

# CRESSEY & COMPANY LP

## Responsible Investing Impact Policy

*Adopted March 2018; Updated April 2021, May 2023, July 2024*

Cressey & Company, LP (“Cressey” or the “Firm”) strives to help strong healthcare businesses achieve outstanding growth by applying its Target, Partner, and Build investment strategy to compelling segments of the healthcare industry. After thoughtful, team-based, and collaborative engagements of segment selection, Cressey’s team strives to integrate our responsible investing framework by upholding the values and importance of quality and compliance measures and techniques during our investment process and portfolio company ownership practices, which is core to Cressey’s mission to improve America’s health and healthcare. In furtherance of this commitment, Cressey intends for this policy (this “Responsible Investing Policy” or “Impact Policy”) to guide its consideration of environmental, social, and governance (“ESG”) factors to enhance and positively impact the value creation opportunities in quality and compliance while mitigating any material risks throughout the investment process, consistent with and subject to any applicable legal, regulatory, fiduciary, or contractual duties.

Cressey’s top priority is to mitigate risks that may have a negative impact on our Firm, investors, and portfolio company partners. As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries and we believe strong quality and compliance practices contribute to the value creation process and performance of our investment portfolio partnerships. Cressey signed the United Nations Principles for Responsible Investment (“UN PRI”) in April 2021, as another layer for demonstrating our commitment to our Responsible Investing practices, as outlined in this policy, and referenced in Appendix 1. In recognition of the evolving nature of environmental, social, and governance best practices, we will review and revise this Responsible Investing Policy over time, as appropriate, but at least annually.

### **I. Investment Process Considerations**

Cressey partners with a dedicated ESG advisor to perform ESG diligence on all majority-owned platform investments and in cases where Cressey is a minority investor, we work with the majority sponsor, if applicable, and as we deem necessary, to strive to ensure relevant quality and compliance diligence is conducted and may perform a lighter touch diligence review based on available information. Additionally, and where appropriate, we will complement additional diligence with deeper functional workstreams, engaging dedicated cybersecurity and regulatory diligence advisors. ESG diligence recommendations relevant to or deemed material are incorporated into the Firm’s investment committee materials and considered at all stages of the investment process, with Cressey investment professionals ultimately responsible for the quality and compliance value-creation risk management and opportunity identification during the investment evaluation. In cases where Cressey is a minority investor, we work with the majority sponsor, if applicable, and as we deem necessary, to strive to ensure relevant quality and compliance diligence is conducted and may perform a lighter touch diligence review based on available information.

## II. Stewardship During Ownership

Cressey seeks to engage with our portfolio companies post-close to increase awareness of quality and compliance considerations, manage portfolio ESG risks, and capitalize on value creation opportunities throughout the investment period. For our majority-owned platform investments, we encourage the board of directors (or equivalent governing body) for the portfolio companies to form an Audit, Quality, and Compliance Committee (“AQCC”), to interact with outside auditors and other advisors independent of management. These periodic, third-party audits and our subsequent engagement on identified areas for improvement are designed to help bolster portfolio companies’ policies, procedures, and accountability structures, overlapping with material responsible investing topics, such as ethics, patient quality of care, and employee engagement. Cressey also engages a third-party ESG advisor to monitor the Responsible Investing performance annually across all portfolio platform investments. This review includes an updated assessment of each company’s risk exposure and programmatic capacity, accounting for regulatory, market, and operational changes, including new and/or changed material quality and compliance considerations. Progress on such recommendations made during diligence is tracked year over year to assess outstanding capacity gaps and new recommendations are made to advance each company’s improvement in managing such considerations. Results of this monitoring review are shared with portfolio companies and Cressey team members; relevant considerations and initiatives, including trends of employee engagement, and workforce culture are regularly incorporated into portfolio company board-level discussions, as appropriate.

## III. Risk Mitigation

In its investment diligence and stewardship processes, Cressey considers responsible investing topics material to the target’s sector, operations, geography, and market positioning. In view of our healthcare investment focus and value-creation opportunities through strong quality and compliance controls, we have identified common risk areas material for most of our healthcare investments, including, but not limited to:

- **Patient Quality of Care:** A company’s ability to promote high-quality standards of patient care and ensure ethical patient interactions, particularly with more vulnerable patient populations.
- **Ethics and Compliance:** A company’s ability to maintain strong corporate governance, including existing controls and trainings to prevent kickbacks, conflicts of interest, and fraud, covering both general business ethics concerns and those prevalent in the healthcare industry.
- **Data Privacy and Security:** A company’s ability to sufficiently protect sensitive data (e.g., Protected Health Information) and maintain compliance with applicable privacy regulations (e.g., HIPAA).
- **Diversity, Equity, and Inclusion:** A company’s ability to maintain a safe and inclusive workplace free of discrimination and harassment, including any initiatives to promote diversity and inclusion in the workplace, particularly where this can drive cultural competency in serving the company’s patient populations.
- **Social and Labor Conditions:** A company’s capacity to adequately engage its workforce, limit higher employee turnover commonly seen in the healthcare industry, and ensure labor law compliance by supporting fair working conditions and the employee value proposition.

- **Climate Change:** A company’s exposure to physical and transition-related risks associated with climate change, including extreme weather events impacting care facilities and regulations associated with emissions management.
- **Environmental Management:** A company’s ability to prevent and respond to adverse environmental impacts (e.g., spills, leaks, biohazard waste) and meet environmental regulatory compliance obligations including the use and storage of hazardous and medical materials.
- **Worker Health and Safety:** A company’s ability to ensure an emotionally safe workplace for all employees and limit incidents of workplace injury (e.g., handling sharps), in compliance with regulatory safety requirements.

However, Cressey may determine that certain of these risks are not likely to be material or that additional risks not included herein may be material, based upon the geography or history of an investment target, its particular sub-sector focus, or other considerations we deem relevant. Further, Cressey may apply certain focus area considerations on a company-by-company basis.

#### **IV. Accountability and Transparency**

##### **Accountability**

Cressey is dedicated to the inclusion of responsible investing topics in its investment management and internal practices. To ensure firm-wide accountability and oversight, Cressey maintains a dedicated Impact Committee. The Impact Committee is responsible for reviewing relevant quality and compliance considerations typically on a quarterly basis, while portfolio-level decisions are reviewed by the Investment Committee. The Impact Committee is responsible for the development, implementation, and oversight of this Responsible Investing Policy and will be empowered to propose updates or enhancements for consideration.

##### **Education**

To support the integration of the principles set forth in this Impact Policy, we seek to enhance the responsible investing topics and management capacity of our team by conducting relevant training on this policy, including with respect to maintaining due diligence memoranda, annual portfolio evaluations, and such other documentation that supports the implementation and effectiveness of this policy, and included as part of Cressey’s annual compliance training program. When we determine that additional expertise is necessary for the successful management for adherence to this policy, we will engage specialized external consultants to assist in our efforts, helping us identify any skills gaps and stay abreast of the latest developments. Ongoing training supports internal awareness of our responsible investing commitments and is designed to ensure that our team has the information and tools required to meet these commitments.

##### **Reporting**

Our primary stewardship objective is to maximize the overall value of Cressey funds to our investors. We commit to being transparent with our investing partners in our responsible investing management practices. As such, Cressey includes dedicated quality and compliance content in our annual general meeting (AGM) materials and, where appropriate, notifies investors of material ESG-related risks or incidents as we become aware of them and such notice

may also describe resolutions and plans designed to ensure that similar future incidents are avoided, as considered appropriate.

## **V. Investment Screening**

Given our investment strategy, applicable legal requirements, and commitments made to our investors, Cressey does not expect to invest in companies that are primarily focused on the following industries:

- Alcohol
- Adult Entertainment
- Fast Food
- Fossil Fuel Production
- Gambling
- Munitions
- Private Prisons
- Tobacco

For the avoidance of doubt, the foregoing shall not apply with respect to a company not described above that provides products or services to a customer of the type described above.

## **VI. Firm-Level Initiatives**

Beyond working with our partners to enhance responsible investing management, Cressey is committed to addressing firm-level ESG risks and opportunities that arise in the normal course of our internal operations. We strive to make a positive and lasting impact in the communities in which we operate, including, but not limited to the Cressey Cares Foundation.

- **Ethics and Compliance:** Cressey's compliance program is supervised by a designated Chief Compliance Officer. We maintain a written Compliance Program that sets standards for employee behavior and processes for overseeing the Firm's activities and conducting, at a minimum, annual compliance training. Cressey's Compliance Policies and Procedures are designed to prevent, detect, and promptly correct any violations. Cressey also maintains an Employee Handbook that governs the relevant rules to Cressey's business, to be effective and successful in achieving Cressey's mission, vision, and values.
- **Diversity, Equity, and Inclusion (DEI):** We believe that a diverse team and an inclusive culture are foundational to the success of our Firm and our investments. Cressey's DEI sub-committee is responsible for developing and reviewing our internal initiatives, drivers, and regulatory changes related to DEI. Please reference Cressey's DEI Policy in Appendix 2 for more details on Cressey's commitment to diversity and inclusion.
- **Social and Labor Conditions:** To attract and retain talent, Cressey promotes employee engagement and well-being through a strong Firm culture and competitive compensation packages, including paid parental leave and other full suite of benefits, including flexible spending arrangements, unlimited paid time off, gym memberships, where applicable, etc., as outlined in Cressey's Employee Handbook.
- **Data Privacy and Security:** Cressey is committed to safeguarding data through a comprehensive cybersecurity program, documented in a Cybersecurity and Incident

Management & Response Plan. Key elements include access controls, cybersecurity training across the Firm, periodic phishing tests, annual penetration testing, and a designated Incident Management Team.

## **VII. Scope and Limitations**

This Responsible Investing Policy is intended to reflect Cressey’s general framework for managing relevant quality and compliance considerations throughout the lifecycle of all platform investments, to the extent feasible. Cressey’s ability to influence and exercise control over the companies in which Cressey funds invest will vary depending on the investment structure and terms. In cases where Cressey determines it has limited ability to conduct diligence or to influence and control the consideration of relevant responsible investing topics and risks in connection with an investment, whether at the investment or at the fund-level, Cressey will only apply those elements of this policy that it determines to be practicable.

For the purposes of this Responsible Investing Policy, “material” ESG issues are defined as those issues that Cressey determines have—or have the potential to have—a material impact on an organization’s going-forward ability to create, preserve, or erode economic value to its quality and compliance, for that organization and its stakeholders.

Cressey adopted this policy in March of 2018; thus, this Responsible Investing Policy does not apply to any investments made prior to that adoption date.