

 Norvestor

Responsible Investment Policy

At Norvestor, we acknowledge the impact that we have on the environment and society at large. We see this as both a responsibility and an opportunity. Our team and the family of Norvestor portfolio companies are committed to making positive and valuable contributions to all shareholders; clients, employees, the societies we operate in, as well as investors of Norvestor Funds. This policy outlines how we live up to this commitment and applies to all funds¹ as well as our operations.

1. Our view on responsible investment

As investment managers, we are committed to make an impact and promote wise stewardship of resources and great mindfulness of all stakeholders. In our view, responsible investment is an important driver of value creation and cannot be viewed in isolation from both fiduciary duty and investment philosophy. We want our contribution 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. These principles are embedded into how we do business – driving Norvestor funds investment decisions and guiding our responsibility as business owners to build long-term value. As a signatory to the Principles for Responsible Investment (PRI²), we are committed to implementing the six PRI principles:

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.

2. Integrating ESG

Norvestor integrates ESG considerations throughout the investment decision making process and the ownership period to ensure Funds attain environmental and social characteristics, detailed 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 registered on relevant sanctions lists. A potential investment will also be rejected if it generates a significant share of its revenue from excluded industries or products or is likely to do so in the future.

¹ Norvestor V LP., Norvestor VI LP., Norvestor VII L.P, Norvestor VII OS L.P, Norvestor VIII SCSp, Norvestor SPV I LP

² <https://www.unpri.org/>

The Norvestor funds will not invest in a company engaged in any of the following business activities:

- production, trade, and/or distribution of cluster bombs;
- production, trade, and/or distribution of tobacco;
- activity of prostitution or procuring of prostitutes;
- production, distribution or sale of pornography;
- manufacture or, marketing of casinos or other gambling activities;
- thermal coal mining and extraction

Due Diligence – Norvestor conducts a comprehensive ESG due diligence to determine the sustainability proposition of the target business. By assessing material ESG risks and opportunities that exist throughout the value chain, Norvestor gains a sense of how these may affect the growth prospects and financial performance of the company and whether the risks are deemed manageable. If potential sustainability risks are viewed as manageable, the investment may be carried out.

Ownership – We believe that we can play an important role in influencing change in our portfolio companies during the period of our ownership. Therefore, we conduct an annual ESG review for all our investments. Using a four-step approach, we first assess how the company’s industry aligns with a sustainable future. Secondly, we conduct a materiality assessment to determine the most material ESG themes for the company, considering the entire value chain of its business activities. Thirdly, we assess the current performance on the identified themes. Finally, together with company management, we identify opportunities where ESG and value creation coincides, formulated in an action plan with priority projects. It is a time-tested formula: a clearly defined set of goals, combined with measurement and regular disclosure, drives action. We monitor this action plan continuously and report on progress in an annual Sustainability Report for each portfolio company.

Exit – Norvestor aims to help companies develop a self-sustaining ESG management approach, where companies independently manage ESG risks and opportunities in the value chain. In addition, Norvestor supports the company answer questions from prospective buyers, for instance, by collecting relevant ESG data that shows the improvements on relevant ESG topics.

Norvestor supports the ESG principles throughout the whole organization. We have a team of five professionals responsible for implementation and accountability around ESG. In addition, all investment professionals participate in the annual ESG review with their relevant portfolio companies. All investment professionals are trained regularly on responsible investment matters and ESG practices to help their portfolio companies implement the best ESG practices. Within our portfolio companies, the board of directors and the company management are responsible for implementing set targets defined in the annual ESG review process.

Within our portfolio companies, the board of directors together with the company management are responsible for defining strategy and policy, execution, and running the operations according to the established policies, including the outcomes of the annual ESG review. Within each portfolio company, at least one partner of the Norvestor investment team has a seat on the board.

3. Fostering stewardship

Norvestor embodies active ownership of sustainability outcomes with the portfolio companies to deliver long-term value, fostering stewardship in the ESG domains.

Environmental - Norvestor seeks to maximize sound stewardship on environmental themes, encourage consciousness and facilitate the sustainability transition. Norvestor supports the goals set out by the 2015 Paris Agreement and encourages our portfolio companies to take a proactive approach towards managing energy and climate-related policies and legislation. We request all our portfolio companies to measure their environmental footprint annually, covering areas such as waste management, energy use and carbon emissions. Together with our portfolio companies, we identify climate-related risks and opportunities following the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD). Consequently, findings are translated into action plans to promote sustainable business propositions, along with products and services that actively reduce the potential impact on the environment. Whether it is reducing air travel and plastic use or promoting renewable energy and resource efficiency, we are determined to push the boundaries of environmental performance.

Social - It is Norvestor's objective to be socially responsible regarding our investments. We adhere to applicable national and internationally recognized laws, conventions, and principles (including the United Nations Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, and the UN Global Compact's ten principles). Yet, we believe that a societal license to operate goes beyond regulatory boundaries. Norvestor is mindful and committed to promoting fair labor conditions in the whole supply chain, striving for the best health and safety standards across portfolio companies, and empowering individuals from diverse backgrounds in all areas of the operations. We contribute to the development of the communities in which portfolio companies operate by promoting sustainable and profitable growth.

Governance - Norvestor understands the importance of good corporate governance within a business. We will exhibit honesty, integrity, and respect in all business activities and adhere to relevant local and international agreements and legislation. Norvestor has a comprehensive set of governance policies that all portfolio companies must adhere to. These represent Norvestor's expectations and help guide action in critical areas, such as anti-corruption and whistleblowing. Strategic board discussions in portfolio companies on sustainability take place at least once a year.

4. ESG reporting

Norvestor continuously aligns its responsible investment approach with various international conventions, and regulations such as, but not limited to, the principles in the UN Global Compact, UN's Universal Declaration of Human Rights, and the EU Sustainable Finance Disclosure Regulation (SFDR). For investments in the Norvestor VIII fund, we are also incorporating EU Taxonomy³ assessments in due diligence and annual reporting. Further information about sustainability-related disclosures can be found on Norvestor's website.

Norvestor provides its investors with an annual portfolio-wide sustainability report that aggregates the portfolio companies' Sustainability Reports findings. In addition, relevant ESG topics are included in the quarterly reports sent to investors.

The report provides transparency on both portfolio and portfolio company levels, disclosing performance on both general KPIs as well as company specific KPIs based on materiality and progress towards company-specific goals. The reports seek to align to several internationally recognized reporting frameworks such as the UN Sustainable Development Goals (SDG), Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI), Principles for Responsible Investment (PRI), Task force on Climate Related Financial Disclosure (TCFD) and the Greenhouse Gas emissions protocol.

The portfolio company reports are created by company management together with the Norvestor investment team and ESG coordinator, supported by a third-party ESG specialist. We consider the company reports and the underlying process a key tool to set ambitious targets and drive progress towards goals.

This Responsible Investment Policy is publicly available and reviewed at least on an annual basis.

³ Sustainable finance taxonomy - Regulation (EU) 2020/852