# Warburg Pincus Environmental, Social and Governance Policy

## Last Updated August 1, 2023

### 1. *Overview*

In accordance with our fiduciary duty to create long-term value for our investors, Warburg Pincus LLC ("Warburg Pincus," "we" or the "Firm") believes that integrating material environmental, social and governance ("ESG") factors into investment analysis can provide a wider lens on risks and opportunities of potential investments. We expect ESG to play an increasingly important role in the Firm's risk evaluation and value creation. Meanwhile, the importance of ESG considerations among the customers, employees, and communities of our funds' ("Funds") portfolio companies ("Portfolio Companies") presents potential opportunities for risk management and value creation.

Consistent with these beliefs, Warburg Pincus is a signatory to the United Nations Principles for Responsible Investment (UNPRI) and the ILPA Diversity in Action, as well as a member of the American Investment Council (AIC) (and has adopted the AIC's Guidelines for Responsible Investing (the "AIC Guidelines")). We are also a member of the International Financial Reporting Standards (IFRS) Sustainability Alliance (formerly known as SASB Alliance). Further, we are a member of the Initiative Climat International (iCI), and we use the Task Force on Climate-Related Financial Disclosures (TCFD) framework as a guide in informing our climate strategy. In addition, Warburg Pincus is a founding partner of Ownership Works (OW), a member of the Sustainable Markets Initiative's (SMI) Private Equity Taskforce, and a partner with a number of diversity-oriented organizations. This ESG policy (this "Policy") is intended to guide the Firm's consideration of material ESG issues in the course of its due diligence and monitoring of Portfolio Company investments to the extent reasonably practical under the circumstances, subject, in any event, to the provisions of the operative agreements of the Funds, and in a manner consistent with its fiduciary duties to the Funds' investors (collectively, "Investors"). For the purposes of this Policy, "material" ESG issues are defined as those ESG issues that Warburg Pincus, in its sole discretion, determines have, or have the potential to have, a direct and substantial impact on a respective Portfolio Company's ability to create or preserve economic value and/or a reputational risk for Warburg Pincus.

### 2. *Scope*

This Policy applies to the Firm's investment process across all asset classes, where appropriate, following the date hereof and will be administered in accordance with local laws, regulations, and the Firm's fiduciary duties. The Firm may update this Policy in the future, as appropriate.

Warburg Pincus' Funds are often non-control investors in Portfolio Companies and may have a limited ability to diligence, influence and control the integration of ESG considerations in an investment. Reasonable efforts will be made to encourage these Portfolio Companies to consider relevant ESG-related principles and to support their implementation where possible.

ESG goals are aspirational and not guarantees or promises that all goals will be met. Further, ESG practices are evolving rapidly and Warburg Pincus' adoption and adherence to various industry principles, frameworks, methodologies and tools is expected to vary over time. Warburg Pincus considers its focus on ESG as a tool to both help identify investment opportunities and avoid material risks, share best practices with portfolio companies and provide resources to companies seeking to develop ESG initiatives.

### 3. *Areas of Focus*

The Firm believes that the widening landscape of ESG issues requires a perspective on past, current, and potential future areas of operational, regulatory, and reputational risks. We seek to leverage ESG due diligence guides, such as the IFRS's SASB Standards, to inform our understanding of ESG risks relevant to each applicable industry. We seek to incorporate the ESG considerations such as the below into our investment diligence, ownership and monitoring practices, in each case, to the extent we consider them to be applicable:

**Environmental**

- Climate risks and opportunities
- Use of natural resources and raw materials
- Pollution control, waste, and recycling
- Biodiversity impacts

**Social**

- Human rights, including child or forced labor
- Workforce wellbeing, employee health and safety, and employee engagement
- Diversity, equity, and inclusion
- Quality and access to goods/services

**Governance**

- Corporate governance
- Management of legal and regulatory environment
- Corporate behavior
- Data security and privacy
- Supply chain management

In addition, the Firm believes that certain investment opportunities may involve a higher level of ESG risk due to industry sector, location, or reputational concerns—including health and safety, human rights, and environmental factors—and increasingly, climate risks. Our deal teams will, when deemed appropriate, seek to engage external experts during due diligence to analyze material ESG considerations to understand a fuller picture of risks and opportunities. We will endeavor to evaluate through our due diligence of investment opportunities to identify the ESG-related risks and opportunities of an investment including identifying investments that present material ESG risks. Such investment screening principles may be individually tailored to each investment strategy, as appropriate.

## 4. *ESG Roles and Responsibilities within the Firm*

The Firm's Sustainability Strategy Team facilitates the development and implementation of this Policy at the Firm. The Sustainability Strategy Team may propose for consideration and approval by the ESG Committee edits, updates or enhancements to this Policy, from time to time, but in any event, not less than every two years. The Sustainability Strategy Team will seek to remain reasonably informed about ESG developments and best practices within the private equity industry and related industry sectors as relevant. The Sustainability Strategy Team will also seek to build ESG awareness among its professionals through periodic trainings on ESG issues and their potential impact on the Firm's business. The Sustainability Strategy Team is overseen by the Head of Global Public Policy and Political Risk who reports to the Firm's Chief Operating Officer, a member of the Firm's Executive Leadership Team.

The Firm's ESG Committee formulates the Firm's strategic approach to ESG issues, including setting ESG priorities and supporting the Firm's investment teams in the promotion and implementation of our ESG strategy. The ESG Committee is comprised of professionals from across the Firm, including investment professionals representing many of the geographies and sectors in which we invest and senior members from our key support functions.

Warburg Pincus' investment professionals, in collaboration with the Sustainability Strategy and Legal & Compliance Teams, will seek to ensure that ESG issues are considered in the investment process, as appropriate. When appropriate, the Executive Leadership Team and/or relevant Investment Management Group will be informed of material ESG issues as they arise.

Where additional subject matter expertise is needed, the teams may utilize external resources as appropriate on behalf of the Fund(s).

**5.** ***ESG Analysis and Due Diligence***

Subject to the Firm's determination of what is reasonable and appropriate for each investment in its sole discretion, as described in Section 2 above, the Firm takes steps to incorporate considerations of material ESG issues during the prospective investment selection and due diligence process. The firm believes that an effective sustainability strategy and ESG program helps Warburg Pincus and its portfolio companies identify investment opportunities, better manage risk, improve efficiency, reduce environmental impacts and ultimately build more valuable, competitive and sustainable enterprises.

During due diligence, investment professionals may access relevant expertise through several channels, including by referencing sector-specific ESG due diligence guides created by the Sustainability Strategy Team, consulting with the Sustainability Strategy Team on deal-specific issues, and seeking advice from expert consultants and advisors. At a minimum, investment teams are generally expected to include a section in their internal investment memoranda discussing ESG issues and, to the extent possible as part of the approval process for each investment, consider material ESG issues, risks and opportunities identified during due diligence. If any material ESG findings are identified during due diligence that are determined to be manageable with post-closing actions, such post-closing actions will be addressed in the management plan for the applicable investment.

**6.** ***During Portfolio Company Ownership***

During the ownership phase, the applicable deal team will seek to monitor relevant, investment specific ESG factors through its board seats, where applicable. Subject to the Firm's determination of what is reasonable and appropriate for each investment as described in Section 2 above, the Firm will seek to work with various Portfolio Company management teams to encourage and support ESG best practices, including adherence to the UNPRI and AIC Guidelines in a way that is consistent with its fiduciary duties. This may include members of the Firm's Sustainability Strategy Team engaging with and providing resources to Portfolio Companies seeking to advance their ESG practices in respect of ESG risks and opportunities. For example, the Firm seeks to create forums with various Portfolio Companies to discuss and share best practices on topics ranging from starting a sustainability program to learning how to analyze and approach energy efficiency projects. Additionally, as part of such best practices, the Firm, as applicable, will endeavor to assist Portfolio Companies with employing governance structures that provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest and have compensation/related policies that align the interests of owners and management.

The Firm also seeks to help various Portfolio Companies improve their potential for long-term sustainability, to benefit multiple stakeholders and minimize their adverse impacts with respect to environmental, public health, safety, and social issues; where applicable and if appropriate, the Firm may also engage in collaborative efforts among industry peers, to share insights, resources, and best practices, on these initiatives. When appropriate, the Firm may access third-party tools to monitor the Funds' investments for potentially material reputational ESG risks and ESG incidents and opportunities.

In addition, Warburg Pincus will seek to regularly collect data on several topics from Portfolio Companies as a way to monitor and engage with them on ESG issues and practices.

**7.** ***Reporting, Stakeholder Engagement and Collaboration***

The Firm will seek to be transparent in its approach to incorporating ESG considerations in its investments, including by making this Policy available to Investors, publishing an annual sustainability report which is made available to Investors and the public, and by request, on its ESG progress and outcomes. Recognizing the importance of ESG to limited partners, the Firm seeks to discuss the development of its sustainability strategy and ESG program annually during the Limited Partner Advisory Committee meeting and the Warburg Pincus Annual Meeting. In addition, members of the Fundraising and Investor Relations and Sustainability Strategy Teams are pleased to discuss the Firm's sustainability strategy and ESG program and initiatives with stakeholders, and where appropriate, the Firm will make itself, or representatives of Portfolio Companies, accessible to and engage with relevant stakeholders and support local communities, including through partnerships with nonprofits.