

# RESPONSIBLE INVESTMENT POLICY

August 2025

## 1 Introduction and commitment

Linzor Capital Partners ("LCP") is a leading middle-market private equity firm at the forefront of responsible investing in Latin America. Since our establishment in 2006, we have invested over US\$1.6 billion in the region, focusing on controlling positions and prioritizing selected opportunities. This approach enables us to work closely with management teams to drive both growth and impact.

We recognize the unique challenges and opportunities in Latin America, where developing economies have comparatively lower human development<sup>1</sup> and higher corruption risk<sup>2</sup> and inequality<sup>3</sup> than developed markets. As investors, we play a pivotal role in allocating capital to businesses with strong growth potential, en-

suring they create sustainable and socially responsible value.

At Linzor, responsible investment is at the heart of our strategy. We are dedicated to promoting sustainable practices, fostering diversity, upholding human rights and labor standards, and ensur-

ing strong corporate governance and transparency, both within our firm and across our portfolio companies. Our approach aligns with the United Nations Sustainable Development Goals (SDGs), focusing on:

We firmly believe that integrating both into a business model enhances long term value creation, supports the carbon transition, advances inclusive growth, and mitigates risks across our portfolio



These principles shape every aspect of our operations, driving strategic planning, investment decisions, risk management, and performance evaluation while engaging all stakeholders

We invest significant resources in environmental and social management, fostering impactful partnerships and leading by example in advancing Impact

and Sustainability initiatives locally and globally. In a world where climate change and social equity concerns are increasingly urgent, the private sector must proactively evaluate and enhance Impact and Sustainability performance.

## 2 Scope and applicability

This policy applies to all direct equity investments made by Linzor Capital Partners (LCP) through Linzor Capital Partners III, L.P., and subsequent funds. It outlines our Responsible Investment Policy, detailing how we integrate Impact and Sustainability considerations across the entire investment lifecycle. It also highlights team roles and our overall methodology.

(1) Index developed by the UN Development Programme based on life expectancy, education (mean years of schooling completed and expected years of schooling upon entering the education system), and per capita income indicators.

(2) The Index published by Transparency International ranks countries by their perceived levels of public sector corruption, as determined by expert assessments and opinion surveys.

(3) A measure of statistical dispersion representing the income or wealth inequality within a nation, with a higher coefficient signaling higher inequality.



### 3 Roles and responsibilities

Linzor's governance structure ensures robust oversight and effective implementation of our Responsible Investment principles. All team members, from frontline staff to senior leadership, contribute unique perspectives and skills to collectively drive Linzor's Impact and Sustainability performance, upholding our commitment. The following diagram illustrates Linzor's Responsible Investment governance order:



As an independent firm, Linzor is controlled by its partners, who collectively form the investment committee of each fund. The partners bear primary responsibility for establishing the firm's Responsible Investment strategy, including formulating the relevant policies and ensuring the execution of the processes established in our Environmental and Social Management System ("ESMS").

Since 2020, Linzor has further strengthened its Responsible Investment efforts by establishing the Impact and Sustainability Committee ("ISC"), which consists of four Linzor professionals and two external subject-matter experts. This committee provides oversight, guidance, and accountability for Impact and Sustainability initiatives, balancing continuity and fresh perspectives through a mix of permanent and rotating members (every 2-3 years). Permanent members include the Founding Managing Partner, the Head of Responsible Investment, and the Responsible Investment Coordinator.

The Responsible Investment Coordinator oversees the execution of the Responsible Investment strategy across the portfolio. Responsibilities include portfolio monitoring, ensuring alignment and updates to the Responsible Investment Policy and ESMS, conducting training, facilitating annual reporting, and maintaining

compliance with best practice frameworks. The Coordinator reports directly to the Head of Responsible Investment, and both work closely with the investment team to integrate Impact and Sustainability considerations into all investment decisions and processes.

The investment team actively engages with portfolio companies to implement action plans, monitor progress, and incorporate responsible investment considerations into board and committee roles. Operating partners further enhance these efforts by embedding Impact and Sustainability principles into operational advice for portfolio companies. Meanwhile, the Investor Relations team communicates Linzor's Responsible Investment policy to prospective investors during fundraising and provides ongoing reporting and updates to existing investors throughout the fund lifecycle.

Portfolio companies play a critical role in implementing Linzor's Responsible Investment Policy by analyzing risks, assessing impacts, and driving initiatives.

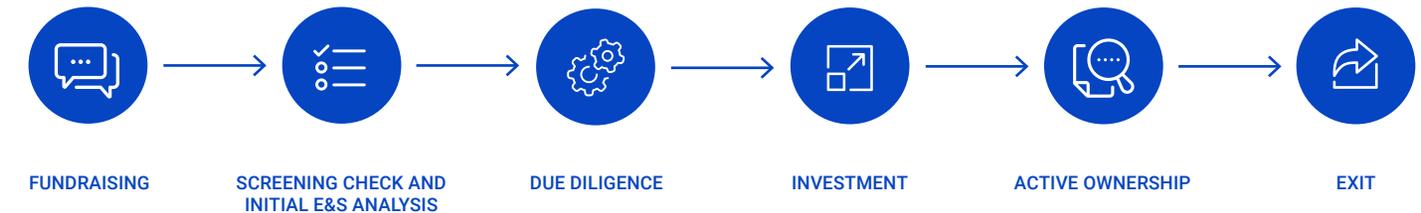
Linzor ties the variable compensation of portfolio company management teams to Impact and Sustainability KPIs and objectives, fostering commitment and accountability.

Additionally, Linzor provides ongoing Impact and Sustainability education and training to senior management at its portfolio companies, as well as to its own leadership and team members. This ensures a fully integrated approach across all levels of the organization.

#### 4 Responsible Investment Integration Approach

Responsible Investment is at the core of Linzor's strategic framework, characterized by a proactive approach to enhancing positive impact and managing sustainability risks across our portfolio companies. By integrating Impact & Sustainability goals into their business strategy, our portfolio companies reap numerous benefits, including strengthened brand equity with clients and employees, competitive advantages, operational efficiencies, enhanced community relations, and proactive compliance with evolving regulations.

This structured approach ensures that Impact & Sustainability considerations are seamlessly woven throughout each step of the investment lifecycle



#### I. FUNDRAISING

Our Investor Relations team communicates Linzor's Responsible Investment Policy to prospective investors during the fundraising process. We incorporate investors' Impact and Sustainability requirements into relevant documentation to ensure transparency and accountability. Throughout the life of each fund, the IR team maintains open communication with existing investors to promote ongoing alignment and engagement.

#### II. SCREENING CHECK AND INITIAL E&S ANALYSIS

We conduct an initial screening of target companies to ensure they do not operate in sectors or activities that cause significant environmental or social harm, unless a feasible plan is in place to mitigate these risks or sustainably transform the business. Since the launch of Linzor Capital Partners IV, L.P., this step has been formalized in alignment with the EDFI Harmonized Exclusion List.

Conversely, we prioritize companies with strong reputation and those whose core business aligns with the Sustainable Development Goals (SDGs) or positively impacts communities and the environment. We develop an impact thesis for each investment using the Five Dimensions of Impact framework.

Additionally, we perform a reputational risk screening to identify any controversies related to environmental and social (E&S) issues,

such as disputes, strikes, fines, or public opposition to the company's activities. This process involves reviewing publicly available information (e.g., media and web searches) and, when necessary, conducting external research to gather additional information.

If the investment proceeds, we share our Responsible Investment policy, objectives, and practices with the target company to ensure alignment with our responsible investment principles.

#### ④ Responsible Investment Integration Approach

### III. DUE DILIGENCE

As part of our responsible investment process, Linzor conducts thorough E&S due diligence (“ESDD”) to evaluate the target company’s alignment with our Impact and Sustainability objectives. Beginning with investments for Linzor Capital Partners IV, L.P., and in accordance with our Environmental and Social Management System (ESMS), the due diligence process includes the following steps:

1

**Risk Categorization:** We assess the scope and magnitude of Environmental and Social (“E&S”) risks, classifying the target company as low, medium, or high risk based on the scope and magnitude of its potential adverse E&S impacts.

2

**Defining the E&S DD Scope:** The risk category determines the extent of due diligence. External consultants may be hired for higher-risk investments or those in highly specialized industries to comprehensively assess risks and opportunities.

3

**Comprehensive E&S Due Diligence:** We conduct an in-depth review of environmental and social factors using internationally recognized frameworks, such as the IFC Performance Standards, ILO Conventions, and the World Bank Group Environmental, Health, and Safety (WBG EHS) Guidelines, as well as local laws and regulations. This review evaluates regulatory compliance and identifies areas for improvement.

### IV. INVESTMENT

The investment committee conducts an in-depth discussion of E&S findings and carefully considers them in its investment decision-making process. If significant red flags are identified, we may decide to withdraw from the transaction.

If the investment proceeds, E&S priority actions are incorporated into an Environmental and Social Action Plan (ESAP), which serves as the foundation for a mid- and long-term Impact & Sustainability business plan. This plan includes specific benchmarks, a clear roadmap, timelines, and targeted initiatives to address the risks and gaps identified during due diligence, ensuring sustainable progress through compliance and accountability mechanisms.

### V. ACTIVE OWNERSHIP

Linzor’s Impact & Sustainability strategy leverages an active ownership approach, collaborating closely with portfolio company management to define business strategies and support long-term sustainability. Together, we develop Impact & Sustainability roadmaps with a 3- to 5-year horizon to drive value creation and mitigate risks across the portfolio.

We have implemented rigorous reporting standards (aligned with TCFD, IFC Performance Standards, G20/OECD Corporate Governance Principles, and GHG Protocol recommendations) to provide both quantitative and qualitative insights into Impact & Sustainability performance. These reports inform board-level decision-making and promote accountability.

#### ④ Responsible Investment Integration Approach

As part of our responsible invest Portfolio companies present their progress at the annual Impact & Sustainability Committee sessions, where performance is reviewed, the alignment is assessed, and initiatives for improvement are identified. These reviews encourage the sharing of best practices, the setting of more ambitious targets, and ongoing enhancement of Responsible Investment strategies. Elements of Linzor’s Impact & Sustainability review include: →

In addition to these sessions, Impact & Sustainability performance is monitored through site visits and ongoing dialogue. The Responsible Investment team, along with each deal team, seeks to establish internal Impact & Sustainability task forces within each portfolio company. They discuss Impact & Sustainability initiatives as standing items on board and committee meeting agendas and continuously track compliance with action plans to effectively address risks and gaps.

 <p><b>Impact &amp; Sustainability Performance Tools</b></p>	<p><b>Responsible Investment Linzor index (RILi) and EDCI Benchmarking</b></p> <p>Linzor developed the Responsible Investment Linzor Index (RILi), a proprietary tool built on indicators of our focus areas consistently reported by portfolio companies. It measures each company’s alignment with regionally adapted best practices, enabling consistent comparison across sectors and company sizes within our portfolio.</p> <p>In parallel, we benchmark a subset of standardized KPIs against the (EDCI), providing a global reference to track each company’s progress relative to industry peers.</p>
 <p><b>Five Dimensions &amp; Double Impact Analysis</b></p>	<p><b>Integrating Outputs, Outcomes, and Double Materiality</b></p> <p>An analytical framework that evaluates both the impact a company has on the external environment (inside-out) and the risks and opportunities that affect its business (outside-in). It helps identify the most critical variables and define targeted mitigation and value-creation plans based on likelihood and potential impact.</p>
 <p><b>SDG Action Manager</b></p>	<p><b>Progress against relevant SDGs</b></p> <p>Developed by B Lab and the UN Global Compact, this tool helps identify strengths and areas for improvement across the 17 Sustainable Development Goals. It generates a quantitative SDG score for each company and serves as a comparative reporting tool, particularly for mature portfolio companies with established sustainability strategies.</p>
 <p><b>Impact &amp; Sustainability Action Plans</b></p>	<p><b>Company-level roadmaps</b></p> <p>Structured and prioritized roadmaps co-designed by each company’s team and Linzor’s Responsible Investment team. These plans address the gaps identified through diagnostic tools and define concrete, time-bound actions to align Impact and Sustainability objectives with the company’s business strategy.</p>
 <p><b>Out-of-the-Box Idea</b></p>	<p><b>Tailored innovative and strategic initiatives</b></p> <p>An original initiative designed by each company in alignment with its purpose and impact thesis. The goal is to create differentiated Impact &amp; Sustainability value by involving clients, suppliers, employees, and community partners (e.g., NGOs or local governments) in scalable, innovative projects.</p>

**4 Responsible Investment Integration Approach**

**VI. EXIT**

We aim to embed responsible investment principles in a way that outlives our involvement. By strengthening governance structures, encouraging formalization through policies, and supporting tangible Impact & Sustainability initiatives, we help portfolio companies institutionalize sustainable practices that endure long after our exit.

**5 Key Impact & Sustainability focus areas**

**IMPACT MEASUREMENT**

We assess impact as a business outcome, focusing on how portfolio companies' core products and services generate measurable positive or negative contributions alongside financial performance. We link outputs and outcomes through a double-materiality perspective to identify priority impact variables, monitor progress over time, and inform value-creation opportunities aligned with each company's purpose and growth strategy.

**GOVERNANCE AND INTEGRITY**

Strong governance enables companies to address environmental and social issues with a long-term perspective, effectively managing risks and capitalizing on opportunities. Our principles emphasize fiduciary responsibility, engagement, transparency, accountability, and responsible stewardship. Board effectiveness is enhanced through independent oversight, diverse expertise, and regular evaluations. Executive compensation includes Impact & Sustainability -linked incentives, and succession planning remains a key priority. We also require adequate disclosures, external audits, and strong business integrity policies, including anti-corruption measures and whistleblower protections.

**RESPONSIBLE ECONOMIC GROWTH**

We recognize that stakeholders, including employees, communities, customers, and suppliers, are essential to the sustainability and success of our firm and portfolio companies. We are committed to upholding human rights, promoting diversity, ensuring fair labor practices, and fostering employee well-being. Additionally, we monitor customer satisfaction, safeguard data security, engage in community-focused programs, and track key metrics such as job creation and social compliance.

**CLIMATE ACTION**

At Linzor, we integrate sustainability goals with business objectives across both our operations and those of our portfolio companies. Clear responsibilities and oversight at the board and management levels ensure the effective assessment and management of environmental and climate risks and opportunities. These considerations are embedded within our business strategy, financial planning, and risk management processes. We monitor key metrics, including carbon footprint calculations (based on the GHG Protocol), and promote innovation, efficiency, and sustainable practices to meet our carbon reduction targets. Our goal is to drive climate action as an engine of social and economic resilience across the region.

## 6 Accountability and transparency

Transparency and accountability guide our operations. We prioritize timely communication on engagement and portfolio management with relevant stakeholders. Linzor Capital publishes an annual Impact and Sustainability Report, summarizing Impact & Sustainability objectives, KPIs, and portfolio progress, with contributions from portfolio companies. This report is publicly available on our website.

We keep stakeholders, including investors, informed through various channels of engagement. Each fund's Limited Partner Advisory Committee (LPAC) meets quarterly to review investment performance and Impact & Sustainability initiatives. Updates are also provided at Annual General Meetings (AGM), along with one-on-one meetings or calls with investors seeking deeper insights, demonstrating our commitment to transparency, impact, and strong relationships.

## 7 Stakeholder engagement

At Linzor, fostering meaningful stakeholder engagement is integral to advancing our sustainability and impact objectives. We actively engage with investors, portfolio companies, and external experts through dialogue, industry partnerships, and initiatives. Leveraging platforms such as panel discussions, annual conferences, and development programs, we encourage shared learning, best practice exchanges, and feedback. These efforts drive Responsible Investment awareness, align our portfolio companies' actions with the investment community's priorities, and promote progress in responsible investment. Our commitment to stakeholder engagement is further demonstrated through active participation in leading global initiatives:



- United Nations Principles for Responsible Investment (UN PRI):

Linzor has been a signatory since 2021, fully aligning our operations with the six core principles and integrating them into our investment decision-making processes.



- ESG Data Convergence Initiative (EDCI): Since joining EDCI in 2021, Linzor has contributed to standardizing ESG metrics and improving comparative reporting within the private equity industry.



- Net Zero Asset Managers Initiative (NZAMI): In 2021, Linzor became the first Latin American private equity firm (excluding Brazil) to join NZAMI. Through this initiative, we are committed to reducing greenhouse gas emissions, aligning with SDG 13 (Climate Action), and advancing climate-related progress across our portfolio companies.

## 2X Challenge

Invest in women. Invest in the world.

- 2X Challenge: In 2023, Linzor joined the 2X Challenge, committing to allocate and mobilize capital to empower women and increase their economic participation. This initiative supports SDG 5 (Gender Equality) and reflects our internal objective of enhancing gender diversity within our investment team.

Linzor also engages with communities by involving employees and portfolio companies in initiatives that deliver meaningful societal impact. We commit to organizing one community service project per office in collaboration with local NGOs, and portfolio companies are encouraged to propose innovative, out-of-the-box ideas annually, leveraging their expertise to enhance their societal contributions.

Also, Linzor is committed to making annual charitable contributions to social projects to amplify our community impact, presented dur-

ing our Annual General Meetings (AGMs) to encourage investors and stakeholders to champion similar initiatives. These contributions are directed at NGOs or social projects sponsored by portfolio companies, further embedding responsible investment principles into our practices.

## 8 Policy governance and review

This policy was approved by the Impact and Sustainability Committee in August 2025 and is scheduled for review every two years to ensure its continued relevance and effectiveness. The Responsible Investment team is in charge of maintaining and updating the policy as needed, incorporating feedback from stakeholders where appropriate. To promote transparency, the policy is publicly available on our website. For any questions or feedback, please contact us at [responsibleinvestment@linzorcapital.com](mailto:responsibleinvestment@linzorcapital.com).