

we CARE

Environmental, Social and Governance

2022 Report



INNOVA
C A P I T A L

table of contents

Letter from ESG Team	1
About Innova Capital	2
ESG Reports of Portfolio Companies:	3
Inelo Group	
Oshee	
PLIC S.A.	
WeNet	
OIG S.A.	
STX Next	
Bielenda	
PayPoint Romania	
United Clinics	
ESG Risk Rating Summary	
Unified ESG KPIs	
Responsible Investing Policy	4
Global Responsibilities	5
ESG Reporting and Impact Assessment	6
ESG Procedures Manual	7
Team Facts and Figures	8
Disclaimer	9



1. LETTER FROM ESG TEAM

“ I fear no one, but respect everyone.
Roger Federer

Dear Investors, Stakeholders
and Friends

Welcome to Innova Capital's ninth annual ESG report for 2022.

2022 was overshadowed by the Ukrainian war breaking out on our border and millions of people in need crossing it to seek shelter in Poland. We are proud that both Innova employees and portfolio company management teams rose to the occasion and volunteered to help. As a private equity business, we are in the privileged position of being able to impact the life of others – now, more than ever, we felt both the responsibility and had the power to be able to do something.

Not only Innova Capital, but also our portfolio companies organized help to refugees. And we came up with many valuable initiatives and just to name two:

– **Oshee** used resources from its foundation to provide help and housing for many refugees. Additionally, food, drinks and transportation were delivered by the company to the long queues of refugees crossing the border.

– **Inelo** financed a Ukrainian orphanage relocation from a war zone and supported children with the additional help they needed. Despite economic difficulties following the outbreak of war, Innova's portfolio proved to be resilient to market distortions and we have not had any significant adverse ESG related incidents.

2022 was also a year when we held the first closing of another Innova fund, Innova/7 with 13 investors again entrusting us to manage their assets. Although private equity is aimed at delivering long term sustainable financial profit to its investors, we are increasingly aware that a sole focus on financial measures is not enough. With this new fundraising we promised also to deliver ESG milestones.

In 2023 we will be measuring the carbon footprint in the whole portfolio with a goal to set up a long-term plan to reach a net-zero target.

Respect for diversity has been established as one of the pillars of Innova's ESG value

creation strategy. We are proud to report that in 2022 we have fulfilled our goal to have female representation in all positions of our investment team. Two out of nine portfolio companies are led by female CEOs. With Innova/7 we are going a step further with a strong, declared target to have at least 20 per cent female board representation in its portfolio companies by the end of the investment period.

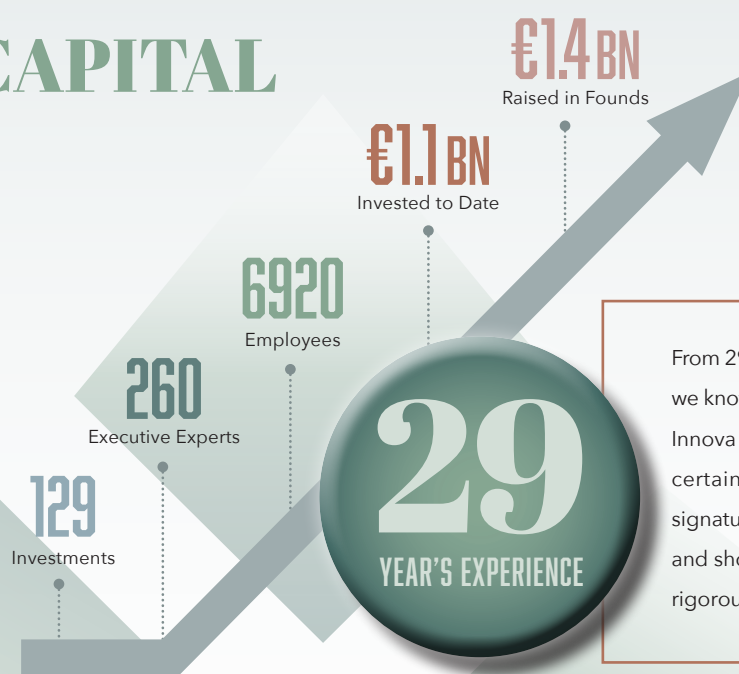
On behalf of Innova Capital Partners, we would like to thank all stakeholders for their trust, support and valuable help with regard to our ESG initiatives. We felt inspired by your constant guidance and in turn we hope to inspire others with our ESG strategy and approach.

ESG Team

2. ABOUT INNOVA CAPITAL

Our strategy & philosophy

Innova has maintained a single-minded commitment to mid-market buyouts in Poland and Central Europe. We focus on making control investments in companies with EV's of €50-150 million with equity tickets of €25-40 million.



From 29 years of experience we know that the successful Innova deal will almost certainly be one of three signature transaction types and should demonstrate rigorous price discipline.

Our Key Transaction Types

Founder Succession

Strategic partner of preference. This is our iconic deal type which is suited to a Founder looking to step back from their business, realise some liquidity, yet retain a financial interest alongside Innova.

Platform+

Innova's pioneering approach to drive sector consolidation in typically fragmented markets. The deal requires that at least two companies be combined at the outset of the transaction. This type of deal is used to secure the benefits of synergies up-front and leverages their joint potential.

Corporate Carve-out

Finding a distinctive Innova edge in a possible quick win. This transaction type represents the most opportunistic of our signature deals. Corporate carve-outs offer rapid value progression sometimes by executing a quick exit to previously identified strategic player.

Sector Expertise

Innova has organized itself around target sectors with one senior officer dedicated to each area of opportunity:



Business
Services



Industrials



Consumer
& Lifestyle



Healthcare



3.

ESG REPORTS OF PORTFOLIO COMPANIES

Inelo Group

Oshee

PLIC S.A.

WeNet

OIG S.A.

STX Next

Bielenda

PayPoint Romania

United Clinics

ESG Risk Rating Summary

Unified ESG KPIs



Inelo Group



ESG awareness raised
by waste segregation
and digitization
of contract signing

Company Overview

Inelo Group ("Inelo") is the leading provider of technology-enabled services for the heavy transportation industry. It specialises in telematics, work time management (WTM) solutions, and fleet management. Its customers are CEE-based transportation companies and international road inspection authorities. Inelo Group was established in 2002 and is based in Bielsko-Biala in southern Poland. The Group currently consists of four separate divisions combined into three legal entities: (i) Inelo, specialising in the development of WTM software for transportation and outsourcing companies and for international transportation authorities, and in the provision of telematics services; (ii) OCRK (legally merged with Inelo in 2021), providing work time management outsourcing services; (iii) add-on MarcosBIS, the premier manufacturer of transport management software, marketed as TMS Navigator; and (iv) Slovenian add-on CVS Mobile, a leading specialist in telematics solutions.

On 15 March 2023 the company was sold to Eurowag, the strategic buyer traded on the London Stock Exchange.

Inelo Group is C-rated according to the IFC/EBRD risk classification.

The following IFC Performance Standards stem from Inelo Group's operations:

PS 1: Social and Environmental Assessment and Management Systems (applicable to all portfolio companies)

PS 2: Labour and Working Conditions
(no medium/high risks identified)

PS 3: Pollution Prevention and Abatement
(very low risk, but employee awareness is being raised)

PS 4: Community, Health, Safety and Security
(no medium/high risks identified)

At the end of 2022, the Group had 490 full-time equivalent employees (2021: 465).

ENVIRONMENTAL

E

- Inelo introduced the Eco Driving enhancements to the basic system functionalities for drivers in 2020. The module was developed with the support of the Polish University of Technology. The algorithm is intended to promote further eco-friendly and efficient driving style and incentivize drivers to achieve the best results.
- Office waste separation was strengthened with the liquidation of individual wastebaskets at desks. Now there are only common wastebaskets mainly in kitchens, eliminating up to 50,000 plastic rubbish bags annually.
- Vehicle fuel consumption increased 12% compared to 2021. This was expected because of higher sales activity post-Covid. This increase represents approximately 40 tons of 'carbon footprint'.

SOCIAL

S

- The significant majority (66%) of Inelo employees are female, and the structure has remained relatively constant over the last few years. Since 2019 the company has a female CEO, Magda Magnuszewska.
- The company has been involved in several social initiatives in 2022:
 - Conducting webinars regarding drivers' working time;
 - Internship program for students from Bielsko Biala;
 - Organizing a collection for Ukrainian refugees.

GOVERNANCE

G

- The sale process to Eurowag, completed in 2023, resulted in a slowing of the implementation of additional governance processes such as enhanced risk management. The vendor due diligence was completed successfully and reflected the improvements in governance since Innova's entry to the company in 2017.
- There was a cyber security breach caused by ransomware at the Slovenian subsidiary, CVS, in 2022. This was relatively minor as it related primarily to the back office servers. Other more real time mission critical operations were less affected. Inelo's IT team was made available to support CVS. The standardisation of key policies and the integration of key infrastructure and security at group level will be accelerated as a result of the attack. A full action and investment plan have already been agreed.

Inelo Group ESG Rating

All risk ratings remained unchanged in 2022. The environmental risk is at such a low level that it is difficult to reduce it further. The social risk level remains at 3. The missing initiatives here, compared to target, related to greater community interaction and HR development (the evaluation of staff was just 3% short of its targeted 100% at the end of 2022). With the introduction of the code of ethics the governance risk level has been reduced from 5 to 4 in 2022. The exit target for governance was missed as a result of the delay in risk management implementation. Given the low entry risk rating, it is considered satisfactory that there is a slightly lower risk level assessed. There are increased levels of ESG awareness in the company.

	2021	2022	Exit (target)
Environment	2	2	2
Social	3	3	2
Governance	5	4	3
Rating of ESG Risks: 1-10 Low Risk=1 / High Risk=10			

Positive impact already being made:



- Overall, Inelo Group has a good gender balance, although a heavier gender bias exists at specific entities. In any event, opportunities are equal and the nature of the business means that women are empowered. The CEO is female.
SDG objective: 5.C Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

- Inelo Group's business focuses on upgrading the transport management and compliance systems in commercial vehicles. This helps to make vehicles more fuel efficient, drivers more environmentally aware and businesses generally more compliant.
SDG objective: 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

- The Group has introduced minor waste saving and segregation measures in its office operations. The primary objective of this was to raise awareness rather than contribute significantly to waste reduction.
SDG objective: 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Potential future positive impact:



- SDG-related initiatives at Inelo Group are mainly related to awareness. The company has started to interact more actively with its local community through direct and indirect engagement. These activities could probably have been expanded further, given the important status of Inelo in its locality.
SDG objective: 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including through education for sustainable development and sustainable lifestyles, human rights, gender equality, the promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.

- While increasing awareness through environmental and social initiatives involving employees, the company has maybe not fully exploited the opportunity to enhance training to increase general awareness of employees and stakeholders.
SDG objective: 13.3 Improve education, awareness-raising and human and institutional capacity on climate-change mitigation, adaptation, impact reduction and early warning.

OSHEE

The *GOGREEN & Recycle* project continues to generate numerous environmental initiatives

Company Overview

Founded in 2007, Oshee Polska ("Oshee") is a leading Polish FMCG business active in health and fitness products. It owns the number-one brand in the sports drinks category in Poland and sells other sports, vitamin, and functional products focusing on natural and healthy properties. It primarily draws on contract manufacturing, but in September 2017 acquired Kinga Pienińska, a high-quality water producer. In 2019, Oshee acquired Sonko, a healthy food producer with a leading position in several market categories in Poland, including dry bread and rice cakes. The Group supplies 80,000 shops in Poland and is involved in at least 600 sporting and cultural events.

Oshee is rated "B" according to the IFC/EBRD risk classification (this relates primarily to the water bottling part of the business and Sonko; the Oshee part of the business would probably be classified as a "C" risk).

At the end of 2022, the Group had 526 full-time equivalent employees (2021: 502).

Oshee holds the certificate ISO 22000 (food safety management systems).

The following IFC Performance Standards stem from Oshee's operations:

PS 1: Social and Environmental Assessment and Management Systems
(applicable to all portfolio companies)

PS 2: Labour and Working Conditions
(no medium/high risks identified)

PS 3: Pollution Prevention and Abatement
(low/medium risk)

PS 4: Community, Health, Safety and Security
(health and safety initiatives are proposed for the bottling plant and Sonko production, but no serious risks have been identified)

PS 6: Biodiversity Conservation and Sustainable Natural Resource Management
(sustainable water management is important for part of the business)

PS 8: Cultural Heritage
(the water bottling facility borders on a national park)

ENVIRONMENTAL

E

- The "GoGreen & Recycle" project, which commenced in 2021, has continued to generate numerous energy saving initiatives which are in progress or were completed in 2022. These include:
 - Negotiations for the purchase of energy for the entire group, with the possibility of certification indicating that 100% of the energy supplied to OSHEE Group comes from renewable energy sources;
 - Reduction of the amount of plastic in many Oshee products;
 - A feasibility study for a photovoltaic installation is in progress;
 - Water production lines have been reconfigured, which will help save energy;
 - Forklifts have been replaced with modern electric vehicles;
 - Sonko is preparing a concept for the consolidation of its plants which should conserve energy;
 - Energy meters on machines in production halls monitor energy to optimize consumption;
- A feasibility study has been started regarding a possible photovoltaic farm for a Kinga Pienińska production facility in Krościenko. The possibility of placing a photovoltaic farm on the roof of the warehouse is being analyzed.

SOCIAL

S

- The Oshee Group has been heavily involved in helping refugees from Ukraine. Many aid organizations have been supported in Poland by the company providing food and drinks. The Group also supported people who remained in the war zones. Food was sent and sleeping bags and mattresses were purchased to help survival of people trapped in these areas. The Group's Ukrainian employees and their families were assisted by the company paying for their accommodation or by locating them in residential buildings belonging to Sonko.
- Accidents remained at the relatively high level of 10 in 2022 however all accidents in 2022 had a minor impact on the health of involved employees. The company has reviewed training procedures and carried out interviews with all employees involved in the accidents.
- As well as introducing several new 'zero calories' products in 2022, Oshee has also reduced levels of sugar in a number of other goods.
- Oshee continuously supports local sports initiatives and local sports clubs. For several years it has supported the activities of the "Special Olympics" association in Poland, whose main activity is to organize training and sports competitions for people with intellectual disabilities.

GOVERNANCE

G

- While a full code of conduct has not yet been implemented, the Group did implement a sanctions policy (relating to the sanctions imposed due to the Ukraine war) and an anti-corruption policy.
- Oshee publishes a tax strategy on its website, which includes the following mission statement: "Oshee Polska is a reliable and responsible taxpayer, consistently fulfilling its duties from tax obligations. Conducting a wide range of activities, the Company exercises due diligence and ensures transparency in the implementation of tax obligations, also focusing on the timely settlement of tax obligations".

Oshee ESG Rating

The environmental risk level has yet to reach its target. Emissions, resource conservation, and waste management are being addressed by Group management but the current and potential impact is still to be measured. The Group has an active approach towards employee motivation and the promotion of a healthy lifestyle for all its stakeholders. Major new initiatives are not anticipated related to the social risk and this is expected to remain unchanged. The governance risk has not been reduced as planned in 2022 following the onboarding of an HR Business Partner but the roll-out of a comprehensive code of conduct project in 2023 would potentially prompt downward movement of this risk.

	2021	2022	Exit (target)
Environment	4	4	3
Social	3	3	3
Governance	5	5	3
Rating of ESG Risks: 1-10 Low Risk=1 / High Risk=10			

Positive impact already being made:



- Oshee owns Kinga Pienińska, a bottled-water brand with its own private water source. Management of the water source from the perspectives of water quality and sustainability is a key issue.
SDG objective: 6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and a supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

- Waste and recycling are particularly critical issues at an FMCG business like Oshee Group. This particular goal relates to the business's ongoing target to optimise waste levels in production and seriously address the issue of recycling.
SDG objective: 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Potential future positive impact:



- Sustainability and ESG awareness are still at quite a low level within the organization and can be raised quickly via straightforward training schemes and certain organization measures.
SDG objective: 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including through education for sustainable development and sustainable lifestyles, human rights, gender equality, the promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.

PLIC S.A.



Photovoltaic panels installed at Embe Press and Chemes

Company Overview

Prime Label Group is a leading CEE labels converter, active in both traditional and digital print market. The company operates over four subsidiaries: two in Poland, one in Slovenia and one in Estonia. Embe Press (Polish company) is a leading label manufacturer in CEE that specialises in high-quality packaging labels for the food and beverage sector. Chemes (Polish subsidiary), operating specializes a single, integrated plant near Poznań in western Poland, is also a prominent decorated label and tube manufacturer in CEE. Apart from its business in Poland, the key export markets for the company's products are Germany and the UK. Along with its add-ons: LabelProfi/Slovenia (a digital print specialist) and LabelPrint/Estonia (equipped with flexo printing lines and innovative digital printing technology solutions), these companies are jointly managed under the holding company Prime Label Investment Company S.A. ("PLIC").

Reflecting the sector in which the Group operates, it is rated as a borderline "B/C" for IFC classification purposes. A printing/packaging business counts as a production company, but the risk is at the low end of manufacturing. In order to err on the side of caution, Innova has treated both businesses as a "B" risk.

The following IFC Performance Standards are triggered by Prime Label Investment Company S.A.'s operations:

PS 1: Social and Environmental Assessment and Management Systems
(applicable to all portfolio companies)

PS 2: Labour and Working Conditions
(no medium/high risks identified)

PS 3: Resource Efficiency and Pollution Prevention
(low/medium risk but circular economy implications)

PS 4: Community, Health, Safety and Security
(some minor health and safety initiatives proposed)

At the end of 2022, the Group had an aggregate of 495 full-time employees (2021: 489).

ENVIRONMENTAL

- Chemes and Embe Press have installed photovoltaic panels in 2022. At Chemes there is a capacity of 48 KWp and 35.7 MWh of electricity was produced in 2022. The Embe Press installation has a 50KWp capacity. Label-Print purchases electricity produced by solar panels (approx. 35% of the total energy purchased).
- Water consumption at Embe Press fell by more than 38% year-on-year as a result of the Installation of an external rainwater usage system with infiltration wells ensuring drainage of roads and roofs.
- Full scope carbon footprint is now calculated at EmbePress and this process is being rolled out across the Group. GHG emissions dropped 22% in 2022, mainly thanks to implementation of photovoltaic panels, improvement of cooling and heat exchange in production and a reduction in shipments with own transport.
- PLIC Group has implemented several initiatives in respect to its material wastage. The monitoring of this parameter is performed on a quarterly basis for the last four years. Thanks to actions taken towards waste reduction, the total waste volume has dropped from 23.7% of input in 2019 to 16.9% in 2022.
- Environmental awareness among employees has been enhanced by training for waste management, dealing with hazardous wastes and environmental protection.
- Multiple waste reduction initiatives are in progress across the Group:
 - Reduction of the amount of hazardous waste by sale of post-production waste of laminates, instead of forwarding it to the landfill.
 - Installation of bailing machines for foil and paper waste - reduction of waste disposal costs, saving storage space

SOCIAL

- Various workplace health and safety initiatives introduced in 2021 appear to have had an impact in 2022 as the number of accidents was reduced from 16 to 7. New initiatives in 2022 included:
 - Increasing employees' knowledge of first aid;
 - Reduction of the load on the musculoskeletal system of production workers;
 - Increasing employees' knowledge on fire protection.
- PLIC Group companies' involvement in charitable and community activities in 2022 included:
 - Support for Ukrainian families living in Poznań and Lublin due to the war (Chemes / Embe Press);
 - Sponsorship of a local primary school, art society and sport clubs (LabelProfi);
 - Organization of a fundraiser for the Tallinn Children's Hospital Support Fund, through which the Kyiv Children's Hospital was supported (LabelPrint);
 - Money donated for children at the hospital "Teatr Za Jeden Uśmiech" (EmbePress);
 - 1,000 oak trees were planted in an initiative involving Embe Press employees.
- Across the PLIC Group a total of 19 people with registered disabilities are employed.

GOVERNANCE

- Environmental and social issues are incorporated into the whole PLIC Group and are part of the Integrated Management System. Sustainability reporting takes place twice per year and any critical issues are reported immediately to Innova.
- In 2022, Chemes became certified for ISO 14001 (environmental management) and ISO 45001 (occupational health and safety). Embe Press was certified for ISCC Plus (International Sustainability and Carbon Certification, a certificate used globally for the chemical industry, packaging, industrial applications as well as in the food, feed and bioenergy markets). This means that all four group companies are now ISO 9001 and ISO 14001 certified.

PLIC S.A. ESG Rating

The risk rating for the Group as a whole was established in 2019, with no substantial changes in 2020 and 2021. The main areas of focus for the Group was to implement initiatives relating to waste and energy efficiencies. Following the achievements in the both areas (waste reduction and energy saving initiatives to be gradually rolled to all group companies) we expect environmental target to be achieved by the end of 2023.

	2021	2022	Exit (target)
Enviroment	4	4	3
Social	3	3	3
Governance	4	4	3
Rating of ESG Risks: 1-10 Low Risk=1 / High Risk=10			

Positive impact already being made:



- All PLIC Group companies have inclusive gender and diversity policies.

SDG objective: 5.C Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

- Embe Press employs foreigners (Ukrainians) and people with disabilities.

SDG Objective: 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

- Sustainability and ESG awareness is a little more developed at Embe Press than at Chemes and the other companies. Certain synergies could easily be extracted in this respect.

SDG objective: 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

Potential future positive impact:



- SGD 9 focuses on innovations. It stresses the development of new products tackling this issue and takes into account single-use plastic and upcoming regulations in this area.
- SDG objective:** 9.2 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product in line with national circumstances.

- SDG 12 provides a sustainable vision for the entire production and value creation chain. This goal directly relates to operations aimed at compliance with relevant EHS regulation and the intention to reduce waste and increase resource efficiency (circular economy). One specific objective also relates to the sound management of chemicals, which is an open issue at both Embe Press and Chemes.

SDG objective: 12.4 To achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.

WeNet

WeNet recognised
as a Customer Friendly
Company and Investor
in Human Capital

Company Overview

WeNet (previously CS Group) supports more than 60,000 small and medium-sized enterprises in Poland by delivering integrated internet marketing activities and search-engine services. It specializes in consulting towards actively building the online image of companies and web-effective acquisition of customers.

Reflecting its operations and line of business, the company is rated as a "C" for IFC classification purposes.

The following IFC Performance Standards are triggered by WeNet's operations:

PS 1: Assessment and Management of Environmental and Social Risks and Impacts
(applicable to all portfolio companies)

PS 2: Labour and Working Conditions
(no medium/high risks have been identified, but retrenchment remains ongoing)

PS 3: Resource Efficiency and Pollution Prevention
(very low risk)

PS 4: Community, Health, Safety and Security
(low risk)

The company is not formally certified.

At the end of 2022, the company had 1,382 full-time employees (2021: 1,388; all figures inclusive of B2B contracts).

ENVIRONMENTAL

E

- The company has reduced its vehicle fleet significantly from 190 in 2018 to 123 in 2022. To date this has not resulted in a proportionate fall in fuel consumption and there was an increase of 6% in 2022 compared to 2021, as a result of increased sales activity. This is producing more than 600 tons of carbon per year, which is a relatively material footprint for an internet business (not taking into account office related emissions). An average Polish individual was responsible for the emission of approximately 8.5 tons of carbon in 2021.

SOCIAL

S

- WeNet received the "Customer-Friendly Company" award for the third year in a row. The is an award granted to companies that care about good cooperation with customers. The award was granted based on the results of an independent customer satisfaction survey. The surveyed WeNet customers highly rated the quality and standards of service as well as the level of satisfaction with cooperation with the company.

- WeNet was awarded the "Investor in Human Capital" certificate. This is companies and institutions that think responsibly about the development of their employees' competences. It is 100% based on the votes of employees in various aspects of the working environment. The award recognizes that the company moves with the times and responds effectively to the changing needs and expectations of its staff.

- There were several community events which WeNet either organized or in which it participated in 2022, including supporting orphanages, animal shelters and various social campaigns involving employees:

- WeNet runs the E-marketing Academy, which is a permanent program of free lectures for SMEs, which is conducted in major cities in Poland and led by the Sales and Training Team.

- In order to address high employee attrition, line managers have been trained to provide feedback and to improve recruitment skills. A candidate experience survey was introduced as a routine element of the recruitment process to obtain first-hand feedback from candidates.

- Psychological support has been introduced for all employees to take better care of their mental health after COVID related distortions.

- The staff rotation at WeNet increased to over 30% again in 2022 however the level of satisfaction doesn't seem to be impacted by this parameter. High rotation is mostly observed the very young employees.

GOVERNANCE

G

- WeNet adopted specific personal data protection procedures and an IT/information security policy in 2021. A specialized cyber-crime/IT audit was carried out in 2022 and the recommendations for enhancements in existing practices have been implemented.

WeNet ESG Rating

WeNet's risk rating was introduced on completion of the investment in July 2019. The environmental risk rating is low, and this is targeted as the exit risk level. The social risk was rather higher as it reflected the company's ongoing retrenchment programme at the time. This was reduced in 2021. Governance is projected to fall from the entry rating of 6 to 3 on exit. The progress has been quite modest to date.

	2021	2022	Exit (target)
Environment	2	2	2
Social	4	4	3
Governance	5	5	3
Rating of ESG Risks: 1-10 Low Risk=1 / High Risk=10			

Potential future positive impact:



WeNet has a low overall ESG risk rating. ESG awareness has not been a critical issue for the company in the past. All SDG-related activity relates to new initiatives.

- WeNet's product range makes it well-positioned to raise awareness and educate through projects for customers involved in the transition.

SDG objective: 13.3 Improve education, awareness-raising and human and institutional capacity on climate-change mitigation, adaptation, impact reduction and early warning.

- A code of ethics and anti-bribery training can be introduced.

SDG objective: 16.5 Substantially reduce corruption and bribery in all their forms.

Optical Investment Group



The collective agreement with group employees is now fully implemented

Company Overview

Optical Investment Group ("OIG") is Romania's leading optical product retailer (behind the OPTiblu, Optiplaza, and O51 brands). It is also one of the leading distributors of optical products (mainly frames, contact lenses and sunglasses) on the Romanian market and an operator of an online store.

The five OIG Group companies (OIG S.A., Optical Network SRL, Optiplaza SRL, Optic Planet SRL, and Mann Optic SRL) are now jointly managed under the holding company Optical Investment Group S.A. (following a legal merger in 2021). Combined, the Group has more than 100 stores mostly in shopping malls in 30 towns and cities across Romania.

OIG S.A. is rated "C" for IFC classification purposes on account of its line of business. The overall ESG risk is low or very low.

PS 1: Assessment and Management of Environmental and Social Risks and Impacts
(applicable to all portfolio companies)

PS 2: Labour and Working Conditions
(no medium/high risks identified but retrenchment planned)

PS 3: Resource Efficiency and Pollution Prevention
(low risk)

PS 4: Community, Health, Safety and Security
(low risk)

At the end of 2022, the company had 636 full-time employee equivalents (2021: 612).

ENVIRONMENTAL

E

- Currently approx. 75% of OIG stores use LED technology lights. All stores that are in the plan to be refurbished or newly opened stores will be equipped with this energy efficient technology.

- As part of ongoing efforts to decrease waste, a new policy is aimed at understanding the main factors that contribute to defects and finding ways to minimize them will contribute to waste reduction.

SOCIAL

S

- OIG is a good example of the empowerment of women with the percentage of female employees across the Group currently over 85%. 80% of managers are women. The CEO of Optical Investment Group is female.

- The collective agreement with employees in all five group companies was completed at the beginning of 2022 with the selection of employee representatives, negotiations with employees, and the formal registration process. The resulting agreement is valid for two years from March 2022.

GOVERNANCE

G

- It has been agreed that from 2023, an internal auditor role will be introduced. This will initially be carried out by PwC until the function is brought inhouse. The role will have a direct reporting line to the Supervisory Board.

- The company has continued its work to complete the full implementation of IFRS/IAS but this still needs to be discussed with the auditors to obtain final sign-off.

- In line with Innova 2021 ambitions, OIG underwent a cyber-crime/IT audit. Several strategic action points were identified and are currently being addressed by the CFO and an external consulting firm.

- The development of a unique mission statement for each banner is in progress in order to clearly communicate the value proposition to customers.

- A competitive procurement process has been introduced and the new role of Tenders and Acquisitions Specialist has been created in the company. This person will be responsible for conducting all major non-stock procurement activities (including new store fit outs).

OIG ESG Rating

Risk management in all three areas is in progress. The environmental risk is not expected to fall below the current low level. The social and governance risks remained unchanged in 2022. While the code of ethics has been implemented, the reduction of the governance risk is still dependent on the full implementation of the internal audit and procurement processes. This should result in the OIG Group reaching the targeted "G" risk level.

	2021	2022	Exit (target)
Environment	2	2	2
Social	4	4	2
Governance	4	4	3
Rating of ESG Risks: 1-10 Low Risk=1 / High Risk=10			

Positive impact already being made:



- As OIG operates broadly in health care, enfranchising access to good optical care at affordable prices is a business and ESG objective.

SDG objective: 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

- The networks have strict onboarding and training requirements for all staff to ensure that customer service is delivered at an optimal level and employees are quickly able to acquire and develop new skills.

SDG objective: 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

- The business gender balance is heavily skewed towards women. Therefore, it is actively empowering females. The OIG CEO is female and management is predominantly women.

SDG objective: 5.C Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

Potential future positive impact:



- Sustainability and ESG awareness are still at quite a low level within the organization and could be raised quickly via comparatively straightforward training program and certain other measures. There are still no formal plans to implement such programs.

SDG objective: 13.3 Improve education, awareness-raising and human and institutional capacity on climate-change mitigation, adaptation, impact reduction and early warning.

STX Next



Formalization of a wide range of employer branding initiatives

Company Overview

STX NEXT is the largest software house in Europe specializing in the design and creation of digital solutions in the Python programming language. In operation since 2005, the company works with well over 500 people through more than five offices in Poland and one delivery center in Mexico. STX's clients include leading international corporations, small and medium-sized enterprises, and the most innovative start-ups from around the world.

STX Next is rated "C" according to the IFC/EBRD risk classification.

At the end of 2022, STX Next had 568 full-time equivalent employees (2021: 474).

The following IFC Performance Standards stem from STX Next's operations:

PS 1: Assessment and Management of Environmental and Social Risks and Impacts
(applicable to all portfolio companies)

PS 2: Labour and Working Conditions
(no medium/high risks identified)

PS 3: Resource Efficiency and Pollution Prevention
(very low risk)

PS 4: Community, Health, Safety and Security
(low risk)

ENVIRONMENTAL

E

- The environmental risk of STX Next is particularly low because of the working model, which consists of a large network of self-employed contributors to its projects, who often work remotely. Limited amounts of modern and efficient office space is available in a number of cities for meetings and hot desking.
- STX Next occasionally provides its services for cleantech organisations but this is not a specific target for its services.

SOCIAL

S

- Guidelines have been set to ensure that chairs must have the correct body (backbone) position and minimum desk size policy is applied in every STX Next office.
- The "Happiness Index" indicator, STX Next's monthly monitoring tool for satisfaction and motivation of staff, has consistently recorded scores between 80% to 90% in 2022 with 50% or more participation levels in the exercise.
- The company takes employer branding very seriously, partly to counter negative opinion spread online also connected with a redundancy program in 2022, a not uncommon problem for large IT businesses. It also addresses the issue of staff rotation (28% in 2022 but impacted by layoffs in December). Having expanded the workforce during the year, a reduction was required in the final quarter as major projects ended.
- Measures to raise the brand awareness have included:
 - Meetups covering topics such as Python, Javascript / Node, Date Engineering / Python, machine learning and Agile;
 - Workshops such as JavaScript workshops for women, Data Has Power and QA Has Power;
 - Podcasts - PozTech Talks (as in Poznan) on various topics and IT Na Fali (Tuned In to IT) on practical work practice topics for coders;
 - Technical Conferences (including at universities), articles / publications, job fairs;
 - Website material such as Culture Book, refreshment of the career page, employee advocacy program and an HR Portal.
- Charity and community initiatives that STX Next organized or participated in:
 - Helping families from Ukraine through the donation of unused equipment, an auction with proceeds to the Ukraine Foundation;
 - Funding 46 race packages for the "Business Run" charity event and 29 race packages for the "Wings for Life" charity run;
 - Funding the offer of psychological support for employees and co-workers in the context of the anxiety caused by the outbreak of war in Ukraine;
 - Meetings during Pride Month, Diversity Month and Health Awareness Week.
- Extracurricular activities for employees include the Annual Appreciation Awards and webinars focused on well-being (healthy eating, forming healthy habits, healthy sleep and, mindfulness).

GOVERNANCE

G

- Comprehensive GDPR training was introduced and has become part of the onboarding process for new employees/co-workers.
- STX Next has started preparation for ISO 27001 certification. At the end of 2022 gap analysis for ISO 27001 compliance was conducted and as a result it is planned in 2023 to improve internal processes regarding security.
- Anti-corruption Policy and Know-Your-Client procedures were established.
- STX Next uses external investigation programs to facilitate register checks and potential presence on the sanction lists and, in cooperation with an insurer, it checks potential clients' financial capacity.

STX Next ESG Rating

STX Next has seen the most change in its risk rating of any Innova company with the social rating dropping from 4 to 2 as a result of the comprehensive employer branding exercise (and in spite of the layoff program, which needed to be executed in December). The governance rating has dropped from 6 to 5, as a result of the implementation of GDPR training and the AML/KYC policy. It could fall further in 2023 with a successful implementation of ISO 27001.

	2021	2022	Exit (target)
Environment	2	2	2
Social	4	4	3
Governance	6	5	3
Rating of ESG Risks: 1-10 Low Risk=1 / High Risk=10			

Positive impact already being made:



- STX Next's product range makes it well-positioned to raise awareness and educate via projects for customers involved in the transition.

SDG objective: 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

- A code of ethics and anti-bribery training has been introduced.

SDG objective: 16.5 Substantially reduce corruption and bribery in all their forms.

Potential future positive impact:



- The company already works with local universities. STX Next should harness its market power and access to students to boost the percentage of women working as IT/programming specialists. STX Next has reinstated seminars geared towards young female developers.

SDG objective: 4.4: Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

BIELENDA

High profile ESG
Committee created

Company Overview

Bielenda Kosmetyki Naturalne ("Bielenda") is one of the strongest and most popular Polish cosmetic brands. Since 1990, it has created face, body, and hair care cosmetics that emphasise the natural beauty of women of all ages. It has remained faithful to the idea of searching for the most effective and skin-friendly way of combining the highest-quality natural ingredients with the achievements of advanced biotechnology. Bielenda currently offers several hundred cosmetic products that are available to customers in Poland, Europe, and other export markets on four continents. The group currently operates over two production plants, one near Warsaw (Radzymin) and the second one in Krakow. Expansion of production facility in Radzymin was launched in 2022, with aim to relocate all production processes to one modern single facility before 2024.

Bielenda is rated "B" according to the IFC/EBRD risk classification.

The company hold the following certification: ISO 9001, ISO 14001, ISO 22716 (Good Manufacturing - Cosmetics).

At the end of 2022, Bielenda had 344 full-time equivalent employees (2021: 360).

The following IFC Performance Standards stem from Bielenda's operations:

PS 1: Social and Environmental Assessment and Management Systems
(applicable to all portfolio companies)

PS 2: Labour and Working Conditions
(no medium/high risks identified)

PS 3: Pollution Prevention and Abatement
(low/medium risk)

PS 4: Community, Health, Safety and Security
(health and safety initiatives are proposed for the Cracow plant, but no serious risks have been identified)

PS 6: Biodiversity Conservation and Sustainable Natural Resource Management
(sustainable water management is important for part of the business)

ENVIRONMENTAL

• Bielenda is working according to its ESG plan agreed in 2021 to achieve 100% climate-neutral production plants by 2025 and full climate-neutrality in accordance with science-based targets. The key milestones achieved to date include:

- Decreased water consumption being addressed through water recovery from the demineralizing (DEMI) station in Radzymin;
- Installation in the Radzymin factory of a central machine cooling system with an ecological coolant and a free cooling system (heat exchange with the outside environment is energy-saving);
- More efficient use of heat and water achieved by reusing discharge condensate from the Ruths accumulator for the steam generators;
- Developing a project for the purchase of photovoltaic panels;
- Commencing decarbonization of the vehicle fleet;
- Calculation of the company carbon footprint (Scope 1 and 2) for 2022.

The plan is closely related to the move and consolidation of all company production from the older plant in Krakow to much more modern facilities in Radzymin. This move should be finalized at the end of 2023/ beginning of 2024.

• Bielenda is continuously working to increase the environmentally friendly packaging of its products. The following actions have been taken recently:

- For the its eco-line BodyBoom brand
45 of 51 packages use FSC certified cardboard;
94% of labels use either recycled material or biofilm;
100% of tubes are from recycled material.
- Negotiations in progress with suppliers to reduce weight in the best rotating plastic packaging;
- Verification of the possibility of switching to PCR tubes (plastic granulate, entirely from recycling);
- Started cooperation with a company that collects and recycles paper backing from labels.

• Animal welfare remains an important element of Bielenda's policy with its cosmetics awarded the PETA Cruelty-Free certificate and the local Polish certification from the "Cruelty-Free Cosmetics" association.

SOCIAL

• Bielenda was successful in reducing the number of accidents from 5 in 2021 to just a single accident in 2022. This resulted from discussing with the relevant employees the causes of the 2021 accidents, changes in occupational risk assessment and additional training for employees operating the labeller machines, which were one of the main sources of the accidents.

• As part of the company's strategy to build itself as a "brand that builds women's self-confidence" the NGO Her Impact has been selected as a social partner. The scope of the cooperation will be finalised in 2023.

• The company remains very active in its support of charity and community initiatives with 69 entities supported in 2022.

• Bielenda has commenced training for its employees in diversity and inclusion.

GOVERNANCE

• An ESG governance structure has been implemented with the new ESG Officer (HR Business Partner) coordinating a committee, which has representatives operating under Products and Production, Partnership and Cooperation and Team and ESG Management. The Committee includes almost all senior management with a 7 person steering committee. This has significantly raised the profile of ESG activities in the organization in 2022.

• The committee has overseen the introduction of a Code of Ethics and a Supplier Code.

• The company has implemented IFRS/IAS according to plan. This has enhanced governance and improved financial transparency.

• The personal data protection policy was enhanced to include periodic risk analysis and the implementation of documented instructions for managing IT systems.

Bielenda ESG Rating

The environmental risk is currently carrying the highest level, which is typical for a manufacturing business. With current eco-initiatives and the shift of production to a single/modern facility, the risk level should be reduced within 2-3 years.

The fall in the number of accidents and the implementation of the ESG committee and IFRS have resulted in reductions of the social and governance risk rating.

	2021	2022	Exit (target)
Enviroment	6	6	3
Social	5	4	3
Governance	5	4	3
Rating of ESG Risks: 1-10 Low Risk=1 / High Risk=10			

Positive impact already being made:



• Sustainability and ESG awareness are already being raised as a result of general ESG training for employees in 2022 as well as specific training for diversity and inclusion.

SDG objective: 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including through education for sustainable development and sustainable lifestyles, human rights, gender equality, the promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.

• Bielenda's accident record improved significantly in 2022 following a number of new initiatives.

SDG objective: 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

• The company continues its investment in new production facilities. The new facility will utilize more energy-efficient cosmetics production technology. The move should be completed in 2023/4.

SDG objective: 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

• Bielenda is actively exploring its role in the "zero waste" movement. The specific initiatives completed in 2022 are mentioned in the section ESG Factors and Risks. Future initiatives will continue to address the key targets of analysis of 100% of packaging and raw materials, development and implementation of the action plan for packaging and circularity policy and creation of a pilot program for obtaining the cradle to cradle certificate.

SDG objective: 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Potential future positive impact:



• Counteracting contamination with micro plastic particles that are intentionally added to products (e.g., cosmetics).

SDG objective: 3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

• The need to systematize social activities and monitor their effects, including the disclosure of data in annual reports.

SDG objective: 11.6 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.

• Sustainability and ESG awareness remain at quite a low level within the organization but can be raised quickly via straightforward training schemes and certain other measures.

SDG objective: 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

• The company should be able to demonstrate that its products are legal and come from areas free from deforestation.

SDG objective: 15.b Mobilise significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.

PayPoint Romania



The android device implementation has helped digital enfranchisement of many more SMEs

Company Overview

PayPoint Romania works with local retailers and utility providers, enabling end customers to make over-the-counter bill payments, money transfers, road-tax payments, and buy mobile phone top-ups. Providing services at around 19,000 locations countrywide, PayPoint Romania is the clear market leader, perfectly positioned to deliver next-generation value-added payment solutions to both retailers and end customers. This well-established network provides a platform for expansion into the fast growing, and relatively underdeveloped in Romania, space of POS card acceptance market, with the aim of building an independent payment and acquiring services provider – the modern POS card acceptance terminals with various functionalities were already rolled into 7,000 locations.

Based on the above, PayPoint Romania is C-rated according to the IFC/EBRD risk classification.

The following IFC Performance Standards stem from PayPoint Romania's operations:

PS 1: Social and Environmental Assessment and Management Systems
(applicable to all portfolio companies)

PS 2: Labour and Working Conditions
(no medium/high risks identified)

PS 3: Pollution Prevention and Abatement
(very low risk, but employee awareness is being stimulated)

PS 4: Community, Health, Safety and Security
(no medium/high risks identified)

At the end of the 2022 calendar year, the Group had 222 full-time equivalent employees (December 2021: 204).

ENVIRONMENTAL

E

- Paypoint has introduced an initiative where all electricity for office use is automatically switched off from 10pm until 7pm. This has resulted in some savings in consumption in 2022, reflected in a fall in the use of electricity of almost 10%. Regarding fuel for vehicles, consumption increased slightly compared to 2021 (ca.6%) when the level of business activity was severely disrupted by the Covid pandemic before.
- The project to replace old terminals with new android devices was completed as planned in HY1/22. This project contributes to the reduction of cash payments in the Romanian economy with a secondary objective of a decline in emissions and waste associated with paper and printer usage and the distribution of cash.

SOCIAL

S

- The company has donated PC equipment (40 monitors) to a local school, as well as engaged in the sponsorship of several NGOs and donations for orphanages and disabilities.
- The employee satisfaction survey was conducted in November 2021 and as a result the following initiatives were implemented in 2022:
 - Simplification of the standard contracts and implementation in electronic format.
 - Quarterly presentation of team/company results and possible goal adjustments.
 - Encouragement to provide more rigorous feedback as a working tool (both positive and less positive with suggestions for improvement).

GOVERNANCE

G

- A grievance mechanism has now been embedded in the company's internal policies, including a whistleblowing policy.
- Paypoint is currently working on the implementation of ISO 27000 Information Security Management Systems. The implementation is planned for Q2/2023.
- The company is investigating a strategy of acquiring a business with a regulated payment processing licence, which can be applied for the Paypoint group. This would increase the importance of regulatory compliance for the business.

PayPoint Romania ESG Rating

Although the environmental risk rating is already very low, the company is still contributing to further risk reduction (including energy saving initiatives). The social rating has been the same in 2022 despite the implementation of initiatives related to the employee satisfaction survey. Staff rotation remains high. Governance risk should be reduced in 2023, following the introduction of governance procedures that are required not only by Innova, but also by state authorities (as a part of the payment institution licensing process).

	2021	2022	Exit (target)
Environment	2	2	2
Social	4	4	2
Governance	4	4	3
Rating of ESG Risks: 1-10 Low Risk=1 / High Risk=10			

Positive impact already being made:



- The services offered by PayPoint Romania help to enfranchise and empower SMEs and the self-employed by rapidly expanding the number of cashless terminals, thereby bringing digitalization to many more businesses.

SDG objective: 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

- The card processing services are a small but important element of the digital infrastructure helping to support economic development and make new technology affordable.

SDG objective: 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Potential future positive impact:



- PayPoint Romania has already commenced the process of raising awareness of sustainable development among employees and stakeholders and will strive to make this more focused in the future.

SDG objective: 4.7 By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.

- In addition to raising more general awareness related to sustainability, PayPoint can use its increasing market position to start to engage with its stakeholders on climate change and the transition process.

SDG objective: 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

United Clinics



Lithuanian operations
are compliant
with ISO 26000:
Social Responsibility

Company Overview

The United Clinics platform is a unique combination of top-quality patient experience, medical & managerial competences, and scale in the CEE region and has ambitious growth plans. It is a leading dental consolidator in CEE with 27 dental clinics located in three businesses in Poland and Lithuania with one clinic in the United Kingdom. Additionally the group owns two prosthetic laboratories.

United Clinics is C-rated according to the IFC/EBRD risk classification.

The following IFC Performance Standards stem from United Clinic's operations:

PS 1: Social and Environmental Assessment and Management Systems
(applicable to all portfolio companies)

PS 2: Labour and Working Conditions
(no medium/high risks identified)

PS 3: Pollution Prevention and Abatement
(very low risk, but employee awareness is being stimulated)

PS 4: Community, Health, Safety and Security
(no medium/high risks identified)

At the end of the 2022 calendar year, the Group had 304 full-time equivalent employees.

ENVIRONMENTAL

E

- The low environmental entry level risk in the Group means that the consolidation of the platform was given first priority and environmental initiatives will be formulated in 2023. The risk level is not expected to change over the period of the investment (due to lack of materiality) but improvements to energy consumption and waste management (as well as raising awareness in the companies) are expected.

- Symbolic waste (paper) saving initiatives have been implemented to promote staff awareness and improve efficiency:

- Sign-in paperless solution for receptions;

- Printable materials (leaflets, business cards, etc.) are printed on recycled paper.

SOCIAL

S

- DPC, the biggest Polish clinic, complies with ISO 26000, which is a non-certified standard clarifying social responsibility and helping businesses and organizations translate principles into effective actions as well as sharing best practices relating to social responsibility on a global basis.

- DPC organizes free lectures for both adults and children, to share information on preventative oral and dental care.

GOVERNANCE

G

- The consolidation process for this investment is particularly challenging. The companies being acquired are small and usually not very sophisticated with regard to governance. One of the main requirements to consider an add-on is that basic governance is applied regarding HR management and having regular information available.

- The first period of the investment focused on establishment of basic Group corporate governance and financial reporting. 2023 should see the development of a number of governance initiatives, including:

- Following the recruitment of a responsible manager, a GDPR audit should be carried out at the beginning of 2023 in the holding company and one clinic, with a plan developed to audit all the other companies to the end of the year;

- Implementation of Code of Conduct/ Charter of Ethics;

- Incorporation of ESG as a specific topic in at least two board meetings on an annual basis;

- IFRS financial statements will be produced for the Group.

United Clinics ESG Rating

The risk rating for the Group is generally low, particularly the environmental risk. As a health care provider with quite a large workforce over the three businesses in the Group, it is addressing a number of social risks, none of which were rated high on entry. Governance offers the most scope for risk mitigation. This stems primarily from the 'platform +' character of Innova's investment, which can provide challenges with effective management over 3 platform companies and multiple add-ons (9 closed until date). In the first year of the investment the ESG development has been quite limited therefore all risk ratings remain at the entry values.

	January 2022	December 2022	Exit (target)
Enviroment	2	2	2
Social	5	5	4
Governance	7	7	5
Rating of ESG Risks: 1-10 Low Risk=1 / High Risk=10			

Positive impact already being made:



- The United Clinics Group is already helping to provide quality essential dental care for its patients.

SDG objective: 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

- United Clinics companies provide a good basis for young people and adults to develop and hone their skills in a health care sector with excellent perspectives.

SDG objective: 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

- With 13 of its 14 managers being women, the Group is a good example of female empowerment.

SDG objective: 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.

Potential future positive impact:



- Given the relatively low environmental risk generated by the business itself, the Group has to date not focused on environmental awareness. It would take only a small amount of internal resource to address this topic more actively and generate awareness among management and employees.

SDG objective: 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

2022 ESG Summary

Unified ESG KPIs // Innova/6

	Inelo Group	OSHEE	PLIC Group				WeNet	OIG S.A.	STX Next	Bielenda	PayPoint Romania	United Clinics
			Chemes	LabelProfi	EmbePress	LabelPrint						
ENVIRONMENT												
ENVIRONMENTAL POLICY AND MANAGING SYSTEM												
Formalized environmental policy in place	No	No	Yes	Yes	Yes	Yes	No	No	No	Yes	No	No
EMS (Environment Management System) in place	No	No	Yes	Yes	Yes	Yes	No	No	No	No	No	No
Environmental certifications (such as ISO, EMAS...)	No	No	Yes	Yes	Yes	Yes	No	No	No	Yes	ISO 27001 in progress	No
ENVIRONMENTAL INITIATIVES IMPLEMENTED												
Action plan to reduce greenhouse gas emissions	No	Yes	Yes photovoltaic installation	No	Yes photovoltaic installation	No	No	Digitalization of admin	No	No	No	No
Initiatives to lower water consumption	No	No	Yes	Yes	Yes	Y/N	Yes	No	No	Yes	No	No
Initiatives to reuse waste and/or to reduce waste generation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No
Reduction of the main inputs consumption	No	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No
Eco-design approach	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	No	No
Biodiversity and ecosystems preservation	No	No	Yes	Yes	Yes	Yes	No	No	No	Yes	No	No
Environmental initiatives the company is planning to implement	GBOX Eco-driving functionalities	Introduction of fully recyclable plastic bottles	ISO 14001 Certification	Creating ecological awareness of employees and suppliers	Ecological awareness of employees and suppliers, expansion of photovoltaic plant	ISO 14001 Certification, ISO 9001	New LED lighting over 3 years	Energy saving lighting equipment	To be determined	Eco-friendly packaging, supplier code	Waste segregation, plastic reduction	To be determined
Carbon footprint assessment	No	No	No	No	Yes	No	No	No	No	No	No	No
LITIGATIONS												
Has the company faced any major environmental issue or litigation case during the year?	No	No	No	No	No	No	No	No	No	No	No	No
SOCIAL												
EMPLOYMENT												
Number of total employees	490	522	162	71	177	85	1382	636 ind. non FTE	568	288 FTE	222	410
Job creation*	30	(3)/19	1	14	-7	9	12	(24)	94	(1)	11	0
EQUAL OPPORTUNITIES												
Total permanent women employees	325	226	71	11	40	44	841	541	129	140	88	304
HEALTH & SAFETY												
Number of occupational injuries which affected any full-time, part-time, or temporary employee	0	10	3	1	3	0	0	0	0	1	0	1
Has any employee been fatally injured at work in the past year?	No	No	No	No	No	No	No	No	No	No	No	No
GOVERNANCE												
Number of members at the Supervisory Board / Board of directors	7	5	3	2	3	1	6	5/7	5	6	4	5
Is the CEO of the company a woman?	Yes	No	No	No	No	No	No	Yes	No	Yes	No	No
GOVERNANCE AND BUSINESS ETHICS												
CSR policy formalised	No	No	Yes	Yes	Yes	Yes	No	No	No	ESG policy	Yes	No
CSR officer appointed	No	No	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	No
Ethics policy formalised	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
Anti-corruption policy formalised	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	No
Responsible procurement policy formalised	No	No	Yes	Yes	Yes	Yes	No	No	No	Yes	No	No
Assessment of suppliers on environmental, social and governance criteria during selection process and/or audits	No	No	Yes	Yes	Yes	No	No	No	No	In progress	No	No
Specific procedures to protect personal or sensitive data	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	In progress
IT security policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	In progress
LITIGATIONS												
Has the company faced any litigation related to business ethics over the year?	No	No	No	No	No	No	No	No	No	No	No	No

* total hires less total departures in the reporting period

ESG Risk Rating Summary

	ENTRY	CURRENT	EXIT (TARGET)
ENVIRONMENT			
Inelo Group	2	2	2
Oshee	3	4	3
PLIC S.A.	4	4	3
WeNet (CS Group S.A.)	2	2	2
OIG S.A.	2	2	2
STX Next	2	2	2
Bielenda	6	6	3
PayPoint Romania	2	2	2
United Clinics	2	2	2
Average Innova/6	3	3	2
SOCIAL			
Inelo Group	3	3	2
Oshee	3	3	3
PLIC S.A.	3	3	3
WeNet (CS Group S.A.)	5	4	3
OIG S.A.	4	4	2
STX Next	4	4	3
Bielenda	5	4	3
PayPoint Romania	4	4	2
United Clinics	5	5	4
Average Innova/6	4	4	3
GOVERNANCE			
Inelo Group	5	4	3
Oshee	5	5	3
PLIC S.A.	5	4	3
WeNet (CS Group S.A.)	6	5	3
OIG S.A.	5	4	3
STX Next	7	5	3
Bielenda	7	4	3
PayPoint Romania	4	4	3
United Clinics	7	7	5
Average Innova/6	6	5	3
[scale of 1-10: low risk = 1 / high risk = 10]			



4. INNOVA CAPITAL'S RESPONSIBLE INVESTING POLICY

Innova Capital's Code of Conduct contents:



Introduction



Innova Capital
Seven Core Values



Innova Capital
Conflict of Interest Policy



ESG Assessment and Management
System Reporting



Introduction

The objective of this part of the document is to state the requirements of personal conduct and business practice for all Innova employees and investment professionals as well as the board of directors of Innova related companies and Investment Committee members ("Supervised Persons").

The code contains guidance in the areas of responsible investing, ethical behavior, personal integrity and compliance with Innova Capital's Seven Core Values which have not changed since inception. The Code of Conduct sets high ethical standards and requirements for all who act on behalf of Innova Capital.

Acting within the rules of law of every jurisdiction in which Innova Capital operates is a priority.

As a member of the Invest Europe Association (ex-EVCA), Innova Capital is obliged to observe the Association's Code of Conduct, which offers detailed guidance with regard to issues requiring exercise of professional judgment in a typical private equity environment. Innova Capital seeks to set consistently high standards of ethical behavior. The Invest Europe's Code provides a formal basis for Innova's principles of ethical behavior and the procedures for encouraging conduct in line with the Code while discouraging practices or actions not in line with the Code.

THE MAIN PRINCIPLES OUTLINED BY INVEST EUROPE'S CODE AND INCORPORATED IN INNOVA'S OWN CODE OF CONDUCT ARE:

INTEGRITY

In life and in business it is advisable to interact with other people on the assumption that you will meet and do business with them at least one more time.

Clarity, reliability and honesty are useful attributes when establishing a basis of integrity. It may be difficult, but also in times of conflict and dispute these qualities should be maintained. Superior individual and collective skill is always preferable and will succeed in the long run over attempts at manipulation and deception. To err is human and mistakes should be recognized promptly and managed rather than avoided.

KEEPING PROMISES

A legal obligation should not be necessary in order to ensure that promises are kept. Promises should be given the same weight as written contracts. However promises must be clearly communicated and both sides involved have a duty to ensure that the counterparty understands the promise made and accepted. Equally making empty promises is unethical. If there are good reasons to believe that the promise cannot be kept, then it should not be made.

CONFLICTS OF INTEREST

Conflicts of interest should be diligently identified and disclosed to all parties concerned. Certain conflicts may be governed by contractual arrangements and processes have been developed to deal with them. However members of the managing board of an organization should always be alert for new potential conflicts of interest and they must be communicated to the appropriate parties. The appropriate party would be the Compliance Officer if no other party is specified.

PLAYING BY THE RULES

This may be regarded as the same as obeying the law but from an ethical point of view the spirit as well as the letter of the law needs to be respected. In addition different countries and different cultures have different, not always written, rules and these also should be respected.

MAINTAIN CONFIDENTIALITY

Fund managers and portfolio companies regularly have access to sensitive market information from various sources and such information should not be disclosed inappropriately.

NOT HARMING THE REPUTATION OF PRIVATE EQUITY INDUSTRY

Competitive advantage is a key to success in business but it should be earned and used in a responsible manner without inflicting damage or harm.



Innova Capital Seven Core Values

1

DRIVE FOR SUCCESS

We seek situations where we and executive management can develop a clear vision and share the single-minded determination to achieving it.

2

COMMITMENT TO EXCELLENCE

In an intensely competitive world, excellence in everything we do is the only safe haven.

3

MENTAL AGILITY

Drive and commitment are blunt instruments unless thoughtfully directed. We work to develop creative "win-win" solutions that will get all stakeholders behind our efforts.

4

TEAM WORK

We aspire to create an environment in which exceptional people outperform their own abilities. This is only possible through exceptional teamwork.

5

MUTUAL RESPECT

We recognize that there are many paths to success. We listen with understanding, and we communicate openly, honestly and directly.

6

DO THE RIGHT THING

We always seek to establish a position of power for our portfolio companies. But the burden of power lies in how you exercise it. Our credo for business is "do what you should, not what you can".

7

FUN

We and the management teams work hard and long hours. It has to be fun at the same time.



Innova Capital Conflict of Interest Policy

All Supervised Persons will strive to avoid any conflict of interest between the interests of the Group (Group defined as Innova Capital Limited, its related companies and funds managed by those) or individual parts thereof on the one hand, and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as the perception of conflicts of interest.

The purpose of this policy is to protect the integrity of the Group's operations and decision-making process and to give stakeholders confidence in its integrity. The policy should incorporate practical implementation of the relevant clauses referring to conflicts of interest in the Limited Partnership Agreements ("LPA") to which Group entities are party.

Each general partner, investment adviser and its officers will be guided by good faith judgement as to the best interests of the funds and shall take such actions as are determined by the general partner or the investment adviser, as the case may be, to be necessary or appropriate to avoid or diminish such conflicts of interest and report them properly in the organization and to Advisory Boards/Investor Committees in Innova Funds.

Examples of potential conflicts of interest include:

- Any situation in which a fee or expense is charged and could be allocated to the investment adviser and/or more than one fund.
- Due diligence or other deal expenses, which may need to be allocated amongst funds, the investment adviser, co-investors and/or co-investment vehicles.
- The allocation of co-investment opportunities or investment opportunities between more than one fund advised by the Group.
- Access to non-public information during due diligence or portfolio board meetings.
- Relationships with investment bankers and other unaffiliated parties for whom contractual incentive measures could create conflicts of interest.
- Communication of performance information.
- Valuation methodology can create a conflict, in particular if it is not applied consistently and transparently.
- Appointment of relatives or personal acquaintances of Supervised Persons.
- Acceptance of inappropriate gifts, including services in exchange for favorable treatment.
- Associates with shares or positions of authority in an entity, which may be awarded a contract to do work, provide services or be the target of an investment target.



Confidentiality

Strict confidentiality regimes are maintained in all areas of the Group, which guards against the use of sensitive information against the interests of members of the Group. All supervised persons are obliged to sign the confidentiality agreement as a part of an advisory or employment agreement. Proprietary and confidential information generated and gathered in our business is a valuable Innova asset. Protecting this information is critical to Innova's reputation for integrity and its relationship with its clients and ensures compliance with the complex regulations governing the financial services industry.

Gifts, Hospitality and Expenses

The purpose of entertainment and gifts in a business setting is to create and enhance goodwill and working relationships to better serve the Company's clients and investors, and not to gain an unfair business advantage. Specifically, no gift, entertainment, or preferential treatment should ever be solicited, provided or accepted by an individual unless (i) it is a non-cash gift, (ii) it is consistent with customary business practices, (iii) it is not excessive, (iv) it cannot be construed as a bribe, payoff or kickback, and (v) it does not violate any laws.



MANAGING CONFLICT OF INTEREST SITUATIONS

Upon appointment to any Group board or staff position, an individual may be requested to disclose any interests, such as relationships, and posts held, which could potentially result in a conflict of interest. There is a blanket ban with regard to trading by Investment Professionals in the shares or financial instruments of any publicly quoted or private entity, which is in the Group portfolio, may be targeted as a potential investment in the near future or is a business materially associated with such an entity.

No one may work on or deal with any matter in which they themselves, their spouse, partner, close relative, or any other person with whom they have close relations, has a direct or indirect financial interest. Nor may the supervised person work on or deal with any matter where there are other circumstances that might undermine trust in the investment professional's own impartiality or to the integrity of the work. All supervised persons have an obligation to act in the best interests of Innova.

In the course of meetings or activities, board members/ investment professionals will disclose any interests in a transaction or decision where there may be a conflict between the Group's best interests and board members best interests or a conflict between the best interests of two organizations in which the board member/ investment professional is involved. Any such disclosure will be noted in minutes and the board member may be required to withdraw from the meeting or activity.

Any investment being proposed for more than one fund within the Group (excluding Friends of Innova funds, which always invest in parallel to their parent funds) will automatically be referred to the Advisory Board / Investor Committee of the relevant funds.

Asset valuation and performance reporting is governed by strict reporting and valuation policies, which are reviewed regularly by multiple internal and external parties.

Correct Information, Valuation and Reporting

Asset valuation and performance reporting is governed by strict reporting and valuation policies, which are reviewed regularly by multiple internal and external parties.

Fair Competition and Antitrust Laws

Innova will compete in a fair and ethically justifiable manner within the framework of the anti-trust and competition rules in the markets in which the Company operates.

Equality and Diversity

Innova will show respect for all individuals and make active efforts to ensure a good working environment characterized by equality and diversity.

ESG Assessment and Management System Reporting

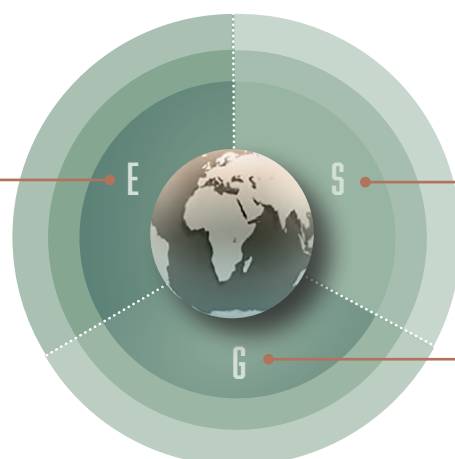
Innova Capital generally invests in companies with low or medium environmental and social risks. It is therefore frequently the case that more value can be created for stakeholders of the investee company by focusing on governance initiatives. Environmental, social and governance are allocated appropriate resources in accordance to the risk and opportunity assessed. For this reason, Innova does not always refer to ESMS because this would exclude an important element of the management system practiced by the Fund Manager.

Innova Capital should be aware of the level of ESG risks and opportunities at each individual portfolio company. The Group has established a framework of basic issues, which must be reviewed during due diligence and monitored during the period of the investment.

The Fund will test each portfolio company's formal and informal attitude towards:

ENVIRONMENTAL ISSUES

- Adherence to environmental laws and regulations and any risks of non-adherence
- Emissions of noxious and greenhouse gases
- Conservation of energy
- Waste treatment
- Water Usage
- Sustainability



SOCIAL CONCERNS

- Health and safety
- Equal rights / diversity
- HR policy
- Supplier monitoring
- Consumer rights
- Redundancy programs
- Local community engagement

CORPORATE GOVERNANCE

- Internal procedures and controls
- Transparency (with regard to reporting)
- Possible exposure to corruption
- Executive compensation
- Ethical code / code of conduct
- Possible exposure to political influence
- Tax and structuring issues
- ESG reporting and management
- Existence of formal policies and systems to manage ESG
- Responsibility within company for ESG
- Does the company have a proactive approach to ESG opportunities?

These topics represent the framework for Innova Capital's examination of each company but the analysis will be tailored for the sector and specific business. At all stages of the investment, Innova Capital will use third party expertise to address significant problems or opportunities, which require a deeper knowledge of certain areas. It also uses Global Reporting Initiative (GRI) Sector Guidance where appropriate, particularly in areas such as financial services and media, the risk of which would normally be perceived as lower than some other sectors.

A clear policy with regard to responsible investing and ESG issues is a completely rational business practice. Aside from the reputational benefits, a robust approach towards responsible investing and ESG over the whole life of the investment creates value for both our investors and all other stakeholders of the investee companies. This may be particularly relevant in Central Europe, where many exits are conducted through sales to strategic investors from Western Europe. A Central European business, which meets all the expectations of western investors with regard to ESG issues is more likely to generate a premium on divestment.

1

PRE-INVESTMENT STAGE

- Key ESG issues are identified already at the 'Deal Alert' stage where a decision on committing resources to a due diligence process needs to be taken. If ESG risks for a particular investment do not fit the Innova Capital ESG risk profile then the investment should be rejected at this stage;
- ESG issues are included in the Innova Capital due diligence framework, which is used for establishing the due diligence process and briefing advisers;
- If there are significant ESG issues, typically related to specific environmental or social risks, these would be examined by specialist advisers;
- There is a separate ESG section in the Deal Status Report (DSR), which is the key document for the Investment Committee and General Partner when recommending a new investment. This includes risks to be mitigated or perceived opportunities built into the deal base case;
- It is possible, although unusual in practice, that a prospect, having undergone due diligence, carries such a significant ESG risk that it would be disqualified from entering the portfolio.
- Additional information is obtained from portfolio companies using a tailored questionnaire and interviews with the company. Fund Operations carries out this exercise normally with the CFO of the portfolio company and the support of the deal team;
- Using data from the questionnaire and interviews, the ESG risk and opportunity is rated using a standard, internally developed scoring system.
- ESG objectives for the life of the investment are established and targets for the current period incorporated into the budgeting process;

2

100 DAY PLAN

The framework of the 100 Day Plan is constructed prior to a decision to proceed with closing a transaction. Details are supplied between the signing of binding contracts and completion. This means that on completion (or exceptionally already earlier) the 100 day plan can be executed immediately.

- A section relating to ESG is included in the 100 Day Plan;
- Responsibility for the execution of ESG objectives, identified during due diligence and quantified during the 100 day plan, will be allocated to specific managers and deal team members.

In order to expand and reinforce its activities in this area, Innova Capital undertook to expand its policy and reporting and became an active signatory to the UNPRI program in 2016. In addition the Group takes its obligations seriously as a member of Invest Europe and specifically the responsibilities with regard to adhering to the association's Code of Conduct.

This is enhanced by explicit adherence to the principles expressed in the UN Global Compact, the UN Guidelines Against Corruption and the OECD guidelines for Corporate Governance. Participation in those initiatives constitutes a formal recognition of Innova Capital's internal value set. Another step confirming our focus on ESG issues is the creation of this dedicated Responsible Investing and ESG Annual Report.

3

POST-INVESTMENT STAGE

Having already established the levels of risk and opportunities, areas for monitoring and improving specific issues and having allocated responsibility, ESG matters are treated in the same way as any other part of the business during the investment period. Goals established during due diligence and the 100 Day Plan are monitored and adjusted as required. New issues arising are addressed by the board to which Innova Capital will appoint directors and also through ESG reviews carried out directly with managers of the company.

Specific ESG procedures executed during the investment period include:

- Annual setting of a limited number of ESG-related objectives (within the context of the overall ESG objectives set in the deal base case);
- Reporting of ESG Key Performance Indicators;
- Inclusion of ESG matters on the agenda of at least two board meetings per year, regardless of whether or not specific issues have been identified;
- Holding at least one meeting annually between the Innova Capital CFO (ESG Officer) and the responsible company officer of the portfolio company;
- The Fund reporting ESG issues in the quarterly reports to investors and revising objectives and ratings on a semiannual basis;
- The Fund producing a detailed annual ESG report, which includes fund level policies and short reports relating to ESG issues in the portfolio companies;

4

EXIT

- ESG data is included in any vendor due diligence exercise;
- Detailed ESG information and progress with regard to specific issues is available to investors and other possible interested parties (insurance, banks, buy side advisors etc.).

Difficulties and/or constraints related to the implementation of the ESG Management System

The generally low/medium ESG risk levels in Innova portfolio companies mean that not all Innova team members are regularly exposed to critical ESG issues due to the lack of significant risks. This means that ESG awareness needs to be enhanced by training for the team. The objective of this training should be to ensure that all Innova team members, along with designated members of company management, are able to drive independently the risk assessment and mitigation processes in the companies they supervise. The deal teams should also be able to communicate clearly the Innova priorities regarding ESG to the management teams in portfolio companies. All team members should be up to date with the latest ESG developments and best practice.

Despite these issues, the depth of the ESG process in Innova means that risk assessment remains satisfactory.

Risk mitigation processes relating to specific issues in individual companies should be enhanced and Innova Partners are directly involved in this initiative.

EXCLUSION LIST

Innova confirms that in 2021 no portfolio company has undertaken any of the activities listed in the IFC/EBRD Exclusion List. There is no risk perceived that this situation could change in 2022.

5. GLOBAL RESPONSIBILITIES

About the Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted by more than 150 world leaders at the United Nations Sustainable Development Summit in September 2015.

Innova considers that the UN Sustainable Development Goals (SDG's) provide a useful framework for companies when formulating their own individual sustainability policies. In a time of transition everyone will be impacted by changes rapidly gaining pace. Good business and good citizen-

ship require an active approach from all corporate entities. The SDG's offer a very broad range of goals which apply to governments, companies and individuals and each entity is called upon to select the key elements to which they can contribute. Initiatives already in progress in companies are related to the most relevant SDG objectives. For other objectives, which may be relevant to companies but have not yet generated any specific initiatives, Innova has requested its companies to consider possible activities, which could be implemented.

Innova encourages every company to implement and monitor a sustainability policy in 2021, which links initiatives to the SDG's. In the portfolio companies' section of the Annual ESG report initiatives in progress are reported along with goals and objectives most relevant to the individual company where initiatives are still being planned.

THE GLOBAL GOALS For Sustainable Development



6. ESG REPORTING AND IMPACT ASSESSMENT

In its annual ESG Report, Innova Capital is looking to provide a full overview of:

- the ESG risks and opportunities identified in individual portfolio companies;
- the progress made to date to mitigate certain risks and take advantage of opportunities;
- any important developments in the course of the previous year and actions taken to address them;
- confirmation of the Innova ESG rating levels;
- risk mitigating objectives set for the following year;
- SDG's relevant to individual companies with initiatives and related progress

Innova ESG Rating System

The aim behind the creation of ESG reporting was to find a method to provide a measurement of progress made during the life of the investment. The introduced methodology evaluates the 'soft' data gathered as the ESG issues are often non-financial and difficult to measure. The intention was for the process of gathering data not to be overly time-consuming for the portfolio companies.

The methodology implemented used a detailed questionnaire. This has been based on formats used originally by CDC and Actis but refined to require only 'yes/no' answers from portfolio companies. The questionnaire can generally be completed in one and a half to two hours by the portfolio companies. The results are then used during a meeting with the companies, when the major risks and opportunities are clarified and additional information is gathered. Based on these, the companies are rated for each environmental, social and governance risk. An extract from the rating table is presented later in this section.

The categories evaluated are related directly to the sections in the detailed questionnaire. The weighting factor reflects the importance of certain categories. This was agreed using consensus within the Innova Capital investment and fund operations team and took into account both the portfolio and the region in which Innova operates. The weighting factors are reviewed annually by the GP Audit and Risk Management Committees to ensure that there are no anomalies and that certain weightings

KEY DUE DILIGENCE AREAS	An Innova/6 Company (Risk 1-10)	Special Factor	Weighted Rating	Weighting Factor
ENVIRONMENT				
Compliance with local laws	3		0.60	20%
International environmental conventions and standards	3		0.15	5%
Risk Management	5		0.50	10%
Environmental track record	3		0.45	15%
Effluents	3		0.30	10%
Emissions	4		0.40	10%
Resource conservation	5		0.25	5%
Waste management	5		0.25	5%
Water use	5	0.50	0.75	5%
Biodiversity	1		0.04	4%
Sensitive forests	1		0.03	3%
Climate change	5		0.20	4%
Supply chain	4		0.16	4%
		0.50	4.08	100%
SOCIAL				
Compliance with local laws	2		0.20	10%
Minimum wage	2		0.10	5%
Discrimination	3		0.15	5%
Representation	5		0.25	5%
Vulnerable labour	3		0.15	5%
Human resources	5		0.40	8%
Risk Management	5		0.40	8%
Health and safety track-record	5		0.50	10%
Supply chain	3		0.09	3%
Local communities	4		0.12	3%
Consultations	4		0.12	3%
Cultural matters	3		0.09	3%
Non-local workers and remote locations	3		0.09	3%
Retrenchment	2		0.20	10%
Use of security force	1		0.05	5%
Consumer rights	4		0.40	10%
Road safety	4		0.16	4%
		0.00	3.47	100%
GOVERNANCE				
Country corruption situation	3		0.15	5%
Business integrity of company	3		0.30	10%
Code of conduct	6		0.60	10%
Anti-bribery	4		0.40	10%
Anti-money laundering	4		0.40	10%
Accounting and compliance	4		0.40	10%
Dealings with government	3		0.15	5%
Commitment to good corporate governance	6		0.90	15%
Control and risk management	5	0.50	1.25	15%
Transparency and disclosure	6		0.60	10%
		0.50	5.15	100%

have not become more or less important. The risk level is then assessed by fund operations and agreed with the investment team responsible for the portfolio company. The GP Audit and Risk Management Committee is also charged with the high-level supervision of the ESG process.

To improve the assessment process, 'special factors' were introduced. On one hand, this introduced a more subjective bias into the calculation (in addition to the weighting factors, which have less potential impact on the final score than the special factors). On the other hand, the factors created better focus on risks and possible mitigations or opportunities.

Consequently, the creation of objectives for the business was simplified, and efforts can be made to eliminate some, or all, of the special factors. In certain cases the special factors would relate more to the nature of the business or the sector in which it operates. It could therefore have a permanent nature, increasing the risk of a portfolio company in this particular category.

The example used in the table presented relates to the entry rating table for one of the Innova/6 business companies. The special factors evaluated in this rating relate to:

- A specific water usage issue;
- Unusually relaxed internal procedures for a company of its size;

The first assessment of each portfolio company establishes not only an entry rating, but also a target 'exit' rating. This reflects specific and more general objectives, which the deal team, fund operations and the company establish to achieve during the life of the investment. Every six months the current rating is reviewed and reported to investors in the Innova quarterly report.

7. ESG Procedures Manual

During the preparation for Innova/6, a decision was taken to consolidate all the ESG policy elements into a single procedures manual in order to present clearly the Environmental and Social Assessment and Management System (ESMS).

Any procedures in private equity need to strike a careful balance between suppressing the inherently entrepreneurial character of investee businesses and the discipline necessary to ensure that certain basic rules and standards are applied universally. Innova's ESG processes have evolved over a period since the first formal approach was commenced in 2012. A basic toolkit for the team was established and knowhow was disseminated to ensure that the risks could start to be more clearly identified and reported. The processes have developed considerably since 2012 and the ESG Annual Report was introduced in 2014 to increase Innova's transparency with regard to environmental, social and governance issues. In 2016, Innova became a UNPRI signatory, further underlining its commitment to responsible investing.

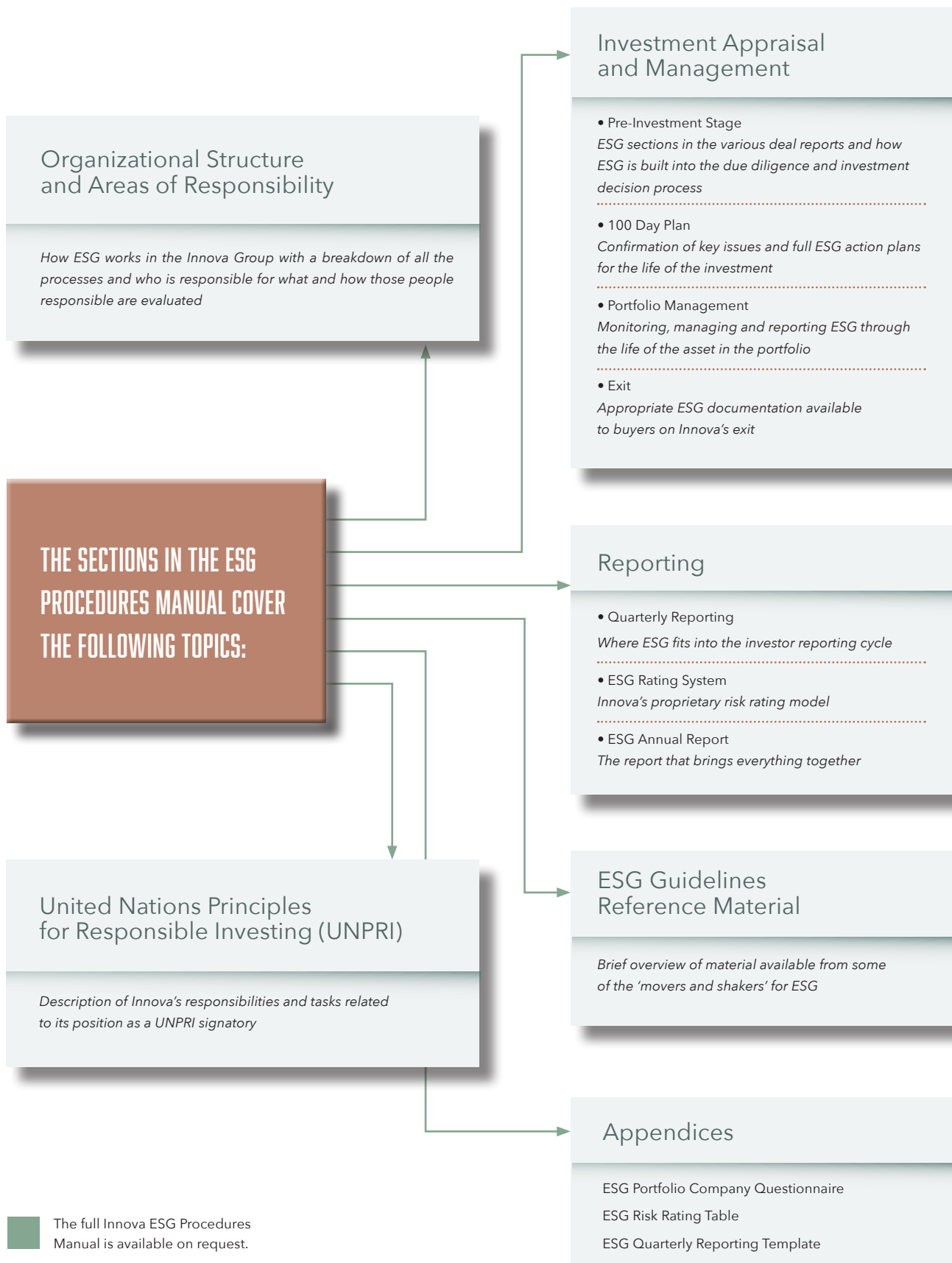


ESG PROCEDURES INCLUDE THE FOLLOWING ELEMENTS:

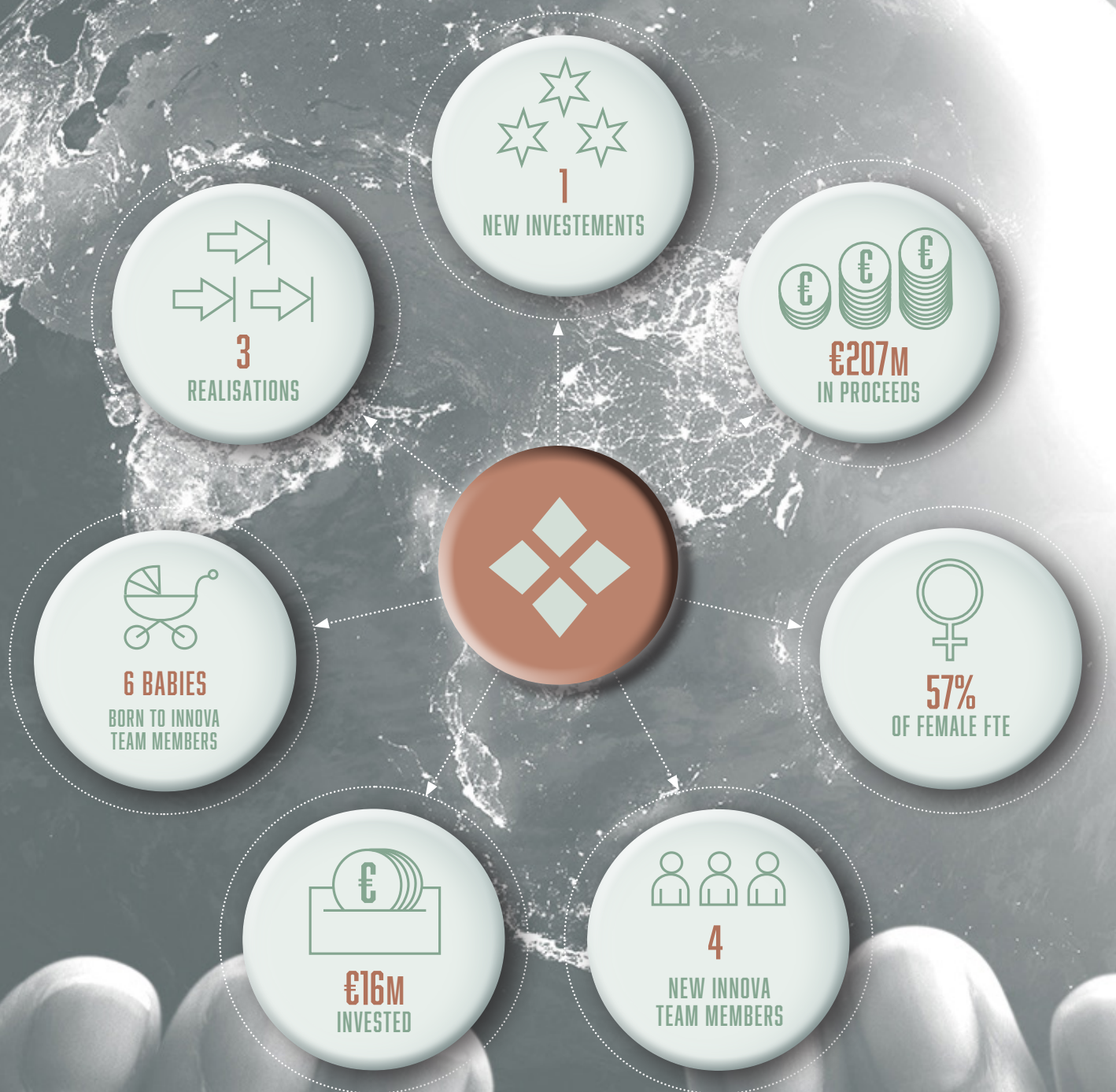
- ESG policy
- Identification of ESG risks and impacts
- Management programs
- Organizational capacity and competency
- Emergency preparedness and response
- Stakeholder engagement
- Monitoring and review

The procedures manual should provide a 'one-stop shop' for anyone wanting to use or review Innova's ESG processes. The process from pre-investment to exit is described in detail, examples of all standard documentation and other tools are provided, Innova lines of ESG responsibility and the evaluation process are all clearly set out. As in all its activities, Innova welcomes any feedback or comments, which readers may have regarding these procedures.





8. Team Facts and Figures



9. DISCLAIMER

This document is providing general information about Innova Capital. This document is not intended to be and does not constitute a recommendation, offer, solicitation or invitation to subscribe, and is not intended for distribution or use, in any jurisdiction where it would be contrary to applicable laws, regulations or directives. Prospective investors should make their own inquiries and consult their own professional advisers as to the applicable laws in any particular jurisdiction and the consequences arising from a contravention of them at any relevant time. Any failure to comply with such restrictions may constitute a violation of applicable securities law. While every care has been taken in preparing this document, except as required by law, none of Innova Capital entity or their associates makes any representation or warranty as to the accuracy or completeness of any statement, including, without limitation, any forecasts, or takes any responsibility for any loss or damage suffered as a result of any omission, inadequacy or inaccuracy. This document does not purport to be complete, does not necessarily contain all information which a prospective investor would consider material, and has been prepared without taking account of any particular person's objectives, financial situation or needs.

Accordingly, the information in this document should not form the basis of any investment decision. A person should, before making any investment decision, consider the appropriateness of the information, and seek professional advice, having regard to the person's objectives, financial situation and needs. This document is provided to you strictly on a confidential basis and the information contained in it must be kept strictly confidential (with the exception of providing it to your professional advisors who are also contractually and/or professionally bound to keep it confidential) and may not be reproduced or redistributed (in whole or in part) or otherwise made available to any other person in any format without the express written consent of Innova Capital. All information contained in this document, unless otherwise specified, is current at the date of publication and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after that date. By accepting a copy of this document, you agree to be bound by the limitations, terms and conditions set out in this notice.



INNOVA CAPITAL

**Environmental,
Social and Governance**

2022 Report

Rondo ONZ 1
35th floor 00-124 Warsaw, Poland
tel +48 22 544 94 00, fax +48 22 544 94 03
e-mail: mail@innovacap.com