

Ceder Capital Responsible Investment and Ownership Policy

Objective

The objective of this policy is to describe our commitment to sustainable and responsible business operations, for us as an investor and for our portfolio companies. This allows us to address sustainability/Environmental, Social and Governance (ESG) related impacts, risks and opportunities. Sustainability and ESG will be used as synonyms in this policy.

Our mission is to generate sustainable economic growth for our investors. We see sustainability as a competitive advantage in this mission, and therefore integrate ESG in all phases of our operations, from our sourcing of potential investments and pre-investment due diligence, throughout our active ownership and exit. Our aim is that every portfolio company should create long-term value through business-driven sustainability work.

Scope

This policy applies to Cedar Capital III and any future funds classified as Article 8.

What we do – sustainable growth

Investment phase – mitigate sustainability risks and identify sustainable business opportunities

ESG is a key consideration when sourcing companies to invest in. Ceder Capital does not invest in companies with significant negative ESG impacts without a realistic path to mitigate them. This includes avoiding investments in companies that generate significant revenues from products or services as detailed in the Fund's precontractual disclosures.

Ceder Capital performs ESG related due diligence ahead of any new investment. Using our own ESG framework, we assess relevant ESG risks and opportunities and how potential risks can be mitigated. We incorporate the outcome of the due diligence in our overall evaluation of the investment. Conclusions are documented and included in the investment recommendations to the Investment Committee.

Responsibilities:

- Partner at Ceder Capital responsible for the investment: ESG pre-investment due diligence, including confirming our exclusion criteria.

Ownership phase – sustainable value creation

We consider ESG to be an important and integral part of the strategy and operations of our portfolio companies. As new owners, we agree on a value creation plan that also will include ESG initiatives that we deem value enhancing to the portfolio company's strategic agenda. Moreover, ESG considerations are to be integrated into the "Rules of Procedures for the Board of Directors" of each portfolio company. Strategic discussions within the board related to ESG is to occur at least once annually, with performance reports and follow-ups to be provided at least twice a year.

We expect portfolio companies to:

- adopt a Code of Conduct, with relevant policies according to sector, for example an environmental policy, health and safety policy, sustainable procurement policy etc. We also expect our portfolio companies to train their employees on their Code of Conduct, and to set up a whistleblowing channel for reporting unethical behavior
- adhere to the 10 principles of the UN Global Compact. The four themes (Human Rights, Labor, Environment and Anti-Corruption) should be integrated into the Codes of Conduct of the portfolio companies
- actively work on mitigating any significant principle adverse impacts of their operations
- where necessary, detect and mitigate ESG supply chain risks, emphasizing on suppliers in high-risk countries and sectors
- take actions to comply with the Paris agreement, thus contributing to limiting global average temperature to below 2 degrees Celsius above pre-industrial levels and pursue efforts to rather align with the 1.5°C scenario
- report annually on Ceder Capital's KPIs, including greenhouse gas emissions, and Diversity, Equity and Inclusion metrics, including equal pay

We encourage portfolio companies to:

- sign the UN Global Compact
- employ additional Key Performance Indicators (KPIs) that are relevant to the sector in which the portfolio company operates, for example utilizing the UN Sustainable Development Goals (the SDGs)
- link company management remuneration to ESG targets and/or initiatives

Responsibilities:

- Boards of Directors in portfolio companies: setting and monitoring the ESG strategy, KPIs and targets together with Ceder Capital
- Management team in each company: implementation of the ESG strategy, KPIs and targets. Report to the Board of Directors on the performance
- Partner at Ceder Capital responsible for the portfolio company: ensure that the Board of Directors has the capabilities to set a strategy, KPIs and goals to meet the owner's ESG requirements

Exit phase – documented sustainable value growth

It is important to Ceder Capital that portfolio companies can continue to prosper and grow following our ownership. During our ownership we keep track of ESG actions and initiatives executed and implemented as part of our value creation plan. Upon exit, we aim to find an owner that shares our ambition to build responsible, future-proof businesses. Our goal is to be able to hand over a portfolio company with a business-driven sustainability focus, that transparently reports on business risks and opportunities linked to ESG according to international sustainability standards.

Responsibility:

- Partner at Ceder Capital responsible for the exit: Communication of value created through documented ESG work

Ceder Capital – our responsibility

- All employees of Ceder Capital are expected to adhere to our values, and high standards of ethical business conduct as outlined in our Code of Conduct

- Ceder Capital will at all times act as a responsible owner. We provide clear instructions on our expectations for sustainable practices and appropriate ESG standards to the Board of Directors in the portfolio companies. Although we are not a formal signatory, Ceder Capital agrees with and guides its investment work along the six principles for responsible investment of the Principles of Responsible Investment (PRI)
- Ceder Capital provides the portfolio companies with guidance and knowledge-sharing opportunities regarding ESG management. Companies are introduced to our approach to ESG integration during our onboarding and strategy development process
- Ceder Capital will have an ESG report available for LPs annually, summarizing the ESG work taking place in the fund. This report will be available on request. If material ESG related issues arise, these will be reported to LPs

Responsibility:

- Designated partner at Ceder Capital

Sustainability standards that we seek guidance from include:

- Sustainability KPIs: The UN Sustainable Development Goals (SDG)
- Principles for responsible investing: UN PRI
- Responsible business initiative: The UN Global Compact, OECD Principles for Multi-National Enterprises and the UN Guiding Principles on Business and Human Rights
- Greenhouse gas calculations: the Greenhouse Gas (GHG) protocol
- Sustainability reporting standard: Corporate Sustainability Reporting Standard (CSRD) and the Global Reporting Initiative (GRI)
- The EU Sustainable Finance Disclosure Regulation (SFDR)
- The EU Taxonomy Regulation
- Business ambition for 1.5°C: Science Based Targets initiative (SBTi)
- Task Force on Climate-related Financial Disclosures (TCFD)

Reviewed and updated on February 17, 2025, this policy supersedes the version dated February 7, 2024