

## Responsible Investment Policy

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### Introduction

Nordian is an entrepreneurial investment partner for the successful growth and sustainable development of its companies. Respect for people and society, true understanding of the business and sustainable development of our companies are the driving forces for achieving meaningful impact. Together with our partner companies we create impact and build sustainable success.

We believe that incorporating Environmental, Social and Governance (ESG) considerations into our investment decisions and portfolio management is key to true value creation and the sustainable success of our portfolio companies and society. In this Responsible Investment policy, we formalize these considerations and our ESG commitments and objectives, and describe how we integrate ESG in our investment processes and holding period.

### Our Vision: Partnership for sustainable value creation

Nordian believes that sustainable success for our portfolio companies, their customers and our stakeholders, should be achieved through sustainable value creation. Value should be created in an environmentally and socially sustainable way in order to contribute to future-proof, resilient and profitable companies. To underscore this, we take the following principles into account when investing in portfolio companies:

- **Respect for Planet and Environment:** We invest in sustainable value creation with respect for the planet and the environment. In this statement we define sustainability as ‘meeting the needs of the present without compromising the ability of future generations to meet their own needs’, in adherence to the UN Brundlandt Commission’s definition of sustainability;
- **Respect for Rights and Stakeholders:** We uphold fundamental human rights and proper working conditions. We respect animal rights and consider the interests of stakeholders;
- **Adherence to Local and (inter)national Laws:** We ensure compliance with applicable local and national laws and regulations;
- **Promotion of Corporate Governance:** We promote robust corporate governance practices, which include policies to prevent bribery and corruption in accordance with both national laws and international conventions, such as the OECD Anti-Bribery Convention;
- **Alignment with Nordian ESG-policy:** We actively assist the management teams of portfolio companies to operate in alignment with Nordian’s Responsible Investment Policy. Nordian will utilize its position as a shareholder to advocate for corrective actions where necessary;
- **Alignment to Exclusion list:** We will refrain from investing in companies with activities that violate our exclusion list (see APPENDIX 5: Exclusion policy).

### Scope

This policy applies to Nordian Fund III Coöperatief U.A. and subsequent Nordian funds, and to all affiliated companies where any of these funds have a majority stake, as well as to our own operations. Where minority stakes are held, we commit ourselves to promoting ESG considerations within reasonable limits of our span of control.

### Roles and responsibilities

All Nordian employees are aware of our Responsible Investment Policy. The portfolio companies we commit to and invest in are primarily responsible for the development and management of their ESG strategy and action plan. Hence, we aim to select portfolio companies that are conscious of the relevance of ESG factors for their business performance, and are committed to sustainably develop and to actively manage ESG topics within their

business activities. The investment team ensures that ESG strategies are developed and implemented at portfolio companies.

Primary responsibility for ESG at Nordian is assigned to the Nordian ESG team. The ESG team functions as a sparring partner for investment teams and portfolio companies on ESG, and monitors quality and progress of ESG strategies, ESG strategy and Action Plan implementation and ESG reporting. We have a dedicated ESG Manager who is part of the ESG team and is responsible for day-to-day ESG management and ESG program implementation.

Tasks and responsibilities of the ESG team entail:

- **Central knowledge centre:** Advising on ESG topics and ensuring compliance with ESG related legislation within Nordian. It can engage external partners to support on specific topics;
- **Selection:** Functioning as sparring partner for investment teams and ensuring the quality of the ESG analysis during the investment selection phase;
- **Monitoring:** Monitoring the quality of the portfolio companies' ESG strategies and action plans. The ESG team joins two management meetings per year of each portfolio company to monitor the implementation of and progress on company ESG-strategies and action plans. The ESG team can help adjust strategies when necessary;
- **Implementation:** Designing and coordinating ESG programs in cooperation with an external partner to support and accelerate implementation and progress on ESG of the portfolio companies. The ESG team selects external partners for ESG programs and introduces new programs with portfolio companies;
- **Reporting:** Gatekeeper for internal ESG reporting obligations of portfolio companies and responsible for ESG fund reporting in line with applicable legislation and regulations;
- **Stakeholder Engagement:** Our ESG team will actively engage with stakeholders, including investors, portfolio companies, and peers. This engagement ensures that we are aware of concerns, feedback, and opportunities for improvement.

## ESG Commitments & Objectives

Nordian invests across different sectors, business sizes and situations (e.g. management buy-outs, secondaries, etc.). Since corporate sustainability risks, challenges and opportunities differ between sectors and industries, relevant ESG-topics vary per company. We therefore analyze ESG on a case-by-case basis by identifying the most material ESG topics for our companies in accordance with the principles of double materiality. An explanation of our methodology to determine relevant topics is presented in APPENDIX 4: High level methodology explanation.

Companies will have different levels of ESG performance when they enter our portfolio. We assess ESG maturity of prospective or current portfolio companies by rating them per material theme on a five-point scale level (see *Figure 1: Five-point scale to assess ESG performance*).

Our objective is for each company to maintain their committed or above score, and when below before entering our portfolio, improve their score by at least one point on their material ESG topics and overall while in our portfolio.

1	Reactive	2	Involved	3	Committed	4	Integrated	5	Future-proof
	Reactive ESG management driven by regulations		Traditional model focused on reducing operational risk and costs		Management is committed and proactively manages ESG risks and opportunities		ESG is fully integrated in full business with a focus on optimizing and enhancing sustainable conduct		Proactive deployment of more sustainable propositions and alignment with strategy and circularity goals

*Figure 1: Five-point scale to assess ESG performance*

In addition to our company specific objectives, we commit to monitoring and considering Principle Adverse Impacts (PAIs)<sup>1</sup>. Furthermore, we pursue the following portfolio-wide high-level ESG objectives.

<sup>1</sup> Principal Adverse Impacts (PAI) are the most significant negative impacts of investments on the environment and people. When a financial market participant considers principal adverse impacts, it means that it should seek to reduce the negative impact of the companies they invest in

## Environmental

Our portfolio wide environmental commitments focus on reducing CO<sub>2</sub> emissions and increasing our portfolio companies' share of renewable energy. Our environmental commitments support SDG #13, *Climate action* and SDG #7, *Affordable and clean energy* as reflected below.

### Our commitments:

- We require all companies in the Nordian portfolio, and Nordian itself, to measure their direct (scope 1) as well as their indirect (scope 2, and 3 where relevant) CO<sub>2</sub> emissions;
- We require all companies in the Nordian portfolio, and Nordian itself, to aim to reduce their relative (expressed as CO<sub>2</sub> ton / EURm revenue) direct (scope 1) as well as their indirect (scope 2, and 3 where relevant) emissions every year a.o. by increasing their share of renewable energy;
- We require all companies in the Nordian portfolio and Nordian itself to compensate all remaining scope 1 & 2 emissions at the end of each year through a provider of CO<sub>2</sub> offsetting credits. Scope 3 emissions are not fully compensated as these emissions are related to activities that are not directly controlled by the company.

More information on our CO<sub>2</sub> program is included in APPENDIX 3: Current portfolio wide Nordian programs.

### Next steps:

- We aim to bring company decarbonization strategies in line with the Paris Agreement, amongst others by committing to Science Based Target setting in line with the Science Based Target initiative (SBTi)<sup>2</sup>;
- We aspire to enhance our portfolio wide approach to 'pollution reduction', 'the improvement of water and marine resources', 'biodiversity and ecosystems' and 'circular economy' in support of SDG #6, #14, #15 and #12, respectively.

## Social

Within Nordian and our portfolio companies, we make sure that working environments are sound and we encourage management to take good care of their employees in line with SDG #8 *Decent work and economic growth* and support inclusive corporate cultures in line with SDG #5 *Gender Equality* as reflected below.

### Our commitments:

- We require our companies and Nordian itself to aim to score above their industry averages on key general (in accordance with the EDCI metrics under *diversity, work-related accidents, net new hires and employee engagement*) and sector specific KPIs;
- We develop different programs that our portfolio companies can participate in to help ensure and improve employee well-being. More information on our current programs is included in APPENDIX 3: Current portfolio wide Nordian programs;

### Next steps:

- We aspire to enrich our portfolio wide approach to improving the working environment within our companies' value chains and their impact on communities, customer and end-users when relevant for the particular company.

## Governance

For us, the cornerstones of good corporate governance, are active ownership, an involved and well-balanced management team, efficient processes, and risk management in line with SDG #16, *Strong Institutions*. We have the following policies to assess and foster good governance:

- During our due diligence, we determine key ESG-policies that the Company needs to have in place to comply with international and local legislation and aim to have all key ESG-policies implemented within a year;

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<sup>2</sup> The Science Based Targets initiative is a collaboration between the CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. Science-based targets provide a clearly-defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

- Once implemented, new legally required policies are reviewed at least once per year by company management and implemented within a year from the review date.

## Commitment to international standards & initiatives

Nordian has committed to international standards to foster sustainable investment and positively contribute to sustainability goals and development of our society. We are committed to the following initiatives and standards:

- ESG Data Convergence Initiative (EDCI):** EDCI is an open partnership of private equity stakeholders committed to streamlining the private investment industry’s data collection and reporting on ESG in order to create meaningful, performance-based, and comparable ESG data from private companies. Nordian has integrated the EDCI questionnaire in its ESG reporting tool and complies with annual reporting requirements;
- United Nations Principles for Responsible Investment (UN PRI):** Nordian is in the process of becoming a signatory of the UN PRI. As such we will formally commit to making ESG a part of our mission and to applying the PRI guidelines throughout the investment, portfolio management, and divestment processes, as well as in the management of Nordian.

## ESG integration in the investment process

Structural implementation of ESG in the investment strategy is ensured through integration in all four stages of the investment process (see Appendix 4: High Level Methodology).

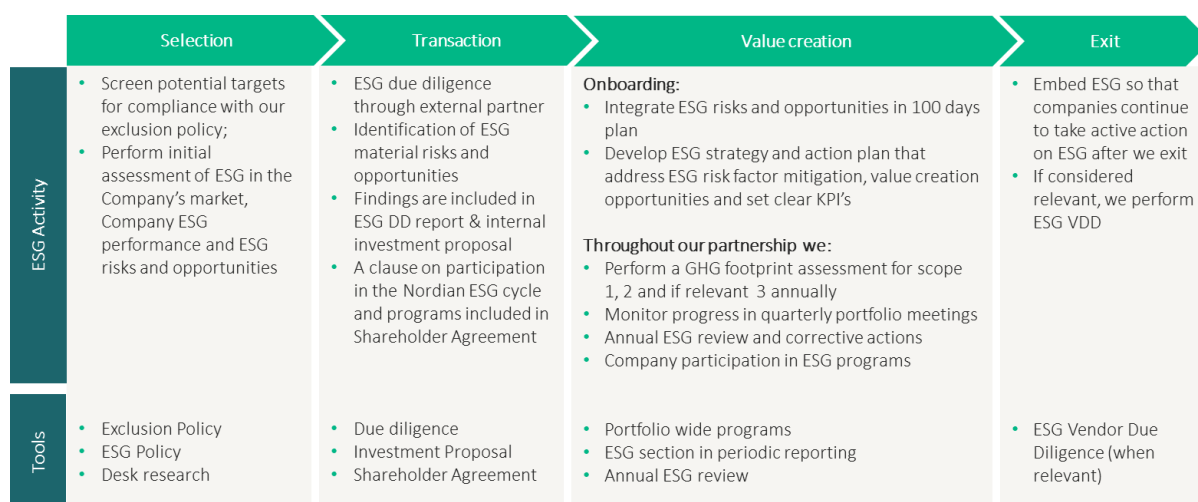


Figure 2: ESG integration in investment process

### 1. Selection

During the first stage of selection of potential new investments we assess ESG risks and opportunities:

- During selection we screen potential targets for compliance with our exclusion policy (see APPENDIX 5: Exclusion policy);
- We perform desk research on ESG in the Company’s market, ESG performance of the company and ESG risks and opportunities for the company and Nordian.

We aim to select portfolio companies that are conscious of the relevance of ESG factors to their business performance, are committed to developing sustainably and to actively manage ESG issues within their business activities.

### 2. Transaction

We systematically perform ESG due diligence on all potential acquisitions with the support of external consultants. During due diligence, we identify ESG risks and opportunities of the target. Findings are reported in the ESG due diligence report and a summary of this is included in the investment proposal, which is discussed in the investment

committee. A more extensive explanation of our methodology can be found in APPENDIX 4: High level methodology explanation.

A standard clause is implemented in the shareholders' agreement of new portfolio companies to ensure good management of ESG during the holding period. ESG-related topics in the shareholder agreement include management's commitment to i) define actions based on the identified ESG risks and opportunities; ii) develop an ESG strategy and action plan; iii) commit to the monitoring and reporting of required data in light of Nordian's commitments related to the Sustainable Finance Disclosure Regulation (SFDR) and iv) participate in active portfolio wide Nordian ESG-initiatives (APPENDIX 3: Current portfolio wide Nordian programs).

### 3. Value creation

During our partnership with companies, we structurally monitor and engage with our portfolio companies to improve their ESG performance:

- In the first 100 days of our partnership Nordian requests portfolio companies to:
  - develop an ESG strategy and action plan that includes ESG risk factor mitigation and value creation opportunities;
  - Develop an ESG action plan with clear KPI's to execute the ESG strategy;
- We perform a GHG footprint assessment for scope 1, 2 and where relevant 3 annually;
- We monitor progress on action plans with management teams and discuss results in Nordian's portfolio meeting on a quarterly basis;
- We conduct an annual ESG review, where necessary with an external ESG advisor, focusing on collection of data on sustainability indicators, progress on action plans and the potential refinement of plans and strategies;
- We support and encourage portfolio companies to engage in external ESG reporting, also if they are not in scope of the CSRD (Corporate Sustainability Reporting Directive).

In partnering with Nordian, companies commit to participate in Nordian ESG programs, presented in APPENDIX 3: Current portfolio wide Nordian programs.

### 4. Exit

We aim to embed ESG at our portfolio companies to such an extent that they will continue their ESG efforts after we exit. If considered relevant, we can provide potential new shareholders with ESG vendor due diligences.

## Communication & Reporting

We adhere to all the disclosure requirements prescribed by the SFDR. Our commitments with regards to the Sustainable Finance Disclosure Regulations are defined in APPENDIX 1: Entity level disclosures with regards to the Sustainable Finance Disclosure Regulation.

We place a strong emphasis on ESG in our communication to our existing and prospective investors. By communicating on ESG during fundraising, we aim to build a community of investors which not only provide capital but also align with our ESG principles. Furthermore, we actively report on ESG to our investors to keep them well-informed about the impact of their investments, including the progress and performance related to ESG factors. Our annual ESG report will be made available to our investors.

This ESG-policy will be updated when relevant new policy developments so require.

## APPENDIX 1: Entity level disclosures with regards to the Sustainable Finance Disclosure Regulation

In this statement we address the public sustainability related disclosure requirements in accordance with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 (the Sustainable Finance Disclosure Regulation, in short "SFDR"). SFDR requires alternative investment fund managers to disclose information about:

- Policies on the integration of sustainability risks in their investment processes (Article 3)
- If and how principal adverse impacts of investment decisions on sustainability factors are considered in their investment processes (Article 4)
- How their remuneration policy is consistent with the integration of sustainability risks (Article 5)

### Integration of sustainability risks

Article 3 of the SFDR requires: "Financial market participants shall publish on their websites information about their policies on the integration of sustainability risks in their investment decision-making process." Nordian has integrated sustainability in the entire investment process. We assess which Environmental, Social and Governance risks are material in the early stages of investment selection and further define risks and ESG opportunities during due diligence. Throughout the investment period we work with our companies to limit ESG risks and act upon ESG opportunities. We believe this creates value for the company and its shareholders but also for society and stakeholders.

### Principal Adverse Impact Statement

Article 4 of the SFDR requires: "Financial market participants which consider the principal adverse impacts (PAI) of investment decisions on sustainability factors should disclose in the pre-contractual information for each financial product, concisely in qualitative or quantitative terms, how such impacts are considered as well as a statement that information on the principal adverse impacts on sustainability factors is available in the ongoing reporting. Principal adverse impacts should be understood as those impacts of investment decisions and advice that result in negative effects on sustainability factors."

Nordian considers potential negative effects of investment decisions on sustainability factors and has integrated PAI analysis in its entire investment process:

- During selection we assess whether the target has potential adverse impacts on sustainability indicators;
- During our due diligence, we establish sustainability risks and opportunities and material indicators are defined for the particular company;
- At the start of our investment period Nordian develops and implements an ESG strategy and action plan together with company management to improve the portfolio companies' performance on selected indicators;
- Nordian reports on progress on ESG indicators and on PAIs at fund level, by taking into consideration data from our portfolio companies. Nordian's ESG team collects this data from portfolio companies through a questionnaire, which is integrated in the ESG reporting platform.

### Remuneration policy

Article 5 of the SFDR requires: "Financial market participants shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks and shall publish that information on their websites." ESG is considered to be the responsibility of Nordian investment professionals. ESG is embedded in the entire investment process and accountability for ESG is hence part of overall performance of Nordian funds and individual performance of Nordian employees. Nordian's remuneration policy ensures sound and appropriate remuneration, in line with the market standards and European Securities and Markets Authority (ESMA)/AFM principles required for all alternative investment fund managers and in line with Nordian's objectives, performance, and policies. Our remuneration policy seeks to align the interests of employees with the interests of investors in Nordian's funds and to avoid incentives that could result in excessive financial or sustainability risk taking.

## APPENDIX 2: Commitments with regards to the Sustainable Finance Disclosure Regulation

We **do not** commit to the following:

Sustainable investments	We do not currently commit to making sustainable investments, or to making investments that are aligned to the EU Taxonomy
Reference benchmark	We do not currently commit to using a fund reference benchmark

The rationale for not limiting us to sustainable investments is that we believe that there is significant potential of improving the ESG performance of companies that are not considered sustainable investments.

**We commit** to promoting environmental and social characteristics presented in the below table. Attainment of said characteristics is measured with sustainability indicators presented in the same table.

Environmental/Social characteristic	Sustainability indicator to measure attainment of E/S characteristic ( <i>unit</i> )
We require all companies in the Nordian portfolio, and Nordian itself, to measure their direct (scope 1) as well as their indirect (scope 2, and 3 where relevant) CO <sub>2</sub> emissions.	Share of companies in Nordian portfolio that measures scope 1,2 and 3 emissions (%).
We require all companies in the Nordian portfolio, and Nordian itself, to aim to reduce their relative (expressed as CO <sub>2</sub> tonne / EURm revenue) direct (scope 1) as well as their indirect (scope 2, and 3 where relevant) emissions every year a.o. by increasing their share of renewable energy.	Share of companies in the Nordian portfolio that reduces scope 1, 2 and 3 emissions (%).
We require all companies in the Nordian portfolio and Nordian itself to compensate all remaining scope 1 & 2 emissions at the end of each year through a provider of CO <sub>2</sub> offsetting credits. Scope 3 emissions are not fully compensated as these emissions are related to activities that are not directly controlled by the company.	Carbon emissions compensated ( <i>tCO<sub>2</sub></i> ).
We require our companies and Nordian itself to aim to score above their industry averages on key general (in accordance with the EDCl metrics under <i>diversity, work-related accidents, net new hires</i> and <i>employee engagement</i> ) and sector specific KPIs.	Share of companies (%) that score above industry average on EDCl metrics under diversity, work-related accidents, and employee engagement, which are: <ul style="list-style-type: none"> <li>• Women on board</li> <li>• Women in C-suite</li> <li>• Underrepresented groups on board (optional)</li> <li>• LGBTQ on board (optional)</li> <li>• Net New Hires</li> <li>• Injuries</li> <li>• Fatalities</li> <li>• Days lost due to injury</li> <li>• Employee survey</li> <li>• Employee survey response (optional)</li> </ul>

**We commit** to monitoring principal adverse impacts. These are (per SFDR):

**Adverse sustainability indicator**

Greenhouse gas emissions	1. GHG emissions (Scope 1, 2, 3 and total)
	2. Carbon footprint
	3. GHG intensity of investee companies
	4. Exposure to companies active in the fossil fuel sector
	5. Share of non-renewable energy consumption and production
	6. Energy consumption intensity per high impact climate sector
Biodiversity	7. Activities negatively affecting bio-diversity-sensitive areas
Water	8. Emissions to water
Waste	9. Hazardous waste and radioactive waste ratio
Social	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
	12. Unadjusted gender pay gap
	13. Board gender diversity
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
Additional environmental indicator	15. Investment in companies without carbon emission reduction initiatives
Additional social indicator	16. Lack of anti-corruption and anti-bribery policies



## APPENDIX 3: Current portfolio wide Nordian programs

Nordian currently has different programs running to improve performance on ESG factors of its portfolio companies.

### Nordian Young Talent

The Nordian Young Talent program is created to give portfolio companies the tools to identify and retain young talents. It is a 1-year program, that consists of several training sessions focused on personal development and leadership skills. Portfolio company management identifies young talents that can take part in the Nordian Young Talent program. The program is organized by a third party.

Indicators that Nordian uses to monitor effectiveness of this program are:

- Number of participants
- Turnover rate target group
- Satisfaction target group

### World Class Workforce

The World Class Workforce program has been established to measure various topics around employee well-being in a standardized way, across the portfolio. This will enable company management to determine their performance on employee well-being and, where relevant, start improvement projects supported by external parties and/or apply best practices.

Indicators that Nordian uses to monitor effectiveness of this program are:

- Employee Satisfaction
- Absenteeism rate
- Net new hires

### CO<sub>2</sub> program

Aided by third party expertise, all Nordian companies measure their direct (scope 1) and indirect (scope 2, and 3 where relevant) CO<sub>2</sub> emissions on an annual basis. Companies develop an action plan for the reduction of their scope 1 and 2 emissions. Where relevant, companies also perform a scope 3 assessment and define actions to reduce their scope 3 emissions. Scope 1 and 2 emissions are offset by a third-party offsetting provider, making Nordian a 100% CO<sub>2</sub> compensated PE firm.

The indicators that Nordian uses to monitor effectiveness of this program are:

- Absolute carbon footprint scope 1, 2 and where relevant 3
- Carbon footprint intensity

## APPENDIX 4: High level methodology explanation

We use a uniform approach to analyzing our (target) portfolio companies' ESG performance in our initial screening and in the due diligence phase (performed by an external ESG partner). This approach follows four steps as presented in *Figure 3: Four steps of ESG reporting* and explained below.



Figure 3: Four steps of ESG reporting

1. **Industry exposure:** During the first step of our review we systematically evaluate potential ESG-related-risks and opportunities within a company's specific industry. Developments in regulation, market demand, technical innovations and sector initiatives on ESG, are mapped. The relevance of ESG in the company's industry is reviewed, and a long-term vision of what optimal sustainability in the specific industry would look like is determined;
2. **Materiality assessment:** A materiality assessment is conducted to arrive at ESG topics that are relevant for the specific company. Using a third-party framework, a 'heatmap' is developed for the company. This heatmap highlights topics of material relevance;
3. **Performance:** Building on the results of the materiality assessment, a company's performance is assessed per theme. We assess ESG maturity of prospective or current portfolio companies by rating the level of maturity per theme on a five-point scale level (see Figure 1: Five-point scale to assess ESG performance);
4. **Road mapping:** After a company's ESG performance is assessed, we develop an ESG strategy, roadmap, ESG objectives and KPIs in close cooperation with company management. The roadmap presents a clear, coherent and flexible plan for achieving short-, mid- and long-term ESG objectives.

## APPENDIX 5: Exclusion policy

Please find an overview of our ESG related exclusions below.

The Fund shall not make portfolio investments:

- (a) that guarantee or otherwise provide financial or other support, directly or indirectly, to portfolio companies or other entities whose business activity consists of an illegal economic activity (i.e. any production, trade or other activity), which is illegal under the laws or regulations applicable to the fund or the relevant company or entity;
- (b) in portfolio companies whose business activity includes:
  - (i) the manufacturing of or trading in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies;
  - (ii) casino's and equivalent enterprises or gambling;
  - (iii) the production of and trade in tobacco and distilled alcoholic beverages and related products;
  - (iv) termination of human life;
  - (v) the research, development or technical applications relating to electronic data programs or solutions, which (i) aim specifically at supporting any activity referred to above; internet gambling and online casino's; or pornography, or which (ii) are intended to enable to illegally enter into electronic data networks; or download electronic data;
  - (vi) pornography and sex industry; and
  - (vii) human cloning for research or therapeutic purposes or genetically modified organisms (GMOs), unless the Manager ensures the appropriate control of legal, regulatory and ethical issues linked thereto;