

POLARIS PRIVATE EQUITY CORPORATE SOCIAL RESPONSIBILITY POLICY

1. INTRODUCTION

1.1. Background

At Polaris Private Equity, it is our mission to generate return for our investors by acquiring companies, then developing and improving them strategically and operationally before exit. Polaris Management A/S, as manager for the Polaris Private Equity funds, is responsible for the investment activities and the management of the portfolio companies in the Polaris Private Equity funds during the ownership period.

It is our policy to ensure that we and our companies constantly demonstrate responsible business conduct by managing potential and actual adverse impacts in relation to internationally agreed principles for sustainable development. In addition, we promote that our companies contribute to the fulfilment of such principles through their core business activities.

We know that social, environmental and economic impacts must be professionally handled to increase competitiveness, performance and long-term returns.

As investor, we comply with codes and guidelines of Invest Europe (formerly European Venture Capital and Private Equity Association) and the Danish Venture Capital and Private Equity Association (DVCA), and we follow the international Principles for Responsible Investment (PRI).

Both independently and through these memberships, we commit to and will demonstrate good practice by applying the internationally agreed standard for responsible business conduct, the UN Guiding Principles (UNGPs from 2011), and as referenced by the OECD Guidelines (OECD from 2011).

1.2. Purpose

The purpose of this policy is to outline what we expect from our company and our portfolio companies in terms of responsible business conduct.

1.3. Scope

Polaris Management A/S will assess and promote compliance with UNGPs/OECD when addressing the impacts of Polaris Management A/S own activities and

activities in all portfolio companies; in relation to pre-studies, screenings, evaluations, investor due diligence, valuations, and in relation to active ownership of portfolio companies.

While all parts of this policy apply to Polaris Management A/S activities, our portfolio companies must adhere to Sections 2.1., 2.3. and 3.

2. POLARIS MANAGEMENT RESPONSIBLE INVESTMENT PROCESSES

2.1. Roles and responsibilities

Our portfolio companies shall, at a minimum, establish governance structures to meet the requirements from the UNGPs/OECD consisting of:

1. Policy Commitment
2. CSR due diligence processes
3. Grievance mechanisms

In addition, we expect that all portfolio companies sign up to the UN Global Compact (UNGC) and adhere to the reporting requirements thereof.

All of the employees, board members and executive management in Polaris Management A/S and in our portfolio companies are responsible for assisting our companies in meeting our responsibilities.

Should any such person find or receive information that Polaris Management A/S, a portfolio company, or a company under evaluation for investment, causes, contributes or is linked to potential or actual *severe* impacts in relation to any of the principles mentioned in 3. (below), such person shall immediately inform the CEO or CFO of Polaris Management A/S hereof.

The boards of our portfolio companies are responsible for complying with this policy, and thus ensuring that adequate Corporate Social Responsibility (CSR) policies and strategies relevant to the specific company are developed, and for overseeing that executive management implement these and that the portfolio company regularly reports on progress.

2.2. Investment processes

When screening for new investment opportunities, Polaris Management A/S considers to what extent the companies that we identify as potential investment opportunities meet the global minimum standard for responsible business conduct, confer 2.1.

Prior to making any final positive decision to invest in a company, we perform a thorough due diligence analysis of all facts of material importance to the investment decision; including the robustness of their CSR management and how any possible severe impacts are addressed.

All findings, whether relating to adequate management of risks or to the ability to reap benefits from strategic CSR, are considered during pricing and valuation, and form part of our investment risk assessment and decision-making.

2.3. Active ownership practices

Polaris Management A/S is responsible for overseeing that this policy is implemented, when acting as investment advisors, as owners and when acting as directors on portfolio company boards.

Polaris Management A/S will provide portfolio company management with tools, guidance, and knowledge sharing opportunities on CSR and good Corporate Governance.

The boards of directors of all portfolio companies must consider CSR performance as part of their performance review, ensure that CSR impact assessments form part of the regular risk management cycle, and review the progress of CSR implementation

when approving the annual UNGC reporting (Communication on Progress).

Polaris Management A/S oversees that all portfolio companies commit to responsible business conduct, perform an annual CSR impact assessment, integrate the findings and include the handling of severe impacts in the annual UNGC reporting of the company, as soon and to such extent as is reasonably possible/feasible under the circumstances.

2.4. Reporting

In alignment with our commitment Polaris Management A/S publicly discloses:

- This CSR policy;
- Our status, progress and plans for implementation of CSR due diligence;
- How we acted in relation to severe impacts.

All portfolio companies shall report publicly on CSR. This means that portfolio companies disclose:

- Their Policy Commitment
- Information on progress in implementation and maintenance of their CSR due diligence system to address adverse impacts in relation to the three areas of sustainability: Social sustainability (at a minimum human rights, incl. labour rights); environmental sustainability, and;

economic sustainability (at a minimum anti-corruption);

- The establishment of effective grievance mechanisms that enable the affected person(s) to raise concerns and the appropriate authorities to be notified
- The effectiveness of actions to address severe impacts that the portfolio companies cause, contribute to or are linked to through their value chain, as soon and to such extent as is reasonably possible/feasible under the circumstances.

3. PRINCIPLES

3.1. Internationally Agreed Principles

Polaris Management A/S requires that portfolio companies establish a governance system in full alignment with the UNGPs / OECD, thus ensuring continuous management of adverse impacts on – at a minimum – the principles referenced by the UNGC Ten Principles:

Human Rights, including core labour rights

- At a minimum, the human rights referenced in the International Bill of Human Rights, including the rights referred to as ‘core labour rights’.

Environment

- At a minimum, the areas of impacts addressed by the principles in the Rio Declaration on Environment and Development.

Anti-Corruption

- At a minimum, address the scope outlined by the United Nations Convention against Corruption.

3.2. Good Corporate Governance Principles

In addition to establishing governance systems to manage adverse impacts on sustainable development, Polaris Management A/S has set strict requirements on the way we and our portfolio companies conduct our business.

Polaris Management A/S provides support and guidance to portfolio company management to ensure sound governance practices.

Governance and Corporate Culture

The boards of our portfolio companies must establish policies that ensures a culture of legal compliance and responsible business conduct, and encourage people to report concerns.

Board Related Principles

In our portfolio companies, systems must be in place to ensure that board members are appointed based on competence and experience, that their responsibilities are clearly defined, that the boards evaluate their own performance, and that conflicts of interests are avoided.

Management Systems and Transparency

The boards of our portfolio companies must establish policies and 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.

Adopted

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