

Livonia Partners ESG Policy

Responsibility is part of who we are

- Livonia Partners is a Baltics-based investment team focused on identifying high-potential companies and providing them with capital and expertise needed for further growth.
- We believe that long-term success requires a sustainable strategy and that we can deliver better returns to our investors by making responsible investments.
- Livonia maintains clear ESG guidelines covering all stages of the investment process. We aim to create value by implementing our ESG policy across our portfolio and ensuring that our investments echo our values and principles.
- Livonia is a signatory to the United Nations Principles for Responsible Investment and is committed to the following six key principles:
 1. We incorporate ESG issues into investment analysis and decision-making processes.
 2. We are active owners and incorporate ESG issues into our ownership policies and practices.
 3. We seek appropriate disclosure on ESG issues by the entities in which we invest.
 4. We promote acceptance and implementation of the Principles within the investment industry.
 5. We work together to enhance our effectiveness in implementing the Principles.
 6. We report on our activities and progress towards implementing the Principles.

Livonia in numbers

8	€225 million	1,875
Portfolio companies	Combined revenue of portfolio companies	People employed directly
> 60%	3	> €330 million
Revenue from outside of the Baltic countries	Offices (in Tallinn, Riga and Vilnius)	Combined enterprise value of portfolio

Livonia is a member of the Baltic private equity and venture capital associations, actively contributing to the development of a thriving and sustainable investment ecosystem in the Baltics.



Practices for Managing ESG Issues

We identify and manage ESG issues at each different stage of the investment process.

	SOURCING & SCREENING	DUE DILIGENCE REVIEW	VALUE CREATION	DIVESTMENT
ACTIONS WE TAKE	<ul style="list-style-type: none"> Evaluate the level of ESG risks and potential issues at the sourcing and industry screening stage Filter out and exclude sectors that do not fit with our principles of responsible investment and our investment strategy Assess the sustainability of an investment target, with its competitive advantages, business model and processes 	<ul style="list-style-type: none"> Conduct environmental and social due diligence (ESDD) as appropriate for the industry in question, to review existing ESG policy and evaluate risks Address due diligence findings and potential red flags Include ESDD considerations in investment decision-making and relevant materials Identify key issues to be addressed post-investment 	<ul style="list-style-type: none"> Use findings from the ESDD to address any urgent issues Engage the company’s management and other stakeholders in creating an appropriate and value-creating ESG policy Implement the ESG policy to ensure business sustainability and enhance value creation Monitor ESG risks, update policy and ensure compliance with external and internal regulations 	<ul style="list-style-type: none"> Communicate ESG objectives and milestones to prospective buyers Evaluate alignment of interests and support continuation of focus on sustainability and responsibility

Main Criteria for Responsible Investments

We define three key ESG metrics for every portfolio company to consistently monitor and follow. The choice of key metrics is reviewed periodically. ESG issues that Livonia reviews and monitors include:

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Direct pollutants: air and water pollution, land contamination, waste management, hazardous materials	Employment practices: equal opportunities, engagement and diversity; safety standards and employee development	Internal standards: accounting standards and audit, internal code of conduct, risk management and whistleblowing schemes, compliance
Efficiency: energy efficiency, management of scarce resources, waste reduction	Customer relations: customer satisfaction, integrity in marketing and communications, data protection and privacy	Ownership and oversight: board composition and commitment, shareholder dialogue
Climate and environmental change: impact on environment and climate change, use of renewable energy and materials	Production excellence: product safety, supply chain management and control, research and development	External behaviour: zero tolerance for bribery and corruption, avoidance of anti-competitive behaviour, embracing ethical business practices
Impact of products and services on the environment: focus on delivering sustainable products and services to customers	Community involvement: supporting local communities, promoting education and training, participating in relevant social initiatives	

Principles for Implementation of the Policy

Livonia Partners abides by these key principles for ensuring that our ESG policy is implemented and followed across all portfolio companies and at the fund level:

RECOGNITION	<ul style="list-style-type: none">• We acknowledge the importance of adopting, updating and implementing ESG objectives that ensure responsible investments in sustainable businesses.
ENGAGEMENT	<ul style="list-style-type: none">• We engage with the management of portfolio companies and external experts regarding the adoption of relevant and appropriate best practices across all our investment activity.
IMPLEMENTATION	<ul style="list-style-type: none">• We provide sufficient resources and attention for the implementation of our ESG objectives, both at the fund and the portfolio-company level.
MONITORING	<ul style="list-style-type: none">• We monitor the progress of our portfolio companies to ensure effective ESG policy implementation and identify areas for further development.
REPORTING	<ul style="list-style-type: none">• We report internally and externally about our ESG policy, implementation milestones at portfolio companies and appropriate updates to the ESG policy.
ACCOUNTABILITY	<ul style="list-style-type: none">• We ensure accountability for the implementation of ESG objectives and associated monitoring and reporting.