



Responsible Investment Policy

(Last Updated: December 2023)

1. Purpose

(1) Background

Endeavour United Co., Ltd. (the "Company") and its group companies (the "Group" or "we") provide capital in the best possible way to solve various management issues faced by Japanese companies, thereby aiming to enhance corporate value in the long term together with portfolio companies. We take a respectful approach to build a cooperative relationship with the wide range of stakeholders including business partners and relevant financial institutions. With this investment philosophy, the Group understands that environmental, social and governance (ESG) issues have a significant impact on both our own management and our portfolio companies' management.

In line with our investment philosophy aimed at enhancing corporate value, we have initially codified our Responsible Investment Policy in 2016, then revised drastically in 2022 in order to further integrate the procedures for responsible investment incorporating ESG risks and opportunities into value creation in our investments. We are committed to regularly reviewing and updating this Policy to ensure its ongoing alignment with our evolving practices and steadfast dedication to Responsible Investment.

The Group understands that systemic sustainability issues, such as climate change, significantly impact our company's performance. In addition to the compliance with applicable ESG-related laws and regulations, the Group believes that we can meet the expectations of stakeholders by proactively considering ESG issues and identifying opportunities that will lead to value creation.

This Policy ensures our commitment to ESG based on the expectations of stakeholders, and international standards such as the Principles for Responsible Investment (PRI), to the extent that such commitment is consistent with our fiduciary duties.

(2) Our proactive stance to the achievement of SDGs

The Group expects the management of portfolio companies to integrate the consideration of ESG risk and opportunity that will lead to the enhancement of long-term corporate value, and will provide guidance and support through investment activities. The Group understands the importance of achieving the Sustainable Development Goals (SDGs) set by the United Nations and makes every effort to contribute to SDGs in its investment activities including contribution to local community



and economy taking into consideration the portfolio company's business stage/industry/characteristics. While aiming to achieve various sustainability outcomes through our investment activities, we particularly focus on reducing greenhouse gas (GHG) emissions, increasing the added value of its business, and supporting retention and creation of employment opportunities.

(3) Stewardship

The Group believes that the purpose of stewardship, which is maximizing overall long-term value for investors, is consistent with the Policy and can be achieved through investment activities based on this Policy. The potential risk of conflicts of interest among the parties involved in transactions is managed in accordance with applicable laws and regulations, investment contracts (LPA), and internal rules. If necessary, the Group will take appropriate measures such as suspending transactions, changing conditions, or disclosing information to and obtaining approval from investors.

In addition to ESG-related regulations in Japan and overseas, the Group will closely monitor the requirements from regulatory authorities and policy makers in order to reflect them in our investment activities where applicable. Moreover, with regard to critical policy issues that impact the long-term interests of our investors, we will seek effective engagement with policymakers either independently or in collaboration with other financial institutions.

2. Key ESG factors

We will consider the risks and opportunities associated with ESG factors (provided here as illustrative examples and not limited to the items listed) both in pre-investment phase for evaluation for investment opportunities and in the investment phase in the aim of value creation of the portfolio companies.

(1) Environmental

Environmental factors include prevention of pollution (air, water, soil contamination, noise, vibration, ground subsidence and offensive odor, etc.), natural disasters, waste management, reduction of GHG emissions, reduction of food loss and waste, use of renewable energy, efficient use of raw materials, etc. We will also take appropriate measures to avoid negative impacts on the natural environment (natural capital) and ecosystems/ecosystem services (biodiversity). In addition, climate change factor includes transition risks such as regulatory, technological and market changes, and physical risks such as increased frequency and severity of extreme weather events and sea level rise.

(2) Social

Social factors include supporting retention and creation of employment opportunities, optimizing



labor management, ensuring occupational health and safety (including prevention of industrial accidents and injuries, etc.), improving the working environment, and ensuring the quality and safety of products and goods, while human rights throughout the supply chain are also considered. Human capital, including education and skills development, diversity, equity and inclusion, is also an important concept directly related to stable business operations.

(3) Corporate governance

Governance factors include exclusion of relations with antisocial forces, prohibition of money laundering, etc., thorough corporate ethics, establishment of organizational and internal control systems, cyber security, and compliance with applicable laws and regulations.

3. Scope

This Policy applies to investment in portfolio companies over which the Group maintains control following the enforcement of this Policy. In cases where the Group has limited control in an investment, the Group will encourage the management of the portfolio company to identify and manage ESG risks and opportunities that will lead to the enhancement of corporate value in accordance with this Policy.

This Policy also applies to investments made before the effective date of this Policy, where the Group maintains ownership, through engagement with the management of the subjected portfolio companies.

4. Commitment

As part of its ESG activities under this Policy, the Group will comply with laws and regulations applicable in the countries and regions in which the Group and its portfolio companies and their affiliates, etc. conduct business.

Based on the Principles for Responsible Investment (PRI), the Group will consider ESG issues in its investment decisions and portfolio management, and work to maintain and enhance the value of portfolio companies, thereby stabilizing and improving long-term investment returns.

5. Roles and Responsibilities

Roles and Responsibilities in relation to ESG are as follows.

(1) Board of Directors

The Board of Directors has fiduciary responsibility and accountability to investors and oversees the



status of ESG implementation.

(2) Management Committee

The Management Committee is chaired by the Representative Director and is responsible for formulating, implementing, and revising this Policy. Its responsibilities include: (1) developing governance structure to implement ESG integration; (2) overseeing the implementation of ESG investment; (3) determining material ESG issues; and (4) reporting to the Board of Directors on the implementation of ESG investment at least annually.

(3) Investment Committee

The Investment Committee consists of members of the Management Committee and the Company's outside directors and advisors. At the pre-investment phase, the Investment Committee considers and decides whether to invest, including consideration of ESG risks and opportunities that will lead to value creation. During the investment period, the Investment Committee receives reports on the Investment Team's activities, including material ESG issues.

(4) ESG Screening Committee

The ESG Screening Committee consists of senior management equipped with expertise in ESG, the Company's outside directors and advisors. It analyzes and evaluates investment projects with respect to ESG issues and reports to the Representative Director whether critical ESG issues have been identified alongside its advice on the investment where appropriate.

(5) ESG Team

The ESG Team promotes effective implementation of responsible investment under the Management Committee. Specifically, it (1) supports the Investment Team to incorporate ESG factors into investment activities, (2) plays coordinating role on ESG reporting, and (3) plans and implements internal training programs on responsible investment.

(6) Investment Team

The Investment Team is responsible for ESG investment practices throughout the entire investment cycle, from deal sourcing to exit. Specifically, its roles include: (1) selecting portfolio companies and utilizing negative screening; (2) conducting due diligence and ESG materiality analysis; and (3) assisting portfolio companies in identifying and managing ESG issues during the investment period.

(7) Employees

Employees strive to stay abreast of latest developments in responsible investments through



orientation at the time of joining the company, internal training, and external training, etc.

6. ESG Integration Processes

The Group will promote responsible investment activities aimed at enhancing the corporate value of portfolio companies through risk assessment and value creation throughout the investment process.

(1) Screening

Screening will be used based on the filters set in ESG Negative Screening List to exclude companies matching specific ESG criteria. If the business or activity of a company is listed on the ESG Negative Screening List, no investment will be made in such company. In addition, no investment will be made in businesses that violate public order and morals, nor in activities and businesses that may hinder the achievement of various SDGs.

(2) Due diligence

Through due diligence during the investment decision-making phase, ESG materiality analysis will be performed to identify material ESG risks and opportunities that will lead to value creation. During the investment decision-making process, ESG factors that will lead to the enhancement of corporate value will be assessed. ESG materiality analysis for potential portfolio companies will be conducted using internationally recognized and accepted standard, such as the SASB framework.

(3) Engagement with portfolio companies

The Group will pursue the sustainable growth of portfolio companies throughout the investment period by identifying risks and opportunities that will lead to value creation and by applying measures that support the enhancement of corporate value.

The engagement with portfolio companies can include the following measures.

- Development of policies (ESG materiality analysis for portfolio companies) and development of ESG governance systems
- Goals and KPIs setting
- Development of ESG initiative policies and ESG action plans according to ESG issues identified through pre-investment screening and materiality analysis
- Provide knowledge, tools and support on management of ESG issues to portfolio companies
- Reporting from portfolio companies

In the case of investing in a portfolio company over which the Group has control, the Group will require the portfolio company to establish ESG goals and an ESG action plan, and to provide



appropriate reporting on ESG activities at least once a year.

During the investment period, the Investment Team will continuously monitor the management of ESG risks and opportunities that will lead to value creation for portfolio companies and support their activities. The Investment Team will also report regularly to the Management Committee and report on material ESG issues to the Investment Committee.

(4) Exit

At the time of exit, the Group will disclose significant ESG factors, impacts, and measures for managing ESG factors when considered necessary.

7. Communication and Transparency

The Group will disclose ESG information to investors on an appropriate and regular basis to ensure the transparency of the Group's activities based on responsible investment. In the case where the Group has limited control over a portfolio company, it will encourage the portfolio company to report on ESG issues.

In the event of a serious accident, or a serious ESG-related incident due to environmental problems or legal violations at a portfolio company, it will immediately be reported to the Management Committee to assess the impact of the incident. In light of the materiality of the incident, it will be reported to the Company's Board of Directors as necessary. In addition, if the incident has a significant impact on investment performance, it will be reported to investors in a timely manner.

8. Review

This Policy will be reviewed annually by the Management Committee and revised as needed.