



LEA 02	Disclosures: Mandatory	Reason for Interaction	Principle: PRI 1, 2, 3
Individual/ internal staff engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via internal staff</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via collaborative engagements</p>	
Collaborative engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via collaborative engagements</p>		
Service provider engagements	<p><input checked="" type="checkbox"/> To support investment decision-making in & company's material ESG issues</p> <p><input checked="" type="checkbox"/> To encourage corporate transition for identifying the need to re-evaluate our portfolio</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage via service providers</p>		

RI TRANSPARENCY REPORT

2014/15

Litorina

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	🔒	n/a							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Private							✓
PE 02	Typical level of ownership	✓	Private							✓
PE 03	Description of approach to RI	✓	Private	✓						✓
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	✓	Public	✓			✓		✓	
PE 06	Formal commitments to RI	✓	Private				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	ESG advice and research when selecting investments	✓	Private	✓						
PE 09	ESG issues in investment selection process	✓	Public	✓		✓				
PE 10	Types of ESG information considered in investment selection	✓	Private	✓		✓				
PE 11	Encouraging improvements in investees	✓	Private	✓	✓					
PE 12	ESG issues impact in selection process	✓	Private	✓						
PE 13	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 14	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 15	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Private		✓					
PE 16	Type and frequency of reports received from portfolio companies	✓	Private		✓	✓				
PE 17	Disclosure of ESG issues in pre-exit	✓	Private		✓					
PE 18	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PE 19	Examples of ESG issues that affected your PE investments	-	n/a	✓		✓				
PE 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PE 21	Approach to disclosing ESG incidents	✓	Private							✓

Litorina

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information

OO 01	Mandatory	Gateway/Peering	General
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OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

Sweden

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

1

2-5

6-10

>10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

15

OO 02.4 Additional information. [Optional]

Litorina is a private equity fund active in the Nordic, primarily Swedish, market. Litorina Capital Advisors, being the advisor to Litorina's two funds, Litorina Kapital III and Litorina IV, has its headoffice in Stockholm, Sweden. Litorina Kapital III and Litorina IV, are based and managed out of Jersey, UK.

OO 03	Mandatory	Descriptive	General
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OO 03.1

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

Yes

No

OO 04

Mandatory

Gateway/Peering

General

OO 04.1

Indicate the year end date for your reporting year.

31/12/2014

OO 04.2

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		3	905	000	000
Currency	SEK				
Assets in USD			557	529	338

OO 04.5

Indicate the level of detail you would like to provide about your asset class mix.

Approximate percentage breakdown to the nearest 5% (e.g. 45%)

Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income – corporate	0	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0
Private equity	100	0

Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

- Publish our asset class mix as broad ranges
- Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

Gateway asset class implementation indicators

OO 11	Mandatory	Gateway	General
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OO 11.1 Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Private equity
- None of the above

OO 12	Mandatory	Gateway	General
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OO 12.1 The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

	Direct - Other asset classes with dedicated modules
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- Private Equity

Closing module

- Closing module

Litorina

Reported Information

Public version

Overarching Approach

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Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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OA 01.1 Indicate if you have a responsible investment policy.

- Yes
 No

OA 01.2 Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes
 No

OA 01.3 Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

We recognise that our decisions and portfolio companies have an impact on, and are impacted by, society and the environment. As active owners, it is Litorina's responsibility to manage those impacts and promote sustainable business practices. Litorina also believes that those companies which effectively manage environmental, social and governance (ESG) matters can better protect and add long-term value and achieve the best returns. It is therefore a natural part of our strategy to effectively manage ESG related risks and opportunities in our investment activity. Ultimately, we believe this will improve a company's relationships with its key stakeholders and help it better understand future trends that can impact the business.

We aim to build on our investment approach by further integrating the consideration of ESG related risks and opportunities, in our investment decisions and active ownership practices. Therefore, Litorina has established a formal Responsible Investment framework, inspired by recognised international principles, which outlines our approach to ensure ESG matters are systematically and proactively addressed, throughout our investment process, from sourcing to exit. This means that Litorina aims to evaluate relevant and material ESG matters before an investment decision is made, and as part of our wider governance improvements, to work in partnership with management and the Board of our portfolio companies during our ownership period, to protect and add value through effective management of ESG related risks and opportunities. We have defined specific ESG objectives, inspired by international principles and standards, including the UN Global Compact principles, to help guide our portfolio companies' work with ESG matters. The aim is to ensure that these objectives are integrated into wider business planning activities and practices in each portfolio company.

We see the implementation of our Responsible Investment framework on new and existing investments as an on-going process, where we set relevant objectives, monitor and develop our approach over time.

OA 02	Mandatory	Core Assessed	PRI 6
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OA 02.1 Indicate if your responsible investment policy is publicly available.

- Yes

OA 02.2 Provide a URL to your responsible investment policy.

	URL
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<http://www.litorina.se/wp-content/uploads/2015/02/Responsible-Investment-framework.pdf>

No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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Yes

No

OA 02.5	Additional information. [Optional]
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Litorina has produced more detailed guidelines beyond the overarching Responsible Investment policy. These guidelines are specifically for internal use, by investment professionals, with respect to screening and analysis and active ownership in our investment approach.

OA 03	Mandatory	Core Assessed	PRI 1,2
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OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach	<input checked="" type="radio"/> Applicable policies cover all AUM
<input checked="" type="checkbox"/> Engagement/active ownership policy	<input type="radio"/> Applicable policies cover a majority of AUM
<input checked="" type="checkbox"/> Specific guidelines on corporate governance	<input type="radio"/> Applicable policies cover a minority of AUM
<input checked="" type="checkbox"/> Specific guidelines on environmental issues	
<input checked="" type="checkbox"/> Specific guidelines on social issues	
<input type="checkbox"/> Asset class-specific guidelines	
<input checked="" type="checkbox"/> Screening/exclusion policy	
<input type="checkbox"/> Other, specify	
<input type="checkbox"/> Other, specify	

OA 03.2	Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]
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Litorina is a private equity investor only. Therefore, we do not require asset class-specific guidelines.

OA 04	Mandatory	Core Assessed	General
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OA 04.1

Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Litorina's employees shall always work in Litorina's best interest and are expected to show honesty, integrity and professionalism in their daily work with other employees, companies, customers, suppliers, business partners, organisations and authorities.

Employees shall avoid all acts that are or might be perceived as favoring the employee itself, a company, organisation, individuals or other stakeholders, at Litorina's expense. Employees shall avoid all types of activity that violate the company's interests or have a negative effect on the employee's judgment and integrity.

Examples of conflict of interest includes own, direct or indirect, investments or business commitments that may be in conflict with Litorina's interests, the use of insider information or confidential information for personal gain or favoring personal related parties. Litorina's employees are required to be transparent and inform Litorina as soon as they become aware of such potential conflicts of interest, so that these can be avoided.

No

Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

- At least once per year
- Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

- Quarterly
 - Biannually
 - Annually
 - Every two years or less
 - It is not reviewed
- No

Governance and human resources

OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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	Roles present in your organisation
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- Board members or trustees
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Partners (4)**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
- External managers or service providers
- Other role, specify
- Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
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	Number
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0

OA 08.3	Additional information. [Optional]
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Litorina is a relatively small organisation with a total staff count of 13 people. Litorina's staff consists of the Managing Director, CFO, 4 Partners (including the Managing Director), 1 Director, 4 Investment Managers, 2 Associates and 1 Office Manager. The Managing Director (who is also a Partner) and Partners are ultimately accountable for the oversight and implementation of responsible investment, however, responsibility lies with all investment professionals to implement our responsible investment commitments.

Although we do not have an in-house, dedicated responsible investment staff member, we do have two investment professionals who dedicate part of their time to working on our responsible investment approach and performance. We also work with an external responsible investment advisor for extra support and guidance when required.

Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
 Moderate
 Advanced
- Asian Corporate Governance Association
 Association for Sustainable & Responsible Investment in Asia
 Australian Council of Superannuation Investors
 CDP Climate Change
 CDP Forests
 CDP Water
 CFA Institute Centre for Financial Market Integrity
 Council of Institutional Investors (CII)
 Eumedion
 Extractive Industries Transparency Initiative (EITI)
 Global Investors Governance Network (GIGN)
 Global Real Estate Sustainability Benchmark (GRESB)
 Institutional Investors Group on Climate Change (IIGCC)
 Interfaith Center on Corporate Responsibility (ICCR)
 International Corporate Governance Network (ICGN)
 Investor Group on Climate Change, Australia/New Zealand (IGCC)
 Investor Network on Climate Risk (INCR)/CERES
 Local Authority Pension Fund Forum
 Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
 Shareholder Association for Research and Education (Share)
 United Nations Environmental Program Finance Initiative (UNEP FI)
 United Nations Global Compact
 Other collaborative organisation/initiative, specify
 Swedish Venture Capital Association (SVCA) and European Venture Capital Association (EVCA)

Your organisation's role in the initiative during the reporting year (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Litorina is a member of the Swedish Private Equity & Venture Capital Association (SVCA) and European Private Equity & Venture Capital Association (EVCA) and as such, follows industry standards and recommendations published by these associations.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

OA 11

Mandatory

Core Assessed

PRI 4

OA 11.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

OA 11.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

- No

OA 11.3

Additional information. [Optional]

Together with five other leading private equity firms in Sweden, Litorina wrote and signed off on the following article which was published in "Dagens Nyheter", one of Sweden's main newspapers, on June 7th 2013.

<http://www.dn.se/debatt/riskkapitalbolagen-maste-infora-en-uppforandekod/>

The article calls for more guidelines or codes of conduct for the private equity industry to increase transparency and develop its approach to business ethics and responsible investment. The article also highlights the need for the industry to work together with central and local government to develop these guidelines.

As private equity plays an important role as active owners, buyers and developers in business, and therefore forms a large part of the Swedish economy, the article acknowledges the need for greater transparency from private equity companies. It also acknowledges the need for private equity to take greater responsibility for self-regulation regarding transparency, and transparency of operations to demonstrate to the public what it means to

be a serious and responsible owner. Therefore a code of conduct will be developed with the aim to be embraced by the Swedish Venture Capital Association (SVCA) and its members.

In addition, Litorina also contributes in more PE round table discussion group, consisting of seven leading private equity firms in Sweden. The purpose of the discussion group is to share best practice and discuss how private equity firms can improve their work with ESG matters as a firm and towards their portfolio companies.

Litorina

Reported Information

Public version

Direct – Private Equity

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Overview

PE 04

Mandatory

Core Assessed

PRI 2

PE 04.1

Indicate if your organisation's investment guidelines for private equity refer to responsible investment.

☉ Our investment guidelines do refer to responsible investment

PE 04.2

Describe how your organisation's investment guidelines outline your expectations on staff and portfolio companies' approach towards ESG issues [Optional].

Litorina's investment approach and Responsible Investment framework aims to integrate the consideration of ESG* matters in each stage of the investment lifecycle in all investment activities, from sourcing to exit.

We aim to:

1. Evaluate related risks and opportunities before an investment decision is made by requiring investment professionals to:
 - Exclude companies operating in certain sectors in accordance with agreed criteria with investors
 - Identify potential material ESG related risks and opportunities in the value chain of portfolio companies (early in the process) and work with external experts, where relevant, to conduct detailed due diligence to evaluate those risks and opportunities
 - Discuss any identified material ESG related risks and opportunities as part of the final bid discussions (Investment Committee)
 - Communicate our Responsible Investment commitments, ESG objectives and any related DD findings to the management teams and Boards of our portfolio companies
2. Ensure ESG activities and practices are driven and reported by portfolio companies through the Boards by requiring investment professionals and portfolio companies to:
 - Assign responsibility and accountability for managing ESG matters to the Board and Management
 - Evaluate and prioritise ESG activities and goals as part of business planning (taking a holistic view across the value chain from supply chain to operations to products & services)
 - Discuss relevant ESG matters in the Board (which Litorina is a part of) at least once annually
 - Monitor regular reporting of material ESG matters up to Management and the Board
 - Consider specific ESG objectives, inspired by international principles and standards, including the UN Global Compact principles, to guide portfolio companies' work with ESG matters.
3. Consider ESG matters when we exit by requiring investment professionals to:
 - Communicate achievements and, where possible, measure impact over the investment period
 - Consider possible buyer or IPO ESG requirements
 - Assess comfort with buyer

Our Responsible Investment framework also commits us to assign accountability, obtain sufficient expertise and training, monitor our and our portfolio companies' management of ESG matters and report progress and performance in our reporting process to our Limited Partners.

** We recognise that material ESG matters vary across different industries and geographies. Litorina does not take a sector specific investment approach. Therefore, depending on the target company, ESG matters could include one or many of (but not excluded to) the following topics: air, land, water pollution; waste management; climate change; energy efficiency; sourcing/use of natural resources; supply chain environmental practices; labour rights; labour management practices; supply chain labour practices; product safety & liability; responsible selling and marketing; stakeholder relations; compliance with laws and regulations; bribery and corruption; business ethics; transparency and disclosure; corporate governance and internal control mechanisms.*

- Our investment guidelines do not refer to responsible investment
- We do not have investment guidelines

Fundraising of private equity funds

PE 05	Mandatory	Core Assessed	PRI 1,4,6
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PE 05.1 Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

- Yes
- No
- Not applicable as our organisation does not fundraise

PE 05.4 Describe why your organisation does not fundraise.

Litorina's last fundraising took place during 2010. At that time Litorina did not have a Responsible Investment framework / policy and accordingly did not refer to responsible investment in the private placement memorandum at that point in time. However, in all the future fundraising processes Litorina will include our Responsible Investment approach and work in our PPM.

Pre-investment (selection)

PE 07	Mandatory	Gateway	PRI 1
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PE 07.1 Indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

- Yes

PE 07.2 Describe your organisation's approach to incorporating ESG issues in private equity investment selection. [Optional]

Litorina's investment approach and Responsible Investment framework aims to integrate the consideration of ESG* matters in each stage of the investment lifecycle in all investment activities, from sourcing to exit.

We aim to evaluate related risks and opportunities before an investment decision is made by requiring investment professionals to:

- Exclude companies operating in certain sectors in accordance with agreed criteria with investors
- Identify potential material ESG related risks and opportunities in the value chain of portfolio companies (early in the process) and work with external experts, where relevant, to conduct detailed due diligence to evaluate those risks and opportunities
- Discuss any identified material ESG related risks and opportunities as part of the final bid discussions (Investment Committee)
- Communicate our Responsible Investment commitments, ESG objectives and any related DD findings to the management teams and Boards of our portfolio companies

We have also developed guidance materials and supporting tools during the reporting year to help investment professionals achieve the above. For example:

- An exclusion list
- A list of which steps to take and when (to analyse ESG issues) during screening and analysis and how these differ between auction and proactive cases
- An ESG checklist for the target company + industry / geographic ESG guidance to assist in scoping due diligence. The checklist considers:
 - Industry and geographic risk classifications in relation to the company profile
 - The company's business model, supply chain, operation(s) or products/services involving relevant ESG matters giving rise to reputational, operational or regulatory risk (e.g. contamination issues, harmful processes, resources with high environmental impact, labour rights and working conditions, product safety/quality issues, bribery risk exposure)
 - The company's business model, supply chain, operation(s) or products/services involving relevant ESG matters giving rise to commercial opportunities (efficiency improvements, branding enhancement, certification, revenues from products/services with ESG features)
 - Engaging with all of our due diligence providers in order to integrate ESG analysis in our main due diligence streams (e.g. commercial, financial, legal, personnel etc.) where relevant and identifying a panel of specialist or technical advisors to contact when support is required
 - Creating internal bid templates to capture ESG analysis in final bid documents (investment papers) and bid discussions (investment committee)
 - Updating investment agreements to include ESG related responsibilities for the Managing Director and Board of Directors

No

PE 09	Mandatory	Core Assessed	PRI 1,3
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PE 09.1	Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.
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ESG issues

Environmental

List up to three typical examples of environmental issues

Risk for pollution or hazardous waste from production and/or from suppliers

Company and industry impact on carbon emissions and/or natural resource use

Reputational risk for company/brand related to environmental impact of supply chain/operations/product life cycle

Social

List up to three typical examples of social issues
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Labour rights e.g. forced labour and child labour in the company or at suppliers

Product safety and/or liability towards the consumer

Labour management e.g. absenteeism, diversity, training development

Governance

List up to three typical examples of governance issues

Bribery and corruption

Business ethics e.g. money laundering, fraud,

Corporate governance and internal control mechanism, e.g. accounting, risk management, whistle blower schemes etc.

Post-investment (monitoring and active ownership)

PE 13

Mandatory

Gateway/Core Assessed

PRI 2

PE 13.1

Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.

Yes

PE 13.2

Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 13.3

Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.

ESG issues

- Environmental
- Social
- Governance
- We do not set and/or monitor against targets

No

PE 13.4

Additional information. [Optional]

Aside from the traditional corporate governance aspects that we regularly monitor, following the launch of Litorina's RI Framework in 2013, we are improving our monitoring to include (more explicitly) wider ESG-related risk management and commercial opportunities.

During the reporting year, we have continued our work with our portfolio companies to complete their ESG risk / opportunity assessment and present relevant findings, improvements identified and action plans to the Board (which Litorina investment professionals sits on). During 2014 all portfolio companies except 3 has completed their assessments. The results of the assessments will also be the basis for ongoing monitoring and reporting by Litorina, and progress will be discussed in the Board at least once annually.

During 2014 we introduced an annual ESG questionnaire to be filled in by each portfolio company to give a status of their current status and activities within ESG. Currently the monitoring of the portfolio companies are primarily qualitative and going forward we will evaluate whether to include quantitative KPIs on a company or overall level.

PE 14	Mandatory	Core Assessed	PRI 2
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PE 14.1 Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

- Yes

PE 14.2 Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- 0% of portfolio companies

(in terms of total number of portfolio companies)

- No

Communication

PE 20	Mandatory	Core Assessed	PRI 6
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PE 20.1 Indicate whether your organisation proactively discloses ESG information on your private equity investments.

- Disclose publicly
- Disclose to investor clients (LPs)/beneficiaries only

PE 20.5 Indicate the type of ESG information that your organisation proactively discloses to your clients (LPs)/beneficiaries.

- ESG information in relation to our pre-investment activities
- ESG information in relation to our post-investment monitoring and ownership activities
- Information on our portfolio companies' ESG performance
- Other, specify

PE 20.6 Indicate your organisation's typical frequency of disclosing ESG information to your clients(LPs)/beneficiaries.

- Quarterly or more frequently
- Semi annually
- Annually
- Every two years or less frequently
- Ad-hoc, specify

PE 20.7

Describe the ESG information and how your organisation proactively discloses it to your clients (LPs)/beneficiaries. [Optional]

During the reporting year, we continued to present our Responsible Investment Framework to the investors in our funds, through our fund reporting process and investor day. We have discussed how we aim to integrate ESG issues in our investment activity from sourcing to exit. We include qualitative portfolio company specific ESG progress in our fund reports to investors on a quarterly basis.

- No proactive disclosure to the public or to clients (LPs)/beneficiaries