

ALTOR

Responsible Investment & Ownership Policy

April 2026

1. Introduction

1.1 Background

Altor's overall mission is to act as a world-class investor, generating superior returns for our investors by building world-class companies and building a community of challengers and change makers. This includes ensuring high sustainability standards which comprises environmental, social and governance aspects ("ESG"). Sustainability goes hand-in-hand with our longer-term ownership horizon. Our commitment goes beyond compliance with rules and regulations as it is our firm belief that best-in-class sustainability practices not only benefit the environment and society but also drive value creation for the Altor Funds. We see no conflict or trade-off between sustainability/impact returns and financial returns. As a commitment to the investors and the communities in which Altor and our portfolio companies operate, we have adopted this Responsible Investment & Ownership (RIO) Policy.

Altor seeks to promote wider sustainability aspects throughout its operations as set out in this policy. In the strive to achieve such aspirations, Altor considers sustainability performance for all of its investments, which is referred to as "sustainability" in this policy. In addition to considering sustainability performance for all investments, Altor also has impact considerations in relation to green transition investments for its Altor ACT I Article 9 fund under Regulation (EU) 2019/2088 ("SFDR"), focusing on creating intentional positive environmental impact by supporting the transition to a low-carbon economy, which is referred to as "impact" in this policy. Sustainability is generally more focused on ESG integration and risk management, while impact investing is focused on generating positive impact and creating change. But the two concepts, to some extent, of course intertwine.

1.2 Strategic allocation process

Since Altor's inception in 2003 investments have solely been made into what is referred to as Main Funds (Article 8 funds under Regulation (EU) 2019/2088 ("SFDR")). With the addition of ACT Funds referred to in the section above, an Investment Allocation Policy and an Allocation Committee has been implemented to ensure a proper strategic allocation process between funds. The Allocation Committee concludes allocations between the Main Fund and ACT Fund currently being invested based on the principles established in the policy combined with the characteristics of a potential target as well as requirements relating to Article 8 and Article 9 Funds.

1.3 Sustainability vision

We commit to creating a positive delta with regards to the triple-bottom-line, i.e. creating social, environmental, and economic capital. To drive the sustainability agenda and create positive impact, we place emphasis on the following four sustainability topics and related Sustainable Development Goals ("SDGs"):

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|--|---------|
| • Climate action | SDG #13 |
| • Environmental performance & Circular resource management | SDG #12 |
| • Working conditions & Living wage | SDG #8 |
| • Diversity & Inclusion | SDG #5 |

1.4 Purpose

The purpose of this policy is to outline how we manage sustainability risks as well as sustainability opportunities in our screening, sourcing, and active ownership. The policy is also foundational to how we create impact.

Sustainability opportunities can relate to a variety of factors such as but not limited to improved cost productivity from increasing resource and energy efficiency, tapping into new customer groups and revenue pools while strengthening brand value and positioning, driving innovation and future-proofing

business models and operations, as well as improving employer branding and increasing job satisfaction and employee retention. Moreover, we see huge opportunities in investing in the green transition and creating impact by enabling and driving decarbonization. For such investments, requirements are even higher with a view to Altor's impact framework and full clarity on prioritized impact metrics.

Sustainability risks include environmental, social and governance related risks driven by internal or external factors. Sustainability risks may exist if a company has not conducted sufficient assessment of its sustainability related exposure or renewed such assessment at a regular interval. Identified risks may also not be appropriately addressed and mitigated. Worst case individual employees might engage in criminal behaviour such as bribery. A company's sustainability risks are not limited to its own behaviour or actions but also includes those of its suppliers and third parties linked through business relationships that may act on behalf of a company. Violations of law or even non-adherence to stakeholder expectations in the sustainability area can expose companies to reputational damage, regulatory fines, penalties, financial loss, reimbursement or other compensation/compliance costs. Other external factors that can result in sustainability exposure for companies include, but are not limited to, natural disasters. In addition, when it comes to investing in the green transition there is also impact risk and potential unintended negative consequences that must be assessed and mitigated.

1.5 Scope

The policy shall be implemented and executed throughout the Altor structure, including portfolio companies (in accordance with applicable governance rules), and applies across the entire ownership cycle. Over time, our investors, co-investors, potential buyers, and other business partners shall also be reviewed based on Altor's sustainability vision and the investment principles outlined below. The policy shall be managed, and may be updated from time to time, by Altor Fund Manager AB and Altor Equity Partners AB and subsidiaries shall adopt the principles set out herein as applicable.

2. Execution of the policy

2.1 Investment principles

We commit to assess and evaluate each investment opportunity to ensure that sustainability performance as well as impact risks and opportunities are identified and managed in the screening as well as the investment process. Sustainability and impact considerations are fully integrated into investment decisions and the processes are further described in the separate internal policies for Risk Management and Investment Strategy & Investment Decisions. Screening for sustainability opportunities is an integral part of our sourcing activities. To ensure the effective integration of sustainability risks, investment professionals are supported with sustainability as well as impact resources and expertise from Altor's central sustainability function and also often supported by external advisors. Sustainability and impact are also mandatory topics during Altor's employee onboarding training as well as ongoing employee development and annual training.

The Altor Funds will not invest in companies relating to the following aspects if the direct exposure (at portfolio company group level) exceeds the established revenue thresholds, i.e. the **exclusionary list**:

Sectors/Themes/Countries	Threshold (Direct Asset Revenue)
• Controversial weapons	0%
• Illicit drugs	0%
• Tobacco	0% production, 10% distribution
• Sex industry (excl. sex toys)	0%
• Gambling	10%

• Coal (thermal)	0% extraction*
• Oil & Gas (energy related)	0% extraction*
• OFAC sanctioned	0%
• Tax Havens (OECD, EU list)	0%
• Severe/systematic breach(es) of relevant sustainability regulations and/or	0%

The list will be reviewed at least annually. Judgment on a case-by-case basis must be applied for activities not on the list, but which potentially carry similar risks, and for indirect exposure. In the above, a portfolio company group will have direct exposure to the extent it directly generates revenues from products manufactured or sold as well as services sold. A portfolio company group will have indirect exposure where a certain share of its customers' / business partners' sales volume or revenues is directly generated from the excluded activities referred to above. The higher thresholds for direct exposure (25%) indicated above reflect Altor's ambition to invest in the green transition / drive brown-to-green transformations.

2.2 Ownership principles

We have established the following requirements for sustainability and impact matters for the portfolio companies.

- If (potential) sustainability and impact related risks – beyond the exclusionary list – are identified in an investment process or later, the affected portfolio company shall address such risks and manage them towards compliance with Altor's Sustainability Standards (as defined in section 3 in this policy).
- Sustainability shall be part of each portfolio company's value creation agenda, including projects and targets. Impact considerations are included for green transition investments.
- All portfolio companies shall establish a sustainability point of contact within the organization that is also responsible for the execution of Compliance & Sustainability related policies as per the standard in section 3.2.3.
- All portfolio companies shall at least annually report progress across material sustainability and impact metrics to Altor as part of Altor's performance monitoring process, and upon occurrence and at least quarterly on any potential incidents aligned with the definition of an ESG incident, below:

Legal, Regulatory, and Ethical Violations

- Breaches of UN Global Compact Principles, OECD Guidelines, that may endanger the company's license to operate.
- Violations of laws, regulations, sanctions, or industry-specific standards leading to material consequences, including fines, litigation, or operational restrictions.
- Severe instances of bribery, corruption, fraud, money laundering, or tax evasion, impacting business integrity and regulatory standing.

Human Rights and Labor Rights Violations

- Cases of forced labor, child labor, or modern slavery within the company or its supply chain.
- Severe discrimination, harassment, or human rights violations, including systemic failures such as but not limited to race, gender, or disability.

* In addition, Altor aligns with the SBTi definition of oil & gas and coal (thermal) sector exclusions as:

(i) companies on the Global Oil & Gas Exit List (including National Oil Companies) and Global Coal Exit List;

(ii) companies with 10% or more of direct revenue from thermal coal, oil or gas exploration or field development/expansion, from LNG infrastructure, and/or from unabated coal-fired power plants;

(iii) investments in companies developing new coal mines, expanding existing mines, providing new unabated coal-fired power, developing new upstream oil and gas projects, or new LNG infrastructure.

Altor does not and will not engage in any applicable financial activities in the fossil fuel sector as outlined above throughout the SBTi target time frame.

Workplace Safety and Human Impact

- Fatalities among ① employees and ② non-employed workers in the supply chain (including contractors and sub-contractors performing work at owned sites).
- Severe workplace injuries leading to long-term disability or permanent inability to perform work or at least 6 months absence from being able to perform work.
- Widespread breaches of occupational health and safety laws or failure to comply with labor standards.

Environmental and Climate-Related Incidents

- Major pollution events, including chemical spills, toxic emissions, improper waste disposal, or violations of environmental protection laws.
- Destruction of biodiversity or ecosystems resulting from company operations operations. – Product and Consumer Safety Failures.
- Severe product safety incidents leading to significant health risks, injury, death, or large-scale product recalls/ impacting license to operate.
- Failure to comply with product safety regulations, leading to regulatory action or market restrictions.

Cybersecurity, Data Protection, and Privacy Breaches

- Significant cybersecurity incidents (e.g., ransomware attacks, data breaches) resulting in material operational, financial, or reputational damage.
- Non-compliance with data protection laws (e.g., GDPR), leading to regulatory penalties or legal action.

Reputational and Governance Risks

- Severe governance failures at the board or executive level, including conflicts of interest, unethical leadership, or mismanagement of ESG risks.
- Incidents causing significant reputational damage, such as public backlash, activist campaigns, or loss of investor confidence due to ESG-related concerns.
- Severe supply chain disruptions due to ESG non-compliance, affecting business continuity, impacting license to operate.

2.3 Performance monitoring

We have implemented a sustainability performance monitoring process based on the annual portfolio company reporting of sustainability and impact metrics referred to in section 2.2 Ownership principles. As part of the annual process sustainability and impact metrics are collected from the portfolio companies and thereafter analysed versus:

- o Altor’s Sustainability Standards in this policy
- o Prior year performance
- o Relevant benchmarking data, where available, such as the ESG Data Convergence Initiative (“EDCI”) benchmarking

The outcome of this analysis is shared with the respective Altor investment team and portfolio company to facilitate a transparent dialogue on future improvement. We commit to update the Altor Funds’ investors on sustainability matters quarterly.

2.4 Governance

Altor integrates climate-related considerations into its governance and investment decision-making processes. Altor's Partner Group has ultimate oversight of climate strategy, including the firm's commitment to supporting the transition to a net-zero economy. The Partner Group provide strategic oversight of sustainability and climate-related commitments, ensuring alignment with Altor's investment strategy and long-term value creation objectives. The Head of Sustainability leads the development and implementation of Altor's climate strategy. Progress on climate targets, including Altor's Net Zero commitment, is reviewed by the Partners Group at least annually.

Operational responsibility for implementing climate-related initiatives sits with the Sustainability team, which works closely with investment teams to integrate climate considerations into due diligence, portfolio monitoring, and value-creation plans. The team also supports portfolio companies in developing and implementing emissions reduction strategies aligned with science-based targets pathways.

3. Sustainability standards

3.1 Overall

All standards stated in this policy apply to the portfolio companies of the Altor Funds as well as our own operations. The standards are presented in the below sections covering Environmental, Social and Governance ("Sustainability Standards").

It is our clear ambition to ensure portfolio company compliance with this policy within one year of ownership unless otherwise stated in the standards below. Exceptional circumstances may lead to selective deviations and any such deviation shall always be addressed with a prioritized corrective action plan towards full compliance.

3.1.1 Environmental standards

- Based on Altor's near-term and Net Zero science-based targets presented in section 4, all portfolio companies are required to have approved 1.5-degree aligned near-term science-based targets in line with the Science Based Target initiative ("SBTi") guidelines (no later than 2 years post-closing). Such targets should focus on rapid deep emission cuts which typically means halving emissions by 2030. They must cover a company's entire value chain emissions, including those produced by their own processes (scope 1), purchased electricity and heat (scope 2), and generated by suppliers and end-users (scope 3).
- Portfolio companies are also encouraged to set a target to reach net-zero no later than 2050, striving for 2045. Net-zero means producing close to zero emissions and using carbon removals to neutralise any residual emissions that are not possible to eliminate. Most companies will require deep decarbonization of 90-95% to reach net-zero.
- Increasing share of renewable energy consumption and production towards 100%.
- Mitigating any potential negative effects on biodiversity. Altor encourages to engage, where material, with organizations and frameworks such as Taskforce on Nature-related Financial Disclosures ("TNFD") and Science-Based Targets for Nature ("SBTN").
- Reducing any potential water emissions towards zero and ensuring proper handling as per local regulation, international standards and industry best-practice.
- Reducing any potential hazardous and radioactive waste towards zero and ensuring proper handling as per local regulation, international standards and industry best-practice.

- Where material, measuring physical, transition and financial impact from climate change, as per Task Force on Climate-related Financial Disclosures (“TCFD”) recommendation, and committing to invest in mitigation measures within two years from initial Altor ownership.
- Being fully compliant with relevant local and international environmental legislation and conventions (zero incidents), in own operations and in the supply chain (material part of supply chain), and active screening and awareness of upcoming relevant regulation/standards.
- If environmental management is identified as material: Encouraged to attain ISO14001 certification (or equivalent).
- For all other environmental aspects determined as material for the respective company and/or industry, such as but not limited to circular resource management, water consumption and land use, managing towards performance in line with or above industry standard – with targets and milestone plan.

3.1.2 Social standards

- Committing to zero fatalities and high consequence work-related injuries or ill health in own operations and in the supply chain (material part of supply chain).
- If operational health and safety is identified as a material topic: Encouraged to attain ISO 45001 certification (or equivalent).
- Being fully compliant with relevant local and international legislation and conventions on human rights (zero incidents), including zero tolerance of child or forced labor in own operations and in the supply chain (material part of supply chain), and active screening and awareness of upcoming relevant regulation/standards.
- Committing to employees’ and contractors’/suppliers’ (material part of supply chain) right to freedom of association and collective bargaining through internal and supplier code of conducts, and zero incidents of restrictions/breaches such as hindering entry, registration, organizational operation, access to funding and resources, advocacy work and reporting and accountability.
- Committing to a living wage in own operations and throughout the supply chain (material part of supply chain) (minimum through supplier code of conducts), by guaranteeing wages and benefits paid for a standard working week meet, at a minimum, national legal standards, or industry benchmark standards, whichever is higher. In any event wages shall always be enough to meet basic needs and to provide some discretionary income.
- Working towards providing health insurance and extended income security/social benefits (e.g. parental leave, corporate pension plan) to employees in jurisdictions where it is not legally required.
- Towards all stakeholders, showing zero tolerance of discrimination or harassment of any type, including based on age, race, gender, religion, sexual orientation or disability.
- Taking active measures for employee wellbeing (annual progress reporting).
- Actively promoting diversity by working towards fair representation (in line with or above industry standard) of underrepresented groups in employee recruitment and staffing of leadership positions, empowering minorities through training, addressing unconscious bias, creating an inclusive culture. In particular with regards to gender diversity:
 - Committing to gender diversity in filling the recruiting funnel
 - Committing to equal pay for equal work and measuring gender pay gaps
 - Encouraging that professional service providers, such as but not limited to commercial, tax, legal, and financial advisors, have diverse service teams.
 - See further details on Altor’s own commitments to diversity in section 4

- Working in the best of customers' interests, including customer health and safety, data security and customer privacy and responsible marketing practices.
- If product safety and customer rights/welfare is identified as a material topic: Encouraged to attain ISO 9001 certification (or equivalent).
- Encouraged to drive positive community engagement, including through dialogue, employee volunteering and donations.
- We shall work on an ongoing basis to increase the share of the underrepresented gender in portfolio company Board of Directors, working towards 50% gender split for independent directors.
- We also strongly encourage the Board of Directors in our portfolio companies to work towards at least 30% representation of the underrepresented gender in management teams.

3.1.3 Governance standards

- Following good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance in accordance with the framework provided by the SFDR and Regulation (EU) 2020/852 (Taxonomy Regulation).
- Having a sound sustainability strategy and management approach: Integrating material.
- Sustainability aspects in the organization's operating model and strategy and conducting a strategic board discussion on the same at least bi-annually. Setting of appropriate sustainability standards through relevant codes/policies/guidelines. Tracking of progress based on quantitative KPIs.
- Having a board approved policy package that at least covers all topics and requirements as per the Altor Compliance & Sustainability Policy Package as¹ well as the Sustainability Standards in this policy. Such policy package must also be anchored in governance systems and based on the organization's material sustainability aspects. Committing to promote adherence to the standards throughout the supply chain.
- Actively and frequently conducting compliance training of employees, including but not limited to policies, to ensure reasonable assurance that organizational sustainability objectives can be achieved, and compliance risks are minimized.
- Ensuring full compliance with regulatory requirements and standards relating to sustainability through active screening. This also includes proactively working to mitigate any potential violations of UN Global Compact Principles and OECD Guidelines.
- Maintaining high standards of business ethics, including being fully compliant with relevant local and international legislation and conventions on anti-corruption (including extortion and bribery), antitrust/fair competition, and tax (zero incidents).

¹ The Altor Compliance & Sustainability Policy Package consists of a number of template policies listed below that cover several sustainability areas as a blueprint for compliance with sustainability standards set out in this RIO Policy and beyond:

- Code of conduct;
- Supplier code of conduct;
- Anti-bribery and corruption policy;
- Competition policy;
- Data protection policy;
- Environmental policy;
- Trade compliance policy,
- Whistleblowing policy, and
- Human rights policy.

- Having a third-party whistle blower function in place. Also referred to a grievance/compliance mechanism. In the Directive (EU) 2019/1937 (Whistleblower Directive) on the protection of persons who report breaches of Union law there are references to internal and external reporting channels. In the Directive, “internal” refers to whistleblowing channels within a legal entity whereas “external” refers to whistleblowing channels to certain appointed authorities. For the avoidance of doubt, an “internal” reporting channel can still be provided through a third party service provider.
- Managing suppliers actively (material part of supply chain): Screening/auditing of new/existing suppliers based on sustainability criteria.
- Providing financial and non-financial transparency through accurate external reporting, i.e. annual sustainability report, based on acknowledged market standards such as Corporate Sustainability Directive (“CSRD”)/European Sustainability Reporting Standards (ESRS), SFDR principle adverse impact indicators (so-called PAI indicators), and Global Reporting Initiative (GRI) or similar for non-financial reporting).
- To ensure that sustainability data and reports can be verified and subject to external assurance/audit, portfolio companies shall properly document how all relevant metrics are calculated. This includes formulas, data sources, data quality activities, responsibilities and process descriptions or process charts. The documentation shall be incorporated in relevant governance systems.

4. Altor’s own commitments

In addition, we as Altor make the following commitments to lead by example:

- We shall comply with all regulation relating to sustainability, such as but not limited to SFDR. Our SFDR sustainability-related disclosures can be found here: <https://altor.com/sfdr>.
- We have made a formal commitment to net zero through the Science Based Targets initiative (SBTi) and are currently in the process of setting Net Zero Science-Based Targets in alignment with the Financial Institutions Net Zero Guidance, aiming to achieve net zero emissions by 2050. Our proposed targets are set out below:
 - **Scope 1 and 2 (Altor’s own emissions)**
 - **Near-term:** Altor commits to maintain zero absolute scope 1 GHG emissions through 2030. Altor also commits to increase active annual sourcing of renewable electricity from 10% in 2021 to 100% by 2027 and to continue active sourcing of 100% renewable electricity through 2030.
 - **Net zero:** Altor commits to maintain zero absolute scope 1 GHG emissions through 2050. Altor also commits to continue active annual sourcing of 100% renewable electricity from 2027 to 2050.
 - **Scope 3 (Altor’s portfolio emissions)**
 - **Near-term:** Altor commits that 100% of our applicable asset manager investing (AMI) activities will be climate-aligned by 2030 from a 2025 base year. This includes:
 - 100% climate-alignment of financial activities in segment B/C; and
 - 0% climate alignment of financial activities in segment D.
 - The overall coverage of this target results in 77% of our investments by invested capital being covered by climate-alignment targets in the near-term.
 - **Net zero:** Altor commits to reach net-zero GHG emissions across all of our in-scope financial activities by 2050.

- We commit to gender diversity in Altor’s recruiting funnel which materializes in a target of 50% female intake, and the commitment to challenge head-hunters to present shortlists with diverse candidates.
- We encourage Altor’s key professional service providers to have diverse service teams which materializes in a target of at least 30% of the underrepresented gender in aggregate over the course of the year.
- We shall properly and adequately manage any political engagement as per the specific section of our Anti-Corruption Policy. Altor observes strict neutrality to political parties and candidates. Neither the names nor resources of Altor shall be used to promote the interest of political parties or candidates. Employees may voluntarily participate in political processes. However, an employee may never use Altor’s funds, assets, services or facilities to support any political party and shall always make clear that any expressed political view is the view of that employee and not of Altor. In addition, all employees must report any political contributions in the US.
- We are committed to assessing, monitoring, and publishing our deforestation exposure by the end of 2028, and publishing an engagement plan should exposure be significant. Deforestation exposure relates to private equity investments in portfolio entities that are linked to the loss of natural forest as a result of conversion of forest to non-forest area, conversion of forested areas to tree plantations, or degradation associated with deforestation-linked commodities.

Version of the policy	Date	Summary of revisions
1	2012	n.a.
2	2021, March	Heightened and elevated ESG/sustainability ambitions as well as a launch of an exclusionary list.
3	2022, April	Inclusion of the commitment to setting a science-based target and the relating effects it will have on portfolio companies.
4	2023, March	Addition of this revision section. General clean-ups. Terminology update from ESG to sustainability. Clarification of sustainability risks and opportunities. Addition of explanation of sustainability resources and expertise in the investment process. Added information on annual performance monitoring. Clarification of ambition level on selected standards. Clarification of date on long-term net-zero target.
5	2024, May	Addition of impact considerations. Addition of Altor SBTi-approved science-based targets as well as clarifications around portfolio company requirements. Addition of Altor's Compliance and Sustainability Policy Package. Clarification around SFDR and good governance aspects as well as SFDR PAI indicator-related targets/standards. Update of Altor commitments in section 4, including clarification around political engagement.
6	2025, June	Update of military equipment exclusion and material incident definition. Inclusion of allocation policy and strategic asset allocation process.
7	2026, April	Update of commitments to include new SBTi FINZ targets and deforestation commitment. Inclusion of governance of climate targets. Update of exclusion policies to align with SBTi FINZ requirements.

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If you have any questions
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