



# RESPONSIBLE INVESTMENT POLICY

2024

## 1. Principles and guidelines

As an investor, owner, and/or operator, AURELIUS<sup>1</sup> recognizes the importance of combining business success with the mitigation of ESG risks, to safeguard the long-term success of its investment activities. Therefore, AURELIUS gives great caution to ESG risks throughout its business activities on an ongoing basis.

For us at AURELIUS, the assessment of ESG risks is a material part of 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 the assessment of ESG factors is a substantial part of 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 ESG criteria in making investment decisions. AURELIUS is committed to complying with the following UN PRI principles in its investments:

### 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.

<sup>1</sup> AURELIUS herein references to the respective board of director's of the relevant AURELIUS entities

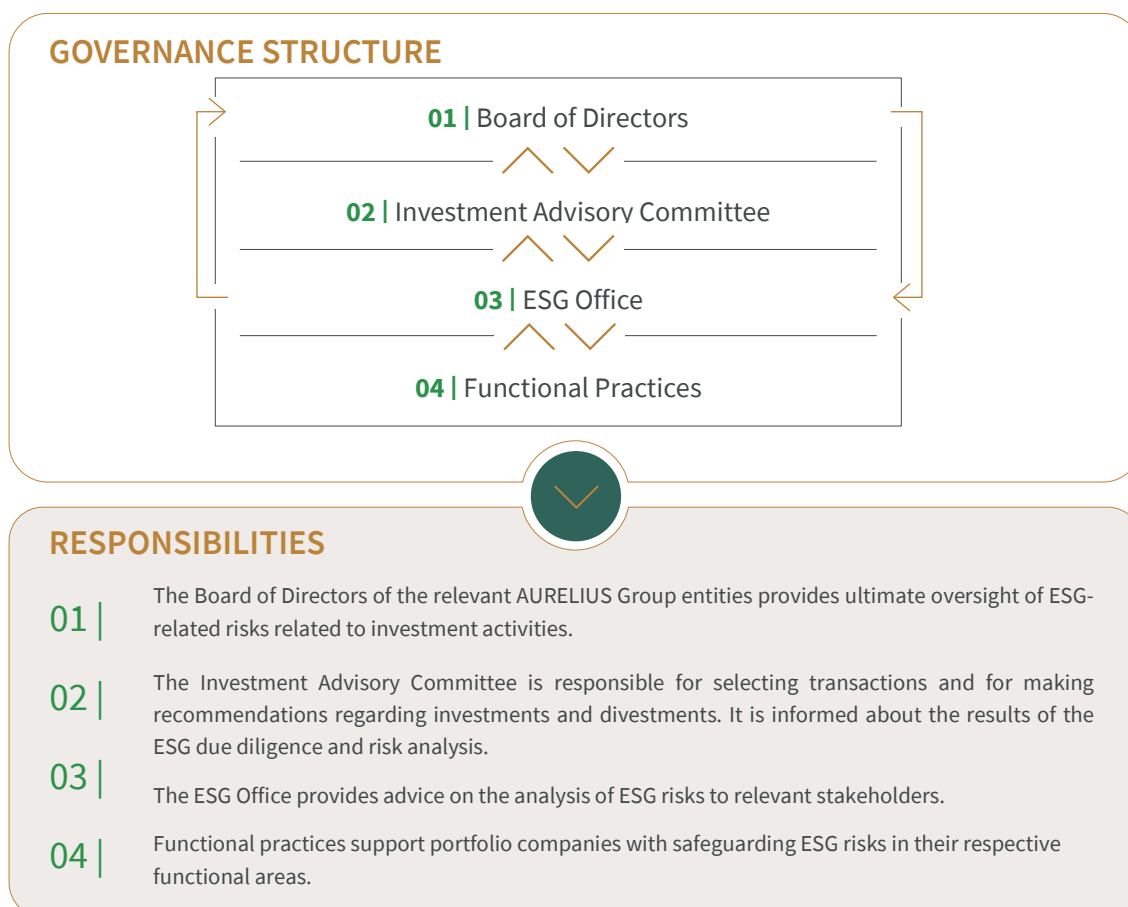
## 2. Scope and objectives

This Responsible Investment Policy applies to all assets managed by AURELIUS. The policy explains AURELIUS' approach to the assessment and mitigation of ESG risks throughout all phases of its investment process.

While the AURELIUS Responsible Investment Policy covers significant aspects of ESG risk management, 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 risk relevant aspects as necessary. The policy is reviewed on a regular basis.

## 3. Governance

AURELIUS has defined roles and responsibilities for analysing ESG risks throughout the investment process.



## 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 that should be avoided. During the holding phase, the functional practices take an active role in mitigating identified risks by integrating safeguarding measures within the portfolio companies.

## 5. Strategy and implementation

As part of our investment approach, the analysis and mitigation of ESG risks is ongoing through all phases of the investment process, encompassing selection, due diligence, asset management, and exit.



### STEP 1

#### SELECTION

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

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

- (VI) illegal or harmful practices that cannot be remediated through responsible ownership, and
- (VII) 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:

- (VIII) 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
- (IX) businesses subject to sanctions promulgated by the Sanctions Regimes.



## STEP 2

### DUE DILIGENCE

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During the due diligence process, AURELIUS integrates sustainability risks into the analysis of potential investments. In this phase, relevant sustainability 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 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

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AURELIUS mitigates sustainability risks 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 the mitigation of ESG risks. 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, 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 risk assessment, 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 in the supply chain.

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



#### STEP 4

#### MONITORING

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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 for improvement.



#### STEP 5

#### EXIT

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The explication of material ESG factors during the holding period must be a consistent feature of any exit process. During its ownership, AURELIUS will undertake sustainability-related initiatives that ensure risk mitigation and contribute to long-term valuation creation for the portfolio companies and shareholders. This includes measuring and reporting of ESG risks and demonstrating risk mitigation measures implemented during the holding period.

We are convinced that correctly implemented and maintained risk mitigation during the investment and ownership period will have a positive impact at exit with improved sustainability performance risk profile contributing to higher exit prices.

## 6. Reporting

As a signatory to the UN PRI, AURELIUS actively supports responsible and sustainable practices. The company therefore publishes annual reports on the integration of ESG and sustainability considerations.