



## Environmental, Social & Governance Policy

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## 1. Introduction

BlueDrive Global, has a deep commitment to maintaining the highest professional standards across all aspects of our business. This commitment has been embedded within our organisation from the beginning with our Mission Statement and our Core Principles.

BlueDrive Global's Mission Statement is: "Deliver consistent, superior, risk-adjusted investment returns through a private equity style investment approach, which includes fundamental research on structural and cyclical industry trends, intra-value chain power dynamics and detailed company analyses."

BlueDrive Global's Core Principles are:

1. Integrity: we say what we mean, and we do what we say
2. Alignment of Interests: we drive target behaviours through aligned incentives
3. Focus: we only invest in what we know
4. Excellence: we strive to deliver the best long-term risk-adjusted returns
5. Autonomy & Accountability: we only hire the best people and empower them to tell us what to do
6. Stay Lean: we believe the best decisions are made in small, focused teams

We actively encourage all BlueDrive Global members to keep our Mission Statement and Core Principles at the forefront of their minds in the day-to-day performance of their duties to BlueDrive Global.

## 2. ESG Committee

BlueDrive Global's ESG culture has been developed by its senior management, who maintain oversight and accountability of BlueDrive Global's approach to ESG. BlueDrive Global has established an ESG Committee consisting of senior individuals representing a range of business areas, which meets on a quarterly.

## 3. ESG Integration Approach

BlueDrive Global's investment objective is to preserve capital in real terms and seek to deliver consistent, superior, risk-adjusted investment returns through a private equity style investment approach. BlueDrive Global aims to achieve this investment objective by constructing a concentrated portfolio of long and short positions, predominantly in large-cap global equities with a strong focus on the industrials, consumer, business services, and technology, media and telecommunication ("TMT") sectors.

We believe the nature of our investment strategy is well positioned for integrating ESG factors into the investment process. The primary objective of incorporating ESG factors into investment analysis and decisions is to manage potential risks and opportunities which may have a financial impact and maximise returns. This aligns with the overall investment objective of the funds that BlueDrive Global advises as well as our fiduciary duty to maximise returns for investors. In addition, considering ESG factors helps BlueDrive Global to develop a deeper understanding of sustainability issues and potentially reduces detrimental sustainability outcomes.

BlueDrive Global uses the PRI's definition of environmental, social and governance issues that are identified or assessed in responsible investment processes:

- Environmental factors are issues relating to the quality and functioning of the natural environment and natural systems.
- Social factors are issues relating to the rights, well-being and interests of people and communities.
- Governance factors are issues relating to the governance of companies and other investee entities.

Using both ESG screening and integration techniques, the investment team seeks to consider how ESG risks and opportunities may have a financial impact on investment opportunities.

### 3.1 Negative Exclusion List (Screening)

We believe it is considered better practice to extend negative exclusions beyond legal requirements (such as those required by domestic/international law, bans, treaties or embargoes), where possible, and exclude assets that may be

harmful to people and the planet. To this end, in addition to observing legally required exclusions, BlueDrive Global has established its own ethical framework which operates as detailed below.

Prior to committing to a new investment idea, the investment team review the following pre-screening questions:

- i. Does this industry / company directly or indirectly fund genocide?
- ii. Does this industry / company directly or indirectly fund terrorism?
- iii. Does this industry / company directly or indirectly fund slavery?
- iv. Does this industry / company operate in such a way that it is at odds with public policy (i.e., is this industry / company involved in illegal activity)?

BlueDrive Global will not proceed with the potential investment idea if we are aware that it meets any of the pre-screening questions above.

### 3.2 ESG Research Process

BlueDrive Global's investment decisions are based on extensive qualitative and quantitative research and analysis. The investment team reviews ESG and sustainability reports provided by portfolio companies, as well as publicly available information and CDP reporting to capture the relevant information to complete the review. If information is not easily obtainable, the investment team will engage with the company to request additional disclosures from company management directly. The investment team considers the availability of ESG related information an important consideration when assessing a company's overall ESG approach.

### 3.3 ESG Assessment Framework and Escalation Criteria

Using a specific scoring criterion, an Escalation Score is assigned within the internal ESG report produced by the investment team, providing guidance as to whether engagement opportunities have been identified, and whether escalation and oversight from the ESG Committee is recommended prior to investment:

- Overall Escalation Score
- ESG Metrics & Progress
- Climate Related Risks & Opportunities
- Company Specific ESG Factors

### 3.4 Stewardship

Stewardship is typically implemented through tools including engagement and proxy voting. The primary stewardship objective is to maximise the risk-return profile of individual investments. BlueDrive Global is open to collaborative engagement when opportunities present. The ESG Committee is responsible for oversight of stewardship activities and acts as a point of escalation if necessary.

#### 3.4.1 Engagement

The investment team maintains communication with management on long positions and where relevant and possible, they engage with management to ensure investment objectives are consistent with management's view, making recommendations where necessary. It is not the primary objective of the investment team to invest in companies to change them fundamentally, but where a change in direction is deemed appropriate and necessary to improve performance, minimise adverse ESG impacts and enhance long-term sustainability, this is communicated accordingly.

#### 3.4.2 Proxy Voting

We consider that exercising our voting rights is an important feature of our investment process. We adopt the same research-driven approach to our proxy voting responsibilities, and we consistently seek to vote on all issues in the best interests of our Funds, and in order to maximise shareholder value.

We have partnered with Institutional Shareholder Services ("ISS") and we subscribe to their proxy research services.

#### 3.4.3 UK Stewardship Code and Shareholder Rights Directive II ("SRD II") Engagement Policy

BlueDrive Global's statements on the UK Stewardship Code and Shareholder Rights Directive II ("SRD II") Engagement Policy can be found on our website: <https://www.bluedriveglobal.com/>.

### 3.5 Approach to Sustainability Outcomes

The investment team considers sustainability risks as a part of the ESG Assessment as detailed above. This includes collecting certain environmental and social metrics on each company where available and considering the TCFD's Climate-related Risks and Opportunities associated with each investment opportunity. Whilst the investment team seeks to avoid adverse sustainability outcomes from its investments, it is not currently BlueDrive Global's policy or investment objective to seek specific sustainability outcomes.

## **4. Memberships of Industry Bodies**

BlueDrive Global believes that participation in industry bodies demonstrates our commitment to responsible investing, helps us to be active owners, promotes appropriate ESG disclosures and helps us to learn and enhance our effectiveness in ESG. To this end, BlueDrive Global is affiliated with the following organisations.

### 4.1 PRI

BlueDrive Global became signatories of the UN-supported Principles for Responsible Investment (PRI) on 12th July 2021. The PRI is fast becoming a global standard for investment managers' ESG alignment.

Through its association with the PRI, BlueDrive Global is committed to adhering to the six Principles for Responsible Investment:

- Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.

BlueDrive Global will report annually to the PRI on the firm's responsible investment initiatives, activities and achievements and seeks to meet the standards expected by the PRI in doing so.

### 4.2 Carbon Disclosure Project ("CDP")

BlueDrive Global became Investor Signatories of the CDP on 6th July 2021. The CDP is a non-for-profit charity, seeking to promote industrial-scale environmental disclosure and engagement, aligned with the TCFD. The CDP runs a global disclosure system for investors to manage environmental impacts. As an investor signatory, BlueDrive Global is able to nominate companies to report on environmental factors (climate, forests and water). BlueDrive Global can also access a database of environmental information to inform decision making, engage with companies, reduce ESG risks and identify opportunities.

### 4.3 Say on Climate

Say On Climate believes that all listed companies have an influence on climate change and all need to take action to address their emissions. The Say On Climate campaign calls on companies to disclose carbon emissions each year, publish a 'credible' climate transition plan and give shareholders an annual advisory vote on the plan. Though BlueDrive Global's support for "Say On Climate", we encourage all listed companies to submit a Climate Transition Action Plan at their AGM for a shareholder vote.

## **5. BlueDrive Firm ESG Procedures**

In addition to the ESG approach deployed within the investment process, BlueDrive Global believes it is important to operate its own business in line with good ESG practices. As such, BlueDrive Global has implemented the following business initiatives across the three pillars of Environmental, Social and Governance. The ESG Committee is responsible for ESG initiatives at the management company level and is constantly seeking to improve and enhance BlueDrive Global's own ESG culture.

## 5.1 Environmental Initiatives

### 5.1.1 Commitment to Carbon Neutrality

At the beginning of 2020, BlueDrive Global committed to achieving carbon neutrality at a firm level. In February 2020, we engaged Carbon Footprint Ltd, which is a software tool that enables companies to calculate their business carbon footprint, independently verify it and offset it via a choice of offsetting projects, all of which have met the Quality Assurance Standard (“QAS”) for Carbon Offsetting.

At the end of April 2020, Carbon Footprint Ltd certified BlueDrive Global as a “Carbon Neutral Plus Organization” and issued us with a certificate confirming that BlueDrive Global has fully offset our carbon footprint for 2019.

### 5.1.2 Waste Management

- BlueDrive Global has taken steps to reduce paper usage to a bare minimum through the following initiatives:
  - Electronic signing tools are used (where permitted) to avoid the need to print and sign in hard copies.
  - In-person meeting attendees are offered soft copies of presentations rather than printing presentation decks on paper.
  - Paper available for use in printers is recycled paper.
- No plastic cups, crockery or cutlery are available in the office. Staff use reusable crockery, cutlery, and glasses, removing the use of single-use plastics from the office.
- Water bottle filling stations are in use to reduce plastic water bottle waste.
- All recyclable waste is sorted onsite and recycled.
- Coffee machines in the office use coffee pods which are recycled after use.
- Reusable coffee cups are provided to all staff for use when purchasing take-away coffee to minimise waste.

### 5.1.3 Energy Efficiency

- The lighting in our office lounges is an energy saving form of lighting, optimising an LED strip lighting.
- Staff computers are set to enter standby state when unattended or locked.
- 100% of the energy used in the building is provided by renewable sources.

### 5.1.4 Travel Practices

- Staff are encouraged to walk or cycle to work if possible, and BlueDrive Global offers a cycle-to-work scheme.
- Whilst some business travel is required, it is kept to a minimum, with trips requiring a business reason prior to booking.
- Trains are used where practical as an alternative to flying (e.g. Eurostar).

### 5.1.5 Supply Chain Management

- BlueDrive Global subscribes to the Ethical Consumer (<https://www.ethicalconsumer.org/>) which provides ethical ratings of over 40,000 brands and products allowing us to assess the sustainability of products purchased for the office.
- Where possible, Office supplies are also sourced from The Green Office (<https://www.thegreenoffice.co.uk/>) which provides sustainable office supplies (i.e., recycled paper and products with no plastic packaging).

## **5.2 Social Initiatives**

### 5.2.1 Diversity and Inclusion Policy

#### Introduction

BlueDrive Global recognises and values the diversity of our staff and we are committed to developing working practices and a workplace which allows every member of staff to contribute his or her best, regardless of race, colour, religion, creed, sex, age, national origin, citizenship status, disability, qualified veteran status, genetic information, marital status, sexual orientation and gender identity.

Definition of Diversity and Inclusion

- Diversity includes but is not limited to differences in race, colour, religion, creed, sex, age, national origin, citizenship status, disability, qualified veteran status, genetic information, marital status, sexual orientation and gender identity. Diversity also includes differences in backgrounds, experiences, perspectives, thoughts, interests and ideas.
- Inclusion is the practice of equal recognition, respect and merit-based evaluation. This means ensuring that all staff are valued, heard, engaged and involved at work to have equal opportunities to collaborate, contribute and grow professionally.

Why we believe Diversity and Inclusion is important

- We recognise the importance of a diverse workforce and believe all staff have a fundamental right to work in a place that they feel comfortable and can progress to the best of their abilities.
- BlueDrive Global’s Equal Opportunities Policy is contained within the Employee Handbook.
- BlueDrive Global aims to create and maintain a work environment, which ensures that no individual is treated less favourably on the grounds of their:
  - Gender, sexual orientation or reassignment of gender;
  - race, ethnic or national origin;
  - marital or parental status;
  - age;
  - religion or political conviction;
  - membership or non-membership of a trade union;
  - disability;
  - pregnancy and shared parental leave; and/or
  - association with any of the above.

Responsibility

- We believe senior leadership is crucial in developing a positive environment for diversity and inclusion across the firm. In addition, we believe it is important to consider a diverse range of views and opinions from our staff as initiatives are considered and implemented.
- The ESG Committee is responsible for considering appropriate action and shaping BlueDrive Global’s strategy and progress on diversity and inclusion matters.

Diversity and Inclusion Initiatives

- Internal Policies
  - Underpinning our approach to Diversity and Inclusion, BlueDrive Global has the following policies in place:
    - Equal opportunities covering UK local legislation
    - Code of Ethics
- Recruitment
  - As a small firm, hiring is not a frequent event but when we do hire, BlueDrive Global seeks to attract a diverse pool of candidates during the recruitment process.
  - CVs are screened by focusing on the skills required to succeed in a role, rather than the specific qualifications and attributes of the candidate.
- Retention
  - Whilst attracting and hiring diverse talent is essential, we recognise that this is only the first step in improving diversity and inclusion, and it is essential to create an environment that helps to retain diverse talent.
  - BlueDrive Global places significant value on the wellbeing of its staff. Several initiatives have been put in place designed to improve employee health, family and wellbeing and create an inclusive working culture.
  - Any social activities organised by the firm are designed to cater to all members of staff.
  - In recognition of holidays or other events marked by minority groups, no meetings are arranged on public holidays or festivals.

- Promotion, Training and Development
  - BlueDrive Global considers enhancing employees' skills and knowledge is beneficial both to the organisation and the individuals. Employees are encouraged to complete training relevant to the business and BlueDrive Global will consider each individual request. BlueDrive Global makes arrangements to accommodate the relevant training including providing study leave and/or funding training courses which are core to a function, and funds non-core training at our discretion.
- External Engagement
  - BlueDrive Global is looking into opportunities for external engagement with a focus on creating opportunities in the industry for individuals who may otherwise not typically have access.

#### Diversity and Inclusion Training

As noted above, diversity and inclusion training is provided to all staff on Diversity & Inclusion on an annual basis, or more if required.

#### 5.2.2 Employee Wellbeing

- BlueDrive Global places significant value on the wellbeing of its staff. Several company benefits and initiatives have been implemented, designed to improve employee health, family and wellbeing and create an inclusive working culture.

#### 5.2.3 Internal Engagement

- At BlueDrive Global, we are committed to providing a positive and stimulating environment for all members. We place a high value on openness, transparency and shared learning across the team.
- We also regularly organize team-building and social events throughout the year, including bi-monthly team lunches, quarterly team dinners, quarterly team potluck lunches and an annual summer event.
- In our experience, these events provide an important opportunity for our team to learn about each other's role within the organization and to get to know each other outside of the office. We are proud of the strong team culture we have built and we are committed to maintaining it as we grow.

#### 5.2.4 External Engagement

- Staff are encouraged to participate in volunteering initiatives in local communities and time off is provided.
- We are looking into establishing a more formal charitable matching programme across the firm.

### 5.3 Governance Initiatives

#### 5.3.1 Governance Structures

- To demonstrate robust corporate governance, BlueDrive Global has established reporting lines, appointed boards of directors and formed committees to ensure appropriate oversight and accountability of the firm's actions, practices, and policies. These include:
  - Regular Governing Body meetings; and
  - Regular internal committee meetings.

#### 5.3.3 Transparency and Fair Treatment of Investors

At BlueDrive Global, we regard our investors as partners in our business. We are therefore committed to establishing and maintaining a transparent relationship with all investors and ensuring fair treatment of all. We believe that the better our investors understand what we do, the higher likelihood we have in building long-term partnerships. We welcome any engagement initiated by our investors and we are always happy to respond to questions or discuss any aspect of our business with our investors. We also greatly value feedback and are always keen to hear from our investors in this regard.

#### 5.3.4 Remuneration

The annual review and remuneration process for employees takes into consideration all aspects of employee performance and development throughout the year, this includes assessing employee participation in developing and adhering to BlueDrive Global's ESG Policy and responsible investing process.

### **6. ESG Training**

The ESG landscape is constantly evolving, and BlueDrive Global is keen to ensure that all staff are educated and aware of ESG developments across the investment universe. To that end, training is provided to all staff on ESG, and Diversity and Inclusion on an annual basis, or more if required.

Upon joining BlueDrive Global, internal training on the firm's investment process is provided to all investment professionals. This includes thorough training on the firm's analysis of corporate governance risks and the check list that must be adhered to. Investment professionals then take responsibility for the day-to-day implementation of their training, under the supervision of the CIO, who provides regular feedback on their performance.

Additionally, at each quarterly meeting, the ESG Committee assesses whether the investment team and ESG Committee has the required responsible investment capabilities to conduct necessary ESG research and will determine whether additional training and/or resources are required.

### **7. Goals and Objectives**

In order to drive change and encourage converting policies into tangible outcomes, the ESG Committee has committed to the following ESG objectives:

1. In due course, using environmental metrics to calculate certain Carbon Footprinting and Exposure Metrics across the portfolio.
2. BlueDrive Global's ESG research process is currently focused on long positions which typically remain in the portfolio for a much longer duration than short positions. We plan to look into an appropriate ESG research process for short positions in due course. For the time being, short positions are subject to the same exclusion list as long positions.
3. Development of ESG reporting for investors.

### **8. Reporting**

Internal ESG reports are available for review by the ESG Committee. Samples of these reports are available on request to investors and BlueDrive Global is looking into developing additional external reporting in due course.

### **9. Policy Maintenance**

#### 9.1 Policy Breaches

In the event of any breaches of the ESG policy, a summary of these breaches would be provided to the appropriate internal Governance board at the Firm for review.

#### 9.2 Policy Review

The ESG Policy is reviewed at least annually.