



Driving Sustainable Growth

||||MidEuropa

2023 ANNUAL ESG REPORT

MidEuropa is proud to share our 2023 ESG report

The report outlines our approach to ESG and our progress to date on integrating ESG into investment decisions, and how we actively manage ESG in our portfolio. The report includes data reported for the calendar year 2022 from our portfolio and within the firm. All data in this report is correct as of September 2023. Detailed information on the ESG performance of each fund and portfolio company was disclosed to investors.

Find out more about MidEuropa:  



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Introduction

A Letter from our Managing Partner

To our Limited Partners and other stakeholders.

I am proud to share with you MidEuropa’s 2023 ESG report, which presents our ESG efforts in 2022 and our ambitions for the years ahead. Publishing our 2023 ESG report is an important milestone for MidEuropa and represents our ongoing commitment to responsible stewardship.

Since MidEuropa’s establishment as a firm in 1999, we have supported more than 40 leadership teams to transform local businesses into international champions. Our core values of Partnership, Entrepreneurship, and Integrity have driven sustainable growth for outstanding companies. By deepening our presence across three offices across Europe, with 19 languages spoken across the team, we

continue to deliver on our mission to be the regions’ go-to investor.

“At MidEuropa, we firmly believe that it has never been more important for companies to invest in ESG.”

At MidEuropa, we firmly believe that it has never been more important for companies to promote and invest in ESG-related matters. Our experience of private equity investing spanning over two decades has shown that by remaining innovative in our approach to value creation and proactively investing in ESG, companies continually outperform their peers and remain resilient to macro-

economic shocks. We have a dedicated Operating Team championing ESG as one of our value creation pillars, which we use alongside our industry expertise to foster innovation and drive positive impact. We have continued to utilise these pillars to protect and create value, even when the economic backdrop is challenging.

Our vision of managing companies with integrity has always meant that sustainability has been embedded throughout our responsible investment approach. However, 2022 marked a step change of accelerated development in our ESG ecosystem, with the hiring of our Head of ESG / Investor Relations and Partner, Vesna Sipp, and the implementation of our firm-wide ESG strategy. Throughout this report we celebrate our milestones towards further embedding



ESG into our responsible investment process and across our operations.

“We are committed to continually improving our processes and drive further progress across the firm”

2023 also represents an opportunity for us to put the initiatives set up in 2022 into practice as we successfully led our acquisition of Optegra, a leading eye healthcare company, through our ESG screening, due diligence, and onboarding process. Further highlights this year include the growth of our ESG team through the hiring of a dedicated ESG Manager, successful submission of data to the ESG

Data Convergence Initiative and formally committing to set a Science-Based Target. We remain committed to continually improving our responsible investment approach and delivering further progress across the firm whilst building responsible businesses and creating value.

In this report, we are excited to share our efforts as a responsible investor and our ambitions for the future, and we welcome thoughts from our stakeholders and the wider ESG community on how we can further drive positive impact. We hope you enjoy reading.

Robert Knorr
Managing Partner

MidEuropa: Who we are

We are a dedicated team of specialists with a successful track record of building pan-regional and international champions rooted in Central Europe.

The Team



Our values

With a hands-on and people-first approach that builds genuine long-term relationships, our team is guided by our values of Partnership, Integrity and Entrepreneurship when considering ESG at MidEuropa and across our portfolio.

Partnership We work together with businesses to drive sustainable growth and align on ambition in ESG and across operations. A responsible steward	Integrity MidEuropa engages openly, honestly and fairly with trust underpinning all that we do. An authentic approach	Entrepreneurship MidEuropa strives for high performance and leverages our creative spirit when it comes to sustainable growth and innovation. A commitment to continuous improvement
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About our investments

At MidEuropa, we partner with the best businesses and management teams to create value for outstanding companies. By combining our deep local expertise and international skillset with our partners’ high ambitions, together we push the boundaries of what we can achieve. With a successful track record of building regional and international champions, we can find and seize the best opportunities: expert knowledge, tireless dedication, and an exceptional sense of what is around the corner.



Our current portfolio companies: at a glance

With deep local expertise and international skillsets across the consumer, healthcare, services, and technology sectors, we deliver sustainable growth to our stakeholders whilst committing to principles of responsible stewardship.

Our investments by headquarters and main operations:

Healthcare

-  **Optegra**
EYE HEALTH CARE
European leader in ophthalmology including laser eye surgery and vision correction
-  **Diagnostyka+**
Poland's largest medical laboratory chain
-  **REGINA MARIA**
REȚEAUA PRIVATĂ DE SĂNĂTATE
Romania's largest private healthcare provider

Technology

-  **symfonia**
Leader in ERP and payroll software solutions for Polish SMEs
-  **intive**
Leading digital design and engineering services provider

Consumer

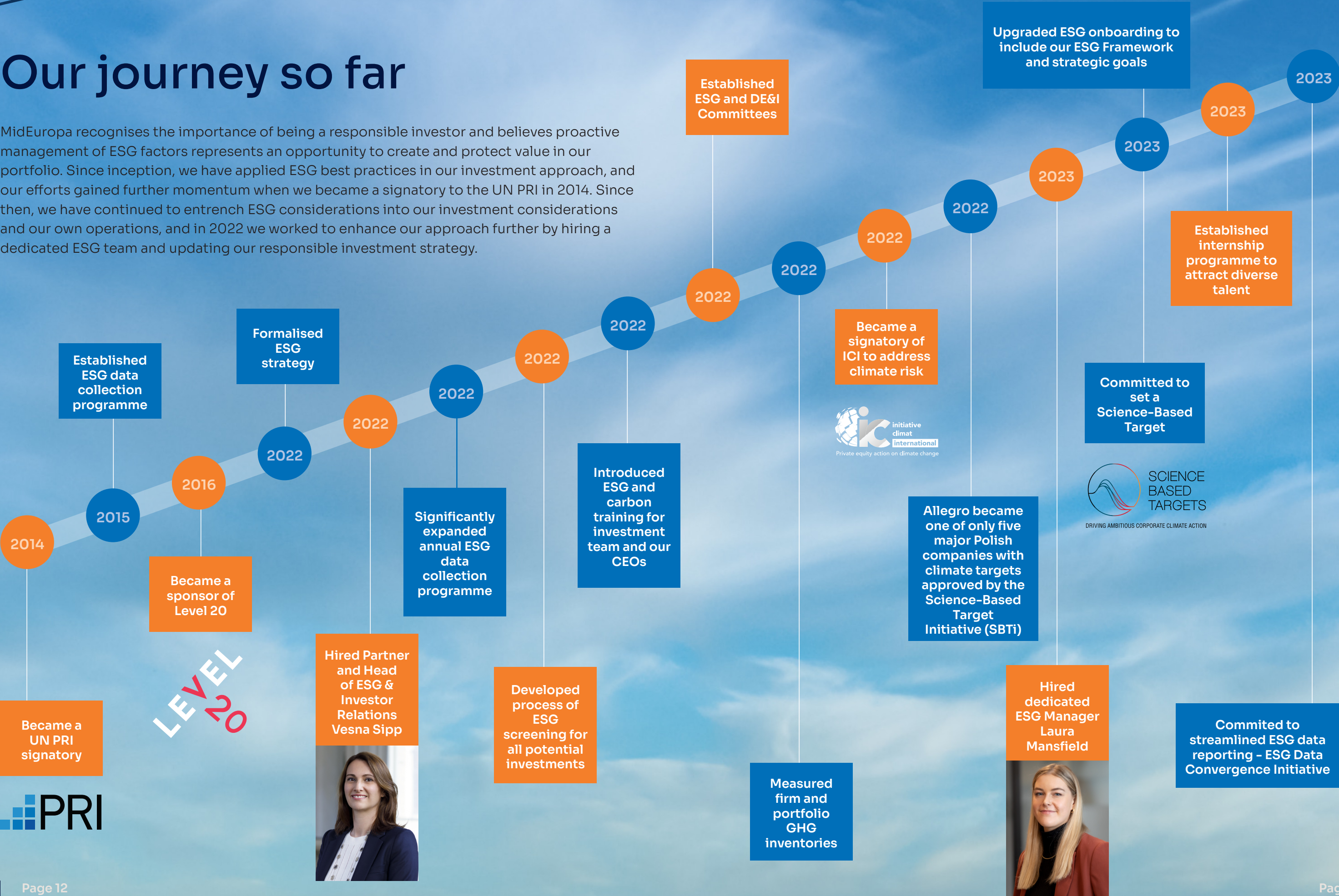
-  **pigu.lt**
Largest e-commerce platform in the Baltics
-  **Displate**
Leading global print on demand marketplace for artwork and collectibles
-  **Hortex**
Polish leader in frozen foods and branded fruit juices
-  **allegro**
Largest e-commerce in Poland
-  **mlinar**
Leading producer and retailer of fresh and frozen bakery in Croatia, Slovenia and Serbia
-  **profi**
Romania's leading supermarket chain
-  **imlek**
Leading provider of milk and dairy products in the former Yugoslavia

Services

-  **HAMILTON**
Poland's largest independent Testing, Inspection and Certification company
-  **Mplus**
Leading independent outsourced contact centre and BPO services provider
-  **CARGUS**
Romania's leading courier, express and parcel service provider

Our journey so far

MidEuropa recognises the importance of being a responsible investor and believes proactive management of ESG factors represents an opportunity to create and protect value in our portfolio. Since inception, we have applied ESG best practices in our investment approach, and our efforts gained further momentum when we became a signatory to the UN PRI in 2014. Since then, we have continued to entrench ESG considerations into our investment considerations and our own operations, and in 2022 we worked to enhance our approach further by hiring a dedicated ESG team and updating our responsible investment strategy.



A message from our Head of ESG & Investor Relations: 2022 in review

Since our inception, a responsible investment approach has been central to how we create value across our investments.

We have continuously monitored ESG best practice and incorporated these elements into our efforts as a responsible steward, both to enhance value at the portfolio level, and to protect the capital of our investors.

2022: a step change in our commitment to ESG

In 2022, we underwent a thorough exercise with external sustainability experts, so that we could be confident that our approach continued to deliver against best practice standards within a rapidly evolving ESG landscape.

We refreshed our Responsible Investment Policy to include refined tools which embed ESG into each stage of engagement with companies. This makes our processes robust and

equips us to deal with the growing importance of ESG as well as the identification of opportunities for value creation.

“We have continuously monitored ESG best practice and incorporated these elements into our efforts”

We created a dedicated ESG screening tool for all potential investments and ran training to upskill our management teams so that ESG considerations are embedded further into our investment decisions.

We also refreshed our portfolio ESG performance monitoring process to include standardised monitoring, including the ESG Data

Convergence Initiative’s metrics.

By identifying our strategic areas of focus of Climate Change & Emissions, Labour Rights, Community Impact, Diversity Equity and Inclusion, and Business Ethics, we have created a framework for driving impact and improvement across these areas within our portfolio, whilst also taking action within our firm’s own operations.

Our successful acquisition of the majority stake in Optegra in 2023 was an example of how we rigorously assessed ESG both in terms of potential risks and as a lever for future value creation, from pre-acquisition through to our hold period.

2022 represented a milestone in driving progress against our core focus areas, as we worked with carbon and climate experts to prepare to set a Science-Based Target (SBT): representing our commitment



to ambitious targets as a firm and for our portfolio. We supported our businesses to undertake a Greenhouse Gas (GHG) Inventory, and in 2023 we have submitted our target to the SBTi for validation. By setting the gold-standard GHG reduction target, we believe we are spearheading the industry and setting the standard for Central European Private Equity.

Finally, a cornerstone of our ESG focus has been the establishment of robust management systems. We were pleased to hire our dedicated ESG Manager, Laura Mansfield, who is focusing on rolling out all of our firm-wide ESG initiatives. We also established our ESG Committee and DEI Committee who meet regularly to drive our ambitious ESG and DEI programmes.

2023 and beyond

Looking ahead, our focus is to continue in our role as a key contributor to ESG Private

Equity working groups, and to uphold our responsibilities as an investor by supporting our portfolio companies to make progress on their own ESG goals. We are committed to unlocking pockets of excellence across our portfolio and are on track to have our firm’s SBT validated by the end of 2023. This commits us to reducing the carbon intensity of our own activities, whilst also working with our portfolio where we can make the most impact to drive down GHG emissions.

2022 was a year for MidEuropa to build the strong foundations and tools to embed ESG considerations across our investment strategy, and we look forward to further developing and improving our processes as we continue to put these tools into practice.

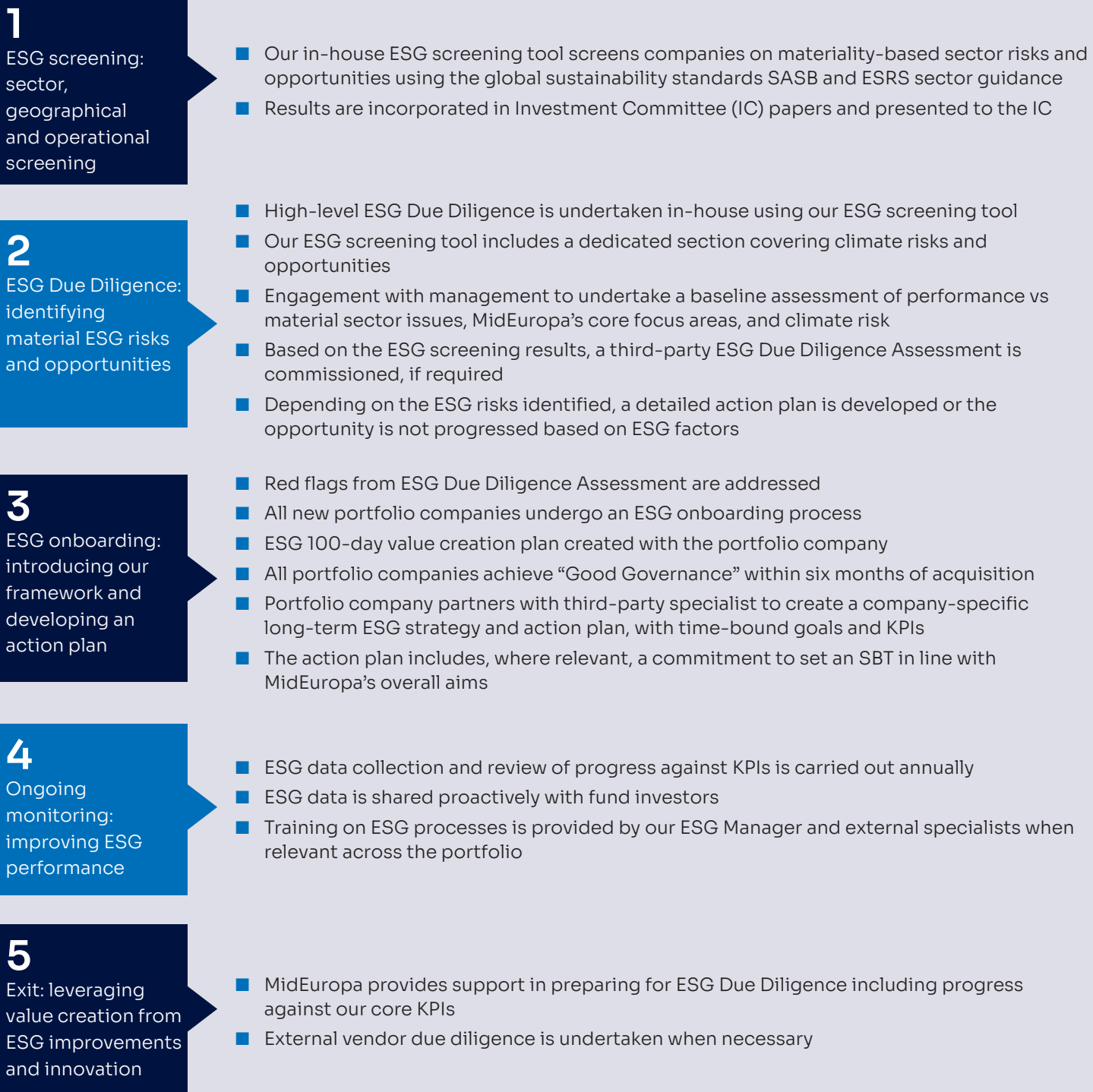
Vesna Sipp – Partner, Head of ESG & Investor Relations

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Our Approach to ESG

Our Responsible Investment Process

Our ESG team spearheaded progress in 2022 to integrate considerations of ESG at every stage of our investment cycle. Not only did this involve developing bespoke tools, including a pre-acquisition ESG screening tool, but it also involved training everyone involved in the deal making process on ESG. By upskilling our staff on developments of our exclusion list, screening of investments, and an enhanced ESG onboarding process, we are delivering on our commitment to ensure that ESG is in the DNA of MidEuropa.



ESG governance and oversight

In 2022, we continued to put our commitment to ESG into practice, and this was demonstrated through the appointment of our Partner – Head of ESG & Investor Relations, Vesna Sipp, and the establishment of our ESG Committee.

Introducing our Head of ESG & ESG Manager



Vesna Sipp

Vesna joined MidEuropa in 2022 as Partner, Head of ESG & Investor Relations. She is a member of the Investment Committee and also leads the firm’s ESG and diversity efforts. Prior to joining the team, Vesna was Head of Client Relations at Intermediate Capital Group (ICG) and prior to that, Managing Director at Hamilton Lane.



Laura Mansfield

Laura joined MidEuropa in 2023 as the ESG Manager following an ESG secondment to MidEuropa since June 2022. Prior to this role, Laura was a Sustainable Finance & ESG Advisory consultant at the global sustainability consultancy Anthesis.

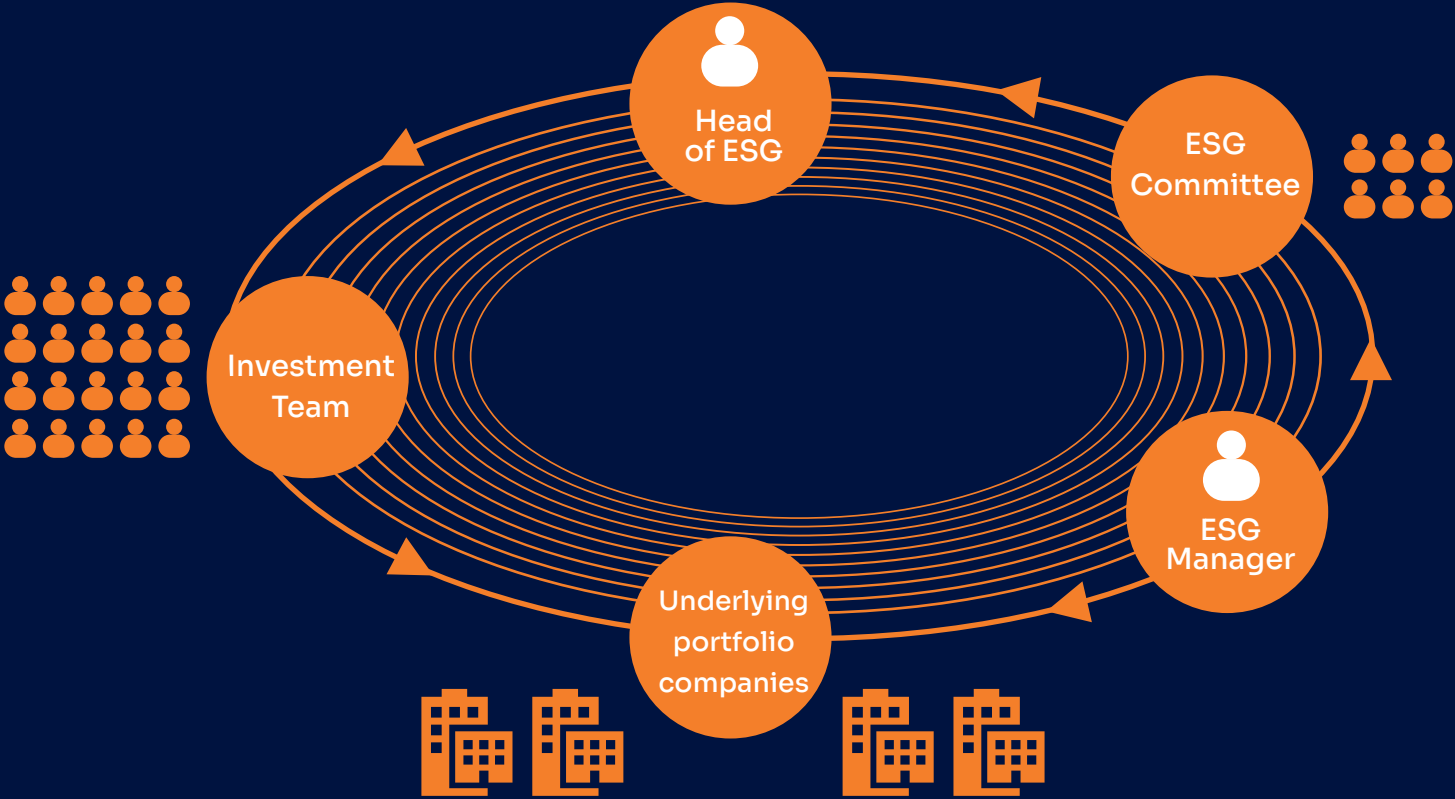
Overarching responsibility and strategic oversight of ESG sits with Vesna Sipp, Partner and Head of ESG & Investor Relations. Vesna is responsible for the management and implementation of the Responsible Investment Policy.

The day-to-day aspects of ESG management rest with our ESG Manager, Laura Mansfield. Laura works closely with the Investment Team to ensure ESG considerations are made at each stage of the investment cycle. Laura also supports and monitors ESG data from our portfolio companies, and reports to the PRI on behalf of the firm.

An ESG Committee was established in 2022 which meets on a monthly basis with a view to facilitate the progression of the ESG strategy and ensure that the firm is aligned with best practice. The ESG Committee comprises our Head of ESG, our ESG Manager, the Chief Operating Officer, an Operating Partner, an Operating Principal and a senior member of the Investment Team.

The Investment Team is responsible for ensuring the integration of ESG within the investment cycle, and to support the portfolio companies with the delivery of their ESG action plans. ESG is also a mandatory aspect of our employee induction programme. We ensure that the deal team undertakes mandatory ESG training on at least an annual basis to ensure they are involved in implementing our ESG strategy and supporting our portfolio companies to drive progress on ESG.

The portfolio companies are supported by the deal team and the ESG Manager by developing ESG action plans and bespoke KPIs, and setting targets based on materiality. They also report on MidEuropa’s core KPIs on an annual basis via our ESG data collection exercise. The ESG Manager is responsible for rolling out regular ESG training and ongoing support to the portfolio where needed on ESG activities and initiatives.





We have been a signatory to the UN PRI since 2014 and comply with the PRI’s six principles as part of our commitment to being a responsible investor.

PRI six principles:



1. We will incorporate ESG issues into investment analysis and decision-making processes.



2. We will be active owners and incorporate ESG issues into our ownership policies and practices.



3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.



4. We will promote acceptance and implementation of the Principles within the investment industry.



5. We will work together to enhance our effectiveness in implementing the Principles.



6. We will each report on our activities and progress towards implementing the Principles.

100%
of the Deal Team undertook ESG screening training in 2023

100%
of the Deal Team undertook training on our updated ESG onboarding process in 2023

100%
of the Deal Team undertook training on the Science-Based Targets Initiative in 2023

As part of Principle 6, we report to the PRI annually which allows us to understand how we are improving on our Responsible Investment journey. This reporting enables MidEuropa to add value to the broader investment market, by furthering data-driven analysis and facilitating our own learning and development, as well as demonstrating our accountability and areas of leadership. We also voluntarily report to our investors annually through our ESG monitoring programme, which monitors our portfolio against the following ESG metrics:

- The SFDR Principle Adverse Impacts
- The ESG Data Convergence Initiative metrics
- MidEuropa’s ESG KPIs
- Other ESG metrics related to ESG management, oversight, and governance

PRI assessment grades in 2021:	Module PE	A	Module ISP	A
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Our ESG strategy



In 2022, we institutionalised our ESG strategy which identified five core areas of focus for us as a firm and across our portfolio.

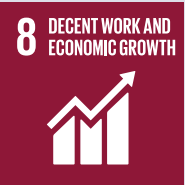
The strategy was based on an assessment of materiality which involved an in-depth investigation into internal and external stakeholder priorities. The assessment, which was undertaken with the help of a global ESG consultancy firm, involved stakeholder interviews, a review of relevant regulations and disclosure frameworks as well as workshops. This method ensured that our ESG strategy encompasses the most important topics to MidEuropa and our portfolio companies to manage risks and opportunities to long-term shareholder value creation.

Each topic is aligned to the UN Sustainable Development Goals which are a universal call to action to protect the planet, end poverty, and improve the lives and prospects of global citizens.



Diversity, Equality & Inclusion

Cultivating successful workplaces through safe and inclusive working cultures



Business Ethics

Grounding business practices within MidEuropa and all its portfolio companies with good governance through policies and procedures promoting good business ethics



Community Investment & Stakeholder Engagement

Providing safe and prosperous jobs for people within the communities our firm and portfolio serve, and investing in community initiatives



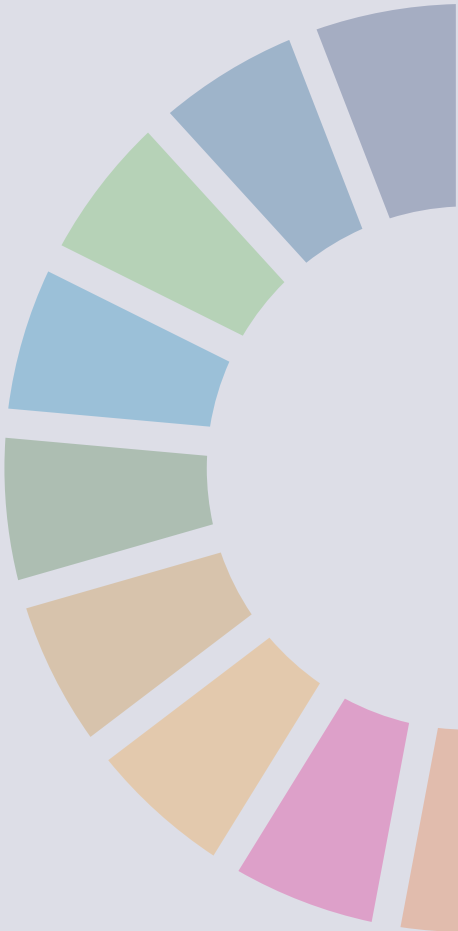
Climate Change & Emissions

Monitoring and mitigating impacts of climate change across our portfolio and our firm, whilst setting ambitious GHG emission reduction targets



Labour Practices & Human Rights

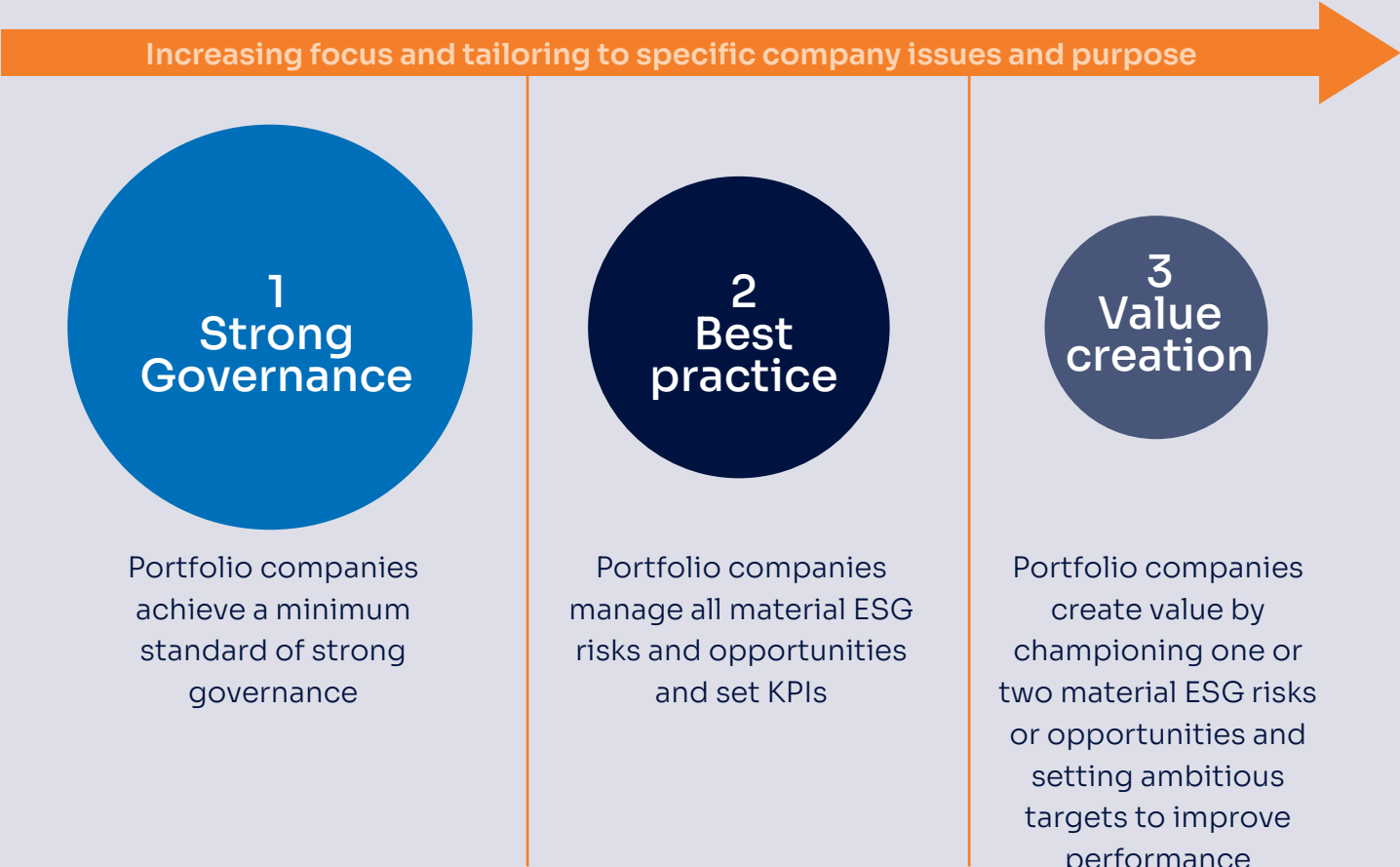
Investigating and mapping supply chains for human rights infringements and ensuring supplier audits are undertaken





Our ESG Framework for portfolio engagement

Our ESG Framework outlines our expectations of our portfolio companies and how material ESG factors and our core focus areas are addressed, and at what stage, across the whole of our portfolio. Our ESG Framework is structured in a three-pronged approach:



1. Strong Governance: establishing robust Business Ethics

We believe that, across all of the sectors that we invest in, it is important to build an ESG programme based on a solid foundation of Strong Governance.

MidEuropa supports its portfolio companies to ensure that all six of its core policies are updated or developed within 6 months of ownership, based on guidance provided by MidEuropa.



2. Best Practice:

tracking progress against our core ESG focus areas

MidEuropa monitors its portfolio companies on a number of core ESG KPIs which correspond to our strategic areas of focus. This allows us to ensure we are moving the needle at a portfolio level, and allows us to share best practice and drive change as a responsible investor.

These KPIs are requested by all our portfolio companies across our sector themes.

We also expect each portfolio company to develop its own set of bespoke ESG KPIs which are based on an assessment of materiality. In addition, we have long term relationships with external consultants who we introduce to our portfolio companies to hand over the relationship and establish a long term partnership for their sustainability roadmap.

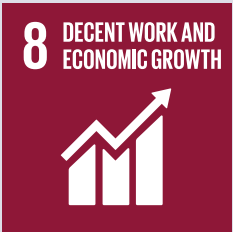


Diversity, Equality & Inclusion (DE&I)

Make a public commitment and establish a robust governance around DE&I

Build a diverse, equal and inclusive culture and set gender diversity targets

Consider other indicators beyond gender (i.e. socio-economic background, disability, etc)



Business Ethics

Ensure all relevant ethics policies are in place and ensure adherence through training and monitoring

Ensure MidEuropa's ethical principals are integrated into the company



External Stakeholder Engagement / Community Relations

Understand stakeholders' needs and develop and action plan, and understand contribution to addressing sustainability challenges in local communities



Climate Change & GHG emissions

Calculate the Group-wide GHG emissions inventory

Set Science-Based GHG emissions reduction targets

Develop a strategy for company climate disclosures



Labour Practices & Human Rights

Ensure appropriate labour management and human rights policies are in place and in line with regulation and best practice standards

Ensure a human rights due diligence is undertaken and define action plans for remediation where necessary

Portfolio-company goals



3. Value creation:

monitoring bespoke ESG time-bound goals

It is important to identify company-specific opportunity areas, where our portfolio companies can generate positive and meaningful impact.

Since we updated our ESG strategy in 2022, our portfolio companies have worked with an external sustainability specialist to establish bespoke ESG KPIs and targets identified through a rigorous materiality assessment. Within this process, from 2023 onwards we will support our portfolio companies to identify between one and two flagship “areas for value creation” – by setting ambitious progress targets for an area within which they think they can drive impact.



Portfolio company case study: Optegra


Optegra is a leading European ophthalmology platform operating in the UK, Czech Republic, Poland and Slovakia. The company performs over 100,000 surgical procedures per year, supporting patients in cataract removals, laser eye surgery, and other eye care procedures, all helping to advance eye care for patients.

MidEuropa’s engagement with Optegra

During MidEuropa’s investment decision process, our team worked with Optegra management to identify material ESG risks and opportunities through our proprietary ESG screening tool and high-level due diligence assessment. Our team collaborated with Optegra management to identify a desired ambition on ESG, based on our baseline assessment of existing procedures, and a benchmarking exercise against the industry standard.

Developing an ESG strategy

Following MidEuropa’s investment, and led by their management team, Optegra are working to advance their ESG efforts by developing a strategy based on an assessment of materiality, incorporating considerations of internal and external stakeholders:

Workstream	Actions
 Materiality analysis	Identify and prioritise material ESG issues
 Action plan creation	Identify and prioritise actions to improve ESG performance Create ESG roadmap and action plan Establish bespoke ESG KPIs
 Monitor performance	Monitor and report ESG KPIs

Portfolio performance in 2022



Please note that these percentages are based on the 13 portfolio companies who undertook our exercise. M+ Group, Allegro and Kent were not included within this exercise. M+ Group was not included due to the operational impact of the 2023 earthquake but it is anticipated that they will be included within the data reporting in the 2023 reporting cycle. Allegro is a listed entity and a minority investment and we therefore did not include it within our assessment, and they will not be included in future reporting cycles. Kent Hospital Group was exited by February 2023 and so was not included and will not be included within future reporting cycles.

Spotlight: GHG emissions across our portfolio

In 2022, MidEuropa supported its portfolio companies to calculate their Greenhouse Gas (GHG) Emissions baseline.

By calculating their GHG emissions baseline, our portfolio companies identified emissions hotspots and subsequent opportunities for emissions reductions. The exercise provided our portfolio companies with the foundations for a clear emissions reduction trajectory.

With the support of an external sustainability provider, MidEuropa engaged with the portfolio companies to provide recommendations on where the portfolio company could reduce its emissions based on its GHG inventory.

As part of our commitment to set a Science-Based Target, MidEuropa will continue to engage with our portfolio companies and encourage them to set their own science-based emissions reduction targets.

MidEuropa has set a target for 100% of our portfolio companies to have a Science-Based Target by 2035.



Whilst MidEuropa has formally committed to set a Science-Based Target in the next 24 months, we await validation of our Science-Based Target.

3 ESG in our portfolio

Sector overview

MidEuropa has over 20 years of experience in investing in businesses across the Consumer, Healthcare, Service and Technology sectors.



Consumer

A fast-changing sector across the world as the landscape evolves and people’s consumption habits change. Central Europe’s consumer landscape has evolved rapidly over the last 30 years and now closely follows global consumer trends.



Healthcare

A resilient growth sector offering an opportunity to improve medical outcomes, expand accessibility and drive patient engagement through managerial excellence and technology.



Services

A dynamic sector which has grown in scale and opportunity as our region has evolved and integrated itself into a global ecosystem. We support companies which have technology-enabled and data driven business models, both to drive their growth and to assist their transformation into digital leaders.



Technology

A sector which underpins almost all of today’s sustainable growth by offering ways for people and companies to live and work better. Embracing new and upcoming technologies can help firms to innovate, better serve end users and provide more sustainable products and services.



Consumer

“MidEuropa supports our portfolio companies in the Consumer sector to unlock operational efficiencies and create value.”



Alain Beyens
Operating Partner

Alain is the Head of the Consumer sector and Head of the Operating and Portfolio Team.

The Consumer sector within our portfolio is represented by a wide range of companies, operating online as well as grocery retail and food production. Consumer businesses are increasingly allocating time and resources to transform the ESG aspects of their business practices. At the same time, global consumers are increasingly demonstrating their preference towards sustainable products, and aversion to products with negative impacts particularly around packaging, emissions, and unhealthy ingredients.

MidEuropa is committed to supporting its companies in responding to the evolving landscape of increasing consumer

expectations on ESG and build responsible businesses. In 2022 we supported Pigu, the largest e-commerce business in the Baltic states, to set time-bound, quantitative targets and KPIs against its most material ESG topics based on a materiality assessment in partnership with key stakeholders. Displate has also been frequently nominated and won the PSIK award for ESG initiatives in Poland for its collaboration and donation to Trees of the Future for every product purchased.

We look forward to working with more of our portfolio companies to build their ESG strategies in the future.



Consumer initiatives:



Profi – providing an affordable, high-quality supermarket to Romania, with local products and supply chains

Profi was established in 1999 and is one of the leading food retailers in Romania, as well as the largest private employer. Its presence spans all 41 counties of the country, supplying fruits, vegetables, groceries and household products. Since MidEuropa’s investment, Profi has expanded to encompass over 1,600 stores and more than 27,000 employees.

Read more about Profi’s approach to Education, Health, Social, Sports, Culture, and Environment in their [2022 Sustainability Report](#).

Profi’s ESG efforts span across seven key pillars, and they aim to complete 100 projects a year across these. 2022 initiatives included:

Innovation – investing in local business and innovation projects.

Profi sponsored the Helios Robotics Team of the “Sabin Dragoi” College of Arts in Arad, in their entry into the European Space Agency competition.

Profi also provided sponsorship to the [Oilwright](#) project, which converts used oil into candles.

Education – preserving values, traditions, and knowledge across generations.

Profi continued its 3- year sponsorship of the BookLand Romania Association which resulted in the renovation of 67 schools in rural areas.

Social – supporting the value of human dignity.

Profi partnered with Wellbeing Institute in their “Scoala Increderei” project that helped over 50,000 children and more than 28,000 adults to raise their educational standards

Environment – taking responsibility for the environment.

Profi started a campaign supported by Eco Positive whereby any customer enrolled in the programme could hand in an electrical appliance for recycling and would receive a bonus, to encourage customers to dispose of electrical waste responsibly.

Health – supporting prevention, early diagnosis, and treatment.

Profi hosted an event in the Sibiu village of Apoş attended by almost 1,000 local people to celebrate local producers, promote gastronomic traditions, and preserve the cultural heritage of Romanian villages. Profi offered rural residents free access to medical consultations in a medical caravan in a collaboration with the Association for Anesthesia and Intensive Care “Aurel Mogoşeanu”.

Sports – supporting a healthy lifestyle for children.

Profi is the main partner of National Romanian handball teams and the founder of Galeria Profi. Galeria Profi attended and supported the national handball team at the Carpathian Trophy.

Culture – protecting cultural heritage.

Profi was a sponsor of the Ambulance for Monuments project, aiming to safeguard immovable heritage by securing important heritage sites in southern Transylvania until they can be restored. Over 1000 volunteers helped to save more than 85 monuments.



Consumer initiatives:

allegro

Allegro – ESG strategy rated ‘AA’ by MSCI

Allegro is the most popular shopping platform in Poland and the largest E-commerce platform of European origin. At the end of 2022 Allegro Group employed 7,840 employees across six countries. In March 2023, Ecovadis awarded Allegro an ESG rating to ‘AA’.

Read more about Allegro’s ESG efforts in their [2022 ESG report](#) which reports against the Global Reporting Initiative (GRI) and includes disclosures under the Non-Financial Reporting Directive (NFRD) and the Task Force on Climate Related Financial Disclosures.

2022 efforts on environmental impact:

- Allegro became only one of 11 major Polish companies with their greenhouse gas emissions reduction targets validated and approved by the Science-Based Target initiatives (SBTi).
- Target: 38% reduction of GHG emissions (Scope 1 and 2) by 2030 from a 2021 baseline, and engage with 73% of the largest suppliers to determine their science-based targets for Scope 1 and 2 by 2027.
- Allegro reduced emissions across the value chain (Scope 1, 2 and 3) by 10.4% with year-on-year intensity (i.e. emissions versus revenue) cut by 28%.
- 23% of energy consumption from RES was from Guarantee of Origin renewable sources.
- 98% of waste from Allegro warehouses recycled.

2022 efforts on customer experience:

- Allegro achieved an NPS of 80.8, demonstrating their high customer satisfaction.
- 90% of customers believe shopping on Allegro is safer or as safe as on other platforms.
- Allegro is committed to enabling customers to make sustainable choices; Allegro Lokalnie is a site for second-hand listings – its listings increased by almost a third from 2021.

2022 efforts on creating a great place to work:

- Allegro raised PLN 56 million for charity.
- Allegro donated PLN 11.7 million in aid to help refugees from Ukraine.
- The Allegro Foundation partnered with Smart Kids Planet, an interactive centre for children set up near Warsaw.
- 82% of employees said they would recommend Allegro as a great place to work.
- 1,159 employees were involved in employee volunteering.
- 92% employees took part in training programmes.
- 85% of employees perceive Allegro as a workplace where everyone is respected, regardless of gender, age or other dimensions of diversity.
- Allegro achieved below 5% for the Gender Pay Gap set out in the Pay Transparency Directive.



Healthcare

We work closely with our portfolio companies to consistently expand access to care within their region, increase care quality and improve patient experience.

The healthcare industry’s mission to improve the health and wellbeing of patients aligns with the UN Sustainable Development Goal 3 to achieve Good Health and Wellbeing on a global scale. Our healthcare companies are dedicated to research and development which further contributes to this goal by unlocking better health outcomes for patients, like Diagnostyka, the number one laboratory diagnostics group in Poland.

We recognise that as a responsible investor, healthcare

companies should be supported to adopt a holistic approach to ESG alongside their mission to improve health outcomes. Our companies have focused their ESG efforts on education and promotion of healthy lifestyles to further benefit the communities they serve and increase access to reliable medical knowledge.

By integrating wider ESG aspects that provide benefits in addition to healthcare outcomes, such as Regina Maria’s incorporation of electric vehicles into their fleet and reducing the production of medical waste, our portfolio companies unlock operational efficiencies and innovations which achieve positive outcomes for people, planet and investors.

“MidEuropa has a deep expertise in investing in healthcare companies. MidEuropa focuses on strategies aimed at aligning our capital resources and management expertise with maximising benefits for patients.”



Matthew Strassberg
Partner

Matthew joined MidEuropa in 2002 and founded and leads our Healthcare Sector.

Healthcare initiatives:



Regina Maria – increasing access to modern healthcare and investing in quality education for the next generation of health workers

Regina Maria is Romania’s largest private healthcare provider, spanning over eight hospitals in 150 locations. Since MidEuropa’s investment, Regina Maria have developed their sustainability strategy to focus on three main pillars of responsibility based on a 2021 materiality assessment: growing a more educated generation and increasing access to quality education; supporting sports initiatives as part of a healthier lifestyle; increasing accessibility to modern health care through digitalization.

In 2022, with MidEuropa’s support, the company underwent its first carbon footprint calculation project for all its activities. This project involved calculating the carbon footprint from its 2021 operations, identifying the measures needed to reduce the carbon footprint and subsequently analyzing the effectiveness of these measures. The calculation was conducted based on the Greenhouse Gas Protocol standard for greenhouse gas emissions inventory. Regina Maria has chosen an operational control-based approach to consolidate its greenhouse gas emissions.

Find out more about Regina Maria’s efforts in sustainability in their [2022 Sustainability Report](#) which is aligned to the Global Reporting Initiative (GRI) Standards Core Option.



Spotlight: Regina Maria’s impact through education. Regina Maria’s development strategy aims to continually educate health professionals throughout the country and increase professional training to improve the population’s health whilst reducing pressure on the public health system.

Key initiatives in 2022 included:

The “Health Class”

Regina Maria collaborated with partners from Junior Achievement Romania to introduce “Health class” as an optional subject in primary schools. Within the project, children learn healthy attitudes and habits, in an integrated approach, including: personal care, disease prevention, nutrition and exercise.

Surgical Training Institute

Surgical Training Institute is the only private training centre in minimally invasive surgery in Romania which trained over 2,500 doctors from Romania and abroad. Equipped with the latest medical technology for surgery, the centre offers training in the latest laparoscopic surgery and endoscopic techniques. In 2021, the Institute held 14 events, which were attended by 219 participants.

European Nursing Academy

The European Nursing Academy, launched by Regina Maria, is the first university degree program in Romania that has been developed in partnership with an international university. Classes are held in English and the curriculum has been developed by Coventry University in the UK, which also awards the graduation certificate. This programme offers students several types of scholarship and offers subsidies for tuition fees. In 2021, the academy offered four in-person courses and five webinars engaging over 400 students in total.

Royal Club of Physicians

This association is supported by Regina Maria and brings together medical elites, organising virtual events for over 7,700 participants so far. In 2021, RCP organised 29 events.

Human Resources Development

Company HR initiatives are focused on three main pillars: (I) Investment in the performance of employees; (II) Equal opportunities; (III) Employee wellbeing. In 2022, this translated in:

- 24,000 hours of training for employees
- 3,100 participants in company-financed trainings
- 1,650 days of study leave
- 4.6 – the average number of training hours/year/employee
- + 70 different courses

Healthcare initiatives:



Diagnostyka is more than just a result

Diagnostyka is the largest network of medical laboratories in Poland. They specialise in providing professional services ranging from the collection and transport of biological material, through testing, to the delivery of the results in the shortest time possible.

In 2021, Diagnostyka undertook a materiality assessment to determine which ESG topics were most important to its stakeholders and identify the impact (positive and negative) of Diagnostyka on the topics. Diagnostyka publishes its materiality map and updates on key impact areas in its annual ESG report to update stakeholders on progress and initiatives to operate in a responsible manner, based on their principles of transparency and dialogue.

Read more about Diagnostyka’s ESG efforts in their [2021 sustainability report](#), which disclosures progress against the GRI index.

Diagnostyka’s material topics:

Environment



Social



Governance

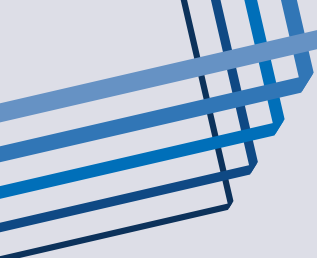


Based on the material topics identified in the materiality assessment, Diagnostyka is making a series of improvements including:

- Identifying and monitoring environmental indicators. To provide accurate progress as the company grows, Diagnostyka company presents the indicators per diagnostic test performed.
- Setting a target to replace the majority of its courier fleet with electric cars by 2025.

In addition, Diagnostyka has organised and supported educational campaigns since its inception. The company contributes to medical research through scientific cooperation with universities, promoting knowledge of laboratory tests, education and prevention campaigns, and collaboration with social partners and charities.

Diagnostyka’s next steps are to adopt a sustainable development strategy, which will define the direction of future activities.



Services

We support our portfolio to remain resilient to global consumer trends which impact the Services sector. Globally, shifts towards the growth of e-commerce and digital services, digitalisation through the increased role of AI, and an increased demand for CRM services has strengthened the demand for our companies to grow in an agile and responsible way.

MidEuropa has successfully supported its portfolio companies in the Services sector to grow in scale and expand internationally. Within this expansion, it is more important than ever to take into consideration the ESG aspects which are most material to each of our portfolio companies. We support companies with their growth via traditional means of strategic acquisition, in combination with support for the creation of robust governance structures and ambitious ESG goals.

2022 marked an acceleration of MidEuropa's engagement

across all of our portfolio to track ESG progress, and we are excited to see a number of our portfolio continue to evolve in the ESG space. Mplus Group continued to enhance their governance structures in 2022 through the appointment of a Chief Sustainability Officer who is responsible for rolling out their ESG framework and monitoring progress against KPIs. Mplus Group also issued its sustainability-linked bond in 2022, verified by Sustainalytics. The bond demonstrates their strengthening commitment to GHG emission reductions and improvements to gender diversity in management teams, as well as linking progress to the global UN Sustainable Development Goals.

In 2022 Cargus also won a bronze medal from the global sustainability certifier EcoVadis for its management of sustainability – representing a robust assessment of Cargus's management of the environment, human rights, business ethics, and sustainable procurement. In September 2023

“Focusing on ESG considerations helps make our portfolio companies in the Services sector more resilient and productive.”



Cargus achieved a silver medal and was ranked in the top 11% of companies in the transport and courier industry for sustainable procurement and in the top 2% of companies for its approach to business ethics.

We are looking forward to further expanding the ESG management of our portfolio companies within the Services sector and unlocking value creation for our stakeholders.

Kerim Turkmen
Partner

[Kerim is a Partner and Head of the Services sector at MidEuropa.](#)

Services Initiatives



Mplus – adding value to all aspects of business and life

Mplus Group is the largest independent business process and technology outsourcing (BPTO) company in southeast Europe, spanning 49 locations. Their workforce of over 12,500 employees supports over 300 clients in more than 25 industries – providing a service in 32 languages. The Group provides customer relationship and human resource management solutions, software including customer engagement platforms, customer relationship management and robotic process automation, offering a multidisciplinary approach to their clients.

In July 2022 Mplus Group's holding company issued the first Sustainability-Linked Bond in Croatia. Under this framework, the Group can issue further sustainability-linked instruments aimed at financing or refinancing projects that would enable the Group to achieve its ESG objectives. The Group also utilised the independent ESG rating provider Sustainalytics to confirm that the Sustainability-Linked Bond Framework is aligned with the five core components of the Sustainability-Linked Bond Principles 2020.

Progress on the KPIs will be published within Mplus Group's annual sustainability reports.

Read more about Mplus's ESG efforts including their targets and ambitions in their [2022 Sustainability Report](#) which discloses against GRI standards and reports progress against the UN Sustainable Development Goals in line with their commitment to the UN Global Compact.

For the purpose of the bond, Mplus Group set two KPIs and accompanying sustainability performance targets which set out their plan for implementation:

KPI 1: decreasing Scope 1 and Scope 2 GHG emissions

Sustainability performance target: Reduce absolute Scope 1 and Scope 2 emissions by 25.2%, to 2,148 , Scope 1 and Scope 2 tCO₂-equivalent emissions in 2027 from the 2021 baseline

KPI 2: reach a more balanced gender diversity in management teams

Sustainability performance target: Achieve 51% representation of woman in management teams (including governance bodies) by the end of 2030



Services Initiatives



Cargus – achievement of Silver EcoVadis rating 2023

Cargus is Romania’s largest courier, express and parcel (“CEP”) service provider, offering last mile delivery to over 85,000 customers, including business clients, e-commerce retailers and private individuals.

Cargus’ mission to protect the environment is strategically focused on three main pillars of responsibility: increasing the low-emission vehicles fleet (Euro 5 pollution-proof vehicles and testing alternative vehicles), increasing the number of shipments to Cargus SHIP & GO points (to reduce carbon emissions), launch sustainable packaging and develop “green” partnerships.



ecovadis

EcoVadis rating 2023:

In 2023, Cargus won the silver medal for management in sustainability given by EcoVadis, one of the largest rating and certification agencies in the world. This marks the second consecutive year that Cargus has received recognition from EcoVadis. In 2022, the company was awarded with the bronze medal, marking the first acknowledgment of its commitment to implementing long-term sustainable practices.

EcoVadis assessed Cargus’s performance across 4 pillars:

- Environment
- Fundamental human rights at work
- Ethics
- Sustainable procurement.

Cargus ranks in the top 11% of companies in the transport and courier industry in terms of sustainable procurement and in the top 2% of companies for its approach to business ethics. In terms of the overall score, Cargus is among the top 18% of companies in the postal, courier, and multimodal transport industry and is the only courier company in Romania certified by EcoVadis.



“A business exists because of people and communities. And our mission, as the first and one of the most important courier companies in Romania, is to improve the life of the communities we belong to – through quality services, but also through a sustainable way of doing business. That’s why we build Cargus not only as a leader in innovation, but also as a company that cares about the balance and well-being of the team, and values the environment”

Monica Buiciuc, Head of Sustainability at Cargus



Technology

At MidEuropa we recognise that the increased presence of AI, greater global connectivity and the increased valuation of personal data are global trends relevant to all businesses, not just those in the technology sector. The digitalisation of our portfolio companies’ operations is a key value creation pillar which we have successfully leveraged across our investments. We recognise that upskilling employees, creating comprehensive cybersecurity frameworks, incorporating IT solutions and services, and improving customer satisfaction are key aspects for all our companies to successfully continue their growth and expansion.

As digitalisation is a key pillar for value creation at MidEuropa, all of our portfolio companies undergo a digital review upon acquisition to identify areas for improvement

as well as new ones to explore. We have supported our services companies such as Mplus Group to respond to the increased presence of AI and associated rollout of more autonomous systems by focusing on augmented customer experiences where human interaction is enhanced by technology. Our healthcare companies like Regina Maria have used digital platforms to connect with more patients and decrease waiting times, which improves the patient experience and leads them to better health outcomes.

We continue to use the lessons learned in expanding the digital capabilities of our portfolio companies to improve all of our businesses, whilst making sure that they remain resilient and dynamic to the evolving technology landscape.”

“MidEuropa’s Consumer, Services, and Healthcare companies are supported by our deep expertise in technology solutions.”



Eddie Short
Digital Transformation Leader

Eddie is a member of the Operating Team at MidEuropa and oversees our digital transformation value creation lever.

Technology Initiatives



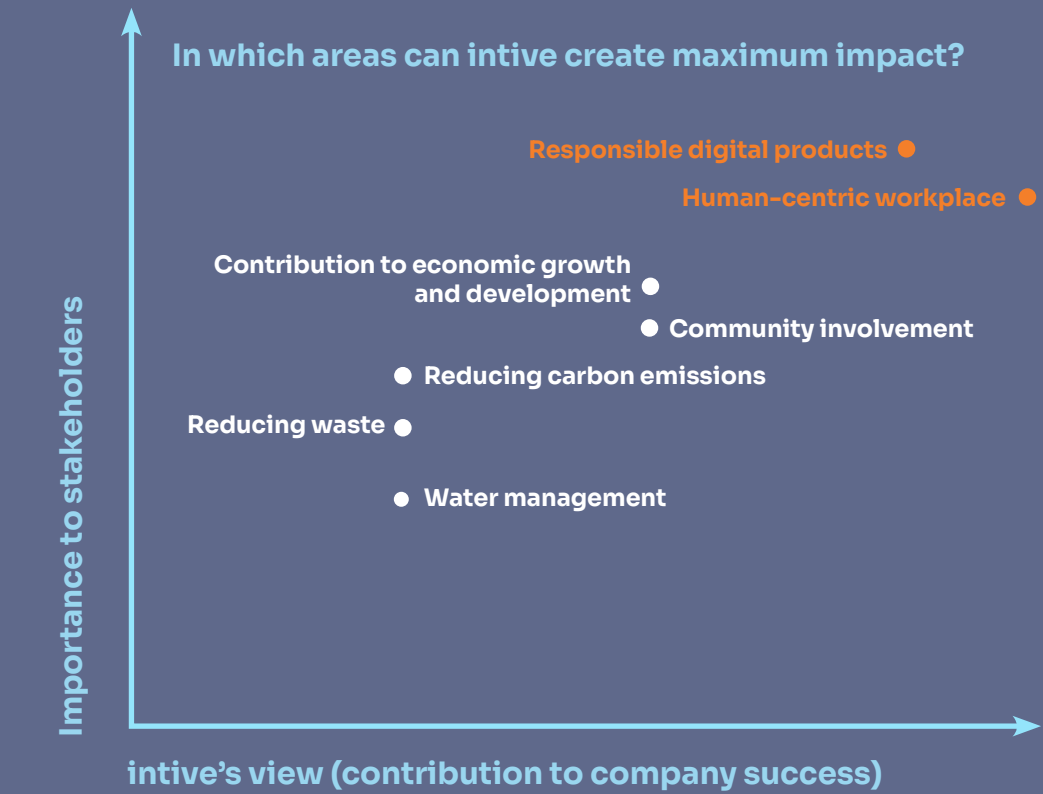
Intive – developing people-centric digital products to positively impact society

Intive is a global technology company that combines deep industry expertise, user-centric design and world-class software engineering. Intive’s approach creates digital services that empower users, deliver business value, and make an impact on society. Intive has over 20 years of experience innovating with clients across many industries, which include Telecommunications, Retail, Automotive, Transportation & Hi-Tech, FinTech and Media & Communications.

Read more of Intive’s efforts in their [2021/2022 ESG report](#).



In its most recent ESG report, published in 2021/22, Intive introduced its ESG strategy which was based on the following materiality assessment:



Source: Intive 2021/2022 ESG report

2022 Highlights: a spotlight a human-centric workplace

- **Intive’s employee engagement survey:** Intive conducts a biannual Employee Engagement Survey to receive staff feedback and implement improvements. According to the results of the Employee Engagement Survey 2022, 90% of “Intivers” feel comfortable with their colleagues and 92% feel they can count on their help.
- **Women in Tech:** Every year, Intive celebrates International Women’s Day to champion women’s empowerment and all of the ways in which women continuously promote authenticity, resilience, strength, and courage. As part of this celebration, Intive organizes webinars and workshops and shares employee insights on what it’s like to be a woman in the technology sector. Intive also offers internal workshops with female role models and promotes female talent as external representatives. Female representation on the Extended Leadership Team is at 25% as of 2022.



Technology Initiatives



Regina Maria – Investing in digital healthcare

During MidEuropa’s ownership, Regina Maria has developed the following technology initiatives:

Virtual Clinic – this is the most complex telemedicine platform on the market, integrating all network systems to provide a holistic patient experience. More than 470 doctors are available online, from 40 medical specialties and over 1 million appointments have been made so far by patients from all corners of the country, as well as those living abroad.

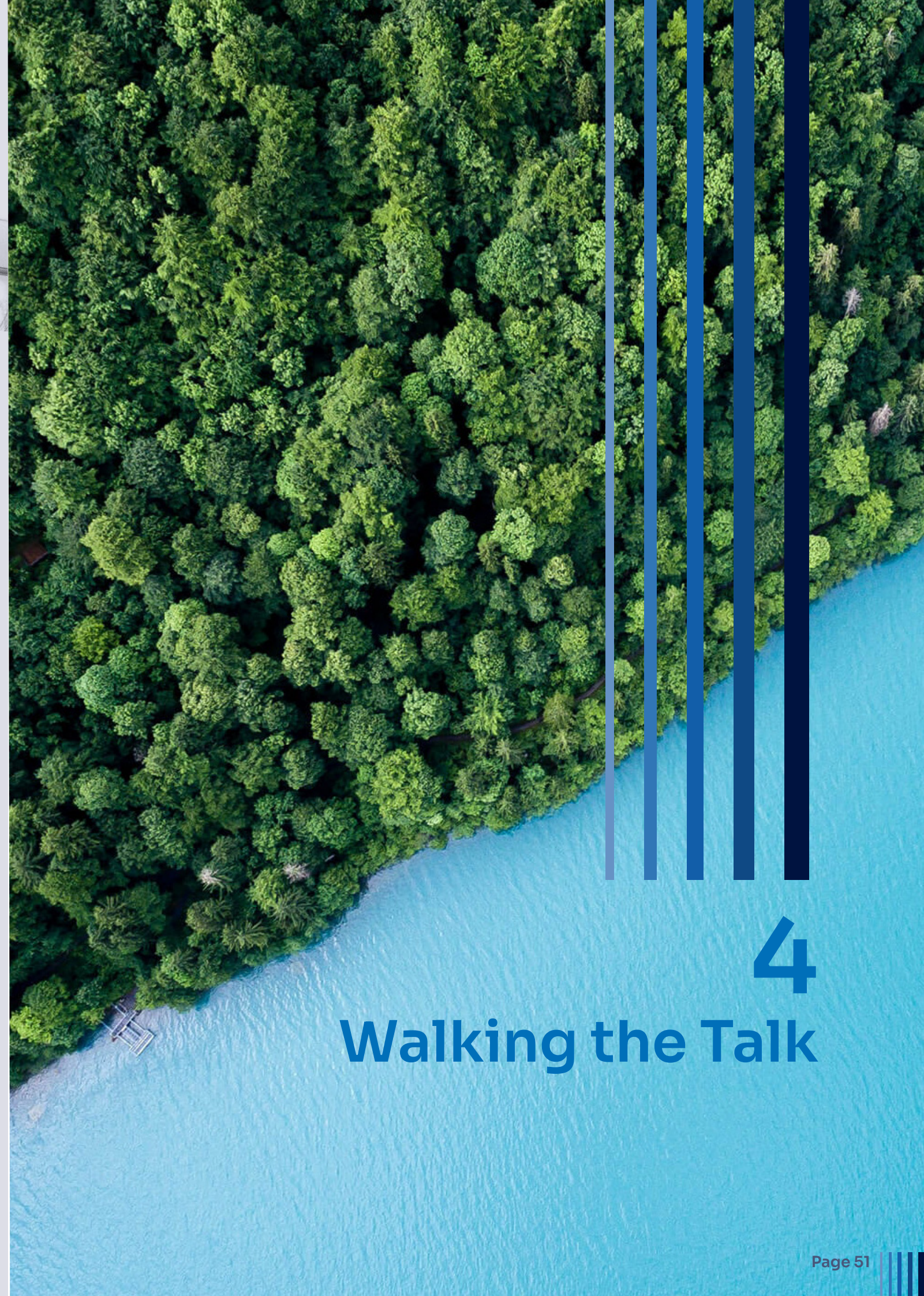
Mobile app – The number one healthcare app in Romania, the app integrates a series of facilities for patients: medical records, going back >10 years; appointments and online payments; facial recognition; chatbot; online appointments through the integrated Virtual Clinic; and access to the largest medical education platform with content curated by doctors.

Online shop – Regina Maria launched the first e-commerce platform dedicated to subscribers, where people can upgrade the subscription they have from their employer and buy one or more packages for their loved ones, at preferential prices.

Integrating AI in healthcare – Regina Maria is the first provider in Romania to adopt artificial intelligence in all its 27 imaging centres, as well as in its largest national laboratory. This ensures the accuracy of the final diagnosis and speeds up the release time of results.

Symptom Checker – The company is also testing an AI-based virtual assistant, which applies a thorough online questionnaire to patients, indicating possible causes of the symptoms they experience and guiding them to the relevant medical specialty.

Online doctors’ reviews – A one-of-its-kind feature in the medical world, patient reviews are displayed in real time on the company website, next to each doctor’s profile and are visible to anyone. Over 2,000 doctors received approximately 600,000 reviews, the average score being 9.54 out of 10.



4 Walking the Talk

Managing our impact

Whilst the majority of MidEuropa’s scope for impact is in its portfolio, we are committed to ‘walking the talk’ by committing to ESG across our own operations. To set an example of best practice to our portfolio companies, we monitor our performance against our core ESG focus areas using the following KPIs:

<div>3GOOD HEALTH AND WELL-BEING</div> <div></div>	<div>8DECENT WORK AND ECONOMIC GROWTH</div> <div></div>	<div>11SUSTAINABLE CITIES AND COMMUNITIES</div> <div></div>	<div>13CLIMATE ACTION</div> <div></div>	<div>16PEACE, JUSTICE AND STRONG INSTITUTIONS</div> <div></div>
Diversity, Equality & Inclusion (DE&I)	Business Ethics	External Stakeholder Engagement / Community Relations	Climate Change & GHG emissions	Labour Practices & Human Rights
Public commitment on DE&I	MidEuropa’s business ethics policies in place	Community investment outputs as a proportion of revenue	Scope 1, 2 and 3 (optional) emissions in line with GHG Protocol	Human rights/ modern slavery policy and due diligence processes in place
DE&I Policy	Annual refresher training on mandatory policies	Engagement of portfolio companies on ESG focus areas	Renewable vs non-renewable energy consumption	Annual employee survey
DE&I lead and DE&I committee appointed			Science-Based Target or reductions in line with GHG Protocol	Lost time injury reporting (# work-related injuries, # work-related fatalities, # days lost due to work-related injury)
Organic and total net new hires			Climate-change risks and opportunities (TCFD assessment)	Safety management programme in place
Annual percent attrition				
Gender Pay Gap				
Ratio of female to male senior leaders				

Our ambition going forwards

Over the next 12 months, the ESG and DEI Committees will monitor progress against our core ESG KPIs, and identify areas where MidEuropa can move the needle and continue to generate positive impact.

Spotlight on Science-Based Targets Initiative

The Science-Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions-reduction targets in line with the latest climate science. It is focused on accelerating the transition to a zero carbon economy to achieve Net Zero by 2050. Setting a Science-Based Target (SBT) demonstrates that a private equity firm is committed to achieving Paris-alignment in its portfolio emissions reduction efforts.

MidEuropa is one of the first private equity firms within Central Europe to commit to setting a Science-Based Target. We have set a Science-Based Target to be validated in Q1 2024, which will commit us to the following:

- 100% of our portfolio companies to have adopted science-based targets by 2035.
- 42% reduction of our firm’s Scope 1 and 2 GHG emissions by 2030.*

MidEuropa’s emissions for 2021*



*Please note this is a combined Scope 1 & 2 target as MidEuropa does not emit any Scope 1 emissions.



Through our direct involvement and influence with our portfolio companies, we recognise that, as a private equity firm, we are uniquely positioned to activate significant greenhouse gas reductions. As previously reported, we have already supported our portfolio companies in undertaking their GHG inventories to understand their baseline and identify emissions hotspots. We have also partnered with Anthesis, the world’s largest group of sustainability experts, to provide training on emissions reductions and climate change impacts to our investment team and the management teams of our portfolio companies.

As a contributing member of the [Initiative Climat International \(iCI\)](#) – a collective climate commitment from private equity forms, MidEuropa is committed to leverage its position of influence to support science-aligned GHG emissions reductions across its portfolio and within its own operations

Laura Mansfield
ESG Manager



Our external engagement

At MidEuropa, we recognise that industry-wide collaboration is a critical lever to drive innovation. One of our core values is “Partnerships”, and we extend this to our ESG efforts.



MidEuropa is a signatory of the UN Principles for Responsible Investment (UN PRI).
An international network of investors working together to put the Principles for Responsible Investment into practice. The initiative aims to help incorporate ESG issues into the investment decision making and ownership practices. Every year UN PRI signatories are evaluated against the implementation of these principles.



MidEuropa is a member of the ESG Data Convergence Initiative (EDCI), led by the Institutional Limited Partners Association (ILPA) and supported by Boston Consulting Group (BCG). The EDCI aims to streamline the private investment industry’s collecting and reporting of ESG data to create a critical mass of meaningful, performance based, comparable ESG data from private companies. In 2022 we updated our annual ESG data collection process to include the EDCI metrics on greenhouse gas emissions, renewable energy, board diversity, work-related injuries, and employee engagement. By sharing this information we are contributing to important ESG data collection used to benchmark the performance of our portfolio against its peers whilst also providing greater transparency on ESG performance.



MidEuropa is a member of the Initiative Climat International, an organisation supported by the UN PRI.
The ICI is a collective commitment from private equity investors to manage the risks and opportunities associated with climate change by integrating the materiality of climate risk into the investment process and supporting portfolio companies to reduce their carbon emissions.



MidEuropa is a sponsor of Level 20, the not-for-profit organisation established to inspire women to join and succeed in the private equity industry.
Our firm supports Level 20’s mission to encourage greater female representation across the private equity industry with the goal of having 20% of senior positions in the industry held by women and with a particular focus on increasing the number of women in investment roles.
We encourage our employees irrespective of gender to be active members of Level 20 by contributing to Level 20-led research, discussion groups and outreach events and participating in the annual mentoring programme. Our firm’s engagement with these activities is led by our internal Level 20 Ambassador.



MidEuropa is a member of Invest Europe, an association representing Europe’s private equity, venture capital and infrastructure sectors and their investors



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