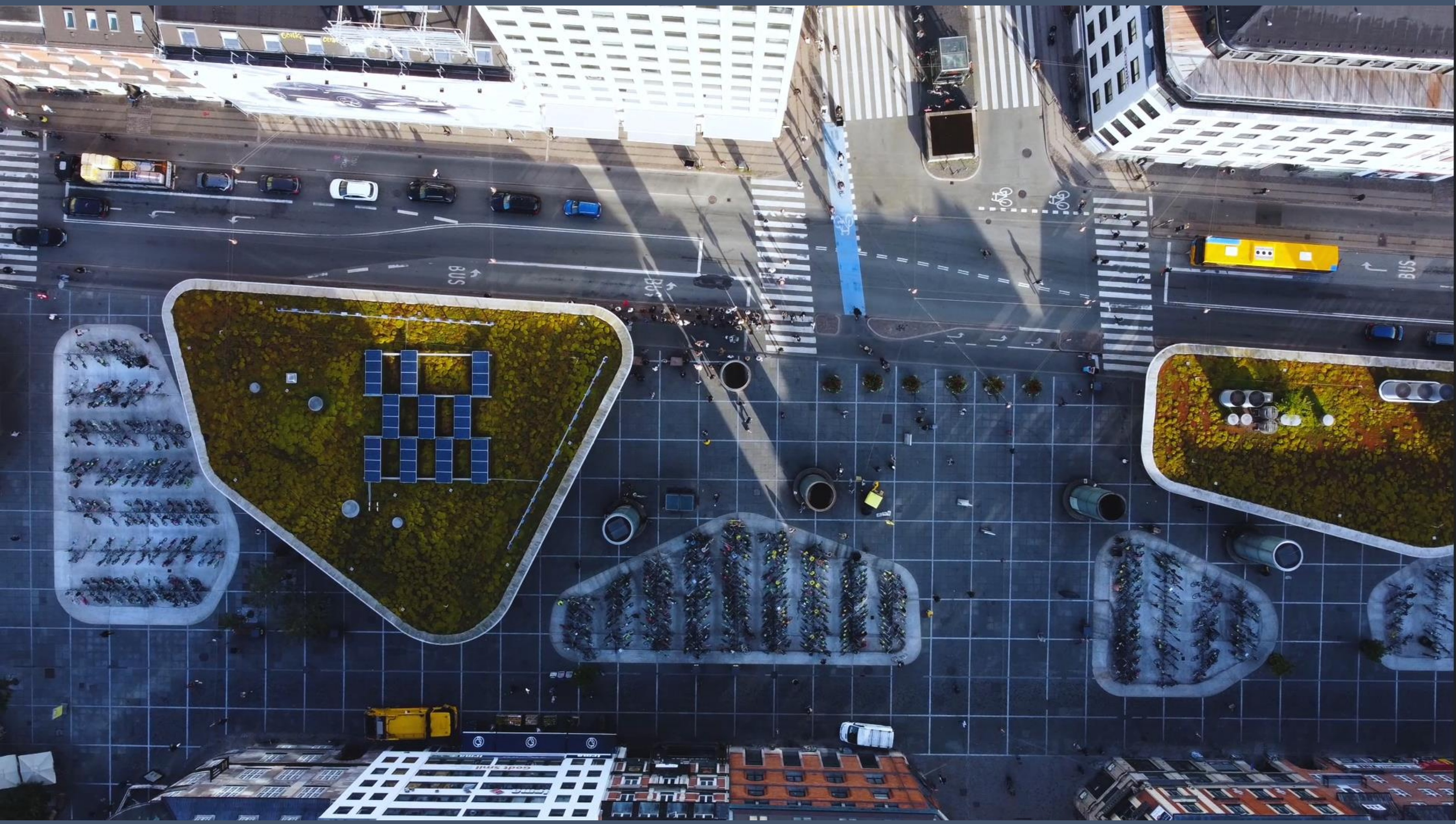
JERA CAPITAL

ESG Policy



Version as of January 2024

Strictly private and confidential

Contents

1 Background and purpose

This ESG Policy (the "**Policy**") applies to Jera Capital A/S ("**Jera Capital**" or the "**Firm**") and has been enacted with the purpose of establishing the principles and framework for the integration of environmental, social and governance (“**ESG**”) into the investment decisions. Jera Capital is a private markets investment management firm that invests on behalf of clients in private equity. The firm is committed to invest its clients’ capital in a responsible way by integrating sustainability risks and ESG factors, alongside commercial and financial factors, in its investment due diligence and throughout its ownership period. Jera Capital has a long-standing commitment to responsible investments underpinned by the founding partners team’s private markets investment experience over the past 20 years.

Jera Capital is applying to become a licensed alternative investment fund managers ("**AIFM**") as set out in the Danish Alternative Investment Fund Managers Act, Consolidated Act no. 2015 of 1 November 2021, as amended from time to time (the "**AIFM Act**") and is therefore subject to the disclosure requirements as set out in the Sustainable Finance Disclosure Regulation (the "**SFDR**").

Jera Capital’s purpose for integrating sustainability risks and ESG factors into its investment processes are to:

i) Ensure that the companies and assets in which it invests, on behalf of its clients, respect, and ideally benefit, their stakeholders, society as a whole and the environment,
ii) ii) Enhance investment returns and protect value for its clients.

2 Definitions

In this Policy, unless the context otherwise requires, the following terms shall have the meaning ascribed thereto:

”AIF”	means alternative investment fund managed by the Manager;
“ESG”	means environmental, social and governance
"Jera Capital"	means Jera Capital A/S, CVR-no.: 42783633;
" UN SDGs"	means United Nations Sustainable Development Goals
"SFDR"	means the Sustainable Finance Disclosure Regulation
"Sustainability Risk"	means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.
"PAI"	means Principal Adverse Impact

3 Integration of Sustainability Risks

Jera Capital integrates sustainability risk as a part of its investment decision-making processes. Sustainability risk is defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Jera Capital has identified the below list of examples of sustainability risks as a part of the decision-making process via the application of policies and business procedures for risk management and investment and due diligence process. Jera Capital will carry out the identification of sustainability risks in its investment-decision process on an ongoing basis and Jera Capital will at least annually identify relevant sustainability risks.

- **Social risks - for example, risks related to employee relations or workplace safety**.
  Employee relations relates to challenges within the workforce of the portfolio company that may impact the performance or reputation. Workplace issues such as inadequate labor practices, low employee satisfaction, or violations of human rights can have significant implications for a portfolio company.

- **Physical risks - for example, risks related to extreme weather events and environmental contamination.**
  The risk of climate changes resulting in extreme weather events such as floods, storms, heat waves that may result in a negative impact on the investments in a physical asset, the supply chains, or the overall resilience of the portfolio companies.

- **Transition risk - for example, the risks related to the demand for sustainable financial products**
  In the transition to a more sustainable and circular economy, transitions risk arises in the form of political, legal or technological changes in the market as well as changes in preferences or requirements from investors to the performance of the portfolio companies.

- **Governance risk - for example, the risks related to new regulatory or reporting requirements**
  Governance risk arises from evolving regulatory and reporting mandates. The introduction of new requirements for disclosure and reporting in financial products may force portfolio companies to make substantial adjustments in their governance structures. This could lead to increased compliance costs, restructuring needs, and operational modifications to align with updated standards, posing challenges to sustainable investment practices.

4 Principles

Jera Capital integrates both sustainability risk and ESG factors in its investment activities which shall be guided by the following principles:

i) ESG factors and sustainability risks are part of the investment process and considered when identifying potential investment opportunities and/or potential investment risks, including potential sustainability risks.
ii) Investment returns must be generated in a way that complies with relevant local and international laws, including adherence to international protocols on banned products.
iii) Jera Capital avoids investing in companies whose practices or products cause significant social or environmental harm.
iv) Jera Capital is committed to improving the ESG performance and reporting practices of the companies and assets in which it has invested.
v) Jera Capital bases its judgment regarding ESG factors on its own research as well as third-party research, respecting that ESG topics are often diverse and vary over time.
vi) Jera Capital strives to collaborate where reasonably possible with like-minded investors, business partners and organizations on responsible investment matters.

Jera Capital monitors General Partners and their developing portfolios to ensure adherence to ESG policies and commitments. In relation to the sustainable development goals issued by United Nations ("**UN SDG**") and the integration of sustainability risks in the investment-decision – Jera Capital has made the following Special Considerations, which is also an integrated part of the ESG Assessment Process both for primary, secondary and co-investments:

Environmental: Jera Capital believe the actions taken today, that affect the environment, will impact us all. As such Jera Capital believes that it is our collective responsibility to make thoughtful decisions that will safeguard our planet and preserve it for future generations. Greenhouse gas emission, natural resource and energy consumption, water usage, air emission and pollution are evaluated and considered in the investment process as a an integrated part of the ESG Assessment Process (Clause 7). Furthermore, given the risks these externalities pose to our planet and collective well-being, Jera Capital does not invest in thermal coal or oil sands.

Social: Jera Capital believe that all people, regardless of gender, sexual orientation, disability, race, ethnicity or nationality, are deserving of respect, inclusion, safe work environments and basic human rights. Job creation, gender diversity, number of injuries at work and employee satisfaction score are criteria that we evaluate and consider in our investment process as an integrated part of the ESG Assessment Process. Jera Capital does not invest in controversial weapons (defined as chemical/biological, nuclear, cluster munitions and landmines), abusive lending practices or companies that could support child labor, human trafficking or forced labor across our commingled products.

Governance: Jera Capital believe alignment of interests, fair compensation, transparency and accountability are crucial to generating long-term, sustainable performance. Ownership structures, voting rights, compensation, accounting practices and processes for dealing with conflicts of interest are critical to our underwriting process. Sound governance is the bedrock for implementing responsible investing across the "E" and the "S" components of ESG. Gender diversity in the governing body of a company and the governing policies in place are indicators that will be used as a key component in the investment decision making process, as well as the definition of UN SDG focus goals by the target. Special consideration and enhanced scrutiny are given to investments in areas with potentially higher ESG risks, such as mining, alcohol, tobacco, gambling and companies with operations in regions with a history of ESG abuses. These investments typically stand outside of Jera Capital's investment strategy, unless the general partner or management of the company are able to demonstrate strong positive and measurable expected ESG impact over the holding period.

5 ESG Goals and Targets

Jera Capital has identified the following UN Sustainable Development Goals ("**UN SDGs**") and targets as key to monitor:

- UN SDG 5: Gender Equality: Achieve gender equality and empower all women and girls
- UN SDG 8: Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- UN SDG 12: Responsible Consumption and Production: Ensure sustainable consumption and production patterns
- UN SDG 13: Climate Action: Take urgent action to combat climate change and its impacts
- UN SDG 16: Peace, Justice, and Strong Institutions: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Jera Capital will track and monitor key sustainability KPIs by using the ESG Scorecard (Appendix A to this Policy) of the companies and assets in which it invests (to the extent these are available) and will encourage increased tracking by managers.

6 Principal Adverse Impact

Jera Capital does not currently consider principal adverse impact ("**PAI**") on sustainability factors in its investment-making decision. Jera Capital has chosen not to do so at the current time as it considers its existing ESG Policy, principles, and assessment process to be appropriate, proportional, and tailored to the investment strategy of its investment management.

7 ESG Assessment Process

This Policy and the ESG Assessment Process applies to all investments as well as industries and countries in which Jera Capital invests and consists of the below listed.

Jera Capital serves a range of clients with different views on ESG factors. In funds that Jera Capital manages or advises, the decision on whether it is appropriate to invest in a company or other asset (from a responsible investment perspective) is generally formed by the view of Jera Capital, applying this Policy. For clients with particular social or environmental views, which cannot be accommodated with a pooled fund, an individual mandate structure may be suitable. Jera Capital shall for both secondary -, primary - and co-investments identify relevant sustainability risks and ESG factors in accordance with this Policy. Jera Capital shall for all its investments monitor the underlying holdings on an ongoing basis to ensure any potential ESG issues are quickly identified and communicated to clients.

Secondary investments

Jera Capital shall for secondary investments evaluate the underlying assets to identify opportunities and mitigate risks from ESG factors. Jera Capital shall carry out the following ESG evaluation assessment for secondary investments:

- Jera Capital shall perform a scoring and assessment of the underlying assets using the ESG Scorecard (Appendix A to this Policy), which evaluates each company representing a material share of the portfolio (as a general guideline, >10% of the fair market value of the portfolio) on key ESG metrics relevant to the five UN Sustainable Development Goals as outlined above. For very diversified portfolios, a screening approach will be applied to identify potential ESG issues that require special consideration and enhanced scrutiny.
- Jera Capital shall perform an ESG Assessment of managers involved in managing assets of the secondary transaction to ensure compatibility with this Policy.

Primary Investments

Jera Capital shall for primary investments undertake a "Primary ESG Assessment" based on the UN PRI's Limited Partners' Responsible Investment Due Diligence Questionnaire to assess the strength of a manager's approach to ESG integration. Jera Capital will negotiate responsible investment standards into the fund documentation.

Co-investments

Jera Capital will in direct co-investments, where Jera Capital has the greatest amount of control and influence, engage actively with the General Partner and/or the company to ensure a thorough integration of ESG factors and sustainability risks.

8 Integration of Sustainability Risk in the Remuneration policy

Jera Capital's Remuneration Policy does not encourage excessive risk taking with respect to specific factors, including sustainability factors, and is consistent with the proper integration of sustainability risks. The Remuneration policy shall prevent risk taking contrary to the defined risk limits of the AIF, and at the same time facilitate a flexible remuneration for the employees in Jera. Jera Capital's remuneration of its employees, Board of Management and Board of Directors shall be consistent with the proper integration of sustainability risks – i.e. the risk of environmental, social or governance events or conditions which, if they occur, could cause a material negative impact on Jera Capital or the value of the AIF's investments.

The remuneration of all employees of Jera Capital shall be determined based on the role and position of the relevant person's professional experience, seniority, education, responsibility, job complexity, the business unit in which the person is employed and the relevant person's performance etc.

9 Reporting

Jera Capitals's regular reporting on the private equity products will at the end of each year (starting with 2023 as the first full year) include a section on ESG. Jera Capital will also report to its clients if any ESG incidents in portfolio companies and assets are identified, if these are deemed sufficiently significant and relevant to a particular program.

Further, as a signatory to the United Nations-supported Principles for Responsible Investment, Jera Capital will also complete the PRI Reporting Framework on an annual basis.

10 Review

This Policy and any procedure adopted pursuant thereto shall be reviewed on a regular basis, and at least annually by the Jera Capital. Any changes of this Policy must be approved by the Board of Directors. The Board of Directors shall review this Policy annually.

11 Approval

This Policy was approved by the Board of Directors on 16 January 2024.

12 Change log

Version:	Effective from:	Changes:	Approved by:
1	[●]	Initial version	Board of Directors

Appendix A: Jera Capital portfolio company ESG Scorecard

Portfolio company ESG Scorecard

JERA CAPITAL

Company name	[Company name]
Sector	[Sector]
Country	[Country]
Manager	[Manager]
Fund	[Fund]

Assessed ESG rating	**[A/B/C]**

ESG area	Underlying UN SDG(s)	KPI (other KPIs may be designed for target companies)	Performance vs. benchmark* 1 Industry	Competitor	3 Prev. year	Rating**
Environmental	SDG 13	GHG emissions (tCO_2E)	[Perf.]	[Perf.]	[Perf.]	[A/B/C]
	SDG 12, 13	Energy consumption (MWh)	[Perf.]	[Perf.]	[Perf.]	[A/B/C]
	SDG 12	Water usage (m³)	[Perf.]	[Perf.]	[Perf.]	[A/B/C]
	SDG 12	Air emissions of NOx and SOx	[Perf.]	[Perf.]	[Perf.]	[A/B/C]
	[As applicable]	[Company specific KPI - as applicable]	[Perf.]	[Perf.]	[Perf.]	[A/B/C]
Social	SDG 8	Full time workforce (# of FTEs)	[Perf.]	[Perf.]	[Perf.]	[A/B/C]
	SDG 5	Gender diversity (% female - total organisation)	[Perf.]	[Perf.]	[Perf.]	[A/B/C]
	SDG 8	Injuries at work (incidents per 1,000 FTEs)	[Perf.]	[Perf.]	[Perf.]	[A/B/C]
	SDG 8	Employee satisfaction score	[Perf.]	[Perf.]	[Perf.]	[A/B/C]
	[As applicable]	[Company specific KPI - as applicable]	[Perf.]	[Perf.]	[Perf.]	[A/B/C]
Governance	n/a	Does the company have an ESG policy?		-------- n/a --------		[Yes/no]
	SDG 5, 16	Gender diversity (% female - Board)	[Perf.]	[Perf.]	[Perf.]	[A/B/C]
	SDG 16	Does company have a whistleblower scheme?		-------- n/a --------		[Yes/no]
	n/a	Has the company defined key UN SDG goals to focus on?		[Specify goals]		[Yes/no]
	[As applicable]	[Company specific KPI - as applicable]	[Perf.]	[Perf.]	[Perf.]	[A/B/C]

**The benchmarks to be used for a given company and its respective KPIs will vary depending on the industry and information available*

***The rating (A/B/C) will be defined based on the overperformance of the company compared to the relevant benchmark*

Other comments	[As applicable]

Elevated sector/region risks?	
Does the company operate in a sector with elevated ESG risks?	[Yes/no]
Is the company headquartered in a country/region with elevated ESG risks?	[Yes/no]
Does the company do significant business in a country/region with elevated ESG risks?	[Yes/no]

Reference: Underlying UN SDGs

SDG Goal 5	Gender Equality: Achieve gender equality and empower all women and girls
SDG Goal 8	Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
SDG Goal 12	Responsible Consumption and Production: Ensure sustainable consumption and production patterns
SDG Goal 13	Climate Action: Take urgent action to combat climate change and its impacts
SDG Goal 16	Peace, Justice, and Strong Institutions: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels