
ESG REPORT 2023



Genesis Capital
Private Equity Funds

Contents

- 1 Foreword from Managing Partner
- 2 Genesis Capital at Glance
- 3 Our ESG Approach and Commitments
- 4 Developments in our Funds and Portfolio Update
- 5 Portfolio ESG Highlights

Foreword from Managing Partner

Dear readers,

As we look back over the past year, it's important to acknowledge the significant progress and increasing relevance of environmental, social, and governance initiatives within the private equity sector, especially with the upcoming Corporate Sustainability Reporting Directive (CSRD). The CSRD is pivotal in promoting transparent and standardized reporting, setting new standards for accountability and sustainability. As the market continues to evolve, our commitment to robust ESG frameworks remains crucial to meet investor expectations and regulatory requirements.

We maintain a proactive and practical approach to ESG integration, tailored to the unique needs of our companies. This strategy not only supports their sustainability but also helps them navigate the changing business landscape. Last year, we took a more hands-on approach in cooperating with our firms, aiming to prepare them for the upcoming CSRD requirements. As investors, we strive to be facilitators and ignite positive changes that extend beyond financial returns. We are developing a GHG emission tracking tool intended for broad implementation across our portfolio. Moving forward, our goal is to work more closely with our firms, aiding their ESG initiatives and promoting the sharing of best practices.

Looking ahead, we are excited to continue integrating ESG considerations more deeply into our investment strategy, building a culture of responsibility and resilience. We are committed to deepening our engagements and improving the transparency of our ESG practices at all levels.

Enjoy the reading.



Ondřej Vičar
Managing Partner

Genesis Capital at Glance

Genesis Capital Equity (GCE) seeks investment opportunities in dynamic small and medium-sized companies with high-growth potential operating in the Czech Republic, Slovakia, Poland, Hungary, and Austria. Since our foundation in 1999, we have managed six private equity funds with a cumulative size of over €300 million, or 7 billion Czech crowns. We have supported the growth and development of over 70 companies, covering a range of diverse sectors and businesses.

Many of the supported companies became business leaders in their respective segments, also thanks to their cooperation with GCE. Investors in Genesis funds are international financial institutions and investment firms.

Genesis Private Equity Fund III (GPEF III) and Genesis Private Equity Fund IV (GPEF IV) investors include Amundi Czech Republic, the European Investment Fund, SPM Invest, Alpha Associates, eQ Private Equity, Česká podnikatelská pojišťovna, Raiffeisen IS, Sirius IS, Kooperativa pojišťovna, Amundi IS, Česká spořitelna, Erste Asset Management, RSJ Investments, SB Asset Management, the European Bank for Reconstruction and Development (EBRD), and Pension fund / family office of a global firm.

Genesis Private Equity Funds in Numbers: December 2023 Overview

€300+
million

Total funds committed
since establishment

70+
Companies
supported

€150
million

Size of active
fund GPEF IV

12
portfolio
companies

7,000+

Employees in portfolio
companies

€1.4
billion

Revenue generated
by portfolio companies

Our ESG Approach and Commitments

Mission and ESG philosophy

Our mission is to invest in and support the building of successful companies, creating long-term value and generating superior returns for our investors. We also acknowledge our responsibility towards stakeholders and society at large.

We strive to act sustainably and responsibly, using our shareholder position to influence our portfolio companies to do the same. We are committed to integrating ESG-related issues into our activities as far as is reasonably practical under the relevant circumstances, while maintaining a commercial focus.

This commitment involves taking environmental, social, and governance factors into account when evaluating investment opportunities and managing our portfolio companies, aligning their activities with our sustainability goals.

We fully support the UN's Sustainable Development Goals (SDGs) and the conclusions of the Paris Agreement on the need to limit global warming.

As a stable partner to management teams and businesses, we support the development and implementation of ESG capabilities and initiatives in our portfolio companies. We believe that promoting responsible business conduct creates value for all stakeholders and communities we engage with.



We are a signatory to the UN's Principles of Responsible Investment (PRI) and adhere to their core principles.



As a member of the Czech Private Equity and Venture Capital Association, we commit to Invest Europe's Code of Conduct, which upholds high standards of integrity and equitable principles of trade and investment.

Key ESG topics we focus on in the individual areas include the following:

Environmental

Compliance with environmental laws, focus on energy efficiency and carbon emissions, sustainability of products, services, and technologies, proper treatment of any potential emissions of harmful substances and waste, and careful handling of hazardous materials.

Social

Employee working conditions, minimum wages and working hours, health and safety of the workforce, employees' rights, diversity, avoidance of discrimination, avoidance of corruption and unethical business practices, and involvement with stakeholders and the community.

Governance

Board composition and representation, incentive structures and alignment of interests, internal controls and risk management systems, director training, budgeting and objective-setting processes, and regular board meetings with agreed agendas.

Comprehensive ESG Integration Throughout the Investment Cycle



Pre-investment phase

Selection of investments

Compliance with Limited Partnership Agreements and investor side-letters is mandatory, aligning with EBRD and EIF guidelines. Investments contravening our policy or presenting restricted opportunities under these documents are not considered.

Investment assessment

Our team of investment professionals conducts due diligence to assess ESG-related risks and identify opportunities. The scope of due diligence is tailored to each investment's relevance and potential impact.

Investment decision

The Final Deal Qualifying Memorandum includes a standardized ESG assessment from the completed GCE ESG Risk Management Evaluation, assessing potential ESG-related risks and opportunities for value creation.



Active Ownership phase

Supervisory board membership

Investment agreements include provisions for implementing ESG measures within governance structures, setting ESG agenda topics, and influencing related decisions.

Portfolio management

For identified material ESG risks, a set of Key Performance Indicators (KPIs) is established for regular monitoring and evaluation.

Annual reporting

ESG management is monitored annually using the GCE ESG questionnaire, promoting continuous improvement and sustainability.



Responsible exits

Added Value and Ongoing ESG performance

GCE focuses on creating sustainable value by enhancing financial returns and ensuring the long-term success of the business.

Portfolio companies demonstrate added value, financially or non-financially, from applying ESG strategies, adjusted to the investment duration.



ESG Policy

Our ESG policy outlines the procedures we have implemented to integrate the management of ESG issues into our operations.

In addition to this policy, Genesis Funds comply with several other formal policies as stipulated in their respective Limited Partnership Agreements and investor side letters (EIF, EBRD, etc.), which primarily address environmental and CSR principles.

Legislation compliance

We recognize the importance of adapting to legislative changes in the EU as international attention on ESG issues intensifies. Following scientific advancements and international accords, the EU has adopted the EU Green Deal, a new sustainable policy roadmap, and has implemented related legislative changes to support its commitments to decouple growth from natural resources and become the first climate-neutral continent.

As part of its Sustainable Finance package, the EU introduced the Taxonomy and the Sustainable Finance Disclosure Regulation (SFDR). Details on our SFDR disclosure, along with a concise overview of our ESG Policy, are available on GCE's website and are also included in this report.

Leadership and Governance in ESG Implementation

GCE's top management actively supports and acknowledges its responsibility for ESG issues, ensuring oversight of all strategic decisions in this area, promoting awareness, and providing the necessary resources.

We have appointed Jiří Kolísko as our ESG Officer, responsible for knowledge sharing and developing ESG initiatives within the organization.

Radan Hanzl manages ESG topics at the partner level. All GCE investment professionals are required to consider ESG issues throughout the investment process. For more details, refer to the 'GCE's Responsible Investment Process' section. GCE is owned and managed by its partners, a highly experienced team of professionals who provide strategic direction and coordinate all activities, including investment management and fundraising, and support for our investment team.

Developments in our Funds and Portfolio Update

In 2023, GCE managed two active funds: Genesis Private Equity Fund III (GPEF III) and Genesis Private Equity Fund IV (GPEF IV).

GPEF III is in its late stage, focusing primarily on preparing exit strategies and managing its portfolio, with some emphasis on generating additional opportunities for its current portfolio companies. Throughout the year, GPEF III successfully exited Sanborn and completed two add-on acquisitions, leaving it with five investments in its portfolio as of December 2023.

Any new platform investments are now pursued by GPEF IV, focusing on situations where successful founders are seeking suitable successor, or require capital to expand their businesses. In 2023, GPEF IV completed acquisitions of TES Vsetín, XBS Group, PFX, STT servis, and AV Media, building a portfolio of seven companies.



Exits

Company	Description
 Key Supplier of High-Quality Precision Parts	<p>SANBORN, a leading supplier of precision components for the power generation, oil, gas, and transportation industries, was sold to Oriens in November 2023.</p> <p>Since its acquisition in 2017, GPEF III has helped the company double its turnover and EBITDA, reinforcing its role as a strategic supplier to top clients like GE, Siemens, and Wabtec.</p> <p>During its tenure with GPEF III, SANBORN also prioritized environmental initiatives, successfully reducing its CO2 emissions and optimizing energy consumption.</p>



New investments

Company	Description
 Experts in Complex Engineering of Electric Machines and Components	<p>GPEF IV started the year by acquiring TES Vsetín, a company with over 100 years of history. In partnership with Avallon, a Polish private equity fund, we joined forces with the existing management team to complete this acquisition. TES Vsetín is a leading producer of electric machines and components with 440 employees and exports to 65 countries worldwide.</p> <p>Genesis Capital is focused on driving TES' regional expansion and exploring new market opportunities while continuing to help the management team meet its ESG goals. In the last few years, TES Vsetín has made significant environmental improvements, such as installing an LPG station to switch from diesel-powered forklift trucks to cleaner natural gas options, and upgrading to energy-efficient LED lighting across its facilities.</p>

New investments

Company	Description
 Expert in Supply Chain Management Solutions	<p>In February 2023, Genesis Capital and Value4Capital agreed to acquire XBS Group, a Poland-based provider of supply chain management solutions. As a leader in its field, XBS Group is poised for further accelerated growth under this new partnership.</p> <p>The management team will play a vital role in ensuring smooth continuity for the company's employees, customers, and partners. Alongside the new investors, XBS Group aims to continue on its sustainable growth path and ESG respectful approach.</p>
Company	Description
 Leading provider of creative solutions in visual effects, animation, and post-production services	<p>In September 2023, GPEF IV partnered with PFX, a renowned post-production studio based in Prague. With a team of 143 professionals and a presence across Europe, PFX is a leading provider of creative solutions in visual effects, animation, and post-production services for various media platforms.</p> <p>The partnership between Genesis Capital and PFX aims to drive growth and innovation in the post-production industry both organically and through strategic acquisitions.</p> <p>Through this partnership, we aim to capitalize on the dynamic opportunities in the global and European post-production landscape, shaping the future of media and entertainment.</p>

New investments

Company	Description
 <p>Supplier of quality precision machine components and assemblies</p>	<p>In November, GPEF IV joined forces with the founders and acquired a majority stake in STT Servis, a supplier of quality precision machine components and assemblies.</p> <p>Key managers also co-invested alongside GPEF IV, aligning with the common goal to accelerate growth by expanding production capacity, enhancing existing customer relationships, and acquiring new business partners.</p> <p>The light and medium manufacturing sectors have long been successful and preferred industries for our investments. Our standard environmental due diligence confirmed that STT servis consistently employs a pragmatic, sustainable approach towards the environment, employees, and the community. Among other initiatives, STT utilizes a photovoltaic system to offset a portion of its energy consumption and regularly tracks and monitors its energy usage and Scope 1-2 CO2 emissions, continually seeking ways to improve energy efficiency and reduce emissions to meet their sustainability and environmental goals.</p>
Company	Description
 <p>Audiovisual and event technology leader AV MEDIA Group</p>	<p>November continued with the acquisition of AV MEDIA, a leader in audiovisual and event technology.</p> <p>AV MEDIA holds a leading position in the Czech Republic and neighboring countries. Its business consists of two main pillars: AV MEDIA SYSTEMS, which provides the design and integration of complete audiovisual solutions for customers in the education, public administration, cultural, and commercial sectors, and AV MEDIA EVENTS, which provides complete technology solutions for promoters of conferences, exhibitions, social, cultural, and sporting events.</p> <p>The shared objective is to fuel the group's growth, either through expanding the product portfolio or by executing strategic acquisitions in the region.</p>

Active Portfolio

GPEF III

Company	Core markets	Numbers of employees	Main business activity	Investment date
	Czech Republic and Slovakia	2,843	Leading Electronics Retailer and E-Commerce Platform	25. 10. 2017
	Hungary, Slovakia, Austria and Romania	58	Trampoline Parks and Indoor Playgrounds Operator	3. 9. 2019
	Poland, United States, Canada, Scandinavia, India and Belgium	276	Global provider of technology-enabled language services for B2B clients	21. 2. 2020
	Czech Republic and Slovakia	682	Business Process Outsourcing and Call Center Activities	30. 6. 2020
	Czech Republic and Slovakia	1,290	Comprehensive Catering Services for Industrial Companies	18. 12. 2020

Note: As of 31 December 2023

Active Portfolio

GPEF IV

Company	Core markets	Numbers of employees	Main business activity	Investment date
	Czech Republic, Slovakia, Hungary, Poland and Romania	681	Specialized Supplier of Garden Machinery	13. 9. 2022
	Germany, Austria, Czech Republic and Slovakia	201	Developer and Producer of Passenger Train Seats	16. 9. 2022
	Czech Republic, Germany, Nordics	440	Leading Producer of Electric Machines and Components	14. 2. 2023
	Poland	300	Integrated Provider of Complex E-fulfillment Solutions	12. 5. 2023
	EMEA, USA, Canada	143	Postproduction Studio Specialized in Visual Effects and Animation	27. 9. 2023
	Germany, Netherlands, Austria, Poland, Slovakia	58	Supplier of Precision Machine Parts and Assemblies	9. 11. 2023
	Czech Republic, Slovakia, Hungary, Poland, Germany	180	CEE Leader in Audiovisual Solutions	22. 11. 2023

Note: As of 31 December 2023

Portfolio ESG Highlights

GCE made emission tracking a priority across its portfolio. The goal for 2024 is to develop a comprehensive, standardized, and transparent reporting template that facilitates comparison and tracks improvements.

As part of a pilot project, GTH Catering management, in cooperation with Greenometer, conducted a complete measurement of GHG emissions across Scopes 1, 2, and 3. Going forward, we aim to standardize GHG emissions tracking for Scopes 1 and 2, and in certain cases, for Scope 3 as well.

Portfolio ESG Highlights

Company	Achievements and Developments	Opportunities and Goals
 <p>GHG emissions 2022  GreenOMeter</p> <p>Scope 1: 683 tCO₂e Scope 2: 5,565 tCO₂e Scope 3: 23,496 tCO₂e</p>	<p>Over the past year, GTH Catering has made significant strides in its commitment to ESG principles and sustainability. The company has successfully implemented several sustainability initiatives, including the first independent carbon footprint GHG Scope 1-3 measurement in cooperation with Greenometer. This initiative has allowed GTH Catering to set continuous reduction targets and accurately track its carbon footprints. The company has also proactively promoted ethical behaviour both within its supply chain and internally. This is reflected in implementing the Business Partners Questionnaire, a crucial part of the due diligence supplier selection process. Additionally, the new enhanced Code of Ethics and an independent whistle-blowing channel have been introduced to ensure that high ethical standards are consistently maintained.</p>	<p>In 2024, GTH Catering plans to enhance its ESG initiatives to better align with customer preferences and operational efficiencies. The company aims to introduce biodegradable packaging and vertical farming, streamline its supply chain, and reformulate recipes to improve competitiveness and customer satisfaction.</p> <p>Key objectives include refining carbon footprint calculations with updated supply chain data, analyzing and reducing waste streams, and testing biodegradable cleaning agents in kitchens. Additionally, GTH Catering will expand its volunteer and charity activities, underscoring its commitment to community engagement and environmental responsibility.</p>
Company	Achievements and Developments	Opportunities and Goals
 <p>GHG emissions 2023 (Worldfavour CO₂ calculator)</p> <p>Scope 1: 514 tCO₂e Scope 2: 1,767 tCO₂e Scope 3: 2,273 tCO₂e</p>	<p>XBS Group has made notable environmental advances, including replacing traditional lighting with LED fixtures equipped with motion sensors in its four warehouses. The company has actively participated in sustainability reporting on platforms like CDP and Worldfavour. Initiatives such as the “Emergency Food Service” have been implemented to reduce food waste, alongside distributing the zero-waste guidebook “I cook, I don’t waste” in company kitchens.</p> <p>XBS Group launched the Dolineo e-training platform, providing access to 200 training modules, including mandatory sustainability training completed in November 2022. The ecoPOSitives program was introduced to promote the use of ecological packaging accessories, and the company uses 100% recycled foil. Additionally, XBS supports reforestation through quarterly tree planting with posadzimy.pl and has conducted a “Paper less” internal audit to reduce paper usage.</p> <p>The group has been recognized with an Ecovadis bronze award and the Sustainability Solution Provider Award in Supply Chain Transformation, and is a signatory of the Diversity Charter.</p>	<p>By 2030, XBS Group plans to replace all company cars with electric or hybrid models. In 2024, the group is set to implement an Anti-Discrimination and Equal Opportunities Policy. Additionally, XBS is currently adopting the ISO 270001 standard to enhance its information security.</p>

Portfolio ESG Highlights

Company	Achievements and Developments	Opportunities and Goals
 <p>GHG emissions 2022 (by Enviform)</p> <p>Scope 1: 381 tCO₂e Scope 2: 365 tCO₂e Scope 3: 8,760 tCO₂e</p>	<p>In 2023, Borcad continued to align with international sustainability standards, earning a bronze medal from EcoVadis. The year saw the initiation of a photovoltaic project and a cogeneration feasibility study with TEDOM.</p> <p>Enhancements in operational efficiency included adopting secondary measurements for major technologies, transitioning to LED lighting, and implementing stricter temperature controls in buildings. Energy use was optimized by analyzing consumption variances between day and night shifts, leading to new standards for compressor use.</p>	<p>In 2024, Borcad has switched its energy supplier to EPET, benefiting from more favorable spot prices, and is moving forward with the implementation of the previous year's strategic initiatives.</p> <p>A major focus for the current year is to advance responsible material sourcing in the supply chain, aiming to reduce potential social risks.</p>
Company	Achievements and Developments	Opportunities and Goals
 <p>GHG emissions 2022 (internally calculated))</p> <p>Scope 1: 1,874 tCO₂e Scope 2: 3,291 tCO₂e</p> <p>Data for 2023 will be available in 2024 comprehensive ESG report of HP Tronic/ Datart.</p>	<p>In 2023, HP Tronic Datart strategically acquired VSP DATA, a service and repair company. This acquisition allows the company to recycle products and reintegrate them into the sales lifecycle, enhancing HP Tronic Datart's sustainability initiatives.</p> <p>Additionally, the company has implemented robust energy management systems and is advancing towards achieving ISO standards for energy management.</p> <p>HP Tronic Datart has also conducted a series of trainings for responsible individuals, focusing on reducing energy consumption across key operational areas such as lighting and equipment usage, and optimizing operational hours.</p>	<p>The company is preparing solar energy projects, marking significant progress in adopting renewable energy sources to complement its overall energy efficiency strategy.</p> <p>HP Tronic Datart remains committed to supporting regional development through the DATART for People program, which supports non-profit organizations with financial grants awarded semi-annually and active cooperation with entities such as Alzheimer Center Zlín, Early Walking Center EDUCO Zlín, Handicap Zlín, and Children's Home Jemnice.</p>



Genesis Capital

Private Equity Funds