



... more than the sum of our parts

RESPONSIBLE INVESTMENT POLICY

Synergy Management (DIFC) Limited

Version 2.1-2024

www.synergycapital.co.uk



BACKGROUND

Synergy Management (DIFC) Limited (“Synergy Capital”) is a fund manager regulated in Dubai by the Dubai Financial Services Authority (DFSA) under a Category 3C license. We provide structured and creative solutions across the capital spectrum, coupled with operational value creation, to help companies transform their businesses and strengthen their finances.

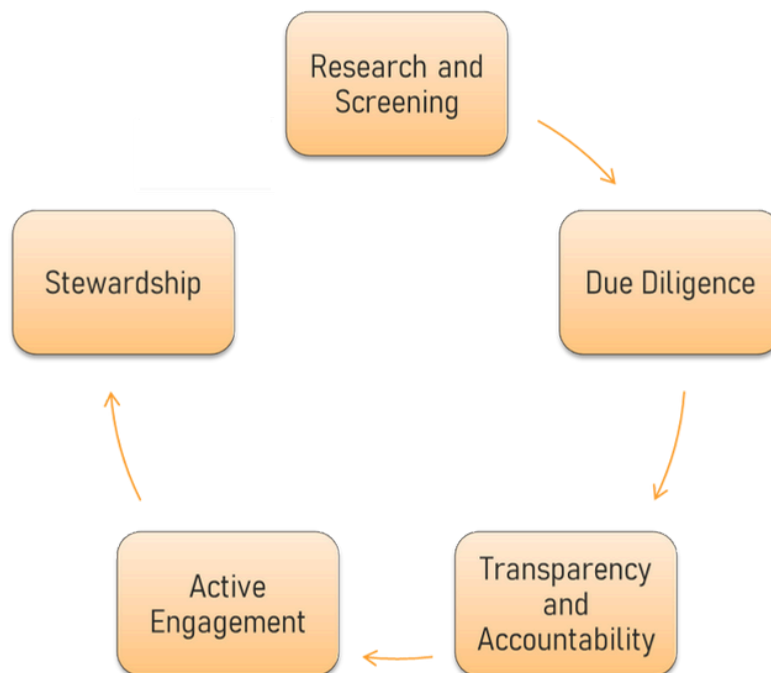
We focus on critical sectors that generate strong positive human and economic impact, which are central to enabling the energy transition and the development of sustainable infrastructure and resilient traceable supply chains. As a result, managing risks and opportunities related to climate change, biodiversity, social impact are central to our investment process, and also solidify Synergy Capital’s reputation as a highly knowledgeable, reputable and reliable business partner.

Our commitment to responsible investment reflects Synergy Capital’s motto: “more than the sum of our parts”. As stewards of our clients’ capital, we believe that integrating ESG factors throughout the investment process generates sustainable value and lasting environmental and social impact. We focus our efforts on areas where we can make a quantifiable difference.

ESG INTEGRATION

We integrate ESG practices into all activities and the lifecycle of our funds:

- Screening eligible investments
- Identifying ESG risks and opportunities at target companies prior to making an investment
- Establishing new practices that meet our high standards
- Monitoring their implementation and results post-investment
- Modeling ESG risks and opportunities and their impact on our investments
- Conducting exit screenings at the end of our investment holding period to minimize the risk of stranded assets, mapping ESG factors that may affect the exit process, and ensuring that the improvements brought about by Synergy Capital continue under new ownership
- Stewardship through shareholder actions and industry engagement



Synergy Capital has an ESG committee, which includes senior executives across the firm, that is responsible for the application and regular update of this Responsible Investment Policy to incorporate new standards and best practices.



PRINCIPLES OF RESPONSIBLE INVESTMENT

Synergy Capital is a signatory to the United Nations-supported Principles for Responsible Investment (“PRI”). The PRI comprises international investors, asset owners and service providers that have committed to apply and advance six principles for responsible investment (“Principles”). We are committed to incorporating those Principles across our entire investment process as follows:

Principle 1: Incorporate ESG issues into investment analysis and decision-making processes

Principle 2: Incorporate ESG issues into our ownership policies and practices

Principle 3: Seek appropriate disclosure on ESG issues from investee entities

Principle 4: Promote acceptance and implementation of the Principles within the investment industry

Principle 5: Work together to enhance our effectiveness in implementing the Principles

Principle 6: Report on our activities and progress towards implementing the Principles

Signatory of:



APPROACH

Our approach to responsible investment is holistic, encompassing rigorous research, active engagement, and continuous improvement. We believe that integrating ESG considerations into our investment process can lead to better risk-adjusted returns and more sustainable outcomes for society.

ENVIRONMENTAL

- Manage the potential impact of our investments on the environment, including greenhouse gas emissions that contribute to climate change
- Promote the preservation of biodiversity and the responsible and efficient utilization of natural resources

SOCIAL

- Treat all employees fairly and comply with applicable employment laws
- Strive to make a positive social and economic impact through our investments
- Maintain a safe and healthy working environment and foster human capital
- Promote positive relationships with key external stakeholders
- Promote higher standards of living, and employee engagement and advancement

GOVERNANCE

- Establish solid foundations for management and oversight
- Structure the board of directors of our investee companies to add value and oversight
- Promote high standards of business integrity with ethical and responsible decision-making
- Safeguard integrity in financial reporting and controls
- Comply with applicable laws and make timely and balanced disclosures
- Respect the rights of shareholders
- Recognize and manage risk
- Incorporate considerations of corporate governance failures for addressing broader sustainability challenges

APPLICATION & OUTCOMES

APPLICATION

Synergy Capital integrates ESG considerations across all phases of the investment process in a manner that considers reputational and sustainability investment-specific risks, mitigants and opportunities, as well as Synergy Capital's investment portfolio. As a result, investment decisions will consider ESG factors identified during the evaluation process and potential improvements during the holding period.

The application of this Responsible Investment Policy is not retroactive and will depend on the form of investment, contractual rights and level of influence, investment holding period and measurability of ESG factors.

INVESTMENT EXCLUSIONS

We will exclude investments in:

- Companies primarily engaged in and derive significant revenue from thermal coal mining and oil production, and coal power generation. Any exceptions, e.g. brown-to-green strategies, will require special LP approval
- Any entity found in violation of international human rights or environmental standards.

SUSTAINABILITY OUTCOMES

We aim to achieve positive sustainability outcomes through our investments by:

Targeted Impact: Investing in projects and companies that have a clear and measurable positive environmental or social impact and operating them in a manner that is environmentally and socially responsible and in accordance with international governance practices.

Continuous Monitoring: Regularly assessing the sustainability outcomes of our investments to ensure they align with our objectives. As part of our monitoring activities, we engage in periodic screening and reporting of ESG factors and conducting in-depth reviews as required

IMPLEMENTATION

CONFLICTS OF INTEREST

To ensure the integrity of our investment process:

- We have governance bodies, compliance and audit functions to address potential conflicts of interest.
- We implement robust processes governing access and use of confidential information.
- We require all employees to disclose any personal financial interests that could conflict with their duties.
- We conduct regular reviews to identify and manage any new conflicts of interest.

STEWARDSHIP

As stewards of our limited partners' capital, we:

- **Engage Actively:** with our investee companies to increase awareness of ESG factors, build internal capabilities through training and hiring, adopt best practices, and measure outcomes.
- **Vote Responsibly:** by exercising proxy voting rights in a manner consistent with our ESG principles.
- **Collaborate:** with investors, stakeholders, and industry associations to amplify our impact.
- **Escalate:** We employ a multifaceted approach to stewardship escalation, from progressive engagements and shareholder resolutions to public and collaborative arrangements, alongside regular policy reviews to uphold evolving best practices and regulatory compliance.
- **Communicate:** We ensure effective integration of transparent reporting, stewardship considerations in investment analysis, feedback mechanisms, training, and stakeholder engagement to align stewardship efforts with investment decision-making and communicate impact effectively.
- **Prioritize ESG factors:** We use a structured approach involving rigorous materiality assessments, alignment with global sustainability frameworks (e.g., UN Principles for Responsible Investment) and ongoing monitoring of societal and regulatory developments.



IMPLEMENTATION & UPDATES

POLITICAL ENGAGEMENT

Synergy Capital does not engage in financial contributions to political parties or candidates. The firm may, when requested, provide input related to proposed regulations and policies that may affect our firm, our investors and our investee companies.

UPDATES

What constitutes responsible investing and sustainability are constantly evolving judgments. Synergy Capital values the feedback of our limited partners, regulators, business partners and other stakeholders, which we believe is important to our goal of continuously improving our approach to responsible investment and ESG practices.

This policy is reviewed and updated on an annual basis.

SECTOR-SPECIFIC GUIDELINES

INDUSTRIAL SECTOR

- **Emissions and Waste:** Prioritize investments in industries with low carbon footprints or those actively transitioning to greener technologies. Industries should have effective waste management systems in place, especially for hazardous waste.
- **Resource Efficiency:** Industries should demonstrate efficient use of resources, including water, energy, and raw materials.
- **Labor Practices:** Ensure that industries adhere to fair labor practices, including safe working conditions, fair wages, and the right to collective bargaining.

MINING SECTOR

- **Strategic Materials:** Focus on forward-looking metals and materials that are key enablers of the energy transition and are considered of strategic importance because of supply/demand dynamics, including sustainability and geopolitical risks.
- **Environmental Impact:** Give preference to mining companies that employ sustainable mining practices, including the implementation of novel mining technologies, secondary mining of tailings and waste, land reclamation and minimizing habitat disruption.
- **Community Relations:** Mining operations should have the consent of local communities, respecting their rights and cultural heritage.
- **Safety Standards:** Strict adherence to safety standards to prevent accidents and protect the health of workers.



SECTOR-SPECIFIC GUIDELINES

SHIPPING SECTOR

- **Emission Standards:** Invest in assets that meet or exceed international emission standards. Preference for those transitioning to cleaner fuels or technologies.
- **Marine Protection:** Ensure that our investee companies have measures in place to prevent oil spills, ballast water discharge, and other actions harmful to marine ecosystems.
- **Labor Rights:** Ensure that vessel operators adhere to international labor standards, especially concerning the rights and safety of seafarers.

INFRASTRUCTURE SECTOR

- **Sustainability:** Favor infrastructure investments designed for longevity and minimal environmental impact.
- **Community Engagement:** Incorporate the needs and concerns of local communities, ensuring that they benefit from infrastructure investment.



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