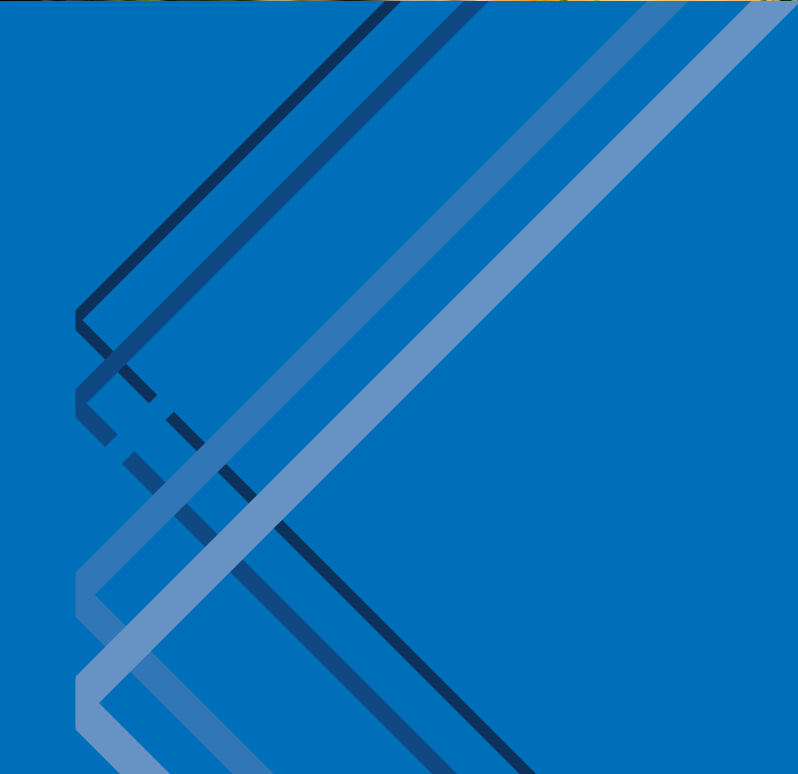
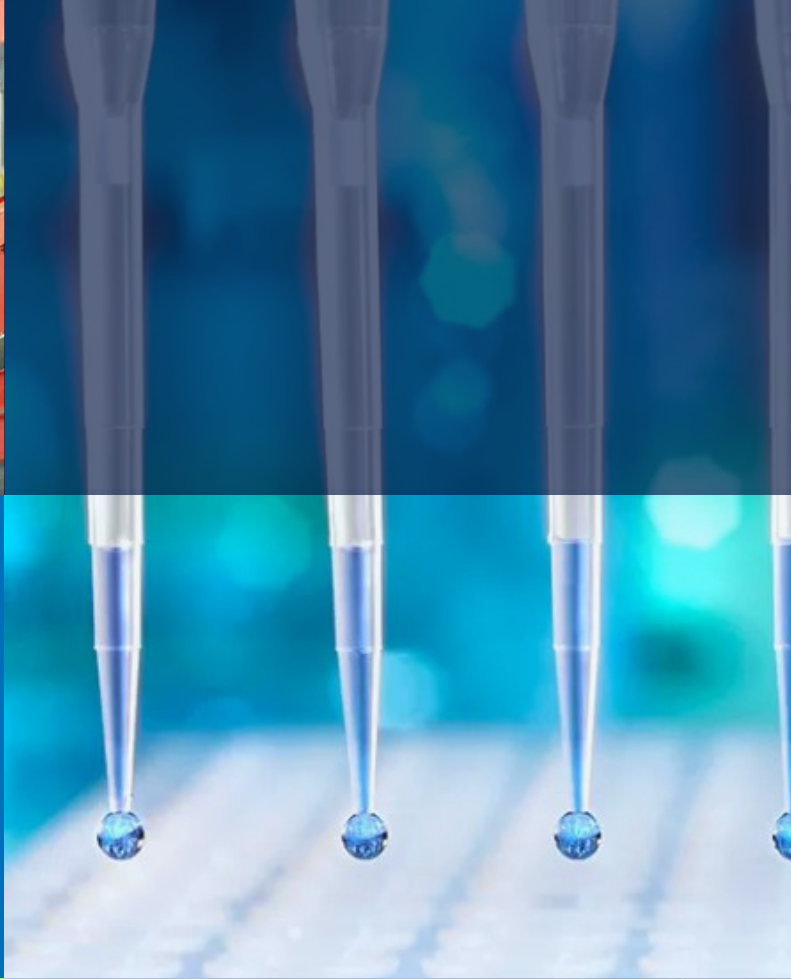




Driving Sustainable Growth

2024 ESG Report



MidEuropa is proud to share our second Environmental, Social and Governance (ESG) report.

About this report: This is MidEuropa's 2024 ESG report. The report outlines our approach to ESG, our progress to date on integrating ESG into investment decisions, and how we actively manage ESG in our portfolio. The report includes data covering the calendar year 2023 from our portfolio and within the firm. All data in this report is correct as of September 2024. Detailed information on the ESG performance of each fund and portfolio company is also disclosed to investors. This report should be read in conjunction with the sustainability policies on MidEuropa's website.

Find out more about MidEuropa:



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1. Introduction

A message from our Managing Partner

As the firm celebrates its 25-year anniversary this year, I am pleased to present our 2024 ESG report, highlighting the significant progress and achievements we have made over the past 18 months. This report not only reflects our ongoing commitment to environmental, social, and governance (ESG) principles but also underscores our dedication to transparency, accountability, and sustainable value creation.

One of our most notable accomplishments this year was the validation of our science-based target for greenhouse gas emissions in January 2024. This milestone demonstrates our serious commitment to reducing our carbon footprint and aligning our operations with the goals of the Paris Agreement.

In 2023, we took a significant step by voluntarily publishing our first Climate Change Report. This initiative was conducted in accordance with the disclosure recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD). Through this process, we have fortified our policy, governance, strategy, and the underlying metrics and targets necessary to manage the existential threat of climate change to both our firm and our portfolio. Our decision to voluntarily disclose against this best practice framework underscores our commitment to being honest, transparent, and accountable stewards of capital.

A key area of engagement within our portfolio this year has been the integration of ESG considerations into our portfolio company, Optegra, an ophthalmology provider. Building on the initial ESG onboarding framework we outlined in our

previous report, we have continued to support Optegra in developing their strategic ESG KPIs and goals, with a target year of 2027. In August 2024, Optegra published their inaugural ESG report, marking a significant step in their ESG journey. Additionally, we have assisted them in evolving their carbon reduction targets and worked with them to get Board approval to set a Paris-aligned science-based target by 2025.

One of our most notable accomplishments this year was the validation of our science-based target for greenhouse gas emissions in January 2024

Favourable long-term trends continue to underpin an active private equity landscape in Central Europe. The region has experienced a surge in digital transformation, driven by increased investment in technology and innovation. Additionally, geopolitical shifts and regulatory changes have heightened the focus on energy security and sustainability, aligning well with our ESG objectives. The economic environment remains dynamic, with robust growth prospects but also challenges such as inflationary pressures and supply chain disruptions. These trends necessitate a more strategic approach to investment and value creation, emphasising resilience and adaptability.

Our annual ESG report provides a comprehensive update on our progress to date and outlines our key priorities for the future. We are eager to receive feedback from our Limited Partners and other stakeholders on how we can best align our efforts to create enduring value. We hope you find this report informative and inspiring. Thank you for your continued support.

Robert Knorr
Managing Partner

MidEuropa: who we are

Founded in 1999, MidEuropa is a Private Equity company headquartered in London, UK and specialising in four key sectors across 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.

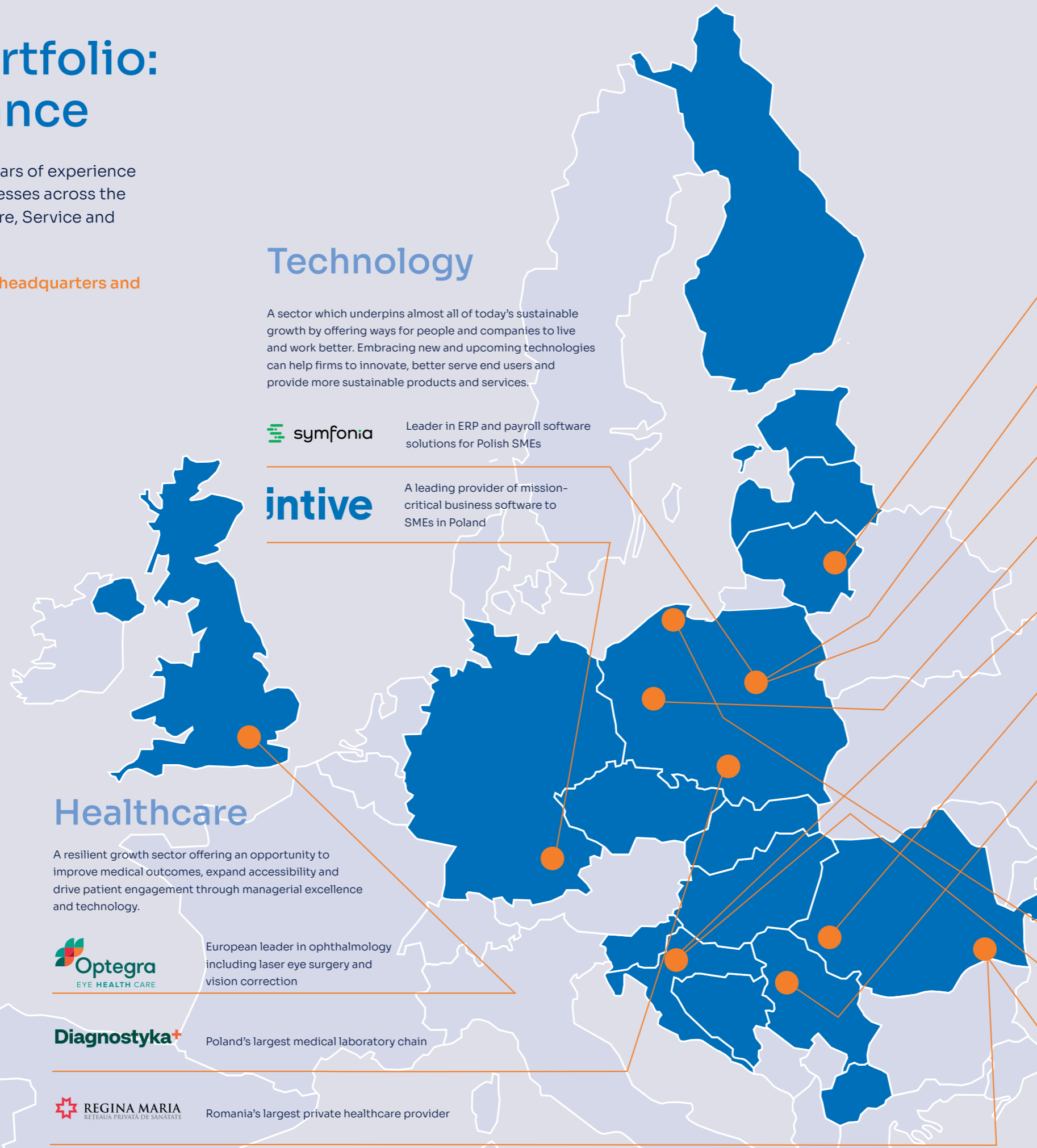
A commitment to continuous improvement

Our portfolio: at a glance

MidEuropa has 25 years of experience in investing in businesses across the Consumer, Healthcare, Service and Technology sectors.

Our investments by headquarters and main operations:

- MidEuropa's exceptional track record:
- 18
countries of investment
- 45
companies backed to date
- 15
companies in our portfolio at present
- >260
add-on acquisitions
- 30
exits to date



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.

symfonia Leader in ERP and payroll software solutions for Polish SMEs

intive A leading provider of mission-critical business software to SMEs in Poland

Healthcare

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

Optegra European leader in ophthalmology including laser eye surgery and vision correction

Diagnostyka+ Poland's largest medical laboratory chain

REGINA MARIA Romania's largest private healthcare provider

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.

pigu.lt The leading E-commerce platform in the Baltics

Displate The leading global print-on-demand marketplace for artwork and collectibles

HORTEX The leading Polish beverages and frozen food retailer

allegro The largest online shopping destination in Poland

mlinar The leading producer and retailer of fresh and frozen bakery in the Adriatic region

profi The leading convenience and proximity supermarket chain in Romania

imlek The leading dairy group in the former Yugoslavia

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.

HAMILTON The leading Testing, Inspection, and Certification company in Poland and Central Europe

Mplus The leading BPO services provider in Central Europe focusing on CRM, IT, and HR solutions

CARGUS A leading courier, express and parcel service provider in Romania

Our journey so far

Environmental

Social

Governance

2014



Became a UN PRI signatory

2015

Established ESG data collection programme

2016



Became a sponsor of Level 20

2022

Formalised ESG strategy



Hired Partner & Head of ESG Vesna Sipp

Significantly expanded annual ESG data collection programme

Developed process of ESG screening for all potential investments



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Measured firm and portfolio GHG inventories for 2021

Established ESG and DE&I Committees

Introduced ESG and carbon training for investment team and our CEOs



Became a signatory of ICI to address climate risk

Allegro became one of only five major Polish companies with climate targets approved by the Science-Based Target Initiative (SBTi)

2023

Hired dedicated ESG Manager

2023 Committed to streamlined ESG data reporting - ESG Data Convergence Project Initiative

Upgraded ESG onboarding to include our ESG Framework and strategic goals

Established internship programme to attract diverse talent

2024

Emissions reduction target validated by the Science Based Target initiative

Increased paid paternity pay at MidEuropa & provided DEI training to all employees

Supported Optegra through our ESG Framework and supported the development of their ESG strategy to 2027

Published our inaugural Climate Change Report in line with the TCFD disclosure recommendations

Launched ESG Navigator training programme

2. MidEuropa's Stewardship and Engagement

As a private equity investor, we recognise our responsibility to protect and grow assets in line with our Limited Partners' interests. MidEuropa has developed its methods of engagement to put into effect our stewardship responsibilities through purposeful dialogue with our portfolio to improve ESG business practices. This is in line with PRI Principle 2: "we will be active owners and incorporate ESG issues into our ownership policies and practices".

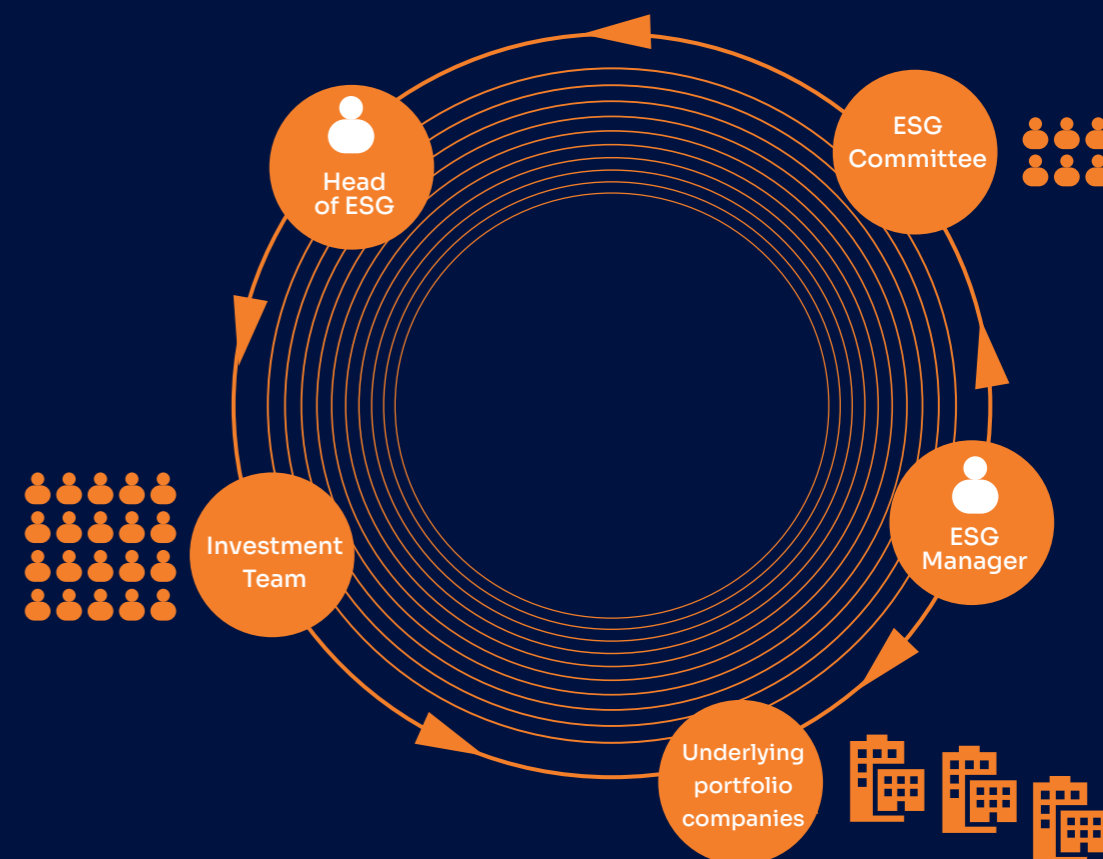
We have structured our internal oversight of ESG to ensure we can deliver on our stewardship responsibilities.



ESG governance and oversight

ESG Committee

Our ESG Committee is comprised of our Head of ESG & Investor Relations; our ESG Manager; our CFO; an Operating Partner; an Operating Principal; and a senior member of the Investment Team. This cross-disciplinary oversight allows us to collaborate whilst maintaining balanced discussions based on portfolio company expertise and prioritising our investors' interests. The ESG Manager and Head of ESG work closely with the Managing Partner to provide updates and seek advice and approval on projects.



Responsibilities

- 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.
- Our ESG Manager is responsible for managing the portfolio's progress on ESG, working closely with the Investment Team to integrate ESG considerations at each stage of our investment cycle.
- 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. The Investment Team undertakes mandatory ESG training at least quarterly (increased from annually in 2022) to ensure they are equipped to engage with companies and can set objectives with company management to create value.
- The portfolio companies are supported by the Investment Team and the ESG Manager to develop ESG action plans and bespoke KPIs, and set 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.

Our ESG Committee meets bi-monthly to drive ESG initiatives. In 2023 the Committee met to address the following topics:

- Agreeing to sign up to the ESG Data Convergence Initiative
- Analysis of ESG reporting scores (including PRI, and LP analysis of MidEuropa) to identify where to improve
- Science-based target validation by SBTi (the Science Based Target Initiative)
- Approving portfolio company ESG initiatives and delegating support (including Optegra's onboarding at the firm and Displate's carbon neutral certification).
- Approving ESG external reporting (including our inaugural ESG report published in September 2023).
- ESG internal roadmap progress in 2023 and plan for 2024

Responsible Investment Policy

Our [Responsible Investment Policy](#) describes how we have integrated considerations of ESG into each stage of our investment lifecycle and applies to 100% of our funds. Our Managing Partner has ultimate responsibility for the policy and delegates implementation to the ESG Committee.

MidEuropa's ESG Navigator Programme

In 2024, MidEuropa developed its ESG Navigator Programme which provides ESG training both internally and across our portfolio



Navigator internal ESG training programme

- All new joiners receive ESG training
- Specialist ESG training for investment team
- Additional training provided by ESG Manager to deal team at least quarterly
- Annual training provided by ESG specialist:
 - 2022: Climate
 - 2023: DEI & SBT
 - 2024: Sector based guidance



Navigator ESG portfolio training programme

- Annual portfolio training by ESG Manager
- Face-to-face meetings with ESG Manager annually
- Annual training provided by ESG specialist:
 - 2022: CEO climate change
 - 2023: SBT
 - 2024: Sector based deep-dives, diversity, climate change, regulations
- Annual ESG Insight Exchange

Our Responsible Investment Process

Pre-investment

1

ESG screening: sector, geographical and operational screening

- Our in-house ESG screening tool screens companies on materiality-based sector risks and opportunities using the SASB global sustainability standards
- ESG screening screens impact of potential acquisition on our science based target
- Results are incorporated in Investment Committee (IC) papers and presented to the IC

2

ESG Due Diligence: identifying material ESG risks and opportunities

- High-level ESG Due Diligence is undertaken in-house using our ESG screening tool
- Our ESG screening tool includes a dedicated section covering climate risks and opportunities
- Engagement with management to undertake a baseline assessment of performance vs material sector issues, MidEuropa's core focus areas, and climate risk
- Based on the ESG screening results, a third-party ESG Due Diligence Assessment is commissioned, if required
- Depending on the ESG risks identified, a detailed action plan is developed or the opportunity is not progressed based on ESG factors

Ownership

3

ESG onboarding: introducing our framework and developing an action plan

- Red flags from ESG Due Diligence Assessment are addressed
- All new portfolio companies undergo an ESG onboarding process
- ESG 100-day value creation plan created with the portfolio company
- All portfolio companies achieve "Good Governance" within twelve months of acquisition
- Portfolio company partners with third-party specialist to create a company-specific long-term ESG strategy and action plan, with time-bound goals and KPIs.
- The action plan includes, where relevant, a commitment to set an SBT in line with MidEuropa's overall aims

4

Ongoing monitoring: improving ESG performance

- ESG data collection and review of progress against KPIs is carried out annually
- ESG data is shared proactively with fund investors
- Training on ESG processes is provided by our ESG Manager and external specialists when relevant across the portfolio

Exit

5

Exit: leveraging value creation from ESG improvements and innovation

- MidEuropa provides support in preparing for ESG Vendor Due Diligence including progress against our core KPIs
- External vendor due diligence is undertaken when necessary

ESG Due Diligence and our Science Based Target

In 2024, as part of our science-based target, we included greater carbon and GHG considerations into the ESG due diligence process, to ensure that new acquisitions will support our achievement of this target. These considerations will be integrated into the ESG due diligence assessments for all new acquisitions and are supported where needed by external consultants:



Where risks are identified, this will either form part of the 100-day post-acquisition strategy planning or will result in MidEuropa not investing in the potential acquisition.

Assessing the materiality of our portfolio

MidEuropa's engagement with its portfolio is based on an assessment of ESG materiality, so that objectives can be set for the biggest risks and opportunities.

MidEuropa has been using the Sustainability Accounting Standards Board (SASB) since 2022 to identify sector-based risks and opportunities using its ESG screening tool. The Standards help us to identify the potentially financially material sustainability information based on a companies' industry, and to disclose this to investors and other financial stakeholders.

We use the sector-based materiality heatmap when acquiring new businesses to assess potential ESG risks and opportunities, as well as to assess our portfolio via our annual ESG survey. We have identified 13 ESG factors which are most relevant to our portfolio which we monitor and use when developing ESG Action Plans. The topics include our 5 core ESG focus areas which we identified to be material across all our assets.

Portfolio sector-based materiality heatmap		SASB / ESRS	Consumer	Healthcare	Services	Technology
			Allegro, Displate, Hortex, Imlek, Mlinar, Pigu, Profi	Diagnostyka, Optegra, Regina Maria	Cargus, JS Hamilton, M+ Group	Intive, Symfonia
Environmental	Climate change & GHG emissions	MidEuropa core focus topic				
	Water stress & effluent					
	Hazardous materials & waste management					
	Biodiversity					
	Product packaging & supply chain					
Social	Community relations	MidEuropa core focus topic				
	Customer welfare, satisfaction & data privacy					
	Human & labour rights	MidEuropa core focus topic				
	Health & safety					
	Employee engagement, diversity & inclusion	MidEuropa core focus topic				
Governance	Governance, competitive behaviour, & systemic risk management					
	Cyber security & data privacy					
	Business Ethics	MidEuropa core focus topic				

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: ESG Action Plans. The topics include our 5 core ESG focus areas which we identified to be material across all our assets.



1. Strong Governance: establishing robust business ethics

We believe that, across all the sectors we invest in, it is important to build an ESG programme based on a solid foundation of Strong Governance. MidEuropa encourages all new portfolio companies to address six core policies within 12 months of ownership, based on guidance provided by MidEuropa.

- Code of Business Ethics
- Health & Safety Policy or Management System
- Supplier Code of Conduct
- Environmental Policy or Management System
- Diversity, Equity & Inclusion Policy
- Human Rights & Modern Slavery Policy

2. Best Practice: tracking progress against core ESG focus areas

MidEuropa monitors its portfolio companies on core ESG KPIs across our five strategic focus areas. 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 from all our portfolio companies across our sector themes.

Beyond our core KPIs, we expect each portfolio company to monitor and manage other ESG topics based on materiality. To support this process, we work with external consultants who build long-term partnerships with our portfolio companies to help them develop and implement their sustainability roadmap.

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. MidEuropa supports all new 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 KPIs:




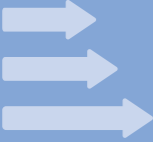

Portfolio-company goals	Diversity, Equality & Inclusion (DE&I)	Business Ethics	External Stakeholder Engagement / Community Relations	Climate Change & GHG emissions	Labour Practices & Human Rights
	Make a public commitment and establish a robust governance around DE&I	Ensure all relevant ethics policies are in place and ensure adherence through training and monitoring	Understand stakeholders' needs and develop and action plan, and understand contribution to addressing sustainability challenges in local communities	Calculate the Group-wide GHG emissions inventory	Ensure appropriate labour management and human rights policies are in place and in line with regulation and best practice standards
	Build a diverse, equal and inclusive culture and set gender diversity targets	Ensure MidEuropa's ethical principals are integrated into the company		Set Science-Based GHG emissions reduction targets	
	Consider other indicators beyond gender (i.e. socio-economic background, disability, etc)			Develop a strategy for company climate disclosures	Ensure a human rights due diligence is undertaken and define action plans for remediation where necessary

Our Stewardship and Engagement with Optegra

Optegra is a leading European ophthalmology platform operating in Czech Republic, Poland, Slovakia, the UK. The company performs over 130,000 surgical procedures per year, supporting patients in cataract removals, vision correction surgeries, and other eye care procedures, all helping to advance eye care for patients.

During MidEuropa's investment decision process, our Investment Team worked with Optegra management to identify material ESG risks and opportunities through our 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 assessment of existing procedures, and a benchmarking exercise against the industry standard. This was the first time that MidEuropa put our newly developed ESG Framework into practice in engaging portfolio companies, and this will serve as a template for all future engagement with portfolio companies.

ESG Framework approach

 <p>ESG screening</p>	<p>In-house ESG screening identified risk and opportunities based on SASB sector guidance</p> <hr/> <p>High-level due diligence & peer benchmark</p> <hr/> <p>Engagement with management to share results</p>
 <p>ESG onboarding</p>	<p>Operating Partner, ESG Manager, Investment Team met with Optegra to create the ESG value creation plan</p> <hr/> <p>MidEuropa set the following KPIs for Optegra:</p> <ol style="list-style-type: none"> 1. Develop an ESG strategy within 12 months of acquisition 2. Develop a science-based target by 2025
 <p>Ongoing monitoring & exit action plan</p>	<p>Optegra undertook a materiality assessment and set an ESG strategy with goals for 2027</p> <hr/> <p>MidEuropa signed off ESG strategy with Optegra Board including 2027 targets</p> <hr/> <p>MidEuropa provided technical support for Optegra's science-based target development, due to be achieved in 2026</p> <hr/> <p>MidEuropa provided technical support to Optegra to produce their inaugural report due September 2024</p>

Developing Optegra's ESG strategy

In 2023, MidEuropa supported Optegra to set an ESG strategic roadmap with goals and KPIs for 2027. The project was based on assessment of materiality, incorporating considerations of internal and external stakeholders.

Materiality map

The topics in the top right corner of the materiality matrix are considered very important by internal and external stakeholders.



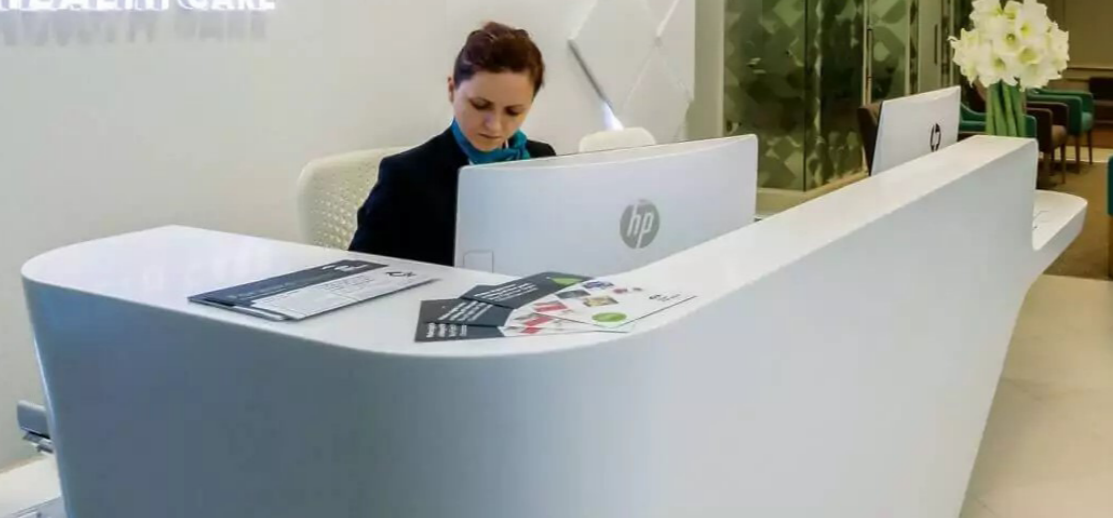
Optegra's strategy framework and headline KPIs

MidEuropa's ESG Manager also provided support to Optegra on the publication of their [inaugural ESG report](#) in 2024.

Company vision: Transform the vision, eye health and wellbeing of [500,000 – one million] people by 2027

Patients Ambition: Outstanding clinical outcomes and patient experience	People Ambition: Best healthcare place to work at and with	Planet Ambition: Contributing to a sustainable world	Governance Ambition: Responsible and transparent business conduct
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Quality Care and Patient Experience 1. ≥85% NPS score globally 2. ≥80% PROM score globally 3. ≥95% CatEyes 6/12 4. ≤0.3% PCR rates	Talent attraction, development and retention 5. ≥80% employee NPS (UK and PL initially, CZ to follow) Health, Safety and Wellbeing 6. ≥95% of staff report feeling safe to raise concerns and issues Organisational Culture and DEI 7. ≥80% of staff report feeling respected and included	Climate Change and Energy Management 8. Achieve GHG emission reductions in line with a validated science-based carbon reduction target • Scope 1, 2 and 3 emission (tCO2e) baseline 9. 100% of purchased electricity from renewable sources Waste Management and Circularity 10. 25% reduction in volume of waste to landfill (non-recycled) per unit of revenue from a 2023 baseline	Supply Chain Resilience 11. All new supplier contracts have Optegra's Supplier Code of Conduct included in annex Technology and Innovation Patient Privacy and Electronic Health Records ESG Governance and Reporting 12. Annual sustainability report in line with recognised international reporting frameworks
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Benchmarking our Approach

PRI Score 2023

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.

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. The purpose of the PRI is to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

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 Limited Partners 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

In 2023 we were awarded 3★ in the Policy, Governance and Strategy PRI Assessment module; 4★ in the Direct – Private Equity module; and 4★ in the Confidence Building Measures module. The scores are for our stewardship efforts up until 31st December 2022. Our full submission is available on the PRI website.



3. ESG in our portfolio



Please note that these percentages are based on all the portfolio companies which undertook our exercise. The figures exclude M+ Group and Allegro (except where stated) which were not included within this exercise as both are minority investments.

Our key priority focus areas

MidEuropa has identified five core focus areas which are relevant across the key sectors that we invest in. We work with our portfolio companies to improve the management of these topics as a strategic priority.

Climate change

All portfolio companies should monitor and mitigate their impacts on climate change and the manage climate impacts on their business, and should set ambitious GHG emissions reduction targets

Diversity, Equity & Inclusion

All portfolio companies should cultivate successful workplaces through safe and inclusive working cultures

Labour Practices & Human Rights

All portfolio companies should investigate and map their supply chains for human rights issues and ensure supplier audits are undertaken

Community Relations

All portfolio companies should provide safe and prosperous jobs for people within the communities that they serve, and invest in community initiatives

Business Ethics

All portfolio companies should ground their business practices with good governance through policies and procedures that promote good business ethics

Climate change

MidEuropa's science-based target:

As part of our SBT, we are engaging with our portfolio on carbon target setting and one company, Optegra, has made a Board commitment to set an SBT by 2025.

MidEuropa uses a materiality-based approach to engage with portfolio companies and encourage them to track their emissions and make reduction targets, working with the largest emitters first to measure and manage their emissions. In 2022, we undertook a GHG inventory of 10 of our portfolio companies and we use this as a basis to engage with companies to reduce any emission hotspots.

We provide training annually to our portfolio companies to upskill key management teams on climate-related topics such as the TCFD disclosure recommendations and other climate-related policy developments.

MidEuropa also undertook a review of its operational footprint in 2023 to identify emission hotspots across its Scope 1 & 2 (office-based) emissions.

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 is committed to supporting the transition to a zero-carbon economy.

MidEuropa published its first Task Force on Climate-related Financial Disclosures report in 2023 outlining our governance, strategy, risk management and metrics and targets related to climate risks and opportunities. This was a voluntary disclosure in line with our commitment to transparency and accountability.

Timeline of climate work

2022

Became a member of the initiative **Climat International (iCI)**

Undertook a GHG inventory of 10 of our portfolio companies

Provided training to the **Investment Team and portfolio company CEOs on climate change**

2023

Formally committed to set a **Science Based Target within the next 12 months**

Published our first **Climate Change report in line with the TCFD disclosure recommendations**

2024

Target validated by the **SBTi**

Following our engagement, **Optegra made a formal Board commitment to set an SBT by 2025**



Case study – Optegra

MidEuropa acquired a majority stake in Optegra in January 2023 and engaged with their management teams to set strategic ESG objectives. One of the objectives was for Optegra to set a science-based target within by 2025, which the Board agreed to in January 2024.

Since then, Optegra has commenced a decarbonisation project with a specialist consultant which is due to be finalised in 2024. This has included a 24-month commitment to track its GHG emissions using the consultant's platform as well as the provision of climate training for key members of the Optegra team.

Optegra's climate targets

Achieve GHG emission reductions in line with a validated science-based emissions reduction target

100%
of purchased electricity from renewable sources

Achieve external sustainable building certification at new sites

Identify and respond to physical and transitional climate change risks and opportunities

committed to align with the UK's NHS ambitious 2040 net-zero target for direct emissions and 2045 target for indirect emissions

Diversity & Inclusion

MidEuropa recognises that top-performing businesses are those that have cultivated safe, welcoming and diverse cultures.

In 2024, MidEuropa conducted its annual ESG survey which includes diversity questions measuring the maturity of portfolio companies' diversity initiatives. We continue to improve reporting from our portfolio and data availability on diversity performance has either been maintained or improved since 2023.

	% respondents 2023	% respondents 2024
Has a diversity and inclusion lead been appointed?	100%	100%
Has a DEI Committee been appointed?	100%	100%
Is a DEI Policy in place?	100%	100%
Has a review been undertaken of how existing benefit schemes encourage DEI?	100%	100%
Average unadjusted Gender Pay Gap	67%	71%
Number of women on Board	100%	100%
Board gender diversity	86%	100%
Number of Board members self-identified as LGBTQ	77%	86%
Number of Board members self-identified as belonging to an under-represented group	77%	86%
Employee satisfaction survey in place	93%	100%
% respondents to employee satisfaction survey	93%	100%

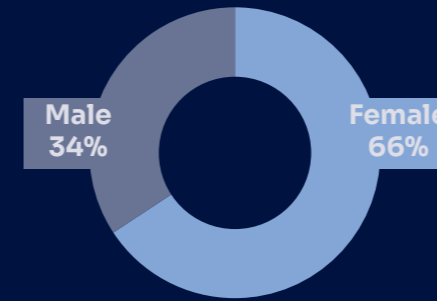
Portfolio highlights for diversity:

Cargus: as of Dec 2023: 49% of Cargus employees are women and 45% of management positions are held by women (vs 28% in 2022).

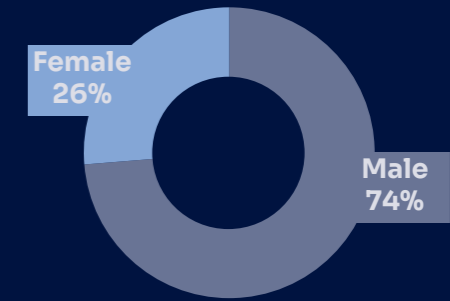
Optegra: Currently at Optegra 43% of the Executive Committee are women. In 2023, as part of its wider ESG strategy, Optegra set a target to achieve ≥30% gender and ethnic diversity in the Senior Leadership Team. Optegra also set a target to extend the UK gender pay gap assessments to cover the Czech and Poland branches by 2025.

Improvement in gender pay gap, board diversity, and employee survey uptake since previous year

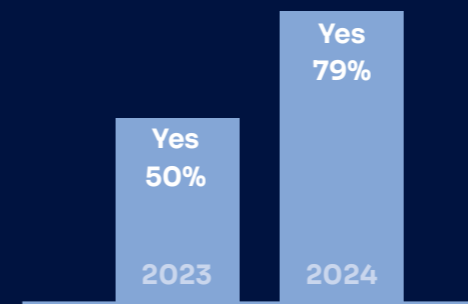
Total employee diversity split



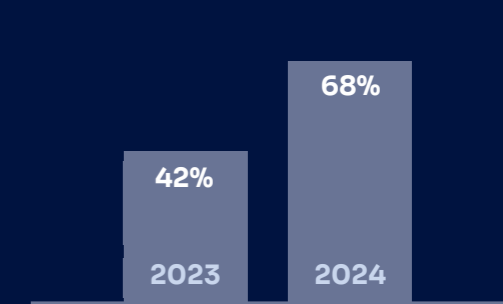
Board diversity split



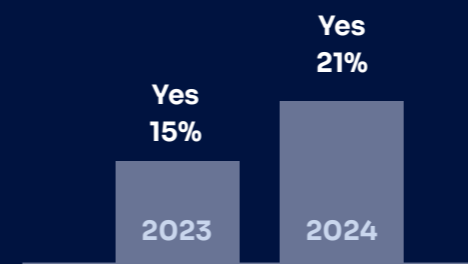
Is an employee survey in place?



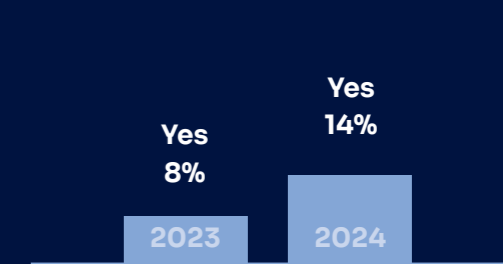
Average employee survey response rate



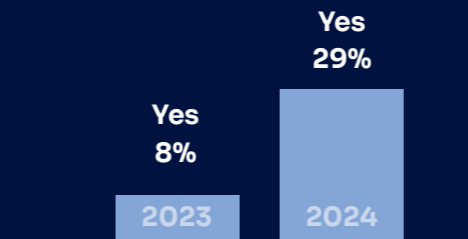
Has a DEI lead been appointed?



Has a DEI Committee been appointed?



Is a DEI Policy in place?



Has a review been undertaken of how existing benefit schemes encourage DEI?



* Presentation excludes Allegro and Mplus Group

MidEuropa will continue to engage with the portfolio to improve the uptake of DEI management processes.

Business Ethics & Governance

Business ethics and robust governance processes are essential for portfolio companies, serving as foundational pillars that drive value creation. It is important for businesses to uphold high ethical standards and to implement strong governance practices to reduce risks whilst improving operational efficiencies and corporate reputation. This commitment to ethical behaviour and effective governance fosters sustainable growth and delivers long-term value for our shareholders.



Portfolio highlights for good governance:

Cargus: Cargus received independent certification of their Integrated Management System (IMS) in June 2024. The IMS is aligned to the Environment (14001), Health & Safety (450001) and Quality Management (9001) ISO certifications. Additionally, Cargus became a signatory to the UN Global Compact in 2023.

Additionally, Cargus became a signatory to the UN Global Compact in 2023. Cargus maintained their Silver EcoVadis medal in their 2024 assessment, increasing their score from the 77th percentile in 2023 to 88th in 2024. Their highest scoring area was the Ethics module, in which they scored 80/100.

Case study for portfolio engagement: 2023 digital transformation assessment

In 2023, MidEuropa engaged with its portfolio companies to undertake an assessment of their digital capabilities to connect digital and technology to create robust ESG processes and generate value.

As digitalisation is a key pillar for value creation at MidEuropa, all 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 service companies such as **Mplus Group** to respond to the increased presence of AI and the 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 our businesses, whilst making sure that they remain resilient and dynamic to the evolving technology landscape.

Foundational policies

MidEuropa works with all new acquisitions to achieve a foundation of Good Governance within the first 12 months of acquisition. The following policies are relevant to all of our businesses and will support them in creating robust ESG governance.



Community Engagement

MidEuropa recognises the role all businesses have in supporting local communities and in empowering their employees to undertake philanthropic and volunteering activities.

Community engagement is a key pillar of our ESG efforts, and one which we believe brings many benefits to our portfolio, including:

- **Enhanced Reputation:** Builds a positive brand image and stronger stakeholder relationships.
- **Talent Attraction and Retention:** Appeals to employees who value socially responsible companies, improving recruitment and retention.
- **Improved Employee Morale:** Boosts job satisfaction and productivity.
- **Risk Management:** Mitigates risks and aligns with long-term value creation.
- **Meeting Expectations:** Satisfies regulatory and investor demands for sustainable practices.
- **Economic Impact:** Contributes to local economic development and stability.
- **Competitive Differentiation:** Sets the company apart in the market.
- **Stronger Relationships:** Fosters robust community and stakeholder support.

Overall, these activities help create long-term value and sustainability for our portfolio companies.



Community engagement highlights in our portfolio #1:

Cargus: in September 2023, Cargus participated to National Cleaning Day (part of World Cleanup Day), organised by Let's Do It Romania



Community engagement highlights in our portfolio#2:

Profi: in 2023, Profi continued its involvement with The Speranța Association for Romania by offering financial support and food donations to disadvantaged elderly people. Profi has supported the Association to support 9,400 people. Profi was also a sponsor of the aiming to safeguard immovable heritage by securing important heritage sites in southern Transylvania until they can be restored.

Human and Labour Rights

At MidEuropa, we believe that investing in human and labour rights contributes to more resilient, sustainable, and valuable investments, by helping our portfolio companies with:

- **Risk Management:** ensures compliance with regulations, avoiding legal issues and fines.
- **Reputational Protection:** prevents damage from negative publicity related to labour violations.
- **Investor Expectations:** aligns with ESG criteria, attracting responsible investors.
- **Long-term Value:** promotes sustainable growth and operational stability.
- **Operational Efficiency:** enhances productivity and reliability in the workforce and supply chain.
- **Market Access:** meets standards required to compete in global markets.
- **Social Responsibility:** demonstrates ethical leadership and corporate citizenship.
- **Legal Liability:** reduces the risk of costly legal battles and compensation claims.
- **Supply Chain Resilience:** ensures a more stable and reliable supply chain.
- **Positive Social Impact:** contributes to fair economic development and societal well-being.

Case study: Allegro

Polish online marketplace Allegro has the most recognised and successful internet platform in Poland with iconic brand recognition and unrivalled user engagement metrics.

Allegro deeply understands that both physical safety and mental well-being are crucial components of a company's work culture. Mental and physical comfort of workers are central components to Allegro's business success and their slogan "it's good to be here" expresses how Allegro strives to be the top choice not only from Poland, the Czech Republic, Slovakia, Croatia, Hungary and Slovenia, but also from other countries.

To evaluate and monitor workers' needs on an ongoing basis, an Engagement survey is held every year, supported with a second, smaller Pulse Check. This helps the Allegro to understand what affects employee engagement, as well as identify the areas to work on. The company tracks performance over time and implements recommendations and conclusions. The responsibility to incorporate employee feedback into decision-making processes and implementing actions to response to employee feedback lies with the Chief Human Resources Officer.

In early 2023, Allegro had an engagement score of 47%. However, Allegro's group-wide engagement action plan delivered results with progress of +11p (58%) in February 2024. This visible progress is the outcome of a comprehensive set of initiatives focused on four critical topics for the company, such as:

- **Compensation** - ensure everyone at Allegro comprehends its pay policy
- **Communication** - improve communication within the company and ensure communication is transparent and delivered on time
- **Development** - improve the promotion process, retain talented people and offer exciting career and development opportunities
- **Executive Team** - develop a set of twelve behaviours to build a common culture - across all countries and legal entities.



4. Walking the talk

Managing MidEuropa's own 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:

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

Spotlight: our Science Based Target

2022

In 2022, MidEuropa supported its portfolio companies to calculate their Greenhouse Gas (GHG) Emissions to address our largest emission hotspot. 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 on carbon management and encourage them to set their own science-based emissions reduction targets.

2023

MidEuropa set a target for 100% of our portfolio companies to have a science-based target by 2035, and formally committed to have its target validated by the SBTi within the next two years.

2024

MidEuropa received validation in January 2024 of our emissions reduction targets by the Science Based Target initiative (SBTi). These targets are consistent with the levels required to meet the Paris Agreement goals and limit warming to 1.5°C.

Commit to reduce absolute scope 1 and 2 GHG emissions
42% by 2030
from a 2021 base year.

Commit to
37%
of our portfolio to set SBTi-validated targets by 2028 from a 2021 base year.

Our targets:

MidEuropa's portfolio targets cover 100% of its total investment by invested capital as of 2021.

MidEuropa's Head of ESG Vesna Sipp says, "the latest IPCC climate science, described by the UN as "code red for humanity", shows it is still possible to limit global temperature rise to 1.5°C, but we are

dangerously close to that threshold. It is critical that we achieve rapid and deep emissions cuts across all sectors to halve global emissions before 2040 and achieve net-zero before 2050.

We are proud to have received validation by the SBTi for our emissions reduction targets and encourage our stakeholders to align with climate science by committing science-based 1.5°C and net-zero targets too."

The science-based targets will be integrated into MidEuropa's existing Responsible Investment approach as part of our ongoing contribution to a zero-carbon economy.

MidEuropa's decarbonization roadmap includes near-term, medium-term and long-term emissions reduction levers related to electricity, heating and cooling, office initiatives, and engagement with office building managers. MidEuropa has also identified Scope 3 emission reduction levers (excluding investments) which relate to purchased goods and services, business travel, employee commuting and waste.

To meet the portfolio coverage target, MidEuropa's decarbonisation roadmap identifies the largest emission hotspots in the portfolio and models emission reduction levers for each portfolio company. We also have an engagement plan for supporting the businesses to set their own science-based targets. MidEuropa has also implemented processes to consider carbon during pre-acquisition screening of potential investments and the impact the company would have on our science-based target. This has been supported with training to the Investment Team and the Investment Advisory Committee to ensure integration into the screening approach.

Our commitment to climate action was accelerated over the past 12 months with the following key initiatives:



MidEuropa supports its portfolio companies to set their own Paris-aligned science-based target



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

About the Science Based Targets initiative

The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. It is focused on accelerating companies across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.

The initiative is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments. The SBTi defines and promotes best practice in science-based target setting, offers resources and guidance to reduce barriers to adoption, and independently assesses and approves companies' targets.

www.sciencebasedtargets.org

[@sciencetargets](https://twitter.com/sciencetargets)

Please review our Appendix for our annual disclosure in line with the SBTi requirements.



MidEuropa's diversity efforts

At MidEuropa, we recognise the importance of fostering gender diversity and empowering women to reach senior positions within the historically male-dominated arena of private equity. As a member and sponsor of Level 20, we are committed to driving this change internally.

Recent data from Level 20 shows that while the number of women in entry-level roles in private equity has risen to 24%, there remains a decline in their representation at mid to senior levels, plummeting to as low as 10%. This drop-off can be attributed to a multitude of factors, including an unequal share of caregiving responsibilities and domestic duties that women often bear, alongside cultural and organisational pressures.

At MidEuropa, we are dedicated to implementing strategies that promote gender diversity, empower women to excel, and foster a culture of equity and inclusion across our firm and the broader industry.



During International Women's Day, MidEuropa published an article sharing our insights into how the private equity space can better attract, promote and retain talented women:

1. Champion diverse talent through sponsorship and networks

Private equity firms can play a pivotal role in supporting women through advocacy programmes and by assigning sponsors to help increase invisibility and promote diverse talent. While sponsorship is unstructured within the industry, standardising the process and having leaders advocate for individual colleagues is crucial to support women in junior positions to achieve promotions and remain in senior roles for longer.

Additionally, many publications support awards for women in private equity. It is important for investment teams to nominate their peers and encourage women to apply.

2. Cultivate inclusive cultures, including for parents

According to the Centre for Progressive Policy, nearly half of working-age women are providing an average of 45 hours of unpaid childcare every week, while 25% of men provide, on average, 17 hours. However, it is not just childcare responsibilities that impact working women disproportionately. A survey carried out for What Women Want found that one in five women reduce their working hours and 830,000 are unable to work entirely because of caring responsibilities for other adults.

Level 20's 2023 ACCELERATE report recommends that private equity firms formalise and encourage maternity, paternity, and shared parental leave. Actively engaging both genders on these policies and having senior leaders encourage and model taking leave can level the playing field, enabling women to pursue their careers with greater balance and support.

3. Ensure transparency in promotions and rewards system, and address information gaps

Transparency on promotion and reward systems, coupled with clearly defined role expectations and competency frameworks, are essential in supporting women's career progression and retention within firms. Managers can contribute significantly by offering timely and constructive feedback, guiding women on the development pathways necessary to reach their next career milestones.

"Something really powerful in the industry is to have examples. By having women in senior positions in your firm, you can see that being a woman in a senior role is achievable, and you can begin to envision yourself there."

Valentina Giambasu,
Investment Executive at
MidEuropa



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 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 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 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 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.

Charitable donations

Some of the charities MidEuropa has supported over the past 2 years:



Our Climate Risk Report

About the Taskforce on Climate-Related Financial Disclosures

The Taskforce on Climate-related Financial Disclosures (TCFD) recommendation support consistent reporting on climate-related risks and opportunities aimed at stakeholders including investors, insurance underwriters and lenders.

MidEuropa has chosen to voluntarily disclose against the TCFD recommendations in the spirit of transparency and accountability, and to be able to demonstrate progress in its processes over time.

MidEuropa's action plan for 2024-2025:

Governance: As MidEuropa continues to implement the recommendations of the TCFD, MidEuropa will continue to oversee climate risk as a key focus area.

Strategy: In 2024, MidEuropa will continue to expand its engagement with its portfolio companies on climate risk through educational workshops and support in relevant data collection. MidEuropa will also support its portfolio companies to set science-based targets in line with its proposed portfolio coverage target, subject to validation by the SBTi.

Risk management: MidEuropa will continue to embed climate considerations into each stage of the investment cycle to enable a more detailed understanding of the impacts of physical and transitional climate risks and opportunities within the portfolio. MidEuropa will continue to improve the reporting framework to investors by engaging the portfolio in training sessions which aim to facilitate the collection of better quality data on climate and ESG topics.

Metrics and targets: MidEuropa will continue to be an active member of working groups including the PRI and the ICI related to climate change and GHG emissions. MidEuropa will also continue its membership of the EDCI which seeks to provide consistent, comparable climate-related and ESG data through the submission of portfolio company data.

Please refer to our [2023 Climate Change Report](#) for our full voluntary disclosure.

Appendix: MidEuropa's performance

Number of portfolio companies that have set a Science Based Target

1
Allegro

Number of portfolio companies with Board approval to set a Science Based Target

1
Optegra

MidEuropa invested capital (%) with an SBT or Board approval to set an SBT within 24 months

16%

MidEuropa's Scope 1 & 2 emissions

37.46
tCO2e



25 ||||| MidEuropa

mideuropa.com