

ESG Investment Policy

Date

November 25, 2025



1. Purpose and Scope

- 1.1. IIP Denmark (“IIP”) is a private equity fund-of-funds manager investing primarily through commitments to private equity funds and selected co-investments alongside fund managers (or general partners – “GPs”). IIP’s investments are predominately made on a blind-pool basis and encompass a diversified portfolio across buyout, venture capital, and co-investment strategies.
- 1.2. IIP’s approach to responsible investment is founded on the belief that strong sustainability practices support long-term value creation and effective risk management. Companies that are well governed and mindful of their environmental and social impact are better positioned to deliver resilient financial performance, attract talent, and maintain their social licence to operate. As a long-term investor, IIP views sustainability not as a trade-off against returns, but as an integral part of protecting and enhancing value for investors, portfolio companies, and society at large.
- 1.3. Through its role as an investor and asset manager, IIP seeks to contribute to a more sustainable economy by integrating ESG considerations into all investment activities and by engaging with fund managers to promote continuous improvement. IIP aims to be a credible and constructive partner to its fund managers, promoting progress on sustainability as an integral part of sound investment management and its fiduciary duty to protect and enhance long-term value.
- 1.4. This Policy outlines how ESG and sustainability risks are integrated across IIP’s investment processes and ownership activities. It applies to all investment strategies and funds managed by IIP, including buyout, venture, and co-investments. The Policy is also intended to enhance transparency for investors, stakeholders, fund managers, and portfolio companies, detailing how sustainability risks are defined, assessed, and integrated into IIP’s investment activities.
- 1.5. IIP’s ESG approach is guided by internationally recognised standards, including:
- The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
 - The UN Guiding Principles on Business and Human Rights
 - The Paris Agreement on Climate Change
 - The UN Global Compact Principles
 - The Principles for Responsible Investment (PRI)
 - The International Labour Organization (ILO) Conventions
- These standards shape our expectations for GPs and portfolio companies, particularly regarding environmental management, labour rights, business ethics, and human rights. They also underpin our exclusion criteria and inform how we assess alignment between sustainability risks and potential adverse impacts.
- 1.6. This Policy is reviewed and updated annually to ensure alignment with regulatory developments, market best practices, and IIP’s evolving approach to responsible investment.
- 1.7. Further information on IIP’s sustainability approach, policies, and regulatory disclosures – including SFDR-related statements and product-level information – is available on IIP’s website.

2. ESG governance and oversight

2.1. Effective governance is the foundation of IIP's approach to responsible investment. Clear oversight and well-defined structures ensure that sustainability and ESG considerations are consistently integrated into IIP's investment and risk-management processes. Through the Board of Directors and the Sustainability Committee, IIP maintains accountability for its ESG commitments and ensures that sustainability objectives are implemented across all investment activities and decision-making levels.

2.2. Board of Directors

2.3. The Board of Directors approves IIP's key ESG-related policies, including this ESG Investment Policy, and sets the overall framework IIP's work with responsible investment and sustainability.

2.4. The Board of Directors is responsible for maintaining alignment between IIP's ESG approach, its fiduciary duties, regulatory requirements, international guidelines, and stakeholder expectations.

2.5. Sustainability Committee

2.6. Within the parameters defined by the board, IIP's work on ESG is anchored in the Sustainability Committee. The Committee acts as the central coordination forum for ESG and sustainability matters across the organisation.

2.7. The Committee, consisting of IIP's executive management (partner group), the Chief Risk Officer, and the Head of Sustainability, is responsible for overseeing and implementing IIP's ESG-related policies and reporting. Additionally, the Committee oversees the sustainability risk management processes and ensures continuous improvement through adaptation to evolving regulations and best practices. Additional specialists or team members may be invited to participate on specific agenda items as needed.

2.8. The Sustainability Committee convenes regularly, with a minimum of two meetings per year.

3. ESG integration across the investment lifecycle

3.1. IIP integrates ESG and sustainability risks throughout the full investment lifecycle — from initial screening and due diligence to investment decision-making, monitoring and stewardship activities during the ownership period. The objective is to identify, assess, and manage both how sustainability factors may influence the financial performance of an investment and how IIP's investments may affect people, society, and the environment.

3.2. Private equity investments are inherently long-term and illiquid, which makes divestment a complex and often impractical response to sustainability concerns. This characteristic heightens the importance of thorough pre-investment ESG due diligence, ensuring that potential risks and controversies are identified and mitigated before capital is committed. Once invested, IIP therefore focuses on continuous monitoring and engagement with fund managers to influence outcomes and safeguard long-term investment value.

- 3.3. IIP's ESG approach is applied across all investment strategies — including buyout, venture capital, and co-investments — with processes tailored to the specific characteristics of each strategy. It ensures that ESG factors remain a consistent and documented part of decision-making throughout the investment lifecycle.
- 3.4. **Pre-investment due diligence**
- 3.4.1. IIP predominantly invests through a fund-of-funds structure, whereby capital is allocated across multiple underlying funds managed by General Partners (GPs). IIP selects and oversees these GPs, enabling diversification across strategies and sectors, while the GPs actively manage the individual investments within their specific funds. Furthermore, in certain circumstances, IIP also invests directly in portfolio companies selected by a GP when deemed beneficial (co-investments).
- 3.4.2. Within the framework of this investment structure, IIP integrates sustainability risk at each stage of the investment lifecycle, including an initial desktop screening, commercial due diligence, decision-making, and ongoing monitoring. This structured approach is designed to identify, assess, and mitigate sustainability risks across the portfolio, ensuring that sustainability considerations are embedded throughout the investment process. The individual steps are outlined below.
- 3.4.3. **Initial screening**
- 3.4.4. Since IIP's fund investments are typically made in blind-pool investment structures, it is not possible to assess the individual portfolio companies before the investment, as these companies are unknown at the time of commitment. As a result, a more thorough due diligence process and a careful evaluation of the fund manager are necessary prior to making an investment decision. The initial screening phase is therefore crucial for identifying preliminary sustainability risks (such as sector, geography, or business-model-related ESG risks) associated with potential investments. This process also serves as a tool for prioritization, enabling the investment team to filter out non-viable opportunities and allocate resources more effectively.
- 3.4.5. The initial screening will specifically assess the following:
- **Investment restrictions:** Whether the investment mandate of the fund or the GP's selection of portfolio companies in previous funds suggests that the GP may invest in sectors inconsistent with IIP's investment restrictions (box 1).
 - **Sanctions:** Whether any funds managed by the GP have invested in companies that are subject to EU or UN sanctions.
 - **Aggressive tax planning:** Whether available information indicates that the GP may invest in companies incorporated or tax-resident in countries listed on the EU's non-cooperative jurisdictions list¹.
 - **Exclusion list:** Whether any funds managed by the GP have invested in companies that are listed on IIP's exclusion list.

¹ [The EU's list of non-cooperative jurisdictions](#)

Box 1 – Investment Restrictions

Article 6 funds

IIP shall not invest in companies involved in:

Fossil fuels – The extraction of coal and oil sands and energy production based on coal (>20% of revenue) unless there is a plan to transition away from these types of fossil fuels.

Weapons: – The manufacture or distribution of controversial weapons² as well as suppliers of components, services, or development specially designed for the final product.

Tobacco or vaping – The production of tobacco or vaping products (sub-contractors are not included by this ban).

Article 8 funds

IIP shall not invest in companies involved in:

Fossil fuels – The extraction of coal, gas, oil, and oil sands. And energy production based on coal (>20% of revenue).

Weapons: – The manufacture or distribution of controversial weapons² as well as suppliers of components, services, or development specially designed for the final product.

Tobacco or vaping – The production of tobacco or vaping products (sub-contractors are not included by this ban).

Gambling – The provision of products or services related to gambling and betting.

Pornography – The production or distribution of pornography and adult entertainment.

3.4.6. At this stage, any potential investments that do not meet IIP’s initial screening criteria are excluded to ensure alignment with IIP’s sustainability objectives.

² Specifically, weapons that infringe the following conventions: 1) The Convention on the Use of Certain Conventional Weapons, 2) The Chemical Weapons Convention, 3) The Biological Weapons Convention, 4) The Convention on Cluster Munitions (the Oslo Convention), 5) The Anti-Personnel Landmines Convention (the Ottawa Convention), and 6) The Nuclear Non-Proliferation Treaty.

3.4.7. Commercial due diligence

- 3.4.8. Investments that successfully pass the initial screening are then prioritized for further due diligence in order to identify and address any potential sustainability risks alongside other relevant risk factors. At this stage, the fund's mandate is assessed in conjunction with the GP's historical sector focus and portfolio company selections in previous funds, ensuring that both specific and systemic sustainability risks are carefully evaluated.
- 3.4.9. IIP's commercial due diligence integrates ESG as a distinct and formal component of the overall assessment presented to the Investment Committee. The ESG due diligence focuses on the GP's capacity, systems, and commitment to managing sustainability risks and opportunities throughout the investment cycle.
- 3.4.10. IIP assesses a range of factors when evaluating a GP's approach to ESG. This includes whether the GP has a formal ESG policy and dedicated ESG resources, how ESG considerations are integrated into investment decisions and ownership practices, and the GP's approach to ESG monitoring and reporting. IIP also reviews the GP's ESG ambitions and improvement plans as well as exposure to material sector and country risks relevant to the fund's strategy. Together, these factors provide a comprehensive understanding of how the GP manages and communicates ESG matters across its portfolio.
- 3.4.11. As part of the ESG due diligence process, each GP is assigned a rating based on IIP's 1–5 scale, where 5 represents the highest rating and 1 the lowest. A rating of 1–2 may be deemed acceptable if the GP demonstrates a credible commitment to improving its ESG practices. In such cases, tracking the ESG progress of the GP is a key priority of IIP's ongoing monitoring efforts.
- 3.4.12. Before an investment decision is made by the Investment Committee, the identified sustainability risks are considered as part of the broader investment risk assessment. Where significant sustainability risks are identified, they are proactively addressed through early engagement with the GP. Mitigation measures are tailored to the specific circumstances and, where possible, are clearly addressed within the contractual agreements (side letter and Limited Partner Agreement).
- 3.4.13. Box 2 illustrates IIP's specific ESG requirements and preferences when investing in buyout funds. IIP's ESG approach for venture capital investments is described further under section 4 below.

Box 2

Key areas in IIP's ESG commercial due diligence		What is a minimum requirement and a preference?	
		 Requirement	<input checked="" type="checkbox"/> Preference
1 ESG risks (sector and country)	<ul style="list-style-type: none"> Are any identified ESG risks, that could have a potential negative impact on IIP's return, sufficiently mitigated? <p><i>Note: IIP conducts an ESG Adverse Risk Impact assessment for all new investments</i></p>		<ul style="list-style-type: none"> IIP will not make an investment if the potential negative impact on the investment return is too high and not mitigated ("IIP risk rating of 1")
2 ESG Policy	<ul style="list-style-type: none"> Does the GP have an ESG policy? 		<ul style="list-style-type: none"> IIP will as principle not invest in managers that do not have an ESG Policy
3 ESG standards	<ul style="list-style-type: none"> Is the GP a signatory of a recognized ESG initiative, such as UN PRI or Global Compact? 	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> IIP can accept that a GP is not a signatory, however they adhere to the principles for responsible investments
4 ESG due diligence	<ul style="list-style-type: none"> Does the GP conduct ESG due diligence on new portfolio company investments? Such due diligence to cover potential ESG risks and opportunities 	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> IIP would like to see that GPs conducts internal or external ESG due diligence prior to an investment commitment
5 ESG targets	<ul style="list-style-type: none"> Does the GP set ESG targets at the portfolio company level, which are tied to action plans during ownership? 	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> IIP would as a best-practice like to see that GPs set ESG targets to improve baselines on E, S and G factors in portfolio companies
6 Monitoring & reporting	<ul style="list-style-type: none"> Does the GP have a monitoring process for following up on ESG targets? Does the GP report on the ESG progress in the portfolio companies to LPs? 	<input checked="" type="checkbox"/>	<ul style="list-style-type: none"> IIP would like a transparent reporting to LPs on e.g. ESG targets and performance for each portfolio company in the fund
7 ESG ambitions	<ul style="list-style-type: none"> Does the GP have clear and measurable ambitions to improve on current ESG efforts? 		<ul style="list-style-type: none"> For GPs with limited to no ESG integration at the time of IIP's investment decision, the GP shall be on a development path

3.5. Monitoring and active ownership

3.5.1. IIP views monitoring and active ownership as essential components of responsible investment and as key to protecting long-term investment value. Because IIP invests through private equity funds, the ability to influence ESG outcomes lies primarily with the fund managers. IIP therefore focuses on maintaining regular dialogue with its GPs to monitor ESG developments, identify emerging risks, and encourage continuous improvement in their management of ESG issues.

3.5.2. IIP's monitoring approach includes participation in annual general meetings and Limited Partner Advisory Committees (LPACs), as well as regular bilateral dialogue with GPs, and collecting ESG data at the portfolio-company level. The purpose is not only to identify potential adverse developments at an early stage but also to evaluate how GPs are strengthening their management of ESG risks and opportunities over time. This ongoing oversight supports both the protection of investment value and the promotion of responsible business conduct across IIP's portfolio. For managers whose ESG approaches are still at an early stage, IIP places particular emphasis on understanding their roadmap for improvement and the steps being taken to build more structured ESG processes.

3.5.3. Once an investment in a private equity fund is made, the GP assumes primary responsibility for overseeing sustainability risks within the underlying companies or assets in the fund. While GPs are not always legally obliged to notify investors of ESG-related incidents, IIP expects them to inform investors of material issues that could affect the value or integrity of the fund or its portfolio companies. If IIP becomes aware of such incidents, it assesses whether the GP is addressing the issue in a manner consistent with IIP's ESG principles.

3.5.4. If, despite repeated engagement attempts, a GP does not take adequate action, IIP may choose to refrain from future commitments to that manager. In exceptional circumstances, IIP may also consider divesting its fund interest to other professional investors, although this is generally not preferred due to potential challenges in securing an acceptable return. IIP therefore prioritises using its influence with

the GP—individually or, where relevant, in collaboration with other investors—to ensure that the issue is addressed in accordance with IIP’s ESG principles, international norms, and the long-term protection of investment value.

3.5.5. ESG data management, metrics and reporting

3.5.6. IIP annually collects ESG data at the portfolio company level from its fund managers to monitor progress, inform investor reporting and meet regulatory requirements. The information gathered includes Principal Adverse Impact (PAI) indicators under the Sustainable Finance Disclosure Regulation (SFDR) as well as data aligned with the ESG Data Convergence Initiative (EDCI).

3.5.7. Across the private equity industry, ESG data remains inconsistent and incomplete with limited standardisation and variable quality. This presents challenges to transparency and comparability, which IIP actively seeks to address by engaging with its GPs to improve data coverage, reliability and reporting practices over time.

4. Venture capital investments

4.1. IIP’s ESG Investment Policy applies equally to its venture and buyout investments. Venture exposure is held through IIP’s dedicated venture funds, which invest primarily in early-stage technology and innovation-driven companies. While the same principles for responsible investment and ESG risk management apply across all investment types, the characteristics of the venture market require a differentiated and pragmatic approach.

4.2. Venture capital investing presents a particular dilemma in the context of ESG. Many portfolio companies are very small, rapidly evolving businesses with limited resources and often without formal governance structures, policies, or reporting mechanisms. As a result, the integration of ESG considerations at the portfolio company level is generally less mature than in the buyout segment. This is especially the case among U.S.-based venture managers, where the market culture has historically placed less emphasis on ESG factors.

4.3. Recognising these characteristics, IIP’s approach focuses on engagement and capacity-building rather than exclusion. The objective is to encourage venture managers to develop ESG practices that are proportionate to the size, maturity, and resource base of their portfolio companies, while ensuring that these practices evolve as the companies grow. IIP therefore emphasises dialogue with GPs on how they can structure an ESG approach that scales with company development — for instance, by starting with basic governance, employee, and data-protection practices at the seed stage, and gradually expanding to include environmental and supply-chain considerations as the company grows and attracts institutional investors.

4.4. For example, IIP may encourage a GP to ensure that each new portfolio company adopts a basic governance and employee policies as soon as practical after investment, while planning to introduce carbon-footprinting or diversity initiatives once the company reaches a certain size or funding stage. The goal is not immediate perfection, but continuous improvement and readiness for later-stage ESG expectations.

4.5. When evaluating venture managers, IIP places particular importance on the GP's attitude and willingness to mature their ESG approach. This includes assessing whether the manager demonstrates openness to dialogue, seeks to learn from peers, and is willing to engage with IIP on how ESG practices can be adapted to the realities of early-stage investing. Over time, IIP aims to support venture GPs in building internal ESG awareness and structures that will enable them to manage sustainability risks more effectively as their portfolios scale.

5. Co-investments

5.1. IIP also makes co-investments directly into companies primarily alongside private equity fund managers with whom IIP already has an existing fund commitment. These co-investments follow the same overall principles for responsible investment and ESG integration as IIP's fund investments and are covered by this Policy.

5.2. As an experienced long-term investor, IIP has a long track record of co-investing directly into companies alongside its private equity partners. As is the case for IIP's fund investments, sustainability risks are integrated into the investment decision-making process through ESG due diligence. The process generally follows the same steps and assessment criteria as for IIP's fund commitments; however, as the subject of assessment in this case is a company rather than a fund, IIP's ESG review is adapted to this context. The due diligence focuses on identifying material sustainability risks and opportunities relevant to the specific company, sector, and ownership structure.

5.3. Although IIP typically holds a direct ownership stake in co-investments, the firm does not maintain a direct relationship with the underlying company. Instead, IIP's relationship and communication are with the GP, who acts as the active owner and holds the governance rights required to influence the company's management and strategy. Consequently, IIP's leverage is exercised through engagement with the GP, not directly with portfolio company management.

5.4. If material ESG issues or incidents arise in a co-investment, IIP engages constructively with the GP to ensure that the matter is appropriately addressed. In such cases, IIP encourages the GP to use its position as lead investor to enhance the opportunity for positive change within the company. This approach recognises the GP's operational control and capacity to influence portfolio company behaviour, while ensuring that IIP fulfils its own responsibility to monitor sustainability risks in its co-investment portfolio.

5.5. Through this framework, IIP seeks to ensure that ESG and sustainability risks are consistently assessed and managed across all co-investments. The objective is to align IIP's approach to co-investments with its broader ESG standards and commitments under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR), while recognising the practical governance structure inherent in such investments.

6. Collaboration with investors and stakeholders

6.1. IIP recognizes the value of collaborating with other investors and stakeholders to enhance sustainability risk management. By working with other investors, industry groups, civil society, and other stakeholders, we aim to foster best practices in sustainability risk integration. IIP actively participates in investor alliances and networks focused on ESG issues, sharing insights and resources to improve collective understanding and management of sustainability risks.

6.2. IIP is currently a member of:

- ESG Data Convergence Initiative (EDCI)
- Investor Alliance for Human Rights
- Labour Rights Investor Network
- Reframe Venture
- IIGCC (indirect membership through parent company)
- PRI (indirect membership through parent company)
- Dansif (indirect membership through parent company)

7. Responsibility throughout the investment value chain

7.1. IIP recognises that responsible investment requires accountability across the entire investment value chain – from investors providing capital to the fund managers and portfolio companies deploying it. IIP expects all participants to act with integrity, transparency, and respect for international norms, and applies the same ethical and sustainability standards to its investors, business partners, and other stakeholders.

7.2. Responsible selection of investors

7.2.1. As a general principle, IIP will not enter into partnerships or accept commitments from investors who meet one or more of the following criteria:

7.3. Sanctions and unlawful activities:

- The investor, its management, or beneficial owners are subject to international sanctions (EU or UN).
- The investor, its management, or beneficial owners have been convicted of serious legal offences, including financial crime, money laundering, corruption, discrimination, or terrorism financing.

7.4. Reputational risk and lack of value alignment:

- The investor is publicly associated with actions, positions, or affiliations that could harm IIP's reputation, including through adverse media coverage, civil society reporting, or other public criticism. This includes systematic violations of international conventions, human rights abuses, severe environmental harm, or other material ESG controversies.

7.5. Lack of transparency:

- The investor uses opaque ownership structures or jurisdictions that hinder insight into ultimate beneficial ownership or investment purpose.
- The investor or its beneficial owners are registered or domiciled in jurisdictions included on the EU list of non-cooperative tax jurisdictions.
- The investor fails to cooperate satisfactorily in connection with Know Your Customer (KYC) and Anti-Money Laundering (AML) processes.

7.6. In exceptional cases, IIP may conduct a specific assessment taking into account mitigating circumstances or documented improvements on the part of the investor. Such assessments must be carried out jointly by IIP's Investor Relations, Legal, Compliance, and Sustainability functions and approved by the Partner Group.

7.7. Through this approach, IIP promotes alignment of values and standards across all counterparties, reinforcing trust, accountability, and responsible conduct throughout the investment value chain.

8. Change Log

Version	Date	Reason for amending policy
1	25 November, 2025	N/A