

RESPONSIBLE INVESTMENT & OWNERSHIP POLICY

INTRODUCTION

Background

Altor's overall mission is to generate superior returns for its investors by building world-class companies. Being a world-class company includes ensuring high environmental, social and governance (ESG) standards. As a commitment to the investors and the communities in which Altor and its portfolio companies operate, Altor has adopted this Responsible Investment and Ownership policy.

Purpose

The purpose of the policy is to outline Altor's approach to responsible investment and ownership, including how Altor works to capture and manage ESG issues in its investment process and ownership role. This commitment goes beyond compliance with rules and regulations and is intended to ensure that Altor contributes to the creation of companies that promote a sustainable future for business, society and the environment.

Scope

The policy shall be implemented and executed throughout the Altor structure and applies to the screening and investment process as well as the ownership phase. The policy shall be managed by Altor Equity Partners as investment advisor, including through board representation in Altor's portfolio companies. The approach also goes beyond the portfolio companies; co-investors, potential buyers and other business partners should, to the extent possible, be considered from an ESG perspective.



EXECUTION OF THE POLICY

Investment process

Altor's ambition is to assess and evaluate each investment opportunity to ensure that ESG risks and opportunities are identified and managed in the screening as well as the investment process.

Ownership practices

Altor's governance model is an essential component in the portfolio companies' value creation. The board of directors of each portfolio company is responsible for defining and implementing strategies and policies, also in respect of ESG matters. Its role thus includes establishing sound environmental and social standards that correspond with the minimum ESG requirements set by Altor. Altor Equity Partners supports the board of directors by providing guidance and tools. While there may be a conflict between short term profitability and compliance with this policy, Altor believes there is a strong correlation between long-term profitability and socially and environmentally responsible business practices .

Altor has established the following guidance, recommendations and restrictions related to ESG matters for the portfolio companies:

- ESG should be part of each company's value creation agenda, including projects and targets
- Each company shall have an ESG related policy, serving the company's specific needs and stating at least Altor's minimum requirements. Altor encourages the portfolio companies to promote adherence to the minimum requirements throughout their supply chain
- Altor encourages each portfolio company to strive for long-term continuous improvement, aiming beyond compliance, with a vision to reach industry best practice
- Altor requires the board of every portfolio company to discuss the company's compliance with its ESG related policy. This shall be done at least annually, at one of the company's board meetings. Altor Equity Partners shall ensure that Altor and Altor's investors are updated on these matters at least annually
- If (potential) ESG related risks are identified in the investment process or later, the portfolio company shall address such risks and meet Altor's ambition for continuous improvement
- Altor's portfolio companies shall comply with applicable local and international laws and regulations, and, where appropriate, give consideration to relevant international principles
- Altor promotes transparency on ESG matters and as ESG management within the portfolio company evolves, Altor encourages external reporting on progress

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ALTOR'S ENVIRONMENTAL, SOCIAL & GOVERNANCE REQUIREMENTS

Altor's minimum ESG requirements for portfolio companies and for Altor Equity Partners include the following elements:

Environment

Targeting sound environmental practices, the following issues shall be promoted:

- Compliance with relevant local and international environmental conventions and legislation
- Energy efficiency and sound resource management and pollution prevention
- Urgent actions to combat climate change and its impact
- Monitoring of other material environmental issues

Social/Human rights

With reference to sound labor and human rights practices and business ethics, the following measures shall be encouraged:

- Safe and healthy working conditions
- Awareness and compliance with international conventions on human rights
- Avoidance of discrimination or harassment based on age, race, gender, religion, sexual orientation or disability
- Respecting the employee's right to freedom of association and collective bargaining in accordance with local labor laws
- Altor does not accept child labor or possible use of child labor. All measures to prevent child labor shall be implemented taking into account the best interest of the child
- Positive community relations and involvement

Governance

In the context of the ESG perspective, the following aspects of corporate governance shall be promoted:

- High standards of business ethics
- Work against corruption in all its forms, including extortion and bribery
- Compliance with applicable antitrust and competition laws

