenges and opportunities are continually evolving and will continue to collaborate with industry peers and associations to enhance its approach to sustainability initiatives, reporting and information disclosure. We are willing to collaborate with relevant stakeholders regarding its sustainability initiatives and those related to its investments, as needed.

8. Collaboration within the Industry

Primavera is committed to collaborating with industry organizations to support the development and implementation of sustainability practices. We have voluntarily joined several initiatives, including PRI and EDCI, to remain updated and contribute to the evolving market-wide expectations and best practices in sustainability. Furthermore, we engage closely with clients and other stakeholders in the investment industry to promote best practices and drive innovation in stewardship and sustainable investing.

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