

# Priveq Responsible investment policy

## Introduction

At Priveq, we are convinced that we can make a difference and contribute to a sustainable society where the impact on a broad set of stakeholders is included. Being a responsible owner means creating sustainable long-term values which includes taking environmental, social and corporate governance factors in account while achieving high financial returns.

By integrating sustainability factors to our decision-making, we also believe to capture opportunities created by the new industrial landscape and we reduce risks from regulatory changes and altered consumer preferences.

Through our value chain – from the investment process to exit – we work actively to include ESG as an integrated part of our work. This policy describes this work.

## The Investment process

Priveq does not invest in companies that have their main operations (directly or indirectly) in the warfare industry, the gaming industry (betting), the tobacco industry or pornography. Additionally, we do not invest in companies that have a major negative impact on the environment.

When evaluating a potential investment, Priveq examines where the target company conducts its business, its operations, its values, principles and governance. The ESG perspective is analyzed via a predetermined ESG checklist.

Priveq's requirements are that the company complies with the UN Global Compact and our own policies in ESG matters, or that Priveq assesses that we, as owners, can change the company's attitudes and procedures in these matters. When companies are in ESG sensitive industries, special emphasis is placed on evaluating ESG issues. This applies, among other things, to companies with a high proportion of their operations located in developing countries, companies that directly or indirectly hire staff in low-cost countries, companies with large emissions in their production, companies whose operations have a major impact on the environment, companies that supply products and services to players in what we have defined as non-investable industries and companies located in industries that have historically been associated with corruption.

In the continued investment process, an ESG due diligence is made by Priveq, and in most instances with advice from external ESG experts. The use of external experts depends on the ESG complexity of the industry, the nature of the company and the other potential risks and opportunities. The result of the due diligence is included in the investment decision memorandum presented to Priveq's board of directors. The outcome of the ESG due diligence is taken into account in the decision making and the terms of the investment.

## **The Ownership period**

Priveq aims to build both structure and quality in our portfolio companies by assisting with templates, policy guidelines, education and raise the overall level of ESG maturity.

Priveq requires our companies to develop its ESG maturity according to a certain road map. The first step is to establish ESG steering documents such as code of conduct, supplier code of conduct and a whistleblowing system. The steering documents shall be aligned with the UN Global Compact principles. The next step of our ESG program is to develop a company specific ESG strategy. A materiality analysis is performed based on an impact analysis and stakeholder dialogues. The ESG aspects which considered to be most important to the company are then linked to action plans and goals. To reach the third and final step of our roadmap, the investee company manages ESG issues and strategy in an independent way.

We make sure to involve all owners to the company to agree on an ownership agenda, where we outline our goals with the company in terms of sustainability, ESG requirements alongside growth, profitability, investment returns, risk level and expected ownership period.

The ESG maturity and development of each portfolio company is measured and reported on a yearly basis. Portfolio companies are given advice on how to develop their ESG strategy and improve their KPIs.

## **The Exit**

Priveq considers the portfolio company's positive sustainability impact as a key selling point to potential investors. Governance policies and ESG strategies that have been put into place during Priveq's ownership, such as the implementation of steering documents and ESG strategies, are expected to increase the value of the company.

*This Responsible Investment Policy was agreed by the Priveq board of directors on the 2022-01-11 (v1)*