



PAINE
SCHWARTZ
PARTNERS

SUSTAINABLE FOOD CHAIN INVESTING

Sustainability Policy



Paine Schwartz Partners ("Paine Schwartz", "firm", or "we") recognizes that as the global population grows and natural resources become scarcer through a combination of increased demand and changes in the climate, it is critical to help create sustainable solutions to emerging risks. The global food and agribusiness sectors require significant amounts of land, water, energy, and human resources, which pose a unique set of challenges. However, these sectors can also provide innovative solutions that support economic growth, secure food supplies, address adverse environmental impacts, promote human rights and fair labor standards, and provide both safe and healthy products to end consumers.

As a leading investor in the food and agribusiness sectors, Paine Schwartz believes in the opportunity to allocate capital towards solutions that can help address sustainability challenges and

drive towards these goals. Paine Schwartz believes that private sector contribution to these efforts is critical, and we actively seek investment opportunities across the value chain that meet these growing challenges.

Furthermore, we believe that proactive management of key environmental, human, and corporate sustainability matters across our portfolio will help protect and enhance the value of our investments, while empowering stronger outcomes for all stakeholders that are impacted by our activities.

To put these principles into practice, we seek to incorporate key sustainability considerations throughout each stage of the investment lifecycle. We believe the management of material sustainability matters is closely aligned with our fiduciary duty and can drive value creation.



Sustainability Integration

The sections below outline how sustainability considerations are incorporated throughout the investment cycle.

I. Screening

THEMATIC ALIGNMENT

Early in our sustainability due diligence process, we assess potential investments based on alignment with Paine Schwartz's two core investment themes: Productivity & Sustainability and Health & Wellness.

- **Productivity & Sustainability:** Investing in businesses which enhance productivity in the food value chain while limiting resource consumption
- **Health & Wellness:** Investing in businesses which provide access to healthier, more nutritious, safer food

Ultimately, we seek to feed a growing population better food with more efficient use of resources.

Through a focus on high-quality businesses that takes into account these core themes, we believe our investment theses are aligned with key sustainability-related topics where value creation has the potential to be synergistic with positive outcomes.

ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

The United Nations established the Sustainable Development Goals ("SDGs"), a universal set of 17 objectives designed to shape corporate agendas and political policies to target a broad range of social, environmental, and economic development issues. We believe that the food and agribusiness sectors are essential contributors to supporting many of these goals, especially SDG 2: Zero Hunger. Paine Schwartz seeks to align each investment with one or more SDG, utilizing the Sustainable Development Investment taxonomy to monitor alignment.

SCREENING

Given our view on responsible investment and the opportunities presented via investment in Paine Schwartz's two core investment themes described above, consideration of prevalent best practice in the market, and guidance from the United Nations-backed Principles for Responsible Investment ("PRI"), we also apply a negative screening to prevent investments that fail to adhere to certain responsible investment criteria. As such, and to achieve the responsible investment aim set forth by our firm, certain sectors, products, and/or services have been identified in which we will not invest. We also consider divesting of companies when our efforts to help a company address material sustainability risks resulting from company behavior do not make sufficient progress, though this would only be one factor of many in Paine Schwartz's divestment determination.

As a food and agribusiness investor, we do not invest in companies which are in the business of manufacturing and/or selling controversial weapons (i.e., anti-personnel mines, biological weapons, chemical weapons, cluster weapons, depleted uranium, white phosphorus, and nuclear weapons), gambling (gaming), or producing oil and/or natural gas. Such screening procedures are subject to change at any time in Paine Schwartz's sole discretion.



II. Pre-Investment

To ensure the integration of sustainability considerations into the pre-investment phase, and subject to our determination of what is reasonable and appropriate for each transaction, we conduct a sustainability due diligence screening, which includes an initial assessment of potentially material sustainability risks and/or value creation opportunities.

Typically, this screening is done in concert with a third-party advisor and is informed by industry standards, such as guidance and recommendations put forth by the Sustainable Accounting Standards Board ("SASB"), the Global Reporting Initiative ("GRI"), the Taskforce on Climate-related Financial Disclosures ("TCFD"), and the Taskforce on Nature-related Financial Disclosures ("TNFD"). As standard practice in our sustainability diligence we aim to consider systemic sustainability topics that are assessed and incorporated on a deal-by-deal basis.

This process and the use of industry standards is intended to flag material sustainability matters that factor in the target sector, unique operations, footprint, and geography of a potential investment. Third-party advisors may be engaged to carry out additional sustainability-related due diligence as needed.

Sustainability risks and value creation opportunities identified during diligence are included in Investment Committee memos and discussions.

III. Post-Investment

To monitor and manage material sustainability matters post-investment, we aim to include them in our value creation plan post-close, as appropriate.

PORTFOLIO COMPANY EXPECTATIONS

As part of the Paine Schwartz portfolio, majority-owned companies in Paine Schwartz Partners Funds IV – VI are expected to do the following within the first year of ownership:

- Designate individual(s) that serve as the point(s) of contact for sustainability-related matters and engagements
- Develop and implement a formal sustainability/ESG policy and/or strategy
- Establish annual sustainability goals that are tied to CEO compensation
- Include sustainability topics in discussions at all regular board meetings
- Provide regular updates on sustainability initiatives, performance, and progress to Paine Schwartz

MONITORING

To support accountability and focus on sustainability matters that are material to the food and agriculture sectors, our portfolio companies are expected to report their progress on sustainability annually as part of the sustainability reporting program. We believe that regular disclosure can be used as a management tool to help drive positive sustainability outcomes.



Paine Schwartz's annual sustainability reporting program gathers data from portfolio companies on various sustainability topics, including, but not limited to:

- Environmental footprint, including GHG emissions
- Employee health and safety
- Human rights
- Climate risk and opportunity
- People & Culture
- Sustainability governance

The sustainability reporting program often involves close collaboration between individuals within our firm, portfolio company management, and third parties. Collectively we aim to support portfolio companies in gathering and understanding their sustainability data and identifying areas of opportunity to achieve year-over-year progress.

ENGAGEMENT

Where management of, or performance on, a material issue is considered by our firm to need improvement, we aim to work with portfolio company management to support the development of a corrective action plan. We encourage the management teams of portfolio companies to identify and raise material sustainability matters to the relevant decision makers, including, where appropriate, board-level individuals.

Where relevant, Paine Schwartz also engages with portfolio companies directly to support them in understanding key sustainability topics or matters and in developing and implementing strategic sustainability efforts. This engagement includes periodic sustainability-focused webinars, assistance on ad hoc portfolio company sustainability requests, and high-touch sustainability support for certain companies.

IV. Exit

We seek to consider material sustainability matters as part of the exit process for each portfolio company, with the aim to ensure that material matters are addressed where possible ahead of exit and significant value enhancement opportunities can be identified. Our Sustainability Policy and Annual Sustainability Report are made publicly available and additional sustainability-related information is shared with prospective buyers of assets upon request.





Transparency and Reporting

As part of our ongoing monitoring and reporting of material sustainability matters, we seek to provide information to Limited Partners and other key stakeholders on the topics addressed herein for both our firm's sustainability-related activities and those of our portfolio companies.

We prepare an Annual Sustainability Report as part of our reporting program, which provides an overview of our sustainability framework and processes, together with a summary of key sustainability-related activities and metrics across our portfolio companies. We provide the report to key stakeholders, existing and prospective investors, and make it broadly available on our website. The report contains sustainability performance metrics on portfolio companies and sustainability achievements made throughout the year. We believe the report increases portfolio company accountability to sustainability principles and upholds external transparency. We provide an update on sustainability progress at each Annual Meeting and aim to provide quarterly updates on sustainability topics to our investors.

We acknowledge the key principles and meet the reporting requirements of the PRI to which we have been a signatory since 2019. Additionally, we consider the Recommendations of the TCFD and support TCFD by seeking to integrate TCFD guidance into our own investment practices and throughout the broader market. We also seek to integrate the American Investment Council's Guidelines for Responsible Investing in our framework and processes.

Governance and Oversight

Ultimate responsibility for the integration of sustainability across the investment lifecycle rests with the firm's CEO and senior leadership.

Paine Schwartz's Head of Sustainability is responsible for the development and – in collaboration with various other functions – the implementation of the firm's overall sustainability strategy. The Head of Sustainability participates in weekly Investment Committee meetings.

To underscore and improve the accountability structure with respect to sustainability, Paine Schwartz also has a Sustainability Committee comprised of the CEO and various functional heads of the firm.

The Paine Schwartz Sustainability Committee is responsible for:

- Oversight and stewardship of Paine Schwartz's sustainability strategy and policies at the firm and investment-level
- Awareness and understanding of sustainability trends, risks, and opportunities that have the potential to impact the Firm or our portfolio companies
- Advisory and support for the Head of Sustainability in implementation of key sustainability-related initiatives
- Review and approval of Paine Schwartz's Sustainability Report and Sustainability Policy

Our investment professionals are primarily responsible for ensuring that the consideration of sustainability matters is integrated into investment decisions. Where additional subject matter expertise is needed, the investment teams will engage external resources.

Within our operations, we seek to maximize sustainability benefits that are aligned with our stakeholder interests and minimize adverse sustainability-related impacts. We have built and continue to seek to improve strong governance structures that we believe provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest. We also maintain policies that prohibit bribery and other improper payments to public officials, consistent with the US Foreign Corrupt Practices Act and similar laws in other countries.



Scope and Limitations

This Sustainability Policy is intended to reflect our general framework for managing material sustainability matters through the lifecycle of an investment in line with and subject to any applicable fiduciary duties or legal, contractual, or regulatory requirements. Paine Schwartz's ability to influence and exercise control over the companies in which it invests will vary depending on the investment structure and terms. In cases where Paine Schwartz determines it has limited ability to conduct diligence on or to influence and control the consideration of sustainability matters in connection with an investment, whether at the investment or at the fund-level, Paine Schwartz will only apply those elements of this Sustainability Policy that it determines to be practicable. Examples of such cases at the investment-level include where Paine Schwartz is a minority shareholder, has limited governance rights, or where other circumstances

affect Paine Schwartz's ability to assess, set, or monitor sustainability-related performance goals. Examples of such cases at the fund-level include a jointly managed fund, and instances where the underlying investor maintains significant influence over investment decisions.

For the purposes of this policy, "material" sustainability matters are defined as those risks and/or value creation opportunities that Paine Schwartz determines, in its sole discretion, have, or have the potential to create, an impact on an organization's ability to create, preserve, or erode economic value. Notwithstanding anything in this Sustainability Policy to the contrary, Paine Schwartz does not expect to subordinate a fund's investment returns or increase a fund's investment risks as a result of (or in connection with) the consideration of any sustainability factors.

This policy and the procedures it describes are subject to change at any time. We intend to review and update this policy at least annually and as required.