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**Saari Partners Oy**

**Date: 1.1.2026**

# **ESG & Responsible Investment Policy**

## Purpose and Scope

Saari Partners (“Saari”) is committed to responsible investment and sustainable business conduct. This integrated ESG & Responsible Investment Policy outlines how we incorporate environmental, social, and governance (ESG) considerations across our operations and throughout the investment lifecycle - from sourcing and due diligence to ownership and exit.

This policy applies to Saari Partners’ internal operations, employees, investment activities and decision-making processes.

It is also a policy that supports the fulfillment of our regulatory obligations under the EU Sustainable Finance Disclosure Regulation (SFDR).

## Guiding Frameworks

Saari Partners’ responsible investment approach is inspired by and aligned with the UN Principles for Responsible Investment (UN PRI).

While Saari is not a formal signatory to the UN PRI and therefore does not report under its framework, we have chosen to apply its principles as guidance for embedding ESG considerations into our investment activities and ownership practices.

The six UN PRI principles provide a useful reference for our ESG integration and stewardship approach:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. Although we are not UN PRI signatories, we seek to align with the spirit of these Principles and therefore do not formally report on our implementation progress.

These principles guide Saari’s overall ESG strategy, ensuring that sustainability and long-term value creation are embedded throughout the investment lifecycle.

Saari is committed to fulfilling the requirements of the EU Sustainable Finance Disclosure Regulation (“SFDR”), ensuring transparent disclosure on how sustainability risks are managed and how environmental and social characteristics are promoted across our funds.

In supporting the global transition toward a sustainable and inclusive economy, Saari’s work is inspired by the UN Sustainable Development Goals (SDGs).

Saari Fund II, classified as an Article 8 fund, promotes social and environmental characteristics aligned with:

- SDG 8 – Decent Work and Economic Growth, by supporting responsible business growth, employment creation, and fair working conditions in Finnish service-sector companies; and
- SDG 13 – Climate Action, by encouraging climate-aware management, energy efficiency, and reduced environmental footprint across portfolio companies.

Through active ownership, we aim to advance these goals in practical and measurable ways within our portfolio.

## Our Commitments

### ***Environmental***

Saari Partners promotes climate-aware investment and operations. We encourage circular economy models, resource efficiency, and emissions reduction, and we avoid activities that cause significant environmental harm. Climate and environmental risks are assessed at both the firm and portfolio levels and integrated into investment decisions and active ownership.

We recognize that climate science, regulation, and investor expectations continue to evolve rapidly. Saari monitors emerging climate frameworks and regulatory developments, such as the EU Green Deal and the Paris Agreement, to ensure our practices remain relevant and aligned with evolving best practices.

Through engagement with portfolio companies, we aim to identify opportunities that support the transition toward a low-carbon and resource-efficient economy while strengthening long-term value creation.

### ***Social***

Saari Partners upholds and promotes internationally recognized human and labour rights across all investment activities and internal operations. Our approach is guided by the OECD Guidelines for Multinational Enterprises, which set global standards for responsible business conduct covering human rights, employment, environment, and anti-corruption.

We expect all portfolio companies to respect human rights and uphold fair labour practices throughout their operations and value chains. Saari maintains zero tolerance for forced or child labour, human trafficking, and any form of discrimination or harassment. We promote freedom of association, fair wages, safe working conditions, diversity, and equal opportunities for all employees.

Human rights and social risks are assessed as part of our investment due diligence, with findings integrated into investment decisions and ownership practices. Through active ownership, we support portfolio companies in strengthening their social responsibility and human rights management.

We engage constructively with company management to ensure that each business operates ethically, treats its employees and stakeholders fairly, and contributes positively to local communities.

### ***Governance***

Saari Partners maintains high standards of governance, ethics, and transparency across all operations and investment activities. Our approach is guided by the OECD Guidelines for Multinational Enterprises, which set global expectations for responsible business conduct in areas such as governance, integrity, and accountability.

We are committed to responsible management and decision-making that upholds these principles. Saari applies rigorous internal controls and compliance measures, ensuring that conflicts of interest are managed, responsibilities are clearly defined, and ethical standards are consistently applied. We maintain zero tolerance for corruption, bribery, money laundering, or other unethical practices, and expect the same from all portfolio companies.

As an active owner, Saari typically holds a board position in each portfolio company, which enables us to oversee governance, risk management, and sustainability performance in line with OECD principles.

Through board representation, we ensure that ESG considerations - including climate, human rights, and workplace well-being - are embedded in company strategy, operations, and reporting. This oversight role

allows us to promote transparency, support strong governance structures, and ensure long-term value creation consistent with responsible business practices.

Internally, Saari's governance framework includes clear division of duties between the team.

## ESG Integration to investment

### Definitions

- A **sustainability risk** refers to an environmental, social, or governance (ESG)-related event or condition that, if it occurs, could have a negative and material impact on the value of an investment.
- An **adverse sustainability impact** refers to a harmful effect resulting from an investment on environmental issues, social and employee matters, respect for human rights, or the fight against corruption and bribery

At Saari Partners, we integrate sustainability risks across the entire investment lifecycle - from screening and due diligence to ownership and exit. While we do not measure Principal Adverse Impacts at the entity level, we assess material adverse sustainability impact at the investment level to support responsible value creation. We implement ESG risks and opportunities into our investment decision-making process during the pre-screening and due diligence phases in the following manner:

### Pre-investment

Before any investment decision is made, the Fund applies a structured ESG and exclusion assessment process. The investment team conducts an initial exclusion and ESG screening [see the screening criteria below] before an opportunity is entered into the deal flow. This early-stage review ensures that any involvement in excluded activities or misalignment with the Fund's sustainability framework is identified at the outset.

If an opportunity progresses, the investment lead responsible for the specific investment performs a detailed ESG due diligence. This includes validating the initial exclusion screening results and assessing material environmental, social, and governance risks relevant to the company's sector and maturity. The assessment considers areas such as governance practices, environmental impact, labour conditions, diversity, and data availability.

- Screening: We exclude companies operating in sectors inconsistent with our values, such as tobacco, weapons, gambling, or those violating international norms (such as OECD Guidelines and UN Global Compact).
- Due Diligence: ESG risks and opportunities are always assessed alongside financial, operational, and legal considerations. Our sustainability due diligence identifies potential<sup>\*)</sup> adverse impacts related to the company's operations, workforce, and stakeholder relationships. Where risks are identified, we seek to prevent or mitigate them before investment. This process is conducted using a structured review by an external third party.

<sup>\*</sup> These criteria are binding for all Funds.

### ***Principles for considering sustainability risks in the investment process***

Besides integrating ESG throughout investments, Saari reviews sustainability factors and risks through the following framework.

We actively steer deal flow toward sustainability-promoting investment opportunities, which means that:

- We primarily invest in companies that have a positive impact on environmental issues, social and employee-related matters, and/or respect for human rights and efforts to combat corruption and bribery.
- We invest only in companies whose management operates ethically and has a good reputation.
- We do not invest in companies that have a clearly negative impact on any identified sustainability factor, or where the risk of such adverse impact cannot be reasonably prevented.
- We do not invest in the following sectors: arms trade and weapons manufacturing, gambling, tobacco, and alcohol industries.
- Sustainability risks are identified using a standardized ESG due diligence checklist that covers environmental, social and governance topics relevant to the company's sector.
- In the target company selection phase, we ensure that the requirements set for sustainability risks and impacts are met.
- Impact on financial performance: Sustainability risks may materially affect the financial performance and valuation of the fund's investments. If not properly identified or managed, such risks can lead to reduced profitability, operational disruptions, reputational harm, or loss of enterprise value. Conversely, well-managed sustainability factors can enhance resilience and long-term returns.

### ***Ownership***

We act as active owners to grow and protect shareholder value by promoting the implementation of sustainable business practices in the portfolio company, focusing on sustainability impacts that are material to the company's core operations:

- We engage with portfolio companies regularly to ensure sustainability remains integrated into core business strategy, operations, culture, and encourage adoption of new applicable policies and practices.
- We identify, define, and prioritize the key sustainability impacts and indicators relevant to each portfolio company, along with related objectives from different perspectives (such as value creation and risk management).
- The company's management and board regularly monitor the achievement of these objectives. Management commits to written sustainability principles.
- We actively support portfolio companies in implementing ESG initiatives by sharing best practices, providing tools and templates, and facilitating access to external advisors or training. We aim to build long-term ESG capability within each company.

### ***Exit***

At the exit phase, we consider sustainability risks and impacts by working with reputable, professionally and ethically sound partners. We also evaluate sustainable impact development during ownership period.

## **Monitoring**

We continuously monitor portfolio companies and also perform annual questionnaires to measure fund level performance on various sustainability metrics. These metrics will be annually reported from 2025 onwards.

Monitoring results are used to reassess sustainability risks and opportunities annually. Where material risks are identified, Saari works with the portfolio company to develop mitigation actions and monitors progress through board meetings and ESG KPI reviews.

- We report to our fund investors on sustainability-related matters in our portfolio companies on a quarterly basis.
- We track ESG performance via KPIs tailored to each company's operations, and review them regularly as part of board meetings.

## **Stewardship and Engagement (Vaikuttamispolitiikka)**

Saari does not hold ownership in publicly listed companies under Directive 2007/36/EC; therefore, a formal shareholder engagement policy under that directive is not required.

However, we maintain an active ownership approach consistent with UN PRI Principle 2 - engaging constructively with portfolio company management and boards on material ESG issues.

## **Roles and Responsibilities**

Saari operates with a close-knit team, where all members contribute to integrating ESG considerations throughout the investment lifecycle. The Partners provide strategic oversight of responsible investment and are responsible for approving key ESG policies and frameworks. The Partners also have ultimate responsibility for approving investment decisions and ensuring that sustainability risks are appropriately considered.

For this policy:

- **Board of Directors:** Approves this policy, oversees ESG strategy, and ensures alignment with regulatory and investor expectations.
- **ESG Lead:** Coordinates implementation, reporting, and training. Present the policy for review for the Board of Directors.
- **Investment Committee:** Integrates ESG into all investment activities and monitors portfolio progress.
- **Portfolio Companies:** Expected to align with this policy and report annually on ESG performance.

## **Transparency and Reporting**

Saari commits to transparent ESG communication in accordance with SFDR, investor reporting standards. Annual ESG updates include progress on KPIs, examples of portfolio impact, and future targets. Saari report annually on the performance of the portfolio to investors.



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## Policy Review & Continuous Improvement

This policy is reviewed annually by the Board of Directors at Saari, to reflect evolving regulation, best practices, and stakeholder expectations. Saari will continue strengthening ESG integration, data-driven measurement, and impact transparency.