

Responsible Investment Policy

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Change history

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1.0	11.12.2025	Replacing Principles for Responsible Investment approved by the Board of Directors on 14 June 2022.

1 Introduction

At Vaaka Partners (“We” or “Vaaka”), our investment philosophy is based on long-term commitment. We believe that knowledge, patience, and resilience make champions. Therefore, our companies focus on building enduring market positions, conducting rigorous industry evaluations, and driving product and service innovation. We view sustainability as a strategic lever for long-term value creation. Guided by our values - integrity, growth, and collaboration – we strive to build strong, sustainable businesses.

For us, responsible investment is a long-term, disciplined approach that aligns with the interests of our investors, portfolio companies, our own employees, our owners, and other relevant stakeholders. We believe that responsible investment not only protects value by mitigating sustainability risks but also creates value by unlocking new business opportunities and targeting improved risk-adjusted returns for our investors. Therefore, we have embedded ESG considerations into our investment decision-making process and across the entire ownership cycle.

In our investment process, we strive to understand our environmental impact and address climate change matters. During our ownership, we actively support portfolio companies in driving sustainability improvements, fostering positive change, reducing risk, and creating growth opportunities. We encourage a culture of development and innovation, ensuring that workplaces are respectful and safe for all. We also help our portfolio companies build robust corporate governance along with a responsible and transparent business culture.

At Vaaka, we are committed to following the UN Principles for Responsible Investment (UN PRI or Principles):

- Principle 1: We incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2: We are active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We report on our activities and progress towards implementing the Principles.

We also support the UN Global Compact principles on human rights, labour standards, the environment, and anti-corruption.

We are a member of the Finnish Venture Capital Association (FVCA) and Invest Europe and follow their rules and guidelines of openness and transparency in the private equity industry. We are also a member of Finland’s Sustainable Investment Forum (Finsif), an organization that advocates for responsible investment by integrating ESG factors into investment decision-making processes.

We participate in industry initiatives, including the activities of the non-profit organization Level 20 to promote gender diversity in European private equity industry.

In the following chapters we will lay out a more comprehensive view on what sustainability aspects we analyse in our investment process, our exclusion principles, and our approach to ESG integration in the investment process. We also describe how we engage with our portfolio companies during our ownership period, how sustainability risks are integrated into our remuneration, our monitoring and reporting processes, and lastly, we give an outlook on our sustainability governance and responsibilities.

2 Definitions

In this Policy, sustainability risk or ESG risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment. Sustainability factors or ESG factors mean environmental, social and employee matters, respect for human rights, and anti-corruption and anti-bribery matters. Principal adverse impacts should be understood as those impacts of investment decisions and advice that result in negative effects on sustainability factors.

3 ESG Focus Areas and Examples of ESG Risks

ESG risks are systematically considered throughout our investment cycle and in accordance with this Policy and our risk management policy. Sustainability risks may occur as standalone risks or as amplifiers of other risks such as market, operational, or liquidity risks. In the below table we give examples of the typical ESG risks and opportunities we take into account in the due diligence, during our ownership period and in our engagement activities.

Dimension	Focus Areas	Examples of Risks	Examples of Opportunities
Environment (E)	Climate change, emissions, energy efficiency, resource use, waste and water management	Carbon pricing, regulatory penalties, climate transition risks, hazardous waste, emissions to water, destruction of biodiversity	Cost savings from energy/resource efficiency, growth in green technologies and low-carbon solutions
Social (S)	Human rights, labour practices, DEI, occupational safety, supply chain integrity	Workforce disputes, labour shortages, human rights violations in supply chains, health & safety incidents, corruption/bribery	Higher employee engagement and retention, stronger customer trust, improved supply chain resilience
Governance (G)	Board composition & independence, shareholder rights, transparency, tax compliance, anti-corruption	Weak oversight, fraud, lack of transparency, excessive executive pay, bribery sanctions, cyber security, data privacy, loss of investor trust	Long-term value creation, professional management, enhanced risk oversight, improved reputation with investors and regulators

4 Exclusions

We avoid investments that present unacceptable sustainability or reputational risks. Specifically, we do not invest in companies active in:

- Gambling
- Tobacco
- Adult entertainment
- Human cloning
- Arms industry.

We also apply enhanced scrutiny to industries with heightened climate-related risks and may decline investments where exposure is material.

5 ESG Integration in Investment Decision-Making and Across Investment Cycle

We integrate ESG factors into all investment decisions and across the entire ownership cycle.

Phase	How ESG is Integrated
Screening & Pre-Investment	Case team identifies ESG risks and opportunities during initial screening process and evaluates investments against the exclusion criteria outlined in section 4. We aim to flag high-risk cases early.
Due Diligence	We have developed an ESG due diligence checklist which is applied in the due diligence phase. During the investment process, the case team is responsible for applying the ESG due diligence checklist, assessing the need for ESG due diligence and ensuring it is conducted where material risk or opportunities are identified. Sustainability factors can be assessed as part of e.g. Commercial or HR DD, where appropriate. Material risks/opportunities are documented.
Investment Decision	Case team documents and presents relevant findings from the due diligence process to the Investment Committee for consideration in investment decision-making. The Investment Committee may reject the investment should it view the ESG risks too high for the risk profile of the Fund.
Ownership / Value Creation	Material ESG findings from the due diligence process are integrated into our portfolio companies' 100-day and long-term plans. We set minimum sustainability requirements for portfolio companies as described below in section 6. Portfolio companies' boards review ESG matters at least annually. Sustainability materiality assessment is encouraged for all portfolio companies. Vaaka company team supports progress and tracks action plans.
Exit	Company team includes the ESG progress and maturity in exit readiness assessments and documentation and it may also commission ESG vendor due diligence. ESG performance is documented and made available as part of exit due diligence materials, as necessary.

6 Active Ownership and Engagement

Vaaka is an active owner. Our biggest impact is made through our ability to influence decision-making and activities across our portfolio companies. We steer our portfolio companies towards transparency and sustainable operations. We provide a Governance model for our portfolio companies.

We introduce Vaaka's minimum ESG requirements to our portfolio companies, which they are expected to meet within one year following acquisition. We provide support to the companies to improve their ESG performance, facilitate sharing of best practices, and oversee their progress. We also leverage selected ESG advisors to aid the portfolio companies in their ESG development work.

We promote transparency across our portfolio companies. Portfolio company management is required to report to us timely on any emerging risks, including ESG risks and incidents. These are handled in the company teams and escalated to Vaaka's management, as necessary. Major risks are escalated also to the board of directors of Vaaka.

7 Remuneration

Vaaka considers the integration of sustainability risks when determining remuneration, as required by the Sustainable Finance Disclosure Regulation (SFDR).

Sustainability risks are considered in the remuneration of key personnel that make investment decisions or provide investment advice. Vaaka's remuneration policy is reviewed annually to ensure alignment with this Policy and consistency with sound and effective risk management, not encouraging risk taking inconsistent with the risk profiles of funds managed by Vaaka. The Board of Directors approves the remuneration policy.

8 Monitoring and Reporting

We are committed to transparent measurement, monitoring, and reporting of ESG progress:

- **Quarterly Reporting:** Our quarterly investor reports include a dedicated ESG update, including ESG development, strategic projects and plans going forward in portfolio companies.
- **Annual Monitoring and Reporting:** We publish an annual sustainability report highlighting ESG developments and indicators from portfolio companies and Vaaka. We review principal adverse impacts indicators regularly and disclose them in our Principal Adverse Impacts (PAI) statement, as required by the SFDR. ESG matters are also reported annually to the FVCA and other relevant stakeholders.
- **Advisory Committee & Investor Meetings:** Annual Advisory Committee meetings and investor meetings include sustainability updates and investor dialogue. ESG topics are also discussed on investor calls.
- **Dialogue with Investors:** We maintain ongoing dialogue with key stakeholders on material ESG topics to understand which metrics our key stakeholders value most. ESG factors are reported to investors throughout the year via investor questionnaires and other forms of engagement.

In addition, we inform our investors without delay of any major ESG incidents.

9 Governance and Responsibilities

At Vaaka, we have established a Sustainability working group who is responsible for promoting this Policy internally. The Sustainability working group consists of the COO, an Investment Director and a Fund Admin Specialist. The Managing Partner appoints the members of the Sustainability working group.

Case and Company team members are responsible for identifying and assessing ESG matters in the pre-investment phase and throughout Vaaka ownership, and reporting these to the Investment Committee and/or Vaaka management. The Investment Committee reviews ESG risks and opportunities in connection with each new investment and throughout the investment cycle, as needed.

The Company team members monitor execution and development of ESG matters in their role as board members in the portfolio companies.

Vaaka Sustainability working group is responsible for preparing the ESG report and PAI statement and presenting them annually to Vaaka's Board of Directors. The COO steers the Sustainability working group and oversees Vaaka's ESG reporting.

The Chief Information and Compliance Officer oversees adherence to this Policy and reports on sustainability risks to the Board of Directors as part of the quarterly risk report.

We provide regular training to all relevant employees to develop awareness and skills in ESG topics and to ensure understanding and effective application of this Policy.

10 Policy Ownership and Review Cycle

This Policy is reviewed and updated by the sustainability working group annually and approved by the Board of Directors.