



PAI
PARTNERS

Responsible Investment Policy

2025

Contents

01 PAI as a responsible investor	3
Our approach as a responsible investor	4
02 Sustainability in our investment cycle	6
Exclusion Policy	7
Pre-acquisition	9
Ownership	10
Divestment	10
03 Stakeholder engagement	11
Industry groups	13

01

PAI as a responsible investor

Our approach as a responsible investor

PAI Partners (“PAI” or “the Firm”) is a pre-eminent private equity firm investing in market-leading companies across the globe with the objective of building bigger and better businesses.

The Investment Policy of the Firm is to realise substantial long-term capital gains through investments made primarily in equity. Our purpose is to create value for all stakeholders, including investors, portfolio companies, and the communities in which we operate.

We use our deep sector expertise to accelerate growth, integrate environmental, social and governance (ESG) considerations into our investment process, and actively work with our portfolio companies to become more sustainable. As a signatory of the Principles for Responsible Investment (PRI) since 2010 and a member of the United Nations Global Compact since 2024, we implement and publicly advocate responsible investment practices, as well as share our experience with the wider community.

Our extensive investment and sector expertise, and the long-term relationships we have built with prominent funds, corporates, and investor organisations, enable us to source investments across the globe for companies that are at a transformational stage in their development.

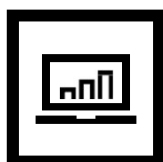
As an investor in the real economy, we are well positioned to drive action on sustainability, both within our own portfolio and across private markets.

With a controlling interest in most of our portfolio companies, and with representatives on the Boards of Directors, we are able to participate in the elaboration of the strategy of each investment and provide key resources, insights and capabilities to support their development and help them meet ESG goals.

PAI’s Sustainability Strategy centres on value outcomes through operational excellence and differentiation by building resilient businesses for now and the future.

This Responsible Investment Policy applies to all our funds, including continuation vehicles¹.

Our investment sectors



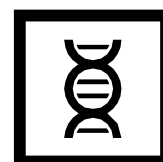
Business Services



Food & Consumer



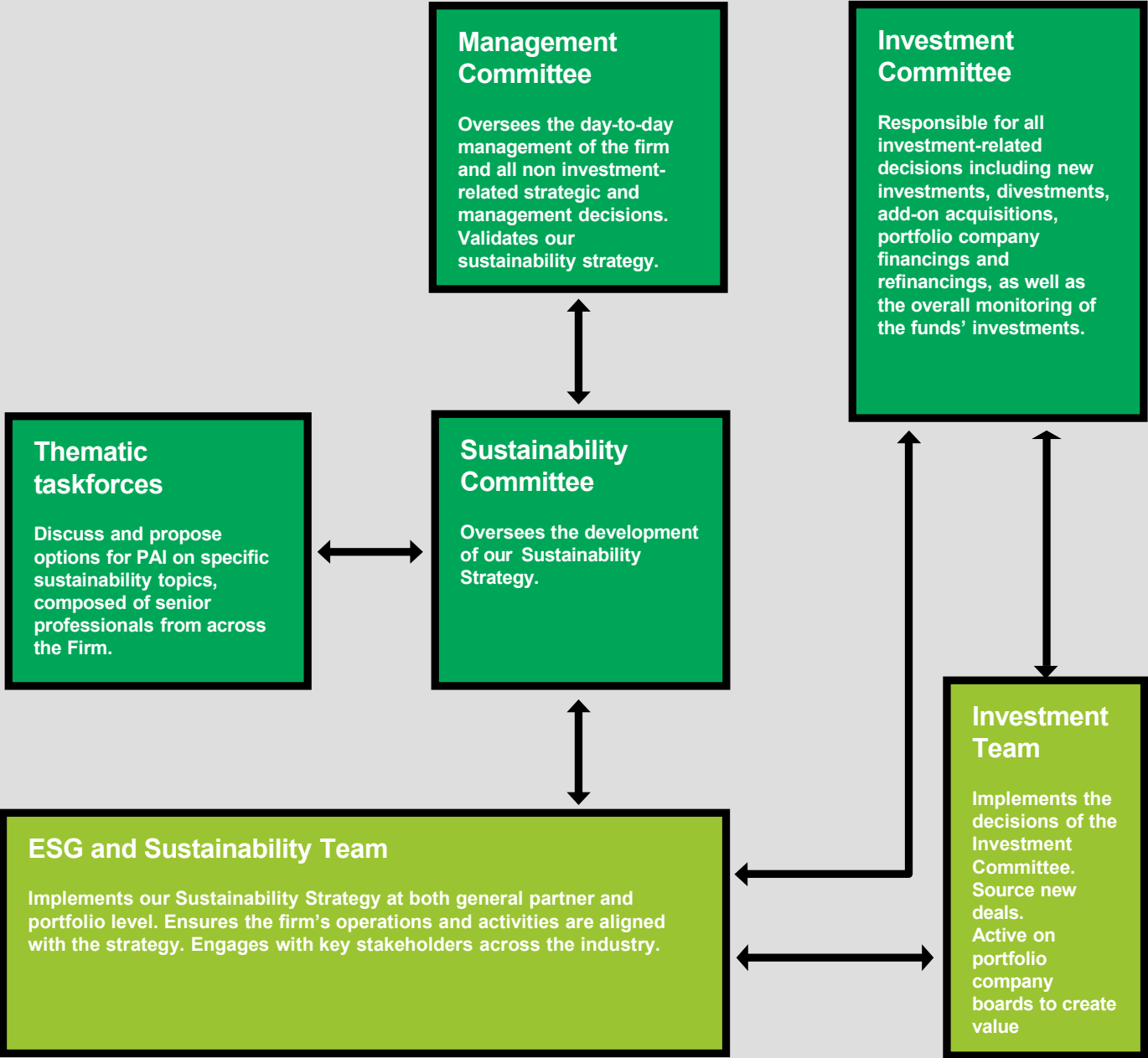
Industrial Goods
& Services





Healthcare

1. With the exception of the pre-acquisition and first 100-days processes. During the hold period for continuation vehicles, we continue to review and refine the strategy developed during the initial investment.

Our ESG governance



-  Supervisory role
-  Execution role

02

Sustainability in our investment cycle

Exclusion Policy

Responsible stewardship is an integral part of our investing approach. As part of this commitment, we avoid investments deemed unsuitable by us or our clients.

As a member of the United Nations Global Compact (UNGC), we are committed to aligning our business practices with the UNGC's Ten Principles which cover human rights, labour, environment, and anti-corruption.

To ensure this, an Exclusion Policy is applied with respect to our investment activities¹. Prospective portfolio investments that are substantially involved² in the activities listed below or are in breach of international conventions, internationally recognised frameworks and applicable sanction laws or other regulations, are excluded from consideration for investment.

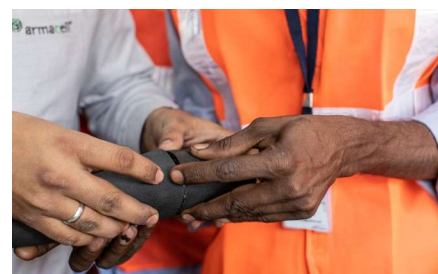
This policy is reviewed annually by the Sustainability Committee and Management Committee.

Sectors and products

- Production of chemical weapons, or ozone depleting substances (ODS) subject to international phase out or bans³
- Production of munitions or other weapons, (cluster munitions and bombs, antipersonnel mines, biological and nuclear weapons)
- Production of tobacco (including vaping, snus, cigars and e-cigarettes)
- Production of cannabis, except for medical use
- Pornography
- Production of fossil fuels

Ethical Considerations⁴

- Production or trade of any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans³
- Production or activities involving harmful or exploitative forms of forced labour⁵ or harmful child labour⁶
- Any investment which is, or has been, directly involved in severe environmental damage⁷ and where such activities, in the sole determination of the Investment Committee, are ongoing



1. Subject to a reasonableness test, which will be applied by the relevant Investment Committees when the activities of the company would otherwise have a significant positive impact.
2. "Substantially involved" means that the activity concerned is core to a company's primary operations.
3. e.g. legal regulations that ban or restrict the trade in goods with non-EU nations ("third countries").
4. Where such activities, in the sole determination of the Managing Partners, are ongoing.
5. Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.
6. Harmful child labour means the employment of children that is economically exploitive or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development as per International Labor Organisation convention.
7. The European Liability Directive (2007) defines environmental damage as damage to protected species and natural habitats, to water and to soil.

Our value-focused Sustainability Strategy aims to transform our portfolio companies into bigger, better and more sustainable businesses.

We follow an ESG integration approach whereby risks and opportunities are considered across the full investment cycle, from initial screening to exit:

Pre-acquisition

1. Screening

We screen potential targets against our Exclusion Policy and excuse rights, as well as investment restrictions from our investors

2. Origination Committee¹

Preliminary assessment

3. Investment Committee decision-making

ESG risks and opportunities are systematically discussed at all final Investment Committee meetings

Good governance validation

4. Signing to closing

We incorporate ESG topics as a growth transformation lever in the value creation plan (VCP) and assess the feasibility of sustainability-linked financing

Ownership

5. First 100 days

During the first 100 days of ownership, we begin to embed ESG in business operations and strategy, including:

- An ESG induction for key staff
- ESG strategy discussions
- A gap analysis to assess ESG practices with peers
- Action plan development
- An introduction to our annual sustainability reporting process
- Meeting with management teams about ESG

6. Hold period

As our ownership matures, we develop a sustainability strategy to align with the VCP. We also:

- Support the implementation of sustainability initiatives
- Offer technical assistance, expert knowledge and advice on best practices
- Measure progress and performance through our annual reporting
- Support companies to meet PAI's Sustainable Finance Disclosure Regulation (SFDR) requirements

Divestment

7. Exit

We continuously monitor our portfolio companies' ESG exit readiness in order to support a successful exit

1. The Origination Committee maintains the same composition and follows the same rules as the Investment Committee.

Pre-acquisition

1

Screening

Having identified potential acquisitions, we screen them against our Exclusion Policy and excuse rights, which allow us to opt out from any investment that does not align with our policies or ethical criteria. We also consider any side letters and investment restrictions from our investors.

2

Origination Committee decision-making

The ESG and Sustainability Team performs a preliminary assessment to identify any material risks and opportunities. This includes sector analysis of trends and regulations, a review of relevant public information, the use of e-reputation tools and in-house proprietary frameworks.

3

Investment Committee decision-making

The ESG and Sustainability Team carries out systematic ESG due diligence with support from external consultants where necessary, and presents a memo to the Investment Committee.

The focus of this due diligence is on material ESG risks and value creation opportunities for the company's sector and operations. The analysis uses internationally recognised materiality frameworks, such as the Sustainability Accounting Standards Board (SASB) and Morgan Stanley Capital International (MSCI) materiality maps.

The due diligence also considers our strategic priorities which focus on value outcomes through operational excellence, differentiation and resilience, and identifies the company's sustainability equity story.

We use ESG tools to complete specific parts of the process:

- Transition climate risk analysis, which can provide an estimate of the company's future carbon footprint and internal carbon price (ICP) analysis
- Physical climate risk analysis, which involves reviewing the exposure of specific sites across the company's value chain to various physical hazards, such as flood and heatwaves, across different time horizons and climate scenarios
- Biodiversity impacts and dependencies analysis, based on the Taskforce for Nature-related Financial Disclosures (TNFD)
- E-reputation analysis using dedicated tools and public information

We also undertake a Science Based Target (SBT) readiness assessment and perform peer benchmarking on material ESG topics where relevant.

4

Signing to closing

The Investment Team and ESG and Sustainability Team hold sustainability strategy sessions with the portfolio company management, in which they discuss how to integrate ESG topics in the company's value creation plan.

Ownership

5

First 100 days

Where possible within the first 100 days of acquisition, all our portfolio companies participate in:

- An ESG induction covering introductions, expectation setting and identifying key contacts
- An early-stage sustainability strategy discussion
- An introduction to our annual sustainability reporting process

To help monitor the evolution of sustainability performance over time and enable us to identify trends and areas of concern, we support portfolio companies to measure and report on a wide range of ESG indicators, tailored to each company's sustainability strategy.

6

Hold period

Throughout our ownership, we conduct regular meetings with portfolio company management to support the development of a sustainability strategy linked to value creation, build appropriate governance of ESG, discuss progress, and identify areas where support is required.

The ESG and Sustainability Team also discusses progress with Investment Teams and with PAI's Portfolio Review Committee (PRC) on a regular, ongoing basis.

Portfolio companies formally begin collecting data on ESG key performance indicators (KPIs) as part of our annual reporting process. This may include KPIs that are specific to the company's sector or operations. We support companies through this by onboarding and debriefing them each year.

At the end of the process, we publish our annual Sustainability Report to provide transparency on our sustainability progress.

We also carry out e-reputation monitoring on an ongoing basis throughout our ownership of each company.

To foster capacity building, we host a Sustainability Club, a forum for ESG and sustainability representatives across our portfolio, and created our Sustainability Academy, a resource library providing actionable guidance for sustainability professionals within PAI's portfolio on key sustainability topics.

ESG engagement in the hold period under SFDR

As a European financial market participant, we are required by the Sustainable Finance Disclosure Regulation (SFDR) to disclose our approach to considering sustainability at general partner (GP) and fund level.

Divestment

7

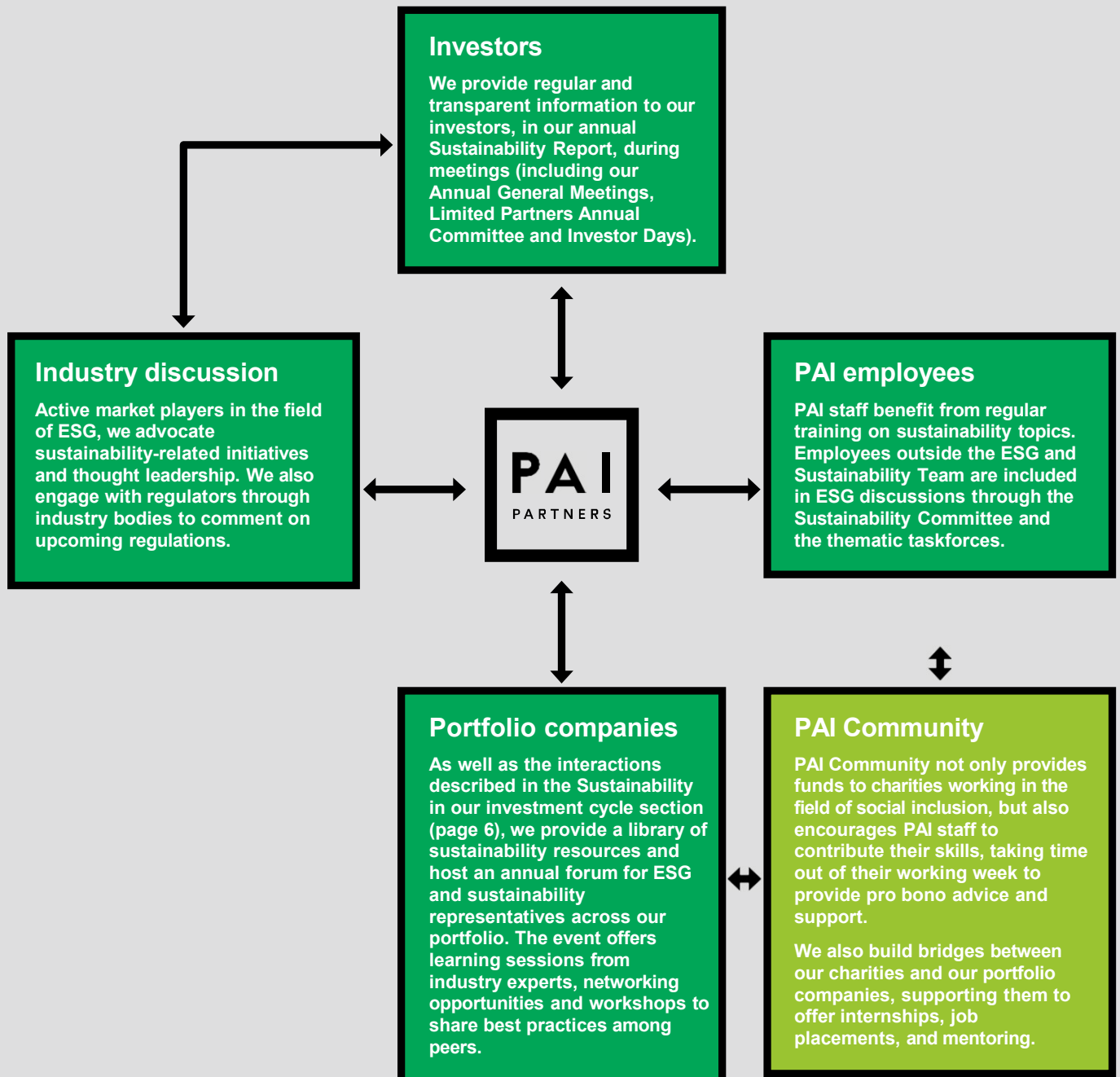
Exit

As part of our commitment to responsible stewardship, we begin planning for exit early, by aligning ESG topics into the value creation plan combined with regularly assessing and monitoring our exit readiness throughout our ownership.

03

Stakeholder engagement

Active communication and strong stakeholder engagement are key to our Sustainability Strategy. It's also at the heart of fulfilling our purpose of creating value for all stakeholders, including investors, portfolio companies, employees and the communities in which we operate.



Industry groups

Signatory



As an investor signatory of the Carbon Disclosure Project (CDP), we are part of a global initiative to drive greater corporate transparency and to provide the market with comparable and complete environmental data on climate change, deforestation, water security and plastic waste.



We became a signatory of the UNPRI in 2010. We completed the PRI reporting framework requirements for the first time in 2013 and the climate change reporting module in 2020.



The Science Based Target initiative (SBTi) ensures that emissions reduction targets set up by a company are in line with the latest climate science. PAI's SBTi target was validated in April 2025, and as a part of this commitment we support our portfolio companies in setting their own targets.

Membership



We are a member of the British Private Equity & Venture Capital Association (BVCA) and follow the Walker Guidelines for Disclosure and Transparency in Private Equity. We are a member of the Responsible Investment Advisory Group.



We are part of the ESG Data Convergence Initiative (EDCI), which aims to simplify reporting and interpretation of ESG data for general partners, limited partners and portfolio companies.



We are a member of FAIRR, a collaborative investor network that raises awareness of the ESG risks and opportunities in the global food sector.



We were one of five private equity firms that collaborated in 2015 to launch the Initiative Climat International (ICI), a global community of private equity investors who seek to better understand and manage the risks associated with climate change. We are a member of the ICI France steering Committee.



Invest Europe is the association representing Europe's private equity, venture capital and infrastructure sectors, as well as their investors. We have been a member of the Core Responsible Investment roundtable since January 2020.



The Private Equity Sustainable Markets Initiative Taskforce (PESMIT) brings together leading private equity firms to identify ways that the industry can accelerate progress towards a more sustainable future.



The Task Force on Nature-related Financial Disclosures (TNFD) is developing a risk management and disclosure framework for organisations to report and act on evolving nature-related risks. We are a TNFD Forum Member and aim to align with the recommendations of the Task Force.



We are a member of the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative. We support the Ten Principles of the UNGC on human rights, labour, environment, and anti-corruption.

Supporter



In 2018, we became the first private equity firm in France to support the Level20 initiative, a non-profit organisation that aims to increase the number of women working in private equity.

Contact

Contact PAI's ESG & Sustainability Team at esg.team@paipartners.com.

Learn more on sustainability at PAI Partners [here](#).

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