

# Environmental, Social, and Governance (ESG) and Do-No-Significant-Harm (DNSH) Policy

## 1. Introduction

**Verslo angelų fondo valdymas UAB** (hereinafter "we", "our", "us") is committed to responsible investment practices that prioritize the integration of Environmental, Social, and Governance (ESG) considerations into our investment activities. Additionally, we adhere to the Do-No-Significant-Harm (DNSH) principle, ensuring that our investments do not cause significant harm to environmental, social, or governance frameworks. This policy outlines our approach to incorporating these principles into our investment process, portfolio management, and corporate governance.

## 2. Scope and Applicability

This policy applies to all investment activities undertaken by **Verslo angelų fondo valdymas UAB**, including the evaluation, management, and support of portfolio companies. It is applicable to all employees, contractors, and third parties involved in our investment activities.

## 3. ESG Integration in Investment Process

We incorporate ESG factors into our investment decision-making process to identify risks and opportunities that may impact long-term value creation while ensuring that our investments align with responsible and sustainable practices.

- **Screening and Due Diligence:** ESG considerations are integrated into the screening and due diligence phases of potential investments. We evaluate the environmental impact, social responsibility, and governance practices of potential portfolio companies to ensure alignment with our ESG and DNSH standards.
- **ESG Risk and Opportunity Assessment:** We use established frameworks to assess ESG risks and opportunities during the investment evaluation process. This assessment informs our investment decisions and ensures that potential investments align with our ESG values and DNSH principle.
- **Negative Screening:** We apply negative screening to exclude investments in sectors or companies that are known to cause significant harm, such as those involved in severe environmental degradation, human rights violations, or unethical governance practices.

## 4. Do-No-Significant-Harm (DNSH) Principle

We are committed to ensuring that our investments do not cause significant harm to the environment, society, or governance structures. This principle guides our investment decisions and ongoing management of portfolio companies.

- **Environmental Protection:** We avoid investments in companies whose activities contribute to significant environmental harm, such as pollution, deforestation, or unsustainable resource extraction. We prioritize investments that promote environmental sustainability and contribute positively to climate change mitigation, biodiversity, and resource efficiency.
- **Social Responsibility:** We do not invest in companies that engage in activities causing significant social harm, including poor labor practices, human rights abuses, or social exclusion. We seek investments that promote social well-being, including diversity, equity, and community development.
- **Governance Integrity:** We avoid investments in companies with poor governance practices that may lead to significant harm, such as corruption, lack of transparency, or unethical behavior. We favor

companies with strong governance structures that promote accountability, transparency, and ethical leadership.

## 5. ESG in Portfolio Management

Active management of ESG factors and adherence to the DNSH principle are essential to enhancing the long-term performance of our portfolio companies and ensuring they do not cause significant harm.

- **Monitoring and Reporting:** We regularly monitor the ESG performance of our portfolio companies, including their compliance with the DNSH principle. We require portfolio companies to provide regular updates on their ESG practices and progress toward DNSH goals, which we aggregate for reporting to our investors.
- **Support and Engagement:** We actively support our portfolio companies in improving their ESG practices and aligning with the DNSH principle. This includes providing resources, guidance, and access to our network of experts to help them mitigate risks and enhance their positive impact.
- **Corrective Action and Divestment:** If a portfolio company is found to be causing significant harm or failing to meet our ESG standards, we will engage with them to implement corrective actions. If these actions are not successful, we may consider divestment to uphold our commitment to the DNSH principle.

## 6. Environmental Responsibility

We are dedicated to promoting environmental sustainability and ensuring that our investments contribute positively to the environment rather than causing significant harm.

- **Climate Change Mitigation and Adaptation:** We assess the impact of climate change on our investments and prioritize companies that contribute to climate change mitigation and adaptation strategies. We avoid investments that significantly contribute to greenhouse gas emissions or are not aligned with a low-carbon transition.
- **Sustainable Resource Management:** We encourage our portfolio companies to adopt sustainable resource management practices, including reducing energy and water consumption, minimizing waste, and promoting circular economy principles.
- **Ecosystem and Biodiversity Protection:** We avoid investments in activities that threaten ecosystems and biodiversity. We prioritize investments that support conservation efforts and the sustainable use of natural resources.

## 7. Social Responsibility

We prioritize investments that contribute positively to society and avoid those that cause significant social harm.

- **Human Rights and Labor Standards:** We require our portfolio companies to respect human rights and adhere to fair labor practices, including safe working conditions, fair wages, and non-discrimination. We avoid investments in companies involved in human rights violations or exploitative practices.
- **Diversity, Equity, and Inclusion:** We promote diversity, equity, and inclusion within our portfolio companies. We encourage the adoption of policies that foster diverse and inclusive workplaces and avoid investments in companies that fail to address these issues.

- **Community Engagement and Social Impact:** We encourage our portfolio companies to engage positively with the communities in which they operate, contributing to local development and avoiding practices that could cause harm to community well-being.

## 8. Governance

Strong governance is essential to ensuring that companies operate ethically and do not cause significant harm.

- **Board Oversight and Independence:** We encourage our portfolio companies to establish diverse and independent boards that provide effective oversight and governance, reducing the risk of unethical practices or significant harm.
- **Ethical Conduct and Compliance:** We expect high standards of ethical conduct from our portfolio companies, including compliance with relevant laws and regulations, anti-corruption measures, and transparent operations.
- **Responsible Executive Compensation:** We support executive compensation structures that align management incentives with long-term value creation and ESG performance, ensuring that executives are not rewarded for actions that cause significant harm.

## 9. Reporting and Transparency

We are committed to transparent communication with our investors and stakeholders regarding our ESG practices and the DNSH performance of our portfolio companies.

- **Investor Reporting:** We provide regular updates to our investors on our ESG activities, the ESG performance of our portfolio companies, and our adherence to the DNSH principle.
- **Public Disclosure:** We may publish ESG and DNSH reports or disclosures on our website or through other public channels to demonstrate our commitment to responsible investment and transparency.

## 10. Continuous Improvement

We recognize that ESG practices and the understanding of significant harm are continuously evolving. We are committed to staying at the forefront of responsible investment practices.

- **Training and Development:** We provide ongoing training and development for our team to ensure they are equipped with the knowledge and tools to integrate ESG considerations and the DNSH principle effectively into our investment activities.
- **Review and Update:** We regularly review and update this policy to reflect changes in regulations, industry standards, and best practices. Any updates to the policy will be communicated to our investors and portfolio companies.

## 11. Governance of ESG and DNSH Policy

The implementation and oversight of this policy are the responsibility of the **Board of Verslo angelų fondo valdymas UAB**. The Board is responsible for monitoring compliance with the policy, evaluating its effectiveness, and recommending improvements.