



## Remuneration Policy

Last updated: April 2024

Article 5 of the SFDR requires: “Financial market participants shall include in their remuneration policies information on how those policies are consistent with the integration of sustainability risks and shall publish that information on their websites.” ESG is considered to be the responsibility of Nordian investment professionals. ESG is embedded in the entire investment process and accountability for ESG is hence part of overall performance of Nordian funds and individual performance of Nordian employees. Nordian’s remuneration policy ensures sound and appropriate remuneration, in line with the market standards and European Securities and Markets Authority (ESMA)/AFM principles required for all alternative investment fund managers and in line with Nordian’s objectives, performance, and policies. Our remuneration policy seeks to align the interests of employees with the interests of investors in Nordian’s funds and to avoid incentives that could result in excessive financial or sustainability risk taking.

## APPENDIX 2: Commitments with regards to the Sustainable Finance Disclosure Regulation

We **do not** commit to the following:

Sustainable investments	We do not currently commit to making sustainable investments, or to making investments that are aligned to the EU Taxonomy
Reference benchmark	We do not currently commit to using a fund reference benchmark

The rationale for not limiting us to sustainable investments is that we believe that there is significant potential of improving the ESG performance of companies that are not considered sustainable investments.

**We commit** to promoting environmental and social characteristics presented in the below table. Attainment of said characteristics is measured with sustainability indicators presented in the same table.

Environmental/Social characteristic	Sustainability indicator to measure attainment of E/S characteristic ( <i>unit</i> )
We require all companies in the Nordian portfolio, and Nordian itself, to measure their direct (scope 1) as well as their indirect (scope 2, and 3 where relevant) CO <sub>2</sub> emissions.	Share of companies in Nordian portfolio that measures scope 1,2 and 3 emissions (%).
We require all companies in the Nordian portfolio, and Nordian itself, to aim to reduce their relative (expressed as CO <sub>2</sub> tonne / EURm revenue) direct (scope 1) as well as their indirect (scope 2, and 3 where relevant) emissions every year a.o. by increasing their share of renewable energy.	Share of companies in the Nordian portfolio that reduces scope 1, 2 and 3 emissions (%).
We require all companies in the Nordian portfolio and Nordian itself to compensate all remaining scope 1 & 2 emissions at the end of each year through a provider of CO <sub>2</sub> offsetting credits. Scope 3 emissions are not fully compensated as these emissions are related to activities that are not directly controlled by the company.	Carbon emissions compensated ( <i>tCO<sub>2</sub></i> ).
We require our companies and Nordian itself to aim to score above their industry averages on key general (in accordance with the EDCl metrics under <i>diversity, work-related accidents, net new hires</i> and <i>employee engagement</i> ) and sector specific KPIs.	Share of companies (%) that score above industry average on EDCl metrics under diversity, work-related accidents, and employee engagement, which are: <ul style="list-style-type: none"> <li>• Women on board</li> <li>• Women in C-suite</li> <li>• Underrepresented groups on board (optional)</li> <li>• LGBTQ on board (optional)</li> <li>• Net New Hires</li> <li>• Injuries</li> <li>• Fatalities</li> <li>• Days lost due to injury</li> <li>• Employee survey</li> <li>• Employee survey response (optional)</li> </ul>

**We commit** to monitoring principal adverse impacts. These are (per SFDR):

**Adverse sustainability indicator**

Greenhouse gas emissions	1. GHG emissions (Scope 1, 2, 3 and total)
	2. Carbon footprint
	3. GHG intensity of investee companies
	4. Exposure to companies active in the fossil fuel sector
	5. Share of non-renewable energy consumption and production
	6. Energy consumption intensity per high impact climate sector
Biodiversity	7. Activities negatively affecting bio-diversity-sensitive areas
Water	8. Emissions to water
Waste	9. Hazardous waste and radioactive waste ratio
Social	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
	12. Unadjusted gender pay gap
	13. Board gender diversity
Additional environmental indicator	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)
	15. Investment in companies without carbon emission reduction initiatives
Additional social indicator	16. Lack of anti-corruption and anti-bribery policies

## APPENDIX 3: Current portfolio wide Nordian programs

Nordian currently has different programs running to improve performance on ESG factors of its portfolio companies.

### Nordian Young Talent

The Nordian Young Talent program is created to give portfolio companies the tools to identify and retain young talents. It is a 1-year program, that consists of several training sessions focused on personal development and leadership skills. Portfolio company management identifies young talents that can take part in the Nordian Young Talent program. The program is organized by a third party.

Indicators that Nordian uses to monitor effectiveness of this program are:

- Number of participants
- Turnover rate target group
- Satisfaction target group

### World Class Workforce

The World Class Workforce program has been established to measure various topics around employee well-being in a standardized way, across the portfolio. This will enable company management to determine their performance on employee well-being and, where relevant, start improvement projects supported by external parties and/or apply best practices.

Indicators that Nordian uses to monitor effectiveness of this program are:

- Employee Satisfaction
- Absenteeism rate
- Net new hires

### CO<sub>2</sub> program

Aided by third party expertise, all Nordian companies measure their direct (scope 1) and indirect (scope 2, and 3 where relevant) CO<sub>2</sub> emissions on an annual basis. Companies develop an action plan for the reduction of their scope 1 and 2 emissions. Where relevant, companies also perform a scope 3 assessment and define actions to reduce their scope 3 emissions. Scope 1 and 2 emissions are offset by a third-party offsetting provider, making Nordian a 100% CO<sub>2</sub> compensated PE firm.

The indicators that Nordian uses to monitor effectiveness of this program are:

- Absolute carbon footprint scope 1, 2 and where relevant 3
- Carbon footprint intensity

## APPENDIX 4: High level methodology explanation

We use a uniform approach to analyzing our (target) portfolio companies' ESG performance in our initial screening and in the due diligence phase (performed by an external ESG partner). This approach follows four steps as presented in *Figure 1: Four steps of ESG reporting* and explained below.



Figure 1: Four steps of ESG reporting

1. **Industry exposure:** During the first step of our review we systematically evaluate potential ESG-related-risks and opportunities within a company's specific industry. Developments in regulation, market demand, technical innovations and sector initiatives on ESG, are mapped. The relevance of ESG in the company's industry is reviewed, and a long-term vision of what optimal sustainability in the specific industry would look like is determined;
2. **Materiality assessment:** A materiality assessment is conducted to arrive at ESG topics that are relevant for the specific company. Using a third-party framework, a 'heatmap' is developed for the company. This heatmap highlights topics of material relevance;
3. **Performance:** Building on the results of the materiality assessment, a company's performance is assessed per theme. We assess ESG maturity of prospective or current portfolio companies by rating the level of maturity per theme on a five-point scale level (see **Error! Reference source not found.**);
4. **Road mapping:** After a company's ESG performance is assessed, we develop an ESG strategy, roadmap, ESG objectives and KPIs in close cooperation with company management. The roadmap presents a clear, coherent and flexible plan for achieving short-, mid- and long-term ESG objectives.

## APPENDIX 5: Exclusion policy

Please find an overview of our ESG related exclusions below.

The Fund shall not make portfolio investments:

- (a) that guarantee or otherwise provide financial or other support, directly or indirectly, to portfolio companies or other entities whose business activity consists of an illegal economic activity (i.e. any production, trade or other activity), which is illegal under the laws or regulations applicable to the fund or the relevant company or entity;
- (b) in portfolio companies whose business activity includes:
  - (i) the manufacturing of or trading in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies;
  - (ii) casino's and equivalent enterprises or gambling;
  - (iii) the production of and trade in tobacco and distilled alcoholic beverages and related products;
  - (iv) termination of human life;
  - (v) the research, development or technical applications relating to electronic data programs or solutions, which (i) aim specifically at supporting any activity referred to above; internet gambling and online casino's; or pornography, or which (ii) are intended to enable to illegally enter into electronic data networks; or download electronic data;
  - (vi) pornography and sex industry; and
  - (vii) human cloning for research or therapeutic purposes or genetically modified organisms (GMOs), unless the Manager ensures the appropriate control of legal, regulatory and ethical issues linked thereto;