

Certior Capital ESG Policy

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1. Introduction

Certior Capital (“Certior”) is an alternative investment fund manager and advisory company. We focus on private equity and private credit investments, predominantly through a fund of funds approach making primary and secondary fund and co-investments together with our investee funds. We typically invest in asset light companies in sectors such as business services, healthcare and software which are broadly viewed as lower risk in terms of environmental, social or governance (ESG) issues.

Our core investment strategies focus largely on partnering with new and emerging managers and investing in smaller and mid-sized enterprises across Europe. Such managers are typically highly experienced and motivated investors who have decided to set up their own firms to exploit a particular investment opportunity.

In addition to our fund investment activities, we also offer private market analysis services for a small number of larger institutional investors where we will assist them regarding their entire private equity or private credit investment program. In this role we may assist in areas including market analysis and portfolio construction, and, through our long-term industry relationships, provide due diligence on mid-market and large cap funds as well as investment opportunities outside Europe.

While we are a relatively small investment manager, due to our focus on new and emerging managers, in particular, we are in a position to show leadership on ESG matters and to encourage our managers to adopt high standards as they establish and build out their operations. We are based in a single office in Helsinki. As a European-focused firm with strong Finnish roots, our corporate culture and values prioritize transparency, honesty and humility. These corporate values drive our long-term approach in seeking to build responsible and durable businesses across Europe.

2. Our commitment to sustainability

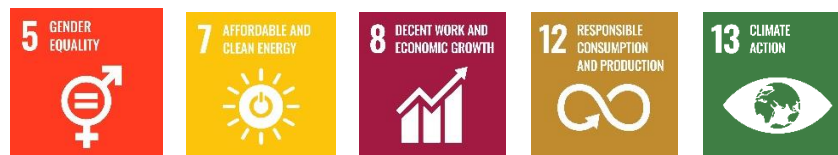
Certior is a signatory to the PRI and fully recognises that ESG factors play a material role in determining risk and returns and understands that incorporating ESG factors is an important part of our fiduciary duty. To promote high standards of ESG throughout our value chain, we strongly advise our investee GPs to become PRI signatories.

In 2021 Certior became the first Finnish member of Initiative Climat International (iCI). In joining iCI, Certior benefits from being part of a formally endorsed, global and collaborative initiative to assess and limit private equity’s exposure to climate change risk.

We fully recognize that climate change will have adverse effects on the global economy. These adverse effects bring various risks both for companies and investors while at the same time finding solutions to alleviate these risks will also create opportunities. We actively engage with our portfolio companies and investment managers to assess and mitigate any risks arising from the adverse effects of a portfolio company’s activities. In our decision-making we prioritise investees which take advantage of such opportunities and provide solutions against these adverse effects. We believe these investee companies will benefit from significant future value appreciation.

Certior is committed to offering investors transparency about where and how their money is invested. We undertake to actively play our part concerning major global issues such as climate change, pollution, fair working conditions, employee diversity, corruption and the use of aggressive tax mitigation strategies.

The United Nations Sustainable Development Goals (SDGs) provide a framework for addressing the world's most urgent economic, social and environmental challenges. Certior fully recognises that private equity and private credit investors are well-positioned to support the achievement of the SDGs as they are in a unique position to invest in and influence businesses to create long term positive change. We typically invest to funds and co-investments which are in a position to help deliver important outcomes in following SDG themes: gender equality (goal 5), affordable and clean energy (goal 7), decent work and economic growth (goal 8), responsible consumption and production (goal 12) and climate action (goal 13). Certior supports investees to report the SDG impact of our investments and the impact of portfolio companies on the SDGs.



3. Sustainable investment in Certior Capital

How we view sustainable investing

Certior is fully committed to responsible business practices and good corporate governance. We acknowledge the importance of the protection of the environment in promoting general well-being and sustaining life, and actively incorporate ESG issues into our investment process.

Certior's responsible investment principles are based on the belief that companies operating responsibly and sustainably offer better long-term investment prospects as they have fully assessed the risks and opportunities directly related to ESG factors. This leads to more informed decision-making and the expectation of higher returns in the long term.

We conducted our first materiality assessment in 2023 in a survey carried out with our most important stakeholders. The survey highlighted the following key sustainability themes: good corporate citizenship, fiduciary duty and customer satisfaction, sustainable governance (in both Certior's own operations and investments), social sustainability (in both Certior's own operations and its investments), and environmental issues in our investment portfolios.

Certior's ESG policy, as outlined in this document, applies to all our investment activities.

Guidelines on environmental factors

We recognise that Certior's environmental impact is largely related to our investments. To enhance environmental well-being and mitigate environmental risks in our portfolios, we generally exclude investments in environmentally high-risk

industries. In addition, we expect investees to actively work to reduce their environmental footprint.

This leads us to actively monitor investees in the following areas:

- GHG emissions
- Impact on biodiversity
- Waste
- Water-related sustainability issues

We expect our investees to be able to report on the environmental impact of our investments. If the investee identifies any material impacts, it must have an environmental policy in place to mitigate any adverse impacts.

Guidelines on social factors

Our corporate culture aims to promote equality, professional development, self-reliance and teamwork across all of our operations. We are an equal opportunity employer, committed to not discriminate against employees or applicants based on age, gender, nationality or sexual, political or religious orientation or on any other basis.

Our values translate through into our investing practices. For example, we expect our investees to pay attention to:

- Diversity of the board and management
- Reasonable pay equity
- Guaranteeing of human rights
- Maintaining high levels of employee well-being

To ensure the successful integration of social factors into our investment activities, we expect investees to have the appropriate policies in place and to be able to report the relevant data. The assessment and monitoring of these risks in our investments focuses on our sustainability DD questionnaires and other ad-hoc engagement activities.

Guidelines on governance factors

Certior seeks to be a good corporate citizen of Finland and is fully committed to following all relevant legislation related to employment, taxation and corporate governance. Certior places significant attention on anti-money laundering and KYC issues and does not use aggressive tax planning or take tax avoidance measures.

We also expect our investee partners to fully comply with the highest standards of corporate governance. This would include:

- Having the appropriate management structures in place
- Equal remuneration
- Cybersecurity measures
- Supply chain risk management
- As a minimum threshold, no unresolved labour, legal or taxation issues.

Guidelines on sustainability outcomes

We are aware that when making an investment, environmental and social risks and opportunities need to be fully assessed. We, furthermore, recognize that climate-

related factors pose a significant risk to all living systems and, in general, to the viability of life on this planet.

Our investment strategy typically leads us towards investments which are lower risk in terms of their environmental impact. We encourage our investment partners to reduce any negative impact on the environment resulting from their operations and we actively monitor the data related to GHG emissions, waste, water and biodiversity from our investees. The same principle of mitigating negative impacts also apply to labour and human rights issues.

Certior will work actively to mitigate the adverse impacts of carbon emissions. We fully commit to net-zero carbon investment portfolios by 2035.

4. Governance of responsible investing

Legal and regulatory factors

Certior is a registered Alternative Investment Fund Manager (AIFM). Domiciled in Finland, Certior is supervised by the Finnish Financial Supervisory Authority (FIN-FSA) and operates under the regulation of EU and domestic laws. In addition to AIFM we adhere to the Sustainable Finance Disclosures Regulation (SFDR). Currently, Certior funds are in compliance with Article 6, but we plan to transition our new funds to meet the requirements of Article 8 funds in the future.

Being compliant on legal and taxation issues is the minimum threshold both for our own operations, and for those of our investees. The same principle applies with regard to the UN Security Council sanction list, especially concerning bribery, money laundering and labour force exploitation.

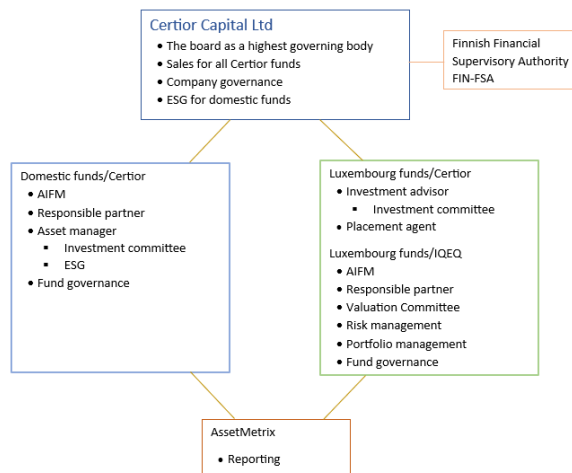
Responsibilities in ESG governance

The highest governing body overseeing Certior's ESG activities is the board of directors. The board approves our ESG policy and any changes made to that policy, as well as our annual ESG reporting.

The Certior Investment Committee leads our day-to-day ESG work regarding our investment operations. This committee considers ESG issues through the whole investment period, including analysing due diligence information before investment, engaging with fund managers (GPs) on specific ESG issues and monitoring investees ESG performance during the investment period.

Among other duties, Certior's inhouse ESG manager assists in analysing ESG data, leading the preparation of ESG reporting and ensuring Certior's processes and best practice remain up to date with regulatory or framework changes.

Certior's ESG policy is reviewed annually. Any changes are then implemented at the beginning of the following year.



Guidelines on managing conflict of interests

If Certior faces a conflict of interest which may potentially violate its ESG policy, our investment committee will seek to take prompt and appropriate action. After considering all the available information, and in line with the Certior ESG policy in force at the time, the committee will take steps that adhere to high standards of transparency and good governance.

5. Integration of ESG into the investment process

As a fund-of-fund manager committed to the PRI and iCI, Certior focuses on ESG themes throughout the investment process. We aim to integrate investment returns and ESG into all phases of our investment decision-making across our primary, secondary and co-investment activities.

In a typical 12 month period, Certior may source more than 100 deal opportunities, including both fund investments and co-investments, from across its international network. The lead manager on a potential transaction will conduct their own due diligence, which normally includes a focus on ESG issues. To ensure our ESG risk and opportunity assessment is fully completed, we send our proprietary ESG questionnaire to the prospect investee fund or co-investment at the pre-investment phase. After detailed due diligence, we typically execute around 15 transactions annually.

Exclusions

Certior will not proceed with an investment where the business in question is:

- Guilty of active breaches/conflicts related to our minimum safeguards
- Actively collaborating with autocratic regimes

We exclude investments in the following industries where an investee company derives revenues from the activities outlined below:

- Companies that derive 10 % or more of their revenues from the exploration, extraction, distribution or refining of fossil fuels
- Production or trade in military weapons
- Production of tobacco
- Production of distilled alcohol
- Adult entertainment

- Gambling, betting (online and offline)

As a fund-of-funds investor, we may allow a limited share of total investments in the above-mentioned industries. At Certior fund level the cost of investments in industries mentioned above may still not exceed in aggregate 10 % of the fund size threshold.

- Investments in high CO2-emitting industry sectors are permitted only if the specific investment is EU taxonomy aligned, or the investee company has a credible transition plan to become EU taxonomy aligned.

ESG analysis at pre-investment and during the investing period

To fulfil our fiduciary duty and achieve our sustainability goals, we employ the following means:

- Integrate ESG issues into our investment management processes
- Systematically monitor the progress of investees regarding sustainability issues
- Engage investees on ESG issues, when needed

Typically, successful transactions undergo multiple reviews by the Certior Investment Committee. The committee reviews both existing and newly acquired information to assure that our minimum thresholds on sustainability issues are reached.

We derive our ESG analysis from a broader, macro-level sustainability view, together with our proprietary sustainability DD questionnaire and other industry tools.

Collecting ESG data is integral to our investment process. In addition to the material received related to the investee, we use our proprietary sustainability due diligence questionnaire to collect sustainability information and aid our internal decision-making. In addition, investees are required to report any violations related to our minimum safeguard levels.

During pre-investment analysis, in particular, such data allows us to quickly focus on potentially material ESG risks and opportunities. Integrating this information into our investment decision-making helps us to better manage our overall investment risk. We are also able to use external ESG experts, as necessary, to assist in our analysis.

6. Engagement

As a fund-of-funds investor, and not a majority equity owner, our direct influence over our portfolio companies is limited. Therefore, in engaging over ESG issues, we must operate on a best-effort basis.

Our primary goal in engaging with GPs and co-investments is to ensure there is sufficient ambition in their ESG-related policies and to ensure progress towards well defined ESG targets.

7. Sustainability reporting

As a relatively small asset manager, employing <10 staff based in one office, the sustainability impact of our own operations is minimal compared to that of our investments. Furthermore, as a fund-of-funds manager, we are aware that the quantity and quality of the data we are able to collect will vary significantly. We are

therefore actively collaborating with our investees to improve this data on an on-going basis.

We are also enhancing our ESG reporting capabilities to better monitor our progress towards sustainability. This data informs us and our stakeholders how Certior and the funds we advise are performing with regarding to ESG issues. The information also gives us guidance as to when it is reasonable to increase sustainability engagement with our investees.

The quality and the coverage of the collected ESG data is unlikely to be as high as we would like initially. We are confident that over time it will improve, and we will be in a position to share more meaningful information on a more regular basis with our partners and investors.

8. Sustainability of Certior Capital’s own operations

The majority of our sustainability impacts come directly from our investment decisions rather than our own operations. We believe in leadership by example and therefore we are working to reduce the negative impacts of our own operations, especially any adverse environmental impacts, as much as possible.

We recognize that effective management of environmental, social, and governance issues is pivotal to achieving sustained success and long-term profitability for our investment funds. Our management team’s compensation is directly linked to the financial performance of our funds. This alignment serves as a powerful incentive for Certior’s leadership to actively integrate ESG considerations into our investment decision-making processes.

First version approved	14.5.2024
Update	
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