

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial market participant: Celero Capital Fund (E) AB

Legal entity identifier: 559366-8063

Reference period: 01.01.-31.12.2023

1. Summary

Celero Capital Fund (E) AB (Celero Capital or the Fund)(Reg. No. 559366-8063) considers principle adverse impacts (PAI) of its investment decisions on sustainability factors as part of its investment due diligence process and procedures. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Celero Capital.

The publication of this statement on principal adverse impacts on sustainability factors reflects the reference period of 1 January 2023 to 31 December 2023.

Principal adverse impacts on sustainability factors are considered by Celero upon investment and in the ownership of the financial product. We consider the mandatory principal adverse impact indicators plus two voluntary indicators defined by the Sustainable Finance Disclosure Regulation (SFDR) under Regulation (EU) 2019/2088.

Reporting year 2023 marks the first reporting year of the Fund, hence no comparison to previous year is available. Considering the lack of comparative data from previous reference periods and mandatory data reporting requirements for investee companies, it is difficult to identify all principal adverse impacts of our investments as well as to fully evaluate the extent of negative impact our investments have. Nonetheless, we have committed to reducing our impact on the environment, promoting diversity and ensuring transparency. This is reflected in our ESG engagements and priority areas that we have identified as critical to the portfolio's long-term value creation.

2. Description of the principal adverse impacts on sustainability factors

Celero Capital considers Principle Adverse Impacts (PAI) of its investment decisions on sustainability factors as part of its investment due diligence process and procedures. PAI on sustainability factors are considered by Celero Capital upon investment and in the ownership of the financial product. We consider the mandatory Principal Adverse Impact indicators (PAIs) plus two additional indicators defined by the Sustainable Finance Disclosure Regulation (SFDR) under Regulation (EU) 2019/2088.

At the beginning of the reporting period only a handful of KPIs were accessible due to the Fund's recently established status and 2023 being the inaugural reporting year of PAIs. However, over the year, the tracking of ESG KPIs has expanded. By the end of FY2023, nearly all PAIs were made accessible. Moving forward into FY2024, Portfolio Companies will internally report PAIs regularly.

The Fund intends to report on the adverse impacts on sustainability factors in its annual ESG report as well on the the Principal Adverse Impact statement (current document), both published in the Sustainability section of the Celero Capital website.

The mandatory indicators as specified by the SFDR are detailed in Table 1 below, the additional indicators are detailed in Table 2 and 3 We provide information on the actions taken and planned to address or lessen the identified primary adverse impacts associated with each indicator. This Statement reports on the principal adverse impacts of our investments, measured using these indicators, for the period from January 1 to December 31, 2023.

We commit to annual reporting, subject to data availability and accuracy. Initial comparisons of impacts to the previous year will be disclosed by June 30, 2025, followed by annual updates thereafter.

TABLE 1

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG Emissions	Scope 1 GHG emissions	475 tonnes CO2e (Coverage: 100%)	NO DATA (Coverage: N/A)	<p>'Scope 1, 2 and 3 GHG emissions' means the scope of greenhouse gas emissions referred to in points (1)(e)(i) to (iii) of Annex III to Regulation (EU) 2016/1011 of the European Parliament and of the Council.</p> <p>(i) Scope 1 carbon emissions, namely emissions generated from sources that are controlled by the company that issues the underlying assets.</p> <p>(ii) Scope 2 carbon emissions, namely emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from the company that issues the underlying assets.</p> <p>(iii) Scope 3 carbon emissions, namely all indirect emissions that are not covered by points (i) and (ii) that occur in the</p>
		Scope 2 GHG emissions	102 tonnes CO2e (Coverage: 90%)	NO DATA (Coverage: N/A)	
		Scope 3 GHG emissions	80 tonnes CO2e	NO DATA (Coverage: N/A)	
<p>In reference to KPIs 1 through 6:</p> <p>Approach Celero Capital has committed to reducing our impact on the environment. We acknowledge primary climate-related risks arising from direct greenhouse gas (GHG) emissions within our portfolio's operations, energy usage, and transportation. To address these risks, we prioritize systematic reporting and climate impact monitoring to facilitate the transition to a climate-adapted and low-emission business model. We support our portfolio companies in integrating climate change risks into their strategic planning, risk management, and reporting processes. Furthermore, we encourage prioritizing the transition to a net-zero economy by 2050.</p> <p>As reporting year 2023 is the inaugural PAI reporting year at Celero, Celero does not have comparative data available from previous years. Therefore, it intends to establish targets during the Financial Year 2024 in line with the objectives above.</p> <p>Engagement With regard to the pace of change and rapidly emerging climate-related regulations, Celero engages with its portfolio companies to integrate emission risks into overall risk assessment; survey the value chain to identify significant emission sources; survey energy use and</p>					

			(Coverage: 94%)		value chain of the reporting company, including both upstream and downstream emissions, in particular for sectors with a high impact on climate change and its mitigation.	implement a transition to green energy across all company units; establish strategic goals and action plans for emissions reduction to lead Celero towards a net-zero economy by 2050; and to continuously monitor climate legislations to ensure alignment with evolving regulatory requirements.
		Total GHG Emissions	657 tonnes CO2e (Coverage: 95%)	NO DATA (Coverage: N/A)	Total GHG emissions are calculated as the sum of the proportional GHG emissions of each investment, where the proportion is determined by the current value of the investment relative to the company's enterprise value, per definition provided in Annex I of Regulation (EU) 2022/1288.	Starting from this reporting year, we have included climate data disclosure in accordance with the Greenhouse Gas Protocol guidelines. Additionally, climate-related mandatory key performance indicators are reported by portfolio companies and published in our annual ESG report.
	2. Carbon footprint	Carbon footprint	12 tonnes CO2e/m€ capital (Coverage: 95%)	NO DATA (Coverage: N/A)	Carbon footprint is calculated as the sum of the proportional GHG emissions of each investment, where the proportion is determined by the current value of the investment relative to the company's enterprise value and then divided by the current value of all investments s per definition provided in Annex I of Regulation (EU) 2022/1288. This calculation includes the	<p>ESG Integration</p> <p>Celero integrates ESG considerations in our business strategy and operations and they remain central throughout the investment decision and ownership phase. Each investment opportunity is analysed to identify and manage ESG risks and opportunities, during deal sourcing and throughout the investment process. Celero's ESG strategy identifies five priority areas aligned with our investment focus and the needs of the markets we plans to enter, all selected to support the UN Global Sustainability Goals (SDGs).</p> <p>Celero's framework for ESG integration in the areas of greenhouse gas emissions is guided by the priority area: "SDG 13 Climate Action (Climate Change)".</p> <p>In our active engagement with portfolio companies, we ensure the implementation of the ESG strategy via our ESG</p>

					company's Scope 1, 2, and 3 GHG emissions.	Playbook, Portfolio Companies-specific ESG Action Plans and ESG reporting and monitoring mechanisms.
	3. GHG intensity of investee companies	GHG intensity of investee companies	11 tonnes CO2e/m€ revenue (Coverage: 95%)	NO DATA (Coverage: N/A)	GHG intensity of investee companies is calculated as the sum of the proportional GHG emissions of each investment, where the proportion is determined by the current value of the investment relative to the current value of all investments, multiplied by the company's Scope 1, 2, and 3 GHG emissions per million euros of the company's revenue, as per definition provided in Annex I of Regulation (EU) 2022/1288.	<p>Exclusions and screening (Applies to all PAIs 1-14)</p> <p>To ensure responsible investment, Celero conducts a comprehensive ESG screening process followed by an in-depth assessment in the ESG Due Diligence phase. The ESG screening process consists of (1) exclusion check, (2) negative screening, (3) generic ESG assessment, as well as (4) further desk research upon gaining access to internal company documents.</p> <p>Celero Capital's Investment Policy covers the exclusion of activities with highly negative climate impacts and social risks linked to controversial and unethical sectors. The exclusion list prohibits any investments in companies or entities involved in illegal economic activity or activities such as:</p> <ul style="list-style-type: none"> - Production and trade of tobacco and distilled alcoholic beverages and related products; - Financing of the production or trade of weapons and ammunition of any kind; - Casinos and equivalent enterprises; - Research, development or technical applications related to electronic data programs or solutions, particularly those supporting illegal activities like internet gambling, online casinos, or pornography; - Fossil fuel-based energy production and related activities; - Energy-intensive and/or high CO2-emitting industries unless they qualify as environmentally sustainable
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0% (Coverage: 100%)	0%	'companies active in the fossil fuel sector' means companies that derive any revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and of the Council.	

	5. Share of non-renewable energy consumption	Share of non-renewable energy consumption of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	21% (Coverage: 46%)	NO DATA (Coverage: N/A)	<p>'renewable energy sources' means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;</p> <p>'non-renewable energy sources' means energy sources other than those referred to above.</p>	<p>investments as defined in the EU Taxonomy for Sustainable Activities or are eligible under the European Investment Fund's (EIF) Climate Action & Environmental Sustainability (CA&ES) objectives.</p> <p>Furthermore, the investment restrictions also exclude companies that risk violating international conventions and guidelines, such as the OECD guidelines, UN Guiding Principles on Business and Human Rights, and Labor Rights conventions. Celero Capital will not invest in companies with sales generated from gambling, illicit drugs or tobacco, the sex industry, coal extraction and oil & gas energy extraction or with a substantial share of their revenues generated from weapons or ammunition.</p>
	5. Share of non-renewable energy production	Share of non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a	0% (Coverage: 100%)	NO DATA (Coverage: N/A)	<p>'renewable energy sources' means renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;</p> <p>'non-renewable energy sources' means energy sources other than those referred to above.</p>	

		percentage of total energy sources			
	<p>6. Energy consumption intensity in high impact climate sectors</p> <p><i>(Real estate activities; Mining and quarrying; Wholesale and retail trade, repair of motor vehicles and motorcycles; Water supply, sewerage, waste management and remediation activities; Manufacturing; Electricity, gas, steam and air conditioning supply; Construction; Agriculture, forestry and fishing; Transporting and storage).</i></p>	Energy consumption in GWh per million EUR of revenue of investee companies	0 GWh/€m revenue (Coverage: 100%)	NO DATA (Coverage: N/A)	Not Applicable as Celero Capital does not hold any investment in companies active in 'high impact climate sectors'.

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/ operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0% (Coverage: 100%)	NO DATA (Coverage: N/A)	'biodiversity-sensitive areas' means Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas ('KBAs'), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139(12).	<p>In reference to KPIs 7 through 9:</p> <p>Approach Acknowledging that a large share of a company's impact on the environment and society occurs in the production and consumption of goods and services, Celero Capital implements rigorous environmental standards and practices on all portfolio companies to achieve the sustainable management and efficient use of natural resources as stated in the Agenda 2030. To this effect, Celero Capital requires all portfolio companies to manage all waste and chemicals following agreed international frameworks and reduce their release to air, water and soil to minimize their adverse impacts on human health and the environment.</p>
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0 tonnes/m€ capital (Coverage: 5%)	NO DATA (Coverage: N/A)	<p>'emissions to water' means direct emissions of priority substances as defined in Article 2(30) of Directive 2000/60/EC of the European Parliament and of the Council and direct emissions of nitrates, phosphates and pesticides;</p> <p>'Priority substances' means substances identified in accordance with Article 16(2) and listed in Annex X. Among these substances there are "priority hazardous</p>	<p>In addition, Celero Capitals works with our portfolio companies to include sustainability data into their reporting cycles, while manufacturing companies are expected to conduct life cycle analyses. In doing so, Celero Capital support its portfolio companies in enhancing transparency and accountability, ultimately fostering continuous improvement towards sustainable production.</p> <p>Engagement Celero is committed to supporting each portfolio company in achieving specific actions aimed at reducing the environmental and climate risks of the supply chain. With the intention of setting targets during the Financial Year 2024 to align with these objectives, Celero actively encourages the following actions in its portfolio companies: managing waste and chemicals according to international frameworks, minimizing releases to air, water, and soil to</p>

					substances" which means substances identified in accordance with Article 16(3) and (6) for which measures have to be taken in accordance with Article 16(1) and (8).	safeguard human health and the environment, promoting the efficient use of natural resources and monitoring sites/operations located in or near to biodiversity-sensitive areas. ESG Integration Celero's framework for ESG integration in the areas of biodiversity, water and waste is guided by the priority area of its ESG strategy: "SDG 12 Responsible Consumption and Production (Sustainable Consumption and Production Patterns),"
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0 tonnes/m€ capital (Coverage: 3%)	NO DATA (Coverage: N/A)	'Hazardous waste' means waste which displays one or more of the hazardous properties listed in Annex III of Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives.	Exclusions and screening: See answer in PAI 1-6.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for	0% (Coverage: 100%)	0%	'UN Global Compact principles' means the ten Principles of the United Nations Global Compact.	In reference to KPIs 10&11: Approach Celero Capital is a signatory to UN Principles of Responsible Investments (UN PRI) and has applied to be a participant of the United Nations Global Compact in 2022. Celero is committed to fostering ethical business practices and a culture of integrity, enforcing zero tolerance for corruption and bribery across its operations, portfolio companies, and partnerships. To uphold this standard, portfolio companies are required to implement internal control systems,

	Multinational Enterprises	Multinational Enterprises				<p>prevent money laundering and provide ongoing training to ensure compliance with policies.</p> <p>Engagement To address conflicts of interest, Celero provides a whistleblower function for stakeholders to report concerns anonymously. Celero Capital also requires its portfolio companies to adopt and enhance cybersecurity measures, integrating data privacy principles and legal, technological and policy frameworks into their operations and business models, using a risk-based approach.</p> <p>Additionally, Celero Capital addresses ESG risks in supply chains, including working conditions, human rights and environmental concerns. By mapping these risks, companies can make informed decisions, manage risks and potentially terminate contracts with high-risk suppliers, leading to improved sustainability outcomes. During the ESG Due Diligence phase, potential investments are screened to see whether they have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.</p> <p>ESG Integration Celero's framework for ESG integration in the areas of social and employee matters is guided by the priority area of its ESG strategy: "SDG 16 Peace, Justice and Strong Institutions (Business Ethics)".</p> <p>Exclusions and screening See answer for PAI 1-6, applicable to all PAIs</p>
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for	0% (Coverage: 100%)	NO DATA (Coverage: N/A)	'UN Global Compact principles' means the ten Principles of the United Nations Global Compact.	

		Multinational Enterprises				
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	5% (Coverage: 55%)	NO DATA (Coverage: N/A)	'unadjusted gender pay gap' means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees.	<p>In reference to KPIs 12&13:</p> <p>Approach Celero Capital emphasizes the importance of ensuring fair and inclusive recruitment practices across all portfolio companies, free from any form of discrimination. Celero mandates that all portfolio companies adhere to non-discriminatory recruitment practices and foster fair and inclusive opportunities for their employees. Additionally, companies must actively strive for balanced and inclusive representation in senior positions. Discrimination based on factors such as gender, social origin, physical ability, political opinion, sexual orientation, age, religion, marital status or health status is strictly prohibited, extending to all aspects of employment including hiring, compensation, promotion and termination.</p> <p>Engagement To address the need to attain a diverse representation in decision-making processes and an inclusive environment within management teams, Celero works with portfolio companies to provide a fair and non-discriminatory working environment. Moreover, each company is required to cultivate an inclusive corporate culture that fosters commitment among all employees, achieved through robust corporate governance, recruitment processes,</p>
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	21% (Coverage: 100%)	NO DATA (Coverage: N/A)	'board' means the administrative, management or supervisory body of a company.	

						<p>policies and routines.</p> <p>Celero encourage each portfolio company to collect and report gender and age diversity data across the organization, including boards, executive teams and employees. In the upcoming years, Celero also intends to establish written policy for addressing diversity challenges; and periodically report progress; address diversity challenges in the supply chain; document and review incidents of discrimination, implement remediation plans, and incorporate results into management reviews.</p> <p>ESG Integration Celero's framework for ESG integration in the areas of social and employee matters is guided by the priority area of its ESG strategy: "SDG #5 Gender Equality (Non-discrimination and Gender Equality).</p>
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0% (Coverage: 100%)	NO DATA (Coverage: N/A)		<p>The fund has no investments in companies involved in the manufacturing and selling of controversial weapons and will not have such exposure in the future.</p> <p>These activities are in fact banned according to exclusion criteria and fund documentation. See the Exclusions and screening answer for PAI 1-6, applicable to all PAIs</p>

TABLE 2

ADDITIONAL CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, actions planned and targets set for the next reference period
1. Emissions of inorganic pollutants	Tonnes of inorganic pollutants equivalent per million EUR invested, expressed as a weighted average	0.4 tonnes/m€ capital (Coverage: 5%)	NO DATA ~ (Coverage: N/A)	<p>‘inorganic pollutants’ means emissions within or lower than the emission levels associated with the best available techniques (BAT-AEL) as defined in Article 3, point (13) of Directive 2010/75/EU of the European Parliament and of the Council(14), for the Large Volume Inorganic Chemicals- Solids and Others industry;</p> <p>‘emission levels associated with the best available techniques’ means the range of emission levels obtained under normal operating conditions using a best available technique or a combination of best available techniques, as described in BAT conclusions, expressed as an average over a given period of time, under specified reference conditions.</p>	<p>Approach Celero seeks to foster continuous improvement towards sustainable production by implementing rigorous environmental standards and practices on all portfolio companies to enhance transparency and accountability. It is a requirement for all portfolio companies to manage all waste and chemicals following agreed international frameworks and reduce their release to air, water and soil to minimize their adverse impacts on human health and the environment.</p> <p>Engagement Celero works directly with portfolio companies to ensure the management of waste and chemicals is conducted according to international frameworks, thereby minimizing releases to air, water and soil to safeguard human health and the environment and promoting efficient use of natural resources. We set out clear guidelines in the ESG Playbook and engage portfolio companies in trainings to integrate sustainability data into their reporting cycles and conduct life cycle analyses.</p>

TABLE 3

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTIBRIBERY MATTERS

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, actions planned and targets set for the next reference period
2. Rate of Accidents	Rate of Accidents	5% (Coverage: 92%)	NO DATA (Coverage: N/A)	Rate of recordable work-related injuries in investee companies.	<p>Approach Celero Capital recognizes the importance of fostering healthy economic growth to ensure safe and sustainable work environments. This can be achieved through diversification, technological innovation and focusing on high-value-added sectors. We acknowledge that it is crucial for businesses to prioritize practices that safeguard the health and safety of their personnel. This entails conducting systematic risk assessments to identify and mitigate workplace hazards, with specific actions tailored to each sector and industry.</p> <p>Engagement Celero engages and supports each portfolio company to deliver on the following actions to ensure a safe and sustainable work environments:</p> <ul style="list-style-type: none"> - Sick leave (long term and short term) % - Staff turnover % - Total number of injuries relative to total workforce (Injury rate) % - Average hours of training per year per employee Hours - Employee engagement (through employee survey) %

3. Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Celero Capital's approach to identify principle adverse impacts

Celero has integrated sustainability and responsible investment into the core of Celero's business strategies and operations since it was founded in 2022. Celero is committed to responsible investment practices in all its investment decisions and ownership, and in doing so, it has prioritised minimizing environmental impact, promoting diversity and ensuring transparency. Driven by a vision for creating value and mitigating risks, Celero aligns strategies and operations with ESG priorities and fundamental principles related to human rights, labour, environment and anti-corruption, with the aim to promote sustainable business practices among its portfolio companies.

The following policies inform Celero's ESG and sustainability strategy and processes for identifying, assessing and mitigating the principal adverse impacts of its investment activities:

- Celero Capital Environmental, Social and Governance Playbook (ESG Playbook) | *Published: April 2022*
- Celero Capital Responsible Investment and Ownership Policy | *Published: April 2022*
- Celero Capital Investment Policy | *Published: March 2024*
- Code of Conduct Celero Capital | *Published: April 2022*
- Celero Capital Cyber Security Policy | *Published May 2022*
- Celero Capital Anti-Money Laundering Policy | *Published May 2022*
- Celero Capital Conflicts of Interest Policy | *Published April 2022*
- Celero Capital Policy for Managing Personal Data | *Published May 2022*
- Celero Capital Whistleblower Policy | *Published June 2022*

The above-listed policies are approved by the Board of Directors of Celero Capital and the Celero Capital Investment Committee (and where applicable the Board of Directors in the portfolio companies; Reledo and Corteco respectively). The policies are reviewed annually.

Of the above-listed policies, Celero's Responsible Investment and Ownership Policy and the ESG Playbook make up the guiding framework within which Celero actively contributes to societal goals and the achievement of the ESG priorities. With a particular focus on five ESG priority areas that align with our investment focus and market needs: SDG 13 (climate action), SDG 5 (gender equality), SDG 8 (decent work and economic growth), SDG 12 (responsible consumption and

production) and SDG 16 (peace, justice and strong institutions). With these two policies in place, we have implemented safeguards to ensure that all investments are aligned with ESG standards in accordance with the requirements of a SFDR Article 8 fund.

Monitoring and Assessment of principal adverse impacts

Starting in the deal sourcing phase of the investment stage, we apply norm-based ESG screening filters to identify and filter any company that is involved in breaches of international law and norms on international protection or that risk violating international conventions and guidelines, such as the OECD guidelines, UN Guiding Principles on Business and Human Rights, and Labor Rights conventions as well as other international laws and norms on environmental protection, human rights, labour standards and anti-corruption measures. This process consists of (1) exclusion check, (2) negative screening, (3) generic ESG assessment, as well as (4) further desk research upon gaining access to internal company documents. This procedure is the first step to identify significant adverse impacts that relate to a certain number of mandatory PAI indicators, covering the areas of greenhouse gas emissions, waste management, as well as human rights, anti-corruption and anti-bribery matters.

Based on the findings of the ESG Screening, we conduct the ESG Due Diligence in the investment stage, in order to assess transaction risks, benchmark against industry standards, pinpoint deficiencies, and uncover post-acquisition improvement opportunities. This second step addresses identified issues from the ESG Screening process and gains deeper insights into management practices through desk analysis, system reviews, interviews and site visits. ESG Due Diligence is implemented by third parties and shall be based on international frameworks i.e., ESRS UN PRI, UN Global Compact, COSO, GRI, Integrated reporting, Integrated thinking and national legislation).

Ability to report on PAIs is also being assessed in the ESG Due Diligence. During the due diligence phase, the Fund evaluates whether the target companies are already monitoring PAIs and otherwise assesses the timeline for their implementation. After the investment, portfolio companies initiates data collection processes throughout the year.

At the beginning of the reporting period only a limited number of the KPIs were accessible due to the fund's recently established status and 2023 being the inaugural reporting year of PAIs. However, over the year, the tracking of ESG KPIs has expanded. By the end of FY2023, nearly all PAIs were made accessible. Moving forward into FY2024, Portfolio Companies will internally report PAIs on more regular basis, with the aim to be able to report quarterly by the beginning of FY25.

Margin of error with methodologies

The methodology to identify and assess PAIs are subject to data availability and quality. We rely on portfolio companies to provide the majority of data. In instances where data is not fully available, Celero uses reasonable estimates or third-party data. If data is deemed unsuitable for estimation, an explanation in the fund's reporting is provided. Given the evolving nature of sustainable finance industry and regulatory frameworks, we are constantly striving to improve the quality and availability of data in our investment and ownership processes.

A limitation in terms of methodology and data availability is the inability to gather comprehensive information about the PAIs to the same level from all investee companies of our portfolio companies, due to inconsistent reporting standards and competencies across investee companies, depending on their company size and available resources.

To overcome this, the coverage rate is being provided. Further, the impacts reported above concern the entity level (Celero) and portfolio companies level (Reledo and Corteco), while impacts beyond this scope are not included, as well as impacts for which data is not obtainable on a best-effort basis or by estimation.

Governance in relation to policies

The senior management of Celero Capital and its portfolio companies hold primary responsibility for defining the ESG approach, including company-wide values, policies, initiatives, actions and other processes to assess the Fund's impact on society and the environment. The implementation of our Responsible Investment and Ownership Policy at the portfolio companies, as well as our active ownership and engagement framework, rests with the Celero Capital Investment Committee, the Chief Executive Officers of the portfolio companies Corteco and Reledo, and their respective Boards of Directors.

Members of Celero Capital's Investment Committee are represented on the Boards of Directors of Corteco and Reledo, which convene at least bi-monthly. Their responsibilities include:

- Defining, validating, and steering Celero's ESG strategy and responsible investment policy.
- Defining, approving, and monitoring Celero's ESG and climate strategy.
- Approving the main strategic guidelines of the Responsible Investment and Ownership Policy and the ESG Playbook, including the exclusion and engagement policies.
- Monitoring key strategic projects.

Acknowledging the relatively recent foundation of Celero Capital and its portfolio companies, additional efforts are required to further develop ESG reporting and monitoring competencies. In the coming years, Celero intends to enhance its ESG competency by appointing dedicated personnel for all matters related to sustainability and sustainable investing and for improving its overall ESG reporting capabilities at the fund level and stewardship capacity of portfolio companies.

Data sources

Celero has adopted a best-effort approach for sourcing data from portfolio companies and third-party data providers. Where Celero already had data collection processes in place, such as for greenhouse gas emissions, gender diversity and exclusion processes, we have chosen to use that data in our reporting. This decision is due to the extensive resources expended in gathering each data source. We apply various measures to control the data quality, both third-party and internal. The external data providers and other data sources are assessed on an ongoing basis for data quality, coverage and other attributes. More information about the external data sources used is available upon request.

4. Engagement policies

During the reporting year, Celero Capital demonstrated an active approach to portfolio management. After the acquisition of portfolio companies, we ensure the implementation of our ESG strategy via our ESG Playbook, ESG Action Plan and ESG reporting and monitoring.

The ESG Playbook includes tools designed to drive our portfolio companies' growth and sustainable development. It serves as Celero's sustainability performance framework, where Celero stipulates the requirements for ESG matters that all Celero's portfolio companies must follow and implement in their business.

The ESG Action Plan includes a timeline and tangible goals for each area. Agreeing on the action plan is an essential part of our onboarding process. Celero Capital does not invest unless we see strong evidence that the potential portfolio company will be able to meet our requirements within the agreed time period specified in the action plan. Apart from the ESG Playbook, ESG Action Plan of Celero mentioned above, we engage with the boards of directors of our portfolio companies, Reledo and Corteco, in direct dialogue to discuss ESG issues as part of the corporate strategy, risk management and performance. The document "Celero Capital Responsible Investment and Ownership Policy" acts as the stewardship guideline in our activities.

ESG Reporting and Monitoring.

Portfolio companies are required to annually report ESG performance on a selected list of 28 Key Performance Indicators (KPI), including the main categories set out below:

- Environmental: Climate Footprint, Energy Management, Biodiversity, Water and Waste
- Social: Responsible Human Resources Management
- Governance: Business Ethics

To enhance our ambition to better identify and prioritise PAIs, Celero strives to improve the monitoring and reporting of ESG performance across our portfolio companies to ensure consistent standards, regardless of company size or experience level. This effort is aimed at establishing consistent practices and benchmarks to improve transparency, efficiency and comparability across portfolio companies. Additionally, Celero remains focused on enhancing our ESG competencies, with a particular emphasis on setting ESG targets and engaging with portfolio company employees through initiatives such as implementing double materiality, key performance indicators and workshops. Moreover, Celero's portfolio companies, Reledo and Corteco, are integrating due diligence insights, prioritizing the implementation of findings to drive sustainable improvements.

5. References to international standards

Celero ensures that all companies we invest in adhere to the same international conventions and norms that we follow, while companies that risk violating international conventions and guidelines are excluded. These international standards are outlined below along with the corresponding PAI indicators:

- **UN Global Compact**
 - PAI 10: UN Global Compact/OECD guideline violations

- **OECD Guidelines for Multinational Enterprises**
 - PAI 10: UN Global Compact/OECD guideline violations
 - PAI 11: UN Global Compact/OECD guideline compliance monitoring system
 - Additional PAIs: Rate of accidents

- **UN Guiding Principles on Business and Human Rights**
 - PAI 10: UN Global Compact/OECD guideline violations
 - PAI 11: UN Global Compact/OECD guideline compliance monitoring system
 - Additional PAIs: Rate of accidents

- **UN Principles for Responsible Investment**
 - PAI 10: UN Global Compact/OECD guideline violations
 - PAI 11: UN Global Compact/OECD guideline compliance monitoring system

- PAI 12: Unadjusted gender pay gap
 - PAI 13: Board gender diversity
 - PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)
 - Additional PAIs: Rate of accidents
- **UN Sustainable Development Goals**

The UN SDGs are integral to identifying the five ESG priority areas in Celero's sustainability strategy. In addition, Celero closely monitors global progress towards the 2030 Agenda for Sustainable Development to adapt to changes in our sustainability context.

 - SDG #5 Gender Equality - Non-discrimination and Gender Equality
 - SDG #8 Decent Work & Economic Growth - Safe and Sustainable Work Environments
 - SDG#12 Responsible Consumption and Production - Sustainable Consumption and Production Patterns
 - SDG #13 Climate Action - Climate Change
 - SDG #16 Peace, Justice and Strong Institutions - Business Ethics.

6. Historical comparison

A historical comparison of the period reported versus previous year will be provided in June 2025.