



Approved by:	GND Advisory Management
Approved on:	December 2021
References to external policies:	EC Guidelines on non-financial reporting EU taxonomy for sustainable activities - Regulation (EU) 2020/852 Sustainable Finance Disclosure Regulation (SFDR) - Regulation (EU) 2019/2088 Recommendations of Task Force for Climate Related Financial Disclosures Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information
References to internal policies:	Business Code of Conduct Risk and Compliance Policy Sustainability Risk Policy Engagement Policy SFDR Disclosure Statement

Contents

- 1. The Firm3
- 2. Purpose of the Sustainability Policy3
- 3. Governance, Roles and Responsibilities3
 - 3.1. Governance Principles3
 - 3.2. Roles and Responsibilities3
- 4. Guidance that we consider4
- 5. Our Operating Principles4
 - 5.1. Environmental responsibility principles5
 - 5.2. Social responsibility principles.....5
- 6. Exclusion List.....5
- 7. Approval.....6

1. The Firm

GND Advisory is an autonomous investment advisory registered in the Republic of Lithuania. The records of GND Advisory are kept at the State Enterprise Centre of Registers.¹ GND Advisory ("GND") and each of its majority-owned subsidiaries (together with GND, the "Firm") conducts its operations in compliance with the EU and Lithuanian Law, Regulations, and its internal Code of Conduct.

2. Purpose of the Sustainability Policy

The purpose of the Sustainability Policy (the "Policy") is to outline the main ESG principles and values that GND Advisory follows in running business activities and operations, decision making and engagement with the stakeholders. It sets principles for other subordinate internal regulations, which define sustainability-related risk and their assessment.

We are committed to conducting our business in a sustainable, responsible and transparent manner by setting ambitious objectives for reaching positive impact on environmental and society and henceforth, supporting the transition to low-carbon economy and Paris agreement goals. We are keen to integrate ESG-related measures and consider emerging risks while adapting our strategy, risk management framework, investment decision making and deal structuring, and other activities.

3. Governance, Roles and Responsibilities

3.1. Governance Principles

We are committed to uphold high ethical and professional standards of business conduct and promote strong corporate and risk culture.

We ensure that our governance structure considers both environmental and social factors to facilitate due assessment of all risks and opportunities, including climate-related and take appropriate decisions on how to manage, set and report on relevant goals and targets. We aim to integrate ESG risks into our Risk and Compliance Policy and Risk Appetite to address the arrangement established in this Policy.

We are committed to consider Principle Adverse Impacts and ensure transparent pre-contractual and periodical disclosure over our portfolio concisely in qualitative and quantitative terms. For the purpose of transparency and comparability, together with the sustainability performance indicators, we aim to disclose what benchmarks and thresholds are being used to measure sustainable performance and where no benchmark is used, explain how the sustainable objectives are met.

Considering all of the above, we aim to establish periodic reporting on Key sustainability Performance Indicators on our portfolio. The reporting scope and format will align with relevant disclosure regulatory requirements, as well be overseen and monitors by the relevant responsible function as described in the next section.

3.2. Roles and Responsibilities

This Policy applies to all GND Advisory business and operation activities and all its employees.

Further roles and responsibilities related to Sustainability are as follows:

Investment Committee makes the final decision about the investment incorporating sustainability related factors and information gathered and evaluated during the due diligence and assessment process.

GND Advisory Management approves this Policy and monitors its implementation, establishes corporate sustainability strategy as well as oversees the following:

¹ State Enterprise Centre of Registers. https://www.registrucentras.lt/jar/index_en.php

- Determines the responsibilities, sets targets, monitors and evaluates progress
- Ensure strategic decisions are consistent with Sustainability Policy and strategy, as well as Risk Appetite
- Regularly reviews ESG related requirements and approves proposed changes by Head of Risk and Compliance
- Monitors and evaluates progress against sustainability/ ESG targets

Head of Risk and Compliance is the owner of the Policy, who is responsible for developing, proposing updates and introducing necessary improvements, as well revoking the Policy. It holds tactical role in setting processes and data and infrastructure requirements for monitoring and reporting on sustainability related reporting of the portfolio.

Head of Finance and Investment (Head of Origination) is responsible for performance management of the portfolio and monitoring and reporting of fund KPIs incl. sustainability related.

Deal originators (GND Partners) ensures the integration of ESG opportunities and risks into investment selection and due diligence.

Investees holds operational responsibility to provide relevant information on sustainability issues, as well as set actions to incorporate and/ or improve sustainability related issues within its operation according to the set KPIs & targets. Additionally, investees regularly provide data & reports on sustainability performance.

4. Guidance that we consider

In our business activities and operations, we support and consider the guidance provided by international organizations, including but not limited to:

- United Nations: Universal declaration of Human Rights (Global Compact), Principles of Responsible Investment (UN PRI), Guiding Principles on Business and Human Rights, UNFCCC Paris Agreement;
- OECD: Guidelines on Multinational Enterprises, Anti-bribery and Corruption Guidance;
- International Labour Organization Tripartite Declaration of Principles concerning Multinational Enterprises on Social Policy;
- ISO: Governance of Organizations – Purpose and Sustainability at the heart, ISO 14001 Environmental management systems, ISO 26000 Guidance on social responsibility, ISO 14064 Greenhouse gases;
- Other: Carbon Disclose Project (CDP), Sustainability Accounting Standards Board (SASB), HBR Impact-Weighted Accounts.

5. Our Operating Principles

We are committed to follow and support the principles that we set for ourselves and the stakeholders that we engage with:

- We do not tolerate the infringement of human or labour rights, corruption, bribery or other actions that could be regarded as unethical.
- We do not tolerate degradation of ecosystems and loss of biodiversity due to business activities and operations, destruction of world heritage or other actions that could be regarded environmental and socially destructive
- We foster environments that demonstrate and support respect, equality, inclusiveness for every human despite of their gender, race, religion, sexual orientation, or any other personal freedoms.
- We aim to support the protection of cultural heritage, natural resources and biodiversity.

We are determined not to get involved in any business relationships with parties that intentionally do not comply with any of the abovementioned principles. We also expect our partners, investees, suppliers and vendors to establish full compliance with local, national and international laws and regulations. As well, we expect them to conduct business in a way that ensures fair social conditions and does not conflict with UN Nations Guiding Principles on Business and Human

Rights. We expect our partners, investees, suppliers and vendors to establish processes and frameworks to ensure that they do not harm natural systems and have carbon footprint reduction plans.

5.1. Environmental responsibility principles

We are committed to:

1. Support our investees transition towards a low-carbon economy and implementation of more sustainable environmental, social and governance practices; and
2. Reducing negative impacts on the environmental and society in the assets we manage and aim to become net zero and taxonomy aligned during the investment lifetime.

We are determined to engage within our decision-making processes, whenever appropriate, to support no/low-carbon investments and climate change mitigation and adaptation opportunities, as well as identify opportunities to avoid, minimise or reduce greenhouse gas emission in our investments. We also are committed to support our investees in developing climate adaptation measures and climate resilient investment as well as managing risks caused by climate change. We align our investment criteria to EU Taxonomy activities and technical requirements. The detailed process for Taxonomy alignment is described in Sustainability Risk Policy.

We acknowledge our role to educate our investee companies to support the transformation to a green economy and we aim to engage stakeholders we build business relationships with through proactive dialogue for finding sustainable and balanced future together. The detailed stakeholder engagement process is described in Engagement strategy section.

5.2. Social responsibility principles

We are committed to provide our employees with a safe, inclusive and supportive working environment that ensures principle diversity and non-discrimination, as well as equal opportunities in the workplace. We ensure that grievances are handled with respect and integrity.

We have zero tolerance towards all forms of discrimination, including psychological harm and verbal, physical and sexual harassment.

We do not tolerate modern slavery or other human rights abuses within our own operations, nor within our investments. GND Advisory Business Code of Conduct further details our commitment and principles. Compliance with the Code is mandatory and extend to every person working for GND Advisory. We aim to regularly review and enhance how we manage our approach towards human rights due diligence, modern slavery and other human rights and sustainability issues. We expect our Stakeholders to do the same.

6. Exclusion List

Companies are excluded from our direct investment if they are:

- Sanctioned by the UN, EU, United Kingdom HM Treasury, United States OFAC, national regulations of the countries that we operate in;
- Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or ban;
- Suspected of financial crime or other illicit activities (such as human trafficking, smuggling, extortion, wildlife trafficking, illegal distribution of arms and munitions, proliferation or conventional weapons of mass destruction, narcotics, corruption, tax evasion);
- Related to terror financing (e.g. foreign fighters, activities in the war zones, fundraising through crowd-financing platforms for purposes which could be suspected as related to terror financing etc.);
- Related to production of weapons which through normal use violate basic humanitarian principles;
- Related to vaping and/or tobacco or related to the production of pornography;

- In the event that any of these following products form a substantial part of a project's primary financed business activities:
 - a) Alcohol beverages (except beer and wine);
 - b) Tobacco;
 - c) Weapons and munitions; or
 - d) Gambling, casinos and equivalent enterprises.

Furthermore, we exclude entities from our future direct investment if they are engaged in the following environmentally unsustainable activities:

- Establishing new capacity for coal-fired power generation and/or thermal coal mining, and/ or extraction of oil and oil shale;
- Production or trade in ozone depleting substances;
- Trade in wildlife or product or trade in wildlife products regulated under CITES;
- Destruction of High Conservation Value areas, Radioactive materials and unbounded asbestos fibres;
- Transboundary movements of waste prohibited under public international law;

GND Advisory will not engage with any Stakeholders individual and entities, if there is an identified risk that the Stakeholder contributes to or is responsible for:

- Systemic violations of human rights;
- Violations of individual rights in wars or conflict situations;
- Violations of basic labour rights incl. forced labour and child labour;
- Corruption;
- Racist and/or anti-democratic media;
- Other critical violation of basic ethical norms.

Exclusion list is subject to regular reviews and updates.

7. Approval

I have read, accept and fully understand the responsibilities detailed under this Sustainability Policy.

I approve this Plan.

Donatas DITKUS
GND Advisory Representative
