

Litorina's Responsible Investment Framework

Introduction

This framework defines Litorina's purpose, approach and focus areas within environmental, social and governance (ESG) matters.

Purpose

At Litorina, we are convinced that our companies must have a sustainable and long-term approach to be successful. For us, sustainability is essential to drive long term value creation. We recognize that our decisions and activities have an impact on the environment and the people and communities where we and our portfolio companies operate. As active owners, it is Litorina's ambition to manage those impacts and promote sustainable business practices.

We are committed to promote good business practices at Litorina and across our portfolio companies. We also believe that companies which effectively manage ESG risks and opportunities are better positioned to increase their long-term value. As a result, we have incorporated our Responsible Investment Framework into our investment process and active ownership model.

Approach

Litorina integrates ESG matters in all aspects of our investment approach and continuously strives to develop and apply best practices in all processes.

Sourcing and investment decision

- Exclude companies operating in certain sectors in accordance with agreed criteria with investors
- Understand how relevant ESG matters are managed across the value chain and identify risks and opportunities

Ownership and value creation

- Assign responsibility and accountability for managing ESG matters to the board and management
- Promote, evaluate and prioritise ESG activities and goals as part of business planning and monitor regular reporting of material ESG matters to the board

Exit

- Communicate achievements and, where possible, measure impact over the investment period
- Identify lessons learned and integrate feedback into the Responsible Investment Framework

Focus areas

Litorina strives to take a holistic view of ESG matters across the value chain of our portfolio companies, and therefore we encourage our portfolio companies to influence their suppliers, subcontractors, distributors and other business partners.

Environmental

- Cautious and responsible approach to environmental management of business operations
- Efficient use of natural resources
- Mitigation and enhancement of product and service impacts on the environment

Social

- Fair treatment of all employees and contractors including respect for international labour and human rights standards, safe and healthy working conditions and responsible labour management
- Fair treatment of customers including consideration of product safety, data protection and responsible marketing practices
- Positive engagement with regulators, communities and other stakeholders impacted by business activities

Governance

- Compliance with relevant laws, regulation and, if clearly defined, future regulation in countries of operation
- High standards of business integrity and work against bribery and corruption in all its forms
- Clearly defined responsibilities and procedures in company management structures with appropriate internal control mechanisms
- Communication and disclosure of how ESG matters are managed

Reporting

As active owners, promoting a sustainable approach to investments and the development of Nordic companies, Litorina is active within the Nordic ESG community and publishes our Responsible Investment Framework and, as PRI signatory, the annual Transparency Report on our website (www.litorina.se).

This Responsible Investment Framework was updated by Litorina in February 2020