

## Panostaja's principles of responsible investment

### Introduction

Panostaja is an investment company developing Finnish SMEs in the role of an active majority shareholder. The company aims to be the most sought-after partner for business owners selling their companies as well as for the best managers and investors. Together with its partners, Panostaja increases shareholder value and creates Finnish success stories.

Panostaja is committed to operating as an active shareholder in accordance with its principles of responsible investment. In the process of making new investment decisions and developing portfolio companies, we consider not only financial perspectives, but also issues related to the environment, social responsibility and good governance (ESG) as well. We believe that taking these perspectives into consideration in the decision-making process and procedures related to ownership is vital for our portfolio companies as well as the long-term success of Panostaja.

The goal of our corporate responsibility work is to develop companies to make them more valuable, competitive and responsible. In addition to risk management related to environmental, social, and corporate governance issues, we provide portfolio companies with the best practices for increasing their sources of income, innovating new products and operating methods and reducing their costs.

Panostaja's principles of responsible investment describe our approach to responsible business operations. The account describes the decision-making and ownership procedures that are applied in Panostaja's operations.

### Description of the integration of ESG issues into the investment decision-making process and ownership practices of Panostaja

#### *Investment stage*

We take ESG issues into consideration in investment analysis, due diligence reviews and decision-making related to investments.

In the investment analysis stage, we conduct a preliminary ESG analysis, in which we evaluate the potential impacts of ESG issues on the operations and value of the target company, and identify the issues that need to be further investigated in a due diligence review. In connection with investment analysis, we also exclude companies operating in certain industries (exclusion criteria).

When assessing investment opportunities, we always perform a thorough due diligence review of the potential investment. In connection with a due diligence review, we also consistently review ESG issues.

Based on a due diligence review we may refrain from investing in companies that have major deficiencies or risks in regard to ESG issues. However, the poor results of an ESG review do not automatically prevent us from making an investment. If corrective measures are found for the identified deficiencies, the development of responsibility matters may serve as one notable way in which we create value during our ownership.

Our investment proposals incorporate a summary of the conducted due diligence review, as well as recommendations for mitigating possible ESG risks and utilising ESG opportunities.

### *Ownership*

The value development of our portfolio companies is based on active ownership, the basis of which is the long-term development of companies. Risks related to environmental, social and corporate governance issues vary between companies and industries. As such, we scale our corporate responsibility work in accordance with the resources of our portfolio companies and the relevance of their corporate responsibility issues. Each portfolio company is provided with a dedicated corporate responsibility development plan, based on the best ways to facilitate value development in that particular company. In our operations as a shareholder, we emphasise the systematic monitoring and management of relevant corporate responsibility issues that affect shareholder value.

The buyers of Panostaja's portfolio companies, which include capital investors and industrial buyers, also impose strict requirements for the companies that they acquire, as a result of which the corporate responsibility development of Panostaja's portfolio companies also has a positive impact on the valuation of companies when they are sold.

### **Exclusion criteria**

Panostaja does not make investments in the following industries: the arms trade and weapons industry, the tobacco industry, gambling and adult entertainment.

### **Reporting**

The boards of our portfolio companies manage, monitor and evaluate the achievement of objectives related to ESG issues through annually submitted reports. Whenever necessary and especially during the first year of ownership of a portfolio company, the company's board may also monitor the development of ESG issues in shorter intervals.

Panostaja's board reviews a summary of the ESG issues of portfolio companies once a year.