



SUSTAINABILITY
REPORT 2023

HOLDING

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ABOUT NORD HOLDING

For more than 50 years, we have established ourselves as one of Europe's leading asset managers. Our sustainable business strategy is a dynamic and ongoing process.

LETTER TO OUR STAKEHOLDERS

TAKING RESPONSIBILITY

Dear stakeholders and investors,

As one of Europe's leading private equity firms, we are aware of our responsibility to bring about positive change while simultaneously achieving lasting returns for our investors. We strongly believe that companies such as NORD Holding Unternehmensbeteiligungsgesellschaft mbH (hereinafter referred to as 'NORD Holding') have a crucial role to play in tackling climate change and developing sustainable solutions. With that in mind, we are delighted to present to you our 2023 Sustainability Report, which documents our efforts and progress at company and portfolio level in both Fund Investment and Direct Investment.

“By investing in sustainability today, we are laying the foundations for a successful and resilient future.”

Andreas Bösenberg, Managing Partner of NORD Holding

Over the past year, we have taken more important steps towards firmly embedding the three facets of sustainability in our company. From our double materiality analysis, which forms the basis of our strategies and targets at company and portfolio level, to the implementation of quantitative key performance indicators (KPIs) to monitor and achieve our sustainability targets – we have built a solid foundation for focusing our efforts on areas where we believe we can have the greatest impact and see the biggest opportunities and risks.

“Here at NORD Holding, we believe that implementing ESG management and practices is not just a challenge but also an opportunity – an opportunity to rethink our investments and business practices and generate lasting above-average returns for our investors.”

Rainer Effinger, Managing Partner of NORD Holding



Andreas Bösenberg,
Managing Partner



Rainer Effinger,
Managing Partner

At NORD Holding's company level, we have introduced numerous processes and measures, for example, to reduce our own environmental footprint and to promote diversity within our teams.

To complement these efforts, we have also taken crucial steps at portfolio level to ensure that our investments generate lasting and sustainable increases in value.

NORD Holding's sustainable business focus is a dynamic and ongoing process. We invite you to read our sustainability report and join us in taking the next few steps on this exciting journey.

Kind regards,

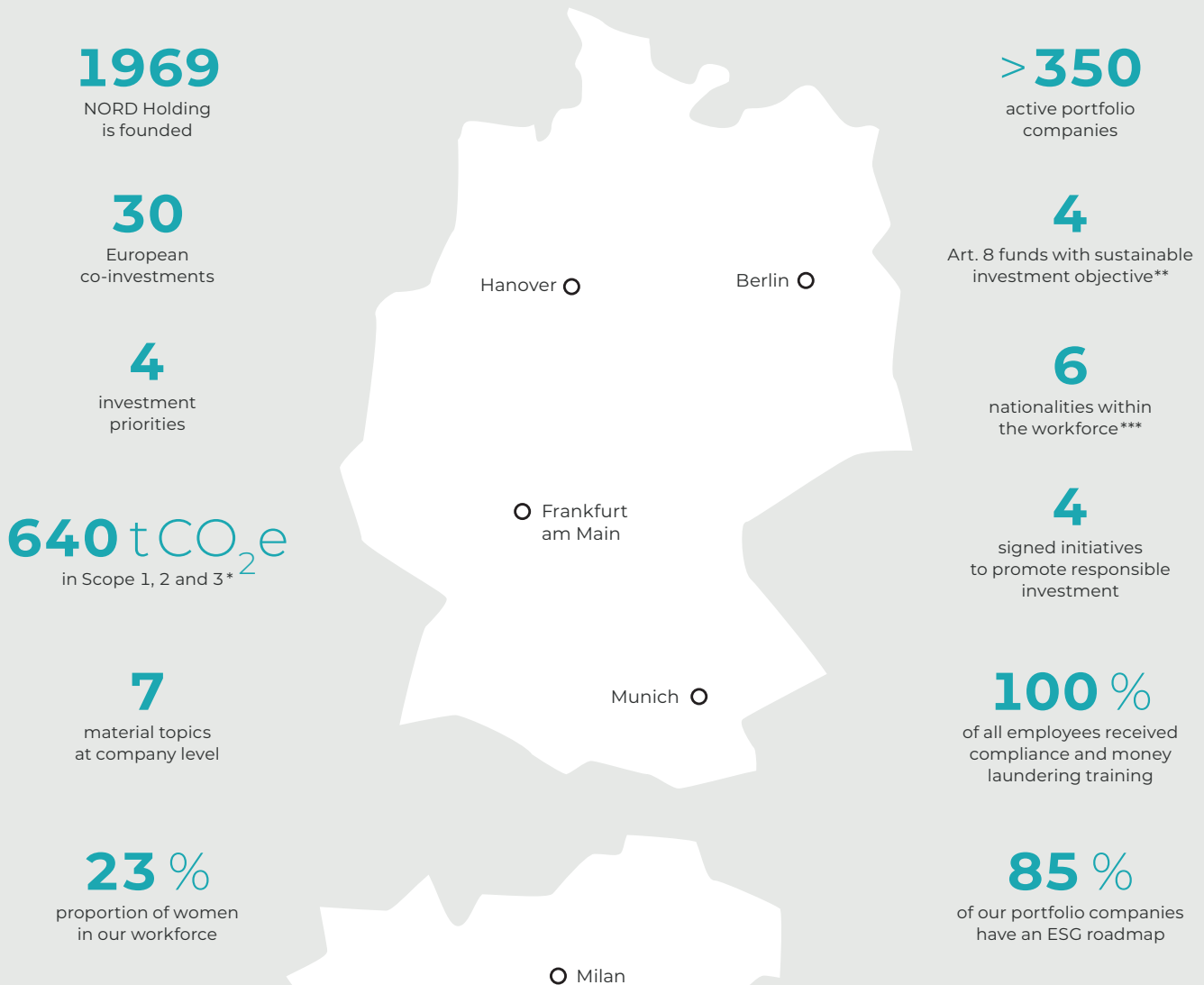
Andreas Bösenberg and Rainer Effinger
Managing Partners of NORD Holding

NORD HOLDING AT A GLANCE

For more than 50 years, we have established ourselves as one of Europe’s leading private equity firms. By making steady progress and pursuing a combined business model of fund and direct investments, we have positioned ourselves as a dynamic and forward-looking European private equity company. Since our founding in 1969, we have continued to develop not only our business model but also our understanding of corporate sustainability. Our actions are guided by a deep sense of responsibility towards our stakeholders and investors.

The headquarters and/or activities of our platform business are based in Germany, Austria and Switzerland, while our Fund Investment business has a pan-European focus. A total of 30 experienced private equity investment managers work to deliver compelling and successful investment ideas across our five offices in Hanover, Berlin, Frankfurt am Main, Munich and Milan.

QUICK FACTS ON POWERFUL INVESTMENTS AND IMPACTFUL RESULTS



* In selected Scope 3 categories.

** NKB Co-Invest IX GmbH & Co. KG, NORD Holding Micro-Cap VIII GmbH & Co. KG, NORD Holding Small Cap Beteiligungs GmbH & Co. KG, NORD KB Dachfonds VII Beteiligungsgesellschaft GmbH & Co. KG.

*** Employees from Germany, China, Spain, France, Italy, the Netherlands.

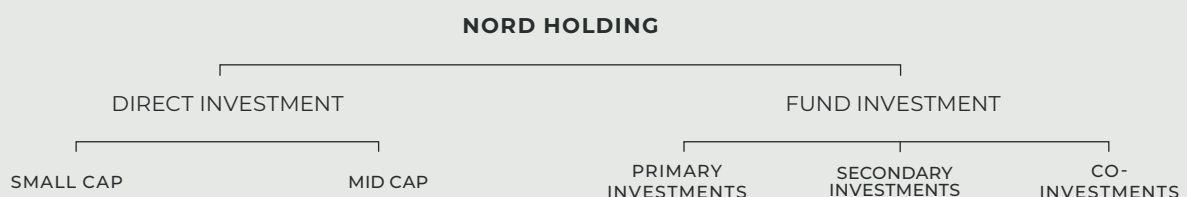
OUR ORGANIZATIONAL STRUCTURE

Direct investment: Our direct business focuses on structuring and financing corporate succession models, acquiring group companies and subsidiaries and expansion financing for small and medium-sized enterprises (SMEs). We currently work actively with 15 SMEs across Germany, Austria and Switzerland who already have relevant market positioning or can achieve this with our support.

- » In 2022, we launched a dedicated **small cap fund** with a target volume of around EUR 100 million. This fund makes equity investments of up to EUR 25 million per investment in SMEs in the DACH region with an EBITDA of up to EUR 5 million. While we typically acquire majority stakes, we also make selective investments in minority interests. In 2022, we opened a new office in Frankfurt am Main with its own team specifically for this small cap fund.
- » We pursue a similar approach in the **mid-cap** segment, and prefer to invest in companies in structurally growing markets with sales of up to EUR 250 million and EBITDA of up to EUR 20 million. We usually acquire either strategic majority stakes or minority interests.

Fund Investment: Our Fund Investment business unit targets the micro- and small-cap segment of SME-oriented European private equity funds, with a focus on primary, secondary and co-investment. NORD Holding heavily concentrates its efforts on buyout managers and operational investment strategies that are new to the market and regularly acts as an anchor investor.

- » When making **primary investments**, we focus on established funds with outstanding returns as well as new fund managers with a proven personal track record of success who want to use innovative approaches to launch their first fund. We prefer an operational investment approach with active portfolio management, a maximum fund size of EUR 750 million and a focus on investments in Europe.
- » In the **secondary investments** segment, we take on the obligations of existing investors, provided that attractive performance is expected and the investments can deliver added value for the fund manager. We work closely with the fund managers when structuring these transactions to ensure maximum flexibility and rapid execution.
- » We primarily focus on attractive small and micro-cap companies in Europe when investing jointly with fund managers from our network. The volume of **co-investments** is typically between EUR 3 and 30 million per transaction.



LEADING THE WAY

We are setting new standards for sustainable investment. By investing responsibly and leading strategically, we are paving the way for a more sustainable future for our portfolio companies.

INITIATIVES AND MEMBERSHIPS

Global challenges such as climate change and social inequality are becoming increasingly complex and require companies to take coordinated action based on internationally recognized principles. Committing to various ESG initiatives and principles such as the Principles for Responsible Investment (PRI) or the Initiative Climat International (iCI) gives us clear guidelines for responsible investment and helps us to continually rethink our strategies and practices, while also providing a compass for our decision-making and bolstering our commitment to a sustainable future.

We support the Sustainable Development Goals (SDGs) with our Responsible Investment Policy, material topics and their associated targets, measures and KPIs, with a particular focus on SDG 5 (Gender equality) and SDG 13 (Climate action).



NORD Holding is a signatory of the Principles for Responsible Investment (PRI). Together with its international network of signatories, the initiative is committed to putting the six Principles for Responsible — Investment into practice. Its aim is to better understand the impact of investment activities on environmental, social and governance (ESG) factors, and help its signatories to incorporate these factors into their investment decisions.



Initiative Climat International (iCI), which NORD Holding has joined, helps to tackle climate change by using proven methods to analyze and reduce carbon emissions and climate-related financial risks in the portfolios of private equity firms.



By sponsoring Level 20, NORD Holding supports the mission of increasing the representation of women across the entire private equity sector. As Level 20 members, Margaritha Decker, Chun Zang and Stefanie Bartosch – representing NORD Holding as a whole – advocate greater representation for women across the entire private equity sector. The aim is for 20% of management positions to be held by women.



At NORD Holding, we use the Women's Empowerment Principles (WEP) to guide us in our efforts to promote gender equality and empower women in the workplace, market and wider community.



Founded in 2009, NORD Holding Stiftung e. V. provides targeted support to aid projects for sick and needy people in the Hanover region. Our team members contribute part of their annual income to support these projects and foster a sense of community in and with the region.

OUR MILESTONES

The three facets of sustainability – environment, social and governance (ESG) – have been an integral part of our everyday activities ever since the company was founded. Signing the Principles for Responsible Investment (PRI) in 2019 marked the start of our commitment to sustainability, and we have been steadily expanding our sustainability activities ever since. During the year under review, we reached a new milestone by analyzing our key issues and laid the foundation for the next steps on our sustainability journey.

2019

Signing the Principles for Responsible Investment (PRI)

Establishing ESG due diligence processes

First ESG survey among the portfolio companies

First assessment of our carbon footprint

2020

Setting up an ESG Council

2021

First SFDR reporting

First NORD Holding RI Policy

First ESG-aligned Art. 8 funds

Introducing ESG due diligence as part of acquisition and exit processes

Introducing ESG portfolio tracking based on targeted KPIs

2022

2023

Outlook

2024

*Membership of Initiative
Climat International (iCI)*

Membership of Level 20

*Signing the Women's
Empowerment Principles
(WEPs)*

*Establishing an
anonymous
whistleblower hotline*

*ESG-focused participa-
tion in the VERSO Group*

*First ESG double
materiality workshop
in accordance with
CSRD*

*Membership of ESG
Data Convergence
Initiative (EDCI)*

*Refining the
NORD Holding
RI Policy*

*Kickoff ESG
roundtable with
our portfolio
companies*

OUR ESG MANAGEMENT APPROACH

Acting responsibly is enshrined in all of our operational and strategic processes. We have gradually expanded our ESG governance structure since setting up the NORD Holding ESG Council in 2020.

ESG BOARD

The ESG Board is responsible for supervision on the ESG progress and activities of NORD Holding. The ESG Board makes essential strategic decisions and monitors the compliance and progress of sustainability work based on the preparatory work of the ESG Council. The ESG Board meets several times a year and maintains a regular dialogue with experts from the ESG Council to ensure transparent decision-making.

ESG COUNCIL

A team of six people from the Direct Investment and Fund Investment teams drives the implementation of sustainability targets at corporate and portfolio level. The diverse composition of the ESG Council allows it to represent and communicate the opinions and interests of all employees from across the various investment teams. The ESG Council also focuses on maintaining a dialogue with the portfolio companies and fund managers.

The Council remains in regular contact to ensure that it can collectively communicate, discuss and organize current and future sustainability matters. Due to the differing requirements of sustainability-related initiatives in Direct Investment and Fund Investment, these measures are implemented in both departments on a decentralized basis.

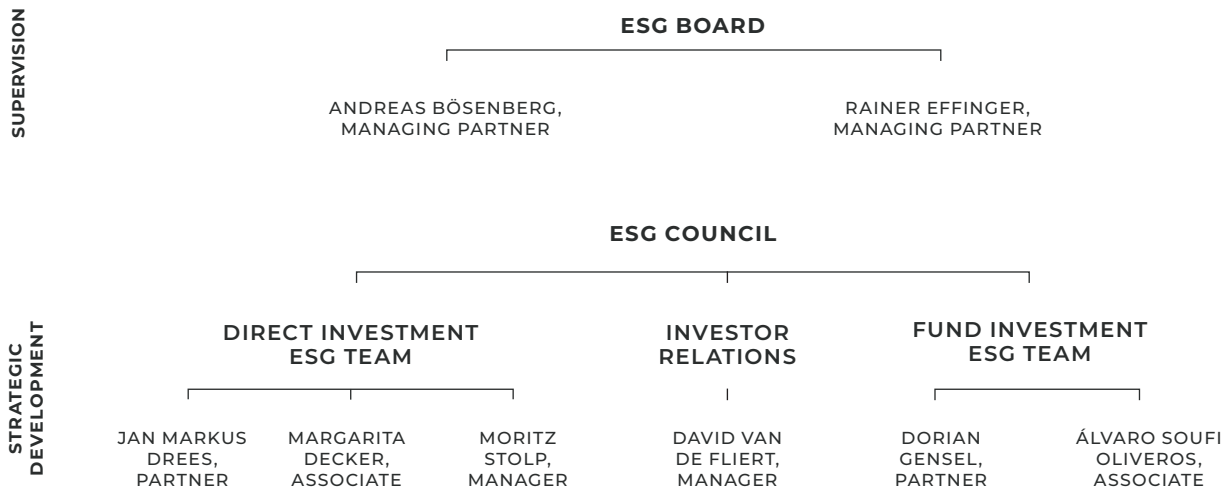
DIRECT INVESTMENT ESG TEAM

Our Direct Investment ESG team remains in close contact with the portfolio companies to help them develop ESG processes and reach their ESG targets. The first ESG roundtable took place in June 2024. The team also provides support in analyzing the ESG risks and opportunities of individual portfolio companies and potential add-on acquisitions.

FUND INVESTMENT ESG TEAM

The Fund Investment ESG team advises the fund managers by sharing its best practice experience of ESG and responsible investment (RI) issues in the European private equity market. Our team focuses on collaborating with newly established and emerging fund managers who are familiar with ESG and RI concepts but do not yet have enough knowledge and/or manpower to put these concepts into practice.

Our ESG governance structure





ANDREAS BÖSENBERG, MANAGING PARTNER



RAINER EFFINGER, MANAGING PARTNER



JAN MARKUS DREES, PARTNER



MARGARITA DECKER, ASSOCIATE



MORITZ STOLP, MANAGER



DAVID VAN DE FLIERT, MANAGER



DORIAN GENSEL, PARTNER



ÁLVARO SOUFI OLIVEROS, ASSOCIATE

DOUBLE MATERIALITY ANALYSIS

The ongoing growth and improvements in NORD Holding's sustainability efforts are deeply integrated into our business model and play a central role in every investment decision we make. With this in mind, we also take into account requirements that do not yet apply to us but could do in the future, such as the requirements of the Corporate Sustainability Reporting Directive (CSRD).

As part of the systematic continuation of our sustainability work, we carried out a **double materiality analysis in accordance with the CSRD** in September 2023, which allowed us to fully assess and identify environmental, social and governance (ESG) issues at NORD Holding and within our portfolio. This materiality analysis enabled us to systematically define the relevance and impact of various issues in the three main action areas and identify the ESG issues that are most relevant to our company and stakeholders. As a result, the materiality analysis marked an important step in refining our focus on sustainability, strategically and effectively integrating ESG issues into our corporate governance, and making our sustainability reporting even more transparent.

Due to our business model, we carried out a double materiality analysis at both company and portfolio level. The materiality analysis at company level was based on a comprehensive business analysis that examined all of our business activities and processes to identify actual and potential impacts, risks and opportunities. In addition, the analysis included a comprehensive benchmarking of the private equity sector to identify additional ESG factors. The ESG Council's close consultations with specialist departments and regular feedback to the ESG Board enabled us to fully evaluate these ESG factors.

CSRD: DOUBLE MATERIALITY ANALYSIS

The CSRD stipulates that companies must carry out a double materiality analysis. A matter is deemed material if at least one of the following two perspectives applies:

- » **Inside-out (impact materiality):** includes NORD Holding's potential and actual negative and positive impacts on ESG topics.
- » **Outside-in (financial materiality):** includes risks and opportunities arising from ESG topics that impact NORD Holding's commercial success and performance.

At portfolio level, both business lines – Direct Investment and Fund Investment – were assessed separately, with employees in the relevant teams fully involved in identifying the impacts, opportunities and risks. The materiality analysis was completed by benchmarking the four investment areas and incorporating the stakeholder perspective, with the latter taken into account by assessing the results of our annual stakeholder survey of portfolio companies (ESG survey).

The impacts, risks and opportunities arising from the upstream and downstream value creation structures of our portfolio companies were also sufficiently examined as part of the materiality analysis.



**Impact
materiality
(Inside-out)**

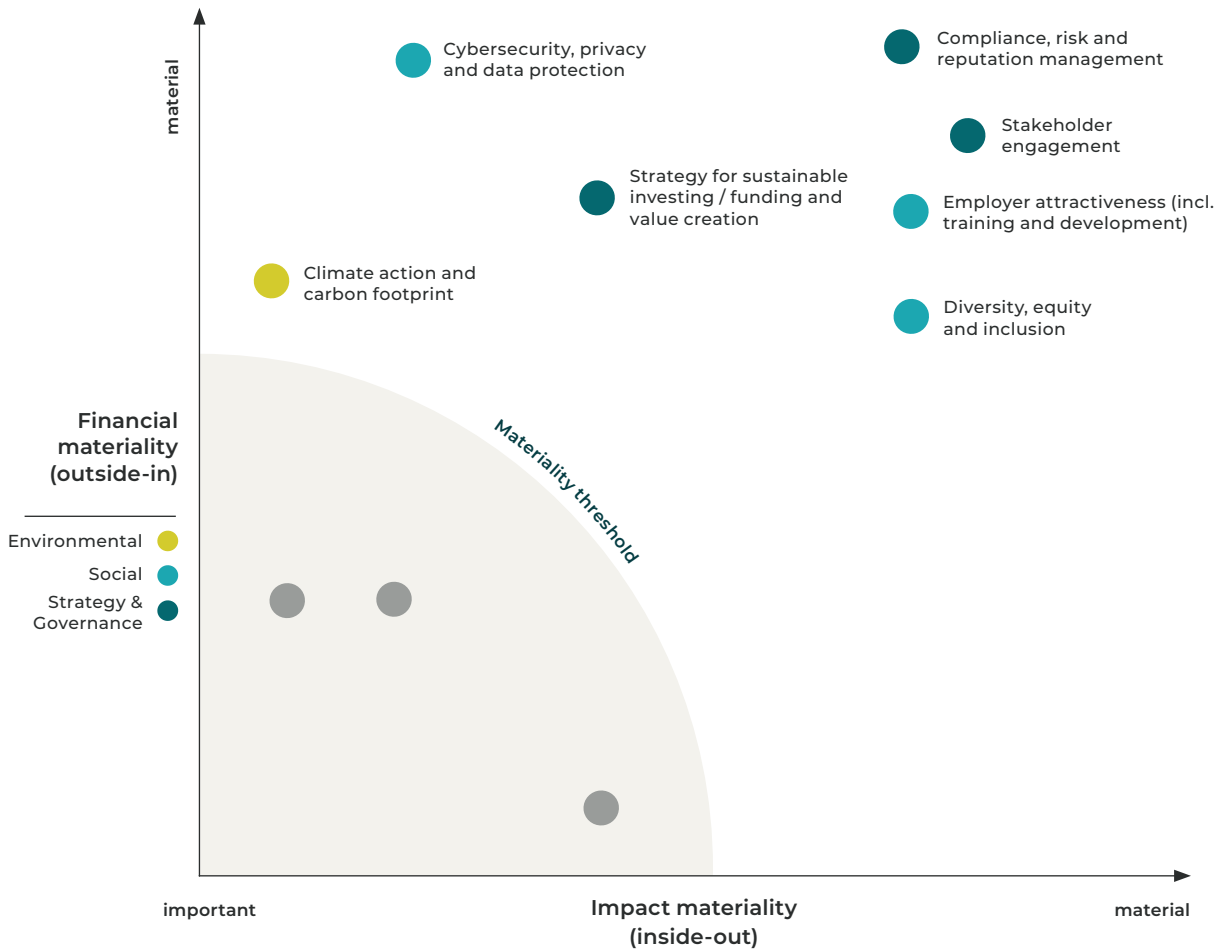
Negative and positive actual and potential impacts of NORD Holding

**Financial
materiality
(Outside-in)**

Financial opportunities and risks for NORD Holding



MATERIAL TOPICS FOR NORD HOLDING



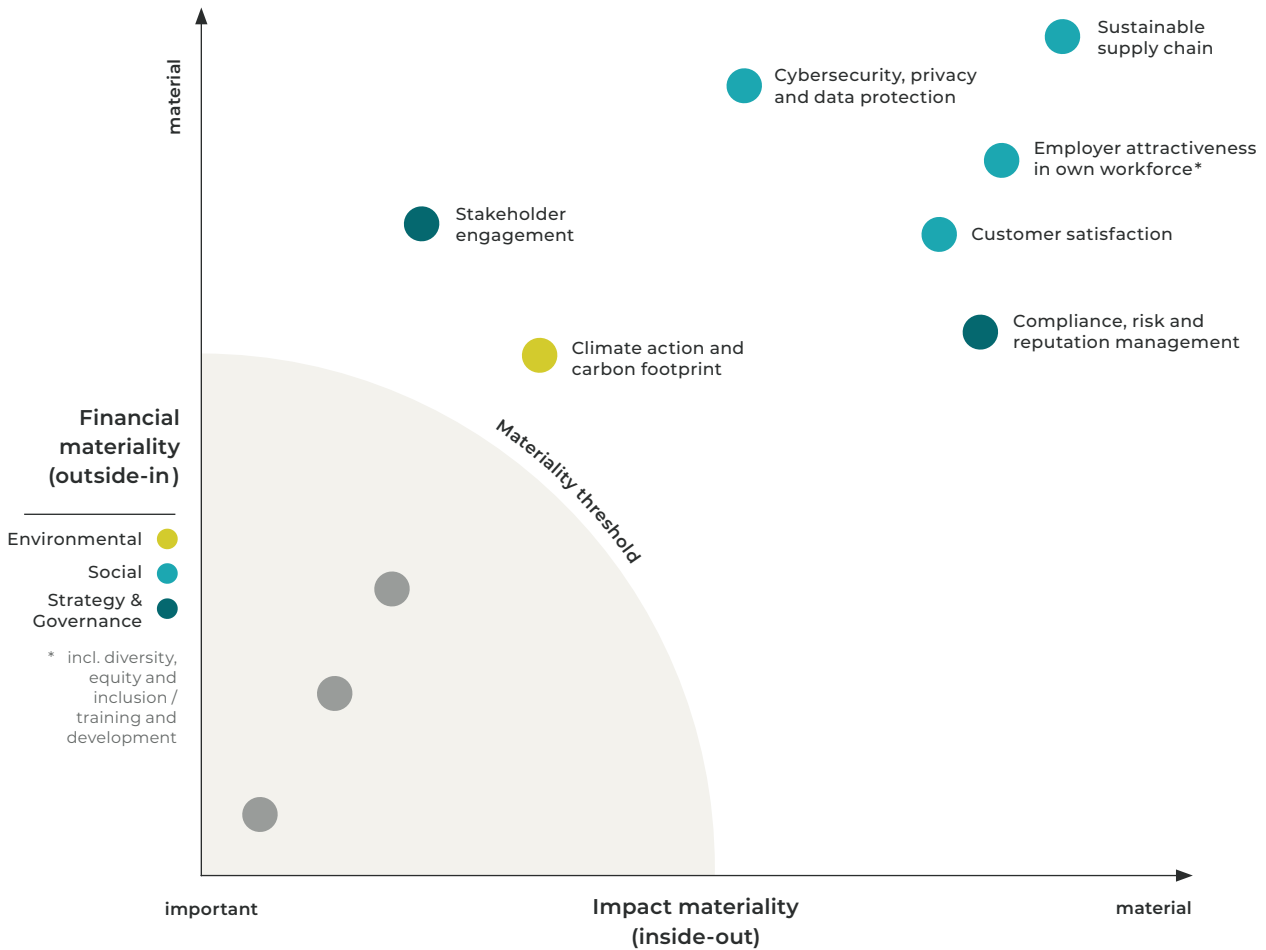
We reflected on, evaluated and sorted the proprietary ESG long list that resulted from this process into a materiality matrix from the inside-out and outside-in perspective as part of a management-level workshop. We also brought together NORD Holding employees from all of our investment teams for a wide-ranging discussion and evaluation.

The previously generated ESG long list was clarified at the workshop to give us a total of seven material topics at corporate level and a further seven material topics at portfolio level. These results were then fed back to the ESG Board for validation.

All issues on the ESG long list that did not exceed the so-called “materiality threshold” will be evaluated and reviewed for materiality annually. It is important that we address all material issues simultaneously and assign them all the same priority.

We revised our sustainability strategy in accordance with the double materiality analysis to make the material issues measurable with targets, measures and KPIs. The material issues, our targets, KPIs and the measures planned and already achieved are described in the [Sustainable operations](#) and [Sustainable portfolio](#) chapters.

MATERIAL TOPICS FOR OUR PORTFOLIO



MATERIALITY MATRIX

» **Material topics:** We have placed various sustainability topics that are material for us into our materiality analysis according to our assessment of them. The materiality threshold shows which topics are particularly important for us and therefore take priority. Not all topics exceed this threshold. These topics are reviewed annually but have a lower priority in our sustainability strategy.

» **X axis (impact materiality):** This axis shows how great an impact the material topics within our business activities and portfolio have on the environment, people and the economy, with both positive and negative impacts taken into account. A higher value on the x axis means that the topic has a bigger positive or negative impact.

» **Y axis (financial materiality):** This axis shows the extent to which the material topics can impact the financial situation, performance and commercial potential of our company. The higher the topic is positioned on the y axis, the more significant the financial risks or opportunities involved.

SUSTAINABLE

Specifically addressing the material topics for our company allows us to bolster our long-term competitiveness and resilience while also making a positive contribution to society and the environment.

OPERATIONS

MANAGING SUSTAINABILITY IN OUR COMPANY

Seven material topics in the Environmental, Social and Governance & Strategy action areas form the core of our sustainability work at NORD Holding and serve as our compass, impacting our day-to-day interactions, shaping our corporate culture and driving our sustainability efforts.

Material topic in the Environmental action area

Climate action and carbon footprint

GOALS

- » Climate neutrality in Scopes 1 and 2 by 2030
- » Accounting for all Scope 3 emissions (investments)
- » Setting up a Scope 3 climate strategy based on SBTi
- » Setting up an energy efficiency policy

By pursuing these goals, we are supporting **SDG 13**



We have been calculating our corporate carbon footprint in accordance with the GHG Protocol* each year since 2019. Having steadily improved and enhanced our data situation during this time, we were able to significantly expand the scope of our carbon footprint accounting in 2023. In addition to recording Scope 1 and Scope 2 emissions, the improved data situation enabled us to record, calculate and evaluate almost all significant Scope 3 emissions to identify the biggest emissions drivers and optimization potential.

Scope 3 greenhouse gas emissions account for the largest share (85%) of our total carbon footprint, followed by Scope 1 (11%) and Scope 2 (4%). While introducing these new categories has significantly enlarged our carbon footprint – by a total of around 9 t CO₂e** per employee – changes in the scope of accounting mean this figure is only comparable with previous years to a limited extent.

The first-time inclusion of manufacturing emissions, purchased and leased vehicles, office materials and technical equipment caused total greenhouse gas emissions to rise by 183 t CO₂e. The Services category was also considered for the first time during the year under review, adding a further 168 t CO₂e to our footprint. Emissions generated by business travel, the vehicle fleet and electronics rose compared to previous years, primarily due to the opening of our new office in Frankfurt, the associated investment in office equipment for our new colleagues, and additions to the vehicle fleet. The rise in emissions was also due to the normalization of business operations after the coronavirus pandemic. However, emissions declined slightly compared to 2019, the last financial year before the pandemic and the base year for our efforts to achieve climate neutrality.

Our financed emissions are currently excluded from Scope 3 accounting, as they cannot yet be reported due to the high degree of complexity involved in recording consumption data. We are working hard to record our financed emissions in order to fill in this gap in the future. Detailed information about how we plan to record the emissions in our portfolio are set out in the [Sustainable Portfolio](#) → chapter.

640 t CO₂e

in Scope 1, 2 and 3 in 2023***

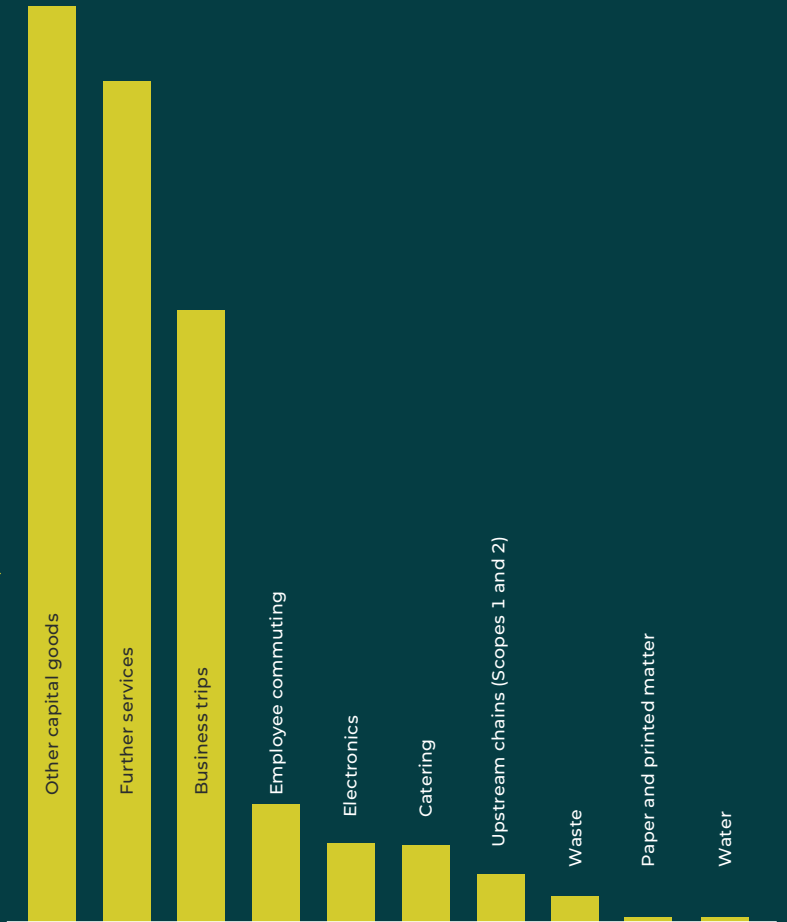
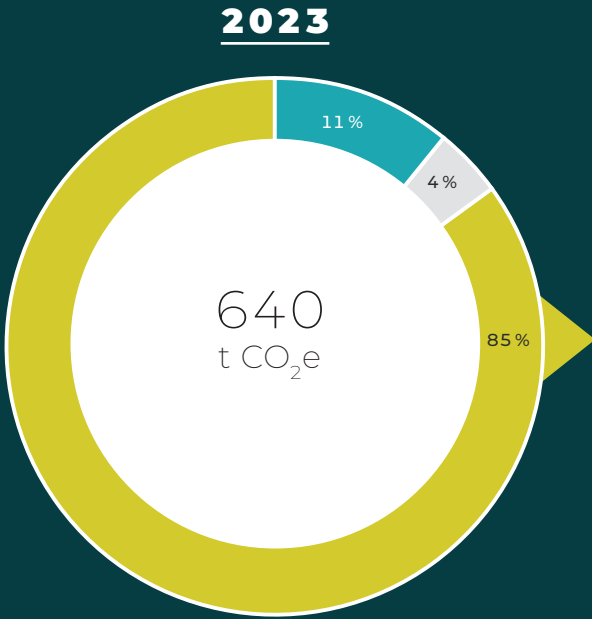
* The GHG Protocol (Greenhouse Gas Protocol) is an internationally recognized framework for measuring and reporting greenhouse gas emissions developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

** The unit of measurement t CO₂e (tons of CO₂ equivalent) quantifies the climate impact of greenhouse gases by specifying their amount in relation to the equivalent amount of carbon dioxide (CO₂).

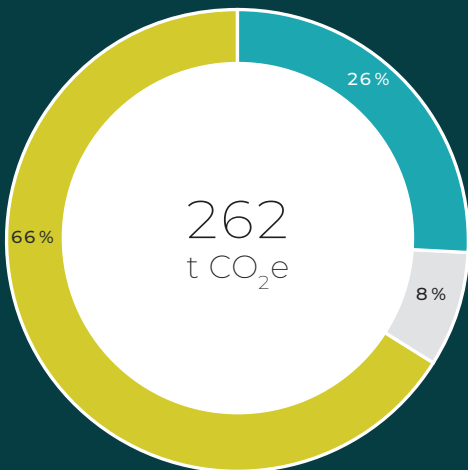
*** In selected Scope 3 categories.

Our carbon footprint

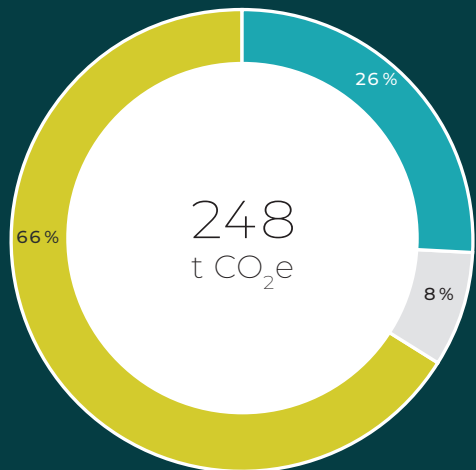
- Scope 1 ●
- Scope 2 ●
- Scope 3 ●



base year **2019**



2022



GREENHOUSE GAS EMISSIONS (in t CO ₂ e)	CATEGORY	2019*	2022*	2023*
Scope 1		69.40	63.95	72.54
	Vehicle fleet (quantity)	N/A**	N/A**	40.25
	Vehicle fleet (kilometers)	36.42	33.35	N/A**
	Stationary combustion	32.98	30.60	32.29
Scope 2		20.49	21.12	23.96
	District heating	N/A**	3.45	3.45
	Electricity	20.49	17.67	20.51
Scope 3		172.01	162.71	543.56
	Catering	7.75	9.02	15.23
	Paper and printed matter	0.67	0.39	0.47
	Water	0.27	0.39	0.38
	Further services	N/A**	N/A**	168.14
	Electronics	3.95	7.50	15.68
	Other capital goods	N/A**	N/A**	183.10
	Upstream chains (Scopes 1 and 2)	8.76	8.96	9.64
	Waste	4.05	4.09	5.08
	Business trips	127.41	106.88	122.23
	Employee commuting	19.15	25.48	23.61
	Investments	N/A**	N/A**	N/A**
Total emissions		261.90	247.78	640.06
Emission intensity in t CO ₂ e per employee		N/A**	5.27	12.08
Emission intensity in t CO ₂ e per billion euros in AuM***		N/A**	82.59	160.02

* Inaccuracy ± 5%.

** The category was not accounted for this year.

*** AuM = assets under management.

As our business model requires a certain degree of mobility, we continually monitor the carbon footprint of our company fleet and investigate alternative transport methods to minimize the emissions these vehicles generate. In 2023, we focused on avoiding domestic flights and expanding our fleet of electric vehicles in particular. Other initiatives we will review in the future include Germany's railway discount subscription program, the BahnCard, as well as overnight accommodation in climate-neutral hotels to lower the emissions generated by commuting and business travel.

Given the urgency of the climate crisis and the challenges associated with this, we aim to be climate-neutral in Scopes 1 and 2 by 2030. To reach this target, we are working tirelessly to plan and implement various initiatives and made significant progress in designing and optimizing our offices and IT infrastructure to be energy-efficient over the past year. Although our Scope 1 and Scope 2 emissions are lower than Scope 3, they are also the most direct way for us to reduce our own emissions. We see particular emissions reduction potential in the electricity and heating categories via initiatives such as switching our electricity tariff to one that uses renewable energy sources.

By acquiring our new ecoTEC VC 806/5-5 E condensing boiler technology and the accompanying myVAILLANT app, we can now manage our heating system in a smart and energy-efficient way. Adjusting various settings such as setting timers or using special operating modes (such as "Away") allows us to constantly monitor our consumption data, which in turn enables us to compare different time periods and quickly identify how we can reduce our heating costs further by optimizing consumption. We are currently planning to add a heat pump to our existing heating system, which would lower our heating emissions even further. We are aiming to define additional savings in energy efficiency policies during 2024 and steadily implement them over the coming years, including an even more efficient server use or switching to the cloud, carrying out energy audits and enhancing building efficiency.

It can be assumed that emissions will rise compared to our base year of 2019, as our financed emissions will also be integrated into our carbon footprint in the future. As a result, we have set ourselves the target of ensuring that we have included all of our portfolio companies in the VERSO climate accounting software by the end of 2024. Carbon accounting at our portfolio companies will then steadily expand, with four of these companies already calculating their full carbon footprint.

Going forward, we will offset any unavoidable emissions by investing in climate change mitigation projects, and will identify suitable projects in 2024.



“Our commitment to reducing greenhouse gas emissions shows that we understand the urgent need for climate action and our duty to make environmentally sound decisions in every area of our business.”

Jan Markus Drees,
Partner & Head of ESG

160

t CO₂e per billion euros in AuM in 2023

12

t CO₂e per employee in 2023

Material topics in the Social action area

Our success and competitiveness rely on having satisfied, motivated, and well-trained employees, which is why we take our responsibilities as an employer very seriously. The satisfaction and loyalty of our employees has a direct impact on our company's performance and culture. By taking specific steps to promote the wellbeing and professional development of our employees, we create a productive, inclusive and sustainable working environment – and strengthen our position as an attractive employer in the long term.

Diversity, equity and inclusion

GOALS

- » Increase the percentage of women across the entire company and in management roles
- » Create fair and balanced remuneration structures for all genders

By pursuing these goals, we are supporting SDG 5



Promoting diversity, equal opportunities and inclusion in our workforce not only creates an open working culture but also makes us more innovative and adaptable. Each individual perspective enriches our team and boosts our ability to overcome challenges and grow sustainably.

We are particularly committed to empowering women, and are introducing initiatives aimed at addressing the growing historical gender imbalance in the private equity sector and break down barriers. We aim to steadily increase the percentage of women in our company, both overall and at management level, and are working particularly hard to adapt our application and recruitment processes so that we can reach out to female candidates in a more active and attractive way. With this in mind, we are currently working on suitable HR strategies to optimize our marketing and recruiting efforts.

We are promoting greater representation of women across the entire private equity sector by not only sponsoring the Level 20 initiative but also by signing up our colleagues Margarita Decker, Chun Zang and Stefanie Bartosch as members.

The international diversity of our team allows us to benefit from a wide range of experiences and backgrounds. Overall, we employ staff from six different countries – Germany, China, Spain, France, Italy and the Netherlands – and want to expand this internationality even further in the years ahead.

Employees	UNIT	2022	2023
Total number of employees	Number	47	53
Women	Number	13	12
Men	Number	34	41
Women in management positions	Number	1	1
Employees at top management level	Number	10	10
Employees aged 30 or less	Number	8	14
Employees aged 30 to 50	Number	29	30
Employees aged 50 or more	Number	10	9
Employees with a disability	Number	1	1

23 %
women in the workforce



nations represented in our workforce
Germany, China, Spain, France, Italy, Netherlands

Employer attractiveness (including training and development)

GOAL

- » Maintain a steady employee turnover rate

Enhancing our employee satisfaction, team spirit and working atmosphere is a matter particularly close to our hearts, which is why we work tirelessly to offer our staff an attractive working environment. We boost the skills and motivation of our employees by promoting specific training opportunities – including the monthly NORD Holding Academy, the two-week Junior Training Academy, expert information on relevant issues such as artificial intelligence (AI), regular English training sessions and external seminars ranging all the way to MBA programs.* By offering ESG training sessions several times a year as part of the NORD Holding Academy, we also raise awareness of sustainability issues.

All of our investments in the training and development of our employees help to not only develop their individual skills but also to ensure long-term stability, low employee turnover and success at NORD Holding. We firmly believe that contented, highly-trained employees enhance team dynamics and are crucial to creating a positive working atmosphere. We plan to broaden our training programs, expand the NORD Holding Academy and set up regular feedback mechanisms so that we can better meet the needs of our staff.

We are also aware that private equity firms are often not very attractive to women as employers and that attracting and retaining female talent presents challenges. With that in mind, we are pursuing a strategy designed to reduce this imbalance and enhance NORD Holding’s appeal to all talented professionals as an employer, with a particular focus on promoting an inclusive and supporting work environment.

	UNIT	2022	2023
Employees who have taken part in performance and career development reviews	Percent	100	100
Average training hours per employee	Number of hours	3	25

11 % (+ 1%)
employee turnover rate



“Our efforts to enhance our employer appeal are reflected in our low staff turnover rate and the high levels of satisfaction among our employees. We rely on flexible working models and an inclusive work environment to attract and retain the most talented professionals.”

Stefanie Bartosch,
Head of Human Resources & Recruiting

* Master of Business Administration

Cybersecurity, privacy and data protection

GOALS

- » Provide annual IT security training for relevant employees*
- » Ensure robust IT security infrastructure and no successful cyberattacks

The increasing threat of cyberattacks means it is vital to implement IT security measures that maintain the confidence of our stakeholders. Protecting the sensitive data of our workforce and investors is our top priority, while safeguarding our intellectual property in the form of confidential and competition-relevant information is also crucial if we are to remain competitive. Even after implementing enhanced IT security measures, there is still a residual risk that could cause us to lose investors in serious cases.

With this in mind, we took out cybersecurity insurance in summer 2023. Our IT infrastructure was once again reviewed for potential risks and weaknesses as part of this process. We are constantly improving our IT documentation to make sure we are prepared in the event of a server failure.

As well as taking steps to enhance IT security, it is important to raise awareness of possible risks so that we can reduce these risks by avoiding them. As a result, we aim not only to continually update and improve our security systems but also to ensure that our employees receive regular training on cybersecurity issues.

In addition to minimizing risks, optimized IT structures also create significant opportunities. By enhancing our IT processes, we can increase communication, data backup and efficiency within our company. A well-organized IT infrastructure can minimize downtime and business interruptions, which in turn boosts productivity and ensures business continuity. Dependable IT security also bolsters confidence among our employees and investors by showing that NORD Holding is taking steps to proactively protect their data and interests. We are constantly on the lookout for appropriate ways to keep strengthening our IT security, such as using two-factor authentication to access the systems we use. Overall, ensuring cybersecurity, privacy and data protection is not just a technical necessity but a strategic imperative if we are to maintain integrity and trust in NORD Holding.

	UNIT	2022	2023
Employees who have taken part in cybersecurity training courses	Percent	100	100
Average training hours per employee	Number of hours	0.5	0.5
PEN tests	Number	1	1

0

compliance incidents

100%

participation rate in cybersecurity training

* This includes employees who regularly work with confidential financial and company data, have access to sensitive company information and confidential contracts, have administrative access rights to systems and networks, and HR employees with access to the personal data of all employees.

Material topics in the Strategy & Governance action area

Protecting our corporate values and minimizing compliance risks are our top priorities in this area. By putting responsibility at the heart of our approach to corporate governance, we ensure that our stakeholders meet strict compliance guidelines that go beyond the investment process itself. A transparent management structure brings our Fund Investment and Direct Investment teams together under the NORD Holding banner as a unified and responsibly led company.

Strategy for sustainable investing / funding and value creation

GOALS

- » Refine and expand the Responsible Investment Policy for our Direct Investment and Fund Investment teams by the end of 2024

By pursuing these goals, we are supporting **SDGs 9, 12, 13 and 17**



Our Responsible Investment Policy (RI Policy) is an essential component and the foundation of our integrated approach to sustainability. It defines our ethical business practices, reflects our ambition to have a positive social and environmental impact, and helps us to meet national and international standards. With this in mind, we place particular emphasis on continually evaluating and regularly revising our RI Policy, which we published for the first time in 2021. For 2024, we plan to refine and comprehensively enhance our RI Policy in order to steadily step up our sustainability efforts.

As part of this process, we aim to tackle the following tasks in particular:

- » Expand our blacklist
- » Expand ESG stewardship in direct and fund investment
- » Introduce money laundering checks for new investors

The contents of our RI Policy and our plans for 2024 are set out in the following chapter, [Our responsible investment strategy](#) →.

There are a number of reasons why we are committed to incorporating ESG into our investment strategy. Our focus for decades now has been to galvanize Germany's small and medium-sized enterprises (SMEs). SMEs are crucial to economic stability, as they create jobs and boost regional development. Access to financing opportunities is often a critical factor. By providing support with our investments and stewardship, we help these companies to be competitive and resilient, which in turn has positive economic and social effects. Growing interest in ESG among stakeholders presents us with significant opportunities and opens up new possibilities.

Our direct investments and funds that consider ESG criteria maintain the long-term stability of our portfolio companies, reduce future risks, offer innovation advantages and open up market potential, enabling us to ensure commercial success while simultaneously helping to protect our environment and climate. Political support for sustainable solutions, innovations and technologies will create further potential in the future and open up new sectors where we can invest at the right time thanks to our forward-looking investment strategy.

The loyalty of our investors is particularly important to us. Their growing interest in integrating ESG into our business model motivates us and supports NORD Holding's long-term positioning as a responsible and forward-looking asset manager.

Compliance, risk and reputation management

GOALS

- » Provide all employees with annual compliance training
- » Ensure there are no compliance violations

Compliance with statutory requirements at a local, national and international level forms the basis for our license to operate and is a matter of course for us. Compliance risks carry legal and financial consequences that could significantly harm our reputation and, in the worst-case scenario, result in the loss of our business licenses. It is vitally important for us to observe and comply with tax laws and regulations, as tax offenses in particular pose damage and reputational risks.

All kinds of compliance risks must be avoided via effective compliance, risk and reputation management. We did not have to report any compliance violations in 2023 and are aiming to maintain this record. We ensure that we comply with applicable regulations and proactively address risks by implementing and regularly reviewing suitable measures and policies as well as training our employees. We also evaluate and, where necessary, revise our Code of Conduct every year. We conducted just such a review in 2023 and, in doing so, were guided by the ten principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. Our [Code of Conduct](#) → boosts confidence among our investors, business partners and portfolio companies as well as other stakeholders.

At the same time, our Code of Conduct serves as a guide for our employees in their day-to-day work. An anonymous, neutral whistleblower hotline means violations can be reported confidentially. By creating and enforcing clear guidelines and procedures for complying with regulations, we set the standard for the integrity, fairness and responsibility we expect from ourselves and others.

0

compliance violations

0

reports via our whistleblower hotline

Stakeholder engagement

GOALS

- » >75% repeat subscriber rate
- » >5% new investors per fund

By pursuing these goals, we are supporting SDG 17



Confidence in our business activities and decision-making as well as the satisfaction and loyalty of our stakeholders are our top priorities in this area. With this in mind, we promote an active dialogue and take different needs and feedback into account.

As our investors are among our most important stakeholders, we always act with their satisfaction in mind. We strive to continually take their latest interests into account and respond quickly to their preferences by maintaining a regular dialogue with them. In any event, it is important for us to keep our investors satisfied and prevent any losses. This dialogue also allows us to share knowledge and mobilize our shared resources to promote sustainable development.

We currently measure investor satisfaction based on follow-on investments and are aiming to achieve a repeat subscriber rate in excess of 75%. Going forward, we will also strive for a new investor rate of more than 5% per fund. To meet these ambitious targets, we are working hard to improve our stakeholder engagement approach and establish structured formats for regular interactions with our investors. Our engagement strategy includes quarterly performance reports, annual ESG reports, personal investor days, and elected bodies of investor representatives who meet three times a year. We also maintain regular communication through fundraising telephone calls and emails.

The satisfaction and loyalty of our employees is also essential for us, as it directly influences our company's performance and culture. This is why, as an employer, it is important for us to retain our staff and create a pleasant, respectful and safe working atmosphere for them. This safeguards both the wellbeing of our employees and the long-term stability of the company and allows us to avoid the significant costs associated with staff turnover and the loss of expertise. Regular performance reviews create space for an open exchange of feedback and individual needs.



“Engaging our stakeholders is fundamental to our success. We believe strongly in maintaining a continuous dialogue and communicating transparently to forge stable, lasting partnerships.”

Moritz Stolp,
Investment Manager

Our stakeholders



POWERFUL

Harnessing the same strength and expertise we have been using to create added value for the economy for more than 50 years, we work together to drive sustainable change – today, tomorrow and for at least the next 50 years.

INVESTMENTS

OUR RESPONSIBLE INVESTMENT STRATEGY

Sustainable investing is a core value that enables all of NORD Holding's investment teams to create lasting value for our investors, society and the environment.

Our portfolio's focus on small and medium-sized enterprises (SMEs) reflects this commitment to sustainable investing. SMEs actively promote ESG values, as they offer stable jobs, are closely connected to their local communities and boast a high level of innovation.

In 2024, we will comprehensively revise our NORD Holding Responsible Investment Policy (RI Policy) to ensure that ESG topics are factored into every investment decision. ESG factors can have a significant impact on performance and are an indispensable part of every full evaluation of potential investments. As a result, the RI Policy plays a key role in ensuring a balance between long-term environmental, social and corporate-governance-related sustainability on the one hand and financial targets on the other. While we continue to invest in our area of expertise, SMEs, we now want to use the expertise and network we have built up over several decades to promote sustainability in these investments. For both our direct and fund investments, we plan to specifically select companies and fund managers that have instilled sustainable practices and are making a positive difference to their industries.

Our latest RI Policy can be found here: [Responsible Investment Policy](#) →.

REFINING THE NORD HOLDING RI POLICY

We continually revise our RI Policy to ensure that we reach our sustainability targets. We plan to have completed another comprehensive revision of our RI Policy by July 2024 that will address the following issues:

- » Expand our blacklist
- » Expand ESG stewardship in direct and fund investment
- » Introduce money laundering checks for new investors

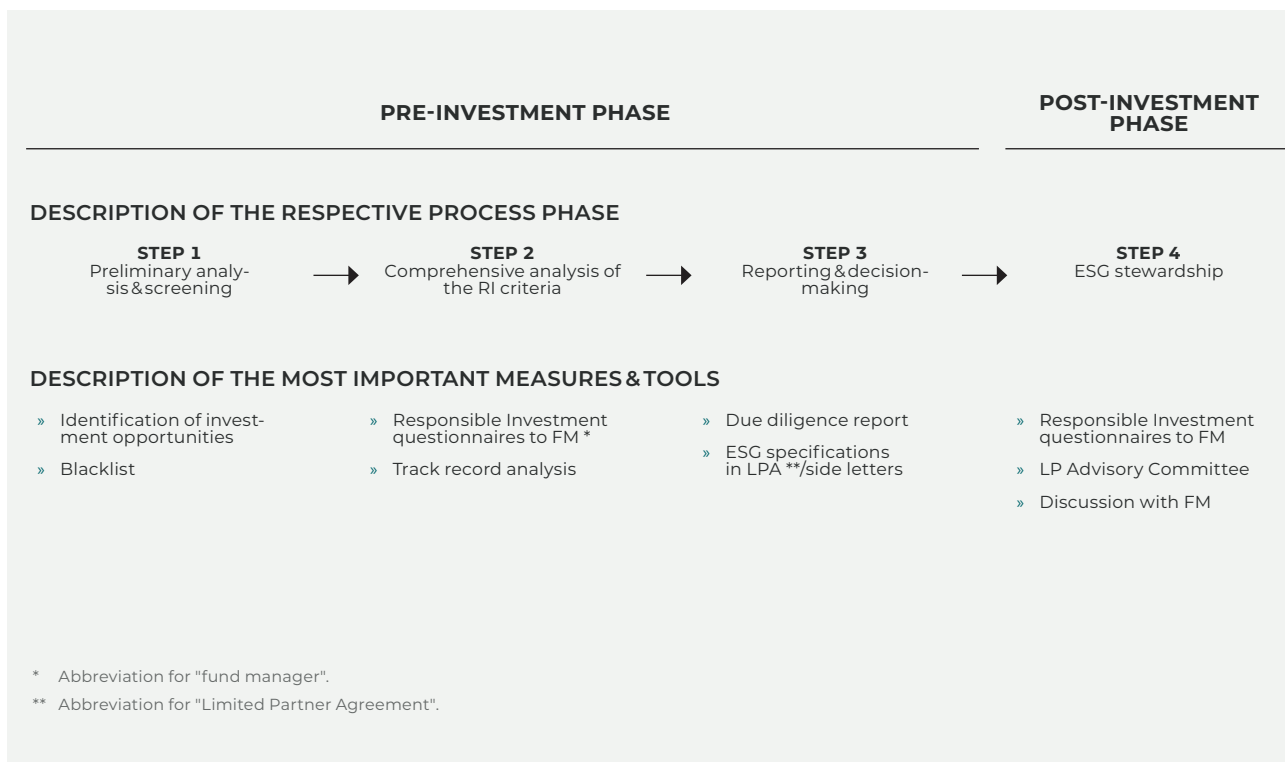
Our RI Policy forms an integral part of our investment and monitoring processes and encompasses the thorough pre-investment review and ongoing portfolio monitoring. Our risk- and -opportunity-based due diligence process in the pre-investment phase ensures that any potential investments meet our ESG criteria and offer the potential to create lasting value. Monitoring the portfolio in the post-investment phase allows us to meet our sustainability targets in the long term and identify and address any potential risks or opportunities in good time. Due to the different structures and control options for fund and direct investments, we have different degrees of influence in each of these areas, which means our ESG approach is designed differently.

ESG DUE DILIGENCE AND STEWARDSHIP PROCESS

Fund Investment

As an asset manager, we cannot exercise direct control over individual companies within our fund investments. This is why our ESG due diligence and stewardship efforts focus on assessing and annually reviewing the ESG performance of the fund managers and their strategies for integrating ESG factors into their investment portfolio. Our first step is to carry out a pre-analysis of potential investors that takes into account the investment strategy and sector preferences of each individual fund. We use our blacklist to exclude certain business activities that are regularly associated with significant ESG risks and reputational damage to prevent investments in funds that invest in sectors or companies that are clearly incompatible with our ESG values. As a second step, we carry out an in-depth analysis of the fund’s responsible investment criteria to identify potential risks and evaluate opportunities to create lasting value. We ask the fund managers to describe their responsible investment approach to ensure that all relevant aspects of responsible investing are covered, and review their answers as part of a track record analysis of their existing portfolio and announced pipeline.

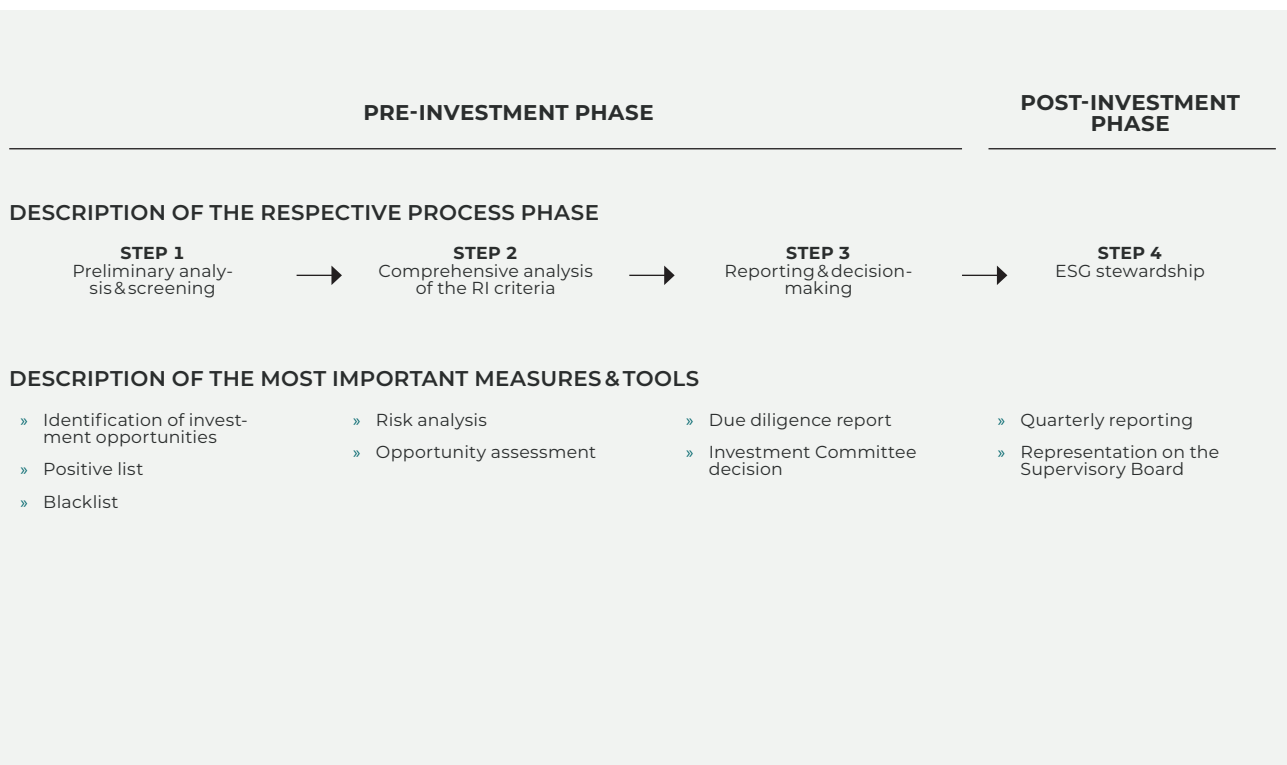
The Investment Committee ultimately makes its decision based on a due diligence report that includes the results of this analysis as well as ESG requirements for the target fund derived from the SFDR categories. All investment decisions must meet the ESG criteria set out by the fund manager in the Limited Partner Agreement (LPA) or Side Letter, while the fund manager is required to make every effort to incorporate ESG criteria into their management and due diligence of portfolio companies. In line with the UN PRI, ESG stewardship is an essential step for us in ensuring that ESG criteria are met even after an investment decision has been made. This means using our influence as an asset manager and monitoring ESG developments within our portfolio, particularly by sending annual responsible investment surveys to fund managers, carrying out advisory mandates and maintaining close contact with our fund managers.



Direct Investment

By contrast, our Direct Investment team uses its direct access to our portfolio companies to ensure that they meet ESG criteria. Our first step is to carry out a pre-analysis of potential portfolio companies based on geographical and sector-specific restrictions in order to identify and expressly review lines of business with certain environmentally- or socially-critical characteristics. We also use our blacklist to exclude direct investments in companies whose business activities are clearly incompatible with our ESG values. At NORD Holding, we have decided to move increasingly towards sustainable business models to drive positive change in these sectors. Our investment focus is based on our positive list for direct investment, which we will roll out gradually over the next few years. As NORD Holding can exert direct control over a company as an investor in direct investments and is therefore more directly affected by its ESG practices, direct investments require the target companies' ESG performance to be examined in greater detail together with the risks and opportunities associated with ESG factors.

As a second step, the Direct Investment team systematically analyses the ESG profiles of potential target companies based on a standardized ESG due diligence scope that covers comprehensive environmental, social and governance aspects. In the last step of the pre-investment phase, the Direct Investment team's Investment Committee makes a decision on whether to continue with or reject the investment based on the due diligence report and conformity with NORD Holding's ESG criteria. Key issues identified as part of the double materiality analysis for the direct investment, including the target company's climate action and carbon footprint, are also taken into account at this point. During the post-investment phase, the Direct Investment team monitors compliance with and improvements in ESG-related KPIs and best practices based on ESG data gathered on a quarterly basis and as part of its mandate on the portfolio company's Supervisory / Advisory Board.



IMPACTFUL

We support today's market leaders and tomorrow's hidden champions in four areas with structurally growing markets – smart industries, tech-enabled business services, software and technology, and healthcare and wellbeing.

OUR PORTFOLIO AT A GLANCE

Our direct investment portfolio currently consists of 15 small and medium-sized enterprises (SMEs) in Germany, Austria and Switzerland that already have relevant market positioning or can achieve this with our support. We prefer companies with a tried-and-tested business model that want to reach their full potential and that we can help grow by using our experience, expertise and network of sector experts to provide practical, long-term support.

We are working steadily to expand ESG activities within our portfolio companies and provide stewardship at every level. Diversifying our portfolio by company size and sector requires a wide-ranging ESG analysis, tailor-made approach and consistent support for all portfolio companies at the same time.



“Integrating sustainability aspects into our portfolio is essential for us. We set clear goals and promote specific initiatives to ensure that our investments can have a positive long-term impact. We use our integrated ESG stewardship to support our portfolio companies on their pathway to sustainability.”

Margarita Decker,
Investment Associate

RESULTS



ZG Zentrum Gesundheit GmbH
Buy-and-build / Healthcare / 2019 – today
www.zentrumgesundheits.de



Röhlig Logistics GmbH & Co. KG
Succession solution / Logistics services / 1994 – today
www.rohlig.com



Heizkurier GmbH
Secondary investment / Smart industries / 2022 – today
www.heizkurier.de



LivEye
Owner buy-out / Business services / 2022 – today
www.liveye.com



NEC MED PHARMA GMBH
Succession solution / Pharma / 2016 – today
www.nec-med-pharma.de



Public Cloud Group GmbH
Buy-and-build / Software & IT services / 2021 – today
www.pcg.io



IDAK Holding AG
Tertiary buy-out / Food manufacturer / 2019 – today
www.idak.ch

 **Circlon | group**

Circlon | group
 Owner buy-out / Software & IT services / 2006 – today
www.circlon.de



Leo's Lekland
 Co-investment / Leisure and entertainment / 2014 – today
www.leoslekland.se

EWERK

EWERK Group
 Primary investment / Software & IT services / 2020 – today
www.ewerk.com



Dr. Födisch Umweltmesstechnik AG
 Succession solution / Smart industries / 2020 – today
www.foedisch.de

OHRWERK 

Ohrwerk
 Buy-and-build / Healthcare / 2020 - today
www.ohrwerk-hoergeraete.de



hvs consulting
HvS-Consulting GmbH
 Owner buy-out / Business Services / 2023 – today
www.hvs-consulting.de



VERSO Group GmbH
 Buy-and-build / Software & IT services / 2022 – today
www.verso.de, www.silvestergroup.com



BestFit Group
 Owner buy-out / Fitness / 2013 – today
www.bestfit-group.de

SUSTAINABLE

Our overarching objective is to make a positive contribution with our investments in order to create added value together with our portfolio companies.

PORTFOLIO

MANAGING SUSTAINABILITY IN OUR PORTFOLIO

Based on the double materiality analysis we carried out in 2023, we have identified seven material topics in the three Environmental, Social and Governance & Strategy action areas that we are specifically pushing ahead with in our portfolio.

Material topic in the Environmental action area

Climate action and carbon footprint:

GOALS

- » Ensure that all portfolio companies have a roadmap for measuring and monitoring carbon emissions by the end of 2024
- » Ensure that all portfolio companies are carrying out carbon accounting for Scope 1, 2 and 3 emissions by the end of 2027
- » Implement a package of targets and actions by no later than 2027

By pursuing these goals, we are supporting SDG 13



In line with the goals described in our [Sustainable Operations](#) chapter to reduce our carbon footprint, we also aim to record our financed emissions in the future. With the help of a coherent joint climate strategy we want to minimize our Scope 3 footprint. Having a direct influence via target setting, stewardship and regular reviews of ESG criteria allows us to promote and manage the sustainable development of our portfolio companies.

Comprehensive reporting within our portfolio means we can record and steadily reduce all carbon emissions along the entire value chain. Our aim here is for all of our portfolio companies to have a roadmap for reducing their greenhouse gas emissions by the end of 2024. All of our portfolio companies are also required to report their Scope 1, 2 and 3 emissions by 2027 and to have agreed an additional package of targets and measures with us from no later than when they begin Scope 3 reporting. These targets will be based on the scientifically-substantiated climate targets set out by the Science Based Targets initiative (SBTi).

We provide our portfolio companies with ample support on their journey by offering stewardship at every level. This is why, in mid-2023, we began collecting and transferring data from our portfolio companies into an ESG tool and providing extensive support during the transition phase using VERSO's Climate Hub software solution, a system designed to comprehensively measure and monitor carbon emissions. By doing this, we particularly enable portfolio companies required to report under the CSRD from 2025 onwards to prepare seamlessly for their reporting obligations. Seven portfolio companies currently use this or another software solution.

By the end of 2024, we are aiming to draft a consistent plan to help all of our portfolio companies map their carbon footprint. We are also measuring progress on issues such as energy consumption on a quarterly basis using our portfolio companies' ESG reporting. We have already begun comprehensively revising our quarterly ESG reporting based on the results of the materiality analysis and will complete this process in 2024. In addition, we plan to engage in regular dialogue with all of our portfolio companies as part of an ESG roundtable in order to assess the ESG targets and KPIs we have specified and any associated difficulties. The first ESG roundtable took place in June 2024. We will also encourage our portfolio companies to connect with experts in the future and are steadily introducing appropriate measures in this area.

In addition, we have set ourselves the medium- to long-term target of recording carbon emissions in our Fund Investment business. Despite the significant challenges associated with this, and our reliance on data provided by third parties, we plan to carry out full climate accounting for our Fund Investment business and are working out a deadline for this target.

When making fund investments, we work closely with fund managers to enhance the ESG performance of our portfolio. Four funds in our investment portfolio currently meet the requirements set out in Art. 8 SFDR (light green funds), while all other funds meet the requirements of Art. 6 SFDR (conventional funds). In the long term, we are aiming to increasingly integrate more sustainable products into our portfolio in accordance with Art. 8 SFDR.

7

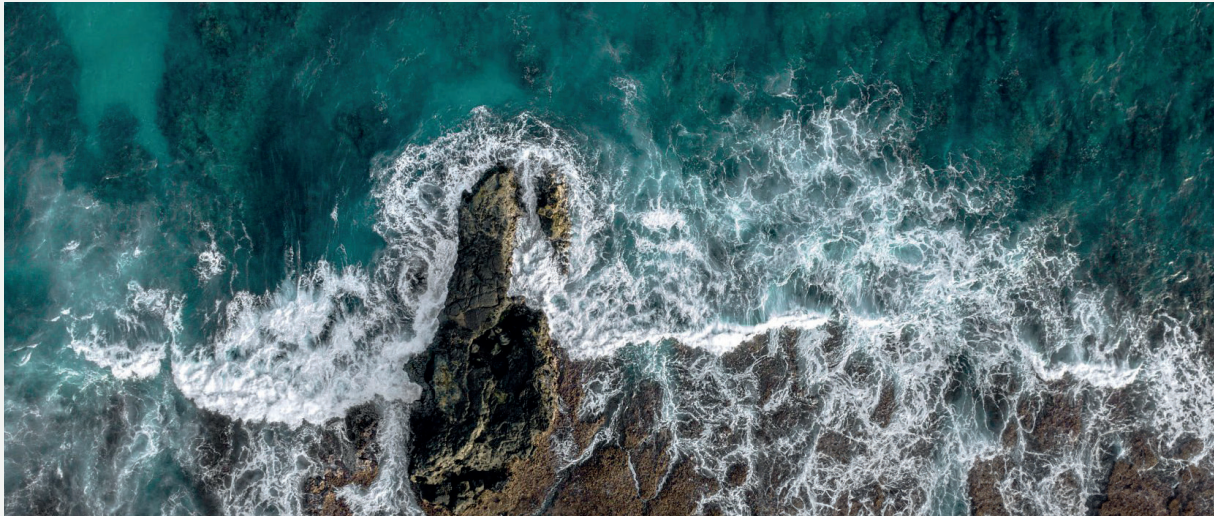
portfolio companies
in the Climate Hub*



“We want to point our portfolio companies in the right direction and provide them with the best possible support on their pathway to sustainability. Our aim is to use targeted investments to bring about positive change and work together to make lasting progress.”

André Seidel,
Partner

* or who have implemented a comparable system for measuring and monitoring carbon emissions.



SILVESTER GROUP

Buy-and-build / IT services / 2022 – today
www.verso.de
www.silvestergroup.com

2023 CASE STUDY

VERSO GROUP

Our investment in the **VERSO GROUP** is an outstanding example of how we put our vision of sustainability into practice. As part of our portfolio, the **VERSO GROUP** brings together two companies under one roof that work together for a sustainable future: the **Silvester Group** and **VERSO**.

The **Silvester Group** supports the sustainable transformation of business activities by holistically integrating sustainability into a company. Thereby, the **Silvester Group** harnesses its many years of expertise and its experienced team of consultants to carry out ESG status analysis, develop comprehensive sustainability strategies and draw up action-based ESG roadmaps tailored to each customer.

VERSO is a pioneer in developing and providing innovative ESG management software and services. With its **ESG Hub**, **Materiality Hub**, **Climate Hub** and **Supply Chain Hub**, **VERSO** helps companies to carry out seamless data management, materiality analyses, climate accounting, supply chain management and ESG reporting in a centralized way using cloud-based technology.

“Sustainability is becoming increasingly complex, and our newly-formed company is the answer to this issue. We combine comprehensive sustainability expertise with cutting-edge technology.”

Andreas Maslo, Co-Founder of **VERSO** and CEO of the **VERSO Group**

“We help our customers to develop a truly sustainable corporate strategy and communicate the status and development of their ESG and financial performance to stakeholders. By doing this, we help our customers to become more and more sustainable – and thus a little better – each day.”

Thilo Tern, Managing Partner of the **Silvester Group** and Co-CEO of the **VERSO Group**

> 300

active customers in sustainability consulting and reporting (100% customer retention rate)

4

essential integrated sustainability tools: **ESG Hub**, **Materiality Hub**, **Climate Hub**, **Supply Chain Hub**

AI-

optimized process steps along the entire value chain of reporting

Material topics in the Social action area

As contented, highly skilled employees make a significant contribution to the sustainability of our portfolio, we believe that it is extremely important for our portfolio companies to position themselves as attractive employers. As far as we are concerned, our portfolio companies have a social responsibility towards their workforce, workers along their supply chain, and their customers and end users. Due to the different levels of potential influence, we can exercise our social responsibility towards our portfolio companies directly in our direct investments, and have an influence on our fund investments by issuing guidelines to our fund managers.

Employer attractiveness

GOALS

- » Ensure fair salary structures and gender pay balance
- » Facilitate healthy, long-term affiliation to the company
- » Expand further development opportunities for employees
- » Strengthen diversity

By pursuing these goals, we are supporting SDG 5



As contented, highly skilled employees make a significant contribution to the sustainability of our portfolio, we believe diversity, equity and inclusion (DEI) are extremely important for our portfolio companies. High levels of satisfaction in the workforce reduce stress, result in fewer psychological issues and create a positive working environment. Promoting DEI issues within our portfolio's workforce engenders team spirit and improves the working atmosphere by encouraging a wide range of different backgrounds, experiences, origins, cultures, age groups and genders. Flexible working time models and setting fair salaries ("equal pay for equal work") help employees to feel appreciated and encourage them to remain at the company for longer.

Continually developing employee skills by offering training and education programs secures long-term investment and reinforces the employer brand of our portfolio companies. Workplace health management also helps employees to feel well and supported. These initiatives can effectively reduce personnel risks in certain sectors. The changing demands of employees in relation to DEI and ESG provide us with an opportunity to promote employee loyalty and satisfaction and strengthen our portfolio for the long term.

We use direct contact with our portfolio companies in the Direct Investment business to maintain a regular dialogue between NORD Holding and the companies on DEI best practice as well as training and development. As part of our direct investment quarterly reporting, we also measure the employer attractiveness of our portfolio for all employees based on KPIs such as employee turnover rates, DEI guidelines, gender balance within the workforce and at management level, gender pay ratios and training days per employee.

We do not currently have data from all of our portfolio companies. Our aim is for all of our portfolio companies to report these KPIs to us in the future.

Sustainable supply chain

GOALS

- » Set up a supplier management system at all relevant portfolio companies (e.g. in the VERSO Supply Chain Hub)
- » Develop and implement a Supplier Code of Conduct (SCoC) at all relevant portfolio companies

By pursuing these goals, we are supporting SDG 8



We keep an eye on the workforce at our own portfolio companies as well as the upstream and downstream supply chain, because a stable and well-monitored supply chain directly influences the long-term stability of our portfolio. In the case of direct investments, our investment team can analyze the ESG criteria for our portfolio companies more precisely. This reduces risks, as we can identify and address potential working guidelines, gender inequality and human rights violations in the supply chain at an early stage. By following the specific requirements in our blacklist prior to investment, we ensure in both direct and fund investments that NORD Holding does not directly or indirectly invest in funds in business activities that clearly contradict our ESG standards. While the threat of production downtime and supply difficulties due to market trends and additional ESG challenges poses a risk to the long-term stability of our direct investments, we can minimize this risk by conducting an in-depth ESG analysis of our portfolio

companies. When it comes to our fund investments, we cannot completely eliminate risks in the workplace, including working conditions, working hours and occupational health and safety, as well as potential human rights violations. However, we minimize the negative impact of these risks at fund level by issuing the fund managers with appropriate specifications. For example, we do this by setting exclusion criteria ahead of investment and working with fund managers to push through mitigation measures, as described in our [Responsible Investment Strategy](#) →.

We are committed to supporting our portfolio companies as they implement and maintain sustainability in their supply chains based on our materiality analysis. For this reason, we intend to set up a supplier management system at all relevant portfolio companies in the future to help them monitor their supply chains. Greater use will be made of the VERSO Supply Chain Hub, a software solution for comprehensive supply chain management. We have also set ourselves the target of ensuring that all relevant portfolio companies develop and establish a Supplier Code of Conduct (SCoC), a key component of supply chain management that ensures ethical standards, quality assurance and transparency and minimizes risk. By doing this, we reduce risk and exploit opportunities by improving working conditions and respecting human rights along the entire supply chain.

Customer satisfaction

GOALS

- » Ensure long-term customer retention
- » Maintain dialogue with customers via customer satisfaction surveys for portfolio companies of a relevant size

The long-term stability and growth of our portfolio companies correlates directly with customer satisfaction. As a result, customer satisfaction is crucial to a stable and lasting business relationship that generates recurring sales as well as valuable feedback and recommendations. This trust, plus a close connection with customers, creates a solid foundation for business development and offers portfolio companies the opportunity to continually improve their products and services and bolster their market position. As we invest in the market leaders of today and the hidden champions of tomorrow, high levels of customer satisfaction are essential for seizing competitive advantages and achieving long-term growth.

Satisfied customers also have a positive impact on employees of the companies within our portfolio. If employees see that their work is appreciated and customers are satisfied with the service they provide, it boosts their motivation and commitment. This relationship between customer satisfaction and employee motivation results in greater productivity and increased profitability for the portfolio company.

Overall, it appears that customer satisfaction is a critical factor for success and the sustainability of our investments. With this in mind, NORD Holding is committed to ensuring that the companies in our portfolio not only meet but exceed their customers' expectations. By taking specific steps to improve the customer experience, we ensure that our portfolio companies are ideally positioned to operate successfully in an intensively competitive market environment and generate sustainable growth.

Going forward, our aim is to focus in particular on introducing regular customer surveys for relevant portfolio companies to track progress closely and make targeted improvements. This will allow us to make customer satisfaction within our portfolio measurable in the future.

Cybersecurity, privacy and data protection

GOAL

- » HvS Consulting to set up a comprehensive data security system and introduce annual cybersecurity audits at relevant portfolio companies

Providing protection against data theft and misuse is crucial for maintaining customer trust in our portfolio companies and ensuring that investors commit to NORD Holding. IT security within our portfolio therefore has a direct impact on trust and our long-term relationships with clients. An effective and optimized IT structure presents numerous opportunities such as enhanced communication and data backup as well as improving efficiency within the company. A stable IT infrastructure can minimize downtimes and business interruptions caused by outdated or slow systems, which in turn contributes to the company's stability and success. Overall, guaranteeing cybersecurity, privacy and data protection is essential for maintaining stakeholder trust and ensuring the long-term sustainability of NORD Holding's portfolio.

Our aim is to ensure that the IT security infrastructure of our portfolio companies is up-to-date and meets the high expectations of customers, employees and other stakeholders. We want to achieve this aim by harnessing the existing expertise in our portfolio. Our portfolio company HvS Consulting is a leading provider of cybersecurity solutions in the German-speaking market and offers consulting services across all areas of IT security. Together with our portfolio companies, we want HvS Consulting to set up a comprehensive data security system and conduct annual cybersecurity audits at all relevant portfolio companies.

Material topics in the Strategy & Governance action area

Transparent, ethically sound and effective governance practices and active stakeholder engagement are crucial to the long-term success and sustainability of our portfolio. By promoting responsible corporate governance and applying responsible investment criteria in our portfolio, we are helping to create added value for society and the environment.

Stakeholder engagement

GOAL

- » Identify relevant stakeholders at portfolio companies of a relevant size or larger

By actively integrating and considering the views of all stakeholders, our portfolio companies can gain valuable insights to help optimize their strategies. Constructive dialogue also fosters trust and support among stakeholders, which is vital for resilience and sustainability. Active stakeholder engagement boosts satisfaction and incorporates the interests of all relevant stakeholders, making it essential for successful business activities in the long term.

With this in mind, our long-term aim is to ensure that all of our portfolio companies identify their most important stakeholders. Stakeholder mapping can be used to better understand the needs and influences of different stakeholder groups and develop appropriate communication and marketing strategies. Based on this, we want to work with our portfolio companies to establish mechanisms within the company that ensure regular contact with the most important stakeholders.

Compliance, risk and reputation management

GOALS

- » Develop and implement a Code of Conduct
- » Offer annual compliance training

Our top priority is ensuring that our portfolio companies adhere to regulatory requirements and actively prevent unlawful behavior, especially human rights violations and corruption. In addition to having significant legal and financial consequences for the portfolio companies, violations can also damage NORD Holding's reputation in the long term. With this in mind, it is vital and indispensable for us to integrate robust compliance, risk and reputation management into our portfolio.

While we are aware that our individual portfolio companies are responsible for complying with the law, our Responsible Investment Policy provides a foundation for these efforts. We use our blacklist to categorically exclude all investments in higher-risk sectors. We also actively increase compliance in our portfolio by collaborating closely with and actively supporting our portfolio companies. In particular, a lack of robust tax systems at smaller portfolio companies increases the risk of legal consequences for violations that may result in significant fines and penalties. As a result, we focus in particular on ensuring that appropriate tax compliance mechanisms are in place and preventing reputational damage and adverse impacts.

On this basis, our aim is for all of our relevant portfolio companies to develop and adopt a Code of Conduct in the future to firmly embed behavioral rules into their company and minimize any risk of a compliance violation. We regularly monitor their progress in introducing a Code of Conduct and anti-corruption policies as part of our quarterly reporting. Another of our goals is to set annual compliance training requirements.

At present, data is not yet fully available from all of our portfolio companies. These KPIs will be available and reported in the future.



LivEye

Owner buy-out / Business services / 2022 – today
www.liveye.com

2023 CASE STUDY

LivEye

By investing in LivEye, a leader in mobile video monitoring technology, we support the dynamic growth of technologically advanced security solutions.

LivEye specializes in monitoring construction sites, critical infrastructure and solar and wind farms

to protect society and businesses from threats and ensure the safety of operators, employees, raw materials and machinery. The company can provide day-and-night protection from theft with its own 24/7 control center and sophisticated security protocols. In addition to its core product, LivEye also offers an independent video monitoring system with three solar modules and an environmentally-friendly fuel cell as a sustainable security solution.

As well as video monitoring, its systems can also be used to view construction sites virtually so that those responsible for a construction project can plan, monitor and manage its progress in real time from any location. This technology allows interdisciplinary teams of architects, engineers, construction managers and other specialists to work together without needing to be physically present on site, thus massively reducing the amount of travel and emissions involved.

“At LivEye, we recognize the critical importance of integrating ESG principles into our business strategy. We are committed to sustainable growth and take care to ensure that our activities have a positive impact on the environment, society and governance standards.”

Marc Thurn, Founder and Chair of the Advisory Board of LivEye

“Our partnership with NORD Holding to implement professional ESG reporting underscores our commitment to transparency and responsibility. Customers increasingly insist on suppliers who set high ESG standards. Together we are setting ourselves ambitious ESG targets to drive positive change and create a sustainable future.”

Carsten Simons, CEO of LivEye

12 %

solar-powered video surveillance systems

~200

video surveillance systems in solar or wind parks

18 %

electric and hybrid vehicles

SUSTAINABLE

Our fund of funds approach enables responsible and forward-looking investments taking into account environmental, social and governance aspects.

FUND OF FUNDS

ESG INTEGRATION INTO OUR INVESTMENT PROCESS

Portfolio monitoring

ESG is an integral part of our fund of funds investment process, as environmental, social and governmental factors can have an important impact on the investment performance. Not including a proper analysis of ESG factors results in an incomplete assessment of the potential investment.

Through a variety of channels, including annual questionnaires, Advisory Board positions, and in-person meetings, NORD Holding keeps an eye on ESG developments within its fund portfolio.

36 questions covering both the General Partner's ESG mechanisms and specific portfolio companies are included in the yearly survey that NORD Holding disseminates among its fund portfolios. Due to the questionnaire NORD Holding can track the evolution of ESG improvements and the degree to which individual assets are safeguarded against potential risks. By providing guidance on ESG best practices, these insights enable NORD Holding to identify potential portfolio weaknesses and assist managers with less complex Responsible Investment (RI) procedures.

The majority of NORD Holding's underlying funds are represented on the Limited Partner Advisory Board, giving the Fund Investment team the opportunity to speak with our fund managers directly about crucial issues. Through diverse means, like memos and portfolio audits, this position enables the Funds Investment team to request additional ESG-related information, if needed.

Due to their limited access to the portfolio companies, it takes time for the Fund Investment team's monitoring tools to recognize new ESG risks. As a result, the Fund Investment team closely monitors the portfolio companies through its portfolio managers. After adding new companies to NORD Holding's watch list, the Funds Investment team starts speaking with the fund manager, lead investor, and management team to make sure the right risk mitigation measures are put in place. In case of a co-investment, we closely collaborate with the lead investor to analyze and find appropriate solutions when ESG problems arise.

The variety of tools monitoring the ESG in the fund portfolio enable us to sufficiently assess ESG risks and developments. However, it is our target to continuously improve our ESG procedures allowing for improved monitoring of any new or actual ESG risks or developments.

Structure of our annual ESG questionnaire

A key part of our portfolio monitoring revolves around our annual questionnaire of 9 dichotomous and 27 categorical questions which covers various ESG matters and helps us to get a deeper understanding of the ESG performance of our General Partners (GP).

The section of dichotomous questions covers topics used to track the fund managers' commitment towards ESG. NORD Holding has prepared pointed questions covering a variety of areas, e.g. if a sustainability report is published by the GP, if the environmental footprint is calculated, or governance topics touching upon the corporate code of conduct, corruption issues or breaches in terms of events with negative environmental impact.

The categorical questions on the other hand are used to track the level of responsible investment (RI) sophistication of our fund managers across four different categories.

» Policies and governance

This section of the questionnaire includes inquiries about the status of ESG policies, perspective on the UNPRI initiative and whether designated members are responsible for ESG as well as if RI training is offered. Furthermore, it covers whether a whistle-blower concept or committee addresses e.g. transparency, compliance or ethics issues. Finally, it asks if ESG matters have been integrated into contractual commitments and how it will be ensured that SFDR regulations are met.

» Investment decision-making

Within the space of "investment decision-making" questions regarding the following factors are covered: how ESG factors are integrated in the investment process and whether material ESG-related issues are assessed during early selection. In addition, this section includes inquiries about the extent to which ESG considerations are included in due diligence processes and about the extent of ESG within Investment Memoranda and whether investments in certain industries, e.g. tobacco or weapons, are excluded and to what extent results of ESG performance during due diligence impact investment decisions.

» Portfolio management

This section of the questionnaire assesses the extent of ESG integration within portfolio companies. It examines the extent of ESG as part of the reporting and whether and to what extent ESG is part of a 100-day-value creation plan as well as the presence of ESG monitoring staff. Additionally, it evaluates diversity in leadership and policies regarding harassment, links between ESG targets and management remuneration and board oversight of ESG risks. Furthermore, the questionnaire queries the tracking of PAI indicators and the use of external software for ESG management.

» Disclosures and communication

The last section regarding disclosures and communications covers the channels used for ESG policy communication, existence of points of contact for external ESG inquiries and the classification of investment according to SFDR regulations. Furthermore, it inquires about the periodicity of ESG development.

Fund managers are classified into four scoring metric groups based on the sophistication of the responsible investment processes:

- At the beginner level, General Partners typically have not yet adopted any Responsible Investment policies. They neither consider Responsible Investment risks and opportunities during their investment processes or portfolio management, nor do they proactively report on Responsible Investment matters or disclose incidents related to it.
- Moving up to the proficient level, General Partners have executed an initial adoption of Responsible Investment policies. However, their approach to considering Responsible Investment risks and opportunities remains unstructured. Like beginners, they do not proactively report on Responsible Investment or disclose incidents.
- At the expert level, General Partners have implemented generalist Responsible Investment policies. They follow a more structured approach when addressing Responsible Investment risks and opportunities in their investment processes and portfolio management. However, even at expert level General Partners still do not proactively report on Responsible Investment or disclose incidents.
- At the master level, General Partners have developed clear and tailored Responsible Investment policies. They follow a structured and tailored approach in considering Responsible Investment risks and opportunities, actively supporting their portfolio management. Unlike the other levels, they proactively report on Responsible Investment matters and disclose any related incidents.

This categorization allows us not only to track but also advise the fund managers where potential improvements can be made.

Driving improvements across the portfolio

We have observed a continued positive trend in our GPs' engagement with Responsible Investment (RI) within our portfolio. The need to effectively monitor and support this growth has driven further enhancements to our annual questionnaire.

Nevertheless, we believe that mere performance tracking does not suffice. Our distinct emphasis on the lower segment of the European private equity market exposes the Funds Investment team to a diverse array of high-performing managers who prioritize ESG considerations. Due to their size, these managers often lack access to "best practices." Through our frequent interactions with fund managers across the European private equity landscape, NORD Holding aims to bridge this gap by sharing valuable insights into exemplary practices.

With this objective, we expect our fund managers to utilize our annual questionnaire as a tool for tracking and demonstrating ESG-related performance improvements over time.



"The Funds Investment team aims to invest in funds that pursue sustainable and forward-looking strategies. Such investments not only foster long-term growth, but also support a better future for all."

Dorian Gensel,
Partner

PORTFOLIO PERFORMANCE

MC VIII

We are pleased to report a 100% response rate of the funds to our ESG questionnaire. The results evidence the GPs are taking the necessary steps towards improving their internal and external ESG processes. MC VIII is composed of small funds of recent vintages, but we have still noticed a strong ESG commitment. The portfolio includes first-time-funds and an overall weight of young teams with a lot of potential for improvement. We expect to continue seeing a positive development in the coming years.

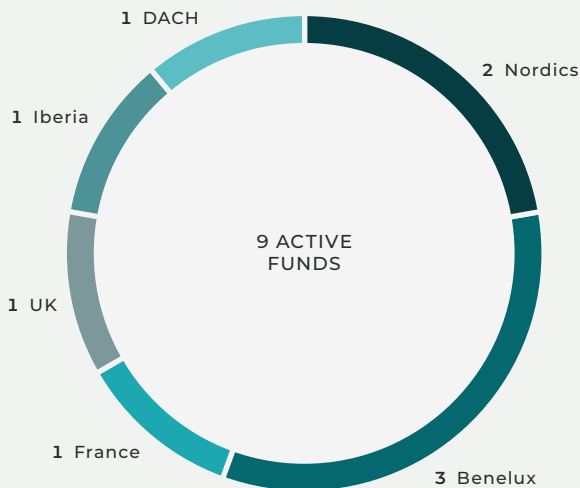
KEY INFORMATION

Vintage	2020
Commitment period	2020 – today
Total commitment	€330m
# of target funds	9
# of active funds	9
Regions invested	5

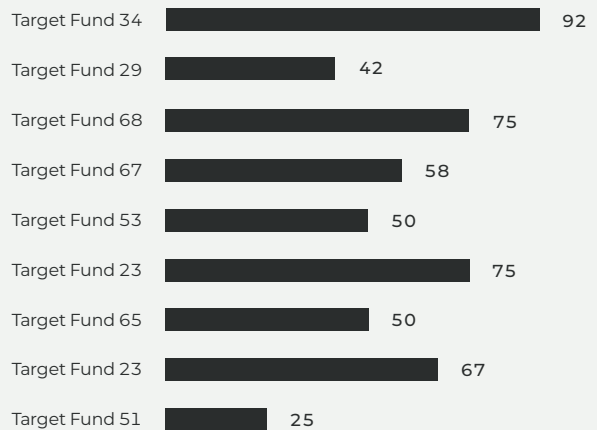
Dedication of General Partners towards Responsible Investment

In 2023, we continued to monitor the ESG performance of the funds within our NKB Micro-cap VIII portfolio. Leveraging NORD Holding's internally developed rating system, we observe further strengthening of commitment to ESG principles. Among the 9 managers, 7 have achieved scores exceeding 50% or more in terms of their dedication to Responsible Investment (RI). New GPs added to the portfolio are classified as Article 8-light funds and are receiving ongoing support from NORD Holding to improve their RI framework.

GEOGRAPHIC BUILD UP – QUESTIONNAIRE RESPONDENTS



ESG COMMITMENT IN %

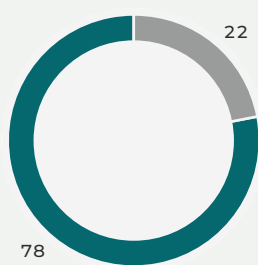


Improvements in Responsible Investment Processes

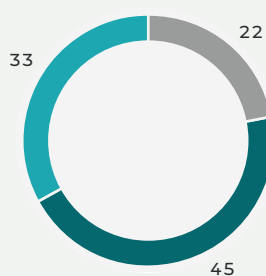
The funds held within our NKB Micro-cap VIII portfolio exhibit a slight increase in the level of sophistication, with 78% of GPs in the “Proficient” category vs 71% in 2022 across all RI topics. This improvement can be attributed to NORD Holding’s specialized investment strategy and its strong dedication to RI principles. Our distinct focus on first-time and emerging managers with smaller fund sizes in the Micro-cap program results in us investing in GPs with a lower level of ESG sophistication at the beginning of the investment. Thanks to our experience working alongside these managers, we have diligently worked on establishing a framework to guide and elevate our GPs’ RI approaches. We are happy to see the tangible outcomes of this approach at present. A great example of our work is the support we give new GPs in ensuring they meet SFDR Article 8-light regulatory requirements. All GPs onboarded in 2023 currently invest under the SFDR Article-8 light classification. All 9 funds have indicated their recognition of the significance of ESG and RI, and NORD Holding is committed to assisting these funds in institutionalizing and strengthening their RI processes moving forward.

Upon closer examination of the subtopics, we are excited to report that 33% of the funds have become “Experts” in “Policies and Governance,” 22% in “Investment Decision Making,” and 11% in “Disclosures and Communication.” These results contrast with 2022’s answers, as there were 0% of “Experts” across all categories. The slow but steady improvement is fully in line with expectations, as the size of these funds only allows for an incremental professionalization of the ESG process. We consider this sustained improvement in all categories as a new milestone reached by the portfolio GPs. Furthermore, we are also happy to see that the new incorporations to the portfolio report higher-than-average RI sophistication compared to the overall portfolio, proving that newer managers consider ESG as an integral part of the portfolio from the beginning.

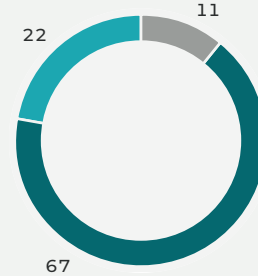
OVERALL SCORE IN %



POLICIES AND GOVERNANCE IN %

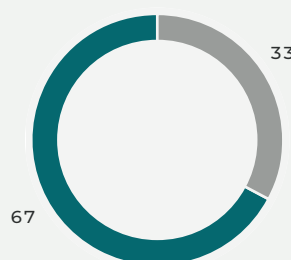


INVESTMENT DECISION MAKING IN %

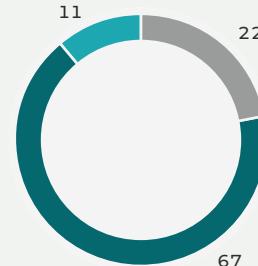


- BEGINNER
- PROFICIENT
- EXPERT
- MASTER

PORTFOLIO MANAGEMENT IN %



DISCLOSURES AND COMMUNICATION IN %



PORTFOLIO PERFORMANCE

KB VII

We see a very clear progress in the responses from the portfolio funds in virtually all ESG metrics. Funds from NKB VII portfolio have vintages that are much more ESG focused than the ones of previous funds, which is why we can see faster progress in the results vs some of the earlier vehicles. We look forward to continue supporting GPs along their journey so that they capture all opportunities arising from having an ESG framework.

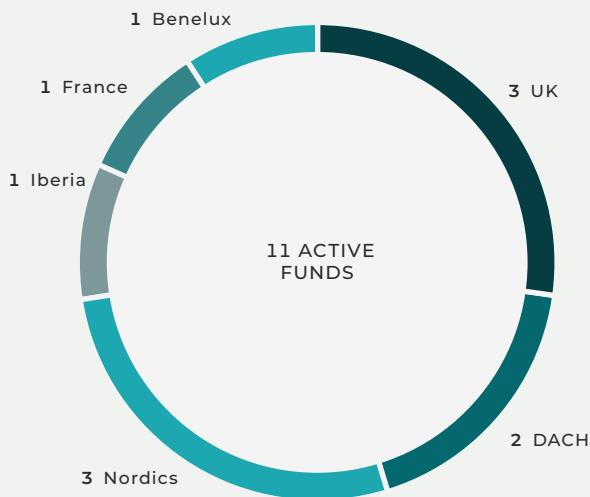
KEY INFORMATION

Vintage	2020
Commitment period	2020 – today
Total commitment	€264m
# of target funds	11
# of active funds	11
Regions invested	6

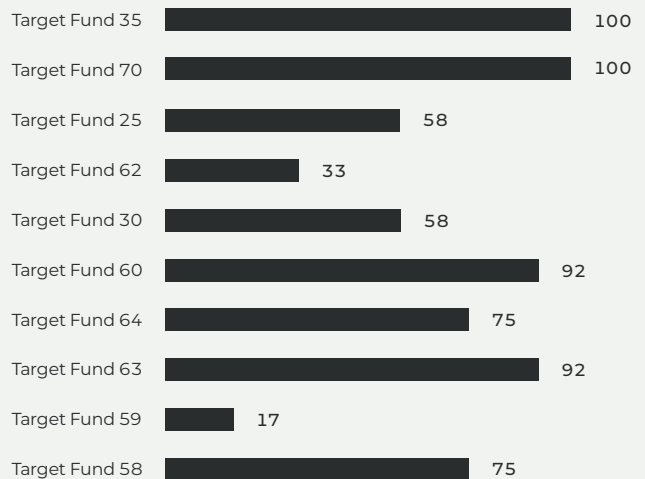
Dedication of General Partners towards Responsible Investment

2023 was the third year in which we tracked the ESG performance of the funds within our NORD KB VII vehicle. The NORD KB VII vehicle added 2 new GPs to the portfolio. All new GPs are classified as Article 8-light funds and are receiving ongoing support from NORD Holding to improve their RI framework. The results reflected in our ESG report continue backing the internal initiatives designed to help GPs with ESG integration, showing improvement in their responses (64% average dedication towards RI vs 54% in 2022).

GEOGRAPHIC BUILD UP – QUESTIONNAIRE RESPONDENTS



ESG COMMITMENT IN %



Improvements in Responsible Investment Processes

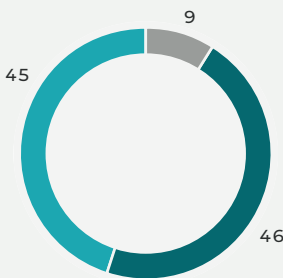
Based on the answers of our fund managers, we see an increase in the sophistication of the funds, with 45% of the GPs being classified as “Experts” (vs 38% in 2022) and only 9% of “Beginners” within the sample group. We are pleased to see a continuation of the positive trend already initiated in 2022, supported by the fact that these GPs belong to vintages, where ESG was always an essential part of the value creation plan.

A deep dive into the results shows improvement in all sub-topics of our questionnaire. In particular, within the funds’ policies and governance and investment decision-making, GPs have made efforts to consider RI within their strategy, and we see a majority of “Experts” within the portfolio (over 70% “Expert” for Governance and over 80% for Investment Decision-Making).

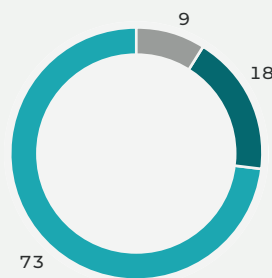
When comparing the results between 2023 and 2022, we see that changes are mostly driven by a portion of GPs that moved from “Proficient” classification to an “Expert” classification, but also from “Beginner” classification to “Proficient”.

As expected, NKB VII GPs continue to deliver important improvements in ESG commitment metrics. We associate this with the later vintage of the fund (2020), and the higher relevance that RI has acquired for managers in recent years.

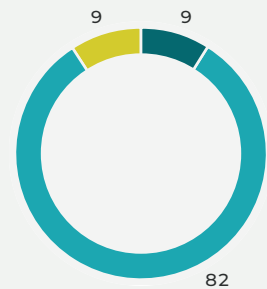
OVERALL SCORE IN %



POLICIES AND GOVERNANCE IN %

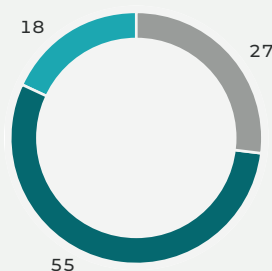


INVESTMENT DECISION MAKING IN %

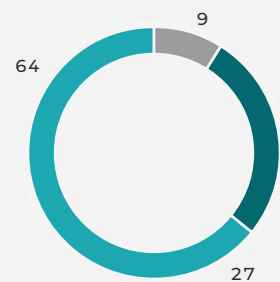


- BEGINNER
- PROFICIENT
- EXPERT
- MASTER

PORTFOLIO MANAGEMENT IN %



DISCLOSURES AND COMMUNICATION IN %



PORTFOLIO PERFORMANCE

MC V

We are pleased to see the continued support from respondents (100% response rate). The components of the portfolio are small funds where NORD Holding is a very significant LP. Teams often do not have capacity for ESG topics, but with the adequate guidance, they have continued to work on their ESG approach. The results show a positive overall evolution, and we still see plenty of potential to improve these metrics in the years to come.

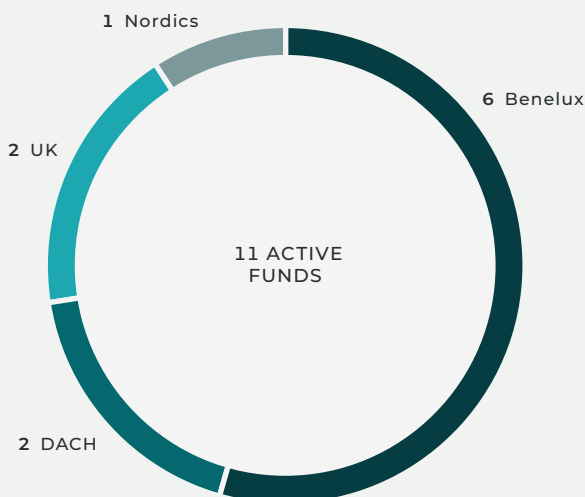
KEY INFORMATION

Vintage	2015
Commitment period	2015 – 2020
Total commitment	€213m
# of target funds	12
# of active funds	11
Regions invested	4

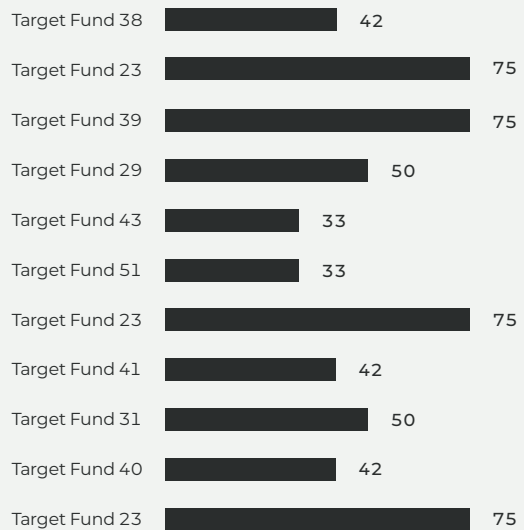
Dedication of General Partners towards Responsible Investment

In 2023, all 11 active GPs answered the ESG questionnaire. Based on NORD Holding's proprietary rating system, we see that 6 out of the 11 funds attained a score above 50% for dedication towards RI. The average commitment level remains at 53.8% despite the early vintage and the fact that the portfolio is composed of a significant number of first-time managers.

GEOGRAPHIC BUILD UP – QUESTIONNAIRE RESPONDENTS



ESG COMMITMENT IN %

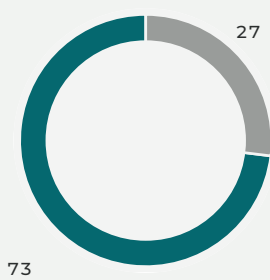


Improvements in Responsible Investment Processes

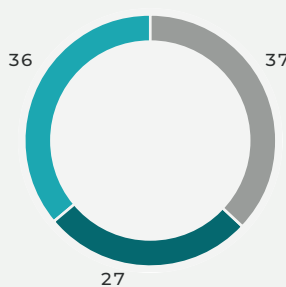
This year, the funds within our NKB Micro cap V vehicle show a higher level of sophistication, reducing the number of “Beginners” and increasing the “Proficient” level (36% vs 27% classified as “Beginner” across all RI topics). This improvement is a result of NORD Holding’s specialized investment approach and its strong commitment to ESG. Our specialized focus on first-time managers with smaller fund sizes in our Micro-cap program results in us investing in GPs that initially had a lower ESG sophistication. We are pleased to see positive results from the framework we developed internally to support these first-time managers in their approach to RI. All 11 funds have signaled that they see the importance of ESG and RI, and NORD Holding will support these funds in further institutionalizing their RI processes.

A deep dive into the subtopics shows obvious improvements in RI sophistication within their Policies and Governance and Disclosures and Communications, with both subtopics showing a higher percentage of “Expert” GPs compared to last year.

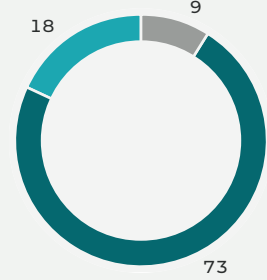
OVERALL SCORE IN %



POLICIES AND GOVERNANCE IN %

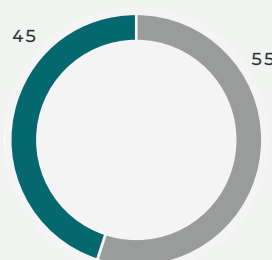


INVESTMENT DECISION MAKING IN %

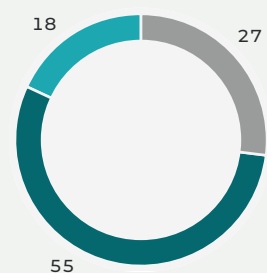


- BEGINNER
- PROFICIENT
- EXPERT
- MASTER

PORTFOLIO MANAGEMENT IN %



DISCLOSURES AND COMMUNICATION IN %



PORTFOLIO PERFORMANCE

KB IV

This year the NKB IV portfolio also experienced a positive development. This indicates how much funds continue to push forward their RI agendas even when they are no longer at the beginning of the holding period, as they see the benefit of improving their internal ESG processes.

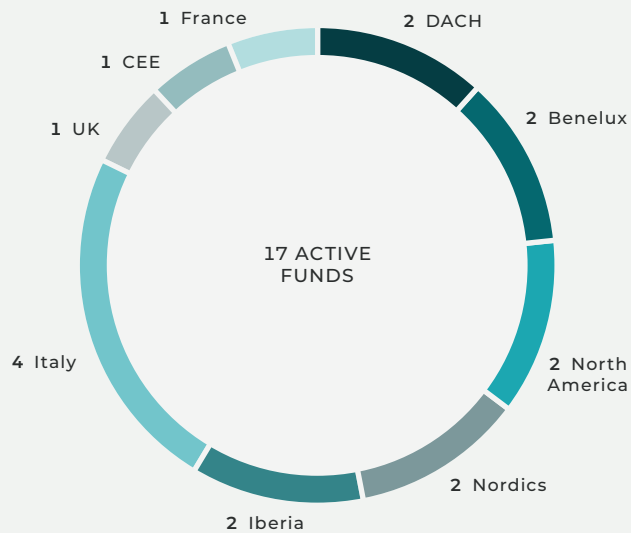
KEY INFORMATION

Vintage	2016
Commitment period	2015 – 2020
Total commitment	€244m
# of target funds	17
# of active funds	17
Regions invested	9

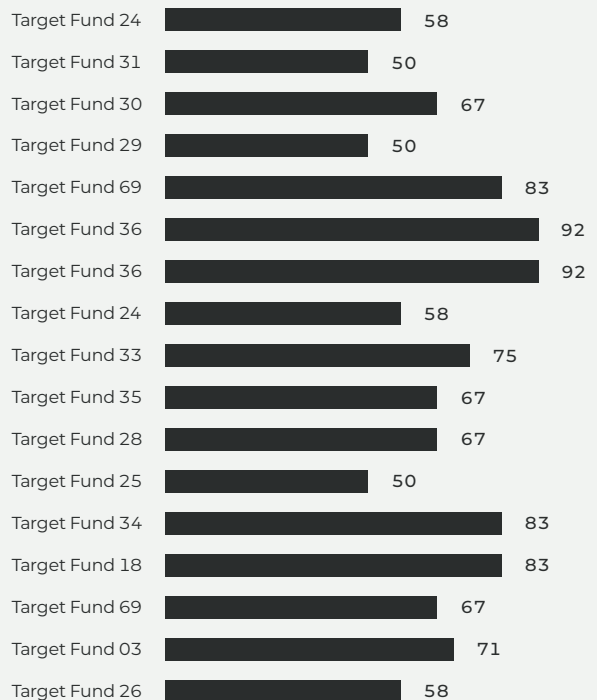
Dedication of General Partners towards Responsible Investment

This year, we gathered ESG data for all 17 active funds within our NKB IV vehicle. Based on NORD Holding's proprietary rating system, we see that the overall commitment towards ESG has developed well, with all 17 funds attaining a score above 50% for dedication towards RI, and 11 out of 17 funds attaining a score above 66%. Despite the already high level of dedication towards RI, we are pleased to see how GPs still find room for improvement compared to 2022.

GEOGRAPHIC BUILD UP – QUESTIONNAIRE RESPONDENTS



ESG COMMITMENT IN %



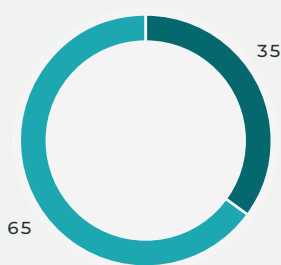
In terms of data availability, there is one exception, as one of the GPs is close to liquidating the vehicle and no subsequent funds are expected to be raised, so no ESG activities or changes are to be expected in this case.

Improvements in Responsible Investment Processes

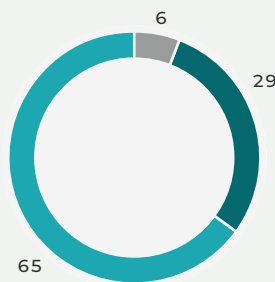
Based on the responses of our fund managers, we continue to classify the majority of the funds within our KB IV vehicle as “Experts,” following a significant increase in the percentage of GPs in this category, almost doubling the figures from the previous year (65% in 2023 vs 33% in 2022).

A deep dive into the subtopics shows that all funds have worked hard to integrate RI into their investment decision-making, with 88% of the funds classified as “Experts” (vs 80% in 2022). The majority of the funds show a proficient level of RI sophistication across all categories. Additionally, we see an increase in the “Proficient” category across all subtopics compared to beginner levels. We are pleased with the result, as the vintage of KB IV (2016) predates the SFDR Article 8 classification, but we still see how the GPs already identified ESG in the past as a core tool for value creation.

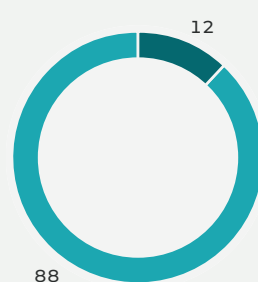
OVERALL SCORE IN %



POLICIES AND GOVERNANCE IN %

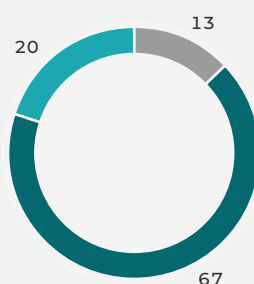


INVESTMENT DECISION MAKING IN %

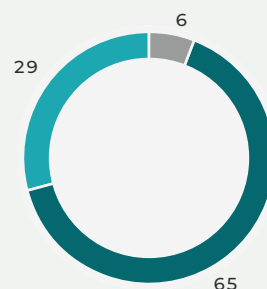


- BEGINNER
- PROFICIENT
- EXPERT
- MASTER

PORTFOLIO MANAGEMENT IN %



DISCLOSURES AND COMMUNICATION IN %



PORTFOLIO PERFORMANCE

KB III

Overall, we are very pleased to continue to see how the GPs in NKB III portfolio move forward in their ESG journey. We see how as funds mature new milestones are achieved. The positive development confirms the continued efforts from the GPs at all levels to boost their ESG proficiency.

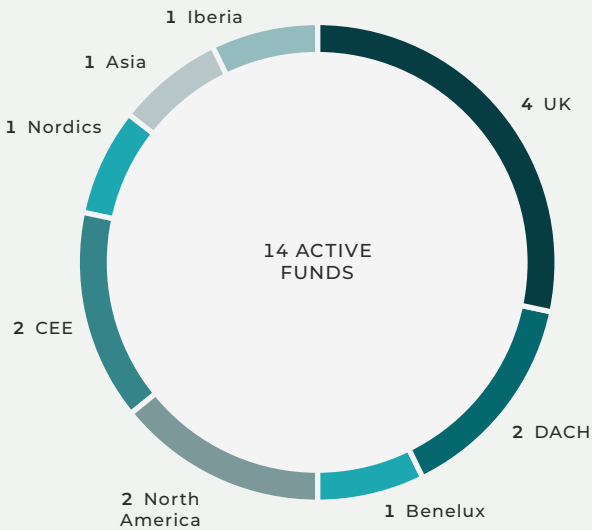
KEY INFORMATION

Vintage	2011
Commitment period	2011 – 2015
Total commitment	€182m
# of target funds	16
# of active funds	14
Regions invested	7

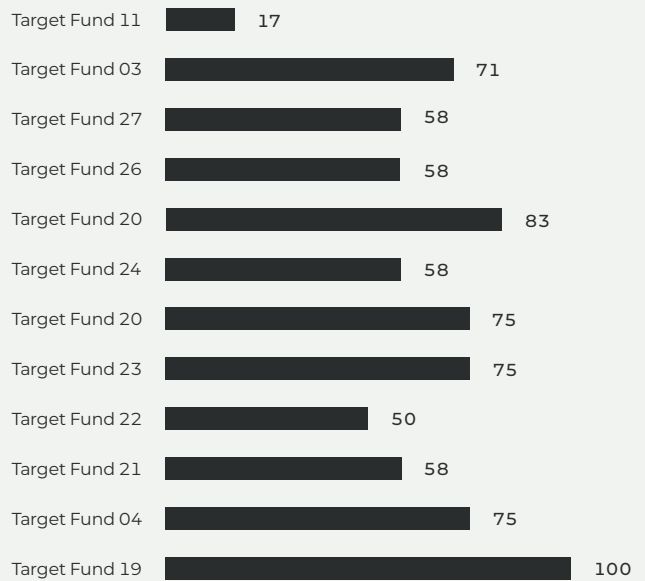
Dedication of General Partners towards Responsible Investment

12 out of 14 active funds within our NKB III vehicle responded to our annual questionnaire or offered their own ESG data, further underlining the increased focus and importance of ESG within the private equity industry. Based on NORD Holding’s proprietary rating system, we see that the overall commitment towards ESG shows no GP below 50% on the GP dedication to RI according to this year’s sample.

GEOGRAPHIC BUILD UP – QUESTIONNAIRE RESPONDENTS



ESG COMMITMENT IN %

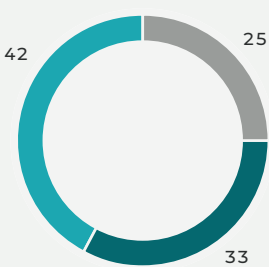


Improvements in Responsible Investment Processes

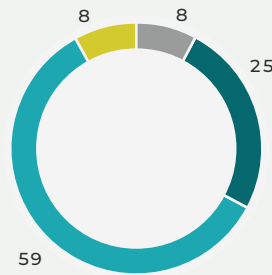
As expected due to the fund's vintage (2011), we see no change in the number of funds at the "Beginner" level compared to last year. Although we expect no material changes in the sophistication of the funds given the maturity of the investments, we remain pleased to see that managers continue leveraging ESG within their portfolio companies.

A deep dive into the subtopics shows that the funds have taken steps to integrate RI into their investment decision-making. Although the metrics remain fairly stable vs last year, with more than 42% of the funds classified as "Expert," we do observe slight improvements in some areas. Specifically, the subtopic "Policies & Governance" sees a positive development at the "Expert" level, increasing to 59% from 46% last year. We do not observe any material changes in the other 3 sub-categories, reflecting the fact that the lifespan of the funds in the portfolio is coming to an end, with most ESG initiatives already implemented by the GPs.

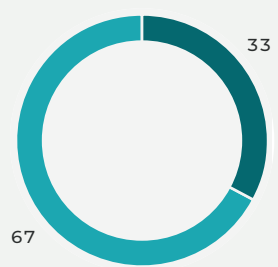
OVERALL SCORE IN %



POLICIES AND GOVERNANCE IN %

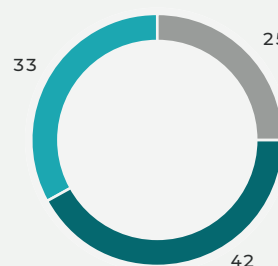


INVESTMENT DECISION MAKING IN %

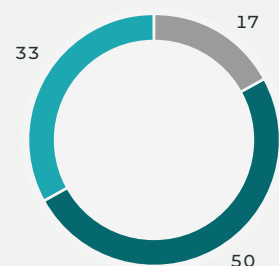


- BEGINNER
- PROFICIENT
- EXPERT
- MASTER

PORTFOLIO MANAGEMENT IN %



DISCLOSURES AND COMMUNICATION IN %



PORTFOLIO PERFORMANCE

KB II

The comparison of this year's results with 2022 shows that the funds continue to respect their ESG commitments equally – no change is seen in the answers of respondent funds. However, as indicated in last year's report, KNB II funds are reaching the end of their term, so little evolution on the ESG compartment is expected and the sample fund size continues to shrink.

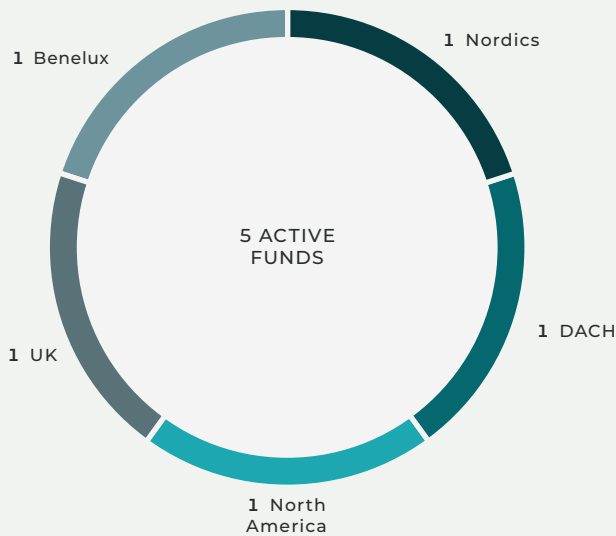
KEY INFORMATION

Vintage	2007
Commitment period	2006–2011
Total commitment	€218m
# of target funds	18
# of active funds	5
Regions invested	3

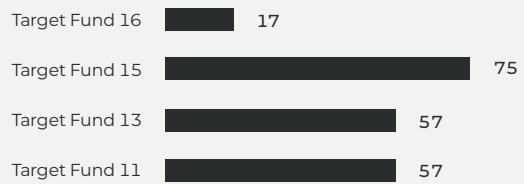
Dedication of General Partners towards Responsible Investment

The underlying private equity funds within KB II are in the harvesting phase, resulting in additional funds reaching the end of their lifecycle. As a result, 4 out of 5 active funds within our NKB II vehicle responded to our annual questionnaire, despite multiple funds being in the process of winding down their activities. This further underlines the importance that ESG and RI have gained in recent years within the private equity industry. Based on NORD Holding's proprietary rating system, we see that the overall commitment towards ESG has remained stable. However,

GEOGRAPHIC BUILD UP – QUESTIONNAIRE RESPONDENTS



ESG COMMITMENT IN %



the sample size is not meaningful, making it difficult to draw a conclusion. From previous years, we know that the weight of proficient and expert managers had increased compared to earlier vintage funds, but these funds have now been liquidated, which explains the current status of the analysis. As several funds have been liquidated, or are close to the end of their fund life, the current picture does not entirely reflect the level of ESG commitment of the portfolio.

Improvements in Responsible Investment Processes

The majority of the funds within NKB II show a proficient level of sophistication across all RI topics, with approximately 50% of the funds being classified as "Beginners." This is an increase compared to last year due to multiple funds with higher RI sophistication finalizing their lifecycle. An analysis of the underlying funds' data shows that the 4 respondents exhibit an equivalent level of RI sophistication. NORD Holding is pleased with these statistics since many of the underlying funds come from a vintage when RI was not a prominent topic within the industry.



PORTFOLIO PERFORMANCE

CO-IX

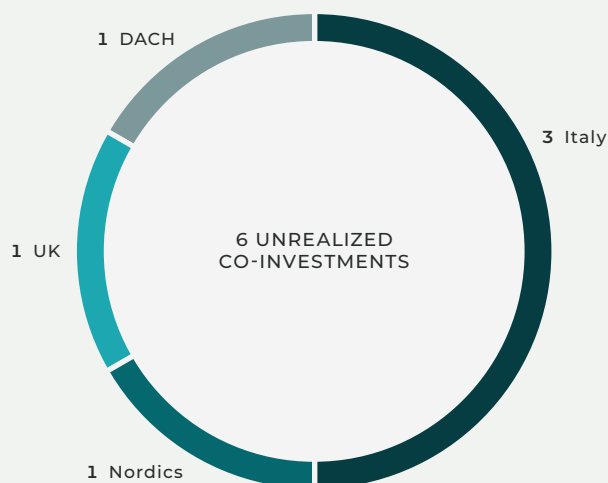
2023 was the first year tracking the performance of the co-investments in the CO-IX portfolio. We are pleased to apply our experience from investing CO-VI to assist GPs and promote the ESG characteristics of the underlying assets. It is worth mentioning that a big part of the portfolio is composed by investments with deal-by-deal teams, which is why the level of “Beginners” is relatively high. We are excited to observe the development of the metrics in the years to come.

KEY INFORMATION

Vintage	2022
Commitment period	2022 – 2026
Total commitment	€180m
# of target funds	6
# of active funds	6
Regions invested	4

ESG Performance within Co-investments

In 2023, we initiated the practice of monitoring the ESG performance of individual co-investments within the NKB Co-Invest IX portfolio. NORD Holding has received 5 responses out of the 6 investments composing the portfolio. Following our existing co-investment questionnaire, we have forwarded the portfolio companies 17 multiple-choice questions, categorized into three sections: Company policies and governance, Environmental considerations, and Social aspects. Based on the responses, co-investments are grouped into the same four ESG performance categories as our GPs: Beginner, Proficient, Expert, and Master.

**GEOGRAPHIC BUILD UP –
QUESTIONNAIRE RESPONDENTS**

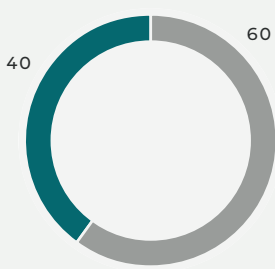
CO-IX's recent vintage (2022) indicates that we can expect a healthy RI commitment from the investees. However, as the fund is still deploying capital, we can expect a ramp-up in the overall ESG metrics as sophistication levels increase among the GPs of the portfolio once their operations are more established. Initially, we see an overall result of 40% "Proficient" presence in the portfolio, with the rest categorized as "Beginner." This aligns with expectations, as investees are small companies that require some guidance to reach more developed ESG standards.

A detailed examination of the subtopics reveals that the co-investments under NORD KB Co-Invest IX notably excel in the integration of social aspects into their business operations, with 40% of all co-investments achieving an "Expert" rating (no "Expert" in the other categories) and an average rating of 2.7/4.0.

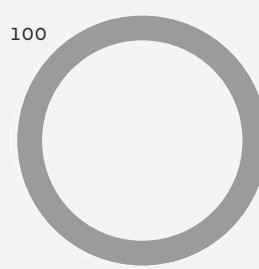
However, we see room for improvement in next year's questionnaire in the area of "Policies & Governance," which currently displays a 100% "Beginner" level.

The co-investments garnered an overall score of 2.0/4.0, but we reiterate the importance of emphasizing the youth of this portfolio and the potential for higher sophistication in their ESG processes in the years to come.

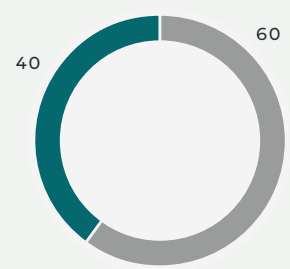
OVERALL SCORE IN %



POLICIES AND GOVERNANCE IN %

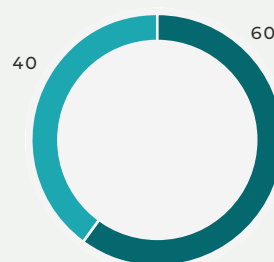


ENVIRONMENTAL IN %



- BEGINNER
- PROFICIENT
- EXPERT
- MASTER

SOCIAL IN %



PORTFOLIO PERFORMANCE

CO-VI

The year 2023 saw an improvement in all ESG metrics in the CO-VI portfolio. NORD Holding continues to guide GPs in the implementation of the ESG agenda within co-investments, which seems evident when looking at the general evolution of the portfolio, with many beginners moving on to the “Proficient” or even the “Expert” category. We look forward to drive further the ESG performance within these co-investments in the years ahead.

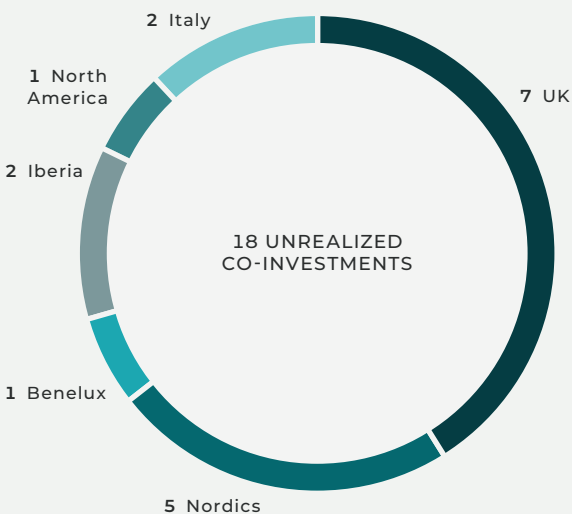
KEY INFORMATION

Vintage	2018
Commitment period	2018–2022
Total commitment	€149m
# of target funds	22
# of active funds	18
Regions invested	6

ESG Performance within Co-investments

In 2023, we initiated the practice of monitoring the ESG performance of individual co-investments within the NKB Co-Invest VI portfolio. NORD Holding is pleased with the responsiveness of the GPs, having received responses from all 18 represented in the portfolio. The co-investment questionnaire comprises 17 multiple-choice questions, categorized into three sections: company policies and governance, environmental considerations, and social aspects. Based on the responses, co-investments are grouped into the same four ESG performance categories as our GPs: Beginner, Proficient, Expert, and Master.

GEOGRAPHIC BUILD UP – QUESTIONNAIRE RESPONDENTS



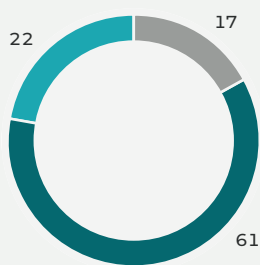
The diversity in sophistication levels among the co-investments within the NKB Co-Invest VI vehicle is confirmed by this year's questionnaire, considering the range of EBITDA levels (€1.0m to €50.0m) of the companies invested in by NKB Co-Invest VI. However, we see an overall improvement in the ESG commitments of the GPs compared to 2022, with an increase in the "Proficient" levels from 43% to 61%.

A detailed examination of the subtopics reveals that the co-investments under NORD KB Co-Invest VI notably excel in the integration of social aspects into their business operations, with 72% of all co-investments achieving an "Expert" rating (vs 43% in 2022) and an average rating of 3.0/4.0.

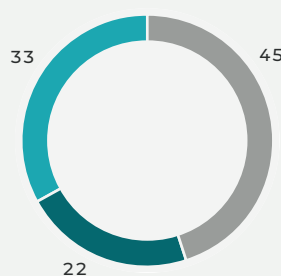
In the policies and governance category, 55% of the co-investments are classified as "Proficient" or higher (vs 36% in 2022).

The co-investments also show improvement in their weakest department, the environmental category, achieving an average rating of 2.2/4.0, and reducing the percentage of "Beginner" GPs from 71% in 2022 to 44% in 2023.

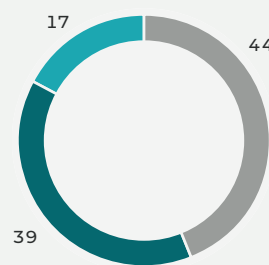
OVERALL SCORE IN %



POLICIES AND GOVERNANCE IN %

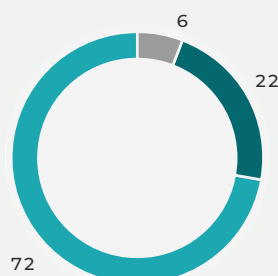


ENVIRONMENTAL IN %



- BEGINNER
- PROFICIENT
- EXPERT
- MASTER

SOCIAL IN %



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