

INL

BALTIC SEA GROWTH FUND



Annual ESG Report – 2023

May 2024



INVL Baltic Sea Growth Fund: overview

GENERAL			INVESTMENT STRATEGY FOCUS			
€164.7m TOTAL COMMITMENTS	2019 VINTAGE YEAR	Lithuania DOMICILE	 <p>GEOGRAPHY</p> <p>Focus: Baltic Sea region Opportunistically: selected investments in other EU countries</p>	 <p>INDUSTRIES</p> <p>Industry-agnostic and diversified</p>	 <p>COMPANY SIZE</p> <p>Late-stage SME, Small- Cap and Mid-Cap companies</p>	 <p>EQUITY TICKET SIZE</p> <p>€10m – €30m Larger deals with co-investment</p>
MANAGEMENT COMPANY			<p>Starting from the Baltics as a steppingstone we strive to develop regional market leaders</p>			
 <p>INVL Asset Management</p> <ul style="list-style-type: none"> 100% subsidiary of the leading Lithuanian asset management group 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. 	<p>35 INVESTMENT PROFESSIONALS</p>	<p>c. €1.0 billion ASSETS UNDER MANAGEMENT</p>				
INVESTMENT COMMITTEE						
 <p>Darius Šulnis MANAGING PARTNER</p>	 <p>Deimantė Korsakaitė MANAGING PARTNER</p>	 <p>Nerijus Drobavičius PARTNER</p>	 <p>Vytautas Plunksnis PARTNER</p>	 <p>Vidas Venckus PARTNER</p>	 <p>Ashwin Roy NON-EXECUTIVE PARTNER</p>	 <p>Alvydas Banyš SENIOR ADVISOR</p>
SUPERVISION						
REGULATOR		AUDITOR		DEPOSITORY		
						

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Dear Investors,

As we reflect on 2023, it has been another year of commitment to sustainable investment practices. We have continued to build on our strong foundation of internal ESG procedures, aiming to further integrate them into our activities.

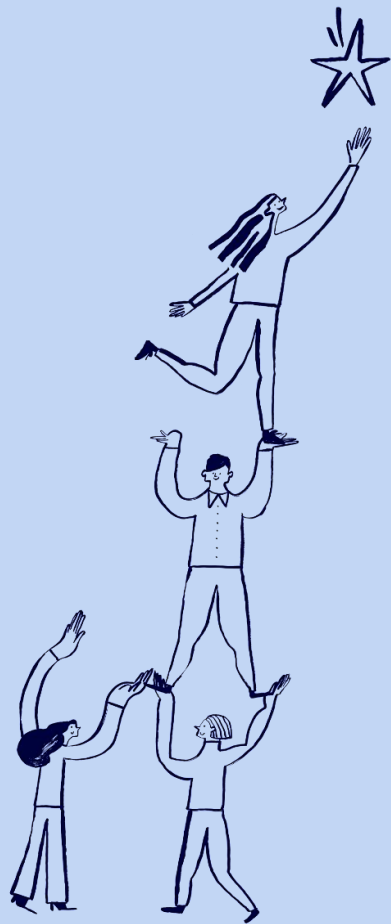
During the past year, we welcomed two new portfolio companies and further tested our pre-investment ESG assessment procedures. Metal-Plast, the largest PVC recycler in Poland, supports circular economy as one of our core pillars in the investment strategy, while Galinta, one of the largest producers of buckwheat in Europe as well as leading Baltic producer and trader of flakes, rice, and other groats in the Baltic region, stands as an entry to the increasingly important plant-based food sector.

Looking forward, we remain dedicated to upholding the high standards of ESG practices, driving sustainable growth, and aiming to make a positive impact while maximizing returns to our investors. We are dedicated to collaborating with our portfolio companies and their management to integrate ESG in the companies' DNA. We promote using it as a framework of best practices to improve financial performance while having a positive impact to the environment, society and all stakeholders. It is an ongoing effort but even the smallest steps represent progress.

We are excited to present the third edition of our annual ESG report, highlighting the advancements in our ESG Index, the evolving dynamics of key portfolio company level ESG KPIs, as well as notable ESG initiatives undertaken in 2023. In addition, the 2023 report includes sustainability-related disclosures in accordance with the Sustainable Finance Disclosure Regulation (SFDR) for FY2023.



Deimantė Korsakaitė
MANAGING PARTNER



















INVL Baltic Sea Growth Fund: portfolio overview

CURRENT PORTFOLIO













9 PORTFOLIO INVESTMENTS	c. €570m REVENUE 2023 pro-forma, unaudited	c. €82m NORMALIZED EBITDA 2023 pro-forma, excl. IFRS 16, unaudited	c. 8 800 EMPLOYEES
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 	<ul style="list-style-type: none"> • Largest healthcare clinics chain in LT. 		<ul style="list-style-type: none"> • Chain of 6 veterinary clinics in LT, acquired as steppingstone for veterinary care industry consolidation. Minority investor in PL consolidation platform LuxVet.
 	<ul style="list-style-type: none"> • Leading civil engineering company in LT. 		<ul style="list-style-type: none"> • Largest post-acute, recovery treatment and medical rehabilitation service provider in the Baltics.
   	<ul style="list-style-type: none"> • Largest environmental management group in the Baltics by sales, based in LV, expanded to LT and CZ. 		<ul style="list-style-type: none"> • Largest PVC windows and door profiles recycler in PL.
	<ul style="list-style-type: none"> • Leading European contract manufacturer of medical mobility devices. HQ in DK and facilities in PL and CN. 		<ul style="list-style-type: none"> • Leading buckwheat processing company in the Baltics, based in LT.
	<ul style="list-style-type: none"> • Producer of natural cosmetics and hygiene products in LV. 		




HEALTHCARE SERVICES	ENGINEERING / CIVIL CONSTRUCTION	WASTE MANAGEMENT & PLASTIC RECYCLING	HEALTHCARE APPLIANCES	BEAUTY & COSMETICS	VETERINARY CARE	REHABILITATION / HEALTHCARE	PVC RECYCLING	FOOD PROCESSING
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Portfolio overview (1/3)

     <p>InMedica</p>	<ul style="list-style-type: none"> The largest and leading private healthcare provider in Lithuania, operating 83 clinics, 4 medical testing labs and 2 lab sample collection sites in 26 cities across the country at the end of Q1 2024. Provides services in all three levels of medical care, including general practice, specialist consultations, outpatient and inpatient surgery, odontology, laboratory checks, vaccinations, health check-ups and more. The largest merger in Lithuanian healthcare clinic history to date completed with MediCA Group in March 2022. 	
<p>INDUSTRY Healthcare services</p>	<p>COUNTRY Lithuania</p>	<p>DATE OF ENTRY February 2019</p>
<p>ANNUAL REVENUES (2023) €125 million</p>		<p>EMPLOYEES (2023) 3 272</p>
  <p>FERN Group</p>	<ul style="list-style-type: none"> Leading steel based industrial equipment manufacturing and assembly, civil engineering company in Lithuania. Engaged in large and complex industrial facilities installation and repairs projects, particularly in chemical, energy generation, pipeline transportation, bulk and liquid products stevedoring industries. It also provides steel structures manufacturing and assembly services to general construction industry. 	
<p>INDUSTRY Engineering / Civil construction</p>	<p>COUNTRY Lithuania</p>	<p>DATE OF ENTRY June 2019</p>
<p>ANNUAL REVENUES (2023) €33 million</p>		<p>EMPLOYEES (2023) 341</p>
     <p>Eco Baltia</p>	<ul style="list-style-type: none"> The largest environmental management group in the Baltics, providing the full cycle of waste management and plastic recycling. #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. Expanded outside of the Baltics by acquiring a leading Czech polyester fibre producer TESIL Fibres (September 2022). Since November 2023, owns a stake in Metal-Plast, the largest PVC recycler in Poland, in 55%/45% partnership with INVL Baltic Sea Growth Fund. 	
<p>INDUSTRY Environmental services & Plastic recycling</p>	<p>COUNTRY Latvia / Lithuania / Czechia</p>	<p>DATE OF ENTRY June 2020</p>
<p>ANNUAL REVENUES (2023) €214 million <small>pro-forma</small></p>		<p>EMPLOYEES (2023) 2 361</p>

Portfolio overview (2/3)

 MBL	<ul style="list-style-type: none"> • Leading European contract manufacturer of medical mobility devices, specializing in wheelchairs, rollators, aged care beds and other rehabilitation equipment. • Headquartered in Denmark with manufacturing facilities in Poland and China. 		
	INDUSTRY Healthcare appliances manufacturing	COUNTRY Denmark / Poland / China	DATE OF ENTRY August / September 2020
	ANNUAL REVENUES (2023) €93 million		EMPLOYEES (2023) 1 525
 B2Y	<ul style="list-style-type: none"> • Growth-stage Latvian-based beauty and cosmetic manufacturer and brand owner. • Develops and manufactures natural skincare, oral care, hair care, other bath and shower products. 		
	INDUSTRY Beauty and cosmetics manufacturing	COUNTRY Latvia	DATE OF ENTRY February 2022
	ANNUAL REVENUES (2023) €1.1 million		EMPLOYEES (2023) 23
 MiniVet	<ul style="list-style-type: none"> • Boutique Lithuanian veterinary chain, currently operating in six locations in Lithuania. • In October 2022, became a minority shareholder in LuxVet Group, one of the largest networks of veterinary care providers in Poland, operating more than 30 veterinary clinics as well as offering such services as pet health plans, telemedicine platform and a vet training centre business. 		
	INDUSTRY Veterinary care	COUNTRY Lithuania / Poland	DATE OF ENTRY June 2022
	ANNUAL REVENUES (2023) €0.3 million / €21 million <small>Lithuanian business Polish business (pro-forma)</small>		EMPLOYEES (2023) 20 <small>Lithuanian business</small>

Portfolio overview (3/3)



Eglės sanatorija

- Largest post-acute, recovery treatment and medical rehabilitation service provider in the Baltics.
- Accommodates up to 2,000 guests in 2 resorts located in Druskininkai and Birštonas.
- Guests are offered a wide variety of therapeutic and wellness procedures, from traditional mud and mineral water practices to innovative physiotherapy and kinesitherapy procedures.

INDUSTRY
Post-acute treatment / Healthcare

COUNTRY
Lithuania

DATE OF ENTRY
December 2022

ANNUAL REVENUES (2023)
€39 million

EMPLOYEES (2023)
942



Metal-Plast

- The 3rd largest pan-European player in PVC windows and door systems waste recycling market.
- The Company cooperates with a network of over 700 window joinery producers that supply plastic waste for recycling.
- Plastic waste is recycled into highest quality and customer-tailored PVC regranulate that is sold to, among others, producers of plastic window systems, windowsills, PVC pipes; manufacturers of furniture and electrical hardware.

INDUSTRY
PVC recycling

COUNTRY
Poland

DATE OF ENTRY
November 2023

ANNUAL REVENUES (2023)
€29 million

EMPLOYEES (2023)
192



Galinta

- One of the largest producers of buckwheat in Europe.
- Leading producer of flakes, rice, and other groats in the Baltic region with a well known brand name.
- Sells 16 000 t of buckwheat and 18 000 t of rice annually.

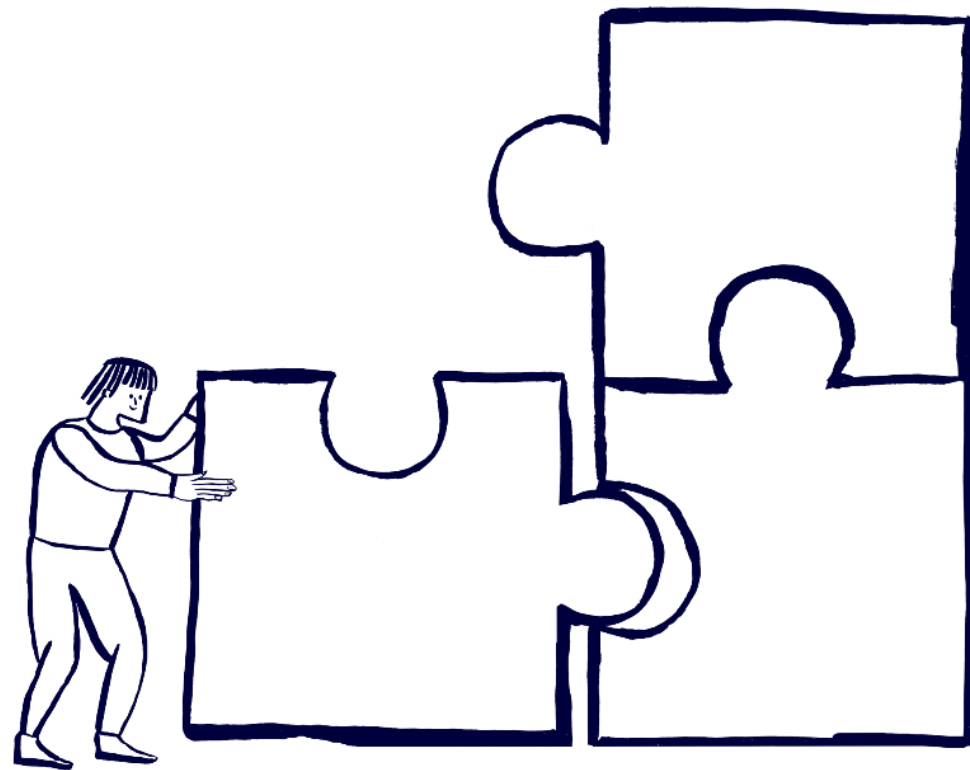
INDUSTRY
Food processing

COUNTRY
Lithuania

DATE OF ENTRY
February 2024

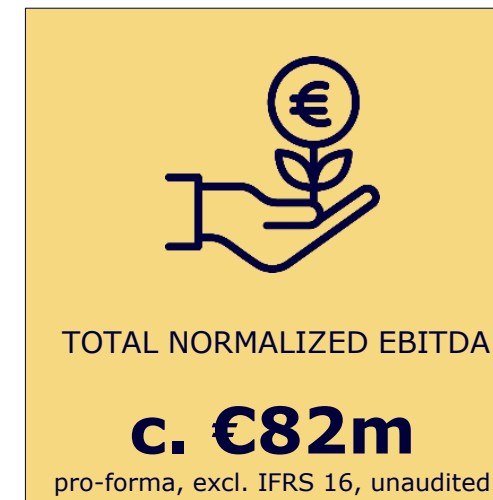
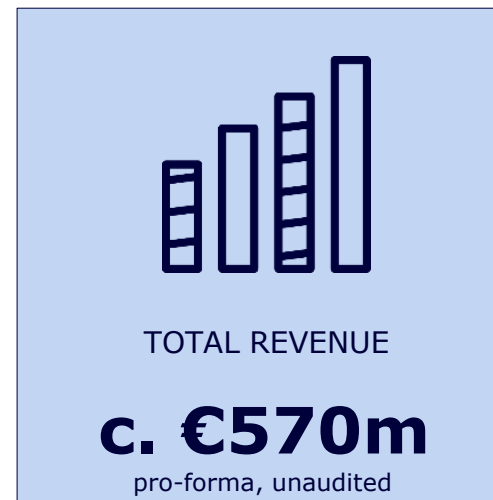
ANNUAL REVENUES (2023)
€31 million

EMPLOYEES (2023)
128



INVL BALTIC SEA GROWTH FUND PORTFOLIO IN 2023

incl. Galinta



CHANGE VS 2022

+€66m

+€29m

+811

WHOLE PORTFOLIO

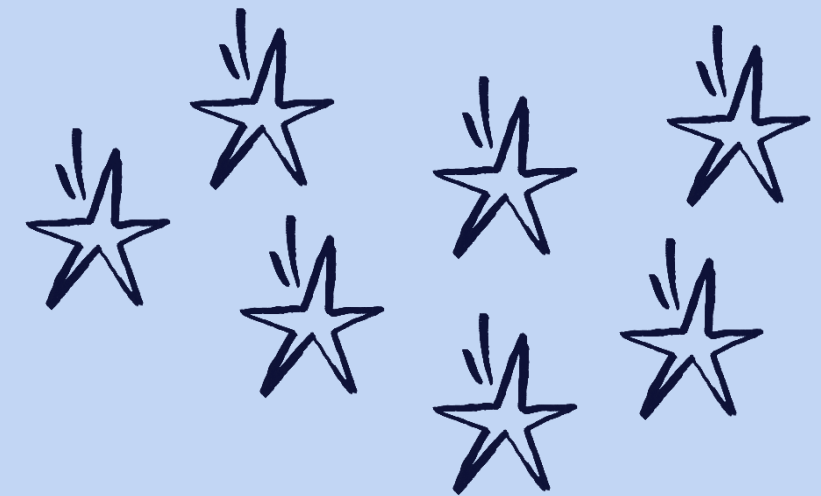
+€6m

+€21m

+491

2022 PORTFOLIO

**INVL Baltic Sea Growth Fund
ESG Index**

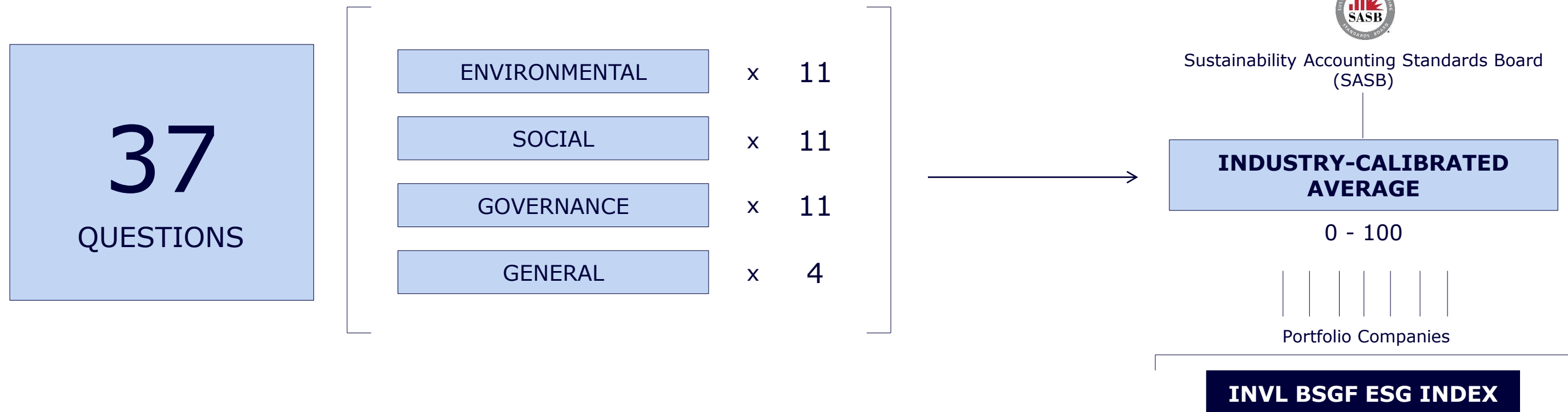


ESG KPIs & ESG Initiatives



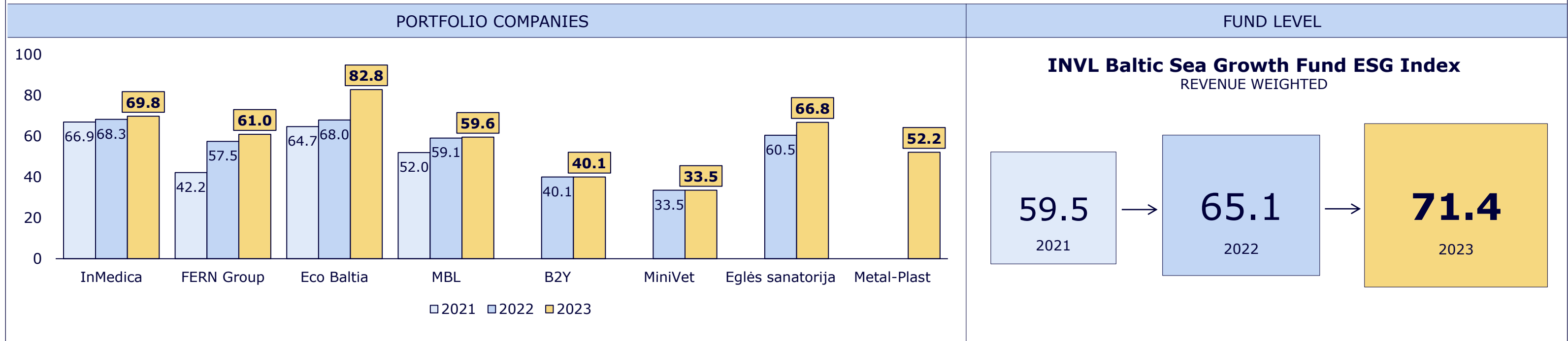
BACKGROUND

- 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 Baltic Sea Growth Fund ESG Index: 2023



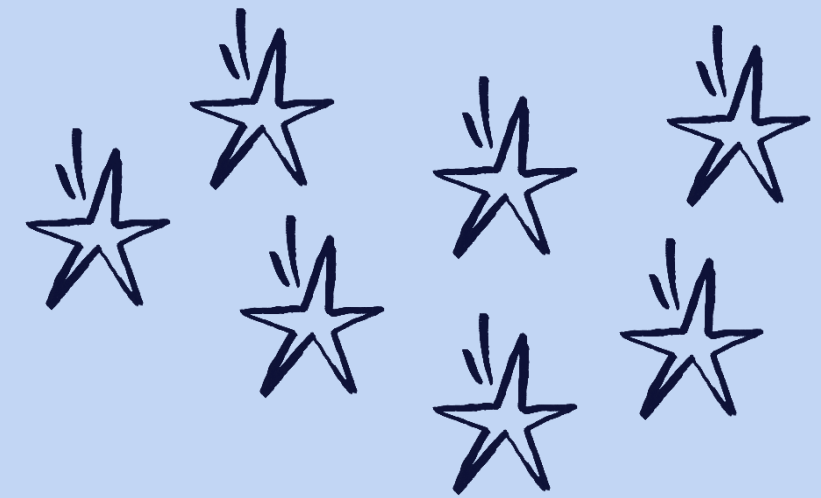
INSIGHTS

59.8
ENVIRONMENTAL
+11.8 y/y

79.7
SOCIAL
+0.4 y/y

70.4
GOVERNANCE
+6.6 y/y

HIGHEST SCORING SUB-CATEGORIES	LOWEST SCORING SUB-CATEGORIES
Legal compliance/enforcement	Extensiveness of ESG reporting and auditing
Health and safety	Supply chain management
Occupational accidents monitoring and mitigation	Environmental management policy/procedures
Grievance redressal procedures	Global ESG management initiatives signatories
Fairness and transparency in way of doing business	Maturity of ESG systems and processes



**INVL Baltic Sea Growth Fund
ESG Index**

**ESG KPIs
&
Featured ESG Initiatives**



INVL Baltic Sea Growth Fund: ESG KPIs

BACKGROUND

- 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 provided annual KPI values stand as a reference for future periods, with a goal of aiming to improve the relevant indicators (or ensure the highest standards are maintained) throughout the holding period.

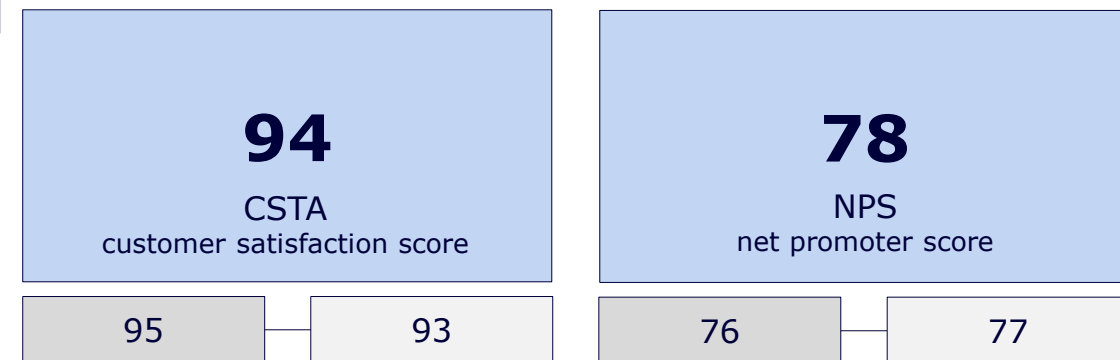


2023 ESG KPIs & Featured ESG Initiatives: InMedica

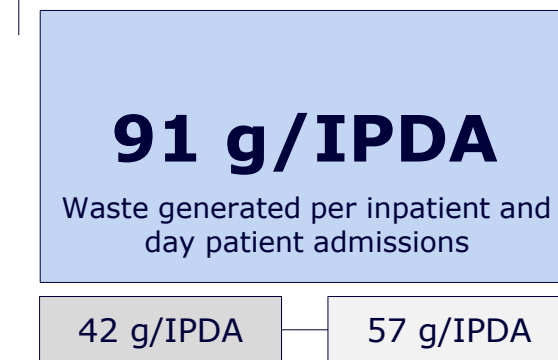
- 2023
- 2022
- 2021

ESG KPIs

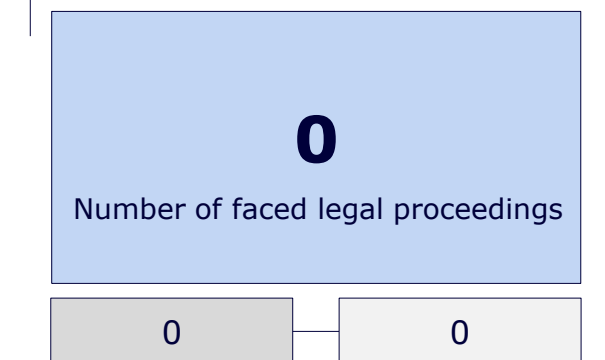
CUSTOMER WELFARE



WASTE MANAGEMENT



BUSINESS ETHICS



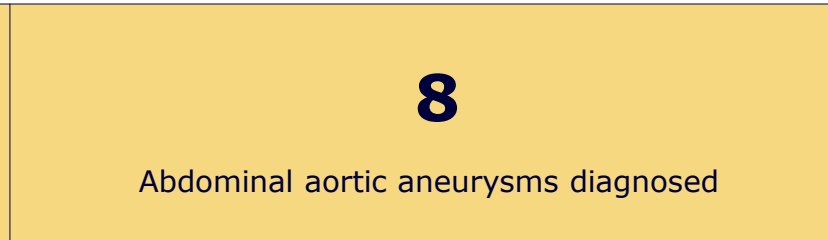
Dynamics affected by the increasing share of the secondary care segment



FEATURED ESG INITIATIVE

World Aorta Day 2023

- InMedica Group remains **dedicated to its commitment on addressing public health issues** through community-focused events.
- What has become a long-standing tradition, **the group marked World Aorta Day (September 19th) with a fifth consecutive campaign** under its secondary care brand, Kardiolita, in collaboration with the Endovascular Specialists Association, **highlighting the importance of preventive health care.**
- The event offers **free-of-charge aortic echocardiograms** conducted by highly qualified professionals, **enabling early detection of dangerous aortic pathologies.**
- Aortic aneurysms are often regarded as **“silent killers”** as they usually don't have any symptoms until they rupture or dissect, with an extremely high (60-80%) mortality rate once that happens.

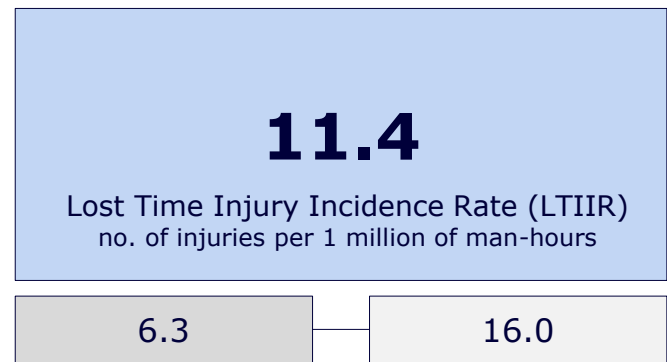


2023 ESG KPIs & Featured ESG Initiatives: FERN Group

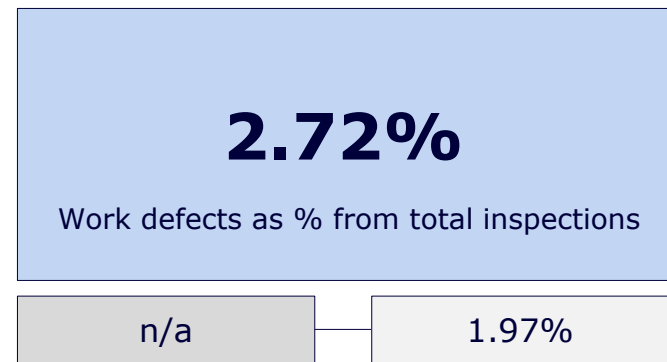
- 2023
- 2022
- 2021

ESG KPIs

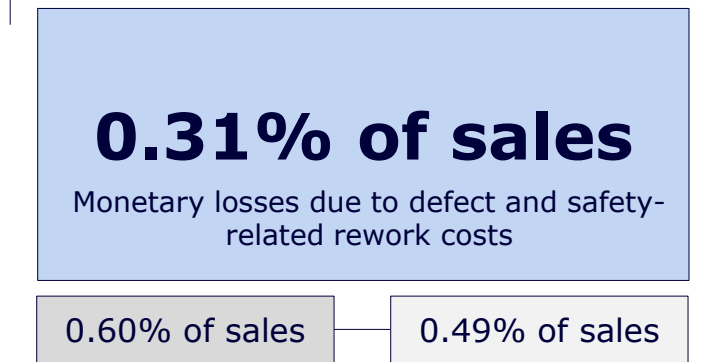
HEALTH & SAFETY



WORK QUALITY



STRUCTURAL INTEGRITY



FEATURED ESG INITIATIVE

Progressing forward with LEAN implementation



- Building upon the foundation built in H2 2022, **FERN Group continued progressing forward with the implementation of LEAN systems and methodologies in its production processes.**
- **Workplace Optimization:** streamlined independent workstations by employees, minimizing the need of utilizing extra workers for particular tasks. This shift has been facilitated by the introduction of small, specialized equipment that supports this individualized work approach.
- **Project Review Process:** established a more rigorous process to measure defects in drawings in advance. By addressing potential issues in the earliest phases, the company is able to be better prepared for the production process and focus its time on execution rather than problem solving.
- **Resource Optimization:** identified repeating elements in projects and centralized their production in a single workplace, focused on predicting the products that can be standardized using templates, enabling more consistent and efficient output. As well, improved planning of production start times, reducing delays caused by material shortages.
- Overall, the **implementation of LEAN methodologies have not only streamlined the internal processes but have also fostered a culture of continuous improvement and proactive problem-solving** within the group.

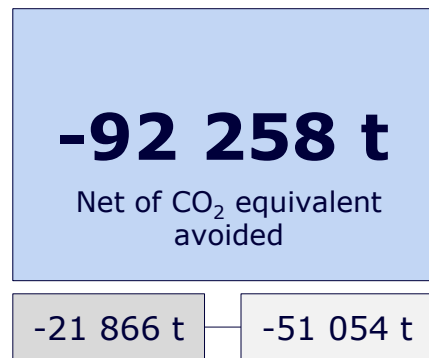


2023 ESG KPIs & Featured ESG Initiatives: Eco Baltia

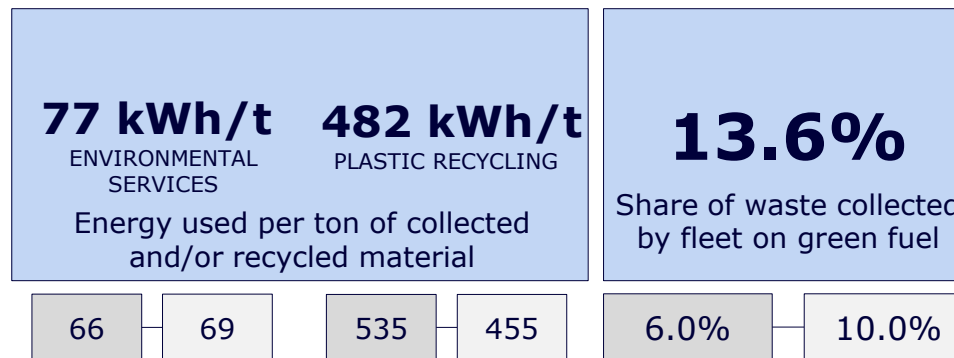
ESG KPIs

2023
2022^
2021^

GHG EMISSIONS



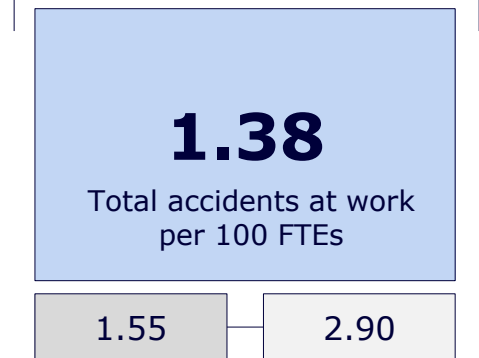
ENERGY MANAGEMENT



RECOVERY



HEALTH & SAFETY



FEATURED ESG INITIATIVE

Environmental advocacy through conferences & social events

- Throughout the year the Eco Baltia group was committed to engaging in discussions and activities that promote knowledge sharing and sustainable practices, **highlighting innovative approaches and collaborative efforts for a sustainable circular economy.**
- The group organized a **conference "Latvia - a country without waste!"**, a platform to discuss current events and the necessary steps in progress towards the overall reduction of the amount of waste and expansion of waste sorting and recycling volumes.
- The group hosted the **ESI Sustainability Challenge**, engaging 120 students from multiple educational institutions. The award was given to the team developing a waste reduction app.
- The group organized an **interactive 3-month exhibition "Green and Greener" in cooperation with Latvian National Museum of Art**, aimed at the audience of children, connecting innovative use of technology with the interaction between nature and man, aiming to introduce sustainable thinking as a natural part of everyday life for future generations.

57 000

"Latvia - a country without waste!" conference live stream views

40 000+

Visitors attracted to the "Green and Greener" exhibition



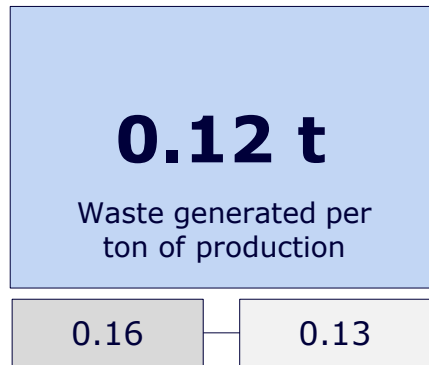
^ GHG emissions KPI excludes Ecoservice impact in 2021 given no comparable data was available. KPIs in 2022 exclude TESIL Fibres impact (closed in September 2022)

2023 ESG KPIs & Featured ESG Initiatives: MBL

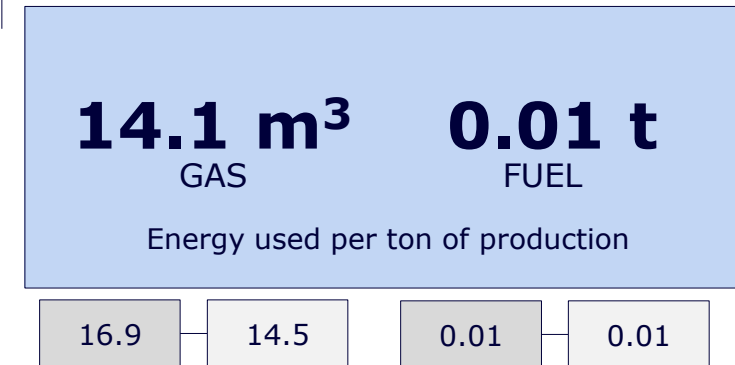
- 2023
- 2022
- 2021

ESG KPIs

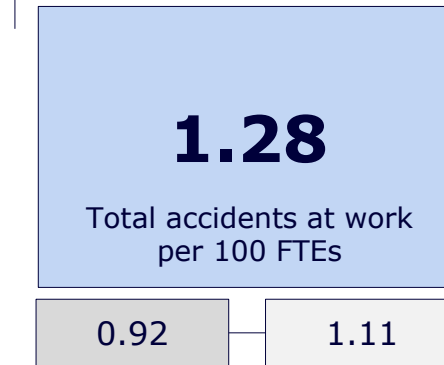
WASTE MANAGEMENT



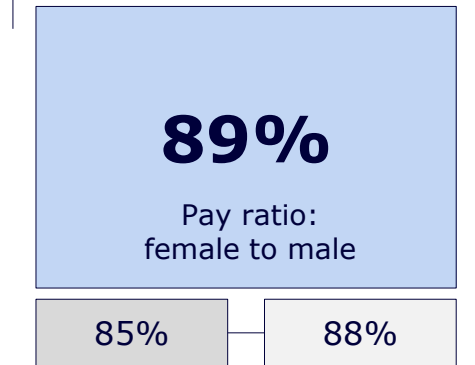
ENERGY MANAGEMENT



HEALTH & SAFETY



GENDER PAY EQUITY



FEATURED ESG INITIATIVE

Sustainable business practices and community engagement

- In February 2023, **MBL joined the "Nature Friendly Company Program" which promotes social responsibility and preservation of ecological standards**, certifying MBL's compliance with the standards established by the program. Some of the eco-friendly practices carried out by MBL include filtering coolant from machining waste to reuse it in the production, and segregating waste from production to resell it to other companies that can reuse it.
- As usual, MBL's technical team was present during the **International Wheelchair Rugby Polish Championship** to service the players' wheels during the tournament. This was done in cooperation with the Polish Wheelchair Rugby Association.

2 Types of tournaments were held	16 Teams took part in the tournament	150 Wheelchair rugby players competed in the championship
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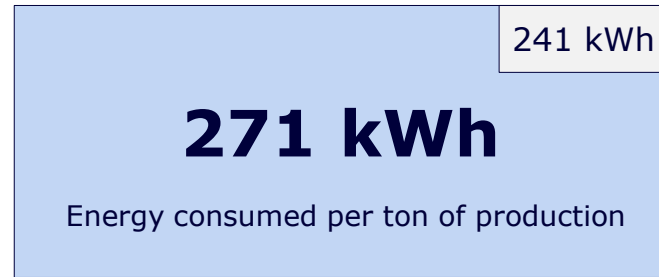
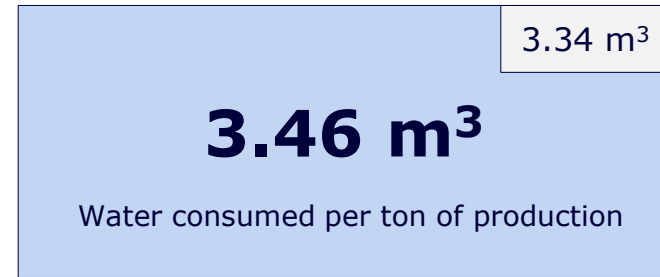


2023 ESG KPIs & Featured ESG Initiatives: B2Y

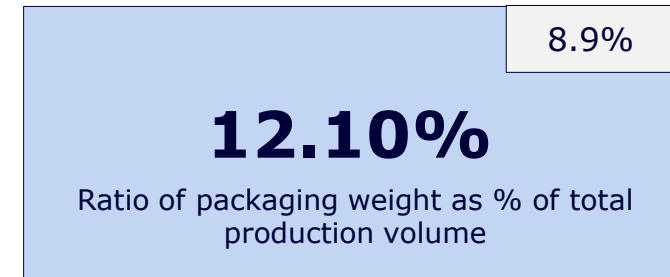
2023
2022

ESG KPIs

ENERGY MANAGEMENT



RESOURCE MANAGEMENT



In 2023, the company shifted its production portfolio with less toothpaste and flakes in comparison to 2022 which affected the KPI dynamics.

FEATURED ESG INITIATIVE

Aluminum tubes: replacing plastic packaging



- In 2023, **B2Y started producing toothpaste in aluminum tubes** to replace plastic packaging with recyclable material. Investments were made in relevant tube filling machine.
- Aluminum **can be recycled indefinitely without losing quality**, thus reducing plastic waste and enhancing waste management practices.
- Aluminum recycling **saves up to 95% of the energy required** to produce new aluminum from ore, resulting in **lower overall greenhouse gas emissions** compared to plastic production and disposal.

235 177 → 211 t

Natural toothpaste in aluminum tubes produced in 2023 Tonnes of toothpaste produced

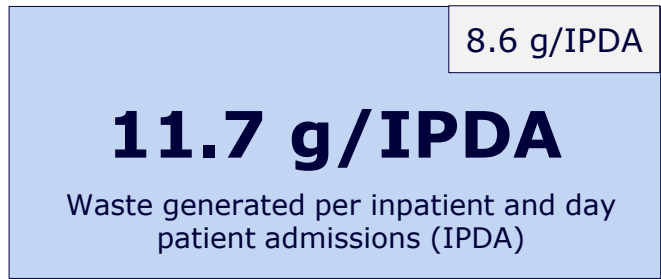


2023 ESG KPIs & Featured ESG Initiatives: MiniVet

2023
2022

ESG KPIs

WASTE MANAGEMENT



2023 result impacted by DiVet acquisition

CUSTOMER WELFARE



BUSINESS ETHICS



FEATURED ESG INITIATIVE

Annual Pet Wellness Day 2023

- One of the most important **pet-oriented events** in Lithuania, Pet Wellness Day, is organized annually by **VŠĮ Gyvūnų gerovės iniciatyvos** and took place on **August 19, 2023**, at **Vingis park** in Vilnius.
- During the event, **MiniVet**, along with other **veterinary clinics, store operators, and pet food producers**, invited people to engage in various activities. Attendees could listen to **keynote speakers** on pet-related topics, participate in **discussion workshops**, interact directly with **pet-oriented product and service providers**, and join the **annual dog race**.
- **MiniVet** had its own **stand** in the **networking area**, highlighting its commitment to **pet wellness** and **community engagement**.

70+ people

Visited MiniVet's stand to discuss challenges of raising pets

17

Physical examinations provided to pets free-of-charge

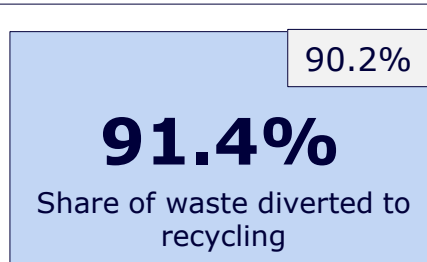


2023 ESG KPIs & Featured ESG Initiatives: Eglės sanatorija

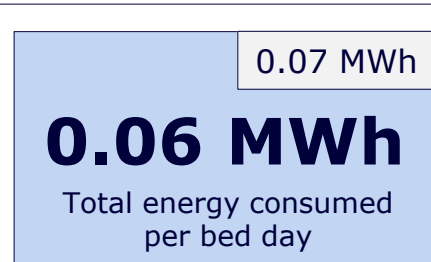
2023
2022

ESG KPIs

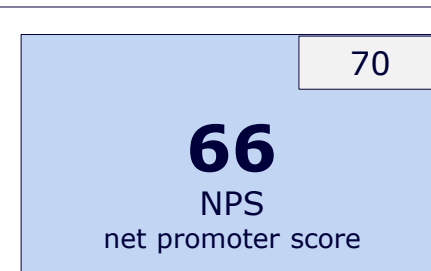
WASTE MANAGEMENT



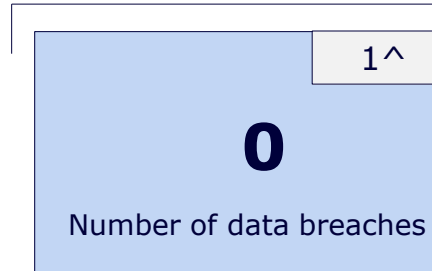
ENERGY MANAGEMENT



CUSTOMER WELFARE



DATA SECURITY



HEALTH & SAFETY



Lower NPS due to ongoing expansion of the Day Centre segment, part of operations need more time to start running efficiently.



FEATURED ESG INITIATIVE

Renewable energy production in Birštonas and Druskininkai

- The company has been **actively implementing energy efficiency initiatives** as part of their sustainability strategy.
- Additionally, the company has invested in solar energy. The roofs of the resorts in Birštonas and Druskininkai were utilized, and numerous solar panels were installed. **The company's two main facilities now possess a sustainable, environmentally friendly source of electricity.**
- The initiative is a conscious effort of the company to **tackle its environmental footprint, improve energy management and increase independence of energy supply sources.**

1 150+

Solar panels were installed

478.5 kW

Total solar energy capacity at both facilities

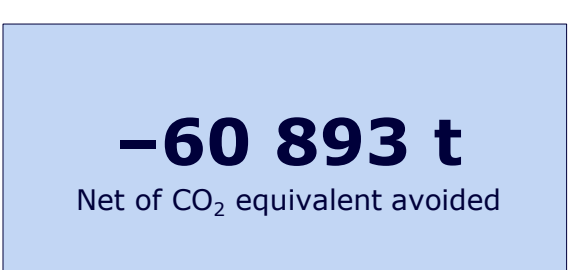


^ Technical breach related to cookies selection on the website. No breaches of personal data.

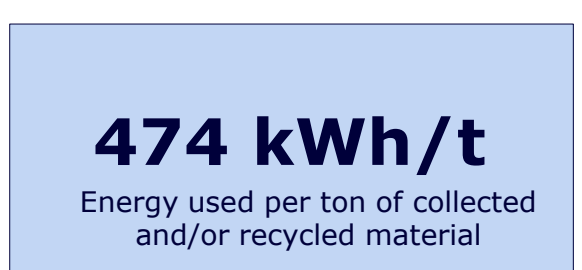
2023 ESG KPIs & Featured ESG Initiatives: Metal-Plast

ESG KPIs

GAS EMISSIONS



ENERGY MANAGEMENT



HEALTH & SAFETY



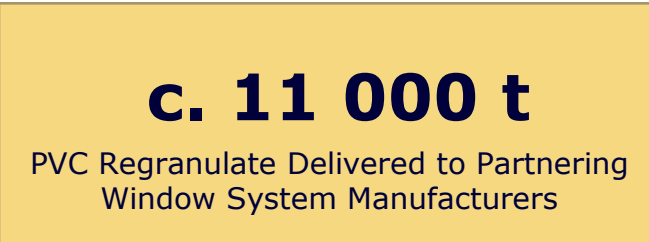
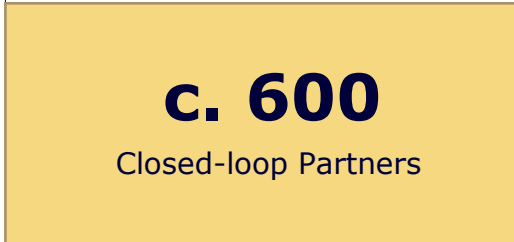
Note: 2022 values not applicable since Metal-Plast was not part of the Fund's portfolio in 2022.



FEATURED ESG INITIATIVE

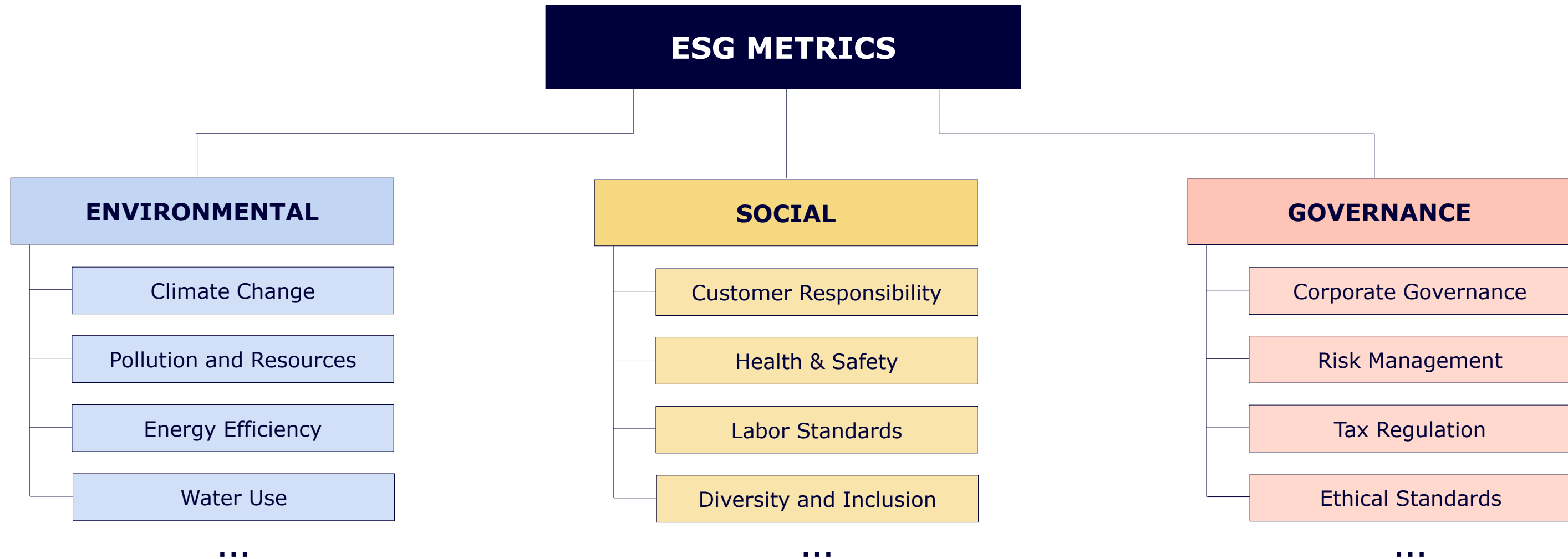
Closed-Loop recycling of PVC window profiles

- Polyvinyl chloride (PVC), due to its long lifespan and many good mechanical, electrical, chemical, thermal and fire resistance properties, **has become the third most produced plastic globally¹**.
- **70% of PVC is used for durable (lifespan of 30-70 years) construction products²** such as window profiles. That is the main challenge of PVC recycling industry, as it is difficult to obtain sufficient amounts of waste in order to establish closed-loop recycling systems.
- **Metal-Plast focuses on the development of closed-loop recycling business line**, which is triangular cooperation between (I) window system manufacturers, (II) window producers & (III) PVC recyclers.
- Closed-loop recycling systems reduce the volumes of waste going to landfills, **conserving the non-renewable resources by decreasing the need for virgin raw materials**, while ensuring raw material input streams for recyclers.
- **1 tonne of recycled PVC is estimated to equal 2 tonnes of saved CO2 emissions.**



¹ Plastics Europe. Plastics – the fast Facts 2023
² Vinyl Plus. PVC: Advancing EU's Green Ambitions

- We believe that good ESG practices go hand-in-hand with long-term value creation.
- 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.
- Our ESG policy adopts the internationally recognized standards for ESG risk management. The assessment of the performance standards is integrated into our investment analysis with the aim of improving portfolio performance.



MEMBERSHIPS



Invalda INVL signed up in 2017

Signatory of **Principles for Responsible Investment**



Member of **Invest Europe**



Member of **Lithuanian Private Equity and Venture Capital Association**



Member of **Investors' Association**

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/>

Annex: SFDR

Principal adverse sustainability impacts statement

Statement on principal adverse impacts of investment decisions on sustainability factors

Financial product: Closed-end private equity investment fund for professional investors INVL Baltic Sea Growth Fund

Summary

Closed-end private equity investment fund for professional investors INVL Baltic Sea Growth Fund (hereinafter – the “**Fund**”) considers principal adverse impacts (hereinafter – “**PAI**”) of its investment decisions on sustainability factors. The present statement is the consolidated statement on PAIs on sustainability factors of the Fund’s portfolio companies.

This statement on PAIs on sustainability factors covers the reference period from 1 January to 31 December 2023.

The Fund has integrated the consideration of the PAIs on sustainability factors throughout the investment process based on the Fund’s internal ESG procedure. The Fund’s ESG procedure consists of an ESG Assessment document prepared (either fully or in part) during the pre-investment phase (substantially based upon a market-standard ESG DD questionnaire) to evaluate the companies’ ESG profile which lays out the key findings in each of the E/S/G parameters (prioritizing as deemed relevant and applicable given the particularities of the portfolio company itself and the industry it operates in), sets out company-specific ESG KPIs to be tracked over the investment cycle and discusses potential improvement plans. In addition to company-specific ESG KPIs, all portfolio companies are monitored annually against a proprietary ESG toolkit (questionnaire) which quantifies the portfolio companies’ ESG status in a universal way. PAI-related data is collected from the portfolio companies on a quarterly basis.

The Fund seeks to engage, promote and improve the overall awareness of PAIs and operating performance of investee companies by collaborating and consulting with all key stakeholders.

The Fund’s investment decisions take into consideration the PAIs findings identified during the pre-investment stages.

Description of the PAIs on sustainability factors

The Fund considered PAIs of investment decisions on sustainability factors.

The Fund follows the applicable ESG Policy and established ESG Procedure when evaluating PAIs on sustainability factors.

The Fund identifies PAI indicators which are more material based on the current ESG strategy, the overall risk appetite and the product’s sectoral exposures.

Figures disclosed in this report can either be based on “all investments” as defined by the regulation, or on “eligible assets”. For the purpose of this report, eligible assets refer to all investments, excluding derivatives, cash and cash equivalents. The coverage disclosed in this report reflects the proportion of eligible assets for which data is available and provided in this report.

Indicators applicable to investments in investee companies

Adverse sustainability indicator	Metric	Impact 2023	Impact 2022 ¹	Explanation	Actions taken, and actions planned and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	22 155 tonnes of CO ₂ equivalent	N/A	Coverage 100% Eligible Assets 100%	The Fund ensures monitoring of climate change / energy efficiency related indicators in the portfolio companies through the relevant PAIs listed here as well as company-specific KPIs (as applicable). While in general specific targets have not been set for portfolio companies (with the exception of Eco Baltia which has specific GHG emissions and energy efficiency targets set out in its ESG strategy), the Fund aims to seek for positive dynamics during its holding periods in
		Scope 2 GHG emissions	29 616 tonnes of CO ₂ equivalent	N/A	Coverage 100% Eligible Assets 100%	
		Scope 3 GHG emissions	N/A	N/A	Scope 3 GHG emissions not reported due to limited data availability	
		Total GHG emissions	51 771 tonnes of CO ₂ equivalent	N/A	Coverage 100% Eligible Assets 100%	
	2. Carbon footprint	Carbon footprint	71.18	N/A	Coverage 100%	

¹ 2023 is the first reporting period for the Fund and therefore a historical comparison cannot be made.

					Eligible Assets 100%	individual companies. portfolio
3. GHG intensity of investee companies	GHG intensity of investee companies	89.84	N/A	Coverage 100% Eligible Assets 100%		
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	N/A	Coverage 100% Eligible Assets 100%		
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	80.8%	N/A	Coverage 100% Eligible Assets 100%		
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.385	N/A	The indicator is calculated for investee companies which are involved in activities under 'high impact climate sector' (5 of 8 investee companies as of 31 December 2023) Coverage 100%		

					Eligible Assets 100%	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	N/A	Coverage 100% Eligible Assets 100%	No such investments
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	N/A	N/A	Coverage 100% Eligible Assets 100%	Not reported due to limited data availability
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	1.29	N/A	Coverage 100% Eligible Assets 100% Weighted average per million EUR invested capital	The Fund ensures monitoring of waste generation related indicators in the portfolio companies through the relevant PAI as well as company-specific KPIs (as applicable), and aims to seek for positive dynamics during its holding periods in individual portfolio companies.
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	N/A	Coverage 100% Eligible Assets 100%	No such investments.

	(OECD) Guidelines for Multinational Enterprises					
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	N/A	Coverage 100% Eligible Assets 100%	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	6.4%	N/A	Coverage 100% Eligible Assets 100%	Please note that as per the regulatory definition, the indicator has been calculated on unadjusted basis, i.e. comparing all male and female employees, rather than males and females in directly comparable positions. The Fund aims to ensure full wage equality in comparable positions.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	28.2%	N/A	Coverage 100% Eligible Assets 100%	The Fund aims to ensure proper representation of women at both board-level and management positions. There are female board

						members at the majority of portfolio companies with the only exceptions being where boards are represented by Fund representatives only. At top management level, there is a roughly 50%/50% split of males and females.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	N/A	Coverage 100% Eligible Assets 100%	No such investments
<p>Indicators applicable to investments in sovereigns and supranationals: not applicable as the Fund has no investments in sovereigns and supranationals.</p> <p>Indicators applicable to investments in real estate assets: not applicable as the Fund has no investments in real estate assets.</p>						
Other indicators for PAIs sustainability factors						
Additional climate and other environment-related indicators						
Water, waste and material emissions	15. Water usage and recycling	1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies	899.53	N/A	Coverage 100% Eligible Assets – 100%	The Fund ensures monitoring of energy efficiency related indicators in the portfolio companies through the relevant PAIs listed here as

		2. Weighted average percentage of water recycled and reused by investee companies	0%	N/A	Coverage 100% Eligible Assets – 100%	well as company-specific KPIs (as applicable). While in general specific targets have not been set for portfolio companies, the Fund aims to seek for positive energy efficiency dynamics during its holding periods in individual portfolio companies.
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Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Social and employee matters	16. Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0.87	N/A	Expressed as number of accidents per 100 FTEs, weighted average per million EUR invested capital Coverage 100% Eligible Assets – 100%	The Fund aims to minimize the rate of accidents in investee companies by promoting work safety practices, employee training, implementation of risk management procedures.
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Description of policies to identify and prioritise PAIs on sustainability factors

The Fund has integrated the consideration of the PAIs on sustainability factors throughout the investment process based on the Fund’s internal ESG procedure which consists of an ESG Assessment document prepared (either fully or in part) during the pre-investment phase (substantially based upon a market-standard ESG DD questionnaire) to evaluate the companies’ ESG profile which lays out the key findings in each of the E/S/G parameters (prioritizing as deemed relevant and applicable given the particularities of the portfolio company itself and the industry it operates in), sets out company-specific ESG KPIs to be tracked over the investment cycle and discusses potential improvement plans. In addition to company-specific ESG KPIs, all portfolio companies are monitored annually against a proprietary ESG toolkit (questionnaire) which quantifies the portfolio companies’ ESG status in a universal way.

The level of materiality of PAI indicators takes into consideration both industry as well as company specifics. PAI-related data is collected from the portfolio companies on a quarterly basis. The indicators are gathered at the investee level and aggregated at the Fund level.

Engagement policies

The Fund’s management company, INVL Asset Management, has an approved Engagement Policy.

The Fund’s management company is subsidiary of Invalda INVL which is a signatory to the UN PRI since 2017 and commits to investing according to its principles (one of which is to be active owners and incorporate ESG issues into ownership policies and practices).

Engagement with parties involved in the investment process is an important element of the Fund’s approach and is a useful risk mitigation tool. The Fund invests in a variety of companies and in most cases the Fund has control positions either by itself or with like-minded partners. The Fund seeks to acquire control or significant minority stakes in portfolio companies and thereafter take an active role to influence their operations and management with the objective of achieving superior long-term capital appreciation and positive contribution on ESG factors.

References to international standards

The Fund’s proprietary ESG toolkit and company-specific KPIs that are set stem from global ESG frameworks such as SASB, GRI.

Historical comparison

2023 is the first reporting period for the Fund and therefore a historical comparison cannot be made.