

## ESG & COMPLIANCE POLICY

The Longship ESG & Compliance policy describes our approach towards ESG & Compliance and reflects the decision-making and ownership practices applied by Longship AS and the funds advised by Longship (together “Longship”).

Longship has made a strong commitment to ensure trust in its own operations and in the funds it advises, and to promote responsible investments and long term sustainability. Longship’s framework for ESG & Compliance is intended to decrease business risk, maximize value and utilize the Longship’s resources in an ethical, efficient, sustainable manner, to the benefit of the investors in the funds and a broader set of stakeholders, including employees, customers and society at large.

ESG & Compliance refers to environmental, social and governance related issues such as sustainability, ethical behavior, corporate responsibility and compliance with applicable laws, international standards and business standards. Through Longship’s commitment to ESG & Compliance, Longship will ensure that ESG & Compliance are embedded and integrated within the overall mission and strategies as well as in the daily operations.

### *Longship’s ESG Investment Principles*

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The following principles are applicable for Longship.

1. We will always consider the social and ethical consequences of our investment activities.
2. We will incorporate ESG and compliance issues into our investment analysis and throughout the decision making process.
3. We will be responsible and active owners and we will incorporate ESG and compliance principles into our ownership policies and practices.
4. We will seek to implement and promote our ESG and compliance principles within our own organization and in the entities in which we invest.
5. We will through our investment practices promote sustainability and we will consider environmental impact before investing in new companies.
6. We will support and respect the internationally proclaimed human rights and we will have a zero tolerance policy regarding companies involved in human rights violations, child labor and illegal discrimination.
7. We will through our investment policies and our ownership encourage a safe and healthy working environment and uphold the freedom of association.
8. We will actively work against corruption in all its forms and we will have a zero tolerance policy regarding corruption within our portfolio companies and regarding all their partners, suppliers or other third parties.
9. We will adhere to the highest standards of business ethics and expect the same of potential investment targets and all our portfolio companies and their partners.

### *Integrating ESG, compliance and code of conduct in Longship*

Integrity is fundamental to Longship and we expect all partners, employees and others who act on behalf of Longship to follow the law, act with integrity and honesty in all matters, and be accountable for their actions. It is expected that everyone knows, understands and follows Longship's ESG & Compliance policy. At Longship, we have developed a strong set of Code of Conduct, which is integrated with our investment processes.

### *Integrating ESG and compliance in the investment process and in portfolio companies*

Longship will actively integrate ESG and compliance issues and aspects throughout the investment process. How ESG and compliance issues and aspects may implicate the process will differ from case to case, and depending on which phase the investment process is in. As a result, how Longship handles and implements ESG and compliance vary, but a risk-based approach and a general commitment to ESG principles shall always be present.

### *Transaction screening*

The funds managed by Longship select their investments carefully in accordance with their investment policies and principles agreed with investors in the respective funds.

The following company exclusion criteria always applies (list not exhaustive):

- Domiciled in countries subject to applicable embargoes imposed by the UN, the EU and the United States of America.
- Involved in the production of or trade in or financing of any product or activity deemed illegal under applicable local or national laws or regulations, or banned by global conventions or agreements.
- Companies associated with material and/or systematic violations of the laws, rules or regulations laid down by the national authorities in the markets in which such enterprises operate.
- Companies which contribute to or is responsible for material and/or systematic violations of human rights or labor rights.
- The core business of which is engaged in activities resulting in material and/or systematic breaches of internationally recognized conventions, norms or protocols instituted by the UN, the OECD or other supranational or intergovernmental organizations regarding environment protection which are ratified, endorsed or otherwise formally recognized by the Kingdom of Norway.
- Is directly involved in the production, distribution, marketing or sale of tobacco which shall not include the distribution, marketing or sale at retail level
- Deliberately and repeatedly violate laws and regulations laid down by national authorities in the markets in which such enterprises operate;
- Are principally engaged in the direct manufacturing or servicing of, or trading in, armaments or firearms
- Associated with material and/or systematic corruption.

### *Due diligence*

When assessing investment opportunities, we always conduct a thorough due diligence on the target and the relevant industry in close cooperation with respected external legal, financial, business and other advisors. The appropriate level of due diligence is assessed case by case. Based on the due diligence findings we may exclude investing in businesses containing ESG risks. However, as active owners we believe that many companies have potential for value creation through improvements in ESG performance. Sustainability also offers companies opportunities for developing new innovative products and processes, among others.

### *Investment decision*

An overview of material due diligence findings is included in investment proposals, which is the basis for our investment decisions. This overview is complemented with analysis of ESG risks and possible ESG opportunities. An investment proposal is the primary source of information for the investment committee to evaluate the attractiveness of an investment opportunity.

### *Active ownership stage*

Longship will through active ownership promote and secure a sustainable and responsible business practice in all portfolio companies. The way Longship engages in the portfolio company's ESG management will vary depending on the portfolio companies ESG risk profile.

Portfolio companies operating in Norway are expected to follow modern corporate governance standards and to have management teams that are committed to transparent operating principles. The boards of the portfolio companies are expected to address ESG issues, including the risks and opportunities identified in the due diligence investigation, and ensure that such issues are included in relevant reporting from the portfolio company management. Longship requires that portfolio companies comply with applicable laws, rules and regulations. In addition, each portfolio company draws up a program to ensure that good corporate governance principles are followed and that the principles are widely communicated and known by the companies' employees. Requirements and expectations may vary with respect to other ESG aspects depending e.g. on the sector, geography and business model of the portfolio company in question. Longship takes immediate actions if any critical ESG issues arise concerning the portfolio companies during the ownership period.

### *Reporting*

Longship have developed the following reporting with regards to ESG and compliance:

- Included in the advisor report which is produced and distributed to the Limited Partners quarterly.
- Significant ESG issues or incidents will be communicated to the LP's on an ad-hoc basis as appropriate.

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This policy is approved by the Board of Directors of Longship AS on the 8<sup>th</sup> of September 2022.

This policy will be reviewed and amended as appropriate from time to time.

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