

Dansk Vækstkapital III LPA Schedule 1.1(b)

## **ETHICAL POLICY OF DANSK VÆKSTKAPITAL III**

### **1. Background and Purpose**

This policy represents the overall principles on how the Partnership shall act as a responsible investor.

The Partnership is structured as a fund of funds, i.e. the Partnership invests in funds, which in turn invest in companies. The Partnership's overall mission is to generate a solid return through job creation, growth and development within Danish companies by strengthening the access to funding from venture and buyout funds.

As a fund of funds, the Partnership does not have direct influence on which portfolio companies the funds ultimately invest in, nor does the Partnership have direct contact with the portfolio companies. However, in the selection of and cooperation with the funds, the Partnership has a responsibility to ensure high environmental, social and governance (ESG) standards, to minimise risks in essential areas within ESG and sustainability, and for that purpose the Partnership has established screening processes to identify and prevent risks within the funds' activities.

The purpose of this policy is to outline the Partnership's approach to responsible investments, including the overall principles for evaluating whether the funds in which the Partnership invests meet adequate ESG standards when investing in companies.

For the Partnership, responsible investments most importantly means respecting human rights and labour rights, avoiding negative impact on climate and the environment, and avoiding any contribution to corruption, money laundering, tax evasion or other illegalities.

This policy is complemented by the Manager's diversity and taxation policies. Further, in its investment process the Manager is subject to its Code of Conduct as amended from time to time.

## 2. Guiding principles

### 2.1 International guidelines

The UN Guiding Principles on Business and Humans Rights and OECD Guidelines for Multinational Enterprises form an integral part of the Partnership's decision-making process when choosing to invest in a fund.

Prior to investing in a fund, the fund shall present an adequate impact assessment based on the above-mentioned principles and guidelines. Such impact assessment shall also describe how the fund's activities contributes to the furtherance of the sustainable development goals adopted by the UN.

Furthermore, the Partnership abides by the codes established by Invest Europe and the Danish Venture Capital and Private Equity Association (Brancheforeningen for Aktive Ejere i Danmark).

### 2.2 Exclusion list

The Partnership only invests in areas of business that are sustainable – both financially and ethically. The Partnership therefore pays close attention to areas of business where the Partnership does not want to invest or where the Partnership must be especially careful when considering the risks associated with an investment. The following exclusion list is an important tool in the effort to mitigate breaches of the UN Universal Declaration of Human Rights and to ensure that DVK III does not otherwise finance activities that are deemed socially irresponsible:

1. Activities that are illegal in the country where they take place;
2. Investment activities which are primarily of a speculative nature, including speculation related to tax matters;
3. Activities conflicting with UN Conventions adopted by Denmark on human rights and weapons;
4. Exploitation of disadvantaged social groups, including using deceptive or exploitative subscription services;
5. Undue negative influence on the environment and biodiversity, including:
  - Arctic drilling in relation to extraction of fossil fuels
  - Highly polluting extraction methods, such as extraction of oil from tar sand
  - Bottom trawling fishing along the sea floor
  - Activities that (i) counteract the transition to an economy based on renewable energy resources, (ii) in which 90% or more of the primary business activities are based on the use of coal or coal related activities
  - Activities which have a substantial negative impact of local society, people or the environment.

In addition to the above-listed restrictions on activities, the Partnership does not invest in the following areas and industries:

1. Tobacco, including the manufacturing of products categorised as tobacco by the Danish Health Authority
2. Cloning of humans

3. Research, development or technical solutions concerning electronic data programmes or solutions related to pornography, or illegal access to networks or data.

### **2.3 Reputational and integrity due diligence on investors**

The Partnership actively works to promote the implementation of adequate processes concerning reputational and integrity due diligence on the investors in the funds in which DVK III invests.

### **2.4 Tax**

The Partnership expects, and endeavours to ensure, that the funds in which the Partnership invests comply with relevant tax legislation, including relevant anti-money laundering legislation, international tax principles and responsible tax practices in all operating countries, as further laid out in the Manager's tax policy.

### **2.5 Diversity – promoting gender balance**

The Partnership actively works to promote diversity and gender equality in the workplace, including managers as well as employees in general, as further laid out in Manager's diversity policy.

## **3. Investment Practice and Reporting**

The Partnership promotes active ownership as part of their investment practice. The handling of ESG matters is an integral part of practising active ownership. To the extent possible, including where the Partnership has representation on a fund's investor committee, the Partnership utilises its influence to ensure ESG standards are met through constructive dialogue and transparency.

The Partnership bases its investment practice on the UN Principles for Responsible Investment<sup>1</sup>, to which the Partnership reports annually. As such, any ESG issues identified are reported as part of the investment processes in line with other business conditions and risks. Further, the Partnership will work actively to promote annual sustainability reporting from the portfolio funds as part of the Partnership's assessment of the economic, environmental, and social impact of the funds' activities.

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<sup>1</sup> For more information, please see <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>.