

Certior Capital Oy Environmental, Social and Governance (ESG) Policy 2019

Certior Capital (“Certior”) is an advisory company regulated by the Finnish Financial Supervisory Authority (FIN-FSA) as a registered alternative investment fund manager (“AIFM”) focusing on private equity and private credit investments, typically in the form of primary and secondary fund investments and co-investments together with its investee funds.

Certior is highly committed to responsible business practices and good corporate governance as well as taking into account environmental aspects both within its own operations and, moreover, in using its influence to encourage its business partners across Europe to maintain similarly high standards across their own activities.

Certior is a signatory to the PRI and fully recognises that ESG factors play a material role in determining risk and return and understands that incorporating ESG factors is part of our fiduciary duty to our clients and beneficiaries. We are committed to offer our investors transparency about where and how their money is being invested and undertake to actively play our part concerning global issues such as climate change, pollution, fair working conditions, employee diversity, corruption and the use of aggressive tax mitigation strategies.

ESG background

Each fund and client that are managed/advised by Certior has a specific investment policy/guidelines that may also include ESG principles such certain excluded investment sectors. The Certior ESG framework covers due diligence on new investment opportunities as well as continuous portfolio monitoring.

Certior undertakes ESG assessments with a view to identifying potential risks. Furthermore, Certior is often represented on the advisory boards of investee funds and indeed, has a particular focus on assisting new managers as they raise their first institutional fund and build out their investment franchises. In this position, Certior, has the opportunity as a leader in the industry to:

- Encourage managers to pay more attention to ESG issues
- Follow up how managers have integrated ESG issues in their investment decision making process

ESG related items are addressed through detailed discussions with the fund management team and are carried out during onsite visits to further assess the degree of recognition of ESG issues, e.g.:

- The existence of responsible investment policies
- Sector exclusions
- ESG disclosures

If needed, Certior can also commission specialist ESG consultants to carry out independent reviews of particular issues raised during due diligence.

In its legal documentation, Certior seeks that the fund manager uses reasonable best efforts to incorporate ESG criteria into the fund agreements and/or side letters.

When evaluating a co-investment, Certior focuses on any potential ESG risks related to the prospective investment through discussions with the management team or using the material provided. In the event of Certior being an existing investor in a fund managed by the lead investor (most of the cases), Certior would have already analysed how ESG criteria are taken into consideration by the manager in question. Potentially material ESG risks, if not successfully mitigated, can in extreme cases lead to an investment being rejected by investment committee.

In order to minimize ESG-related risks due to certain sector exposure or activities that run high reputational risk, Certior tends to exclude certain industry sectors seen as incompatible with ESG values:

- Production or trade of military weapons
- Tobacco or tobacco related products
- Pornography

Furthermore, during the holding period of an investment Certior carefully monitors ESG-related issues and gives feedback to the manager, if required.

Environmental issues

Certior is a responsible employer and has taken a number of steps to reduce its carbon emissions foot print. These include, but are not limited to, the following measures:

- Increasing use of conference calls, videoconferencing and new technology to reduce travel related carbon emissions and promote overall business efficiency
- Employees are encouraged to work remotely
- Use of paper documents in the office is minimised
- Turning off computers and lighting when leaving the office at the end of the day
- The Certior office is well connected with public transport (underground, trams and trains) in the city centre of Helsinki and the use of cars to commute to work is not encouraged

Corporate governance

Certior is committed to meeting high standards of corporate governance and is registered and authorised as an AIFM by the Finnish Financial Supervisory Authority (FIN-FSA). Alternative fund investing is a long term investment activity that is typically incentivised accordingly with long term cash flow based incentives for the fund manager. Best practice corporate governance is therefore closely followed - in contrast to shorter term, more bonus led models of compensation common in other investment sectors, for example - as incentives closely align the long term interests of owners (LPs) with management (the operational management of a company and the fund manager).

Social responsibility

Certior is a good corporate citizen of Finland and is fully committed to following all relevant legislation e.g. related to employment, taxation and corporate governance. Certior pays a lot of attention to anti-money laundering and KYC issues and does not use aggressive tax planning or tax avoidance measures, for example.

Certior is an equal opportunity employer and does not discriminate against employees or applicants on the basis of age, gender, nationality or sexual, political or religious orientation or any other basis as according to the labour laws of Finland.

Certior aims to retain and attract talented and motivated professionals by offering its employees appropriate long term economic incentives linked to the success of the funds managed by Certior. Furthermore, we are a European-focused firm with strong Finnish roots and this is reflected in our corporate culture and team ethos which is fundamentally transparent, honest and humble.