

## **Armada's Responsible Investment Policy**

### **Armada's approach towards responsible investing**

Armada is an independent financing provider that invests across the Nordic countries, typically in private equity sponsored transactions, involving lower midmarket companies. The sector focus is broad. Armada also seeks investment opportunities involving non-sponsored companies requiring financing for e.g. acquisitions, generation shifts, re-financings and general expansion. The cornerstones of the investment process include flexibility in structuring and pricing, streamlined decision-making process and a proactive origination approach.

Armada fund investors include typically institutional investors such as pension insurance companies, pension funds, investment funds, investment companies and life assurance companies from Finland and other European countries.

Armada is committed to responsible investing. As a financing provider, Armada believes that responsible investing is an important aspect when evaluating the debt service capacity of the portfolio companies' and when managing investment risks and returns in the short- and long-term. In addition, Armada takes into account stakeholders' ESG (Environmental, Social and Governance) expectations and aims to be a good corporate citizen.

### **Armada's responsible investment principles**

Armada follows the United Nations Principles for Responsible Investment.

At Armada, the responsible investment principles are integrated into the investment analysis and decision-making process, portfolio management practices as well as communication and reporting. As a responsible financing provider, Armada works in co-operation with the owners and management team of the company to support the development of responsible investing practices in the investee company. Armada also actively aims to promote acceptance and implementation of ESG practices within private equity industry.

In addition, Armada is a member of the Finnish Venture Capital Association and follows their Code of Conduct norms and other guidelines as well as other related standards set by Invest Europe.

### **ESG Due Diligence**

Armada has created responsible investment tools to support the evaluation and ESG due diligence of investment targets as well as for identification and monitoring of material ESG matters in its investee companies.

### **Exclusion criteria**

Armada has decided to exclude some industries and activities from its investment focus. Moreover, Armada will not proceed with an investment opportunity if the investee company has unacceptably high ESG risks.

Exclusion factors may change over time and Armada is monitoring and analysing evolution and practices related to exclusion categories and may alter its approach to include new categories.

Armada does not invest in the following industries: distilled alcohol, tobacco, weapons and gambling.

### **Engagement**

Armada believes it is important to engage with investee companies, together with sponsor partners, to actively identify, manage and mitigate ESG business risks and/or minimise negative environmental or social

impacts. This is particularly important when Armada has right to take part in the management of the investee company through board operations.

### **ESG matters**

Armada has identified several material ESG matters and has incorporated them into the investment analysis, decision-making processes and portfolio management practices. These defined ESG matters include inter alia:

#### Environmental matters

- Climate change impacts
- Resource efficiency
- Waste management
- Environmental permits
- Pollution and contamination

#### Social matters

- Employee health and safety
- Job satisfaction and employee wellbeing
- Customer satisfaction
- Diversity
- Human rights

#### Governance matters

- Anti-competitive behaviour
- Code of Conduct throughout the value chain
- Governance and management of ESG matters
- Anti-bribery and anti-corruption
- Proper incentive system

### **Remuneration**

Armada's remuneration principles are specified in the Remuneration Policy. The remuneration shall not be in conflict with the principles specified in this Responsible Investment Policy.

### **Reporting and disclosures**

Armada will publish information on ESG matters and sustainability risks in accordance with the EU Sustainable Finance Disclosure Regulation ("SFDR") 2019/2088.

Armada follows reporting principles specified in the International Private Equity and Venture Capital Valuation Guidelines

**Review of the Policy and Policy approval**

At Armada, ESG related matters are reviewed and discussed regularly in the investment team and investment committee meetings.

Armada's Responsible Investment policy will be reviewed and amended as appropriate from time to time.

Armada's Responsible Investment Policy is approved by the board of Armada.

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