PAINE SCHWARTZ PARTNERS
SUSTAINABLE FOOD CHAIN INVESTING

ESG POLICY

Paine Schwartz Partners understands 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 focus on sustainable solutions to emerging risks, including access to sustainable sources of nutrition. The United Nations established the sustainable development goals (SDGs), a universal set of 17 goals, targets and indicators designed to shape corporate agendas and political policies in relation to a broad range of social, environmental and economic development issues. The second of the SDGs is Zero Hunger, which sets the goal to end all forms of hunger and malnutrition by 2030. The food and agribusiness sector offers key solutions to facilitate meeting this goal, and is central for hunger and poverty eradication. Private sector contribution to achieve this ambitious goal is critical.

The global food and agribusiness sector requires significant amounts of land, water and human resources, which pose a unique set of challenges. However, these sectors also provide innovative solutions which 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.

Paine Schwartz Partners believes that real value lies in solutions that sit at the convergence of global productivity and addressing the most pressing sustainability challenges. The firm actively seeks investment opportunities across the value chain that address these growing challenges. Furthermore, Paine Schwartz Partners believes that proactive day-to-day management of key "Environmental, Social and Corporate Governance" (ESG) issues across its portfolio will help protect and enhance the value of its investments.

Integration of ESG

In order to put these principles into practice, Paine Schwartz Partners incorporates key ESG considerations throughout the investment cycle, including the management of material ESG issues within in its own operations, as well as providing support for its portfolio companies to do the same.

Within its own operations, Paine Schwartz Partners seeks to maximize ESG benefits and minimize any adverse ESG impacts. The firm has established strong governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest, and maintains policies that prohibit bribery and other improper payments to public officials consistent with the U.S. Foreign Corrupt Practices Act, and similar laws in other countries.

Key ESG Focus Areas

Paine Schwartz Partners uses peer benchmarking, industry standards such as the Sustainability Accounting Standards Board (SASB), and expert third-party judgement to identify material ESG focus areas for its portfolio companies. Over the years, the firm has evaluated several such areas, including greenhouse gas (GHG) emissions, energy use, water, waste, fair labor practices, and others. In an effort to help its portfolio companies better understand their ESG performance, Paine Schwartz Partners also helps its companies quantify specific environmental metrics such as GHG emissions, water use, energy consumption, and waste, while helping them understand social performance in areas such as diversity and inclusion.

Climate change is an emerging area of risk and opportunity for the firm's investments given its focus on the food and agribusiness sector. Climate change presents physical risks to assets, as well as economic risks as the world transitions to a lower carbon economy. The firm will continue to invest in innovative and environmentally-conscious businesses across the agricultural value chain that not only produce sustainable products, but also help deliver on solutions to address the global climate challenge.

The sections below outline how ESG issues are incorporated throughout the investment cycle.

I. Pre-investment

To ensure the integration of ESG considerations in the pre-investment phase, and subject to the firm's determination of what is reasonable and appropriate for each transaction, Paine Schwartz Partners will undertake ESG due diligence screening to conduct an initial assessment of potentially material ESG risks and value creation opportunities that may have an impact on the investment decision-making process. This screening is typically done in concert with a third-party expert and the use of industry standards such as SASB. When material ESG issues are identified, they will be included in discussions with the Investment Committee, and external advisors may be engaged to carry out additional ESG-related due diligence as needed.

II. Post-investment and Exit

To manage ESG risks and value creation opportunities post-investment, and subject to the firm's determination of what is reasonable and appropriate for each transaction, Paine Schwartz Partners monitors progress on key ESG issues and incorporates any such material issues identified during the due diligence process into its strategic plan post-close, as appropriate. Where management of, or performance on, a material issue is considered by Paine Schwartz Partners to need improvement, the firm works closely with portfolio company management to support the development of a corrective action plan. Paine Schwartz Partners encourages the management teams of portfolio companies to identify and raise material ESG issues to the relevant decision-makers, including, where appropriate, board-level individuals.

Paine Schwartz Partners considers key ESG matters as part of the exit process for each company, ensuring that potential issues are addressed where possible ahead of exit, and significant value enhancement opportunities are identified.

Transparency and Reporting

As part of Paine Schwartz Partners' commitment to ongoing monitoring and reporting of material ESG issues, the firm seeks to provide timely information to limited partners and other key stakeholders on the matters addressed herein, while working to foster transparency about its own ESG related activities and those of the companies in which it invests.

Paine Schwartz Partners prepares an annual ESG summary report as part of its ESG reporting processes, which provides an overview of the firm's internal ESG systems and processes, together with a summary of key ESG-related activities across its portfolio companies. This report is made available to key stakeholders, including existing and prospective investors, and includes ESG performance metrics on portfolio companies and deep dives on achievements made through the year. This report increases portfolio company accountability to ESG principals and external transparency to stakeholders.

Paine Schwartz Partners acknowledges the key principles and requirements of the UN-backed Principles for Responsible Investment (PRI) and seeks to align its systems and processes with this, as well as with the American Investment Council's Guidelines for Responsible Investing. Paine Schwartz Partners became a signatory of the PRI in April 2019. Since 2018, PRI has incorporated key indicators aligned with the Task Force on Climate-related Financial Disclosures (TCFD). TCFD considers the physical risks associated with climate change in addition to those related to the transition to a lower carbon economy.

Roles and Responsibilities

Paine Schwartz Partners' investment professionals are primarily responsible for ensuring that the consideration of ESG issues is integrated into investment decisions on a day-to-day basis. Where additional subject matter expertise is needed, the teams will utilize external resources as relevant and necessary. Ultimate responsibility for the integration of ESG considerations rests with the firm's senior leadership.

This policy will be reviewed at least annually, and updated as required.