

GRO CAPITAL

Principal adverse impacts statement

This statement constitutes GRO Capital's principal adverse impacts statement, cf. the Sustainable Finance Disclosure Regulation (SFDR) Article 4. GRO recognizes the risks and responsibilities of the private equity towards principal adverse impacts. These adverse impacts are accounted for in our responsible investment policy (e.g. climate, gender equality and good governance) and the contact we have with investee companies. GRO identifies principal adverse impacts in the investment decision-making process via utilization and adherence to the policies as well as annual reporting and review of investments. Our impact on sustainability factors is addressed according to their materiality and type.

Given the nature of the investments made by GRO, the principal adverse sustainability impacts of its investment decisions will typically contemplate:

- Greenhouse gas emissions
- Gender equality
- Good governance

GRO takes several actions to address these adverse impacts across the pre-investment and portfolio management phase, including:

- Assessing the impact of all new investments in accordance with each of the policies as an integral part of the appraisal process
- Analyzing new investments with respect to ESG issues
- Assisting investee companies in developing action plans
- Actively encouraging investee companies to continuously improve efforts
- Annually reviewing and reporting on investment impacts

Our screening and actions in the pre-investment phase can result in the decline of investment opportunities. GRO strives to align the investment process and reporting with the recommendations from the United Nations-supported Principles for Responsible Investment (UNPRI).

RESPONSIBLE INVESTMENT POLICY

GRO CAPITAL A/S

5 November 2021

1 BACKGROUND AND PURPOSE

- 1.1 This Responsible Investment Policy, as amended from time to time, sets out Gro Capital A/S' ("GRO") responsible investment approach and shall guide GRO throughout its investment process, including when sourcing and screening potential investments, proposing investments, monitoring and managing Investments and when to exit investments.
- 1.2 The Responsible Investment Policy shall apply to each of the investment funds under its management and shall be read alongside the fund documentation governing each fund, which sets out the type of assets and activities comprising such fund's investment strategy. This policy does not affect applicable laws and regulations or documentation governing a fund under management, which shall prevail in all cases.
- 1.3 GRO believes that an increased focus to integrate sustainability into its investment process is a prerequisite for long-term economic sustainability as well as preservation and increasing the value of investments, which GRO seeks to achieve through good corporate governance and responsible investment practices in the Nordic/North European mid-market technology companies focusing on B2B software that the funds managed by it invests in.
- 1.4 The objective of this Responsible Investment Policy is to establish and describe the ESG principles and guidelines for GRO and the funds under its management. Further, the aim of this policy is to ensure that investments managed by GRO have the necessary foundation for long term sustainable growth and such investments being properly protected against sustainability risks.
- 1.5 GRO is along with the Board of Directors and Executive Management of portfolio companies responsible for the sound implementation of this policy.

2 RESPONSIBLE INVESTMENT PRINCIPLES

- 2.1 The following overarching environmental, social and governance principles is applied by GRO, and GRO will endeavour to ensure that such principles are observed by the investments of the investment funds managed by GRO. Ultimately, the goal is to appropriately manage principal adverse sustainability impacts of our investments and include such elements into our investment decisions.
- 2.2 Sustainability and associated risks and opportunities are considered equally to other factors when performing the investment risk assessment and in the decision-making process.
- 2.3 **Environmental**
 - 2.3.1 Obligations to assess and identify environmental consequences and issues of an investment, set out by relevant law or regulations, shall be properly observed.
 - 2.3.2 The environmental consequences related to the assets of technology companies, specifically with regard to the use of any hazardous materials as well as its ongoing operations, shall be minimized in accordance with good industry practice.
- 2.4 **Social**
 - 2.4.1 Relevant social and human rights issues of an investment shall be identified and assessed.
 - 2.4.2 No investment shall be engaged in the manufacture of weapons, which in the course of normal intended use would breach fundamental humanitarian principles (e.g., atomic, biological or chemical weapons, cluster bombs or anti-personnel landmines), or in the development, production or storage of nuclear weapons, or in the production of components made explicitly for use in nuclear weapons.
 - 2.4.3 The fundamental employees' rights shall be acknowledged and observed by the investment project, including significant suppliers.

2.5 Governance

- 2.5.1 No corruption and/or bribery shall take place or be carried out directly or indirectly by any of the parties involved in an investment.
- 2.5.2 Voting rights shall be exercised to promote the active ownership of an investment.
- 2.5.3 Governmental and community relations shall be promoted to the extent relevant.
- 2.5.4 Appropriate disclosure on environmental, social and governance issues shall be promoted.
- 2.5.5 Effective risk management shall be promoted.
- 2.5.6 Laws and regulations regarding, e.g., environmental, human rights and labour rights set out by relevant authorities, shall be properly observed by all parties, including by significant suppliers, involved in an investment.

2.6 Deviations

- 2.6.1 Any deviations from the above principles or standards: (i) must not result in a breach of applicable law; and (ii) shall always be supported by and justified in adequate risk mitigation measures and project-specific risk management plans.
- 2.6.2 Any party to an investment failing to respect the principles set out above shall be deemed an unethical partner ("**Unethical Partner**").
- 2.6.3 If GRO has cause to believe that a party to an investment may be classified as an Unethical Partner, and if an applicable excuse that would remedy such classification cannot be obtained by the Partnership, GRO shall refrain from doing business with such party for and on behalf of any investment entity managed by GRO.
- 2.6.4 In the event that GRO determines, or a limited partner of an investment entity managed by the Manager by written notice to GRO declares, that one or more party to an investment may be deemed an Unethical Partner, GRO shall use commercially reasonable efforts to seek to encourage the party in question to cease to engage in the activity giving rise to the classification as an Unethical Partner. If a party to an investment is deemed an Unethical Partner, GRO shall inform the the limited partner advisory committee of the investment entity in question about such qualification and, to the extent relevant, steps taken pursuant to this Clause 2.6.4.
- 2.6.5 If within a reasonable period of time such Unethical Partner does not cease to engage in the activities giving rise to its classification as an Unethical Partner, then GRO shall take appropriate steps towards such Unethical Partner and/or the relevant investment, taking into account to its fiduciary obligations to the investment entity in question and its obligation to maximise the value of such investment entity's investments.

3 RESPONSIBLE INVESTMENT PROCEDURES

- 3.1 To support GRO's implementation of the ESG principles set out above, GRO has implemented the following procedures throughout its investment process:
 - (a) GRO's investment team will only pursue investments in sectors that fall within the scope of the relevant fund's investment strategy. Based on factors relevant to each investment, GRO's investment team will identify relevant ESG topics for targeted due diligence in connection with early-stage due diligence;
 - (b) GRO's investment team shall arrange for targeted due diligence to be performed on relevant ESG topics to a potential investment, which shall, as relevant in each case, include an assessment of risks relating to: (i) environmental impacts and compliance, (ii) labour standards, (iii) human rights, (iv) anti-bribery and corruption, and (v) health, safety and environmental standards;

- (c) GRO's investment team shall, to the extent relevant and possible considering the structure of an investment, seek to ensure that it is either represented in the investee company board or otherwise has access to relevant ESG-related investment information, and that relevant ESG topics are addressed in relevant investment contracts;
- (d) After the closing of an investment, GRO shall continue to act as an active owner of the investment, which shall, inter alia, be done through different initiatives, including: (i) responding to any incidents concerning ESG matters, (ii) monitoring of counterparties, including on ESG topics and incidents, (iii) discussing ESG matters at board meetings, and (iv) conducting relevant follow-ups on ESG topics with investee companies.

3.2 These initiatives shall be established for the purpose of identifying ESG topics and risks throughout the life-cycle of the fund investments reducing the likelihood of any ESG incidents occurring and to minimize any ESG risks which may have a negative impact on an investment of a fund managed by GRO.

4 AMENDMENTS

4.1 The limited partners of the investment funds managed by GRO and GRO acknowledge that responsible investment considerations are constantly evolving and changing over time. The Manager may in its own discretion amend this Responsible Investment Policy from time to time. Should one or more of the limited partners of the investment funds managed by GRO consider it necessary to amend this Responsible Investment Policy, GRO and such limited partners agree to enter into good faith negotiations in order to implement such changes. Such changes shall be subject to the consent of the limited partners of the investment funds managed by GRO in accordance with the limited partnership agreement governing each such investment fund.

5 REMUNERATION

5.1 The board of GRO must establish governance systems that ensure board oversight with executive management, performance and remuneration reviews, legal compliance with respect to books, records, and accounting standards, effective internal controls, and solid risk management processes. Specifically, it is important that the remuneration of the management team and employees in GRO does not encourage risk taking beyond the acceptable levels, including with respect to sustainability factors.

6 OTHER APPLICABLE GUIDELINES AND PRINCIPLES

6.1 This Responsible Investment Policy is based on main principles of UN Principles for Responsible Investment ("UN PRI").

6.2 GRO is committed to monitor any changes to UN PRI and to other relevant corporate ethical policies (including a limited partner's or an investment's commitment to a particular environmental, social and governance standard) or national/international/global institutional codes of conduct (e.g., the OECD Guidelines for Multinational Businesses and the UN Guiding Principles on Business and Human Rights) and continuously evaluate whether updates, amendments or changes to the Responsible Investment Policy should be made.