APPROVED
by the Decision
of the Management Board
of Raft Capital Management, UAB
dated 11.05.2026

Policy on Responsible Investment and ESG Factors Integration

Raft Capital's Management mission is to find, invest in and build stronger businesses. It is by supporting the development of strong sustainable businesses that the Raft Capital could consistently deliver excellent financial returns to investors across economic cycles. We recognise the importance of responsible investment, and sustainability plays a major part in the way we build long-term business success.

1. PURPOSE

The purpose of this Responsible Investment and ESG Factors Integration Policy (the "Policy") is to outline the approach of **Raft Capital Management** (the "Raft Capital") to integrating environmental, social, and governance (ESG) considerations into its investment decision-making processes. The Policy is designed to ensure that Raft Capital's investments contribute to social and environmental impacts in line with the Principles for Responsible Investment (PRI), the Sustainable Finance Disclosure Regulation (SFDR) requirements and Raft Capital's pre-contractual disclosure for the financial products referred to in Article 8. This Policy aims to foster sustainable development, enhance long-term financial performance, and mitigate risks associated with ESG factors.

Raft Capital believes that attention to sustainability including Environmental, Social and Corporate Governance (ESG) matters is a prerequisite for long-term value creation. We are committed to investing responsibly and our ambition is to develop companies into successful and sustainable businesses.

2. RESPONSIBLE INVESTMENT OBJECTIVES/COMMITMENTS (SUPPORTING ENVIRONMENNTAL AND SOCIAL CHARACTERISCTICS)

The strategy of Raft Capital is to acquire, hold, manage and divest a diversified portfolio of equity and equity-related investments into small and medium sized companies and small mid-caps established in Lithuania, Latvia and Estonia and having their principal operations in these countries. Raft Capital aims to increase the value of the companies by making a meaningful positive impact in their development, including promotion of the social and environmental characteristics. Raft Capital will not make investments in companies in certain sectors, which have

potential negative effects on the environment and society. Those sectors are excluded on the basis of Raft Capitals' investment restrictions list provided below.

Raft Capital adheres to the United Nations Principles of Responsible Investments (PRI) and is committed to integrating sustainability factors into all stages of Raft Capital's investment process. Raft Capital commits to all responsible investment principles of PRI.

Raft Capital recognizes that responsible investment is not only about ethical considerations but also about identifying and managing risks and opportunities that can impact financial performance. By integrating ESG factors into investment decisions, Raft Capital aims to improve its risk-adjusted returns, enhance its reputation, and contribute to broader societal goals such as promoting social equity, ensuring good governance practices, and combating climate change.

Raft Capital promotes social and environmental characteristics and does not aim to have sustainable investments as its main objective (defined as SFDR article 8 funds) and is not committed to make any sustainable investments as disclosed in fund's pre-contractual disclosures or prospectus. The regulatory definition of sustainable investment within the SFDR means that the product and its underlying assets should contribute to an environmental or social objective, they must not do significant harm to any other environmental or social objective and the investee companies must follow good governance practices.

Raft Capital plans to allocate close to 100% of its investments to portfolio companies that promote social and environmental characteristics. Raft Capital may invest in companies that does not fully match Raft Capital's social criteria at the investment stage. In such cases, Raft Capital will commit to make relevant changes during the holding period in order to qualify investments as "#1 Aligned with E/S characteristics".

2.1 Sustainability focus areas

By investing in the portfolio companies, Raft Capital will target to promote social characteristics. Raft Capital will, in whole or in part, invest in companies that through their operations, products and services contribute to solving the problems.

Raft Capital promotes the following social characteristics in the portfolio companies and they are supported by key performance indicators (KPIs):

Social characteristics

- Gender quality and equal pay. We are committed to promoting equal treatment and opportunities across our portfolio companies. This includes supporting progress toward gender equality and fair pay for work of equal value, therefore we will promote actions aiming at reducing the gender pay gap. To track progress, we will collect and monitor data on the gender pay gap.
- Occupational health and safety. We are committed to promoting safe and healthy working conditions across our portfolio companies. This includes improving workplace environments and reducing work-related injuries. To support this, we will track the number of workplace accidents and their annual rate, while encouraging actions that help lower these figures over time.

2.2 Alignment with UN Sustainable Development Goals

Raft Capital's Sustainability focus areas aim for the companies it invests in to support the United Nations Sustainable Development Goals (SDG's). Raft Capital incorporates SDGs assessments in its ESG analysis and follows those main SDGs:

- **SDG 5: Gender Equality.** Achieve gender equality and empower all women and girls, emphasizing the elimination of discrimination and ensuring equal opportunities and participation in all areas of life.
- **SDG 8: Decent Work and Economic Growth.** Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all, ensuring labor rights and safe working environments.
- **SDG 10: Reduced Inequality.** Reduce inequality within and among countries by promoting the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, or economic or other status.
- **SDG 13: Climate Action.** Take urgent action to combat climate change and its impacts.

Raft Capital is not committed to make any sustainable investments as disclosed in fund's pre-contractual disclosures and is not required to assess how fund's investment align with certain minimum safeguards. On the hand, Raft Capital investment decision making and ESG assessment approach will be based on principles that are universal in scope, such as the United Nations Global Compact (UNGC), the Organisation for Economic Co-operation and Development's (OECD) Principles of Corporate Governance, OECD Guidelines for Multinational Enterprises and UN Guiding Principles for Business and Human Rights (UNGPs), the International Labour Organization (ILO) recommendations The UNGPs are the leading framework to help companies understand and implement human rights into business practice. Company shall collect information aiming to confirm that all investments do not violate UNGC or OECD guidelines to qualify as promoting E/S characteristics. Raft Capital will apply certain degree of flexibility regarding those universal principles to reflect specific portfolio company's operations, size and complexity.

3. **POLICY SCOPE**

This Policy outlines the principles and practices for ESG integration, active ownership, and the exclusion of certain investments. The Policy also sets out the responsibilities of Raft Capital's management and investment team in implementing these principles. Raft Capital commits to applying this Policy for Raft Capital Baltic Equity Fund for all geographic regions and sectors in which it operates and would potentially operate, ensuring a consistent and comprehensive approach to responsible investment.

The Policy is dynamic and will be reviewed at least annually to ensure it remains relevant and effective in addressing emerging ESG issues and evolving best practices in responsible investment. Raft Capital will update the Policy annually to reflect changes in regulatory requirements, industry standards, or stakeholder expectations.

4. **DEFINITIONS**

4.1 **Sustainability Risk**: An environmental, social, or governance event or condition that, if it occurs, could cause a significant negative impact on the value of the investment. Examples include climate-related risks, such as extreme weather events, and social risks, such as poor labor practices.

4.2 **Sustainability Opportunities**: It refers to the potential benefits and positive impacts that arise from adopting sustainable practices, such as reducing environmental footprints, conserving resources, and improving social equity.

4.2 **ESG Factors**: Criteria encompassing environmental, social, and governance aspects used to evaluate the sustainability and ethical impact of an investment. ESG factors help investors identify risks and opportunities that may not be captured by traditional financial analysis alone.

4.3 **Environmental Factors**: Issues related to the natural environment, including resource use, waste management, and climate change impacts. Environmental factors also cover biodiversity, pollution prevention, and energy efficiency.

4.4 **Social Factors**: Issues affecting the well-being of humans, such as labor practices, community relations, and human rights. Social factors also include health and safety, diversity and inclusion, and consumer protection.

4.5 **Governance Factors**: Issues related to the management and oversight of companies, including board structure, executive compensation, and shareholder rights. Governance factors also cover business ethics, transparency, and anti-corruption measures.

ESG integration: Ongoing consideration of ESG factors within an investment analysis and decision-making process with the aim to improve risk-adjusted returns.

5. **ORGANIZATION AND GOVERNANCE**

This Policy has been adopted by the Management Board of Raft Capital. Management Board is responsible for ensuring compliance with the Policy in all investment activities. Raft Capital oversees the overall implementation of the Policy and ensures that it aligns with Raft Capital's strategic objectives. The investment committee is responsible for integrating ESG factors into the investment process, while the ESG team provides expertise, tools, and support to facilitate this integration. Regular training and capacity-building activities are conducted to ensure that all staff are equipped with the necessary knowledge and skills to implement the Policy effectively.

6. IMPLEMENTATION OF ESG FACTORS INTO INVESTMENT DECISION MAKING

Those are the steps Raft Capital follows to implement responsible investment and integrate ESG factors across the investment process:

1	2	3	4
DEAL SOURCING	**INVESTMENT DECISION**	**OWNERSHIP**	**EXIT**
Sourcing, preliminary ESG analysis, structuring	**Including material issues in the investment memorandum and negotiation of the investment agreement**	**Managing ESG issues during the onboarding, engagement and monitoring of portfolio company**	**Adding value at exit**

6.1. Investment Sourcing and Screening

Raft Capital employs a process for sourcing and screening potential investments to ensure alignment with its responsible investment objectives. The screening process includes:

- Preliminary ESG assessments to identify any red flags or potential exclusions based on Raft Capital's criteria. The exclusion list is set out in the Limited Partnership Agreement (LPA) with the Fund's investors.

- Evaluation of the company's alignment with Raft Capital's ESG principles and overall mission.

- Engagement with company management to discuss ESG issues and gather additional information as needed.

- Documentation of the screening process and findings to ensure transparency and consistency in decision-making.

6.2 Investment ESG Due Diligence Review

As part of our Raft Capital investment processes, we assess Environmental, Social and Governance (ESG) risks and opportunities of investee companies. In addition, we assess whether companies are respecting international guidelines for responsible behavior, including the UNGC Principles, UNGPs, the Organisation for Economic Co-operation and Development's (OECD) Principles of Corporate Governance, the International Labour Organization (ILO) recommendations and OECD Guidelines for Multinational Enterprises. Companies violating such guidelines and principles, or companies for which there is serious concern that they lack policies to ensure compliance with them, can be assigned a low or negative score and will therefore not qualify as a sustainable investment. This process typically involves investigating legacy issues, although it is also important to consider future issues such as climate-related risks and the transition to a low-carbon economy. The issues identified at this stage often become the focus of ESG management efforts during the holding period.

For majority-owned investments, ESG due diligence forms a mandatory part of the investment decision-making process and includes a comprehensive assessment of sustainability risks and impacts, taking into account the specific characteristics of the asset.

The due diligence process is a critical step in evaluating potential investments and involves review of ESG factors alongside traditional financial analysis. This process includes:

- ESG assessments, including site visits, stakeholder interviews, and third-party evaluations where applicable;
- Analysis of the company's historical ESG performance and future commitments, focusing on material issues relevant to the industry and geography;
- Assessment of the company's governance structures, including board composition, executive compensation, and shareholder rights;
- Analysis of the company's ESG policies, practices, and performance, using both qualitative and quantitative data;
- Examination of social impacts, including labor practices, diversity and inclusion and human rights records;

Raft Capital will not invest in companies that demonstrate poor corporate governance practices. Under the Partners' Agreement of Raft Capital, Raft Capital will use reasonable efforts to ensure that market-practice standards of corporate governance used in the jurisdiction where the portfolio company is incorporated are in place or will be implemented within a reasonable time period in all portfolio companies, including regular board meetings (if appropriate, compliance with the Invest Europe Corporate Governance Guidelines (if appropriate) and the relevant code of practice for corporate governance (if any) in the country of incorporation or operation (as applicable). Raft Capital will seek such goals by requesting appropriate undertakings of the portfolio companies in the investment/shareholders' agreement with Raft Capital.

6.3 Investment decision

The ESG findings unearthed during due diligence can be included in the investment memorandum to ensure that the investment committee is aware of such issues when deciding whether to invest in a company. In addition, Raft Capital could integrate ESG clauses into investment agreement.

6.4 Ownership and engagement

During the ownership phase, Raft Capital's investment professionals work together with the portfolio company's Board of Directors and management on sustainability issues. The investment professionals analyse the sustainability status of the company and assist the portfolio companies in developing a plan to mitigate sustainability risks and capitalise on opportunities.

Raft Capital will advocate for the environmental and social characteristics by:

- establishing the initial benchmark for the social and environmental characteristics through analysis of the target portfolio companies during the due diligence stage of the investment process and establishing targets/benchmarks for social and environmental focus areas;
- requesting the portfolio companies in the investment/shareholders' agreements of Raft Capital to make the best efforts in reducing the gender pay gap, improving the working conditions and calculating and/or reducing GHG emissions by taking measures pre-agreed with Raft Capital;
- Helping portfolio companies with ESG knowledge building, helping with ESG policies and strategies, sharing emission calculation tools, decarbonization methodologies and other resources;
- actively engaging in the boards of portfolio companies with the aim to propose the implementation or adoption of policies that promote social and environmental impacts;
- by respective provisions in the investment/shareholders' agreements of Raft Capital requesting the portfolio companies to annually report to Raft Capital on the progress of improving the social and environmental impacts by providing year-on-year data in comparison to the initial goals and benchmarks;

6.5 ESG Risks and Impacts Periodic Monitoring

Raft Capital will monitor the portfolio company to assess whether its ESG goals are being met and may be required to report to investors on whether ESG issues are being managed properly. Monitoring can involve scheduled meetings with portfolio companies, collecting internal data from the company and reviewing any public sustainability reporting. Reporting will be carried out in accordance with the requirements of Regulation (EU) 2019/2088 (SFDR), including the use of the mandatory Annex IV template as set out in the Level 2 Regulatory Technical Standards (RTS). Ongoing monitoring of ESG risks and impacts is essential to ensure that investments continue to meet Raft Capital's responsible investment criteria. Raft Capital manager uses a combination of internal and external data sources to inform its monitoring processes.

6.6 Exclusions

Certain sectors or activities that pose unacceptable risks or are harmful to society are excluded from Raft Capital's investment universe. Raft Capital only considers exclusion of an investment where the nature of its business or the nature of the investee company's activities or behaviours breach our core values and/or ESG investment principles, and we believe engagement is either inappropriate or we believe it will be ineffective in influencing positive change. Potential investments may be disregarded if significant ESG concerns are identified, such as very poor labor and corporate governance practices or drastic inequality of the pay by gender.

6.7 Exits

By ensuring that sustainability matters are taken seriously, Raft Capital creates profitable and sustainable growth. In preparation for the exit phase of an investment, steps are taken to ensure the portfolio company is in a strong position to maintain and continually improve its sustainable business practice. Our aim is that the value generated by an improved approach to Sustainability during the ownership period will be realised upon exit.

7. REPORTING

Reporting includes detailed disclosures on how ESG factors are integrated into investment decisions, the outcomes of engagement activities, and the performance of investments against sustainability benchmarks and goals. Raft Capital publishes an annual sustainability report, which is made available to clients, stakeholders, and the public.

In addition, under the SFDR, Raft Capital commits to comprehensive product (fund) level reporting using SFDR templates. Raft Capital will not be disclosing voluntarily adverse sustainability impacts (PAI), due to expected data quality concerns and SMEs general maturity in ESG matters.

8. COLLABORATION AND ADVOCACY

Raft Capital recognizes the importance of collaboration and advocacy in advancing responsible investment practices. It actively participates in industry initiatives, networks, and forums to share knowledge, promote best practices, and drive collective action on ESG issues. Raft Capital collaborates with other investors, industry associations, and stakeholders to influence policy and regulatory developments, support research and innovation, and address systemic challenges related to sustainability.

9. FINAL PROVISIONS

ESG factors serve as important inputs in the investment process, complementing traditional financial analysis. Raft Capital's ultimate objective remains to achieve favorable financial returns while contributing positively to social and environmental outcomes. The Policy is designed to be flexible and adaptive, allowing Raft Capital to respond to new challenges and opportunities in the evolving landscape of responsible investment.

Raft Capital is committed to continuous learning and improvement, regularly reviewing and enhancing its ESG integration practices to ensure they remain effective and aligned with best practices. Stakeholder feedback is actively sought and incorporated into the Policy and its implementation, ensuring that Raft Capital remains responsive to the needs and expectations of its clients and the broader community.