



RESPONSIBLE INVESTMENT POLICY

2023



1. Principles and guidelines

As an investor, owner, and/or operator, AURELIUS¹ recognizes the vital importance of combining business success with ESG factors, both to achieve environmental and social change and to safeguard the long-term success of its investment activities. Therefore, AURELIUS incorporates ESG factors into all of its business activities on an ongoing basis and embeds sustainability aspects into its core business and its key processes.

For us at AURELIUS, responsible investing means integrating environmental, social, and governance (ESG) factors into our investment decision-making process and practicing active ownership while fulfilling our fiduciary duty to act in the best interests of our clients and stakeholders. We recognize that incorporating ESG considerations can have a positive impact on investment performance and risk management, aligning with our duty to safeguard the long-term interests of our investors.

AURELIUS endorses relevant industry guidelines for responsible investment. In 2021, AURELIUS became a signatory to the globally recognized voluntary framework of the UN Principles for Responsible Investment (PRI). The UN PRI are endorsed by a United Nations-supported network of investors that advocates for the application of environmental, social and governance (ESG) criteria in making investment decisions. AURELIUS is committed to complying with the following UN PRI principles in its investments:

¹ AURELIUS herein references to the respective board of director's of the relevant AURELIUS entities

WE WILL ...



- 01 ...incorporate ESG issues into investment analysis and decision-making processes.
- 02 ...be active owners and incorporate ESG issues into our ownership policies and practices.
- 03 ...seek appropriate disclosure on ESG issues by the entities in which we invest.
- 04 ...promote acceptance and implementation of the Principles within the investment industry.
- 05 ...work together to enhance our effectiveness in implementing the Principles.
- 06 ...report on our activities and progress towards implementing the Principles.

In 2022, AURELIUS joined the UN Global Compact and committed itself to its Ten Principles in the areas of human rights, labor standards, environmental protection, and anti-corruption.

2. Scope and objectives

This Responsible Investment Policy applies to all assets managed by AURELIUS . The policy explains AURELIUS' general ESG strategy and its approach to integrating ESG into all phases of its investment process. Additionally, the policy guides AURELIUS to ensure that the companies and assets in which it invests respect and ideally benefit society, the environment, and their stakeholders.

While the AURELIUS Responsible Investment Policy covers significant aspects of responsible investment, we recognize that the landscape of responsible investing is continuously evolving. Therefore, we remain open to addressing emerging aspects of responsible investment that may not be explicitly mentioned in this policy. AURELIUS is committed to staying informed about developments in the area of responsible investment practices and will proactively assess and integrate additional relevant aspects as necessary. The policy is reviewed on a regular basis.

3. Governance

AURELIUS has defined roles and responsibilities for integrating ESG considerations into the investment process.

GOVERNANCE STRUCTURE



RESPONSIBILITIES

- 01 | The Board of Directors of the relevant AURELIUS Group entities provides ultimate oversight of ESG-related efforts and oversees processes and decisions related to investment activities. It advises on the quality and consistency of decision-making processes and defines ESG standards and measurement methods for our investments.
- 02 | The Investment Advisory Committee is responsible for selecting transactions and for making recommendations regarding investments and divestments. It is informed about the results of the ESG selection process and ESG due diligence.
- 03 | The ESG Office coordinates the integration of ESG aspects into all phases of the investment cycle across all asset classes. It shares best practices across portfolio companies and provides advice on ESG topics to relevant stakeholders.
- 04 | Functional practices support portfolio companies with the integration of ESG in their respective functional areas.

4. Risk management

ESG risks include environmental, social and governance factors that, if materialized, could have a significant adverse impact not only on a company's financial position or operating results, but also on its stakeholders.

The investment advisory team is responsible for identifying and evaluating material ESG-related risks and opportunities that may be translated into value creation initiatives. During the holding phase, the functional practices take an active role in advancing these initiatives and mitigate identified risks by integrating ESG practices within the portfolio companies.

At the level of the relevant group parents, ESG risks are included in the enterprise risk management framework. The controlling department oversees the monitoring and assessment of ESG risks and analyzes aggregate ESG indicators to identify cluster risks. It is responsible for the development and implementation of an ESG risk management framework and regularly communicates ESG risks to the Board of Directors of the relevant AURELIUS Group entities.

5. Strategy and implementation

AURELIUS firmly believes that long-term value creation goes hand in hand with sustainable business practices. As part of our strategic approach, ESG is seamlessly integrated into all phases of the investment process, encompassing selection, due diligence, asset management, and exit. By strategically aligning our investments, we ensure that sustainability plays a central role in all our endeavors.



STEP 1

SELECTION

AURELIUS investment policies avoid investment opportunities that are not acceptable from an investment risk perspective because the business in question engages in practices and/or offers products or services which cannot be remediated or managed through active ownership, or which are not compliant with supranational, regional, or local rules.

AURELIUS excludes investments in businesses which derive a significant proportion of their sales from:

- (I) the development, production or sale of controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons);
- (II) nuclear-fuels production;

- (III) the operation of gambling establishments or websites;
- (IV) the production of tobacco-based products;
- (V) pornography; or
- (VI) fossil fuels production.

Furthermore, AURELIUS avoids investments in businesses engaging in the following practices:

- (VII) illegal or harmful practices that cannot be remediated through responsible ownership, and
- (VIII) the deforestation or burning of substantial natural ecosystems for the purpose of land clearance.

AURELIUS follows minimum standards of business practice based on international norms and recognizes the sanctions and laws promulgated by the UN/EU/US/UK (together the “Sanctions Regimes”) and avoids investments in the following:

- (IX) businesses responsible for serious environmental damage or human rights violations, as defined by the UN Human Rights Declaration, which cannot be remediated through responsible ownership, and
- (X) businesses subject to sanctions promulgated by the Sanctions Regimes.



STEP 2

DUE DILIGENCE

During the due diligence process, AURELIUS integrates ESG aspects into the analysis of potential investments. In this phase, relevant ESG opportunities and risks, possible mitigation measures as well as potential “red flags”, i.e., important concerns from an environmental, social, and governance perspective, are identified. Material sustainability risks and ESG factors are prioritized based on internal and external sources such as the principles of the Sustainability Accounting Standards Board (SASB). The relevant investment advisory committees are informed about the results of the ESG due diligence.



STEP 3

OWNERSHIP

AURELIUS achieves the greatest ESG impact by assisting its portfolio assets in the implementation of ESG topics. For that reason, AURELIUS promotes and practices the principle of active ownership

(as defined by UN PRI) and closely collaborates with all parties involved, especially the management teams of the portfolio companies.

AURELIUS establishes appropriate collaboration models and best practice sharing between and across the AURELIUS teams and the portfolio companies. Shortly after the acquisition, AURELIUS onboards its portfolio companies on ESG matters. In close cooperation with the portfolio companies' management, AURELIUS specifically supports with the following ESG tasks:

- **Governance** – We expect every portfolio company to appoint an ESG Officer at the board or executive level, who will steer and coordinate all ESG efforts within the company.
- **ESG roadmap** – Understanding of ESG risks and value creation opportunities, identification of material ESG topics, assessment of external stakeholder requirements and definition of an ESG strategy and roadmap. The ESG strategy is reviewed on a regular basis during the holding period.
- **ESG reporting** – Setting the basis for ESG performance measurement and improvement by implementing an ESG reporting software.
- **Climate change strategy** – Measuring greenhouse gas emissions and developing and implementing business-relevant decarbonisation plans, where appropriate.
- **Sustainable supply chain** – Assessing and managing risks and opportunities in the supply chain.

The ESG strategy is reviewed on a regular basis during the holding period.



STEP 4

MONITORING

AURELIUS collects ESG data from its portfolio companies to monitor and address material ESG matters and ensure compliance with applicable laws and standards. It monitors ESG risks and integrates ESG factors into risk management models. Ongoing monitoring ensures swift identification of ESG issues and opportunities for improvement.



STEP 5

EXIT

The explication of material ESG factors and progress made during the holding period must be a consistent feature of any exit process. This includes measuring the progress of ESG KPIs and demonstrating the ESG improvement measures implemented during the holding period.

AURELIUS is convinced that effectively implemented and maintained ESG strategies during the investment and ownership period will have a positive impact on the exit process.

6. Reporting

As a signatory to the UN PRI and the UN GC, AURELIUS actively supports responsible and sustainable practices. The company therefore publishes comprehensive annual reports on the integration of ESG and sustainability considerations. AURELIUS publishes an ESG report that details its overall performance and ongoing ESG efforts.