

Norvestor

Responsible Investment Policy

January 2023

1. Introduction

Norvestor¹ acknowledges the impact we all have on the environment and society. This is both a responsibility and an opportunity. The Norvestor team and our family of portfolio companies are committed to making positive and valuable contributions to clients, employees, the societies we operate in, as well as investors in Norvestor funds. This policy outlines how Norvestor lives up to this commitment and applies to the Funds managed².

More information related to Norvestor's approach to Responsible Investing and disclosures related to the Regulation (EU) 2019/2088 (Sustainability Risk Policy, Remuneration Policy, Statement on principle adverse impacts of investment decisions on sustainability factors) can be found at:
<https://www.norvestor.com/disclosures>

2. View on responsible investment

Responsible investment is an important driver of value creation and cannot be viewed in isolation from both fiduciary duty and investment philosophy. Norvestor wants the contribution Norvestor and Norvestor portfolio companies has to be positive - not just because we believe acting responsibly leads to superior results and allows us to attract the best talent, but also because we are convinced it is the right thing to do.

Norvestor is committed to promoting sound Environmental, Social and Governance (ESG) principles throughout the entire value chain. The principles are embedded into how we do business – driving investment decisions for Norvestor funds and guiding our responsibility as business owners to build long-term value. As a signatory to the Principles for Responsible Investment (PRI³), we are committed to implementing the six principles as outlined below Norvestor will;

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

3. Fostering stewardship

Norvestor seeks to implement rigorous processes for ESG engagement and monitoring. Working together with the portfolio companies' management teams and board of directors, Norvestor seeks to maximize long-term value creation while reducing any negative impact a company has on its surroundings and stakeholders. A cornerstone of the Norvestor approach is to build ESG capabilities in the portfolio company and ensure accountability of sustainability outcomes.

Norvestor's approach to responsible investing set out in this policy is embedded in the way we do business, and it is supported throughout the whole group. Norvestor has an ESG team dedicated to the implementation and accountability of ESG prioritizations and actions. In addition, we are responsible for portfolio management and follow-up of the portfolio companies, we participate in an annual ESG review with the respective portfolio companies and we are trained regularly on ESG-related matters to assist their portfolio companies in implementing and adhering to best practices.

¹ Norvestor Investment Management Sarl, Norvestor Advisory AS, Norvestor Advisory AB, Norvestor Advisory Oy and Norvestor Advisory Aps

² Norvestor VI LP., Norvestor VII L.P, Norvestor VII OS L.P, Norvestor VIII SCSp, Norvestor SPV II LP

³ <https://www.unpri.org/>

Environmental

Norvestor is aware of the substantial, interconnected global threats posed by issues such as climate change and biodiversity loss and is committed to working to continually reduce the portfolio companies' negative environmental footprint while contributing to positive activities. Climate change necessarily features in a wide range of business decisions, including risk management, product development, procurement, and company strategy.

Norvestor follows the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) by identifying company-specific climate-related risks and opportunities. Our commitments are translated into action plans to promote sustainable business practices, along with products and services that actively reduce the potentially negative impact on the environment. All portfolio companies provide detailed information annually on their environmental footprint, covering risks and opportunities related to waste management, energy use, carbon emissions and biodiversity. Whether reducing air travel and plastic use or promoting renewable energy and resource efficiency, Norvestor is determined to constantly identify and implement measures to enhance environmental performance in our own operations and for our portfolio companies.

Biodiversity loss, a critical threat to life on the planet, is exacerbated further by climate change. In the ESG due diligence, biodiversity dependencies and impacts across the value chain are mapped⁴. Where relevant, potential actions are identified to mitigate risk and reduce the footprint related to biodiversity.

Social

Social factors are considered throughout the investment process, as we believe that businesses cannot operate and grow successfully without attention to numerous priorities. These include the health and well-being of employees, the trust of customers and other stakeholders, because we acknowledge that companies have social responsibilities. Portfolio companies' social 'license to operate' and relationship with stakeholders through the value chain of economic activity is therefore carefully analyzed. Key themes include employee well-being, health and safety, talent management as well as labour conditions for employees at suppliers, and the impact on local communities in which the portfolio company and suppliers operate.

Norvestor believes in the value of diversity of thought and in creating equal opportunities regardless of background. We strive for diversity and gender balance on the boards and in the executive management of our portfolio companies. We measure gender diversity, employee turnover, absenteeism and satisfaction rates to facilitate and build cultures of trust and inclusivity. Norvestor supports the establishment of such processes and provides human resources teams in the portfolio companies with opportunities to share experiences and best practices.

Norvestor follows the OECD Responsible Business Conduct (RBC) for Institutional Investors throughout the entire investment cycle and supports portfolio companies to adhere to applicable national and internationally recognized laws and conventions and abide by principles, including the United Nations Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the UN Global Compact's Ten Principles.

Governance

The structure of the rules, practices, and processes of how a company operates and aligns the interests of its stakeholders has a tremendous impact on the risk and sustainable growth of a company. Governance starts with the 'tone at the top' and, at Norvestor, this means creating a culture of transparency that reduces risk, improves operational processes and ensures accountability for actions. Norvestor focuses on embedding good governance throughout the businesses, with every employee understanding their roles and responsibilities. We require the implementation of a code of conduct that describes expectations on compliance and ethical behaviour of employees in portfolio companies. Our comprehensive governance

⁴ Since October 2022

policies further help portfolio companies adhere to the highest standard of good governance and compliance in critical areas, such as anti-corruption, anti-money laundering, anti-trust, sanctions, export control and whistleblowing. There are currently 15 such policies, typically implemented within the first 100 days of Norvestor ownership.

4. ESG throughout the investment process

Norvestor integrates ESG considerations throughout the investment decision-making process and the ownership period as outlined in the following steps:

Screening – Norvestor conducts a pre-due diligence screening on all potential investments and will reject any potential investment if a company is linked, operationally or financially, to a country, company or person designated on sanctions lists under sanctions programs applicable to Norvestor or Norvestor funds. A potential investment will also be rejected if there is a substantial likelihood that such investments will result in a portfolio company which generates a majority of its revenues from⁵:

- the production, trade and/or distribution of cluster bombs
- the production, trade and/or distribution of tobacco, which shall not include the distribution, marketing or sale at retail level provided such distribution, marketing or sale is an incidental or minor activity
- the activity of prostitution or procuring of prostitutes
- the production, distribution or sale of pornography, which shall not include the distribution or sale at the retail level provided such distribution or sale is an incidental or minor activity
- the development and/or exploitation of real estate, provided that such limitation is not intended to cover operational businesses for which real estate (including the entering into of sale, rental, leasing or other similar arrangements in relation to certain products or services relating to such businesses) is a material component and/or asset base, including without limitation restaurants, retail properties, temporary building modules, hospitals, department stores and similar businesses that arguably exploit real estate, but which are not customarily thought of as real estate businesses because of their focus on other business activities (and/or because they develop real estate that they intend to occupy)
- the manufacture or marketing of casinos or other gambling activities
- the mining or extraction of thermal coal; or the oil and gas industry.

Norvestor will not invest in companies with questionable ethical foundations or companies that are likely to struggle to shift to sustainable business models in the future. Integrating ESG will reduce risk and help drive financial value.

Due diligence – Norvestor conducts comprehensive ESG due diligence to determine the sustainability proposition of the target business and considers the entire value chain. A double-materiality assessment⁶ is made to understand how the company's industry is aligned with a sustainable future and the impact the company has on the society in which it operates. By assessing material ESG risks and opportunities, Norvestor gets an understanding of how these may affect growth prospects and financial performance and whether the risks are manageable.

Our ESG due diligence also includes a climate risk assessment in line with the TCFD to the level possible, a high-level EU taxonomy assessment, a biodiversity materiality assessment, and a mapping of the company's alignment with the UN's Sustainable Development Goals (SDGs). ESG factors are considered in a separate ESG due diligence and in commercial, financial and legal due diligence.

Ownership – Norvestor believes that we can play an essential role in influencing change in the portfolio companies during the ownership period. In an annual ESG review, we look at the performance of identified

⁵ Updated and applicable from November 2022

⁶ How ESG issues potentially could affect the business financially and how their operations impact the society in which it operates.

ESG factors and prioritize actions to reduce or eliminate negative consequences of the company's activities. We also seek to identify opportunities where ESG and value creation coincide.

To further identify positive contributions, Norvestor applies the UN's SDGs in areas which may benefit from an increased focus. For companies with a positive contribution, we try to contextualize these activities further using the Impact Management Project (IMP) 5 Dimensions assessment.

Norvestor supports all portfolio companies through a structured process to take action and monitor progress, including creating an annual sustainability report.

Exit – Norvestor aims to assist companies in developing a self-sustaining ESG management approach, where the portfolio company independently manages ESG risks and opportunities in their value chains. Norvestor believes this can support sustainable and profitable growth beyond the ownership period of a Norvestor fund and that transparency on ESG performance and a corporate strategy integrating ESG may contribute to a higher multiple at exit.

5. Standards, frameworks and guidelines

Norvestor has been a signatory to the UN PRI since 2017. We seek to continuously align our responsible investment approach with various international conventions and regulations, including the principles in the UN Global Compact, OECD Responsible Business Conduct (RBC) for Institutional Investors, the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, UN SDGs and the EU Sustainable Finance Disclosure Regulation (SFDR). In terms of internationally recognized reporting frameworks and standards, we seek to align with the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), the TCFD, IRIS+, the Greenhouse Gas Protocol and IMP, among others. During 2022, Norvestor signed up for the ILPA Data Convergence Project to further help streamline ESG data reporting.

6. Evaluation and reporting

Norvestor performs an annual review of portfolio companies' ESG performance with the support of a third party. The annual sustainability report provides transparency on ESG factors and discloses performance on both GP and portfolio company levels. This report is available on our [website](#).

Norvestor provides its fund investors with relevant ESG topics in the quarterly investor reports, ad hoc conversations and through responding to annual ESG questionnaires.

This Responsible Investment Policy was first published in 2015 and was last reviewed in December 2022. It can be found publicly available on www.norvestor.com.