

INVL



INVL BALTIC SEA GROWTH FUND

Annual ESG Report
2021

INVL Baltic Sea Growth Fund overview
GENERAL

SIZE €164.7 million	VINTAGE YEAR 2019	DOMICILE Lithuania
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INVESTMENT FOCUS

GEOGRAPHY  Primarily Baltic Sea region countries, opportunistically – selected investments in other EU countries.	INDUSTRIES  Industry agnostic and diversified. Special focus on manufacturing, export driven and fragmented industries.	COMPANY SIZE  Late-stage SME, Small-Cap and Mid-Cap companies.	EQUITY TICKET SIZE  €10m – €30m Larger deals with co-investment.
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MANAGEMENT COMPANY

UAB INVL Asset Management

- INVL Asset Management is a 100% subsidiary of the leading Lithuanian asset management group AB Invalda INVL.
- Active since 1991 and with a solid track record, Invalda INVL group boasts 30 years of experience in managing private equity assets in the Baltic countries and CEE landscape while developing companies into best-in-class market leaders.
- As of the end of 2021, more than 260 thousand clients in Lithuania and Latvia as well as institutional regional and international investors have entrusted Invalda INVL group to manage over €1.6b of assets.

INVL Baltic Sea Growth Fund Investment Committee

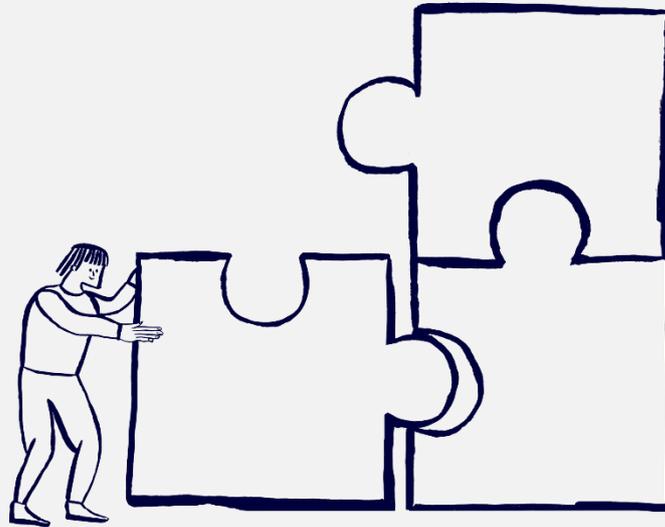
 Alvydas Banys	 Darius Šulnis	 Deimantė Korsakaitė	 Ashwin Roy	 Vidas Venckus	 Nerijus Drobavičius	 Vytautas Plunksnis
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SUPERVISION

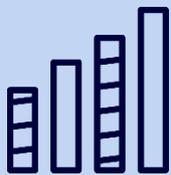
REGULATOR  Bank of Lithuania	AUDITOR  UAB KPMG Baltics	DEPOSITORY  AB SEB bankas
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PORTFOLIO

  InMedica	<p>The largest private healthcare provider in Lithuania, operating 75 clinics, 3 medical testing labs and 8 lab sample collection sites in 28 cities across the country. Provides services in all three levels of medical care, including general practice, specialist consultations, outpatient and inpatient surgery, odontology, laboratory checks, and more. The largest merger in Lithuanian healthcare clinic history to date completed with MediCA group in March 2022.</p>	
INDUSTRY Healthcare Services	COUNTRY Lithuania	DATE OF ENTRY February 2019
ANNUAL REVENUES (2021) €84m pro-forma		EMPLOYEES (Q1 2022) 2 801 / 1 559 FTEs
 Montuotojas	<p>One of the largest engineering solutions, industrial equipment manufacturing, construction and installation companies in Lithuania, providing general contractor, engineering solutions, design, manufacturing, mounting, consulting and other services to industrial and energy companies operating in Lithuania and throughout the European Union.</p>	
INDUSTRY Engineering Services Civil Construction	COUNTRY Lithuania	DATE OF ENTRY June 2019
ANNUAL REVENUES (2021) €25m		EMPLOYEES (Q1 2022) 367 / 363 FTEs
  Eco Baltia	<p>The largest environmental management group in the Baltics, providing the full cycle of waste management and plastic recycling as: #1 PET and PE/PP recycler in the Baltics, #2 privately-owned municipal waste collection business in Latvia and #1 player in Lithuania (Eco Baltia acquired add-on Ecoservice in August 2021) as well as #1 in organization of waste recovery ("green-dot") in Latvia.</p>	
INDUSTRY Plastic Recycling Waste Management	COUNTRY Latvia	DATE OF ENTRY June 2020
ANNUAL REVENUES (2021) €148m pro-forma		EMPLOYEES (Q1 2022) 2 058 / 2 009 FTEs
 MBL	<p>Leading European contract manufacturer of medical mobility devices (specializing in wheelchairs, rollators, aged care beds and other rehabilitation equipment) with headquarters in Denmark and manufacturing facilities in Poland and China.</p>	
INDUSTRY Healthcare Appliances	COUNTRY Denmark	DATE OF ENTRY Aug / Sep 2020
ANNUAL REVENUES (2021) €70m		EMPLOYEES (Q1 2022) 1 549 / 1 547 FTEs
 B2Y	<p>Latvian-based beauty and cosmetic manufacturer and brand owner. B2Y develops and manufactures natural skincare, oral care, hair care and other hygiene products with a strong focus on quality and innovation. B2Y brand is targeted towards people with sensitive or problematic skin and is especially known for its anti-ageing product range.</p>	
INDUSTRY Beauty and Cosmetics	COUNTRY Latvia	DATE OF ENTRY February 2022
ANNUAL REVENUES (2021) €1.5m		EMPLOYEES (Q1 2022) 30 / 30 FTEs



TOTAL PORTFOLIO IN 2021
as at 31 December 2021



€280m

Revenue of portfolio
investments



€39m

Normalized EBITDA of
portfolio investments



4 932

Employees of portfolio
investments

CHANGE VS 2020
as at 31 December 2020

+€105m
REVENUE

+€21m
NORMALIZED EBITDA

+1 416
EMPLOYEES



Dear investors,

Heraclitus, a Greek philosopher, has pointedly said that "change is the only constant in life". Since the launch of INVL Baltic Sea Growth Fund we as a team are in continuous motion aiming to improve with each day. Over the past few years, the world itself has gone under consequential shifts affecting our businesses and daily lives, making it hard to recall what 'normal' was or even define what it should be. But one thing is very clear – the past events have only reconfirmed the importance of ESG in all businesses.

We are here not only to deliver financial performance but committed to do it in a sustainable way, having positive contributions to businesses, society, and environment. As the Fund's management team, we strongly believe that private equity is well placed to promote the importance of ESG and lead by example by embracing it and delivering sustainable long-term growth in its portfolios.

While our Fund has always been committed to sustainability through an established internal ESG policy which adopts best international practices, over the last year, recognizing the potential for further improvements, we have set out the goal of reimagining the Fund's ESG processes to strengthen our commitment and facilitate its practical implementation. As a result, we have thoroughly refined our internal ESG procedures which lay out the framework of how ESG is integrated throughout the investment cycle. As part of the exercise, we have developed proprietary tools which help address both pre-deal assessment as well as post-deal monitoring stages. While fusing everything together is our first annual ESG report which we are excited to share as an important milestone in the Fund's ESG journey.



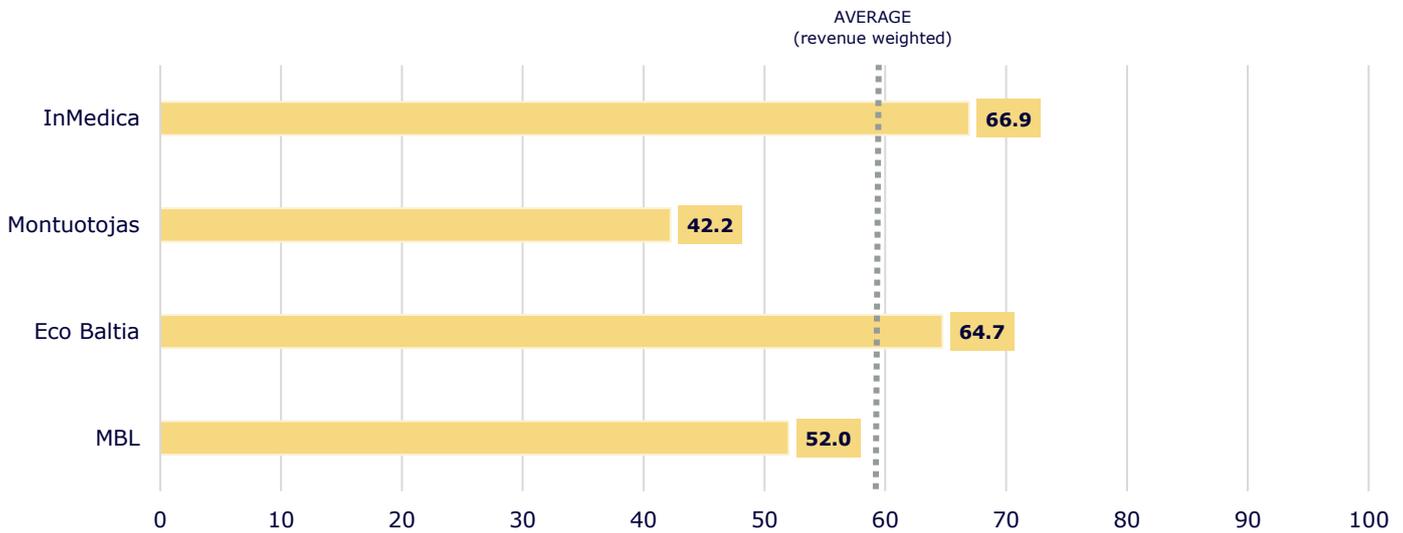
Deimantė Korsakaitė

Executive Partner
INVL Baltic Sea Growth Fund



INVL BALTIC SEA GROWTH FUND ESG INDEX

- INVL Baltic Sea Growth Fund has developed a proprietary ESG toolkit (questionnaire) grounded on international ESG frameworks which provides the ability to quantitatively measure and compare the ESG development progress at each portfolio company in a universal way.
- The toolkit consists of 37 questions: 11 questions each on the environmental, social and governance aspects of the company, as well as 4 general questions.
- Each question is provided with 4 possible answers to choose from, on a scale of 0 (worst) to 3 (best), summing up to a company's ESG score of 0 (worst) to 100 (best).
- The weightings of the categories (E/S/G) that form the overall score are calibrated based on the ESG risk areas most applicable to the particular industry of the company in question, based on the provisions of the global SASB standards.
- The questionnaires are completed by the portfolio companies' management and validated by the respective deal teams to ensure the robustness of the results.
- Overall, the toolkit provides a useful roadmap of the key underlying ESG issues at the portfolio companies which forms a strong foundation for attribution of ESG development focus areas.

INVL BSGF ESG Index 2021

BREAKDOWN BY CATEGORY
 INVL BSGF ESG Index 2021 average

ENVIRONMENTAL
42.5
SOCIAL
78.1
GOVERNANCE
52.2
HIGHEST SCORING SUB-CATEGORIES

Occupational accidents monitoring and mitigation

Health and safety regulatory compliance

Fairness and transparency in way of doing business

Grievance redressal procedures

Community and stakeholder engagement programs

LOWEST SCORING SUB-CATEGORIES

Supply chain management

Global ESG management initiatives signatories

Extensiveness and sophistication of ESG reporting

Resource efficiency measures

Environmental management procedures

PORTFOLIO ESG KPIs

- To strengthen our commitment towards the ESG development progress we have set individual ESG KPIs for each portfolio company based on the identified ESG profile given the ESG assessment carried out during the pre-investment stage.
- The KPIs stem from global ESG frameworks (such as SASB, GRI) and take into account both industry specifics as well as are adapted to individual company particularities.
- Each portfolio company has 3 to 5 ESG KPIs designated to be reported annually as part of INVL Baltic Sea Growth Fund's ESG reporting, while a set of other ESG KPIs are monitored internally.
- The KPI values below are provided for year 2021 and will stand as a reference in future periods, with a goal of aiming to improve the relevant indicators (or ensure the highest standards are maintained) throughout the holding period.


CUSTOMER WELFARE
WASTE MANAGEMENT
BUSINESS ETHICS
95

 CSTA
customer satisfaction score

76

 NPS
net promoter score

*introduced in
December 2021*

 CES
customer effort score

41.9 g/IPDA

 Waste generated per inpatient and
day patient admissions

0

 Number of faced
legal proceedings

HEALTH & SAFETY
WORK QUALITY AND SAFETY
STRUCTURAL INTEGRITY
6.3

 Lost Time Injury Incidence Rate (LTIIR)
no. of injuries per 1 million of man-hours

 Work defects as % from total inspections
Due to methodological differences (switch to
external evaluations) the data for 2021 is not
fully comparable hence the KPI will be provided
since year 2022.

0.6% of sales

 Monetary losses due to defect and
safety-related rework costs

GHG EMISSIONS[^]
ENERGY MANAGEMENT
RECOVERY
HEALTH & SAFETY
-21 866 t

 Net of CO₂ equivalent
avoided

66 kWh/t

 ENVIRONMENTAL
SERVICES

 Energy used per ton of collected
and/or recycled material

535 kWh/t

PLASTIC RECYCLING

6.0%

 Share of waste
collected by fleet
on green fuel

17.3%

 Share of recovered
waste from all
collected waste

1.55

 Total accidents at work
per 100 FTEs

[^] excl. Ecoservice impact as no comparable data for this KPI was available for year 2021 (given the August 2021 closing date).

WASTE MANAGEMENT
ENERGY MANAGEMENT
HEALTH & SAFETY
GENDER PAY EQUITY
0.16 t

 Waste generated per
ton of production

16.9 m³

GAS

Energy used per ton of production

0.01 t

FUEL

0.92

 Total accidents at work
per 100 FTEs

85%

 Pay ratio:
female to male

PORTFOLIO ESG INITIATIVES

COVID-19 VACCINATION AND TESTING EFFORTS

- InMedica was a reliable state-level partner in need since the beginning and throughout the COVID-19 pandemic.
- The company’s laboratory operations were mostly devoted to the analysis of PGR tests through the majority of the year, contributing towards supporting the national testing capacities which had been facing overwhelming levels of demand.
- InMedica also allocated significant human resources to travel to schools in order administer COVID-19 tests to students in numerous cities across Lithuania.
- Once COVID-19 vaccination became available to masses, the company sent its staff to the Litexpo exhibition hall in Vilnius which had become the epicenter of the country capital’s vaccination efforts, with total capacities of administering up to 15 000 vaccines to residents every day.
- InMedica also ensured to make vaccination available at its own chain of clinics across the country, covering nine of the ten national regions.



35 865
people vaccinated

3 612
hours of labor devoted

100 810
school students tested

60 816
hours of labor devoted

InMedica

AUTO PARK RENEWAL

- During 2021, Montuotojas replaced a significant portion of its auto park – 17 cars that had been manufactured in 1994 to 2009 were replaced as their technical specifications were not up to par with the current standards.
- The initiative to tackle the exploitation of environmentally unfriendly and economically inefficient cars will be continued throughout 2022, aiming to further reduce the company’s environmental footprint through transportation given more optimal fuel consumption and reduced emissions while also benefiting from lower maintenance costs.
- Operating lease model which provides more flexibility in the management of the auto park was chosen.
- The acquired vehicles are either diesel or petrol driven, however, Montuotojas is considering to acquire hybrid cars in the future as well.



16%
of auto park renewed

40%
fuel consumption
reduction

15 000 EUR
annual
repair costs savings

Montuotojas

"EASY SORTING" CAMPAIGN OF ELECTRONIC GOODS ACROSS LATVIA

- In pursuit of its mission to promote waste sorting, one of the public initiatives implemented by Eco Baltia group companies in 2021 was the "Easy sorting" campaign across Latvia aimed at sorting and recycling of obsolete electronic equipment.
- The campaign was carried out by Eco Baltia group subsidiaries Latvijas Zālais punkts ("green-dot") and waste manager Eco Baltia vide, in collaboration with Maxima Latvija, the leading Latvian retail chain.
- From March to November, various promotional activities were performed to encourage the residents to hand over large household appliances (such as refrigerators, washing machines), small appliances (such as microwaves, hair dryers), as well as batteries and accumulators.
- The goal of educating the public on the necessity of electronics sorting as well as provision of practical collection opportunities is of paramount importance considering the need to dispose of it with special responsibility to prevent the release of hazardous components into the environment as well as the fact that as surveys show the average Latvian household accumulates almost 100 kg of such equipment.



360 tons
of electronic waste
recycled

equivalent of
72
African savannah
elephants

300
towns and municipalities
4 000
total participants

Eco Baltia

SUPPORT OF THE WHEELCHAIR RUGBY POLISH NATIONAL TEAM

- Since the beginning of 2021, MBL Group is a partner of the Polish Wheelchair Rugby Union.
- Under the framework of the liaison, MBL ensures technical support to the players during the contests of the Polish Cup.
- As part of the partnership, in close cooperation with the engineers and players, MBL manufactures wheels for the national team while also providing support during the Polish Cup events (centering wheels, exchanging tubes and providing other ongoing repairs) so that the games could run smoothly and without any problems.
- In addition, MBL cooperates with the members of the Polish national team to test out the products of its new OMOBIC brand – premium line of components for active wheelchair users for everyday use and sport applications.



9
competing teams
21
matches played in the 2021 season

Financial support
to the Polish national team for the
European Wheelchair Rugby Championship

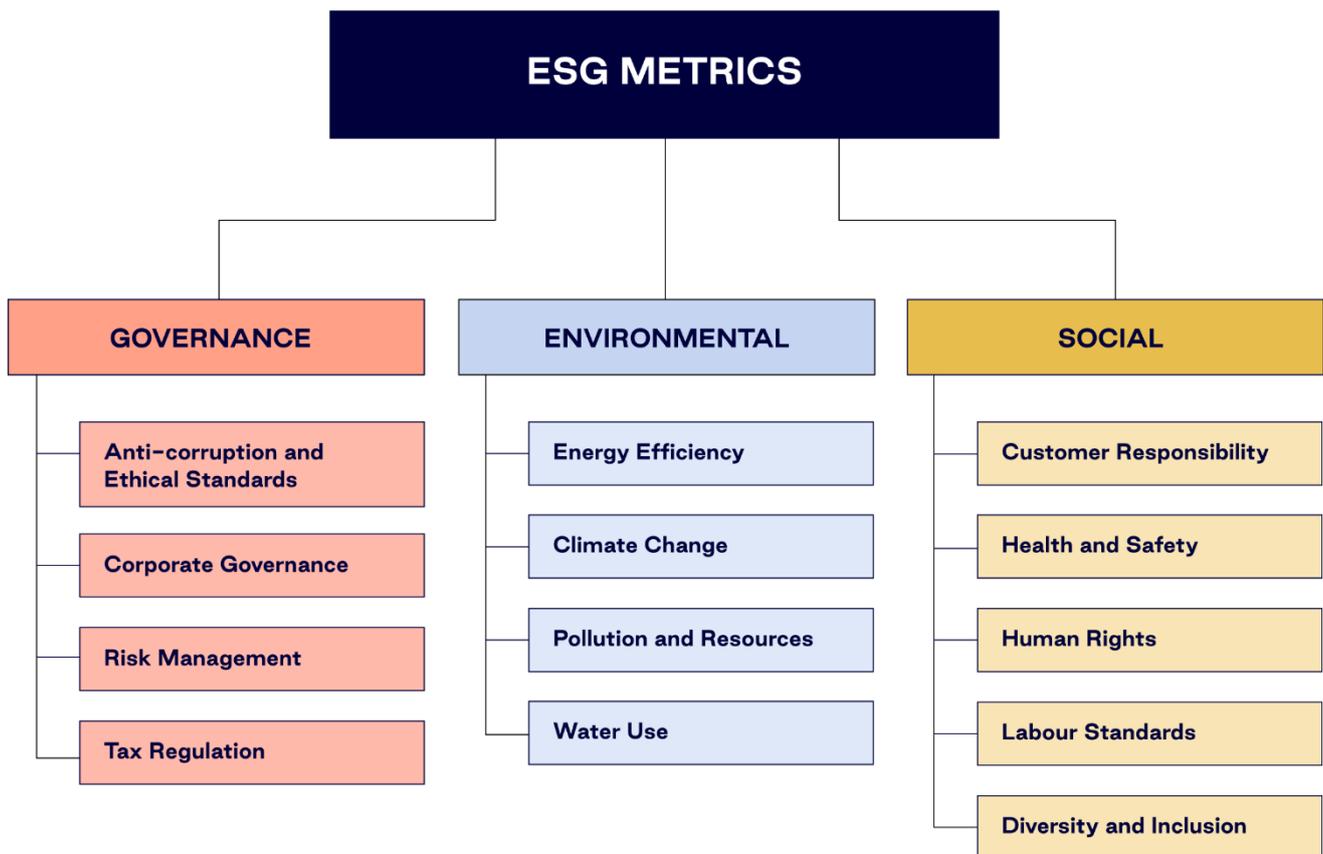
MBL

FURTHER INFORMATION

We aim to build lasting value in the businesses we invest in by fostering fundamental performance improvements through our active engagement in portfolio companies. By taking into account environmental, social and governance factors in our investment process and ownership practice, we strive to create sustainable value for all our stakeholders.

We believe that good ESG practices go hand-in-hand with long-term value creation.

Our ESG policy adopts the internationally recognized benchmarks for ESG risk management. The assessment of the performance standards is integrated into our investment analysis with the aim of improving portfolio performance.



More information about INVL Baltic Sea Growth Fund's ESG practices as well as further regulatory disclosures can be found on our website: <https://bsgf.invl.com/sustainability/>.

MEMBERSHIPS OF INVL ASSET MANAGEMENT



Signatory of Principles for Responsible Investment



Member of Invest Europe



Member of Lithuanian Private Equity and Venture Capital Association



LITHUANIAN FINANCIAL MARKETS INSTITUTE

Member of Lithuanian Financial Markets Institute