

November 11, 2020

Environmental, Social and Governance (ESG) - Policy

1. Introduction

This ESG Policy sets out the basic principles of Genesis Capital Equity s.r.o. (GC) for the integration of environmental, social and governance considerations into its own business activities, the private equity funds advised by Genesis Capital and their portfolio companies.

ESG issues comprise the following examples of non-financial topics:

- Environmental: Compliance with environmental laws, emissions of harmful substances and waste, dealing with hazardous materials, consumption of environmentally scarce resources and energy efficiency, sustainability of products, services and technologies, etc.
- Social: Employee working conditions, minimum wages and working hours, health and safety of the workforce, employees' rights, diversity, child labour, forced labour, avoidance of discrimination, avoidance of corruption and unethical business practices, involvement with stakeholders and the community, etc.
- Governance: Board composition and representation, board meetings with agreed agendas and board packs circulated in advance, budgeting and objective-setting process, director training, internal controls and risk management systems, incentive structures, etc.

While some of these examples might not be relevant for the business activities of GC and portfolio companies of funds advised by GC (due to industry focus, company sizes, development stages, etc.), others might even be more important given these circumstances.

Consideration of ESG related issues consists of identifying both material risks as well as value creation opportunities. GC is convinced that ESG related issues can have significant positive impact on private equity activities, ranging from fundraising, the investment and decision-making process, value creation, monitoring, to the exit process.

This Policy covers the mission, the goals, the approach and governance aspects of implementing ESG related issues into the activities of GC. GC recognizes that implementation of ESG considerations is of an on-going nature and will aim for continuous improvement in ESG performance.

2. Mission

Mission of GC is to invest in and support the building of successful companies, to create long-term value and to generate superior returns for investors of funds advised by GC. At the same time, GC acknowledges its responsibility towards stakeholders and society in general to act in a sustainable and socially responsible manner, and to use its shareholder position to influence its portfolio companies to do the same. Therefore, while preserving the commercial focus, GC commits to integrate ESG related issues into its activities to the extent reasonably practical under the relevant circumstances.

3. Goals

In accordance with the United Nations-backed Principles for Responsible Investment (the “**UN-PRI**”) and other relevant principles applicable for the private equity industry (the “**Relevant Principles**”), the goals of GC with regard to consideration of ESG related issues can be summarized as follows:

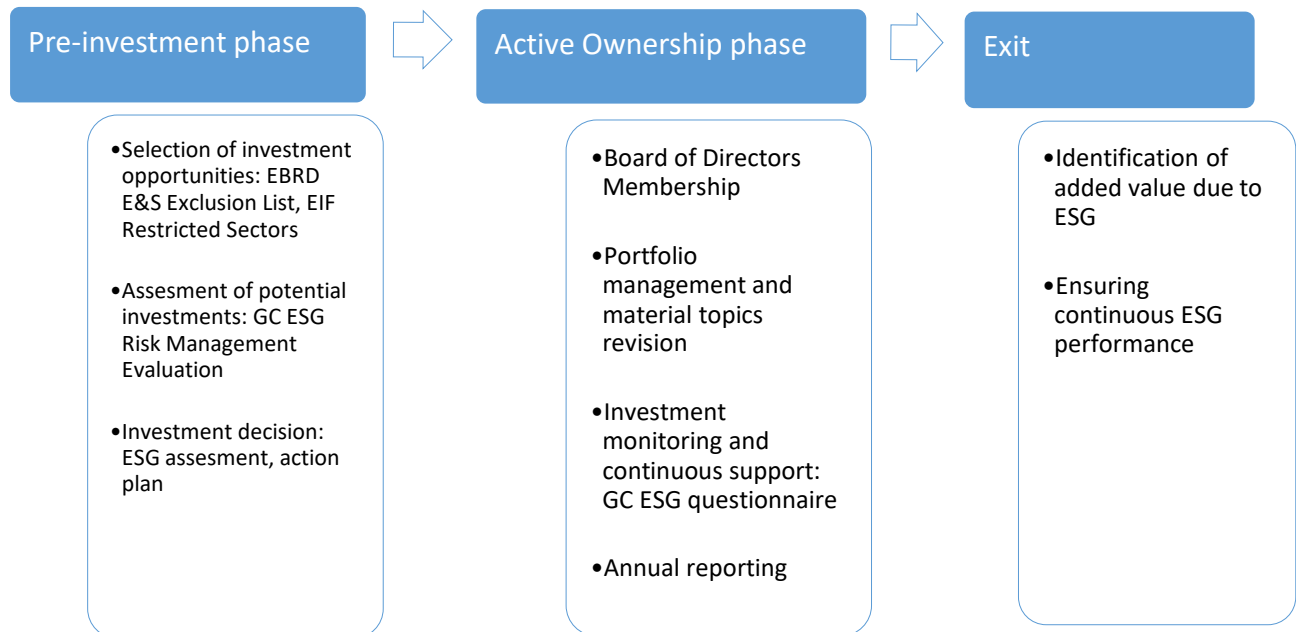
- GC will incorporate ESG issues into its pre-investment review and due diligence analysis, investment approval process.
- GC advised funds will be active owners and will incorporate ESG issues in the ownership policies and practices.
- GC will seek appropriate disclosure on ESG issues by the entities in which GC advised funds invest.
- GC will promote acceptance and implementation of the Relevant Principles within the investment industry.
- GC will work to enhance its effectiveness in implementing the Relevant Principles.
- GC will report on its activities and progress towards implementing the Relevant Principles.

4. Responsible Investment Process

GC believes in value creation realised through the careful management of ESG issues. Ethical decision making, transparency and sustainable business practices result in better financial outcomes and stronger organisations. GC’s fund performance and future fundraising potential could be negatively impacted if ESG issues were to be neglected or mismanaged. Equally, mismanagement of ESG issues could affect GC’s reputation, stakeholder relationships, and performance. For these reasons, GC includes the assessment of ESG-related issues in its investment process.

GC assesses ESG-related issues throughout the entire investment process. Some of these assessments are at the sole discretion of GC and only need to be tailored to the size, nature and market of the

business. Others might depend on GC’s role in the portfolio company (for example majority/minority shareholder, board representation, etc.), resulting in limited influence under some circumstances.



Pre-investment phase

- **Selection of investment opportunities**

GC will adhere to the EBRD (European Bank for Reconstruction and Development) Environmental Social (E&S) Exclusion List and EIF (European Investment Fund) Guidelines on the EIF Restricted Sectors. Investment opportunities restricted under these documents or otherwise contravene the content of the Policy will not be considered, even if economic prospects might be attractive.

- **Assessment of potential investments**

GC will assess ESG-related risks and identify ESG-related opportunities during due diligence. This assessment will be carried out using the GC ESG Risk Management Evaluation, which has three components: E&S Risk Screening, E&S Risk Assessment and Decision & ESG Risk Control. The extent of due diligence activities will be adapted to what is deemed material and appropriate for each potential investment. In case internal resources are not sufficient to assess potential risks, external advisors will be engaged.

- **Investment decision**

The Final Deal Qualifying Memorandum of GC will include a standardised ESG assessment based on the results identified in the completed GC ESG Risk Management Evaluation and an assessment of potential ESG related risks and value creation opportunities. Furthermore, if material ESG risks have been identified, a mitigation plan will be established and discussed with potential portfolio companies.

Active Ownership phase

- **Board of Directors Membership**

Investment agreements of funds advised by GC will, where applicable, include provisions to implement ESG-related measures throughout the governance structures, to encourage the setting of ESG agenda topics where appropriate and influence ESG-related decisions.

- **Portfolio management and identification/revision of material topics**

GC will take a proactive approach to portfolio management. Where material ESG risks have been identified and action plans have been established pre-investment, GC will work with the management of portfolio companies to execute the action plans. GC will also continually engage with representatives of portfolio companies to reach a mutual understanding on ESG matters material to every individual company.

- **Investment monitoring and continuous support**

Annual monitoring of ESG management will be conducted with the use of the GC ESG questionnaire focused on ESG issues material to every individual company. Throughout the holding period, GC encourages portfolio companies to grow and improve with a view to long-term sustainability and to the benefit of multiple stakeholders, and to mitigate ESG-related risks and utilise ESG-related value creation opportunities.

- **Reporting:**

To encourage accountability and improvement in key ESG areas, GC will seek to include ESG-related issues into reporting from portfolio companies on an annual basis. Furthermore, GC will be transparent in its own approach to incorporating ESG considerations by regularly reporting on its progress. The format of the reporting may vary among written reports and verbal informal reports.

Exit

- **Added value and ongoing ESG performance**

GC will aim to create sustainable value in its portfolio by promoting financial return for shareholders as well as the business' long-term success. Depending on the length of investment, portfolio companies will be able to present financial and/or non-financial added value resulting

from the application of an ESG strategy. GC will furthermore strive to ensure mitigation of risks to an investment's business after its exit by seeking investors who will ensure companies leaving the GC portfolio will continue to drive performance with consideration for material ESG issues.

5. Governance structure

GC investment professionals are responsible for ensuring that ESG related issues are considered in their activities throughout the investment process and the investment committee will include ESG considerations into the decision making and approval process.

To establish clear responsibilities with regard to ESG related issues, an ESG Officer (the “**ESG Officer**”) has been appointed. The acting ESG Officer (part-time) is Mr. Jiří Kolísko with Mr. Radan Hanzl being responsible for the ESG topics on GC partner level. The ESG Officer drives the knowledge sharing of ESG issues within the GC organization, is responsible for further development of ESG issues at GC and acts as primary contact person to the investment professionals for ESG related questions. GC top management acknowledges that consideration of ESG issues requires top-down support and is committed to provide any support needed. This includes among others the creation of a favourable environment for ESG considerations, promoting awareness and knowledge, making available the required resources, and implementing ESG related incentive structures where appropriate.