



INNOVA  
C A P I T A L

Innova Capital's Disclosure Statement  
Operating Principles for Impact Management  
April 2026

Innova/7 GP Sarl

## Disclosure Statement

### Operating Principles for Impact Management

30 April 2026

Innova/7 GP Sarl hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the "Impact Principles"). <sup>1</sup>The disclosure relates to the following assets: the fund Innova/7 SCA SICAV-RAIF located in Luxembourg, which was launched in August 2022.

As of the end of December 2025 the fund has made 9 investments and has EUR 442m assets under management.

Innova/7 GP Sarl



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#### <sup>1</sup>Disclaimer

*The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board.*

*All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN.*

*The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates.*

*For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.*

<sup>2</sup> USD 517.3

## INTRODUCTION

### About Innova

#### Innova/7 SCA SICAV-RAIF

The Impact Principles signatory is Innova/7 GP, the General Partner to Innova Capital's seventh fund, Innova/7 SCA SICAV-RAIF.

Innova has a clearly defined investment sweet spot aligned with prioritized macro trends. We have 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. The main sectors, where Innova invests, are: industrials with tech-driven angle, business services and consumer & lifestyle sector.

Following the interim closing in January 2024, at the end of March 2024 Innova/7's total commitments reached €352 million. The fund's final closing was held in Q2'24 totaling €407.1 million in commitments, thereby exceeding the hard cap of €400 million.

The seasoned ESG process established in the organization with additional improvement and modifications – as described below – is being applied to all potential and existing investments in Innova/7.

#### Innova ESG Process & history

Innova is proud of its position as a pioneer and innovator in the relatively young market of Central European private equity. Since its origins in 1994, it has strived to provide superior returns to investors while endeavoring to have a positive impact on its environment and community.

All projects in which Innova invests must at a minimum comply with all applicable ESG laws and regulations of the host country in which the investments are located and operated. Over and above adhering to legal requirements, Innova will consistently strive to achieve best practices in all its ESG activities at fund and portfolio company level. ESG is a rapidly advancing area, and the speed of change will make it challenging to maintain best practice. The procedures outlined in this document should help Innova to meet this challenge.

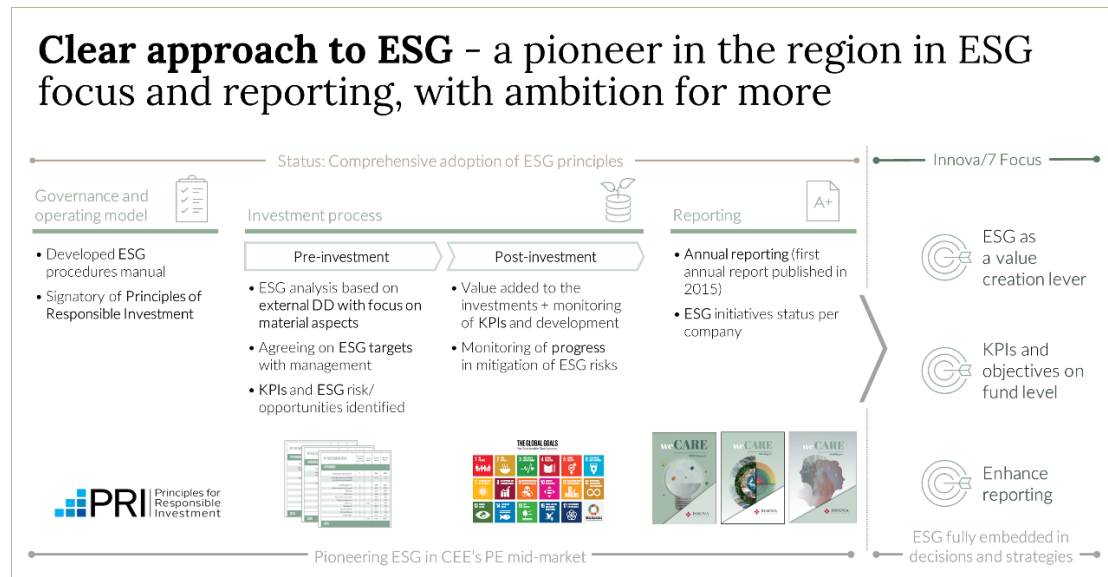
Innova Capital was one of the first fund managers in the region to introduce formal reporting on environment, social and governance issues. ESG procedures are incorporated in the four critical stages of investment: pre-investment stage, 100-day plan, post-investment stage and exit. This focuses on both the companies' management and Innova's investment team. The overall goal is to ensure that the ESG maturity of the portfolio company improves over the life of the investment. This ensures that the company's stakeholders are protected, Innova's reputational risk is minimized, and economic value and ESG impact is added to the investment.

## Innova – Seven Core Values

The Group’s conduct is governed by Innova’s seven core values, not only in the drive for success and commitment to excellence but also the spirit of mutual respect towards society in general. The Group aims to encourage these values at portfolio companies in co-operation with the management and employees. With great satisfaction it has also been noted that for most of Innova’s investors, investing is no longer only about risk and return; it is now about risk, return and making an impact. Innova is proud of the impact it has on the societies in which it operates and, by providing its investors and other interested parties with ESG reports, it seeks to ensure that its voice is heard by all stakeholders and participants in Innova’s business. An additional component of the ESG policy is Innova and its portfolio companies’ engagement with local communities through the life of the investment project.

In the process of contemplating any acquisitions Innova always addresses questions which are laid down in clear and simple terms in its seven core values, in particular a decision must be made if, by investing, everybody is “doing the right thing” and acting with “mutual respect”. These questions need to be asked frequently by Innova employees, co-investors, and the management in the portfolio companies, at all stages of the investment process, and at any time that their decisions may impact others. In particular:

1. Workers in portfolio companies should expect to be treated with respect.
2. The environment should be protected to ensure that money invested brings no harm to society.
3. Customers are happy and safe when buying products or services from the portfolio companies.



## PRINCIPLE 1:

### Define strategic impact objective(s), consistent with the investment strategy.

*The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.*

Over the years, the ESG process at Innova has evolved from being primarily focused on detection and mitigation of ESG-related risks towards exploring opportunities and impact potential connected with responsible investing and sustainability trends in the economy.

We are seeking to promote ESG progression with bespoke roadmaps and an action plan list for each portfolio company with individual measurable targets which consider SDGs criteria. Different companies are at different stages in their readiness and progress with ESG good practices and objectives and we recognize that ESG objectives must be tailored to the specific nature of operations and size of the company, including the stakeholders' demands and the market it operates in.

ESG & impact action plans are designed after the ESG due diligence and before the investment is completed. Thereafter they are included in the 100-day plan for each investment and action plans are included in the overall strategy for each deal.

ESG principles and objectives were written into our investment policy and became part of our investor agreement. Innova's refined investment strategy also covers investment targets which operate in the sectors which can provide positive impact such as green energy, focus on sustainable environment solutions, digital and IT, healthcare, and healthy lifestyle.

Over the past years, we have focused on building and formalizing an ESG management system. Sustainability is embedded throughout the entire investment lifecycle – from screening and due diligence to active ownership and exit planning. All new targets are analyzed to identify the key material topics that are later incorporated into the ESAP (environmental and social action plan), a formal document signed by our companies. The ESAP serves as a structured roadmap translating identified risks and opportunities into measurable actions and governance commitments. To ensure implementation of action plans, ESG KPIs have been incorporated into remuneration system of both our Investment Teams and Management Teams of portfolio companies, with dedicated ESG resources at each company. Linking ESG KPIs to remuneration reinforces accountability at both fund and portfolio level, ensuring that sustainability objectives are embedded in day-to-day decision-making rather than treated as standalone initiatives.

At the portfolio level, majority of our companies developed impactful, sector specific ESG Strategies based on the results of the Double Materiality analysis. Each company has identified key areas where sustainability actions can drive long-term value. ESG considerations are increasingly positioned as part of core business strategy, linked directly to operational performance, risk management and long-term competitiveness.

Responsible value chain management remains a priority across the portfolio. Considering the evolving EU regulatory landscape, including developments around CSDDD and the Omnibus package, we have updated formal references in our ESG Strategy while maintaining our commitment to practical implementation of supply chain standards. Majority of our portfolio companies have implemented a Supplier Code of Conduct, setting minimum standards in environmental, social and ethical areas. Companies with manufacturing sites have also launched suppliers' audits, strengthening oversight of operational and compliance risks within their value chains.

Our 'Good Governance Framework' provides the structural foundation for long-term business resilience. Beyond policy adoption, portfolio companies are increasingly embedding governance standards into operational processes, decision-making routines and internal control mechanisms. At the fund level, Innova reinforces governance through clearly defined standards and oversight mechanisms. At the portfolio level, companies translate these principles into codes, procedures and accountability structures tailored to their operational context.

In 2025, we have decided to incorporate artificial intelligence considerations into our sustainability framework as AI becomes increasingly integrated into the operations of many portfolio companies. As these technologies influence decision-making, customer interactions, and data processing, they also introduce new governance and ethical considerations. At the fund level, in 2025, we adopted a formal AI Policy. Our Policy is designed as a strategic risk management tool to protect the fund's reputation, its "Beyond Profit" ESG strategy, to safeguard trade secrets – including investment targets and transaction data – and to ensure operational compliance with EU regulations and maintain the trust of Limited Partners and portfolio companies.

At the portfolio level, Responsible AI has been introduced as a new focus area within our ESG Strategy for 2026, with portfolio companies expected to develop formal governance frameworks adapted to their specific risk exposure. These frameworks will focus on reducing environmental impact, ensuring transparent and ethical data use, aligning with the EU AI Act, and supporting employees in adopting AI safely and effectively.

In our 2025 ESG Report, we reviewed and reported the implementation progress related to goals from our ESG strategy "Beyond Profit".

<https://innovacap.com/sustainability/sustainability-reporting>

**The main SDGs (but not the only ones) which we aim to cover with the new, refined investment strategy for Innova/7 fund and ESG Strategy are listed below:**

**(i) Gender Equality (SDG 5)**

Diversity has long been one of the driving forces behind the dynamic growth of Innova Capital and our portfolio companies. We promote diversity within the organization and portfolio and established a diversity policy. A target we set up for Innova capital is to include women at all levels of the investment team and to achieve equal representation between genders in the professional team (Investment team and Operations) by the end of 2025.

End of 2025, women represented 47% of the professional team (investment team and fund operations) and 27% of the investment team at Innova Capital. Women are represented at each

organizational layer. Diversity of the candidates has been also an integral part of guidelines for our recruitment advisors and

We have also set a diversity goal for our portfolio companies to achieve a representation of at least 30% of the underrepresented gender in Management and Supervisory Boards by the end of 2027.

In 2025, all companies calculated the unadjusted gender pay gap. The indicator shows more the structural difference in employment between genders, not if there is an equal pay for equal job.

In 2025, first portfolio companies carried out adjusted gender pay gap analyses by function and grade, enabling a more granular analysis of pay structures. First results show significant reduction in adjusted vs. unadjusted KPI, suggesting that disparities are often linked to role distribution rather than direct pay inequality within comparable positions. The companies reviewed role architecture, grading systems and employee distribution across levels and functions to identify the main factors influencing pay distribution. Based on these findings, each company defined a tailored action plan.

## **(ii) Industry, innovation and infrastructure (SDG 9)**

Innova seeks to promote innovation and sustainable innovation by including in its value creation plans for each portfolio company digital initiatives and innovation targets. Innova/7 fund agreed with its LPs to have a specific measurable target of investments in the areas which will provide innovation, digitalization, or educational technologies to industry (at least €28 million).

## **(iii) Affordable and Clean Energy (SDG 7) & Climate action (SDG 13)**

Due to the severity of the climate change crisis, we decided to take decisive action and tangible steps in the right direction – by introducing the carbon footprint measurement policy and defining long term carbon neutrality targets for both the management company and the portfolio.

Innova Capital maintains carbon neutrality in Scope 1 and 2 emissions. We power our office with green energy, and the only source of our emissions is grid heating, which is still produced mainly from fossil fuels. We continue to offset those emissions with Gold Standard Projects.

We acknowledge that our influence on Scope 3 emissions is limited, as they largely result from business travel necessary for our operations. Where operationally feasible, lower-emission transport alternatives are prioritized. At the portfolio level, carbon footprint measurement in Scope 1 and 2 has become standard practice.

Over the past two years, we've empowered our portfolio companies to take control of their ESG data through practical tools, clear frameworks, and hands-on support to manage reporting on their own. In 2025, most of our companies have set decarbonization targets aligned with the Paris Agreement.

We work with our portfolio companies to design and implement decarbonization roadmaps aligned with their targets. Typical measures include shifting towards renewable electricity, either from grid or from onsite PV panels and gradual switch to a low emission fleet. Renewable energy plays a critical role in decarbonization by lowering Scope 2 emissions and strengthening operational

resilience. Our manufacturing companies are also working continuously on improvement of energy efficiency within their operations, recognizing both cost and emission benefits.

While many of our companies calculate Scope 3 emissions, translating data into measurable reductions remains structurally complex. The Omnibus reform has capped value chain reporting demands, meaning large companies can only request limited, standardized sustainability data from smaller partners and must accept explanations when data isn't available. In response, our approach has shifted from comprehensive reporting ambitions toward targeted engagement in areas where influence and operational leverage are strongest.

We encourage our portfolio companies to take actions towards energy savings and green energy resources. As a part of our strategy in Innova/7 we are seeking to identify 'Green Investments' (either directly or made by the Fund's Portfolio Companies) as part of the fund's sustainable development plan for our investments in an aggregate amount of at least €30 million for the entire fund.

**Additionally, Innova/7 fund operates an exclusion policy confirming that it will not invest in several sectors which can negatively impact environment and society. This policy forms part of the Limited Partners Agreement for Innova/7 fund and all potential investments are first verified in accordance with the exclusions list.**

**Innova Capital Exclusion list:**

<https://innovacap.com/assets/uploads/pdf/Innova-Capital-Exclusion-List-2024.pdf>

## PRINCIPLE 2:

### Manage strategic impact on a portfolio basis.

*The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.*

Innova attaches significant importance to ESG issues in every one of its portfolio companies, both regarding risks and possible impact opportunities.

Innova Capital ESG Procedures were adopted by the organization to manage the ESG impact in the portfolio and create the unified processes and procedures which must be closely observed by deal teams and management teams in each portfolio company. Actions are planned for each new portfolio company related to the materiality of risks or opportunities identified on entry.

To ensure implementation of action plans, ESG KPIs have been incorporated into remuneration system of both our Investment Teams and Management Teams of portfolio companies, with dedicated ESG resources at each company. Linking ESG KPIs to remuneration reinforces accountability at both fund and portfolio level, ensuring that sustainability objectives are embedded in day-to-day decision-making rather than treated as standalone initiatives.

From a practical point of view, this means that the following procedures are observed for each potential investment:

#### Pre - investment stage and Due Diligence Processes

ESG and impact criteria are addressed comprehensively during the due diligence prior to completion of the investment but with a level of engagement appropriate to the particular business.

The ESG due diligence review of a prospective investment should closely observe Innova's ESG management policies and procedures. The deal team is required at this stage to identify any major ESG risks or impact and ESG value creation opportunities, which could have a significant impact on the return to be achieved or the level of ESG risk which could provide a threat to the successful execution of the investment premise.

The DD needs to be provided by an external party with a thorough knowledge of the Innova's ESG policies and procedures and the IFC Performance Standards.

At the end of this stage, it is required to prepare a report summarizing the results of the ESG due diligence. The report shall include a summary of the impact opportunities and risks associated with the project, including the related performance gaps and corresponding correcting actions if any that will be necessary for Innova to invest.

The impact objectives and measurable KPIs directly aligned with one or more of the SDGs are proposed at this stage. Finally, the results of the ESG due diligence should be presented to the Investment Committee with the results of the other due diligence work in the Deal Status Report.

The corrective action plan prepared for the investment should be available prior to the presentation of the Deal Status Report to the Investment Committee.

The action plan is summarized within a formal Environmental and Social Action Plan (“ESAP”)

### **Post-investment stage**

- **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 implemented immediately.

A section relating to ESG is included in the 100 Day Plan:

- Using data from the questionnaire and interviews, the ESG impacts opportunities, targets and risks.
- ESG objectives for the life of the investment are established and targets for the next period incorporated into the budgeting process.
- Responsibility for the execution of ESG objectives will be allocated to specific managers and
- Any initiatives for raising awareness of ESG at the company are planned.

### **Portfolio Management**

Having already established the levels of risk and impact 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 through ESG reviews carried out directly with managers of the company.

Specific ESG procedures executed during the portfolio holding period include:

- ✓ Annual setting of a limited number of quantitative or qualitative ESG-related objectives (within the context of the overall ESG objective set in the deal base case). These objectives should be established during the annual budgeting process of the company and should be approved by the Supervisory Board (or other appropriate organ of the company) at the same time as the budget.
- ✓ Reporting of ESG Key Performance Indicators and impact measurements
- ✓ Inclusion of ESG matters on the agenda of at least two board meetings per year.

- ✓ ESG targets to be included in the annual targets together with business and result oriented goals in the assessment process and performance bonuses for top-management and ESG Officers in portfolio companies (from 2025).

During the lifetime of the investment Innova works consistently with the company management to mitigate identified risks, report and assess any new risks which may arise during the investment, and exploit opportunities associated with ESG impact and SDG principles.

Reporting procedures relating to the investment are included in the ESG procedure summarized in the annual ESG reports available on [www.innovacap.com](http://www.innovacap.com).

### **EXIT stage**

Detailed ESG information and progress about specific issues is available to investors and other possible interested parties (insurance, banks, buy side advisors etc.).

### PRINCIPLE 3:

#### **Establish the Manager's contribution to the achievement of impact.**

*The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.*

Innova Capital recognizes the need for clear and transparent reporting on the manager's contribution to impact achievement.

The following actions are implemented for Innova/7 ESG impact reporting to establish clearly the Manager's contribution to any achievements (but also problems encountered):

1. ESG value creation plans for each investment agreed between Innova and management teams
2. Annual and semi-annual ESG reporting to LPs and stakeholders, included also on Innova website. This will include progress with achievements of individual and portfolio-wide impact targets and KPIs.
3. Quantitative analysis of benefits in the projects financed by Innova/7 – including diversity, climate and investment targets described under Principle 1 (on an annual basis reported to LPs) and investments allocations in impact related investments.
4. Qualitative narratives in the Innova ESG Annual Report and at the time of exit outlining the main impact achievements for each investment and any lessons learned while accomplishing them to serve as examples and aspirations for future portfolio companies.

## PRINCIPLE 4:

### **Assess the expected impact of each investment, based on a systematic approach.**

*For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.*

For each investment, Innova assesses the expected impact ex-ante, before the investment is completed, using a systematic framework.

During the ESG due diligence conducted prior to each investment, the deal team identifies the key material impact topics and assesses the positive impact potential of the investment. Impact objectives and measurable KPIs, directly aligned with one or more of the SDGs, are proposed at this stage. The assessment considers the significance of the intended impact within the targeted geographical and sectoral context, and seeks to quantify expected benefits where possible.

Innova's impact assessment framework draws on the following key elements: (1) ESG due diligence results identifying material impact topics and ESG risks; (2) an Environmental and Social Action Plan (ESAP) formalizing identified risks, opportunities, and corrective actions; (3) impact objectives and KPIs aligned with relevant SDGs, proposed at due diligence stage and agreed with company management; and (4) assessment of the likelihood of achieving the expected impact, including the identification of significant risk factors. Where relevant, Innova also considers opportunities to increase the impact of the investment and indirect or systemic impacts. Impact indicators are, to the extent possible, aligned with widely recognized industry standards. The annual ESG report, documenting impact outcomes across the portfolio, is available on:

<https://innovacap.com/sustainability/sustainability-reporting>

As part of the ex-ante assessment, Innova identifies the significant risk factors that could cause the actual impact to deviate from ex-ante expectations. These include sector-specific ESG risks, operational risks at the company level, and macroeconomic or regulatory changes in the operating environment. The ESAP, signed by each portfolio company at the time of investment, translates these identified risks and opportunities into time-bound, measurable actions and governance commitments. Progress against the ESAP is reviewed throughout the investment holding period as described under Principle 6.

Innova's impact KPIs and metrics are, to the extent possible, aligned with widely recognised industry standards. Fund-level impact targets include, among others, carbon footprint reduction,

gender diversity, job creation, green investment deployment (at least €30 million under Innova/7), and capex deployed for energy efficiency. These fund-level targets are assessed at least annually and reported to LPs.

In Innova/7 fund ESG data is collected from the following sources:

- By deal teams and the ESG Director – directly from the portfolio companies (standard KPI's for all portfolio companies as well as certain agreed KPIs specific for each company - based on the methodology agreed with companies' managements and consistent through the investment holding period).
- By external specialist companies to create an accurate methodology to calculate carbon footprint emissions. Values will be collected and reported with emissions data stated starting in 2025 and also the targets and progress with the reduction of the environmental impact will be reviewed and reported as well.

## PRINCIPLE 5:

### **Assess, address, monitor, and manage potential negative impacts of each investment.**

*For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.*

#### **Pre- investment stage and Due Diligence Processes**

Innova is applying a rigorous risk assessment process before any acquisition is completed and any significant ESG DD findings need to be discussed with Investment Committee in the pre-deal stage at the time of issuing a Deal Alert paper and preliminary Deal Status Report. Also, it is requested to provide the committee with proposed steps towards addressing and minimizing such risks in the future.

Any proposed actions towards the identified risks are also included and the Investment Committee resolves on this basis if it wants to pursue a specific investment and discusses the proposed solutions for addressing and minimizing such risks. In some cases, deals with inherent non-curable ESG risks were not pursued.

Innova Capital generally invests in companies with low or medium environmental and social risks. And will not pursue deals where there is a significant ESG risk involved which cannot be cured or is an inherent part of the market that any potential portfolio company operates in.

Additionally, there is a strict policy included in Innova/7 SICAV-RAIF LPA (Supplement) which prohibits investing in certain sectors with advanced negative impact on any ESG criteria (i.e. coal mining, oil distribution or handling, production of alcohol or tobacco, gambling, energy intensive or high CO2 emissions sectors etc.).

Where negative impact is identified, this is highlighted as part of the initial screening process and mitigating initiatives established.

#### **Post-investment stage**

Any ESG risks identified in the investment process are included in the ESAP plan and progress with addressing and elimination is reviewed by the deal time with reports to the ESG team. Each company is expected to have a risk monitoring map with time targets to address them.

Progress is being reported internally – through quarterly portfolio meetings and on supervisory boards and externally – in the ESG reporting to LPs.

Enhanced risk management is a key element of the Innova governance toolkit and is an important step in the creation of more mature SMEs. This includes addressing ESG and impact risks.

## PRINCIPLE 6:

### **Monitor the progress of each investment in achieving impact against expectations and respond appropriately.**

*The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.*

Innova Capital continuously measures, reports, and evaluates the impact performance of each portfolio company throughout the investment holding period. The KPIs, encompassing impact, operational, and financial metrics and indicators, are reported by the portfolio companies to Innova Capital quarterly and are reviewed as necessary.

Impact performance at the portfolio company level is evaluated throughout Innova Capital's investment lifecycle. For portfolio companies not meeting impact expectations at any point in the investment cycle, Innova Capital is engaging actively the portfolio company and adjusts KPIs accordingly.

Positive impacts generated by Innova Capital investments are monitored by the Investment team and ESG Director:

- Data collection is conducted through continuous dialogue with the business management team, site visits, and data submissions by portfolio companies, which are reviewed by the ESG Director and Investment team during quarterly portfolio reviews and annual reporting.
- Through discussions with the management team and periodic site visits, Innova Capital evaluates progress against expected outcomes.

Trajectory and achievement of designed and targeted KPIs and objectives are verified on an annual basis. During this review, any risks to achieving the targets are addressed and mitigating action may be taken. If additional opportunities are identified relating to the original impact objective, these can also be incorporated into the process and assessed at the subsequent review. We also work with portfolio companies to identify opportunities to increase the impact of their investment, which are reflected in their Environmental and Social Action Plans (ESAPs). Additionally, on an annual basis, Innova verifies the impact of the overall fund's portfolio in connection with designed targets in respect to carbon footprint, diversity, job creation, green initiatives, and capex deployed in respect to energy efficiency targets and other fund-level impact criteria.

## PRINCIPLE 7:

### **Conduct exits considering the effect on sustained impact.**

*When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.*

Innova believes its consistent and well-organized and documented ESG process will be a significant plus in and a value creation lever for any future potential buyers of the portfolio investments.

We will be seeking to provide buyers with an exit VDD report including the impact achievements and targets delivery in accordance with the original expectation included in ESAPs. In considering the timing, structure, and process of exits, Innova takes into account the potential effect on the sustainability of impact generated during the investment holding period.

The investment premise and story will also include any further impact and ESG value creation routes and ideas which can support the ESG agenda further after the company is sold.

Additionally, exit ESG issues and lessons learnt should be included on the agenda of each Deal Postmortem meeting, organized following the completion of an exit by deal team and discussed by the Portfolio Committee.

## PRINCIPLE 8:

### **Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.**

*The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.*

Innova's intention is to monitor and document ESG impact process and use this as a valuable tool for value creation in existing investments and as a lesson learnt from the prior investments to improve the current process.

The review process is structured as follows:

- An ESG and impact review should be included on the agenda of at least two supervisory board meetings per year in each portfolio company, and more frequently there should be material issues to address. If no significant change to ESG risks and opportunities has been noted since the previous review, this fact is also documented.
- The review of ESAP plan and impact initiatives is discussed and reviewed on an ongoing basis by the ESG team and ESG specialist in each portfolio company.
- Critical ESG agenda is discussed during the quarterly portfolio meetings with the senior team at Innova.
- At least once a year a meeting is called for the full investment team. At this meeting (usually shortly before or after publication of the ESG Annual Report), key issues from the portfolio from the previous year are discussed as well as ensuring that processes remain fit for purpose and new ESG topics are introduced by ESG team. If any processes have changed or are being changed, they will be presented at this meeting.

## PRINCIPLE 9:

### **Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.**

*The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.*

This Disclosure Statement on Innova/7 portfolio alignment of fund's ESG policies and procedures with the Impact Principles will be provided on an annual basis and will be updated after the end of each year.

The first independent verification of the 2023 Impact Principles Disclosure by an independent third party was provided in August 2024.

- The name and registered address of the independent verifier:  
Cormack Services, Iain Haggis, Podleśna 42/5 01-673 Warsaw
- Qualifications of the independent verifier: Iain Haggis has 15 years' ESG experience, working for a number of private equity funds, portfolio companies and other corporations. He is also a Cormack Services director of Valores Foundation, which is a Polish venture philanthropy and impact investor.
- The date of the most recent verification: 09.04.2024
- The next planned verification: 2027
- The link to the published verifier statement:  
<https://innovacap.com/assets/uploads/reports/Independent-Verification-Innova-Impact-Principles-2024-08-09-signed.pdf>