
SUSTAINABLE INVESTMENT POLICY

Innovestor's Sustainable Investment Policy describes our approach towards sustainability risks in the operations of the funds managed by Innovestor. Sustainability is a part of all our processes, starting from the investment decision and continuing all the way until an exit is completed.

The following definitions are essential in the Sustainable Investment Policy:

Sustainability risks

mean situations related to the environment, social responsibility or governance (*Environmental, Social and Governance, "ESG"*) that could, if occurred, have a significant negative effect on the investment's value, or harm the reputation of the governing company or those who have invested in its funds.

Sustainability factors

mean environmental, social and employee related matters, respecting human rights, and matters related to preventing corruption and bribery.

Sustainability

means taking sustainability risks and sustainability factors into consideration.

Sustainability from Innovestor's point of view

Our mission is to create maximum profits for the investors of our funds. To achieve this goal, we must find and choose the best target companies – and also become chosen as the private equity investor by the target companies. In addition to optimal profits, our investors have requirements regarding sustainability factors. We believe that companies which take into account sustainability factors within their operations perform best, as profits and sustainability go hand in hand.

We enforce our sustainable investment strategy through the means of active ownership. The responsible partners of our funds take part in the decision making of the board of directors, or general meetings, of the target companies. The responsible partners also activate discussion together with other owners to strengthen sustainability.

Each sustainability factor can be attached to a broad group of meaningful items. For us, it is important to concentrate on the ones listed below:

**Environment**

- Minimisation of waste, pollution and emission
- Ecologically sustainable procedures

**Social responsibility**

- Supporting health and wellbeing
- Promoting diversity

**Governance**

- Development of board work
- Creating fair and transparent processes

We have also committed ourselves to promoting the principles of UN's Global Compact initiative and the international standards linked to it. These standards apply to issues related to the environment, labour rights, human rights, and other related areas.

Sustainability as part of our actions

<p>Recognizing suitable investment targets</p>	<p>By directing our deal flow and communication we aim to avoid companies that do not meet our ESG criteria. With negative screening we exclude the following from our target companies: companies that (i) manufacture, develop or sell weapons or who breach international conventions; (ii) participate in developing nuclear weapons programmes or produce nuclear weapons; (iii) have violated international rules or conventions concerning human rights, environment, anti-corruption or labour rights; or (iv) are on a sanction lists maintained by the EU, UN or USA.</p>
<p>Assessments before an investment decision</p>	<p>Before we make an investment decision, we evaluate the target company's sustainability factors as part of our Due Diligence process. In the event that we notice shortcomings, the shortcomings are listed on the DD report with proposals for improvements. The responsible partner from Innovestor will discuss the corrective measures with the management team of the target company.</p>
<p>Investment decision</p>	<p>After the necessary explanations and negotiations, the responsible fund partners make an investment decision. The decision and its reasonings are documented. One of the assessed factors is the target company's state of completion of ESG matters.</p> <p>After a favourable investment decision has been made, a new shareholders' agreement is made together with the owners of the target company. ESG matters are taken into consideration by adding ESG related terms into the shareholders' agreement, in which the target company and its' owners must implement processes that support sustainability factors and practices.</p>
<p>Ownership period</p>	<p>As an active owner, it is important for us to be available for the target company and support the target company's sustainability work. Our goal is to support target companies in adopting models of management that ensure a high level of supervision in controlling sustainability risks. The most significant sustainability work is done within the board of directors of the target companies, where our funds' responsible partners ensure that the sustainability factors and sustainability risks are discussed and handled regularly. If any shortcomings are noticed, the target company must prepare a scheduled plan, and the progress of carrying out this plan shall be followed by the responsible partner. The responsible partner will report the noticed ESG shortcomings to other team members of the fund and if necessary the responsible partner shall address the matter to Innovestor's legal & compliance function for inspection.</p>
<p>Exit</p>	<p>During the exit of an investment, we aim to independently and with the help of our advisors take into consideration sustainability risks in our evaluation of both the means of executing the transaction as well as the buyer candidates. Sustainable operations include treating all parties equally and fairly.</p>

Sustainability reports

We carry out a survey concerning ESG-practices annually during the spring. We analyse the results of the survey and compile them into a report including possible further actions. This report is sent to our target companies, investors and the investment committees of the funds. In addition to the results of the survey, in the reports we also describe how we acknowledge sustainability risks and -factors in our activities.

Sustainability at Innovestor

<p>Environment</p> 	<p>Innovestor's own business activities do not have the level of direct environmental impact that for example industrial production or the use of environmentally harmful materials may have. We travel only when it is necessary for the development of our or our funds operations. We favour digital methods whenever possible to minimize the use of paper. We also recycle our office waste.</p>
<p>Social responsibility</p> 	<p>By investing through our funds into early-stage companies we support the employment, growth of the economy and innovations in Finland, other Nordic countries and in the Baltics. Through Innovestor's ecosystem, the target companies get connected with the needed experts, partners and other investors.</p> <p>We support the health and wellbeing of our employees. In addition, we aim to provide internships for students.</p>
<p>Governance</p> 	<p>Innovestor's own processes follow the applicable laws and rules, as well as good governance practices. Above all, as an active owner we promote similar practices in our target companies by participating in the governance of the companies and by holding regular shareholder conversations.</p>

Breaches and updates of the Sustainable Investment Policy

The responsible partner must report breaches of the Sustainable Investment Policy to the other team members and to the compliance officer of Innovestor. If necessary, the breaches shall be processed in the fund's investment committee and with the board of directors of the management company.

The Sustainable Investment Policy shall be reviewed and confirmed annually by the board of directors of the management company and in the investment committee of the funds. An up-to-date version of the policy is available on our website.