EVOLVER

ESG Policy 10.3.2021

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ESG COMMITMENT

Responsible Value Creation with Devoted People

Responsible Value Creation is part of Evolver's brand promise and a guiding core principle for all investment activities. For Evolver, ESG considerations are fundamental to be able to fulfil its brand promise. The genuine interest and respect shown towards co-workers, customers and partners creates long lasting value for companies and investors alike. Awareness of the environmental impact of Evolver's activities is equally important for sustainable investing. Evolver adheres to the fundamental principles stated in the United Nations' Global Compact and the Principles for Responsible Investment.

The experience of working with ESG matters in a structured way varies between companies in the SME segment. Evolver's approach is to ascertain the interest and willingness to improve ESG matters prior to investing in a company and, as part of the quest to breed good governance in our portfolio companies, introduce measures on a purposeful and practically implementable level. By doing so, Evolver makes sure that ESG is a familiar area for the companies when exiting, and thus, adds structural capital that will make the companies more attractive for a future owner.

The phases and daily activities where Evolver sees opportunity to identify, improve and implement ESG matters are described in Evolver's ESG Process.

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ESG PROCESS

Evolver's ESG Policy is implemented in each step of the investment cycle

- Screening
  - Evolver avoids sectors and companies where ESG concerns are detected in the screening phase
- Due Diligence
  - Each investment is subject to rigorous Due Diligence involving Evolver's officers as well as external officers
  - Any findings during the Due Diligence process that are not consistent with Evolver's ESG policy will be addressed and presented to the Investment Committee before final investment decision
- Business Planning
  - Identified potential improvements of the target company's handling of ESG matters will be addressed during the pre-deal business planning, and will be expressly stated in the final business plan
- The Holding Period
  - Processes for implementation of the ESG measures agreed in the business plan will be evaluated and decided by the target company Board
  - As part of the Board's responsibility, ESG matters will be continuously monitored
- Reporting
  - The ESG status and progress will be reported to the Investors annually, or in a manner otherwise requested by the Investors
- Exit
  - Whenever potential ESG improvements have been identified at entry, Evolver strives to show documented and measurable improvements at exit

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INTEGRATION OF SUSTAINABILITY RISKS (ART 3 SFDR)

Sustainable Finance Disclosure Regulation (2019/2088) (the "Disclosure Regulation")

With a starting point in the above Evolver has identified the most important ESG areas for the company that should always be considered in the acquisition process for a potential investment:

- Collaborate with and invest in companies that share Evolver's values regarding human capital and work environment, and that understand the importance of taking care of their employees.
- Collaborate with and invest in companies that understand the importance of having sufficient processes and routines in place to comply with all relevant national and international legislation regarding environment, work ethics and responsibilities as an employer.
- Avoid working with businesses that could not be considered ethical, considered controversial, or that is having a significant impact on the environment and climate. Unethical or controversial businesses include, but are not limited to, the weapon industry, tobacco, gambling, drugs and pornography. Businesses with high negative impact on the environment and climate include, but are not limited to, mining and distribution of oil, gas and coal.

An 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". Evolver assesses ESG risks based on the strategic approach and the identified important ESG areas for the company and acts in three different ways regarding investments:

- Excluding businesses that are unethical, controversial or have a significant negative impact on the environment and climate (however, under certain circumstances, Evolver could allow small investments in companies indirectly related to these industries),
- Including businesses with a potential positive impact, and
- Working with active governance to contribute to progress in companies regarding Evolver's most important ESG areas.

INVESTMENT PROCESS

Investment Review Process

Evolver's Investment Review Process requires that, as part of the acquisition process for a potential investment, Evolver performs an in-depth analysis including identification of ESG risks and related mitigative actions. If ESG risks are identified during the investment analysis process, which are deemed possible to mitigate as part of the development of the investment, those mitigative actions are included in the business plan.

Investment Committee Review

The investment committee reviews and assesses the final analysis and proposal for the potential investment, including the business plan. Following the assessment, the investment committee makes investment decisions considering all risks identified during the investment analysis process, including any ESG risks. Any potential investments with risks that are unlikely to be mitigated during Evolver's holding period are abandoned and not further considered as investments.

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REMUNERATION POLICIES (ART 5 SFDR)

Evolver has a total remuneration model consisting of both fixed and variable remuneration. Variable remuneration is based on the fulfilment of criteria both on a company level and an individual level, including an individual's compliance with policies and procedures related to the impact of ESG risks on the investment decision making process and not taking excessive risk in relation to ESG risks.

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CONSIDERATION OF PRINCIPAL ADVERSE IMPACTS (ART 4 SFDR)

Evolver do not consider the principal adverse impacts of investment decisions on sustainability factors in the manner prescribed by Article 4 of the Disclosure Regulation. Evolver finds adverse impacts of investment decisions important. However, considering Evolver’s size, the nature and scale of its activities and the types of investment objects Evolver engage in, Evolver evaluates the practical obstacles to assess, measure and monitor the principal adverse impacts too significant to be able to consider the principal adverse impacts at this point. The primary reason for obstacles is the nature and size of the potential investment objects that leads to lack of necessary data.

Evolver will continuously evaluate the possibilities to consider the principal adverse impacts. Better availability of necessary data at investment objects and progress in the investment objects own sustainability work would primarily enable consideration of the principal adverse impacts.

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