



BEYOND PROFIT

ESG REPORT 2023



Beyond profit / bi'jand 'praf.lt/ adverb, noun

- an ambition embraced by Innova, rooted in the idea that truly strong and sustainable businesses need not only to generate economic value but also to contribute meaningfully to positive social and environmental outcomes. Not to comply, but to lead by example. Not “oh, and we also...” but “what, and how, we do every day”. This integrated approach drives how our companies are selected. How our relationships with founders are built. How we strive to change the businesses and industries we invest in – not just by pursuing excellence, growth and consolidation, but also by carrying the torch of positive change. By integrating environmental, social, and governance (ESG) values into the investment decision-making and value creation choices, Innova aims to drive its portfolio to do well, while doing good. To achieve premium returns by looking – and going – beyond profit.

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DEAR INVESTORS, STAKEHOLDERS AND FRIENDS

We are thrilled to share with you our new ESG report. The tenth issue of this report marks the beginning of Innova’s 30th anniversary year. This is an important milestone for us – but rather than looking back on our achievements, we take this as an opportunity to highlight our dedication to the values guiding our operations and to set the course for our newest fund, Innova/7.

At Innova we deeply believe in the importance of balancing investor returns with a thoughtful approach to the interests of all stakeholders. Our ESG philosophy has evolved over time – moving from just managing risks, to creating and seizing opportunities. This reflects our belief that only truly sustainable business models, run by empowered and balanced teams, can create lasting value. That belief underpins the development of Innova’s new ESG strategy, captured by the tagline ‘Beyond Profit’.

“Beyond Profit” establishes clear objectives for both Innova and our portfolio companies. Our aim is to establish and execute carbon footprint reduction targets aligned with the Paris agreement, while actively pursuing investment opportunities in green projects within the Innova/7 fund. Diversity remains our top priority. We are close to achieving gender parity within our professional team. On portfolio level, our goal is to achieve a minimum of 30% female representation across all [management and supervisory] boards by the end of 2027.

Our newest fund, Innova / 7, will be operated under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR), demonstrating our commitment to prioritizing environmental, social, and corporate governance considerations when selecting and managing portfolio companies.

In 2023, Innova enhanced its capabilities and expertise to foster the professionalization of companies in ESG practices. The role of Innova’s newly appointed ESG Director is to facilitate and support portfolio companies in their journey towards sustainable development, strengthening the management focus on effective integration of ESG opportunities into the pursuit of value growth. A new unified toolkit and support framework will further drive the ESG transformation in our portfolio.

Given that Innova’s investment strategy includes a significant share of partnership investments, with multiple stakeholders, and often involves serial acquisitions of add-ons to platform companies, we see a genuine opportunity to use our ESG strategy to promote certain standards to a broad, often international audience.

The actions of board members and executives within our portfolio companies are crucial to our efforts. We strive to make sure that leaders within Innova and those in our portfolio companies are tasked with – and held accountable for – actively pursuing strategic initiatives, strengthening governance structures and policies, and advancing sustainability objectives.

In this year’s report, we present our ‘Beyond Profit’ strategy and the directions it sets for our actions and for collaboration with our companies and markets. The goal is to provide our stakeholders with the chance to look into each company’s objectives and gain a deeper understanding of the collective efforts we are making towards fostering sustainable development.

Innova Capital Partners



Over the past decade, Innova has consistently embraced ESG principles through collaborations with portfolio companies and investors. I joined Innova at the end of 2023 with a goal to carry forward this philosophy, merging practical business experience with a commitment to responsible investing.

The timing could not be better.

Innova has just closed Innova/7 fund, our first fund under Article 8 of SFDR with ESG principles and objectives written clearly into investment policy and becoming a part of our investor agreement.

With the new fund we are taking a step forward in our ESG journey committing to the new ESG strategy „Beyond Profit”. It guides us to set goals for Innova Capital and implement specific and measurable initiatives and targets within our portfolio. Most Innova’s companies are increasingly recognizing the importance and benefits of sustainable business models, with ESG already giving them a competitive edge in discussions with clients and suppliers. Our goal is to support them in this ESG journey, especially as majority will fall under CSRD reporting already in 2026.

This year, our focus is on laying the foundational framework for ESG transformation. This involves establishing processes for ESG data collection and monitoring, delivering unified tools and trainings to portfolio while enhancing the governance processes. We are also identifying key ESG areas to integrate into our business models and drive ESG value creation.

We’ve started with development of ESG strategy at Innova level which we are now cascading through the portfolio. Our strong objective is that at the end of this year all our portfolio companies have ESG strategies in place, with dedicated resources and tools to implement their targets and measure KPIs.

Seeing the enthusiasm and engagement from both Innova team and managers within our portfolio companies, I believe this is just the beginning of an exciting journey. I feel strongly motivated by their trust and encouragement.



Daria Pawełko
ESG Director,
Innova Capital

1. About Innova Capital



ABOUT INNOVA CAPITAL

With 30 years of dedicated experience, Innova Capital stands as a foundational entity in the Private Equity landscape. Headquartered in Warsaw (Poland) and Luxembourg, we proudly stand as one of the oldest and most experienced private equity firms in the Central and Eastern European (CEE) market. Having invested EUR 1.3 billion to date, with EUR 1.5 billion raised in funds, our journey has been marked by 142 investments. Since our establishment in 1994 in Poland, we've been committed to investing in mostly controlling stakes of mid-sized companies in the CEE region.

Innova Capital seeks to deliver attractive returns for investors through a proven track record of profitable investments. Our approach is grounded in innovative strategies, a commitment to excellence, strong support for management, and a determination to create value and foster winning partnerships. Our strategy embraces sustainable development (ESG) as both a business opportunity and a commitment to environmental and social priorities, amplifying the potential for building successful, responsible enterprises.

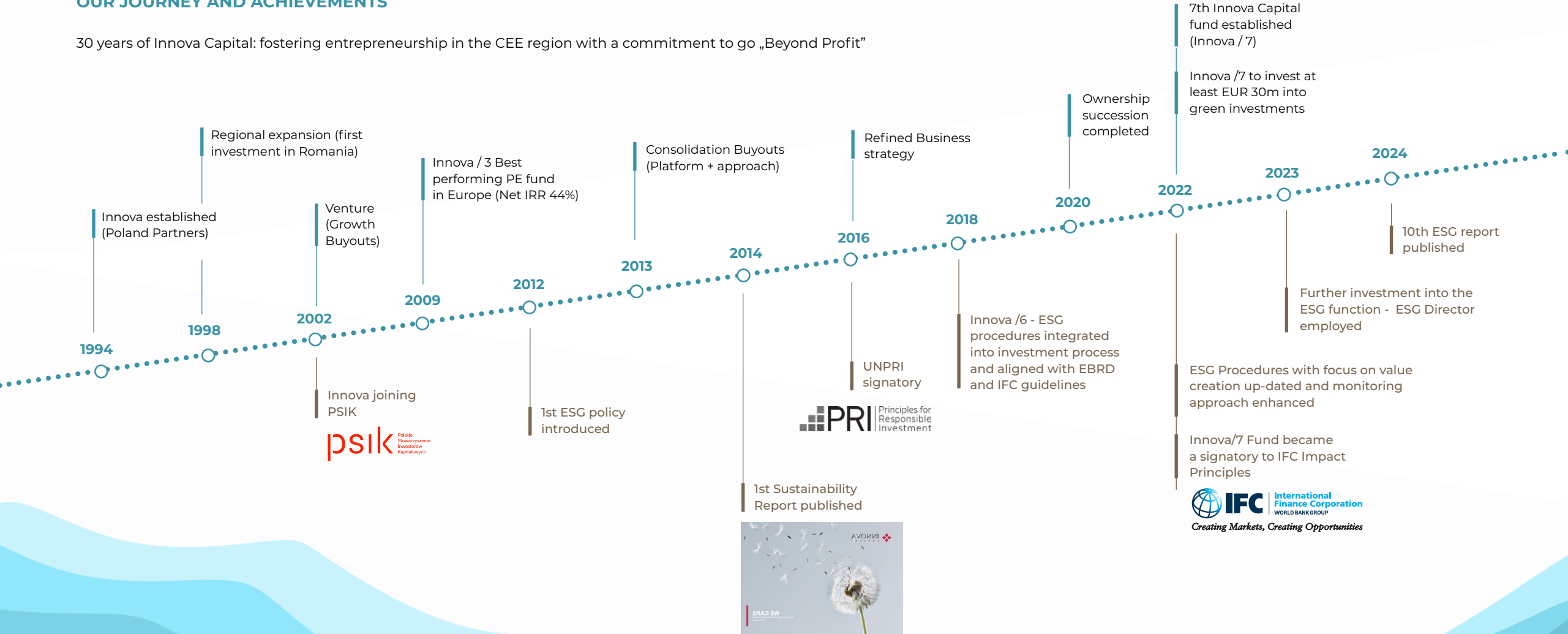
Highlights of Innova Capital



¹⁾ as of end of December 2023

OUR JOURNEY AND ACHIEVEMENTS

30 years of Innova Capital: fostering entrepreneurship in the CEE region with a commitment to go „Beyond Profit“



OUR INVESTMENT APPROACH

Innova Capital focuses strategically on a specialized investment area in alignment with current macro trends. Maintaining a dedicated approach, our focus revolves around mid-market buyouts within Poland and Central Europe. Our emphasis lies in securing control investments in companies with EVs ranging from EUR 50 million to EUR 150 million, with equity tickets within the EUR 25 million to EUR 40 million range.

Drawing on our proven track record across six successful funds, Innova Capital brings invaluable expertise to the launch of Inno-

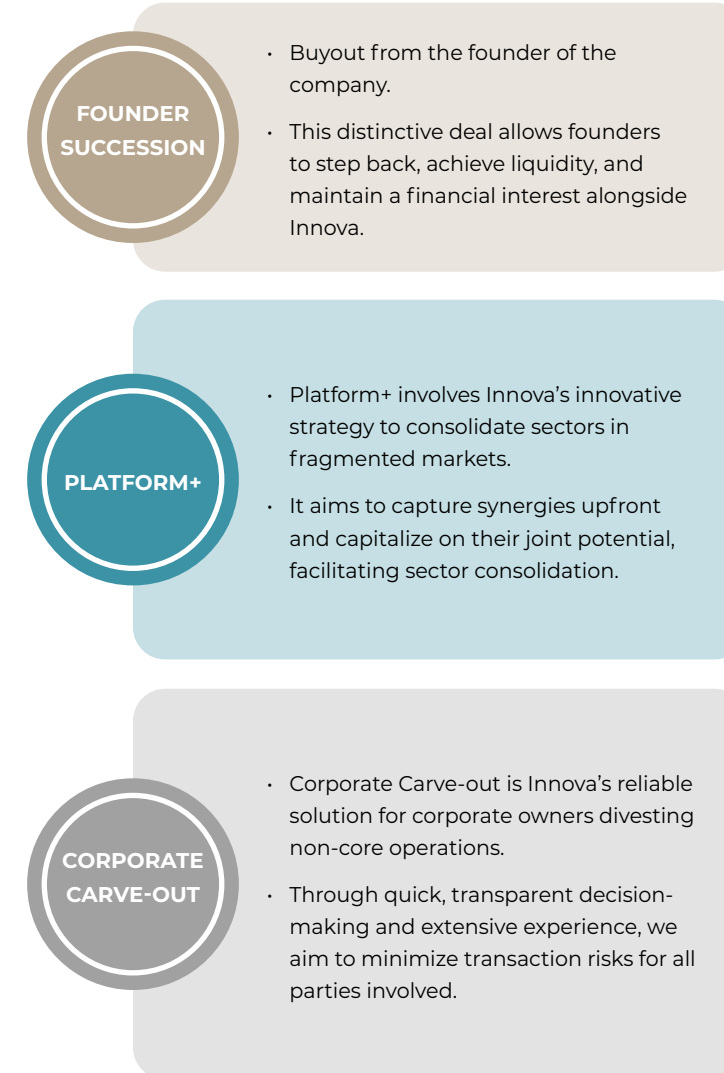
va/7, leveraging diverse sector knowledge and investment themes for strategic advantage. We capitalize on global trends that hold particular promise in the CEE region, aligning them with the needs highlighted by our investors, emphasizing an environmental and sustainability focus.

Innova Capital strategically targets specific sectors that align with global trends, offering promising opportunities in the CEE markets (more about current portfolio companies in [Chapter 4](#)).

Innova: Target sectors and expertise

Sectors	INDUSTRIALS	BUSINESS SERVICES (incl. FS)	CONSUMER & LIFESTYLE
	Tech - driven companies within each sector		
Targeted subsectors	<ul style="list-style-type: none"> Light manufacturing Building products Renewable energy Automation & Robotics 	<ul style="list-style-type: none"> Tech enabled business services Payments IT Services Fintech SaaS 	<ul style="list-style-type: none"> Consumer Goods Consumer Services Lifestyle (incl. healthcare) E-commerce / omnichannel
Key trends leverages	<ul style="list-style-type: none"> Local sourcing / nearshoring Digitalization / Tech (Customization, Industry / Factory 4.0) Sustainability 	<ul style="list-style-type: none"> Digitalization / Tech (Move to online, Emerging business models) Offer integration Outsource non-core / nearshoring 	<ul style="list-style-type: none"> Focus on environment (Eco / healthy) Transforming lifestyle (Ultra-) convenience, Premiumness, Aging population, Regionalism)

Innova: Type of transactions



EXPERIENCED TEAM AND A WINNING CULTURE

Innova Capital features one of the most stable investment teams in the region, characterized by a remarkable tenure of the Partners, ranging between 13 and 30 years with Innova.

The team's composition - currently 26 professionals - reflects a harmonious blend of backgrounds in entrepreneurship, consulting, operational management, private equity, and corporate finance (meet our team at: <https://innovacap.com/about-innova/team/>).

In 2020, the firm successfully transitioned its leadership from the founders, resulting in its current leadership by the three owners - Andrzej Bartos, Krzysztof Kulig, and Leszek Muzyczyn. These leaders, with a longstanding history at Innova, have played integral roles in building the business, shaping its strategy, and cultivating the organizational culture.

We seek to create an environment where exceptional people outperform their own abilities. Innova's seven core values lie at the heart of our culture (more about our values: <https://innovacap.com/about-innova/our-strategy-i-philosophy> and our approach to human capital management: [Chapter 2](#)).

Innova's seven core values

DRIVE FOR SUCCESS



MENTAL AGILITY



TEAMWORK



DO THE RIGHT THING



COMMITMENT TO EXCELLENCE



MUTUAL RESPECT



FUN

2. ESG strategy: “Beyond Profit”

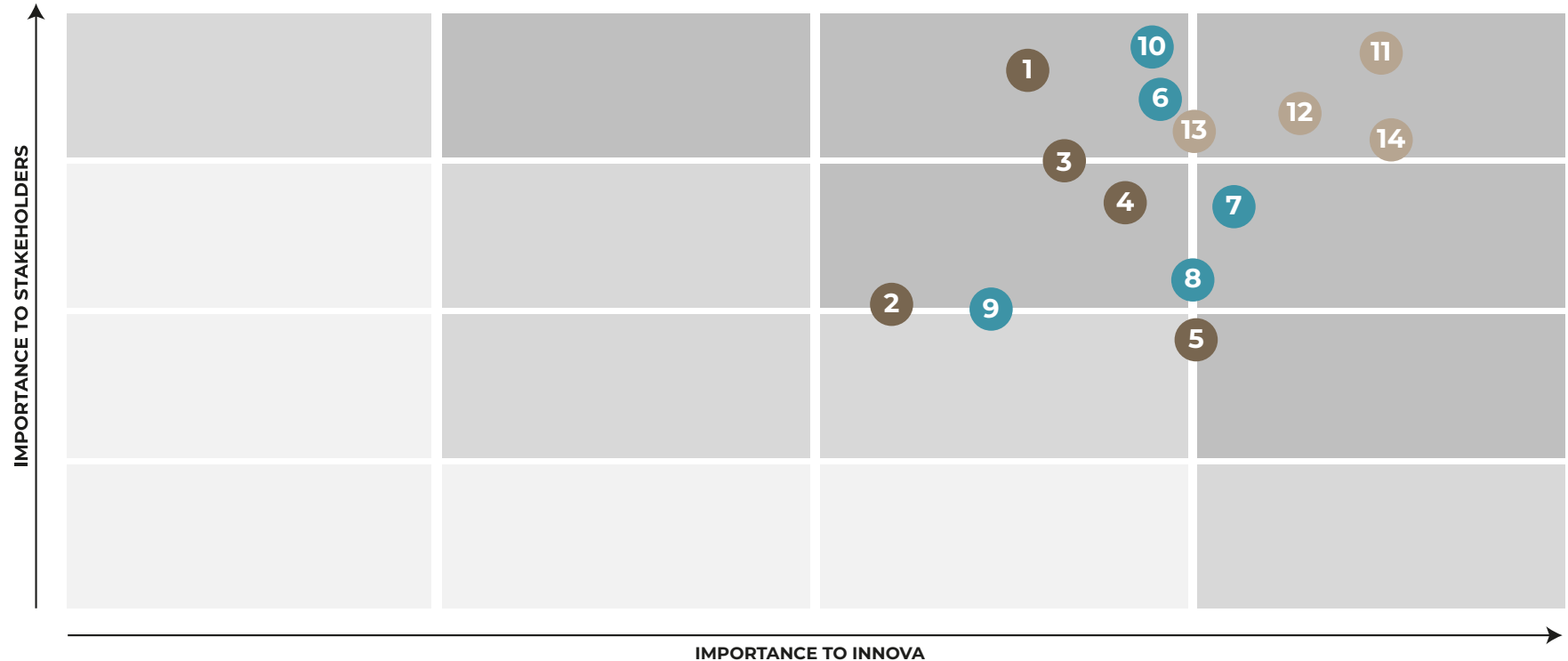
MATERIALITY ASSESSMENT AS A STARTING POINT FOR A NEW ESG STRATEGY

Innova Capital's new ESG strategy "Beyond Profit" is grounded in a materiality assessment based on feedback from the investment team, investor expectations, and the business model of Innova.

The chart provides an overview of the prioritized issues which include business ethics, climate change, diversity, responsible investment and corporate governance, with a particular emphasis on compliance, especially in terms of anti-discrimination policies and whistleblowing actions. Additionally, the strategy extends to promoting sustainability throughout the supply chain.

We concentrate on prioritized points identified by both our broader team and investors. Ensuring alignment throughout the organization with this ESG strategy stands as our top priority.

Materiality assessment: Innova Capital ESG issues



MATERIAL TOPICS

- ENVIRONMENTAL**
- 1 Carbon footprint
 - 2 Energy efficiency
 - 3 Water efficiency
 - 4 Circular economy
 - 5 Eco attitude among employees

- SOCIAL**
- 6 Diversity, Equity & Inclusion
 - 7 OHS & Wellbeing
 - 8 Talent and career development
 - 9 Sustainable marketing
 - 10 Sustainable services and investments

- GOVERNANCE**
- 11 Regulatory compliance
 - 12 Human rights nad ethics
 - 13 Sustainable supply chain
 - 14 Anti-corruption

„Beyond Profit“ ESG Strategy

Three pillars of our ESG strategy "Beyond Profit" reflect our focus on sustainable growth, environmental resilience and fair and equal business practices. Within each pillar we defined and overarching ambitions and goals for Innova Capital, translated into concrete actions for our portfolio companies.

ESG PILLARS



UNLOCK sustainable growth

- 100% investment targets are analyzed to identify ESG-driven growth opportunities
- ESG KPIs incorporated into Investment team remuneration system from 2024



PORTFOLIO COMPANIES

- 100% companies develop and implement sector – specific ESG strategies integrated with business growth strategies by the end of 2025
- 100% companies to incorporate ESG KPIs into Management Board remuneration system by the end of 2025
- 100% companies apply sustainable procurement practices aligned with CSDDD¹⁾ across their operations by the end of 2025

CORRESPONDING SDGs²⁾



BOOST environmental responsibility

- Innova Capital commits to remove its historical carbon emissions since founding in 1994 (Scope 1 & 2)
- Innova Capital commits to be carbon neutral from 2024 onwards (Scope 1 & 2)
- Innova/7 to invest at least EUR 30 m into green investments

- 100% companies to measure and set ambitious reduction targets for GHG emissions (Scope 1, 2) by end of 2024, and in Scope 3 by the end of 2025
- All companies to develop net-zero transition roadmaps



EMPOWER fair and equal business

- Innova to achieve equal representation between genders in professional team by the end of 2025 and actively recruit top female talent for our investment team
- Women represented at each organizational layer
- Implementation of a flexible parental leave policy
- Development of a „Good Governance Handbook“
- Launch of the „ESG Academy“ for portfolio companies with focus on sharing know-how and building Innova ESG community

- 30% of underrepresented gender in Management and Supervisory Boards across the portfolio by the end of 2027
- Each of our companies to calculate gender pay gap and develop a transition plan to close a gender pay gap until 2026
- 100% of employees trained on the Code of Conduct and whistleblowing processes by the end 2024



¹⁾ CSDDD - Corporate Sustainability Due Diligence Directive

²⁾ SDG - Sustainable Development Goals

PILLAR 1



UNLOCK sustainable growth

GOALS 

- 100% investment targets are analyzed to identify ESG-driven growth opportunities
- ESG KPIs incorporated into Investment team remuneration system from 2024
- Develop an ESG Framework/ toolkit to support companies in exploiting ESG opportunities

GOALS PORTFOLIO COMPANIES

- 100% develop and implement sector – specific ESG strategies integrated with business growth strategies by the end of 2025
- 100% companies to incorporate ESG KPIs into Management Board remuneration system by the end of 2025
- 100% companies apply sustainable procurement practices aligned with CSDDD¹⁾ across their operations by the end of 2025
- ESG Officer at each company
- ESG reviewed at least twice a year at Supervisory Board Meetings

Goals for Innova Capital

We aspire to be a strong partner for our portfolio companies in the area of ESG, providing essential knowledge and support to realize ambitious goals. We examine all our investment targets to find opportunities shaped by ESG factors. Environmental and Social Action plans (ESAP) are essential for developing the strategic value creation plans and are the roadmap for companies to assure the regulatory readiness, as the majority of our portfolio companies will fall under the CSRD (Corporate Sustainability Reporting Directive) in 2026.

The role of our Investment team in this journey is crucial. Therefore from this year we will be incorporating ESG Key Performance Indicators (KPIs) into the Investment team remuneration system.

We have also launched an “ESG Academy” for portfolio companies, a cycle of know-how sharing events aimed at building a true community of ESG experts and enthusiast within our teams.

Goals for portfolio companies

For our portfolio companies, we set goals that make ESG an integral part of the long-term corporate strategy. We encourage them to develop and implement sector-specific ESG strategies, overseen by a designated ESG officer and the Supervisory Board.

As part of our improvement efforts, we advocate external assessments of our portfolio companies by independent entities. This ensures periodic evaluations of their ESG advancement. Importantly, we emphasize ESG implementation throughout the companies value chain from the outset, recognizing that both risks and opportunities can be identified in this way.

What we've already done?

- All companies within the portfolios of Innova/6 and Innova/7 funds have undergone ESG risk assessments and detailed ESG due diligence
- ESAP plans for all Innova/7 companies

The results of our portfolio companies in the ESG domain best illustrate the effectiveness of our initiatives. Explore the comprehensive details in [Sustainable value: Insights from case studies](#) and [Chapter 4](#) presenting all our portfolio companies.

¹⁾ CSDDD - Corporate Sustainability Due Diligence Directive

PILLAR 2



BOOST environmental responsibility

GOALS  **INNOVA**
 CAPITAL

- Innova Capital commits to remove its historical carbon emissions since founding in 1994 (Scope 1 & 2)
- Innova Capital commits to be carbon neutral from 2024 onwards (Scope 1 & 2)
- Innova /7 to invest at least 30 m EUR into green investments

GOALS PORTFOLIO COMPANIES

- 100% companies to measure and set ambitious reduction targets for GHG emissions (Scope 1, 2) by the end of 2024, Scope 3 by the end of 2025
- All companies to develop net-zero transition roadmaps

Goals for Innova Capital

Being aware of greenhouse gas emissions' impact both directly and indirectly throughout the value chain, we undertake specific commitments. Innova Capital commits to being carbon neutral from 2024 onwards. (more about our decarbonization strategy [Innova Capital's Decarbonization goals](#)).

Our role is to lead by example and motivate our portfolio companies, ensuring that environmental actions are tangible and meaningful. One of strategic goals for our newest fund, Innova/7, is the commitment to invest a minimum of EUR 30 million into projects covering development of sustainable energy sources, green initiatives and related industries.

Goals for portfolio companies

We will collaborate with our portfolio companies to identify impacts, risks, and opportunities in relation to environmental issues, taking into account their business model and value chain impacts. Moreover, we prioritize the reduction of GHG emissions. Therefore, for portfolio companies, the aspiration is for each to measure and establish ambitious reduction targets for greenhouse gas

(GHG) emissions in Scopes 1 and 2 by the end of 2024, extending to Scope 3 by the end of 2025.

These targets represent a data-driven approach to climate action, aligning with international efforts and reinforcing the strategic importance of sustainable practices in private equity.

What we've already done?

- Innova Capital has calculated its GHG emissions resulting from its own operations in accordance with the GHG Protocol for the last two years
- We have developed and implemented a Decarbonization Strategy for Innova Capital
- We have conducted a workshop with our portfolio companies focused on explaining the importance of decarbonization and a process to design and implement it

INNOVA CAPITAL'S DECARBONIZATION GOALS

In our strategy, we have committed to being carbon neutral from 2024 onwards and offsetting direct emissions from the company's inception in 1994. Due to the nature and relatively low level of our direct emissions, we have decided to offset our carbon emissions with carefully selected offset projects with focus on gender equality and safe drinking water systems. In 2024, we aim to explore the possibility of engaging in local offset projects, supporting underprivileged communities in adopting greener energy sources.

Regarding Innova's emissions in Scope 3, we will work to minimize our impact by updating our business trip policy promoting the use of low-carbon transport in our operations. We will also engage with our business partners in discussions on how to minimize the negative environmental impact of their services and products.

- Approximately **170 tCO₂e** were generated since founding in 1994

Historical assumption for emissions are based on investments value: 1994 investments were roughly EUR 64 m while in 2023 they are around EUR 1.5 billion 1994 business size was ~5% of activities in 2023. Annual growth estimation at ~10,5%.

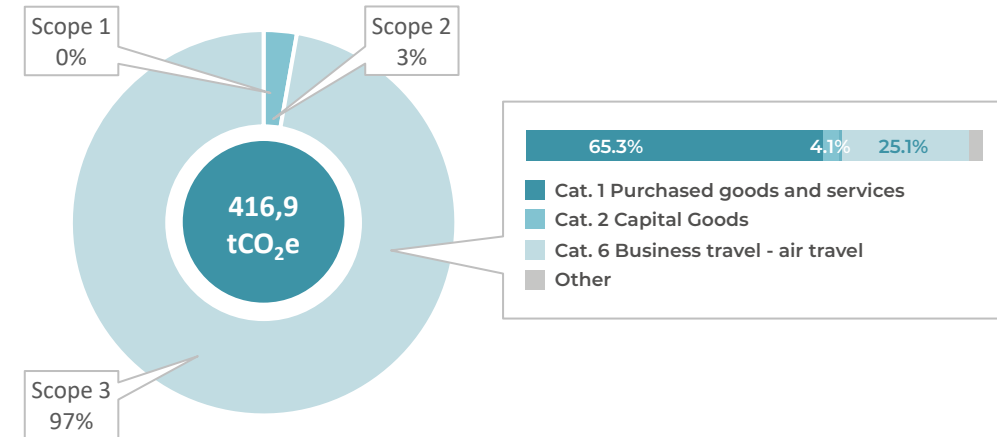
- In Scope 1 and 2, our CO₂ emissions amounted to **12.5 tCO₂e** for 2023.

Innova occupies an office building powered by green electricity. District heating is currently the only source of indirect CO₂ emissions from the generation of purchased energy.

- In Scope 3 for categories 1-14 our emissions amounted **404.4 tCO₂e** for 2023.

Within Scope 3, which constituted 97% of GHG emissions in 2023, main sources of emissions were activities falling under categories 1 and 6, namely purchased goods and services and business travel.

Innova Capital: Total GHG emissions in FY2023 – [%, tCO₂e]



PILLAR 3



EMPOWER fair and equal business

GOALS  **INNOVA**
 CAPITAL

- Innova to achieve equal representation between genders in professional team¹⁾ by the end of 2025 and actively recruit top female talent for our investment team
- Women represented at each organizational layer
- Implementation of a flexible parental leave policy
- The ‚Good Governance Handbook‘, tailored for portfolio companies, forms the foundation for establishing ESG management structures
- Launch of the „ESG Academy“ for portfolio companies with focus on sharing know-how and building Innova ESG community

GOALS PORTFOLIO COMPANIES

- 30% of underrepresented gender in Management and Supervisory Boards across portfolio by the end of 2027
- Each of our companies to calculate gender pay gap by the end of 2024, develop a transition plan to close a gender pay gap until 2026
- 100% of employees trained on the Code of Conduct and whistleblowing processes by the end 2024
- Each company to have a Code of Conduct for Employees and Suppliers aligned with OECD and UN Global Compact Guidelines by the end of 2024

Goals for Innova Capital

Solid organizational foundations are crucial for efficient operations of every business. Recognizing the importance of business governance, we’ve strengthened our Code of Conduct. This update features a comprehensive focus on anti-corruption practices and introduces an organization wide whistleblowing system covering Innova Capital and all portfolio companies.

The system is provided by third-party specialized and independent organization. Our goal is to shorten the distance between us – as shareholders and all employees within Innova and portfolio – and give them a tool to communicate directly on any issues and problems they might face while working in our portfolio companies. This system is being currently introduced across the companies.

We are committed to further strengthening of the organizational frameworks of our portfolio companies by implementing the ‚Good Governance Handbook‘. This practical guideline will offer a blueprint for adopting best-in-class governance practices, aligning with the UN Global Compact and OECD guidelines.

Equality has been also always been on our agenda. We appreciate how the diverse team work both from the perspective of the organizational culture and efficiency. Our recruitment policy and efforts are aimed at achieving equal representation between genders in our professional team, as a result we are close to achieving gender parity, with ultimate goal to reach this target until next year at the latest.

Women are already today represented at all layers of the organizational structures, with no gender pay gap. We are committed to continue this approach, with focus on actively recruiting top female talent for our investment team.

Goals for portfolio companies

Innova Capital recognizes the significance of governance in ensuring compliance and fostering a resilient portfolio. Therefore, our strategy emphasizes supporting portfolio companies in implementing corporate governance principles and codes of conduct, alongside employee training and procedures to ensure effective implementation. An example of these efforts was the implementation of a whistleblowing system initiated by Innova in late 2023 and early 2024, benefiting both the fund and portfolio companies.

¹⁾ investment team and operations

We prioritize diversity and inclusion as essential components of our strategic approach. By promoting gender diversity and equal pay, we aim to create inclusive workplaces that drive creativity, innovation, and superior business performance.

Our goal is to achieve a representation of at least 30% of the underrepresented gender in Management and Supervisory Boards by the end of 2027. Additionally, each company within our portfolio is tasked with calculating and addressing their gender pay gap by 2024 and 2026, respectively.

What we've already done?

- Women make up 46% of the team at Innova, spanning across both the investment team and operations
- In 2023 we have implemented a whistleblowing system for our employees
- We have started implementation of a whistleblowing system in our portfolio companies

In the domain of governance systems, read more in [Our Policies](#).

OUR POLICIES

Code of Conduct

Innova Capital has restructured its governance approach with the introduction of a new Code of Conduct. This comprehensive guide outlines ethical principles for the internal workforce, focusing on core values, team dynamics, business ethics, responsible investment, and reporting procedures. Emphasizing the utmost significance, particular attention is directed towards key provisions, including compliance with laws and regulations, human rights, conflicts of interest, anti-bribery and corruption, gifts, hospitality and expenses, data protection and privacy, money laundering, and confidentiality. This initiative reflects our commitment to fostering a culture of integrity and accountability within the organization. It is essential to note that the Code of Conduct exclusively applies to Innova Capital's internal team and does not extend to portfolio companies ([Our Code of Conduct](#)).

Whistleblowing Policy

Complementing our new Code of Conduct, Innova Capital has instituted a robust Whistleblowing Policy. This policy establishes a secure and confidential channel for employees to report any suspected misconduct or breaches of ethical standards. It underscores our commitment to transparency, accountability, and creating an environment where concerns can be raised without fear of retaliation. This proactive measure enhances our governance framework, ensuring that ethical standards are upheld and potential issues are addressed promptly and effectively.

ESG Procedure

An integral part of our management system includes strategies and procedures for responsible investments, outlined in our ESG Procedure and in Exclusion Policy/List. We also maintain internal procedures that thoroughly specify the scope of our policies, ensuring a comprehensive framework for effective governance and ethical business practices.

ESG GOVERNANCE FRAMEWORK

Innova Capital presents a streamlined ESG organizational framework, designed to integrate sustainability across our operations. Led by the ESG Director, this structure ensures seamless alignment of ESG strategies from pre-investment to exit planning. Roles are clearly defined, focusing on the integration of ESG considerations throughout the entire investment lifecycle. This structure serves as the foundation of our commitment to responsible and sustainable practices, responding to our investors' expectations for structured processes and ethical excellence.

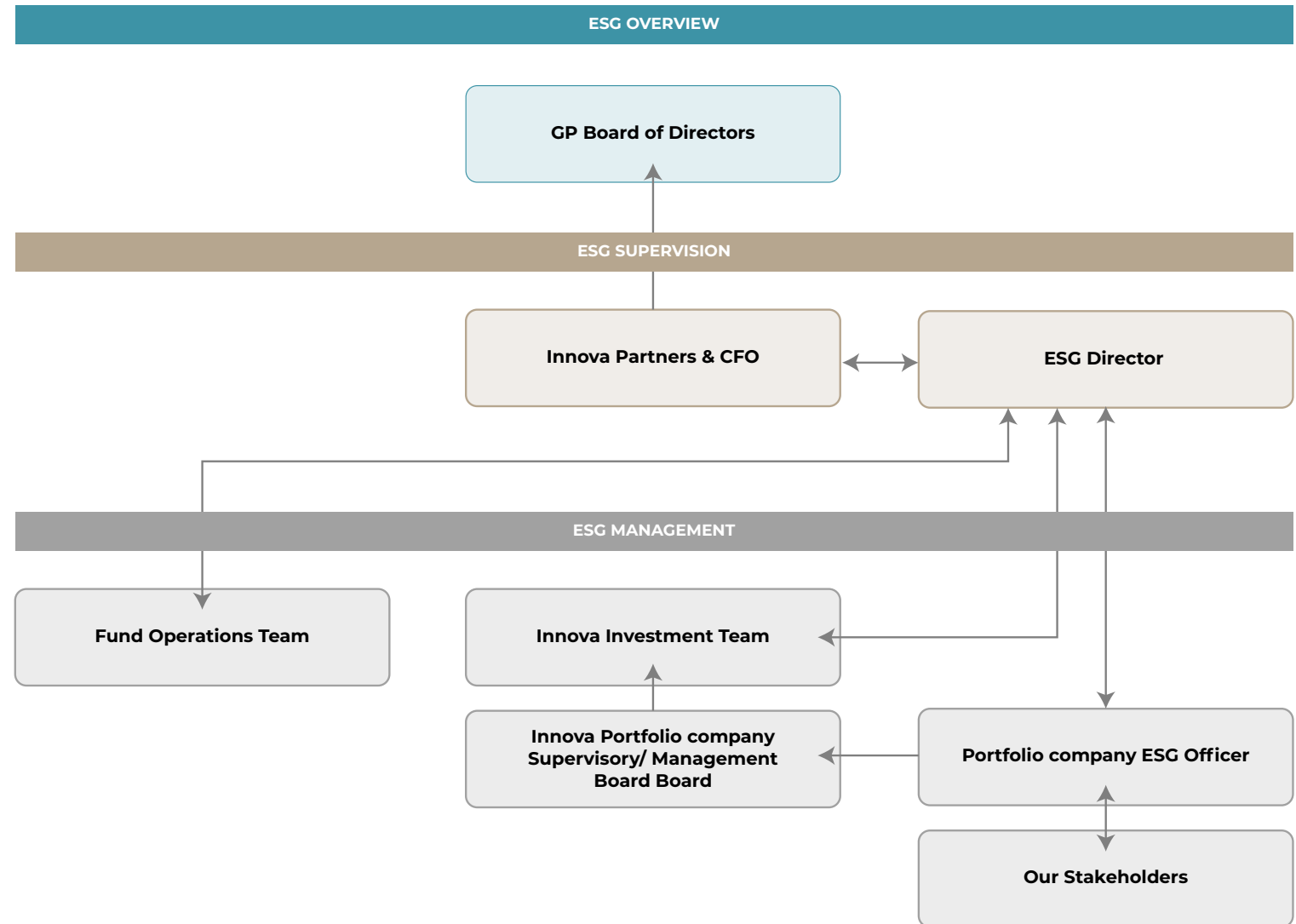
The ESG strategy is implemented by:

The Investment Team: involved in ESG risks and opportunities identification during the pre-acquisition phase and on a daily basis and responsible for the implementation of the strategy at portfolio company level.

ESG Director: supports investment team in development of ESG value creation plan at portfolio companies and later implementation of ESG strategy, develops Innova ESG Strategy, frameworks and tools.

Fund Operations Team: supports portfolio companies in assuring proper ESG governance and compliance.

Innova ESG governance structure



INNOVA'S ESG ACTION PLAN FOR 2024

In 2024, Innova Capital will continue to support the management teams of our portfolio companies in realizing our shared vision of „Beyond Profit”.

Innova's 2024 key initiatives



UNLOCK sustainable growth

- Together with Investment Team identify key ESG value creation opportunities per sector and per company
- Enhance ESG reporting by structuring data collection and monitoring processes at portfolio companies
- Support companies in double materiality analysis and development of tailored ESG Strategies
- Work with portfolio companies to prepare for reporting in line with CSRD in 2026
- Strengthen educational initiatives for ESG teams via ESG Academy for portfolio companies



BOOST environmental responsibility

- Strengthen know-how sharing on decarbonization and net-zero approach
- Allocate initial funds for green investments, demonstrating our commitment to sustainable practices
- All companies to calculate carbon emissions in Scope 1 & 2 and develop reduction goals
- Pilot GHG protocol certified tool for calculation of CO₂ emissions



EMPOWER fair and equal business

- Develop a “Good Governance Handbook” to support companies in applying sustainable governance
- Develop framework for Sustainable Supply Chain Due Diligence processes
- Develop a process to incorporate ESG metrics into portfolio companies' executive incentive plans
- Continue an ESG Academy for portfolio companies with focus on CSRD and good governance topics
- Train all employees on Code of Conduct and Whistleblowing procedures
- Develop DEI (Diversity, Equity & Inclusion) vision & guidelines

3. Responsible investing



Investors have historically prioritized EBITDA, focusing on profit and cash generation. Today, while financial gains remain crucial, there's a growing emphasis on ESG aspects.

We foresee that by the decade's end, no strategic buyer will consider a non-carbon-neutral company.

Our ambition at Innova Capital, captured in the mission „Beyond Profit,” is to build value through sustainable development goals.

We firmly believe that well-chosen environmental and social priorities enhance innovation, customer loyalty, and resilience to changing trends. We're currently selecting acquisition targets with this conviction, having historically passed on two opportunities due to ESG concerns – once for costly environmental transformation and another due to negative employee perceptions.



Magdalena Pasecka
 Partner, CFO

INTRODUCTION TO OUR ESG APPROACH

In our commitment to sustainable investing, we firmly believe that ESG is not a trade-off but an integral component in creating enduring long-term value. Over the years, our portfolio companies, including Trimio, Prime Label and Bielenda, have expanded their product offerings and enhanced operational efficiency by incorporating environmental protection and employee well-being. These firms exemplify that a business development approach aligned with ESG principles is conducive to success (more about value creation approach at Bielenda and Prime Label in [Sustainable value: Insights from case studies](#)). Our approach to integrating ESG into the business strategies of our portfolio companies is built on methodologies and international guidelines developed by UN PRI, Invest Europe, IFC, and EBRD.

Innova Capital's experience underscores that achieving business success within the framework of sustainable business practices requires a precise, individualized ESG approach and plan tailored to each company's needs, trends, and challenges. Our role is to identify these areas collaboratively with the company. This approach aims to positively influence factors that affect growth, risk and return, ultimately generating a premium on divestment.

The entire approach is embedded in our procedural standards, guided by our updated 2022 „ESG Procedure” and the „Innova Capital Partners' Disclosure Statement” developed for the new Innova/7 fund [Read more](#).

Fund	Vintage	Fund size	Number of companies in portfolio (as of December 31, 2023)	SFDR classification
Innova/ 6	2018	€ 271 m	9 companies in portfolio; 1 exit	Art. 6
Innova/ 7	2022	> € 400 m ¹⁾	3 companies in portfolio	Art. 8

¹⁾ as for end of MARCH 2024

INNOVA FUNDS IN THE CONTEXT OF SUSTAINABLE FINANCE DISCLOSURE REGULATION PROVISIONS

The EU Sustainable Finance Disclosure Regulation (SFDR) came into effect in 2021, mandating the disclosure of information related to sustainability for financial products. It also emphasizes transparency concerning the incorporation of sustainability risks.

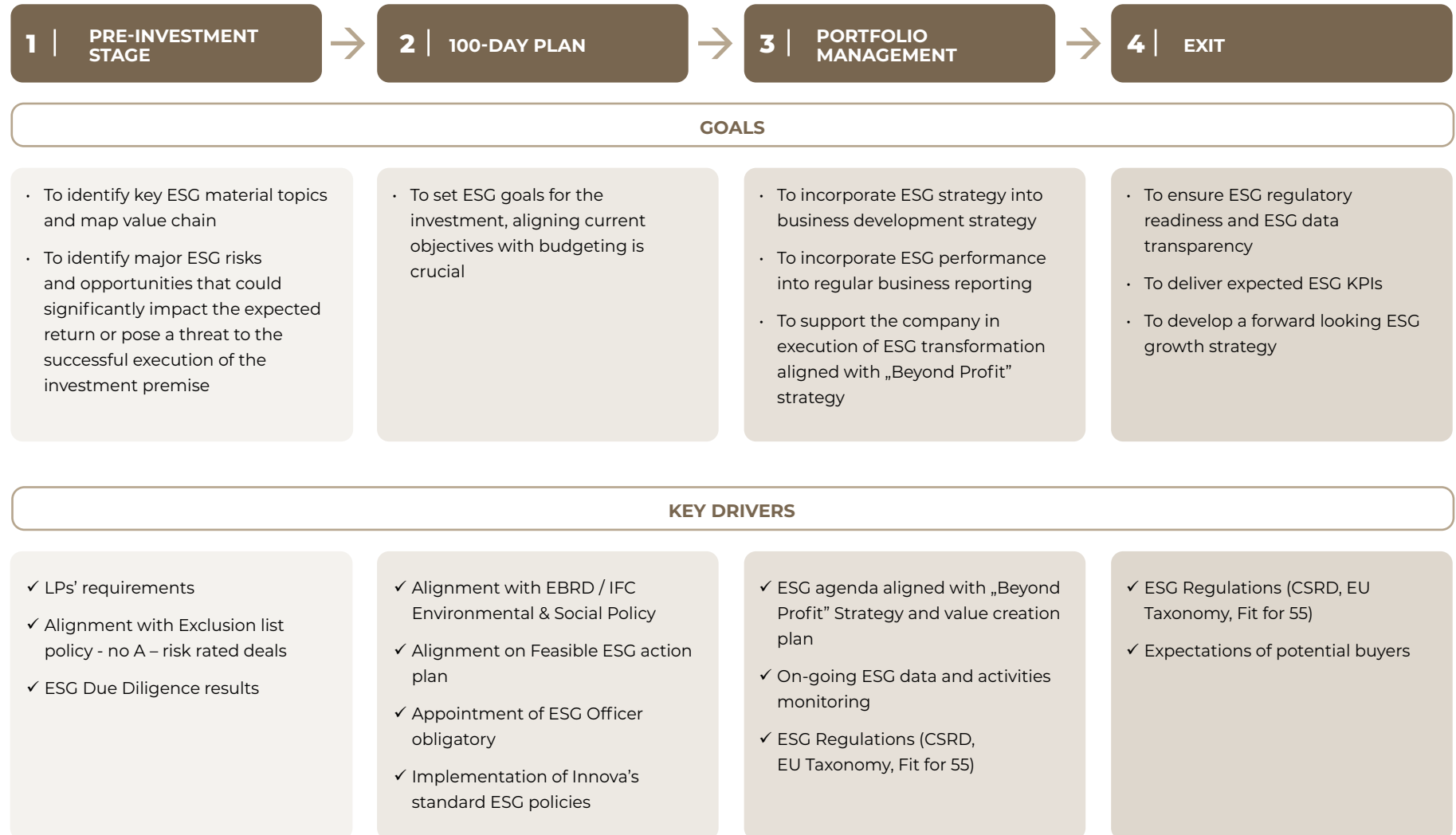
The latest fund from Innova Capital, Innova/7, with a fund size of over EUR 400 m, is classified under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR). This designation underscores the fund's commitment to promoting environmental or social characteristics and integrating sustainability into the investment process in a binding manner. Innova Capital's actions will be exclusively directed towards fulfilling the provisions outlined in Article 8 of SFDR, ensuring a dedicated focus on incorporating environmental and social considerations into the investment process.

Innova Capital maintains a consistent approach to implementing ESG aspects in its collaboration with portfolio companies across both funds. Innova places a strong emphasis on value creation through the incorporation of ESG components throughout responsible investment process.

RESPONSIBLE INVESTMENT PROCESS

The ESG perspective accompanies the entire portfolio-building process for each fund. The process is standardized to enhance the likelihood of generating divestment premiums based on sustainability components.

We integrate our responsible investment process with Value Creation Model, tailored to the sector and specifics of each of our companies. (more about our approach: [Beyond Profit Value Creation Model](#)).



1 | PRE-INVESTMENT STAGE

Goal:

The primary objective at this stage is to identify major ESG risks or opportunities that could significantly impact the expected return or pose a threat to the successful execution of the investment premise. It is crucial to confirm that the investment aligns with Innova's exclusion criteria to ensure compliance (read more: [Exclusion list](#)).

Process elements:

- Identification of key ESG issues takes place at the 'Deal Alert' stage, and rejection follows if the investment deviates from Innova Capital's ESG risk profile
- Integration of ESG considerations into Innova Capital's due diligence framework guides the due diligence process and adviser briefings
- Specialist advisers assess significant ESG issues, particularly those related to environmental or social risks
- The Deal Status Report includes ESG risks and opportunities for the Investment Committee and General Partner in a dedicated section
- The Innova Audit and Risk Management Committee ensures alignment with the established risk profile after reviewing ESG issues in the DSR (Deal Status Report)

Although uncommon, a prospect may be disqualified from the portfolio, if significant ESG risks emerge during due diligence.

Tools:

Due diligence questionnaire taking into account the guidelines of Invest Europe, IFC and EBRD, risk assessment matrix

2 | 100-DAY PLAN

Goal:

The aim of the 100-Day plan is to set ESG goals for the investment, aligning current objectives with budgeting. Specific managers and transaction team members will be responsible for achieving these goals. These actions are crucial for defining objectives during the investment lifecycle, aiming to mitigate ESG risks and capitalize on business opportunities.

Process elements:

- Integration of an ESG section in the 100-Day Plan
- Within 100 days post-transaction, portfolio companies provide additional information through tailored questionnaires and interviews, facilitated by Fund Operations with the CFO's involvement and deal team support
- Utilizing data from the questionnaire and interviews, ESG risks and opportunities are assessed using an internally developed scoring system
- Establishment of ESG objectives for the investment's duration, with current-period targets integrated into the budgeting process
- Appointment of ESG Officer
- Assignment of responsibility for executing ESG objectives to specific managers and deal team members
- Planning initiatives to raise awareness of ESG within the company

Tools:

Tailored questionnaires and interviews, ESAP (Environmental and Social Action Plan)

3 | PORTFOLIO MANAGEMENT

Goal:

Innova aims to support the company in achieving business goals, minimizing ESG risks, and leveraging sustainable development opportunities. ESG matters are integrated into regular business practices during the investment period, with established goals monitored and adjusted as needed. The board, including Innova-appointed directors, addresses emerging issues, and ESG reviews are conducted directly with company managers.

Process elements:

- Annually set a limited number of ESG objectives aligned with the overall ESG goal in the deal base case. These objectives, established during the company's annual budgeting process, require approval from the Supervisory Board (or relevant entity) simultaneously with the budget. Consultations with Fund Operations or the ESG Partner may precede approval, as these figures will be published in the Annual Report
- Report ESG Key Performance Indicators
- Include ESG matters on the agenda of at least two board meetings annually, regardless of specific issues
- Quarterly review of ESG progress by the ESG Director and the responsible company officer of the portfolio company
- Throughout the investment lifespan, Innova (both the Deal Team and Fund Operations) consistently collaborates with company management to mitigate identified risks, report and assess new risks, and capitalize on opportunities related to ESG issues

Tools:

Standardized questionnaire to collect ESG data; meetings and trainings for portfolio companies

4 | EXIT

Goal:

The objective is to share relevant ESG information acquired during Innova Capital's ownership periods with potential buyers at the exit stage. We advocate companies to implement data collection processes in line with international best practices and provide support in preparing for compliance with applicable ESG regulations, especially in anticipation of entering public markets.

Process elements:

- ESG data is included in any vendor due diligence
- 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.)

Tools:

Vendor Due Diligence, ESG Report

"BEYOND PROFIT" VALUE CREATION MODEL

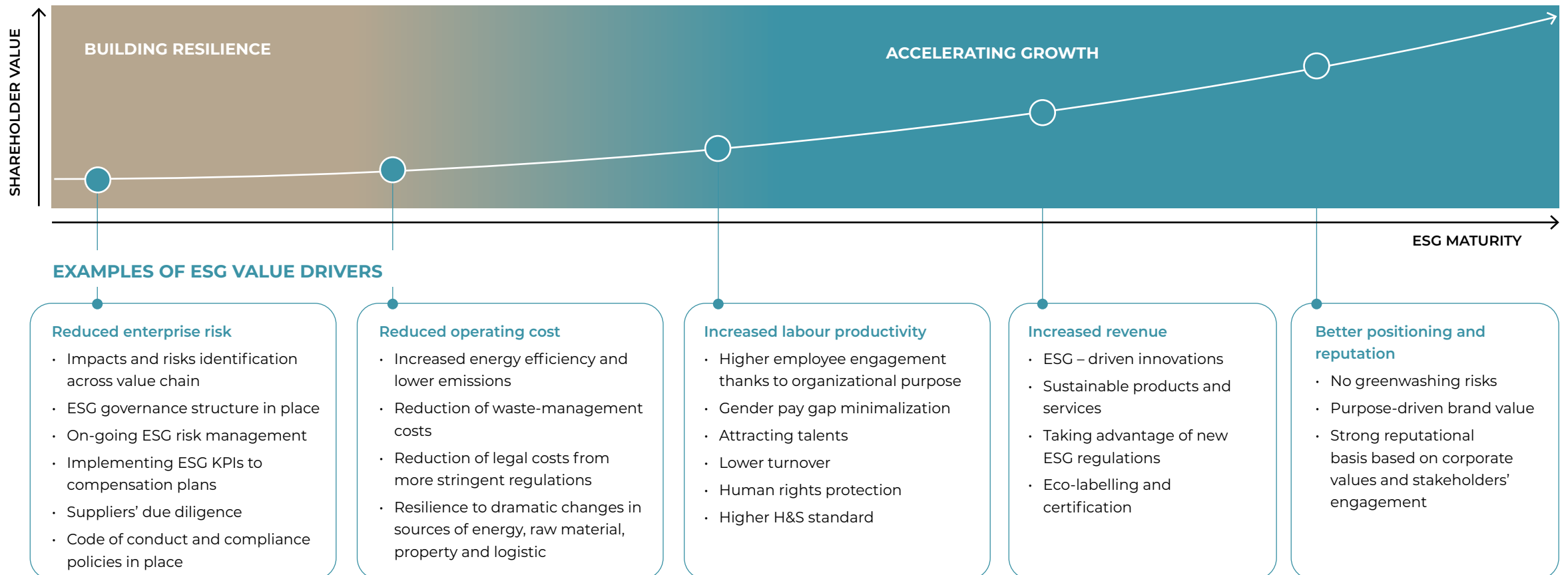
At Innova Capital, our proactive approach to enhancing market value for portfolio companies is guided by our vision of „Beyond Profit.“ As ESG maturity grows, we strengthen portfolio resilience and accelerate growth, ultimately benefiting shareholder value.

We understand that companies measuring their ESG impact within their industry receive increased valuation and enhanced access to capital, highlighting the significance of aligning capital allocation with long-term returns. Improved income, reduced costs, and advanced risk management contribute to better market valuations.

By prioritizing ESG drivers, we create sustainable value while positively impacting society and the environment. Our strategy focuses on tailoring ESG initiatives to each company's needs and

integrating relevant ESG aspects across all areas of value creation to support long-term value generation. The effectiveness of this approach is evident in the comprehensive actions undertaken by two of our portfolio companies, Prime Label and Bielenda. Through carefully selected ESG drivers, they are able to build incremental value based on sustainable products and improved efficiency in resource utilization. Read more: [Sustainable value: Insights from case studies.](#)

Innova's ESG Value Creation Model



SUSTAINABLE VALUE: INSIGHTS FROM CASE STUDIES

CASE STUDY 1

Sustainable solutions: Exploring PLIC's environmental innovations and decarbonization paths in packaging

Prime Label Investment Company (PLIC) specializes in manufacturing labels and flexible packaging for the beverage and food industry. The company supplies products to international clients, which regularly evaluate PLIC's performance in terms of ESG criteria. PLIC was recognized for its efforts, receiving a Silver Medal in the Ecovadis assessment.

PLIC recognizes an opportunity to support its clients and consumers in adopting behavior that can reduce negative environmental impact. Therefore, company's sustainability priorities are centered on implementing eco-innovations in products and decarbonization efforts.

Decarbonization serves as a value driver in both cost reduction and building a stronger position and reputation. Actions aimed at expanding the range of environmentally sustainable products enable the generation of new revenue streams. This holistic approach enables PLIC to reach clients that prioritize the development of sustainable products.

Product innovations in line with eco-design

The Group is following the philosophy of 3R: Reduce, Reuse, Recycle. The 3R approach emphasizes minimizing waste generation by reducing consumption, finding alternative uses for items, and recycling materials whenever possible. Prime Label Group integrates eco-design principles into its product innovations to meet the demands of customers seeking sustainable packaging solutions aligned with circular economy principles. The group's portfolio includes self-adhesive label products for „wet wipes,“ which facilitate a reduction in raw material thickness of packaging or the elimination of laminated, multilayer structures. Additionally, ongoing projects aim to reduce the thickness of wrap-around labels as well as enabling full recyclability due to their mono-material composition.

This approach extends to the shrink sleeves segment, with efforts focused on slimming down materials and reducing PVC usage, while implementing perforations to enhance packaging recycling efficiency. Consumer awareness regarding the benefits of label separation from the packaging remains low in Poland, therefore the company plans to launch an information campaign to promote environmentally friendly practices.

- 3R**
- REDUCE**

 - process of reducing the basis weight/thickness of materials
 - promoting construction containing recycle
 - RECYCLE**

 - expanding our product portfolio that supports recycling
 - promoting monomaterial constructions
 - wash off labels to support recycling
 - REUSE**

 - permanent labels resistant to washing process
 - supporting liner pickup program offered by our Suppliers



Decarbonization strategy

In 2023, EmbePress was the first Prime Label Group company to develop a decarbonization strategy. The first step was to calculate the scale of emissions according to the international GHG Protocol methodology for Scope 1, 2 and 3 for the 2022 base year.

The company has joined the Science Based Targets initiative (SBTi), which means accepting a commitment to set short-term, science-based emission reduction targets. The company is currently finalizing the development of a decarbonization strategy and setting science-based emission reduction targets to join the 4,000 companies worldwide, which contribute to the long-term goal of limiting global warming to 1.5°C above pre-industrial levels.

Reduction targets for Scope 1 and 2 and Scope 3 emissions are being prepared, with an expectation to decrease the CO₂ emissions by half within the next 3 years. Similar analysis will be performed in other PLIC Group companies within the next several months.

EmbePress has also calculated the carbon footprint for the first product 'Foil Label'. The company aims to be the first player in the market to offer information on the carbon footprint of all products. It plans to calculate the carbon footprint and run Life Cycle Assessment (LCA) analysis for additional products in 2024.

Management structure

Prime Label Group has implemented governance of all ESG aspects by introducing a Group ESG Manager function. The person in the position has already implemented a number of strategic ESG workshops for members of Management Boards of the PLIC Group companies focused on development and implementation of action plans and increasing awareness on various aspects of ESG.

Future plans

To support long-term value generation, Prime Label Investment Company (PLIC) is committed to integrating relevant Environmental, Social, and Governance (ESG) aspects across all areas of value creation. As part of this commitment, PLIC has initiated several key initiatives aimed at enhancing sustainability and accountability within the organization. These initiatives include conducting a double materiality analysis to identify key ESG datapoints for measurement and monitoring, developing a comprehensive long-term ESG strategy for the period 2024-2030, and implementing a decarbonization strategy for other PLIC Group companies. Furthermore, PLIC is working on establishing a robust supplier audit framework to ensure sustainability across its supply chain. These efforts underscore PLIC's dedication to driving positive environmental, social, and governance outcomes while creating value for stakeholders in the long term.

SUSTAINABLE VALUE: INSIGHTS FROM CASE STUDIES



Sustainable development is an integral element of the Bielenda Group's development philosophy and business strategy. We pay particular attention to controlled sourcing of active ingredients, creating environmentally friendly formulations, and designing eco-packaging. Investing in renewable energy sources, projects limiting waste and carbon dioxide emissions are also our responsibility.

The changes we are making across all company structures reflect our full commitment to creating cosmetics that are both safe and effective in care, as well as environmentally friendly - products that generate the smallest possible footprint - from the formulation and design process, through production and logistics, to the processing and reuse of their selected components.

At the same time, we are continuously carrying out a number of educational activities - both in the form of training and workshops for employees, as well as in the communication dimension of our ESG activities aimed at consumers.

We believe that the cosmetics industry has a special role to play in striving to protect the environment, strengthen social responsibility and ensure sustainable development of the economy. That is why we declare further active continuation of our activities in that field, examples of which include increasing the use of upcycled raw materials and 'zero waste', limiting packaging elements that use additional resources, gradually increasing the share of recyclates in production processes, as well as initiating projects that raise awareness among our suppliers and business partners and lead to real changes in the entire cosmetic industry, for which - as one of its leaders - the Bielenda Group feels particularly responsible.



Marek Bielenda
CEO, Bielenda

CASE STUDY 2



Empowering sustainability: A case study of Bielenda's ESG strategy in the cosmetics industry

Bielenda, with over 30 years of history, focuses on promoting health, beauty, and comfort for women. Known for innovation and dynamic growth in the industry, it has established itself as a leading cosmetics producer, expanding into new brands, manufacturing facilities, and technologies.

Environmentally friendly products and packaging

Bielenda exemplifies this commitment through its Face, Body, and Hair Boom cosmetics series, tailored to reflect sustainable product design principles.

100% of Boom products tubes are already from recycled materials. The company is in discussions with suppliers to reduce the weight of the best rotating plastic packaging, while alternative PCR tubes (plastic granulate, entirely from recycling) are being analyzed in order to head towards fully recyclable packaging until 2030 at the latest.

Bielenda has formulated this cosmetics series to exclude SLS, SLES, PEGs, or mineral oils, and instead opts for vegan formulas containing up to 99% naturally derived ingredients. With bio-film labels, FSC paper cartons, packaging made from recycled materials, and recyclable options, Bielenda's products carry the VIVA VEGAN and PETA-certified cruelty-free testing certification.

ESG Strategy overview

Bielenda is seeking opportunities within the area of ESG to enhance the company's value. The ESG strategy prioritizes increased revenue through ESG-driven innovations and sustainable products, as well as reducing operating costs and risks associated with the supply chain, sourcing of raw materials, and consumption of resources in the production process. Bielenda's ESG strategy encompasses 13 material ESG issues, forming the foundation of its three-pillar strategy.

BIELEND A ESG STRATEGY

1 | PRODUCT AND PRODUCTION

Bielenda focuses on integrating sustainable development principles into cosmetic products and their production processes. The goal is to ensure that the company's products support consumers in adopting green and natural care practices in their daily routines.

ESG material issues:	Goals include among others:
<ul style="list-style-type: none"> a. Sustainable sourcing of raw materials b. Product quality and safety c. Carbon footprint and decarbonisation d. Natural resource conservation e. Packaging and closed-loop economy 	<ul style="list-style-type: none"> • Achieving climate neutrality in line with the Paris Agreement in all locations until 2030 at the latest • At least 50% of packaging aligned with eco-design principles and 100% fully recyclable packaging until 2030 • Identifying the origin of raw materials, including critical materials certified as sustainable • Ensuring 100% of products are free from micro-plastics • Reducing water consumption and closing water loops in production facilities



2 | PARTNERSHIP AND COLLABORATION

The aim is to leverage Bielenda's brand recognition to build a positive social impact. It is important for Bielenda to establish enduring relationships with stakeholders, particularly local communities, customers, and suppliers, by sharing knowledge and resources.

ESG material issues:	Goals include among others:
<ul style="list-style-type: none"> a. Responsible marketing b. Social engagement c. Collaboration with suppliers 	<ul style="list-style-type: none"> • Integrating ESG activities into marketing initiatives of selected brands from the Bielenda portfolio • Executing charitable activities in accordance with the social engagement policy • Involving employees in corporate volunteering • Introducing the Supplier Code of Conduct and collaborating to establish due diligence standards



3 | TEAM AND MANAGEMENT

The goal is to nurture the development of unique competencies within the team, increase employee job satisfaction, and adopt an effective approach to ESG management.

ESG material issues:	Goals include among others:
<ul style="list-style-type: none"> a. Employment and employee safety b. Workplace friendliness c. Corporate governance d. Corporate behaviour: Code of Conduct e. ESG management structure and reporting 	<ul style="list-style-type: none"> • Regularly surveying employee engagement and satisfaction • Decreasing staff turnover rates • Enrolling employees in a performance evaluation and development program • Conducting independent ESG research, audits, or ratings • Educating employees on ESG and the organisation's adopted policies



Management structure

Alongside developing the strategy, Bielenda has established an ESG management structure. Leaders for each pillar of the strategy have been appointed, with oversight of implementation entrusted to the management board. This ensures effective governance and oversight of its ESG initiatives.

Future plans

The next step involves rolling out the ESG strategy to recently acquired Torf Corporation (Tolpa brand), extending the benefits of its initiatives across the entire corporate ecosystem. Acquisition of the Tolpa brand underscores Bielenda's commitment to expanding its portfolio with natural cosmetics.

4. Portfolio companies

ESG KPIS OVERVIEW

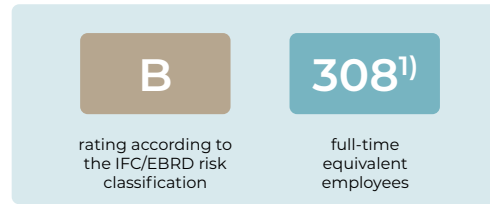
Company name	ESG Management		Environment		Social						
	Overall sustainability policy (ESG Strategy)	ESG Officer	Implementation of an Environmental Management System (EMS)	Calculation of GHG emissions in Scope 1 & 2	Total number of Full Time Equivalent (FTE) (2023)	Female Full Time Equivalent workers (%)	Number of female management board members (%)	Number of female C-suite employees(%)	Total Net New Hires	Annual Percent Turnover	Employee absenteeism
 Bielenda <small>Pomyśl o sobie</small>	●	●	● ISO 14 001	●	308	70%	50%	3%	-10	18%	6,0%
 OPTICAL INVESTMENT GROUP	●	●	●	●	601	84%	43%	1%	209	34%	3,0%
OSHEE	●	●	●	●	572	37%	0%	0%	16	34%	13,0%
 PavPoint	●	●	●	●	228	42%	50%	2%	12	46%	1,8%
 Prime Label	●	●	● ISO 14 001	●	473	35%	11%	1%	57	16%	5,9%
 STX NEXT <small>python powerhouse</small>	●	●	●	●	473	26%	20%	0,4%	-100	39%	1,4%
 UNITED CLINICS	●	●	●	●	244	92%	0%	3%	90	19%	3,0%
 WeNet <small>Twój Doradca Internetowy</small>	●	●	●	●	1189	56%	50%	0%	-184	39%	4,6%
EMi	●	●	● ISO 14 001	●	257	19%	9%	1%	80	20%	1,8%
 NETOPIA PAYMENTS	●	●	●	●	38	53%	67%	8%	17	8%	3,0%
RSQL.com	●	●	●	●	165	47%	20%	4%	99	19%	9,9%

● not in place ● in progress ● implemented

ESG KPIS OVERVIEW

Company name	H&S				Governance					
	Health & Safety policy	Number of accidents	Number of work-related fatalities	Code of Conduct	Anti-discrimination and equal opportunities policy	Whistleblower and grievance procedure	Anti-corruption & anti-bribery policy	Sustainable procurement policy	Litigation related to business ethics (2023)	Number of cyber security and data breaches
 Pomyśl o sobie.	●	2	0	●	●	●	●	●	No	1
	●	0	0	●	●	●	●	●	No	0
OSHEE	●	7	0	●	●	●	●	●	No	0
	●	2	0	●	●	●	●	●	No	0
	●	6	0	●	●	●	●	●	No	0
	●	0	0	●	●	●	●	●	No	3
	●	0	0	●	●	●	●	●	No	0
	●	0	0	●	●	●	●	●	No	0
EMi	●	3	0	●	●	●	●	●	No	0
	●	0	0	●	●	●	●	●	No	0
RSQL.com	●	1	0	●	●	●	●	●	No	0

● not in place ● in progress ● implemented



Bielenda Natural Cosmetics („Bielenda”) is one of the strongest and most popular Polish cosmetic company with number of brands. Since 1990, it has been creating face care, body care, and hair care products that accentuate the natural beauty of women of all ages. The brand remains faithful to the idea of seeking the most effective and skin-friendly ways to combine the highest quality natural ingredients with the achievements of advanced biotechnology. In 2024, Bielenda acquired Torf Corporation, the owner of the Tolpa and On brands.

Currently, Bielenda offers several hundred cosmetic products available to customers in Poland, Europe, and other export markets on four continents.

The Group consists currently of 2 companies: Bielenda, Torf Corporation²⁾.

More about Bielenda's ESG initiatives, which serve as value drivers according to Innova Capital's Value Creation Model, can be found at: [Sustainable value: Insights from case studies](#).

Material ESG issues for cosmetics sector as a basis for ESG action plan

SUPPLY CHAIN	OPERATIONS	GOVERNANCE	PRODUCTS & CUSTOMERS
<ul style="list-style-type: none"> Sustainable sourcing of ingredients such as palm oil, minerals, and botanical extracts Scope 3 GHG emissions reduction Decarbonization of supply chain Impact on biodiversity Supply chain transparency Ethical labor in supply chain 	<ul style="list-style-type: none"> Water usage and waste generation Sustainable packaging incl. reducing plastic usage and increasing recyclability GHG emissions reduction Product carbon footprint Energy efficiency R&D Employee well-being Labor conditions Occupational Health and Safety Impact on local communities 	<ul style="list-style-type: none"> Business ethics Anti-corruption Training and mentoring programs Diversity, equity, and inclusion initiatives within the company and in marketing campaigns Community engagement 	<ul style="list-style-type: none"> Product safety and avoid harmful ingredients (incl. microplastic) Product labeling, incl. information on product ingredients Product carbon footprint Responsible marketing Social impacts of marketing activities (body image)

ENVIRONMENTAL³⁾

- The calculation of GHG emissions for Scope 1 and 2 amounted to 1 520 tonnes of CO₂e. Additionally, Bielenda will calculate Scope 3 emissions in the supply chain and finalize work on carbon reduction targets in the coming months
- Water consumption reduction investments in Radzymin (read more in Best practice section)
- 100% utilisation of RSPO-certified palm oil
- The Boom brand with all packages made from recycled plastics
- Collaboration with the RafCycle program aimed at recycling waste from labels
- Initiated a review of packaging alternatives compliant with circular economy principles, which will continue in 2024

SOCIAL³⁾

- Health and Safety standards maintained, with regular training sessions in place (2 accidents recorded)
- Over 92% of employees received training, averaging 7.6 hours per employee (read more in Best practices section)

GOVERNANCE³⁾

- Developed and implemented an ESG strategy, which is supervised in accordance with the adopted ESG management structure. In 2024, Bielenda will roll-out the ESG strategy to Torf Corporation and MIYA⁴⁾ (read more in [Chapter 3](#))
- A whistleblowing procedure and tool implemented
- Integrated management system maintained in compliance with ISO standards: 14 001, 9001, and 22 716

¹⁾ Data for Bielenda only

²⁾ Transaction completed in 2024

³⁾ The information provided covers only the Bielenda company

⁴⁾ Transaction awaiting closing

Corresponding SDGs



BEST PRACTICES

DEVELOPING EMPLOYEE COMPETENCIES

Facing substantial organizational adjustments in 2023 (continuous efforts to strengthen collaboration between teams in Krakow and Radzymin, and the relocation of production from Kraków to Radzymin factory), Bielenda intensified its efforts to enhance employee development. As a result, 286 individuals were successfully trained (92% of all employees).

Training programs in 2023 were focusing on significant themes aligned with Bielenda's current and forthcoming challenges, including packaging sustainability, innovations in cosmetics, marketing, production optimization, anti-discrimination, and IT skills. The aim was to equip the workforce to effectively tackle business challenges, particularly in e-commerce, and possess the necessary competencies for implementing key ESG initiatives integral to operations.

WATER USE REDUCTION

The investment was directed towards optimizing the water treatment station, with a focus on minimizing water usage across production operations and supporting activities. Specifically targeting the manufacturing of demi water, the investment addresses the issue of wastewater generation, with approximately 500 litres of waste produced per 1,000 litres of demi water. Following implementation, 50% of this waste is now recovered for further use, leading to a significant 50% reduction in wastewater. This installation has been operational since January 2023. Further actions are planned (to be finalised mid 2024) to enhance the cooling system sealing (through valve replacements), resulting in a tangible reduction in water usage of 20-25m³ per day.

Additionally, there are plans to redirect condensed steam back into the process (used for heating purposes), estimated to save approximately 4-5m³ per day. This measure is expected to improve equipment efficiency by around 20%, consequently reducing gas consumption by about 15% in generators. These actions aim to ensure a consistent steam supply for processes, increase process efficiency, and provide a safety buffer for potential production capacity increases.





C

rating according to the IFC/EBRD risk classification

257

full-time equivalent employees

Established in 2000, EMI Group is an internationally recognized leader in industrial access systems, offering customized solutions and comprehensive control across various sectors including industry, logistics, commerce, aerospace, and healthcare. With a proven track record in consulting, design, manufacturing, installation, maintenance, and service provision, it caters to the needs of diverse clients.

EMI Group delivers supply and maintenance services for logistic, commercial, and industrial buildings, covering over 5 million square meters and executing approximately 2,000 turnkey installation projects annually for nearly 1,500 unique clients.

The Group consists currently of 4 companies: EMI Equipment Maintenance Industrie (Romania), Kadra (Romania), Decran (Belgium, Slovakia), Access Systems (Romania).

Material ESG issues for industrial sector as a basis for ESG action plan

SUPPLY CHAIN	OPERATIONS	GOVERNANCE	PRODUCTS & CUSTOMERS
<ul style="list-style-type: none"> • Environmentally friendly raw material sources • Scope 3 GHG emissions reduction • Supply chain transparency • Labor conditions and respect for human rights in supply chain • Business ethics in procurement 	<ul style="list-style-type: none"> • Ecodesign and resource efficiency - environmentally friendly products and services • Energy efficiency in production • Resources and waste management: reduce, reuse, recycle approach • GHG emissions reduction • Employee education and development • Occupational Health and Safety • Impact on local communities 	<ul style="list-style-type: none"> • Business ethics • Anti-corruption • Diversity, inclusion, and anti-discrimination 	<ul style="list-style-type: none"> • Product safety, reliability and quality • Quality of services and customer satisfaction • Extending the lifespan of product with a proper maintenance processes • Environmentally friendly services and products (end of life management)

ENVIRONMENTAL

- In 2023 EMI Group companies invested in installation of onsite PV panels. The Group installed 336 solar panels. Part of the investment was completed in December 2023 (at Decran and Kadra companies). Therefore, production from the two operational installations in 2023 amounted to 23,000 kWh, representing approximately 6.8% of total energy use
- EMI Group companies are optimizing production processes to limit the volume of waste and recycle waste materials

SOCIAL

- All employees undergo regular training on health and safety procedures. In the reported period, there were three accidents, including one severe incident (more information provided in Best practice below)

GOVERNANCE

- The company has appointed a Group ESG Officer – a new function responsible for overview of the ESG topics in all companies
- A whistleblowing procedure and tool implemented
- EMI Group has developed and started implementation of a Business Partners' Code of Conduct in line with OECD and UN Global Compact guidelines
- EMI Group has started work on a Group Code of Conduct, with a plan to train all employees in this respect in the coming months
- The Group has started identification of relevant ESG datapoints to be measured and monitored on a regular basis
- In 2024, EMI plans to implement framework procurement agreements to strengthen transparency and efficiency

Corresponding SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION



The majority of our business lies in prolonging the life of existing access systems. Quality of our work and flexibility in adjusting to customers' needs are our priorities.

Our employees and their skills constitute one of our most crucial competitive advantages. Ensuring their training, competence development, and safety remains our top priority.



Jerome France
 EMI Group

BEST PRACTICES

HEALTH AND SAFETY: A COMPREHENSIVE APPROACH

At EMI, health and safety (H&S) is a top priority, reflecting commitment to both employee welfare and meeting the high H&S standards set by its customers. H&S is an integral part of the integrated management system, which includes ISO 14001:2015, 9001:2015, and 45 001.

Additionally, Decran holds certification under the VCA system (VCA stands for Safety, Health and Environment Checklist for Contractors, Dutch standard). Employees undergo regular trainings, and EMI fosters a culture of safety by actively seeking and implementing initiatives proposed by staff to improve safety within the company.





C

rating according to the IFC/EBRD risk classification

38

full-time equivalent employees

NETOPIA was founded in 2003 with the goal to drive digitization of both online and offline payments. The Group encompasses NETOPIA Payments, mobilPay Wallet (the most awarded payment solution in Romania), web2sms, and Kartela. Among these, NETOPIA Payments is the foremost online payment processor within Romania, while web2sms commands a dominant position in the SMS marketing and information arena.

Presently, over 25,000 enterprises operating in the e-commerce sector rely on the services and solutions provided by NETOPIA Group, spanning mobile payments, online transactions through bank cards or SMS, SMS marketing, and mobile phone credit top-ups. NETOPIA is committed to provide seamless customer experiences, guided by principles of quality, efficiency, and success.

Material ESG issues for financial business services as a basis for ESG action plan

SUPPLY CHAIN	OPERATIONS	GOVERNANCE	PRODUCTS & CUSTOMERS
<ul style="list-style-type: none"> • Carbon footprint of hardware • Supply chain transparency • Business ethics in procurement 	<ul style="list-style-type: none"> • Sustainable service offering • GHG emissions reduction • Energy efficiency of IT solutions • Electronic waste • Training and mentoring programs • Satisfaction and loyalty in the team workplace (employee retention) • Occupational Health and Safety • Labor conditions 	<ul style="list-style-type: none"> • Social involvement, knowledge sharing and employee volunteering • Business ethics • Anti-corruption • Diversity, inclusion, and anti-discrimination 	<ul style="list-style-type: none"> • Cyber security • Service quality and reliability • Customer data privacy • Customer care and satisfaction • Consumer education on responsible finance

ENVIRONMENTAL

- Netopia is introducing initiatives such as electricity conservation, waste segregation, and disposing of used IT equipment to recycling companies. Additionally, the company plans to calculate its carbon footprint in scope 1 and 2, in 2024

SOCIAL

- Netopia promotes diversity within its workforce, employing individuals from different ethnic or nationality backgrounds, including from Iranian and Moldovan minorities, as well as one registered disabled employee. With gender parity, slightly favouring females (over 50% female), the company ensures no discriminatory practices or gender pay gaps existing, with a majority of female C-1 managers (3 out of 5)
- Throughout 2023, the company prioritized enhancing expertise within the management team and client facing functions such as customer support, sales, and negotiation techniques
- Netopia has maintained a clean safety record with no reported accidents over the past five years. It consistently fulfils all legal requirements concerning health and safety, including staff training
- The company experienced low staff turnover, at 8%, and absenteeism at 3%, in 2023
- The regular employee engagement survey received a response rate of approximately 80%

GOVERNANCE

- The company holds ISO 9001 and 27 001. Moreover, it introduced the PCI-DSS certification, which is specific to the card payments industry
- Netopia's code of conduct applies to both internal and external stakeholders. It delineates the values and regulations necessary for employment or business engagements with Netopia, covering areas such as Values, Bribery & Corruption, Gifts Policy, Anti-competition Policy, Conflicts of Interest, Intellectual Property, Confidentiality, and Reputation/PR/Media Contacts. In 2024, the code of conduct will be included as a standard in clients' contracts
- A whistleblowing procedure and tool under development

Corresponding SDGs

4 QUALITY EDUCATION

5 GENDER EQUALITY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS



In NETOPIA, we believe that integrating Environmental, Social, and Governance (ESG) principles isn't just a responsibility; it's our roadmap for sustainable success.

By prioritizing ESG in our practices, we're not only shaping a better world but also forging a stronger, more resilient future for our company and communities alike.



Delia PACEAGIU
 COO, Netopia Group

BEST PRACTICES

INVOLVEMENT IN FINTECH DEVELOPMENT AND KNOWLEDGE SHARING

NETOPIA is committed to sharing knowledge about the benefits of using technology in payments and e-commerce. Given the rapid changes in technology, staying current is a challenge for many. NETOPIA's Chief Technology Officer (CTO) participates in numerous conferences, sharing trends, insights, and experiences. NETOPIA is also involved in supporting innovators, startups, and young individuals with a passion for fintech solutions.

This includes serving as a mentor or partner in hackathons. The CTO, a mentor at hashtag#ShopStart Accel. The program offers personalized consultancy, exclusive access to resources, and essential services to support the growth of online businesses in a sustainable manner.





C

rating according to the IFC/EBRD risk classification

601

full-time equivalent employees

Optical Investment Group S.A. („OIG”) is the leading Romanian optical retailer and distributor.

With a consolidated market position following the merger of five OIG Group companies in 2021, it maintains over 100 stores across 30 towns and cities in Romania, located primarily in shopping malls and through online stores. With a team of qualified professionals, the company guarantees expert assistance to customers.

Material ESG issues for retail and e-commerce sector as a basis for ESG action plan

SUPPLY CHAIN	OPERATIONS	GOVERNANCE	PRODUCTS & CUSTOMERS
<ul style="list-style-type: none"> • Scope 3 GHG emissions reduction • Supervision over private label production processes • Labor conditions and respect for human rights in supply chain • Due diligence in supply chain 	<ul style="list-style-type: none"> • Energy efficiency in stores and offices and renewable energy use • Packaging and waste management: reduce, reuse, recycle approach • GHG emissions reduction in warehouses and transport • Training and development (lowering turnover) • Employee well-being activities • Occupational Health and Safety • Labor conditions 	<ul style="list-style-type: none"> • Business ethics • Anti-corruption • Cyber security • Diversity, inclusion, and anti-discrimination 	<ul style="list-style-type: none"> • Product durability and quality • Customers satisfaction • Access to affordable products • Sustainable product innovation • Promotion of sustainable consumer habits • Social engagement • Reliable marketing communication • Customer data privacy

ENVIRONMENTAL

- OIG’s product portfolio includes products from recycled materials, however this still constitute a minor share of the offering
- OIG has initiated efforts to explore environmentally friendly packaging solutions, for both offline sales and e-commerce, aimed at reducing consumption of raw materials. This activity will be continued in 2024

SOCIAL

- Due to the highly specialized nature of the workforce, including salespersons and optometrists, and the emphasis on delivering high-quality services, OIG prioritizes maintaining a competent team. To address the 34% turnover rate in 2023, measures included implementing a new salary matrix, offering weekend work bonuses, and conducting exit interviews to collect feedback. OIG expanded its practices in terms of onboarding training and providing regular training for its entire retail staff
- OIG aims to provide development and specialization opportunities to its employees. The company has implemented an optometrist training program, certifying 69 optometrists from internal staff members between 2020 and 2024. An additional 13 employees are expected to complete optometrist courses by 2025
- In 2023, the company introduced a talent development program. Each employee has personal development goals with assigned KPIs to be assessed annually by the employee’s line manager. Criteria for assessment include, but are not limited to, optical services knowledge, adaptability to customer needs, communication, problem-solving skills, and general accountability
- OIG has launched an initiative to support the good vision of elderly citizens (read more in the Best Practice section)

GOVERNANCE

- Code of Conduct implemented (read more in the Best Practice section)
- A whistleblowing procedure and tool implemented
- Supplier’s Code of Conduct under implementation (with focus on private label manufacturers)

Corresponding SDGs

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION



Since its inception, Optical Investment Group has been dedicated to transforming people's lives through enhanced vision and exceptional service. As CEO of Optical Investment Group, I am driven by the belief that businesses can be catalysts for positive change. Our commitment to integrity, customer-centricity, and continuous innovation mirrors our core values, guiding us as we navigate the evolving landscape of optical retail in Romania.

Our mission is clear: to deliver excellence in the field of medical optics, resonating with our ethos of customer orientation, integrity, collaboration, and a proactive results-driven approach.

At Optical Investment Group, we recognize that true progress is built on the foundation of diversity, equity, and inclusion. We embrace the unique perspectives and talents of every individual, fostering a workplace culture that celebrates diversity and promotes equity for all. We believe that by championing diversity and fostering an inclusive environment, we can unlock greater innovation, collaboration, and success.



Alina Bistreanu
CEO, Optical
Investment Group

BEST PRACTICES

COMMUNITY ENGAGEMENT THROUGH KNOWLEDGE SHARING

In 2023, OIG demonstrated its commitment to social engagement by mobilizing its optometrists to provide free eye examinations to elderly individuals residing in care homes. Collaborating with the Andreea Răducan Association, OIG assigned a number of optometrists to conduct eye tests in various care facilities. Following the examinations, beneficiaries were provided with customized eyeglasses, with frames of their choice, tailored to their specific needs.

This initiative reached over 70 individuals across five localities in Vaslui County, all of whom received professional consultations and complimentary eyewear as part of the program. The collaboration with the Andreea Răducan Association exemplifies OIG's dedication to supporting communities in need, in line with the company vision: **"We want to improve the lives of our customers by improving their vision!"**



COMPREHENSIVE CODE OF CONDUCT

Implementation of a comprehensive Code of Conduct reflects its steadfast commitment to upholding the highest professional standards.

Covering a wide range of aspects, including confidentiality, conflict of interests, usage of company assets, media communication, environmental protection, discrimination, diversity, health and safety, GDPR compliance, integrity, ethics, and anti-bribery and corruption measures, the Code of Conduct provides a comprehensive framework for ethical behavior. Head of HR and CEO are responsible for oversight and enforcement of the Code, along with the procedures arising from it. It is imperative that all employees undergo thorough Code of Conduct training.



B

rating according to the IFC/EBRD risk classification

572

full-time equivalent employees

Established in 2007, Oshee Polska ("Oshee") is a leading Polish distributor of sports and functional drinks and snacks, active across several product categories related to health and fitness. Operating in 55 markets worldwide, Oshee maintains strategic partnerships with sports clubs and athletes. With a product portfolio comprising of 86 categories, the company achieves annual sales exceeding 200,000,000 products, maintaining a strong presence in 80,000 retail stores across Poland.

The Group consists of 3 companies: OSHEE, Kinga Pienińska, Sonko.

Material ESG issues for beverages & food production sector as a basis for ESG action plan

SUPPLY CHAIN	OPERATIONS	GOVERNANCE	PRODUCTS & CUSTOMERS
<ul style="list-style-type: none"> • Scope 3 GHG emissions reduction • Sustainable sourcing of ingredients and raw materials • Limiting impact on biodiversity • Supply chain transparency • Ethical labor practices in supply chain 	<ul style="list-style-type: none"> • Water usage and waste generation • Energy efficiency • GHG emissions reduction • Product carbon footprint • Packaging sustainability, including reducing plastic usage and recyclability • Reformulation of recipes towards health • R&D • Training and mentoring programs • Employee well-being • Labor conditions • Occupational Health and Safety • Impact on local communities 	<ul style="list-style-type: none"> • Business ethics • Anti-corruption and anti-discrimination • Diversity, equity, and inclusion initiatives • Community engagement and awareness rising activities 	<ul style="list-style-type: none"> • Product quality and safety for human health • Promotion of a healthy lifestyle and dietary habits • Product labeling, incl. info about product ingredients • Responsible marketing

ENVIRONMENTAL

- Oshee implemented the DSR (Demand Side Response)¹⁾ program - introduced in 2022 and extended to SONKO in 2023
- All companies within the Oshee group are pursuing initiatives to reduce packaging weight. These efforts include reducing the weight of PET materials, utilizing lower gram weights of packaging materials, implementing lightweight caps and packaging. Additionally, improvements in film wrapping and palletization processes are being made. The use of rPET (recycled PET material) bottles, such as the Kinga Pienińska brand, remained part of the product range in 2023
- In 2023, Sonko implemented a production optimization program aimed at increasing production efficiency, resulting in a reduction in material and ingredient consumption through the minimization of production losses
- In 2023, Kinga Pienińska implemented an investment aimed at reducing process water consumption (read more in Best practice section below)
- In 2024, Oshee aims to focus on optimizing transportation, particularly direct deliveries from bottlers to customers, bypassing warehouses. This strategy will lead to faster order fulfillment and a reduction in greenhouse gas emissions

SOCIAL

- Health and Safety standards maintained, with regular training sessions in place (3 accidents recorded)
- The OSHEE ŻYJ WALCZ ZWYCIĘŻAJ! (<https://fundacjaoshee.eu>) Foundation leads philanthropic initiatives, including programs such as NOBLE PACKAGE, Rak'n'Roll Foundation, Mam Marzenie Foundation, Fabryka Marzeń Foundation, and Wiosna Association. The company also actively engages in activities within local communities surrounding production facilities, including those in the Pieniny region

GOVERNANCE

- Started work on implementing a whistleblowing procedure and tool

¹⁾ Demand-side response (DSR) involves managing electricity consumption in response to changes in supply or grid conditions. It enhances grid flexibility, stability, and efficiency, while supporting renewable energy integration and reducing greenhouse gas emissions.

Corresponding SDGs

3 GOOD HEALTH AND WELL-BEING

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Our paramount value at OSHEE is the well-being of our consumers. We operate with a steadfast commitment to the quality of our products.

Our mission goes beyond profitability. Promoting health and a wholesome lifestyle are embedded in the DNA of our brand, highlighting the company's dedication to leveraging its recognition and consumer reach for the greater good, particularly in supporting mental health and education in this regard.



Paweł Jacaszek
 CEO, OSHEE

BEST PRACTICES

COMMUNITY ENGAGEMENT IN THE FIGHT AGAINST DEPRESSION

OSHEE SPEAK UP, an initiative led by the OSHEE Foundation, addresses the pressing issue of declining mental health among children and adolescents in Poland. Despite efforts, the situation in Poland remains concerning, prompting the Foundation's commitment to tackling this societal challenge. 5% of the company proceeds from the Vitamin Water D+K sales are contributed towards providing free psychological and psychiatric assistance to youth. Within four months, the program, in collaboration with the Faces of Depression Foundation, facilitated over 200 psychological-psychiatric consultations, directly aiding 21 children.

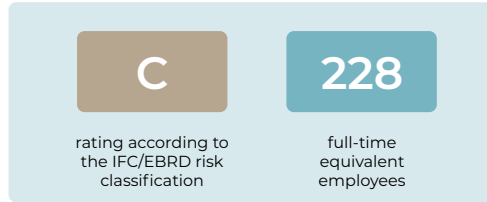
As part of the Speak Up program, the OSHEE Foundation participates in various events, including community runs organized by the Faces of Depression Foundation and mental health awareness campaigns during the European Day of Action Against Depression, symbolizing a unified effort to combat mental health challenges.



AWARDS AND RECOGNITIONS

- Golden Innovations in FMCG & Retail





PayPoint Romania works with local retailers and utility providers, enabling end customers to make over-the counter card and bill payments, money transfers, road-tax payments, and buy mobile phone top-ups. Providing services at over 20,000 locations countrywide, PayPoint Romania is the market leader, 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 space of POS card acceptance, 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 15,000 locations.

Material ESG issues for financial business services as a basis for ESG action plan

SUPPLY CHAIN	OPERATIONS	GOVERNANCE	PRODUCTS & CUSTOMERS
<ul style="list-style-type: none"> Carbon footprint of hardware Supply chain transparency Business ethics in procurement 	<ul style="list-style-type: none"> Sustainable service offering GHG emissions reduction Energy efficiency of IT solutions Electronic waste Labor conditions Training and mentoring programs Satisfaction and loyalty in the team workplace (employee retention) Occupational Health and Safety 	<ul style="list-style-type: none"> Social involvement, knowledge sharing and employee volunteering Business ethics (inc. anti-corruption) Diversity, inclusion, and anti-discrimination 	<ul style="list-style-type: none"> Cyber security Service quality and reliability Customer data privacy Customer care and satisfaction Customer education on responsible finance

ENVIRONMENTAL

- In 2023, over 47% of total energy used came from renewable resources (the offices of PayPoint are powered by hydropower)
- All used electronic IT equipment is recycled by a specialist company

SOCIAL

- PayPoint is promoting the benefits of cashless payments and targeting smaller traditional businesses such as grocery stores to accelerate digital transformation
- In 2023, PayPoint made strides towards gender equality, with women making up over 42% of the workforce. Additionally, within the Top Management Board three out of seven members are women
- All employees participated in training sessions, with an average of 6.5 training hours per employee. The training covered induction, products, GDPR and health and safety, as well as on-the-job training with the sales agents
- Health and Safety standards maintained, with regular training sessions in place (2 accidents recorded)

GOVERNANCE

- The company is currently in the process of preparing for certification for ISO 9001, 14 001 and 27 001, scheduled to take place in 2024
- A whistleblowing procedure and tool implemented

Corresponding SDGs



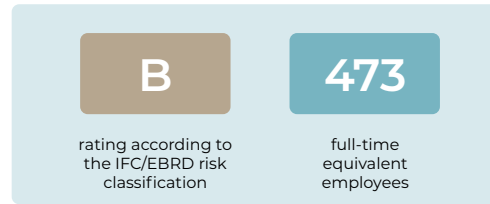
Integrating ESG principles into our financial services portfolio enhances long-term value creation for our clients and stakeholders. We embraced diversity and inclusion in our workforce which fosters innovation and creativity and ensures that young people have equal opportunities for integration and employment, creating a more inclusive and dynamic workplace for all.

Last but not least, supporting small companies in digitalization and access to modern payment methods not only enhances their operational efficiency but also widens their service portfolio, enabling them to compete in the digital economy and reach a broader customer base.



Denisa Bratega
CFO, PayPoint





Prime Label Investment Company S.A. („PLIC”) is a manufacturer of Labels and flexible packaging for the beverage and food industry. PLIC operates across four strategic locations throughout Europe, including Poland, Slovenia, and Estonia with headquarters based in Warsaw. The group's companies are renowned for their excellence in producing high-quality packaging labels for food, beverage, household and health&beauty sectors.

PLIC is the owner of the latest generation of printing machines and offers a wide range of flexo printing services. The main manufacturing services offered by PLIC in the flexo printing technology include the printing of labels and packaging used on self-adhesive films, shrink sleeves, BOPP, PET, heat-shrinkable labels, laminate tubes and self-adhesive paper.

The Group consists of 5 companies: EmbePress, LabelProfi, LabelPrint, Chemes, Pegwan. More about PLIC's ESG initiatives, which serve as value drivers according to Innova Capital's Value Creation Model, can be found at: [Sustainable value: Insights from case studies](#).

Material ESG issues for industrial sector as a basis for ESG action plan

SUPPLY CHAIN	OPERATIONS	GOVERNANCE	PRODUCTS & CUSTOMERS
<ul style="list-style-type: none"> Raw material sourcing Scope 3 GHG emissions reduction Supply chain transparency Labor conditions and respect for human rights in supply chain Business ethics in procurement 	<ul style="list-style-type: none"> Sustainable product innovation (enabling recycling and resource reduction) Energy efficiency in production Resources and waste management: reduce, reuse, recycle approach GHG emissions reduction Carbon footprint of products Employee education and development Occupational Health and Safety Labor conditions 	<ul style="list-style-type: none"> Business ethics Anti-corruption Diversity, inclusion, and anti-discrimination 	<ul style="list-style-type: none"> Environmentally friendly products and services End of life product management (recycling) Customer education on eco-friendly solutions Product reliability and quality

ENVIRONMENTAL

- Calculation of GHG emissions of EmbePress for Scope 1, 2 and 3 amounted to 20,294 tonnes of CO₂ (2022). Based on emissions data the company is working on the development of a decarbonization strategy. Furthermore, the methodology used for emissions calculation will be applied to other Prime Label group companies (read more in Company CASE STUDY in [Chapter 3](#))
- EmbePress has calculated the carbon footprint for the first product 'Foil Label'. The company aims to be the first player in the market to offer information on the carbon footprint of all products. It plans to calculate the carbon footprint and Life Cycle Assessment analysis for additional products in 2024
- For the fourth year in a row, PLIC has continued to reduce waste. Measures taken include maximizing raw material usage, enhancing product quality, improving production processes, investing in modern machinery and conducting trials with recycled materials. Group companies achieved waste reductions from 0.25% up to 5.50% respectively compared to 2022
- EmbePress joined the FSC initiative, becoming the fourth company within the PLIC group to support it, thus contributing to a certified Chain of Custody FSC along with Chemes since 2018, LabelProfi since 2019, and PEGWAN since 2021
- In 2023, three out of four companies used renewable energy, amounting to 459,730 kWh, 4.6% of the total group energy consumption. In addition, in 2023, the companies undertook actions to improve energy efficiency, such as the implementation of LED solutions, resulting in a 4% reduction in energy consumption compared to 2022
- PRIME LABEL Group implements product innovations in line with eco-design principles (read more in Company CASE STUDY in [Chapter 3](#))

SOCIAL

- Health and Safety standards were upheld with regular training sessions including first aid, safe forklift usage, proper handling of chemicals, and safety procedures for team supervisors, along with the implementation of LOTO procedures (lock out, tag out is a safety procedure used to ensure that dangerous equipment is properly shut off). Additionally, ergonomics audits were conducted to analyze risks and identify areas for improvement in work conditions
- PLIC is planning to conduct an employee engagement survey to determine further actions for improving working conditions and employee development opportunities

GOVERNANCE

- Prime Label Group has implemented proper governance over all ESG aspects by introducing a Group ESG Manager function
- A whistleblowing procedure and tool implemented
- The Group remains compliant with ISO 14 001 and ISO 45 001. No instances of non-conformity were identified during the assessment
- Started implementation of Suppliers' Code of Conduct

Corresponding
SDGs



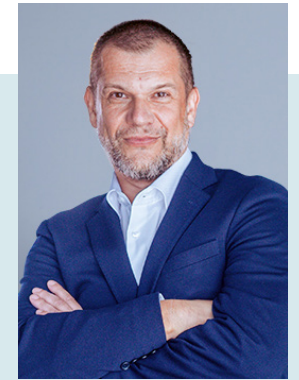
AWARDS AND RECOGNITIONS

- Silver Ecovadis Medal in 2023 for EmbePress and Chemes

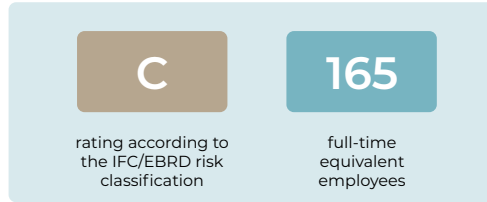


We understand that our products serve as the face of our clients' brands. It's essential for both us and our clients that our products not only appear good but also have minimal environmental impact.

Our focus lies in seeking technologies that allow for the use of recyclable foils, reducing resource consumption, and exploring alternatives to plastic materials. We engage with our suppliers to work out the best possible solutions. Our ambition is to be the preferred provider of low-carbon footprint solutions for environmentally conscious packaging needs.



Arkadiusz Sapiecha
 CEO, Prime Label Group



R-GOL is the leading multi-brand distributor of football merchandise in CEE. The company currently operates in 11 countries in Europe. In addition to its core e-commerce channel, R-GOL also runs a network of 11 physical showrooms and works directly with over 1,000 football clubs. In 2023, it served over 240,000 customers and collaborated with 99 suppliers, offering over 13 300 football products. R-GOL partners with the Polish Football Association, hosting the Official Polish National Team Fan Shop in Warsaw.

Providing high-quality gear to professional clubs and youth academies, R-GOL focuses on building long-term customer relations. With a social media following more than a million followers, it reaches a broad audience of football enthusiasts. R-Gol has implemented a sustainability approach called 'Play for the Planet', demonstrating its commitment to environmentally friendly solutions in both offline and online retail.

Material ESG issues for retail sector as a basis for ESG action plan

SUPPLY CHAIN	OPERATIONS	GOVERNANCE	PRODUCTS & CUSTOMERS
<ul style="list-style-type: none"> • Scope 3 GHG emissions reduction • Environmentally friendly production processes • Labor conditions and respect for human rights in supply chain • Due diligence in supply chain • Private label production processes 	<ul style="list-style-type: none"> • Sustainable product innovation • Energy efficiency management and renewable energy use • Packaging and waste management: reduce, reuse, recycle approach • GHG emissions reduction • Employee well-being activities • Training and development programs • Occupational Health and Safety • Labor conditions 	<ul style="list-style-type: none"> • Business ethics • Anti-corruption • Diversity, inclusion, and anti-discrimination 	<ul style="list-style-type: none"> • Sustainable products on offer (e.g. recycled) • Product reliability and quality • Social engagement • Customer data privacy • Cyber security • Customer satisfaction • Responsible marketing • Promotion of sustainable consumer habits and eco-responsibility

ENVIRONMENTAL

- „Play for the Planet” - R-GOL’s brand ethos, which is committed to implementing environmentally friendly and sustainable practices. This approach includes gradually implementing changes in logistics processes, expanding the product range with eco-friendly options, responsibly utilizing packaging, collaborating with partners who uphold high eco standards
- In 2023, R-Gol generated 67.8 MWh from its 2 photovoltaic installations, which fully satisfied the needs of the headquarters and warehouses (with an excess energy from RES amounting to 40%)
- Actions in the field of energy efficiency, including the construction of a new logistics center - a hall equipped with features such as blowers to block the inflow of cold air, installation of heaters with individual controllers and thermostats to evenly distribute heat, walls and ceilings lined with wool insulation, hall equipped with LED lighting

SOCIAL

- 46% of employees are women
- A 24% employee Net Promoter Score (eNPS) reflects appreciation for working at R-GOL (read more in the Best practice description below)
- All employees trained in managerial and leadership skills, Manager’s Academy focusing on coaching, employee development, goal setting, and training for store managers in managerial skills, store operations analysis, and standardization, as well as health and safety
- As of 2023, on average, 7% of the workforce consists of employees with disabilities, predominantly hearing-impaired individuals. Active recruitment and support social campaigns such as „Do not blink away from life.”
- In 2023, R-GOL was engaged in social initiatives aimed at supporting children’s football passions, aiding disabled individuals, collaborating with institutions, NGOs, public institutions, orphanages, foundations/disabled individuals, assisting the elderly, sick children, and hospices
- Health and safety standards maintained, with regular training sessions in place (1 accident recorded)
- Private label products sourced and manufactured locally in Poland

Corresponding SDGs

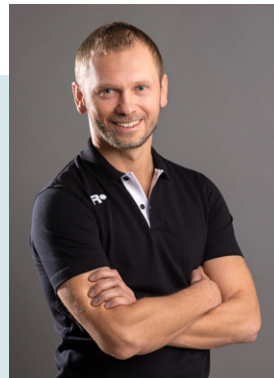
GOVERNANCE

- R-GOL is subject to regular audits done by premium sports brands, covering a wide scope of ESG issues including sustainable product assortment, sustainable services, decarbonization and circular approach both in physical stores and online
- Whistleblowing procedure and tool implemented
- In 2024, the company will focus on identifying key ESG material topics and related datapoints to be measured and monitored
- The company is planning to strengthen ESG governance by assigning an ESG Manager



Our mission goes beyond mere sales of sports gear. We believe in empowering athletes to reach their full potential. Through relentless innovation, we strive to offer products that enhance performance while minimizing our environmental footprint as we prioritize sustainability ensuring we leave a positive impact on the environment. We take pride in promoting diversity within our team and an inclusive workplace.

Furthermore, our commitment extends to ESG principles, guiding our decisions to promote sustainability and uphold practices that lead to reducing our carbon footprint. We adhere to rules that aim at excelling as business and leaving a lasting legacy of responsible practices.



Marcin Radziwon
Founder & CEO, R-GOL

BEST PRACTICES

CIRCULAR ECONOMY IN PRACTICE

R-GOL is actively transitioning to a circular economy model, with a focus on reducing packaging consumption and sourcing products from sustainable origins. The company started by optimizing internal processes, resulting in visible effects for both customers and the store's offerings.

Packaging optimization

- Packaging tailored to product size and cargo carriers
- Implementation of reusable packaging and optimization of packaging materials
- Biodegradable fillers in packages
- Transitioning from plastic bags to paper bags without lacquer
- For B2C shipments, approximately 85% of all cardboard boxes are reused
- Reusing the same box for returning orders
- Transitioning from stretch film to recycled materials (in progress)
- Packaging is FSC and ISO 14 001 certified, including paper envelopes and cardboard boxes

Products containing recycled materials or from sustainable sources

- Introduction a website filter to highlight products containing recycled materials
- Introduction of new eco-friendly gift cards made from FSC-certified paper

Closing the loop

- Launched „Pass it on” actions, giving used products a second life, such as clothing and shoe collections donated to those in need

EMPLOYEE ENGAGEMENT AND GENDER EQUALITY

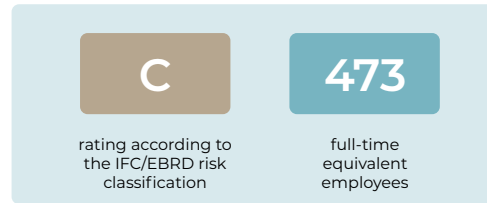
R-GOL maintains a HR strategy focused on nurturing the „R-GOL Team”. One of the priorities is diversity. In 2023, R-GOL employed 46% women, prioritizing pay equity and offering flexible working arrangements. Additionally, R-GOL includes individuals with disabilities, including hearing-impaired individuals, comprising an average of 6% of the workforce in 2023.

Another priority is enhancing employee satisfaction. The latest survey revealed areas for improvement as the Employee Net Promoter Score (eNPS) stood at 24%. Yet, employees currently value aspects such as the work environment, teamwork, and growth opportunities.



AWARDS AND RECOGNITIONS

- Certificate of Business Quality – Fair Play Enterprise, 2023
- FORBES Diamonds 2023



STX NEXT, established in 2005, is Europe's premier software house specializing in Python-based digital solutions. With over 470 professionals spread across multiple offices in Poland and a delivery center in Mexico. STX Next, specializes in delivering cutting-edge AI-powered software solutions for global scaleups, SMEs and corporate clients.

The company addresses end-to-end software cycle based on in-depth expertise, technology competence, encompassing Data Engineering, Artificial Intelligence, Machine Learning, and Cloud capabilities. STX offers bespoke services for businesses globally across multiple sectors, leveraging insights from over 500 CTOs to ensure alignment with industry challenges and strategies.

Material ESG issues for IT business services as a basis for ESG action plan

SUPPLY CHAIN	OPERATIONS	GOVERNANCE	PRODUCTS & CUSTOMERS
<ul style="list-style-type: none"> Carbon footprint of hardware Supply chain transparency Business ethics in procurement 	<ul style="list-style-type: none"> Sustainable service offering GHG emissions reduction Energy efficiency of IT solutions Electronic waste Training and development programs Satisfaction and loyalty in the team workplace (employee retention) Occupational Health and Safety Labor conditions 	<ul style="list-style-type: none"> Social involvement, knowledge sharing and employee volunteering Business ethics Anti-corruption Diversity, inclusion, and anti-discrimination 	<ul style="list-style-type: none"> Cyber security Service quality and reliability Customer data privacy Customer care and satisfaction Education on IT technology development

ENVIRONMENTAL

- Promoting eco-friendly practices among employees through waste segregation, energy efficiency measures, and promoting commuting to the office by bicycle instead of car
- From 2024, STX is using 100% green energy in its office in Poznań

SOCIAL

- The company introduced a new „STX Vibe” program, which measures eNPS, featuring customized questions tailored to different departments. In the initial months after its implementation, 175 employees (37% of all) took part in the survey. Teamwork, cooperation with line managers, and client relations were the highest-rated aspects
- In 2023, 63% of employees have received training, 297 employees participated in sessions covering client interviews, customer centricity, and product mindset development. The company is investing in developing organizational culture via a series of coaching sessions and change management workshops

GOVERNANCE

- STX Next achieved ISO 27001 certification
- In 2023, STX NEXT prioritized the implementation of compliance policies, procedures and control mechanisms overseen by the CFO. These include GDPR-related policies, general compliance policies (such as anti-bribery, tax evasion, and a Code of Conduct), AI-related policies, and IT & security policies
- A whistleblowing procedure and tool implemented

Corresponding SDGs





We believe in being a responsible and sustainable company, and ESG practices align with our values. ESG is crucial for attracting and retaining clients who prioritize ethical and sustainable business practices.

We are proud of our initiatives, including strengthening cybersecurity and obtaining ISO 27001 certification to protect our clients' data. Continuously improving our practices in this area is our commitment, and as such, we prioritize ESG considerations in both our strategic decisions and daily operations.



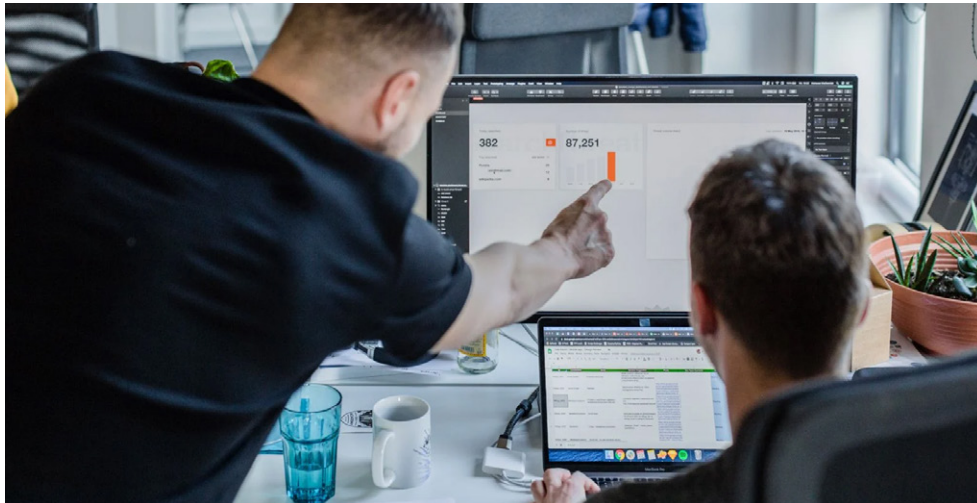
Natalia Machińska
People & Culture,
HR Director, STX NEXT

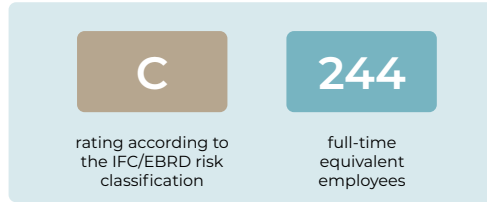
BEST PRACTICES

FOSTERING DIVERSITY AND INCLUSION

Promoting diversity and inclusion within the organization is a key element, covered in the company's Code of Conduct. Therefore, in 2023, STX conducted a series of initiatives aimed at raising awareness and supporting diversity within the organization.

Webinars with In-House Speakers covered topics such as „I'm a Digital Nomad - how hard it can be!?" and „Love, hate, and rainbow: data-driven psychological perspective", which helped foster understanding, empathy, and allyship among team members. Additionally, an LGBT+ Movie Night was organized in collaboration with Nowe Horyzonty in all STX Next offices in Poland in 2023, with plans to organize more in the Poznań office in the future. An internal HR Portal is supporting diversity and inclusion and sharing know-how.





United Clinics is a leading dental platform offering top-quality service, leveraging a blend of medical expertise, managerial competence, and extensive presence in the CEE region. United Clinics operates 26 dental clinics across Poland and Lithuania, boasting a network of over 100 dental chairs. In addition, the group owns two stand-alone prosthetic laboratories.

With a focus on excellence, United Clinics harnesses the collective experience of exceptional medical teams and leaders, combined with economies of scale and best practices from both Western European and CEE markets. Committed to consolidating the dental market in Central and Eastern Europe, United Clinics continually strives for excellence in delivering top-notch dental services.

Material ESG issues for healthcare sector as a basis for ESG action plan

SUPPLY CHAIN	OPERATIONS	GOVERNANCE	PRODUCTS & CUSTOMERS
<ul style="list-style-type: none"> Supply chain transparency Business ethics in procurement 	<ul style="list-style-type: none"> Energy efficiency in clinics Waste and medical waste management GHG emissions reduction Employee education and development Improving satisfaction and loyalty in the workplace (employee retention) Occupational Health and Safety Labor conditions 	<ul style="list-style-type: none"> Business ethics Anti-corruption Diversity, inclusion, and anti-discrimination 	<ul style="list-style-type: none"> Service quality Access to affordable health services Customer care and satisfaction Customer data privacy Social involvement and promotion of health

ENVIRONMENTAL

- In 2023, United Clinics did not undertake significant environmental conservation efforts. However, the organization plans to calculate its carbon footprint in Scope 1 and 2 in 2024

SOCIAL

- In 2023, United Clinics continued its initiatives by organizing free lectures for both adults and children, aimed at providing information on preventative oral and dental care. Some of the Group clinics also provide free medical treatment for children from childcare facilities, exemplified by the collaboration with the Family Children's Home and its residents aged 6-12 years old
- Dentists at the clinics are highly qualified specialists who share their knowledge and experience by collaborating with numerous industry organizations across Europe. Some of the most prestigious organizations with which they are affiliated include among others: Polish Society of Implantology (PSI), Deutsche Gesellschaft für Orale Implantologie (DGOI), Central European Implant Academy (CEIA), Polish Dental Association (PTS), World Federation of Orthodontics (WFO)
- United Clinics has initiated preparations to conduct an employee satisfaction survey in 2024 to evaluate satisfaction levels among its staff

GOVERNANCE

- A whistleblowing procedure and tool implemented
- United Clinics will expand its efforts in 2024 to introduce the Group Code of Conduct, with initial emphasis on fundamental aspects such as Group values and low-risk governance procedures, including health and safety, anti-discrimination, AML, and anti-bribery measures

Corresponding SDGs



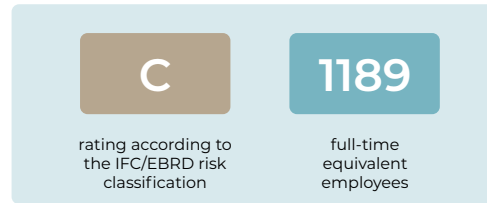
We understand the importance of sustainability in healthcare, and at United Clinics, ensuring quality services and patient care is our commitment and part of our mission.

With this commitment in mind, we go beyond our daily operations to educate and promote dental hygiene awareness. With prevention being the cornerstone of dental care, we strive to ensure our patients return to us with pleasure.



Piotr Lizukow
CEO, United Clinics
Group





WeNet is the largest provider of online marketing solutions in Poland, serving more than 45,000 enterprises. For 30 years, it has been supporting small and medium-sized enterprises in building their online presence.

It offers services including webpages and online shops, SEO/SEM services, as well as a portfolio of proprietary digital tools that support online presence.

WeNet assists its clients in introducing products and services that enhance companies' visibility online, increase sales, and facilitate communication with customers.

Material ESG issues for IT business services as a basis for ESG action plan

SUPPLY CHAIN	OPERATIONS	GOVERNANCE	PRODUCTS & CUSTOMERS
<ul style="list-style-type: none"> Carbon footprint of hardware Supply chain transparency Business ethics in procurement 	<ul style="list-style-type: none"> Sustainable service offering GHG emissions reduction Energy efficiency of IT solutions Electronic waste Training and development programs Satisfaction and loyalty in the team workplace (employee retention) Occupational Health and Safety Labor conditions 	<ul style="list-style-type: none"> Social involvement, knowledge sharing and employee volunteering Business ethics Anti-corruption Diversity, inclusion, and anti-discrimination 	<ul style="list-style-type: none"> Cyber security Service quality and reliability Customer data privacy Customer care and satisfaction Education on IT technology development

ENVIRONMENTAL

- In 2023, WeNet did not undertake significant environmental conservation efforts. However, the organization plans to identify top areas with the most significant impact and calculate of carbon footprint in Scope 1 and 2 in 2024
- Incorporating renewable energy as a criterion for selecting new office location

SOCIAL

- 58% of the employees are women
- In response to the low eNPS score in 2023, WeNet initiated pro-employee initiatives in 2023, with plans for further enhancement in 2024
- The CHANGE NINJA program was a key HR initiative. 52 employees from diverse teams and organizational levels have participated in the program aimed at consultations on the direction of changes and offerings, ensuring that all address employees' needs across different areas
- The company has implemented a wider training program with an average of 34 training hours per employee. The high number of training sessions available to employees will now be expanded to ensure that access and diversity of training meet the needs of all organizational departments. For example: WE MANAGE training was available to managers across whole company. Introducing new training programs: WE LEAD, WE MANAGE (CONTINUATION), and WE GROW, is planned for 2024
- The company has been enhancing internal communication by launching new recurring events at the company level, including TOP 90 meetings and ALL WeNet meetings. The aim is to strengthen collaboration between departments and build a common organizational culture

GOVERNANCE

- Implemented Code of Conduct (see more in Best practice below)
- Whistleblowing policy and process implemented
- Employees & customers privacy policy introduced

Corresponding SDGs





I firmly believe that the integration of Environmental, Social, and Governance (ESG) principles is crucial for the long-term success and sustainability of our organization. In WeNet we take them seriously, prioritizing ESG related initiatives.

We know that they play a pivotal role in shaping the ethical and sustainable foundation of our business, directly influencing our reputation, ability to attract and retain talents, and fostering innovation, which is a driving force of our growth.

This strategic focus on ESG aligns with our core values and is integral to achieving our mission of delivering outstanding digital marketing solutions while acting as a socially responsible company.



Iwona Wencel,
Vice-President of the
Management Board
for HR, WeNet

BEST PRACTICES

CODE OF CONDUCT: ENGAGING EMPLOYEES IN CREATING CORPORATE VALUES

WeNet engaged its employees in creation of Code of Conduct to promote closer collaboration between departments and enhance employee engagement. The Top 50 management team and employees discussed the proposal of five values.

WeNet's values:

- #WeWantToHaveAnImpact
- #WeCareAboutResults
- #WeAreEthical
- #WeAreEagerForDevelopment
- #WeAchieveSuccessThroughCollaboration

For each corporate value, WeNet has assigned an ambassador from among the employees who best embody the essence of the chosen value. An open vote encouraged employees to nominate up to 140 candidates. More than 50% of the company's employees participated in the final vote to select the five value ambassadors. This process not only allowed for the selection of values appropriate to the company's and customers' needs but also demonstrated the desire of WeNet employees to engage in internal initiatives. The Code of Conduct will be formally implemented in 2024.

E-MARKETING KNOWLEDGE SHARING: THE E-MARKETING ACADEMY


Since 2012, WeNet has been running The E-marketing Academy, a recurring program offering free lectures for SMEs, held in major cities across Poland and led by the Sales and Training Team. In 2023, 2,000 participants attended these events. The E-marketing Academy provides an excellent opportunity for acquiring valuable knowledge in the field of online marketing. Participants learn about developing their businesses through online presence and promotion. Topics covered include website and online store management, effective online sales, SEO strategies, and successful communication on social media platforms. WeNet Group organizes these events in collaboration with strategic partners, including the National Chamber of Commerce, the Regional Chamber of Commerce in Katowice, and the European Integration Club.



AWARDS AND RECOGNITIONS

- Customer-Friendly Company and Investor in Human Capital Experience Institute, 2023




RISK ASSESSMENT IN RELATION TO IFC PERFORMANCE STANDARDS AND EBRD PERFORMANCE REQUIREMENTS

	IFC PS 1: Social and Environmental Assessment and Management Systems	IFC PS 2: Labour and Working Conditions	IFC PS 3: Pollution Prevention and Abatement	IFC PS 4: Community, Health, Safety and Security	IFC PS 5: Land Acquisition and Involuntary Resettlement	IFC PS 6: Biodiversity Conservation and Sustainable Natural Resource Management	IFC PS 7: Indigenous People	IFC PS 8: Cultural Heritage		
	EBRD PR 1: Assessment and Management of Environmental and Social Risks and Impacts ¹⁾	EBRD PR 2: Labour and Working Conditions	EBRD PR 3: Resource Efficiency and Pollution Prevention and Control	EBRD PR 4: Health, Safety and Security	EBRD PR 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	EBRD PR 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	EBRD PR 7: Indigenous People	EBRD PR 8: Cultural Heritage	EBRD PR 10: Information Disclosure and Stakeholder Engagement ²⁾	
Innova / 6	 Pomyśl o sobie.	ESMS policies and processes in development	Low risk	Low/medium risk	Low risk	Not applicable	Low risk	Not applicable	Not applicable	Appropriate activities and policies in the development process
		ESMS policies and processes in development	Very low risk	Low risk	Low risk	Not applicable	Not applicable	Not applicable	Not applicable	Appropriate activities and policies in the development process
	OSHEE	ESMS policies and processes in development	Low risk	Low/medium risk	Low risk	Not applicable	Low/medium risk	Not applicable	Low risk	Appropriate activities and policies in the development process
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		ESMS policies and processes in development	Very low risk	Very low risk	Low risk	Not applicable	Not applicable	Not applicable	Not applicable	Appropriate activities and policies in the development process

¹⁾ ESMS governance activities described in the profiles of individual companies and in the ESG KPI snapshot

²⁾ Grievance mechanism and other stakeholder engagement activities described in the profiles of individual companies and in the ESG KPI snapshot

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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 citizenship 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 2023, 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



MEET THE TEAM



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ENVIRONMENTAL,
SOCIAL AND GOVERNANCE

2023 REPORT



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