



Responsible Investment Policy

As a signatory of the United Nations Principles for Responsible Investment (UNPRI), an investor initiative in partnership with UNEP Finance and the UN Global Compact, BaltCap follows the policies and practices of responsible investment and believes that environmental, social and corporate governance (“ESG”) issues play an increasingly important role in today’s business environment.

We have incorporated ESG issues in investment process and in our daily operations. We are convinced that our engagement in ESG issues is a prerequisite for a sustainable long-term operation improving the performance and attractiveness of our portfolio companies and reducing our overall exposure to risk.

Long Term Value Creation and Sustainability

The commercial and ESG issues are equally important for a long term sustainability in any organisation and when combined can provide additional value increase. The improved the economic performance of the portfolio companies also contributes positively to surrounding society.

BaltCap strives to increase value in portfolio companies though improved efficiency and enhanced management placing emphasis on non-financial issues such as:

- Organisational performance and management processes
- Corporate governance
- Business relations and stakeholder accountability
- Corporate social responsibility (“CSR”) and sustainability development
- Customer and employee satisfaction
- Quality of products and services
- Brand strength and reputation
- Innovation
- Environment
- Social participation

Responsible Ownership and Investment Selection

BaltCap invests in companies with exceptional growth potential and provides them necessary tools in achieving the set targets. We carry out a rigorous evaluation of target companies, including also the ESG aspects, before making any investment and consider the findings carefully in investment decisions.

We do not invest in companies engaged in arms manufacturing, manufacture of tobacco, hard spirits, gambling, human cloning and genetically modified organisms. Also we do not get involved in hostile bids.

BaltCap always takes an active shareholder role in each portfolio company and participates in strategic decision-making through board or council membership. The alignment of interest of key stakeholders (our investors, other shareholders of portfolio companies, employees, customers and community) is of utmost importance to BaltCap. When selecting co-operation partners we prefer organisations that follow CSR principles and share similar values with us.



Ethics and Governance

BaltCap is conducting its operations in accordance with the highest legal and ethical standards and we promote the use of best corporate governance practises in our portfolio companies.

We are committed to:

- Acting in good faith
- Managing conflicts of interest
- Complying with applicable laws and regulations
- Avoiding bribery and corruption
- Fostering transparency
- Maintaining confidentiality
- Promoting fair competition and responsible marketing
- Protecting copyright and other forms of intellectual property

We make an effort to educate the local business community by sharing our experiences and knowledge.

Environment

We take our responsibility to the environment seriously and seek to adopt and implement environmentally sound policies in our portfolio companies, and in our own internal operations. All our portfolio companies need to comply with applicable environmental regulations and standards and strive beyond the compliance.

With our investment we seek to improve the environmental performance of our portfolio companies through:

- Incorporating environmental considerations into product and service development
- Adopting new and efficient technological solutions
- Reducing the energy consumption, waste and emissions
- Fostering the adoption of environmental management system

People

People are the most valuable asset to us and our portfolio companies. The motivation and well-being of the employees is of utmost importance to us.

We remain committed to:

- Respecting human rights
- Supporting the payment of fair and competitive wages
- Providing a safe and healthy workplace
- Promoting long-term human resource planning
- Facilitating training and competence development
- Promoting work-life balance
- Promoting equal opportunity in employment practices and procedures

The Responsible Investment Policy has been adopted by the management and supervisory board of BaltCap in June 2011 and is reviewed on annual basis.