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RESPONSIBLE INVESTING POLICY

Innova Capital

Innova Capital's Responsible Investing Policy

Acting within the rules of law of every jurisdiction in which Innova Capital operates is a priority. As a member of the Investing Europe, Innova Capital is obliged to observe the Association's Code of Conduct, which offers detailed guidance with regard to issues requiring exercising of professional judgment in a typical private equity environment. Innova Capital seeks to set consistently high standards of ethical behavior. The Investing Europe Code provides a formal basis for Innova's principles of ethical behavior and the procedures for encouraging conduct in line with the Code while discouraging practices or actions not in line with the Code. A key test is whether a particular action carried out by an Innova Capital representative would be acceptable to Innova Capital if it was being performed by a third party.

The main principles outlined by Investing Europe's Code and incorporated in Innova's own Code of Conduct are:

Integrity

In life and in business it is advisable to interact with other people on the assumption that you will meet and do business with them at least one more time. Clarity, reliability and honesty are useful attributes when establishing a basis of integrity. It may be difficult but also in times of conflict and dispute these qualities should be maintained. Superior individual and collective skill is always preferable and will succeed in the long run over attempts at manipulation and deception. To err is human and mistakes should be recognized promptly and managed rather than avoided.

Keeping Promises

A legal obligation should not be necessary in order to ensure that promises are kept. Promises should be given the same weight as written contracts. However promises must be clearly communicated and both sides involved have a duty to ensure that the counterparty understands the promise made and accepted. Equally making empty promises is unethical. If there are good reasons to believe that the promise cannot be kept, then it should not be made.

Conflicts of Interest

Conflicts of interest should be diligently identified and disclosed to all parties concerned. Certain conflicts may be governed by contractual arrangements and processes have been developed to deal with them. However members of the Group should always be alert for new potential conflicts of interest and they must be communicated to the appropriate parties. The appropriate party would be the Group Compliance Officer if no other party is specified.

Playing by the Rules

This may be regarded as the same as obeying the law but from an ethical point of view the spirit as well as the letter of the law needs to be respected. In addition different countries and different cultures have different, not always written, rules and these also should be respected.

Maintain Confidentiality

Fund managers and portfolio companies regularly have access to sensitive market information from various sources and such information should not be disclosed inappropriately.

Not Harming the Reputation of the Private Equity industry

Competitive advantage is a key to success in business but it should be earned and used in a responsible manner without inflicting damage or harm. A clear policy with regard to responsible investing and ESG issues is a completely rational business practice. Aside from the reputational benefits, a robust approach towards responsible investing and ESG over the whole life of the investment creates value for both our investors and all other stakeholders of the investee companies. This may be particularly relevant in Central Europe, where many exits are conducted through sales to strategic investors from Western Europe. A Central European business, which meets all the expectations of western investors with regard to ESG issues is more likely to generate a premium on divestment.

Innova Capital's ESG Reporting

Innova Capital should be aware of the level of ESG risks and opportunities at each individual portfolio company. The Group has established a framework of basic issues, which must be reviewed during due diligence and monitored during the period of the investment.

The Fund will test each portfolio company's formal and informal attitude towards:

1. Environmental Issues:

- a) Adherence to environmental laws and regulations and any risks of non-adherence.
- b) Emissions of noxious and greenhouse gases.
- c) Conservation of energy.
- d) Waste treatment.
- e) Water usage.
- f) Sustainability.

2. Social Concerns

- a) Health and safety.
- b) Equal rights / diversity.

- c) HR policy.
- d) Supplier monitoring.
- e) Consumer rights.
- f) Redundancy programs.
- g) Ethical codes.

3. Corporate Governance

- a) Internal procedures and controls.
- b) Transparency (with regard to reporting).
- c) Possible exposure to corruption.
- d) Executive Compensation.
- e) Ethical code / code of conduct.
- f) Possible exposure to political influence.
- g) Tax and structuring issues.

These topics represent the framework for Innova Capital's examination of each company but the analysis will be tailored for the sector and specific business. At all stages of the investment, Innova Capital will use third party expertise to address significant problems or opportunities, which require a deeper knowledge of certain areas. It also uses Global Reporting Initiative (GRI) Sector Guidance where appropriate, particularly in areas such as financial services and media, the risk of which would normally be perceived as lower than some other sectors.

ESG issues are incorporated into the four critical stages of an investment:

1. Pre – Investment Stage

- Key ESG issues are identified already at the 'Deal Alert' stage where a decision on committing resources to a due diligence process needs to be taken. If ESG risks for a particular investment do not fit the Innova Capital ESG risk profile then the investment should be rejected at this stage;
- ESG issues are included in the Innova Capital due diligence framework, which is used for establishing the due diligence process and briefing advisors;
- If there are significant ESG issues, typically related to specific environmental or social risks, these would be examined by specialist advisors;
- There is a separate ESG section in the Deal Status Report (DSR), which is the key document for the Investment Committee and General Partner when recommending a new investment. This includes risks to be mitigated or perceived opportunities built into the deal base case;
- The Audit and Risk Management Committee, which has a remit to monitor ESG is informed of ESG issues reported in the DSR and is obliged to raise any risks it perceives not being aligned with the established Innova Capital risk profile;

- It is possible, although unusual in practice, that a prospect, having undergone due diligence, carries such a significant ESG risk that it would be disqualified from entering the portfolio.

2. 100-Day Plan

The framework of the 100 Day Plan is constructed prior to a decision to proceed with closing a transaction. Details are supplied between the signing of binding contracts and completion. This means that on completion (or exceptionally already earlier) the 100 day plan can be executed immediately.

- A section relating to ESG is included in the 100 Day Plan;
- Within 100 days, additional information is obtained from portfolio companies using a tailored questionnaire and interviews with the company;
- Fund Operations carries out this exercise normally with the CFO of the portfolio company and the support of the deal team;
- Using data from the questionnaire and interviews, the ESG risk and opportunity is rated using a standard, internally developed scoring system;
- ESG objectives for the life of the investment are established and targets for the current period incorporated into the budgeting process;
- Responsibility for the execution of ESG objectives will be allocated to specific managers and deal team members.

3. Post – Investment Stage

Having already established the levels of risk and opportunities, areas for monitoring and improving specific issues and having allocated responsibility, ESG matters are treated in the same way as any other part of the business during the investment period. Goals established during due diligence and the 100 Day Plan are monitored and adjusted as required. New issues arising are addressed by the board to which Innova Capital will appoint directors and also through ESG reviews carried out directly with managers of the company.

Specific ESG procedures executed during the investment period include:

- Annual setting of a limited number of ESG-related objectives (within the context of the overall ESG objective set in the deal base case);
- Reporting of ESG Key Performance Indicators;
- Inclusion of ESG matters on the agenda of at least two board meetings per year, regardless of whether or not specific issues have emerged;
- Holding at least one meeting annually between the Innova Capital CFO and the responsible company officer of the portfolio company (usually also the CFO);
- The Fund reporting ESG issues in the quarterly reports to investors and reviewing objectives and ratings on a semi-annual basis;
- The Fund producing a detailed annual ESG report, which includes fund level policies and short reports relating to ESG issues in the portfolio companies.

4. Exit

- ESG data is included in any vendor due diligence exercise;
- Detailed ESG information and progress with regard to specific issues is available to investors and other possible interested parties (insurance, banks, buy side advisors etc.).

In order to expand and reinforce its activities in this area, Innova Capital has undertaken to expand its policy and reporting and is applying to become a signatory to the UNPRI program. In addition the Group takes its obligations seriously as a member of Investing Europe and specifically the responsibilities with regard to adhering to the Association's Code of Conduct. This will now be enhanced by explicit adherence to the principles expressed in the UN Global Compact, UN Guidelines Against Corruption and the OECD guidelines for Corporate Governance. Participation in those initiatives constitutes a formal recognition of Innova Capital's internal value set. Another step confirming our focus on the ESG matter is the creation of a dedicated Responsible Investing and ESG Annual Report.