JUURI PARTNERS

Sustainability Statement - Consideration of Sustainability Risks and Minimization of Adverse Sustainability Impacts

Juuri Partners Oy ("**Juuri**") has prepared the following sustainability statement with respect to sustainability risks as part of the investment activities of Juuri and the development of Juuri's portfolio companies, this statement describes how Juuri assesses and minimizes sustainability risks. The board of directors of Juuri has approved the attached document on the Consideration of Sustainability Risks and Adverse Sustainability Impacts at its meeting on March 2, 2021. The timeliness of the statement is monitored annually, and updates are made when necessary.

1. Sustainability as part of activities of Juuri

Juuri is committed to acting sustainably as an investor and owner. The goal of our sustainability work is to develop more valuable, capable, and responsible companies in Finnish society. As a private equity firm, our greatest impact on sustainability issues is through our portfolio companies.

Therefore, sustainability is an integral part of our investment process, our owner agenda and our reporting. In collaboration with sustainability experts, we have created tools that are suitable for our operations to achieve the goals of our sustainability work. These tools support our entire investment organization in selecting our investments and identifying and managing key sustainability themes in our portfolio companies.

The goal of our investment activities is to increase the long-term shareholder value of our portfolio companies by connecting sustainability to their strategic goals. We believe that sustainability is an important aspect of increasing the value and managing the risks associated with our portfolio companies. We strive to identify the material sustainability issues and their potential effects on shareholder value already in the investment phase. Sustainability risks or considerations can also lead to the exclusion of potential investment targets.

As an active minority shareholder, we have the opportunity to directly influence the sustainability issues in our portfolio companies. However, our portfolio companies are SMEs, and we need to scale our corporate responsibility work according to the resources of our portfolio companies and the relevance of the sustainability issues. Central to our operations is the systematic monitoring and management of material sustainability issues that affect shareholder value.

2. Sustainability risks and their measurement

As part of its investment decisions and processes Juuri takes to the consideration situations related to the environment, social responsibility or governance ("**ESG**") that, if materialized, could have a negative, material impact on the value of the investment ("**Sustainability Risk**").

In our activity ESG means the following:

• **Environmental issues (E)**: In environmental matters, we pay attention to the portfolio companies' carbon dioxide (CO_2) emissions and the portfolio companies' impact on climate change, resource and water consumption, as well as potential environmental risks such as soil, air or water pollution. Potential risks associated with these may include climate risk, clean-up costs for potential emissions or business pollution, direct sanctions from authorities for potential breaches, and also indirect costs as a result of deteriorating reputations. Potentially, the activities of portfolio companies can also have a positive impact on the environment, for example by reducing resource consumption or emissions in the form of new innovations or practices.

• **Social (S)**: In social we pay attention to respect for human rights in the activities of our portfolio companies and, for example, to gender equality in the activities of portfolio companies. The related sustainability risks relate in particular to possible omissions or unethical practices, which are controlled in part by the requirements of good governance and as part of the investment process, as described below.

• **Governance (G)**: Good governance relates in particular to the management and board of directors of portfolio companies and to operational independence, as well as to compliance with corporate regulation, taking into account the interests of different stakeholders. The operations of portfolio companies must comply with good corporate governance and compliance with laws, ethical and transparent decision-making is a key part of this operation. The associated sustainability risks relate in particular to possible mismanagement, corruption and ban of unethical conduct. Both Juuri and the portfolio companies are managed professionally and in accordance with the law. Due to the small size of the portfolio companies, a key tool in this regard is the training of entrepreneurs and boards of directors in good governance, as well as the implementation of the required governance structures and ensuring independence.

3. Consideration of sustainability risks as part of the investment process

Sustainability risks are taken into account as part of the investment process of Juuri. Moreover, ESG matters are the expertise of the entire Juuri investment team. The entire team has undergone ESG-related training and the expertise is maintained through annual trainings. Juuri has comprehensive ESG tools at its disposal, which are used in connection with each investment process to ensure that there are no Sustainability Risks associated with the investments. The ESG tool is based on the Juuri ESG principles.

The Juuri Sustainability Risk management tool is based on the principle that Sustainability Risks are considered as part of the entire investment process, as follows:

- **Prohibited industries**: To avoid investing in companies with potential Sustainability Risks we do not invest in industries that are particularly risky in terms of Sustainability Risks (e.g., tobacco, alcohol and adult entertainment).
- **First mapping**: As part of the first investment assessment, a first ESG mapping will be prepared to determine whether there are obvious Sustainability Risks associated with the investment. In this context, the general sustainability risks of the industry and the public information available about the investment are taken into account. This mapping will also take into account industry-specific legislation and industry practice related to the industry's Sustainability Risks.
- **Management interviews**: If the investment target is selected further, the ESG survey is also included as part of the investment target management interviews, which examines the company's operations and its effects from an ESG perspective. In this context, potential Sustainability Risks are taken into account as part of the overall investment assessment and the understanding of the Sustainability Risks in the industry is expanded.
- **Due diligence**: Investment targets that are decided to be examined in more detail as part of the investment process are subject to an extensive due diligence review, which includes a more detailed review of potential Sustainability Risks. Sustainability risks are being assessed by a number of different independent advisers who also have special expertise in taking into account Sustainability Risks and ESG issues. Potential Sustainability Risks are highlighted as part of due diligence reports prepared by these independent experts. Sustainability risks that are reviewed in due diligence relate in particular to the environment, compliance with laws, business ethics and good governance. Gender equality and human rights violations will also be considered in part of the review as well as possible tax issues.
- **Correction and limitation of sustainability risks**: If the investment target involves significant Sustainability Risks, for example in connection with the management of the investment target, possible corrective measures would be taken, either before the investment or during Juuri ownership as part of the portfolio management and governance development. If the investment object were associated with Sustainability Risks that could not be corrected or limited, they would affect the investment decision and potentially no investment would be made to such target.

- **Documentation**: Potential Sustainability risks are also taken into account in the investment agreements or deeds of sale and in the accompanying materials ("**Documentation**"). The Documentation takes into account that potential sellers must represent and warrant that the target company does not contain known violations that could lead to Sustainability Risks and that environmental protection obligations and human rights have been complied with and respected as part of the portfolio companies' operations. Representations and warranties are also given in respect of the pre-ownership period with respect to the fact that the target companies operations have complied with good corporate governance and company law regulations.

4. Consideration of sustainability risks at community level

Sustainability risks and the adverse effects of investment decisions on sustainability are taken into account as part of the operations of Juuri portfolio companies as part of Juuri governance model. Juuri representatives bring the consideration of sustainability risks into the management of portfolio companies, both by training the company's management on these themes and by directing the management's attention to combat sustainability risks. Avoidance of sustainability risks is part of the governance and management of the portfolio companies.

Juuri does not yet take into consideration the principal adverse impacts on sustainability factors in the investment processes as prescribed by Article 4(1)(a) of the SFDR regulation, and thus is currently applying Article 4(1)(b) to its investment practices. Juuri cannot yet ensure appropriate portfolio-wide data quality and coverage and Juuri monitors closely the regulatory development and its own readiness annually and is prepared to complement internal practices when appropriate data characteristics and scope can be guaranteed. In the future, Juuri will consider the principle adverse impacts on sustainability (PAI) factors of its investment decisions in accordance with Article 4(1)(a) of the SFDR.

Two Juuri employees have a special responsibility to monitor and supervise ESG matters. These team members ensure that adequate assessments of Sustainability Risks are made as part of the investment processes in accordance with the above-described process. These employees are trained in ESG issues and maintain their skills through regular additional training.

We report on ESG issues and sustainability risk management as part of our financial reporting on a quarterly basis, in addition to which we publish an annual report on selected topics. Additionally, we meet regularly with our investors and other stakeholders to have an ongoing discussion on responsibility issues. We also strive to actively participate in promoting responsible investment and ownership in our industry.