First created: 01/09/2016
Last updated: 04/05/2021

Procuritas' Responsible Investment and Stewardship Policy

1. The rationale – Introduction

1.1 Background

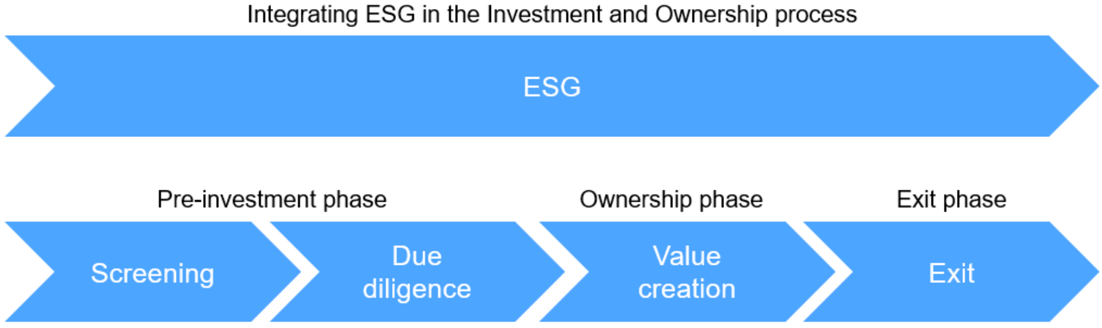
Procuritas Capital Investors VI Holding AB's ("Procuritas") mission is to generate the highest yielding return for its investors by buying and improving the value of first-rate companies.

A responsible investment approach, stewardship, and active guidance and monitoring of portfolio companies' performance within environmental, social and governance (ESG) areas are important measures in achieving Procuritas' mission. Procuritas believes this mitigates risks, identifies new business opportunities, increases the portfolio company's competitiveness and value. It also ensures that the company is beneficial to society and the environment at large.

As a commitment to the investors, staff, and the communities in which Procuritas and its portfolio companies operates, Procuritas has therefore adopted this Responsible Investment and Stewardship policy.

1.2 Purpose

The policy describes Procuritas' responsible investment method from the pre-investment phase, through ownership- and to the exit phase. The policy includes standards that Procuritas commits to in regard to ESG shall also serve as a vehicle for communication with investors, staff, advisors and other stakeholders.



2. Procuritas understanding of ESG

Procuritas is a signatory of the United Nations Principles for Responsible Investment (UNPRI) and is member of the Swedish Venture Capital Association (SVCA). UNPRI, the policies of SVCA and the principles of the United Nations Global Compact (UNGC) forms the basis of for how Procuritas deals with ESG issues. Procuritas is also a supporter of the United Nations Sustainable Development Goals and seek to help delivering on the goals both through our investments and/or stewardship approach.

The potential ESG issues facing a future or existing Portfolio Company are not all the same. Procuritas therefore expects each investment team and portfolio company board, based on the mentioned policies and principles to analyse, and identify the ESG areas that are most relevant, or material, to their specific situation. Examples of what Procuritas considers to be relevant ESG factors – in general terms and drawing on the frameworks identified above – could be:

2.1 Environment:

Energy efficiency and attentive resource management (such as, *inter alia*, materials- and waste management, water efficiency and greenhouse gas and pollution prevention).

Influence and cooperation with other companies, suppliers, governments, and organizations to improve management of environmental issues and spur innovation for new ways of decoupling economic growth from resource constraints.

Safe and appropriate handling of harmful substances, waste, and chemicals.

Recognizing challenges posed by climate change and promoting initiatives to reduce carbon footprint and positively impact the climate. Procuritas support the Paris Agreement and its goal to limit global warming, as well as the Task Force on Climate-Related Financial Disclosures and seek to align our operations accordingly.

2.2 Social:

- Internationally recognized human rights and inclusion, (such as, inter alia, promoting gender and diversity in board representation and executive committees, monitor and take active steps to eliminate child labour in any and all supply chains and prohibit all forms of discrimination due to gender, race, ethnicity, disabilities, social status, language, religious and political or other affiliation).

- Employee participation and working conditions (such as, inter alia, fair and equal wages for the same job, injury rates and personnel turnover, and/or hours spent in educational training programs).

- Contribution to society (such as, inter alia, R&D and innovation spending and partnerships for products and services with clear sustainability focus, taxes and fees paid, and/or dialogue forums with relevant stakeholders).

2.3 Governance:

- Ethics and professionalism (such as, *inter alia*, elaboration and implementation of codes of conduct, anti-corruption policies and/or whistle-blowing systems).

- Transparency (such as, *inter alia,* compliance with applicable anti-trust and competition laws and standards, regular reporting of non-financial indicators and/or active stakeholder dialogue).

- Incentives and benefits (such as, inter alia, linking ESG metrics to bonus or balanced scorecard performance reviews).

3. The commitment – integrating ESG

In accordance with UNPRI's principle 1, Procuritas shall integrate its ESG standards in the investment- and decision-making processes as follows:

3.1 Pre-investment phase – Screening and Due diligence

Procuritas shall evaluate risks and value creation opportunities related to ESG when considering investment opportunities. Such analysis shall be an integral part of its commercial, financial, managerial, and other analysis undertaken by the Fund and its advisors. The outcome of the ESG analysis shall be included in the Investment memorandum used in the Investment Committee discussion and Fund Board decision on the investment opportunity. The tools Procuritas employ in undertaking the pre-investment ESG analysis are:

- Exclusion: From the onset, Procuritas will not invest in companies related to arms, gambling, the sex industry or producing or wholesaling of alcohol, tobacco or drugs.

- Due Diligence: An ESG due diligence framework is employed on any investment that is considered. The framework includes potential ESG issues as those listed above and tries to identify and weigh to what extent the target company is mitigating the ESG -risks or addressing the opportunities in its business.

3.2 Stewardship – ownership phase (portfolio companies)

An essential part of Procuritas value creation model is the governance and management structure that is put in place for each portfolio company. The board of directors of each portfolio company is therefore responsible for defining strategy and policy, and Procuritas expects their role to include the setting of sound environmental, social and governance standards. Once a company is acquired by Procuritas, the portfolio company will be introduced to Procuritas ESG requirements on portfolio level and expected to comply. The requirements are:

- Definition and strategic stance: With assisting tools provided by Procuritas, all portfolio companies shall develop an ESG risk and opportunity analysis (usually referred to as a "materiality analysis"). This analysis shall be endorsed by the board of the portfolio company and communicated to Procuritas.

- Code of Conduct: All portfolio companies shall develop a code of conduct, which defines ESG stance in relation to core values, behaviour, and corporate culture of the company. This code of conduct shall be signed by the board of the portfolio company and communicated to Procuritas.

- ESG initiatives and key stewardship objectives: All portfolio companies shall identify and work to implement a set of relevant initiatives to improve on the company's ESG performance (e.g. to reduce carbon footprint, improve employee satisfaction, social responsibility) and define related KPIs with targets to monitor the progress and development of the initiatives. There should be a clear ambition to improve the companies across all ESG areas during Procuritas ownership period, and that can also be measured with relevant KPIs. (See more in section 4.)

- Reporting: All portfolio companies in Procuritas shall in every board meeting give an ESG update. Material issues shall be reported to the board chair immediately, and if required onwards to Procuritas. There shall be made an annual ESG report to Procuritas in conjunction with each company's annual report. For those companies that fall in the categories needed to undertake a non-financial reporting as per EU legislation, such reporting shall be carried out on an annual basis following the guidelines of the Global

Reporting Initiative (GRI). Procuritas will also provide an ESG update as part of every quarterly report to LPs.

3.3 Exit phase

Procuritas' shall take stock of ESG related activities undertaken in portfolio companies when preparing a potential sale and potential acquirers shall be reviewed also from an ESG perspective. The tools Procuritas and its advisors employ in undertaking the ESG aspects of an exit are:

- Know your customer: Procuritas employs an internal "know your customer" tool, through which basic facts and scrutiny of a potential buyer in terms of ESG can be carried out.

- ESG documentation: A memorandum summarizing the ESG progress during the years of being owned by Procuritas is part of the Investment Memorandum in the exit process.

4. Stewardship – responsible ownership and portfolio impact

In order to deliver on our mission and improve the value of first-rate companies, Procuritas see ESG as critical to ensure both the long-term prosperity of the businesses as well as laying the foundation for and contributing to a sustainable future, and it is incorporated into our active ownership model. The following aspects are included in our stewardship approach:

- Stewardship objectives: All Procuritas portfolio companies shall actively work with, measure, and improve the performance of each ESG factor during our ownership period. Moreover, our portfolio companies shall incorporate ESG as an integral part of how the companies operates and plan their future strategies so that they are enabled to continue improving on ESG also after the Procuritas ownership period.

- Internal ESG tools: Procuritas has developed a set of ESG/Stewardship tools including Materiality Analysis Excel, Code of Conduct template, ESG handbook for employees, whistleblower mechanism, and ESG KPI reporting that is available for all investment advisors in Procuritas as well as for sharing with the portfolio companies. Portfolio companies with similar existing tools can choose to continue with them if deemed appropriate by the investment advisors in Procuritas.

- Prioritization: Based on conducting a materiality analysis, all portfolio companies shall prioritize areas for compliance, monitoring, and engagement including initiatives for improvement and KPIs to measure performance and track progress over time towards a defined target.

- Climate impact: Regardless of the outcome of the materiality analysis, all portfolio companies shall endeavor to as a minimum have one (1) initiative to improve the carbon footprint of the businesses' operations and/or positively impact the climate, and where carbon emissions is a significant outcome of the businesses' operation there should in addition be at least one (1) initiative related to reducing carbon footprint from operations (e.g. travelling, production, sourcing).

- 100-day plan: As a minimum, the 100-day plan post acquiring new portfolio companies shall always include conducting a materiality analysis (if not already done as part of the due diligence), any housecleaning identified form the ESG due diligence, and implementation of the Procuritas portfolio company ESG toolkit (including implementing a whistleblower mechanism).

- Geographies: Our approach to ESG is generally the same regardless of geography, but an extra effort shall be conducted for companies operating in regions with specific ESG concerns (e.g. labor conditions, bribery and anti-corruption).

- External ESG tools: Procuritas and the portfolio companies will from time to time use external advisors to support with ESG, e.g. environmental specialists for carbon footprint assessment and soil sample testing.

Procuritas Stewardship policy is mandatory for all investment professionals and portfolio companies and is to be implemented for all Procuritas' portfolio companies. Procuritas collaborates as a firm in our stewardship efforts both internally, with portfolio companies, and with external advisors, and in general prefer collaborative efforts. Results from our stewardship efforts shall be reported as part of Procuritas internal quarterly portfolio review, and selectively when relevant in quarterly reports to LPs.

5. RI Governance – Ensuring ESG is consolidated on fund-level

The overall responsibility for the oversight and implementation of this policy lies on a fund-level and shall be managed by the funds' investment advisors. To ensure that this Policy contributes to the development of companies that promote sustainable -environment, -business and -society, Procuritas shall discuss the ESG progress bi-annually. In addition, Procuritas shall communicate the ESG progress per UNPRI and specific LP requirements as requested by LPs. Potential conflicts of interest related to responsible investment and stewardship is the responsibility of the funds' investment advisors to manage and if needed report to and align with LPs or other relevant stakeholders.