capvis

CORPORATE SUSTAINABILITY **REPORT**

2022

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Executive summary

At Capvis, we care deeply about environmental, social and governance (ESG) issues. We have always acted responsibly and respectfully and focused on robust compliance and governance. Good ESG adds to financial performance, which is why it is a fundamental part of our investment process. It informs every decision we make, for us and our portfolio companies.

In this, our third annual Corporate Sustainability Report, we outline our formalised ESG strategy and our partnerships with like-minded and market-leading organisations like the United Nations Principles for Responsible Investment (UNPRI) and Great Place to Work. The latter recently named us one of the top ten Best Workplaces[™] in Switzerland in the small workplaces category. We are committed to building a new generation of sustainable and resilient companies and are transparent in how we will achieve it.

We have made important progress in ESG in the last 12 months, including:

- Hiring a dedicated ESG Programme Manager to strengthen the cross-functional Green Team.
- Completing our ESG roadmap to clarify our objectives and ensure strategic consistency.
- Joining and aligning our key performance indicators (KPIs) with the ESG Data Convergence Initiative (EDCI) to maximise transparency and allow meaningful comparisons between investments.

We have also helped our portfolio companies make significant progress in their ESG journeys:

- · Completing 43 improvement projects in support of the UN Sustainable Development Goals (SDGs).
- Starting to prepare portfolio companies to collect scope 3 emissions data, with plans to complete comprehensive scope 3 measurements next year.
- Repeating annual ESG assessments for all our portfolio companies, first introduced in 2018.

Carbon Intensity

-18% portfolio-wide reduction in carbon intensity' from 2021 to 2022 **SDG Projects**



SDG aligned projects have been completed in 2022 by all portfolio companies Governance

99%

core sustainability policies are implemented across the portfolio

This report is intended to provide detailed information about how we think about, and act on, ESG:

Our ESG framework details how ESG fits within our investment process and how we support the UN Sustainable Development Goals.

ESG in the portfolio shows the progress our portfolio companies are making in their ESG journeys, as each tackles its own unique set of issues and follows its own path to increasing sustainability.

Success stories provide more details about selected portfolio companies.

* Includes Scope 1+2+3, with Scope 3 limited to business travel, excluding other Scope 3 emission categories.

Table of contents

Executive summary	2				
Table of contents	3				
Leadership statement	4				
Section 1: ESG at Capvis	5				
Capvis overview	6				
Introducing the Capvis Green Team	11				
Section 2: ESG investment frameworks	14				
ESG within our investment approach	17				
Our ESG assessment methodology					
Section 3: ESG performance of portfolio companies					
ESG performance across the portfolio					
TCFD* analysis	23				
KPI tables	26				
Roadmap and conclusion	27				
Company success stories	28				
Appendices	38				
Disclaimer	47				
Contact information	48				

Leadership statement

ESG starts with innovation

With great influence comes great responsibility. Capvis welcomes this challenge.

Private equity firms, like us, have an important position in the global economy. We have both the opportunity and responsibility to play a leading role as the world navigates to a more sustainable future – and every incentive to do so. Environmental, social and governance objectives align closely with financial ones by saving resources and increasing productivity and competitiveness.

Put simply: ESG creates long-term, successful companies.

We believe the path to a sustainable future can be found in the innovative instincts of businesses. In fact, we believe innovation is so important to the success of ESG, the acronym should be ESG-I.

Companies are naturally innovative. They face new challenges every day and are forced to find new ways to overcome them. This is the mindset the world needs to tackle problems like global warming and social inequality.

Where in the past the emphasis has been on personal sacrifice – consuming less, travelling less, wasting less – today, people increasingly understand that innovation is essential if we are to do more with less. Our portfolio companies are leading the way. For example:

- With its ESG by Design approach, ProXES has enabled a customer to save 2 million litres of drinking water per year by implementing a closed-loop cooling water system.
- Tmax has adapted its technology for cooling combustion engines for use with hydrogen engines and, in doing so, has opened a new and growing market.
- hessnatur has opened a returns and repair shop where its customers can bring used clothes. This has created a new revenue stream while also increasing the circularity of its products.

Actions like these don't only reduce waste and increase profits, they inspire people. And people increasingly want to buy from, and work for, companies that inspire them. This can help companies sell more, and attract and retain the best people, which sets them up for even greater success.

Too many still think about ESG in isolation, a responsibility to be delegated to one person or one team. The most forward-thinking companies understand that ESG needs to be considered by every department, and in everything they do. It should be infused into the fabric of the company and a part of every decision. As thinking around ESG matures, more companies will behave like this.

The world has come a long way in its ESG journey but there are formidable challenges ahead. Overcoming them will require businesses to unleash new thinking and creative energy. We are pleased with the momentum that is building up around ESG, which is being generated by companies like the ones in our portfolio. Inspired by the progress being made by competitors, customers and suppliers, businesses see the need to engage. Their issue is often knowing where to start, and who to follow.

Our role is to lead by example. As one of Europe's most respected mid-market investors, we embrace our responsibility to keep pushing ESG forward. We will continue to work with companies to create ESG strategies tailored to their businesses, delivering the biggest impact for our planet and the greatest value for our stakeholders.



DANIEL FLAIG Managing Partner, Capvis



Who we are

We are a Swiss, mid-market private equity investor focused on the DACHLI region (Germany, Austria, Switzerland, Liechtenstein, Luxembourg and Northern Italy). Founded in 1990, today, we have 40 employees, all contributing to an investment strategy that has sustainability at its heart. We incorporate ESG into every stage of our process and it informs every decision we make. This is reflected in our people, processes and culture.

8 Funds



€4.0bn



Defined by our people

We are defined by the exceptional talents of our people. We invest in their professional development to help them fulfil our expectations, empowering them to become reliable leaders and to provide world-class service to investors. Our culture of innovation, collaboration and ethical leadership is underwritten by our key values of integrity & passion, responsibility and respect.

Integrity & passion, responsibility and respect

We are committed to always delivering on our promises and to achieving results sustainably. We strive to be honest, open and respectful in all our communications with all our stakeholders, as the foundation on which all our relationships are built. We share in the failures of our portfolio companies as much as their successes, and welcome opposing perspectives as the basis of constructive collaboration.

We are accountable in everything we do. Our performanceorientated and meritocratic culture drives our pursuit of continuous improvement and excellence. We believe this is how we can build the corporate champions that will lead us to a more sustainable future economy.

Our investments

We specialise in investing in industrial technology, advanced services & software and healthcare companies in DACHLI* – the Industrial Corridor of Europe. We target mid-size, innovative companies that we believe can grow sustainably and become global or regional leaders in their fields. In our 30+ year history, we have done over 60 deals, investing around \notin 4.0bn. As of 31 December 2022, we have \notin 1.8bn assets under management and are invested in 17 portfolio companies.

ESG is a fundamental part of our process, which is applied consistently to all our investments. The only exception is our minority investment in AMMEGA, which is monitored as part of the lead investors' programme. AdEx Partners was acquired too recently to be included in this report, but will be in scope from next year.

We value the honest relationships we build with our portfolio companies and strive to serve them as reliable partners who add value to their businesses. We are passionate about the companies we work with – the happiness of their people and the quality of their products and services.

Why ESG matters

We want to help make the world a better place. Our investors want the same thing. They know, as we do, that improving ESG is not only the right thing to do, it's the profitable thing to do.

We have always acted responsibly and respectfully in all areas. It is in our DNA. At the same time, our priorities as global citizens align with our financial interests. By increasing sustainability through greater efficiency, fairness and governance, our portfolio companies deliver strong returns.

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* Germany, Austria, Switzerland, Luxembourg, Liechtenstein & Northern Italy.
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That is what our stakeholders expect, whether they are investors, customers, suppliers or employees. Behind every stakeholder, there are people – workers, families, pensioners and students – all of them with a vested interest in our planet's future.

We all want future generations to have access to clean air and clean water. We all want inclusive workplaces where people are happy and motivated. We all want the world to be a better place, both for people today and for future generations.

We can help make those things happen and generate strong returns for our investors while we do it.

KPIs at Capvis

At Capvis, we are committed to accurately and transparently measuring our ESG performance as a firm. We have metrics that reflect our own environmental and social priorities, and we are working hard to improve our performance across all measures.

Environmental*

КРІ	2022 figure	
Carbon intensity	4 tCO ₂ e / FTE	-5%
Carbon emissions	140 tCO ₂ e	0%
Energy intensity	16 MWh / FTE	+5%
Energy consumption	574 MWh	+10%
Renewable electricity consumption	25%	+18%

Social		
KPI	2022 figure	% change since 2020
Turnover rate	7%	+2%
Absenteeism	0.5%	0%
Lost Time Injury Frequency (LTIF)	0%	0%
Female employee representation	29%	+4%
Female representation- directors and principals	11%	-1%
Female representation - partners	0%	0%

Governance

KPI	2022 figure	% change since 2020
Policy implementation level	100%	0%

Fund Summaries						
FUND NAME	VINTAGE YEAR FUND SIZE STATUS					
Capvis III CV	2021	€228m	Harvesting phase			
Capvis V	2018	€1.2bn	Investment phase			
Capvis IV	2014	€720m	Harvesting phase			
Capvis III	2008	€608m	Fully realised			
Capvis II	2004	€340m	Fully realised			
Capvis I	1999	CHF 310m	Fully realised			
SBC EP	1995	CHF 129m	Fully realised			
SBC	1990	CHF 97m	Fully realised			

* Includes Scope 1+2+3, with Scope 3 limited to business travel, excluding other Scope 3 emission categories.

Achieving more by working together

ESG requires collaboration. Partnerships allow us to create common frameworks within which we can exchange ideas, increase awareness and share resources to better drive change. These common frameworks increase transparency and trust. We are involved with various fantastic partnerships and initiatives that are doing great work to advance the ESG agenda, including:

ESG Data Convergence Initiative (EDCI)

Committed to harmonising data based on meaningful ESG metrics. Its goal is to help private equity companies meaningfully compare performance across different types of projects and simplify reporting. We became a member in 2023 and collected and submitted the EDCI metrics for the entire portfolio for the year 2022.

Great Place to Work

Measures workplace culture and the employee experience to determine whether an organisation is a desirable employer, while also encouraging greater innovation and value creation. We have been certified by Great Place to Work annually since 2019. And we are proud that we have been repeatedly awarded for our excellent workplace culture as one of the top ten Best Workplaces in the Category Small - Best Workplaces™ Switzerland 2023 (and 2020).

Jersey Trees for Life Charity

Protects local woodland areas and trees in Jersey. Promotes planting, conservation and protection of trees in Jersey, and raises awareness of their ecological and social importance. At Capvis, we love contributing to the island's beauty and biodiversity.



Level 20

A not-for-profit organisation advocating for gender diversity in the private equity industry. Seeks to attract more women to work in the industry and empowers those that do. Helps firms take practical steps to increase female participation. Andreas Hugener, our Head of HR, hosts a round table and ensures we incorporate the Level 20 approach into our strategy and those of our portfolio companies.

MJ Hudson

A consultancy and advisory firm for alternative investment funds. An award-winning, dedicated ESG team advises funds to improve their ESG engagement. For three years, we have relied on MJ Hudson's expertise and independence when conducting the annual assessment of our portfolio and our firm.

TCFD Taskforce on Climate-related Financial **Disclosures (TCFD)**

Develops recommendations about what companies should disclose to ensure investors, lenders and insurance underwriters can properly assess and price climate change risk. We have integrated a high-level TCFD climate-related risk and opportunity analysis into all portfolio company assessments to determine our portfolio exposure.

.. PRIME United Nations Principles of Responsible Investment (UNPRI)

A set of principles, organised within the United Nations, designed to promote responsible investment. Raises awareness about ESG and supports investors incorporating it into their investment activities. We have been a signatory since 2015. Current rating: 4 out of 5 stars in both modules, Direct Private Equity and Investment and Stewardship Policy.

United Nations Sustainability Development Goals (SDGs) GOALS

17 objectives that are intended to address major global challenges, including poverty, inequality, climate change, environmental degradation, peace and justice. Supporting certain SDGs is a formalised goal of our Responsible Investment Strategy. We define SDG aligned improvement projects for every portfolio company and our firm, every year.



independent The world's leading conservation organisation. Dedicated to the protection of wildlife and creating "a world where people and wildlife can thrive together". Every year, we host a Capvis Giving Back Day, a corporate volunteering initiative currently in association with WWF.

Our UN Principles for Responsible Investment rating

The UNPRI assessment in 2021 gave us a rating of four stars (out of a possible five) in both the Direct Private Equity and Investment and Stewardship Policy modules.

We believe this is a very good rating for a company of our size, given the scope of the assessment and the fact that we do not manage impact funds.

We have been a UNPRI signatory since January 2015, meaning we are committed to the six UNPRI 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 UNPRI Principles within the investment industry.
- 5. We will work together to enhance our effectiveness in implementing the UNPRI Principles.
- 6. We will each report on our activities and progress towards implementing the UNPRI Principles.

Our ESG progress

In the last 12 months alone, we have made significant progress in our ESG journey, including:





2013 Chosen as the Best Private Equity Firm in Germany for the first time

2015

Became signatory of the United Nations Principles of Responsible Investment (UNPRI)

Developed a Responsible Investment Policy

2017

Chosen as the Best Private Equity Firm in Switzerland for the 12th time by Private Equity International (PEI)

2018

Conducted first ESG reviews of portfolio supported by hessnatur foundation

2019

Prepared baseline ESG assessments for eight portfolio companies

Integrated UN Sustainable Development Goals (SDGs) into methodology

Established first internal portfolio report

First private equity firm in Switzerland to be awarded the 'Great Place to Work' certificate

Introduced new corporate identity and changed name from Capvis Equity Partners AG to Capvis AG

2020

Named one of Switzerland's 'Best Workplaces' in the small business category by the international research and consulting institute Great Place to Work

Established internal Green Team and revised the Responsible Investment Policy

ESG reports developed/updated for 13 out of 16 onboarded companies

2021

Published the first Capvis Corporate Sustainability Report

100% of portfolio companies engaged to improve ESG performance and support project implementation

Embedded diversity and inclusion and climate change risk as focus themes in assessment approach

Achieved a UNPRI rating of 4 out of 5 stars in both modules, Direct Private Equity and Investment and Stewardship Policy

2022

Linked value proposition of portfolio company products and services to the SDGs (sustainable outcomes)

Created and filled position of dedicated ESG programme manager

Completed our ESG roadmap to clarify our objectives and ensure strategic consistency

Partnered with Jersey Trees for Life charity

Official Sponsor of Level 20

Named one of Switzerland's 'Best Workplaces' for 2021 in the 'small business' category by Great Place to Work

Carried out the Capvis Baar team 'Giving Back Day'

Achieved UNPRI rating A+ on Strategy and Governance

Achieved UNPRI rating A on Private Equity module

Integrated Task Force on Climate-related Financial Disclosures (TCFD) analysis into ESG portfolio assessment



Continue to perform ESG assessments of all portfolio companies, define improvement projects for Capvis, support all portfolio companies to improve ESG performance through project implementation and publish results in annual Sustainability Report

Support portfolio to get ready to measure carbon scope 3 emissions. Evaluate committing to Science Based Targets (SBTi) and set reduction targets

Implement Task Force on Climate-Related Financial Disclosures (TCFD) guidelines into due diligence process

Join ESG data convergence initiative

Introducing the Capvis Green Team



Rolf Friedli is Chairperson of the Capvis Green Team, as well as a Partner, Chairperson and member of the investment committee. Rolf is responsible for promoting ESG within Capvis and our portfolio companies, taking a top-down view of all our ESG efforts and ensuring all stakeholders are fully aligned in their actions.

Rolf has been active in the private equity sector since 1995, when he joined SBC Equity Partners, the company that would later become Capvis. He has also worked at Goldman Sachs, Clariden Bank Asset Management and SBC Warburg.

"It is my job to raise awareness about the importance of ESG among all Capvis stakeholders and communicate the role innovation will play in that. All stakeholders know ESG is here to stay and Capvis is making sure that this remains at the top of mind. Furthermore, the topic is regularly discussed at board meetings, which reinforces the message that this is important to us."

ROLF FRIEDLI, Partner & Chairperson, Chairperson Green Team, Capvis



Nikola Engelhardt is ESG Programme Manager at Capvis. Nikola joined us in September 2022 and oversees all our ESG efforts, while monitoring industry-wide developments to ensure we keep up with industry best practice.

Nikola has a background in both economics and change psychology. This provides an interesting perspective on how all Capvis stakeholders adapt to the changing demands imposed by ESG. Although Nikola is new to our team, she is very familiar with our work, having worked with many Capvis portfolio companies in a consultancy capacity since 2012.

"Nikola has made a huge difference as she can focus on ESG and bring the efforts of different departments together, ensuring we have consistency across everything we do. It makes ESG visible, it makes us accountable, and it gives the whole team confidence in what we are doing."

DANIEL FLAIG, Managing Partner, Capvis



NICOLE WIESINGER Associate Director, Finance



DANIEL WENDEL Head of Finance



ANDREAS HUGENER Head of HR

Capvis and the environment

Our Green Team oversees our carbon emissions reduction efforts across our entire operations. Around 86% of our own scope 1 and 2 emissions come from natural gas heating, and around 14% from our car fleet.

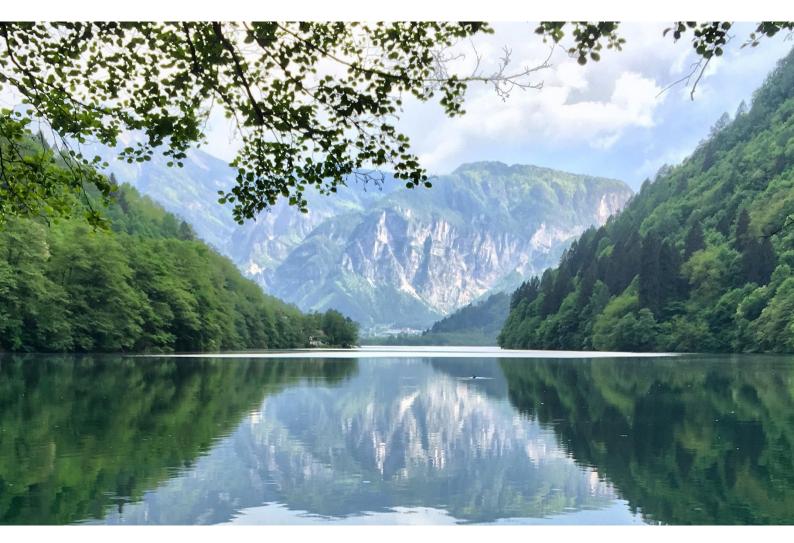
We have a travel policy designed to minimise emissions, while in 2022, we increased our procurement of renewable energy. We also regularly offset our remaining emissions to support the transition to a low-carbon and sustainable future. We do this in partnership with Gold Standard, an initiative established by WWF (among others) to ensure best practice in carbon reduction projects.

We are committed to measuring scope 3 emissions across our portfolio – carbon produced right across the supply chain and by customers and clients. This is where our greatest exposure lies. Our portfolio companies have all been subject to scope 1 and 2 assessments for the last four years. This year, we are working with them to develop plans to measure their scope 3 emissions. We will support them as they execute these plans, and then reduce their exposures, in coming years.

We plan to adopt the Science Bases Targets initiative (SBTi), the most respected framework in the market, to ensure transparency for all our stakeholders. Once we have a clearer picture of our existing emissions, we will set targets to drive reductions – for ourselves and our portfolio companies.

In 2022, we partnered with Jersey Trees for Life, a charity committed to helping rejuvenate and protect Jersey's natural ecosystem and landscape.

Our portfolio companies underwent a high-level Task Force on Climate-related Financial Disclosures (TCFD) assessment to evaluate their climate-related risks and opportunities. We plan to implement the TCFD guidelines into our own due diligence process.



Capvis and society

We respect human rights and the laws and regulations of the countries we operate in. We are committed to ensuring the health and safety of our employees and those of our portfolio companies, as well as the product safety and quality of the goods they produce. These principles are included in our Responsible Investment Policy.

We are also focused on diversity and inclusion because they improve operational outcomes and create healthy, motivated workplaces. We have assessed our culture and recruitment processes and taken steps to increase diversity and awareness in the workplace.

We have more female employees than the average for Swiss PE companies, although we remain below our benchmark for women at senior levels – an issue we are committed to addressing. Our share of applications from women increased to 69% of total applications in 2022, up from 24% in 2021, following a push to increase this figure. We hosted a Women in PE event to encourage women to seek a career in private equity, and a Level 20 round table to discuss issues affecting women in private equity, both in October 2022.

To ensure impartiality, concerns regarding compliance, equal treatment of employees etc. can be raised with an external third party. We are pleased to report that no incidents of harassment or discrimination were raised in 2022. We renewed our Great Place to Work certification in 2022 for the fourth time in a row. We have been named one of the top ten Best Workplaces in Switzerland in the Category Small - Best Workplaces™ Switzerland 2023 (and 2020). We continue to conduct bi-annual employee surveys, with the latest having an engagement rate of 100%. Absenteeism and turnover were below the industry benchmark in 2022, and we provide a training budget and a well-being allowance on a per-employee basis.

We encourage our portfolio companies to promote diversity and inclusion, create safe and welcoming working conditions and provide fair wages. We require our portfolio companies to act in accordance with internationally recognised human rights and International Labour Organisation conventions, including preventing any child or forced labour anywhere in their supply chains. We also want to serve the communities we operate in. For example, every year, we host a Capvis Giving Back Day, a corporate volunteering initiative in association with WWF. Our last event was held in October 2022, where five employees helped clear an alpine meadow of stones to foster biodiversity.

We have also engaged with universities, including the Otto Beisheim School of Management (WHU) and the University of St. Gallen (HSG). We provide free mentorship and support their PE club in panel discussions, providing donations and facilitating PE case study workshops.

Capvis and governance

We are regulated by the Swiss Financial Market Supervisory Authority (FINMA) and advised by Mercury Compliance AG, a Swiss, third-party compliance firm. We believe good governance and transparency reduce risk, improve operational success, increase trust between stakeholders and ultimately add value to a business.

We strive for good governance for ourselves and all our portfolio companies. We held four portfoliowide compliance trainings in 2022, conducted by specialised, third-party service providers – two covering antitrust compliance and two concerning anti-bribery & corruption. In Q1 2023, we became a member of the ESG Data Convergence Initiative (EDCI), which is committed to streamlining ESG disclosures and improving accountability.

We encourage our portfolio companies to implement bestin-class governance systems and processes and support them in their efforts to make these changes. Portfolio companies are required to develop and implement detailed governance policies in accordance with applicable laws and regulations related to: ESG, code of conduct, anticorruption and anti-bribery, gifts, whistleblowing, and privacy & data security.

SECTION 2 ESG investment frameworks



ESG creates value

We believe ESG doesn't only create value for the environment and society, it creates value for companies and all their stakeholders in a variety of ways, including:

Increasing growth

Consumer goods companies can create new revenue streams by increasing their appeal among environmentally and socially conscious consumers. In the business to business context, our portfolio companies can grow by helping their customers to achieve their ESG goals, for example, if they are looking to reduce their scope 3 carbon exposures. They can also respond to new demands, as ProXES did by developing machines for processing vegan food.

Reducing cost

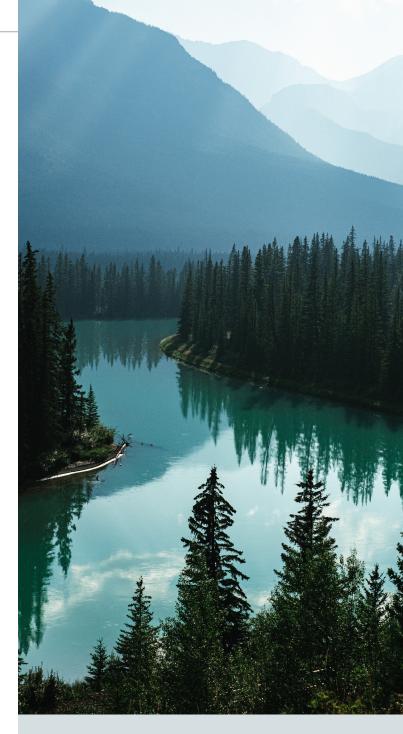
Companies can save money by cutting waste and minimising resource consumption, including water, energy or commodities used in manufacturing. This reduces the amount of these resources the company needs to buy and disposal costs. It also reduces the risk of future carbon cost exposure. Good ESG practices also minimise the risk of being subject to costly legal or regulatory interventions.

Increasing productivity

Promoting equality, diversity and fairness in workplaces ensures companies attract and retain the best talent, which improves company performance.

Improving long-term returns for investments

Private equity companies are more likely to secure favourable exits because buyers of companies in the DACHLI region are looking for companies with strong ESG strategies.



"Innovation is not prominent enough in discussions around ESG. Innovation has always been the driving force of so much that is happening in this area. Without it, we cannot succeed. We are always pushing ourselves and our portfolio companies to be innovative. I would like to see ESG become ESG-I to reinforce the importance of innovation."

DANIEL FLAIG, Managing Partner, Capvis

Innovation and ESG

Innovation is at the heart of both value creation and ESG. The companies that successfully innovate in their products and services are also best placed to innovate in ESG.

In partnership with Leo Brecht, Professor for Entrepreneurship and Technology at the University of Liechtenstein, we have studied the characteristics that define innovation. Our goal was to measure innovation in our portfolio companies, in terms of how they create value and how they deliver on ESG.

We identified three categories of ESG-enhancing innovation:

- **1. Efficiency:** Enhancing existing products to improve their performance and reduce waste or consumption, such as a more efficient engine that uses less fuel to travel the same distance.
- **2. Substitution:** Developing entirely new products that fulfil the same function as the products they replace, but in a more sustainable way, such as solar panels replacing fossil fuels.
- **3. Sufficiency:** Pioneering entirely new and more sustainable services and lifestyles that are fundamentally unlike those they replace, such as the sharing economy.

Each category is progressively harder to implement but has a larger potential impact.

We want to work with the most innovative companies and the brightest problem-solving minds to create value and improve ESG together. We support their creative instincts and help them find new ways to increase efficiency and create a cleaner, fairer future for everyone.



"Innovation is so important to good ESG, but ESG is also an important part of innovation. When people design new products, they want them to be faster and more beautiful than the products they replace – but they also want them to be more efficient. That means better ESG."

ROLF FRIEDLI, Partner & Chairperson, Chairperson Green Team, Capvis "Where centuries ago, people looked to religious leaders and then governments for the answers to the big problems of the day, today they look to companies to drive change. This is because companies are the world's best source of innovation."

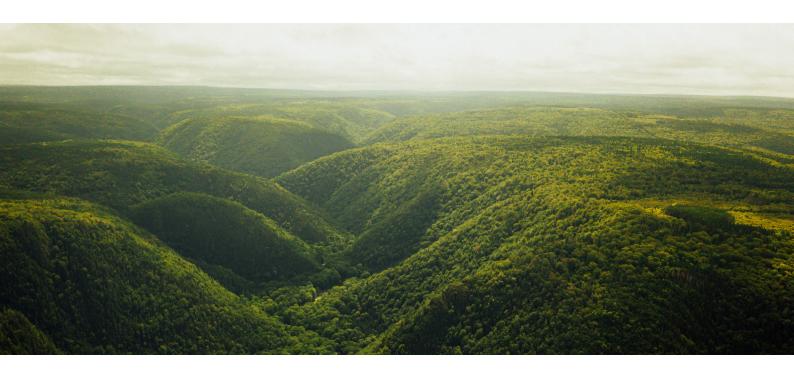
NIKOLA ENGELHARDT, ESG Programme Manager, Capvis



ESG within our investment approach

We believe it is not enough to consider ESG as one part of the investment process in isolation. We consider ESG at every stage of the process and throughout the lifecycle of our investments. By integrating ESG into decisions around all stages of the investment process, from setting strategy and making company selections, through the holding period and to exit, we ensure ESG's full impact and value creation opportunities are realised.

- 1. ESG strategy: Responsible Investment Policy (RI Policy) and defined ESG approach.
- 2. Company selection: ESG is embedded in company selection, ESG due diligence is performed as standard.
- **3. Assessment:** Assessment of materiality, carbon footprint and governance status (esp. review of ESG-related policies), implementation of ESG KPIs and target setting, definition of SDG projects.
- **4. Execution monitoring:** Policy implementation, KPI tracking, implementation tracking of sustainability projects, carbon footprint improvement.
- 5. Reporting: Yearly ESG maturity assessment, annual company-level reports, annual fund-level sustainability report.
- 6. Exit: ESG case study of sustainability projects, value creation realised.



We are committed to supporting our portfolio companies as they increase their sustainability as measured by three formal goals: reducing their carbon footprints, supporting the Sustainable Development Goals (SDGs) and improving governance structures. We have a partnership approach, working with each company individually to identify targets that will maximise their impact in their industry, while being consistent with their culture and our investment objectives. Some companies choose to go far beyond these goals.

Our Responsible Investment Policy and prohibited sectors

We first developed our RI Policy in 2015, and it was most recently updated in January 2023. The RI Policy explains how our views about sustainability translate into investment decisions. Sustainability is at the heart of our decision-making process. We expect our portfolio companies to clearly define their ESG policies and adhere to them, and we support them as they work towards this goal.

We hold ourselves and our portfolio companies to the same high standards and values of business conduct, and are committed to acting responsibly as an investor, business partner and employer. We adhere to, and require our portfolio companies to adhere to the laws, regulations and best practices in the countries we operate in. We strive to make positive environmental, social and governance contributions in local communities, and we exclude sectors and businesses engaged in what we view as unethical or unsustainable businesses, such as ammunition manufacturing, tobacco products and gambling (for more information, see appendix).

United Nations Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) were adopted by the United Nations Member States in 2015 and contribute to the 2030 Agenda for Sustainable Development. They comprise 17 goals which serve as a "We believe ESG only works when it is at the heart of the business, meaning it is considered across every department, from every person making a decision. Whether this is a purchaser selecting a new supplier, or the marketing department designing new packaging. This isn't about companies changing their mindset; it is more than that. Companies must change their heartset."

NIKOLA ENGELHARDT, ESG Programme Manager, Capvis

universal call to action to end poverty, protect the planet and improve the lives and prospects of people in every country around the world.

Supporting these goals is a core part of our ESG strategy.

Since 2019, we have required our portfolio companies to define and pursue annual projects that align with selected SDGs.

Starting in 2022, we linked each portfolio company's product or service proposition to certain SDGs. They are required to explain how they support those SDGs while adding value to the business.

Since 2023, we have also included clear KPIs in our annual assessment, allowing us to measure the progress we and our portfolio companies are making in supporting certain SDGs. These KPIs also provide a baseline from which future progress can be measured.



"We help our portfolio companies define ESG plans tailored to their own businesses and circumstances. We are not looking at short-term EBITDA; we are focused on long-term strategic positioning and creating value for investors and other stakeholders. Good ESG increases the sale value of companies."

BORIS ZOLLER, Managing Partner, Capvis



"KPIs are how we measure progress around ESG. The portfolio companies have a lot of discretion to select KPIs that make sense for them, but we do make sure they are sufficiently ambitious. If they aren't improving fast enough it is our job to push them."

ROLF FRIEDLI, Partner & Chairperson, Chairperson Green Team, Capvis

15 company assessments conducted in 2022/23 of portfolio companies assessed* 100% of portfolio companies involved board members in the ESG review

Our assessment methodology for ESG

We have a four-step approach when assessing our ESG efforts:

- 1. Industry ESG context: We evaluate a company's industry exposure to ESG issues and identify areas that can be improved.
- 2. ESG materiality: Issues of potential concern are identified across the entire value chain.
- 3. Company performance: We assess a company's management of ESG issues.
- **4. Project development:** Based on the previous steps, we identify opportunities to leverage ESG to create value. Every company defines one to three improvement projects for the current year to support certain Sustainable Development Goals (SDGs).

In 2022 we further strengthened our assessment methodology:

- Integrated a competitor analysis to better understand their ESG efforts and ensure we keep up with best practice across the industry.
- Expanded the analysis of diversity, equity and inclusion with a deep-dive employee journey assessment. We provided best-in-class examples and shared evidence that inclusive workforces show higher talent, attraction and productivity.
- Implemented an SDG Impact Assessment to better measure our progress in supporting certain SDGs.

SECTION 3 ESG performance of portfolio companies



Introduction

The 2022 ESG performance of the portfolio reflects all our portfolio companies, with the exception of our minority investment in AMMEGA, and AdEx Partners which was acquired on 31.12.2023. Neither are in scope for this report. AMMEGA has undergone the lead investors' programme. AdEx Partners will be in scope from next year.

The Capvis ESG programme supports portfolio companies to drive their own sustainable development and fosters a dialogue between the management, boards and shareholders to promote sustainable long-term success. It covers the entire investment cycle, from company selection to exit.

Where we invest



Portfolio improvements across all three ESG pillars

We are proud to report that the performance of our portfolio has improved along all three ESG pillars: environmental, social and governance. Most portfolio-wide KPIs have improved. A few have stayed at last year's level. The same good news applies to the overall ESG maturity of the portfolio companies.

Portfolio-wide Metrics*						
PORTFOLIO METRICS	ENVIRONMENTAL	SOCIAL	GOVERNANCE			
Portfolio companies assessed 100% (0%)	Carbon footprint (ktCO ₂ e) 30 (-3%)	Employee female participation 54% (+2%)	Policy implementation level 99% (+11%)			
Revenues €3,409 (+18%)	Carbon intensity (tCO₂e/€m revenue) 13 (-18%)	Board female participation 11% (+3%)	Core policies implemented 89 (+6%)			
Number of employees 19,259 (+9%)	Energy consumption (GWh) 152 (-1%)	Executive management female participation 13% (0%)	Sustainability projects implemente 43 (+59%)			

*Excludes minority investment AMMEGA and recently acquired AdEx Partners. The figure in brackets shows the change since our 2021 assessment. Includes Scope 1+2+3, with Scope 3 limited to business travel, excluding other Scope 3 emission categories.

All portfolio companies have maintained or improved ESG maturity. In 2022:

0 COMPANIES were categorised as 'Reactive' 1 COMPANY was categorised as 'Involved' **12 COMPANIES** were categorised as '**Committed**' **1 COMPANY** was categorised as '**Integrated**'

1 COMPANY was categorised as 'Future proof'

Portfolio Company Summary						
FUND	COMPANY	SECTOR	HQ	ACQUISITION YEAR	ESG MATURITY*	
	Kaffee Partner	Advanced services and software	Germany	2010	Committed	
Capvis III CV	hessnatur	Others	Germany	2012	Future-proof	
	arena	Others	Italy	2014	Committed	
	Hennecke Group	Industrial technology	Germany	2016	Committed	
	Gotha Cosmetics	Advanced services and software	Italy	2016	Committed	
Capvis IV	Felss	Industrial technology	Germany	2017	Committed	
Capvis iv	Visable	Advanced services and software	Germany	2017	Committed	
	ProXES	Industrial technology	Germany	2017	Committed	
	Tmax		Germany	2017	Integrated	
	Amann Girrbach	Healthcare	Austria	2018	Committed	
	AMMEGA	Industrial technology	Netherlands	2018	N/A	
	Variosystems	Advanced services and software	Switzerland	2018	Committed	
Canvis V	Xovis	Industrial technology	Switzerland	2019	Committed	
Capvis V	Tertianum	Healthcare	Switzerland	2020	Committed	
	BSI Software	Advanced services and software	Switzerland	2020	Involved	
	ARAG	Industrial technology	Italy	2020	Committed	
	AdEx Partners	Advanced services and software	Germany	2022	N/A	

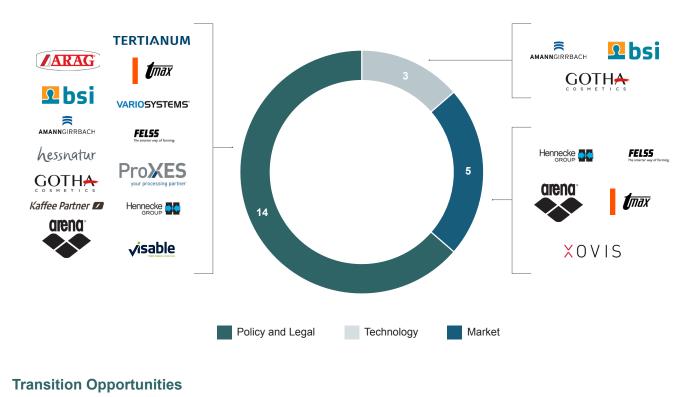
*Source: MJ Hudson analysis

The maturity level per company is based on the average of performance level scores on a 5-point scale across a company's most material ESG themes. For more detail, refer to table "key material ESG themes."

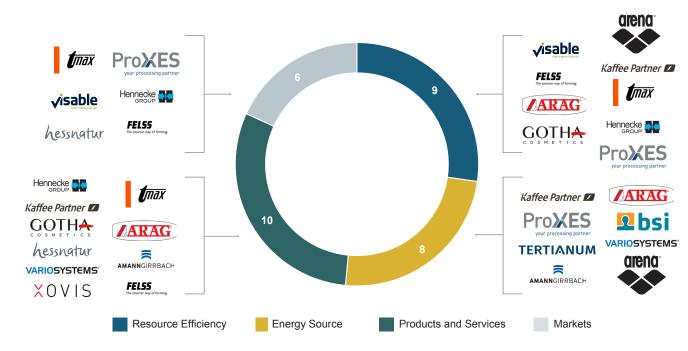
Task Force on Climate-related Financial Disclosures (TCFD) analysis

Our latest TCFD assessment revealed low exposure to physical and transitional climate change risks in our portfolio.

- **Physical risk:** Our companies are predominantly based in Western Europe where, for now at least, they have low- to medium exposure to natural disasters and extreme weather.
- **Transitional risk:** Our companies are preparing to comply with EU targets around things like decarbonisation and supply chain management.
- **Transitional opportunities:** Some of our companies may have opportunities to develop products and services that help others comply with EU targets.



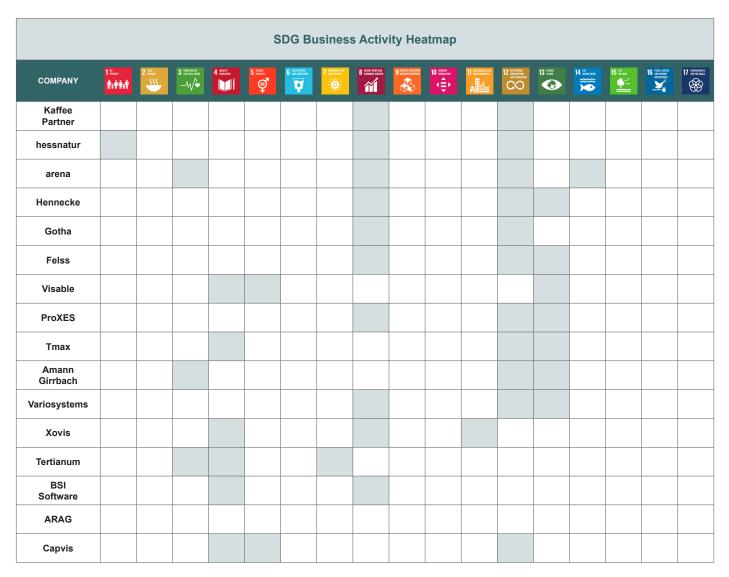
Transition Risks





Sustainable Development Goals and materiality in the portfolio

Our portfolio companies' business activities are aligned with certain SDGs. KPIs are formulated and a framework is established to monitor each company's support for selected SDGs.



Key SDG supported

The most important themes across our portfolio are product lifecycle management, supply chain control and integration of sustainability principles. Projects are planned for 2023 on these themes.

Key Material ESG Themes						
COMPANY	ENERGY & CARBON	PRODUCT DESIGN & LIFECYCLE MANAGEMENT	TALENT MANAGEMENT	EMPLOYEE HEALTH & SAFETY	INTEGRATION OF SUSTAINABILITY PRINCIPLES	SUPPLY CHAIN CONTROL
Kaffee Partner	Х	Х	Х		Х	Х
hessnatur		Х	Х			
arena		Х	Х		Х	
Hennecke	Х		Х		Х	
Gotha	Х	Х			Х	
Felss	Х			Х	Х	
Visable	Х				Х	
ProXES	Х	Х			Х	
Tmax	Х		Х		Х	
Amann Girrbach	Х				Х	Х
Variosystems	Х		Х		Х	
Xovis	Х		Х		Х	
Tertianum		Х	Х		Х	
BSI Software	Х		Х		Х	
ARAG	Х			Х	Х	

Key material theme part of 2022 company assessment X Project(s) planned for 2023 on this theme (see appendix for projects per company)

Note: Material ESG themes are based on SASB & MJ Hudson methodology, divided in this overview in 6 main categories. Company themes may have some overlap between these 6. Source: Company data, SASB, MJ Hudson analysis

How our portfolio companies support the Sustainable Development Goals

We identify company activities that align with certain SDGs across the portfolio. We then define metrics that allow us to monitor progress and support for certain SDGs. We identify between one and three of the most material SDG-supporting activities for each company, though many of their ESG efforts extend beyond those selected key SDGs.

In 2022, our portfolio companies completed 43 SDG projects and defined 47 new SDG projects.



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ESG KPIs Environmental Performance*								
FUND	CARBON CARBON ENERGY ENERGY RENEWAB YEAR INTENSITY FOOTPRINT INTENSITY CONSUMPTION ENERGY (TCO₂E / €M REV) (KTCO₂E) (MWH / €M REV) (GWH) CONSUMPTIO							
	2022	7 (-15%)	2 (0%)	35 (-15%)	12 (-1%)	15 (+3%)		
Capvis III CV	2021	9	2	42	12	12		
Operation N/	2022	16 (-19%)	11 (-7%)	64 (-17%)	43 (-5%)	22 (+7%)		
Capvis IV	2021	19	11	77	45	15		
Operation V	2022	13 (-18%)	17 (-1%)	77 (-16%)	96 (+1%)	40 (+4%)		
Capvis V	2021	16	17	92	95	36		
Destalle	2022	13 (-18%)	30 (-3%)	67 (-16%)	152 (-1%)	33 (+5%)		
Portfolio	2021	16	31	80	153	28		

ESG KPIs Social Performance & DE&I*							
FUND	YEAR	TOTAL FEMALE PARTICIPATION (%)	FEMALE PARTICIPATION EXEC MANAGEMENT (%)	FEMALE PARTICIPATION BOARD (%)	EMPLOYEE TURNOVER (%)	LTIF RATE (%)	ABSENTEEISM RATE (%)
	2022	52 (+2%)	21 (+9%)	23 (0%)	15 (+2%)	6 (-29%)	14 (+8%)
Capvis III CV	2021	50	12	23	14	8	6
Convio IV	2022	23 (+2%)	12 (-2%)	13 (+3%)	17 (+8%)	12 (+99%)	7 (+3%)
Capvis IV	2021	22	14	10	10	6	4
Convio V	2022	64 (+2%)	8 (-2%)	3 (+3%)	24 (+5%)	6 (-8%)	6 (+1%)
Capvis V	2021	62	11	0	20	6	5
Doutfolio	2022	54 (+2%)	13 (0%)	11 (+3%)	22 (+5%)	8 (+29%)	7 (+2%)
Portfolio	2021	52	12	8	17	6	5

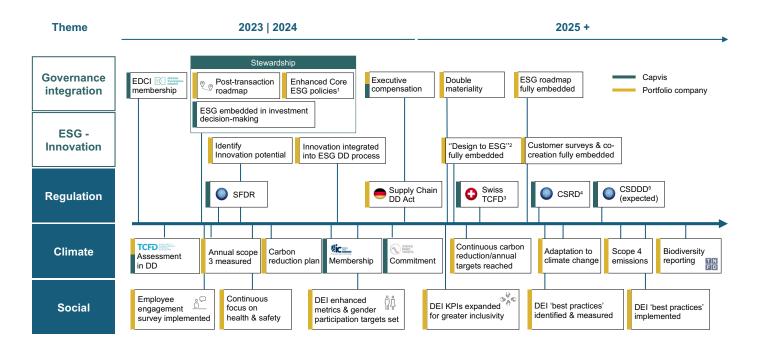
ESG KPIs Governance Performance*					
FUND	YEAR	POLICY IMPLEMENTATION LEVEL (%)			
Convio III CV	2022	100			
Capvis III CV	2021	89			
Capvis IV	2022	100			
Capvis IV	2021	97			
Capvis V	2022	97			
Capvis v	2021	75			
Portfolio	2022	99			
Fortiolio	2021	87			

Note: Data were not audited and - in some cases - were adjusted. Few companies were not able to collect data for all locations. Where this is the case, KPIs were calculated using numbers of the locations in scope. Values were rounded to the nearest integer. *Excluding minority investment AMMEGA and recently acquired AdEx Partners

Our roadmap

ESG has moved up the corporate agenda in recent years, but while there is now a greater understanding of the issues around sustainability, for many people the topic remains confusing, even daunting. With so many acronyms, associations and initiatives, each with their own distinct yet interrelated objectives, it is no wonder stakeholders can feel lost.

That is why we developed our roadmap. It helps us explain our ESG activities and plans, while ensuring our actions are consistent and coherent.



Conclusion

It has been a good 12 months for Capvis since our last Corporate Sustainability Report. We completed 100% of our portfolio company assessments for the year. Our companies all completed their SDG-aligned projects and growth across the portfolio has been strong.

Crucially, we have made more progress towards our three priority portfolio goals: improving our carbon footprint, supporting the SDGs, and improving governance structures. We are particularly pleased with the core policy implementation level of 99%.

Europe continues to show real leadership in its commitment to ESG, but there is plenty of room for improvement and there is plenty we can learn from other cultures. That is why our partnerships with organisations like the United Nations Principles for Responsible Investment and Great Place to Work are so important to us. ESG is about collaboration. It is about understanding none of us has all the answers, but if we share our experiences, we might learn something that will help us achieve our objectives. And it's about innovation – being willing to try something outside of your comfort zone.

Significant challenges remain. One of the biggest is around measuring and reporting scope 3 carbon emissions, which will require unprecedented cooperation between companies, suppliers and customers. We have already taken our first step towards meeting this objective, focusing exclusively on air travel. In 2023, we aim to deliver a more comprehensive assessment of scope 3 emissions for our portfolio companies.

Innovation will be vital as we develop the necessary processes to monitor and report our progress. We believe companies are the world's best source of innovation and that our portfolio companies exemplify how innovative thinking is driving ESG forward. They are an inspiration, and the reason we are optimistic about the future for ESG.

1. Core ESG governance policies to include supplier code of conduct aligning to incoming regulatory requirements 2. Like "Design to manufacture"; ESG by design relates to embedding ESG and sustainability at the design phase for products and services 3. Switzerland is expected to extend its mandatory TCFD disclosure regulation to large companies within the next five years 4. Large companies defined as meeting 2 out of following 3 criteria: >250 FTE, >€40m revenue and >€20m assets 5. EU Corporate Sustainability Due Diligence Directive is expected to be adopted in the next 5+ years



Introducing Amann Girrbach

As a pioneer in dental computer-aided design (CAD) / computer-aided manufacturing (CAM) technology, Amann Girrbach is one of the leading innovators and preferred full-service providers in digital dental prosthetics. With its high degree of expertise in development and commitment to customer orientation, the company offers sophisticated workflow solutions in which the AG.Live software ecosystem plays a central role. High-quality materials, a dedicated technical service with a global helpdesk and educational offers and training courses round off the portfolio. It has customers in around 100 countries, including dental laboratories and dental practices. Amann Girrbach employs a total of around 530 employees worldwide. In addition to the R&D and production sites in Koblach (headquarters), Rankweil and Nüziders (all in Austria), Amann Girrbach operates sales and service offices in Pforzheim (Germany), Verona (Italy), Jossigny (France), Charlotte (USA), Singapore (city), Curitiba (Brazil), and Beijing (China), as well as Kyoto (Japan).

Why ESG matters

Amann Girrbach is fully aware of its role and influence as a manufacturing company with regard to achieving sustainability goals, and intends to advance its sustainability strategy with a series of effective measures. "We are aware of our responsibility as a company," says Jörg Mayer, CFO of Amann Girrbach, who is responsible for the company's sustainability strategy. "We established our own Green Team under the leadership of a qualified colleague, together with several managers and employees from different departments. The Green Team is working on defining ESG criteria and executing them. We are happy about every implemented measure, both small and large."

Mayer adds: "With the projects already implemented as well as those planned, we are on a very good path. However, we will continue to work on advancing our processes and products accordingly. With this in mind, our R&D team is also currently in the process of making processes even more sustainable."

Amann Girrbach predominantly works with suppliers in the

DACH^{*} region, sourcing materials including zirconia oxide, different metals, electrical components and printed circuit boards. It uses recyclable materials wherever possible but wants to further reduce its resource consumption. "Our focus is on creating reliable and high-quality products that use sustainable materials and make their contribution to implement sustainable workflows," says Mayer.

ESG projects completed in 2022

Project 1

Amann Girrbach designed new, plastic-free packaging that is stylish, fully recyclable and less resource-intensive. It wanted to add value for customers and was inspired by the packaging used in high-quality consumer electronics, such as for professional headsets. The new packaging achieved the intended stylish feel, is 33% smaller than before, contains no plastic and no longer uses colours with harmful toxins. This change will make a big difference when shipping 300,000 units per year, meaningfully contributing to Amann Girrbach reducing its scope 3 emissions.

^{*} Germany, Austria and Switzerland.

Project 2

Amann Girrbach developed and published a supplier code of conduct in 2022 to ensure its values are reflected throughout its supply chain. It also required key suppliers to sign a quality assurance commitment that included ESG criteria.

Project 3

Amann Girrbach unveiled a Green Team to lead its ESG efforts and ensure its principles are integrated into the company's overall business strategy and operations. The Green Team includes managers and employees from across different departments.



JÖRG MAYER CFO, Amann Girrbach

"A change of mindset is required. It's no good following 20-year-old processes because that is how it has always been done. You need to see if there are better ways. It isn't always about making a big breakthrough; sometimes, it's about taking lots of little steps."

Project 3

Amann Girrbach plans to roll out its supplier code of conduct to all main material suppliers. The company has worked with most of its suppliers for more than five years, and many are DACH-based, meaning the relationships are well-established.

Project 4

Amann Girrbach is committed to completing its sustainability strategy and roadmap in 2023, and to publish a sustainability report by the end of the year.

Other notable achievements

- Increased product and machine lifecycles to reduce long-term resource consumption.
- Other decarbonisation strategies include reducing air travel for its sales team, with increased use of digital meetings and public transport like trains and switching its car fleet to electric vehicles.

Capvis support

Mayer credits Capvis' role in helping Amann Girrbach improve its engagement on ESG with its advice and support. "Without Capvis, we couldn't have made the move to our new site," says Mayer. "We had to have the support of stakeholders to go ahead with the plan."

ESG projects planned for 2023

Project 1

Moving to a new office building in Maeder, Austria, that will bring together 350 employees currently working at existing distributed sites in Vorarlberg, the westernmost province of Austria. The new building meets the most modern standards in terms of sustainability: it will use the heat generated from the production process to heat the building, and a heat pump using Rhine Valley groundwater for cooling. This will help Amann Girrbach achieve its goal of avoiding the use of gas.

Project 2

Amann Girrbach is committed to tackling the issue of scope 3 carbon measurement and developing its decarbonisation strategy. "More cultural changes are needed within companies. The responsibility for driving those changes lies with management. We have to create an environment of innovation and ensure we invest responsibly."

JÖRG MAYER, CFO, Amann Girrbach



Introducing BSI

BSI Software AG is a DACH software-as-a-service provider offering a holistic customer suite, predominantly serving financial services and retail clients with industry and cloud solutions. The BSI customer suite comprises customer relationship management (CRM), customer experience management (CX), marketing automation, a customer data platform as well as modules for artificial intelligence (AI), analytics, secure video conferencing and e-signatures. The company, headquartered in Baden (Switzerland), has operated for over 25 years and employs over 440 people across 9 locations in Switzerland and Germany.

Why ESG matters

Joachim Schlegel, Project Manager for Operations, who is also responsible for ESG projects at BSI, says BSI's background in customer management and experience software means ESG has always been ingrained in its culture. For service companies, it is important to create attractive and inclusive working conditions to attract and retain qualified employees. As data has become an increasingly valuable commodity, we have seen moves to protect customer privacy and safeguard technology services; for example, with Europe's General Data Protection Regulation in 2016. As such, ESG is a key factor driving growth for the company.

"For us, ESG is about conducting your business in a decent way," says Schlegel. "It's about building for long term success and sustainable profit while treating people well, whether they are colleagues, customers or partners."

ESG projects completed in 2022

Project 1

Data security and customer privacy are key to BSI's operations and reputation amongst both customers and partners. BSI secured ISO 27001 certification for all its services to enhance data security and management,

making it more consistent and sustainable and ensuring it remains aligned with industry best practice. It is part of a wider effort to better integrate sustainability principles into BSI's core product offering, which has also seen it increase the frequency and scope of its audits and transition to cloud storage.

Project 2

BSI wants to attract and retain top talent within its industry. On the back of its collaborative and non-hierarchical culture, BSI is performing above industry average with regard to employee retention and has tailored education programmes in place for employees. BSI is committed to increasingly communicating career advancement opportunities to employees, aligning with SDGs 4 and 8 – Quality Education and Decent Work & Economic Growth as well as the traditional BSI values, to support its growth ambitions.

The New Work Initiative provides a fresh approach to career and life planning, offering flexible, adjustable and remote working models for employees. Employees can spend four weeks of the year working at different locations, combining work with vacation, or extend their annual vacation allowance by up to three weeks without impacting entitlements.

Project 3

Putting formalised governance policies in place that cover key governance risks, to emphasise BSI's commitment to its customers. BSI developed and implemented key governance policies related to whistleblowing, anti-bribery and corruption, a code of conduct and diversity, equity and inclusion (DE&I), which can be shared with stakeholders when required.

ESG projects planned for 2023

Project 1

Develop and implement a holistic ESG strategy, formalising the ESG organisation and expanding ESG resources to set BSI up for short and long-term success. This complements BSI's existing inter-disciplinary ESG team, represented by employees from a range of areas in the company, including marketing and communications, HR and compliance.

Project 2

BSI's goal is to measure and reduce its carbon footprint and commit to net zero for 2050 to contribute to preventing the worst effects of climate change. As part of this, BSI is creating an energy and carbon footprint action plan, including switching to renewable energy, better monitoring its energy consumption and encouraging more use of trains.

Project 3

BSI's goal is to strengthen its talent management through several strategic initiatives, including strengthened monitoring and strategy development. The firm's nonhierarchical structure, by definition, does not allow for underrepresentation of gender groups in navigating the strategic direction of the company. However, attracting female talent is a challenge for the sector overall. BSI is doing well compared with industry peers but considers this a key priority. It has put initiatives in place (such as university partnerships) which show progress: while women only account for 14% of its staff over the age of 40, 24% of staff below that age are women.



JOACHIM SCHLEGEL, Project Manager for Operations, BSI

"Our values-based culture has helped us attract and retain talent and we are grateful to have such loyal employees. We never take that for granted and are always working to improve employee satisfaction."

Other notable achievements

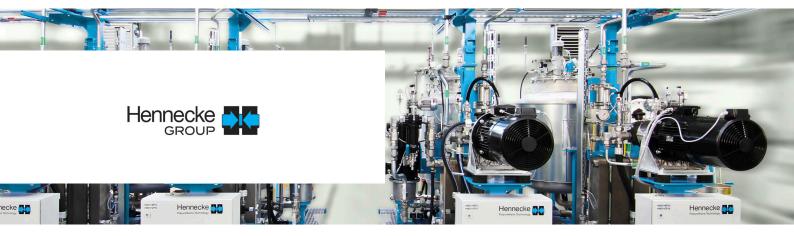
- Conducts employee well-being surveys every two years to better understand their needs and concerns and plans to make them annual in the future.
- Published a code of conduct for artificial intelligence (AI) and provides training for employees to ensure that ethical issues are considered in the development of BSI AI projects and that consumers are protected.
- Conducted a pilot scheme in partnership with the Swiss Federal Railway to better understand the travel and commuting habits of staff and potentially offer new travel benefits.

Capvis support

While many ESG factors are an integral part of BSI's culture; in the past, the company had relatively few formal ESG initiatives, instead taking a more pragmatic approach that focused on ensuring the company's activities were always consistent with its values. Capvis has been instrumental in helping BSI think about ESG in a more structured way and creating a formal ESG strategy.

"Capvis has helped us see where we can direct our efforts to have the biggest impact, and even the projects we were working on before it invested get more attention now. We had good intentions, but we lacked an ESG strategy and Capvis helped us fix that, while encouraging us to set long-term targets and create a roadmap."

JOACHIM SCHLEGEL, Project Manager for Operations, BSI



Introducing Hennecke

The Hennecke Group is the global market leader in the production of high-quality plant and processing technology for polyurethane, headquartered in St. Augustin, Germany. The core brands of the Hennecke Group produce high-quality machines, plants and systems for a wide portfolio of technologies for polyurethane processing: metering machines, composites applications, molded foam systems, slabstock, lamination, technical insulation and maintenance and machinery training. It offers solutions for both chemical suppliers and polyurethane processors and covers nearly all application segments, the most important ones being insulation, slabstock, appliances and automotive.

Why ESG matters

Hennecke's senior management team is responsible for ESG, which is a priority for the company. Thomas Wildt, CEO at Hennecke, says: "ESG has a positive impact on the business in terms of profits, people and the planet. In the short-term it is an expense, but when it is done correctly, there is a positive return on that investment in all three areas."

ESG projects completed in 2022

Project 1

Hennecke committed to launching its next-generation metering machines. These are not just modifications or adaptations of the existing high-pressure metering machines, but a completely new generation of metering that has been fundamentally rethought and developed to increase energy efficiency, sustainability, productivity and digitalisation.

Its first ECOPLUS MK2 machine commenced operation on 1 October 2022, while HIGHLINE MK2 launched on 1 January 2023. The new machines are more costefficient than those they replace, without compromising on mixing quality or material use. This will help customers measure their energy and resource consumption, which will also help Hennecke measure its scope 3 emissions.

Project 2

Hennecke completed its Great Place to Work survey in 2022, with the HR department organising workshops across all Hennecke Group companies. It is currently implementing 170 measures across the group in response to the findings of the survey. The Great Place to Work survey complements its regular Employee Well-Being surveys, the first of which was conducted in 2021, with two more planned in 2023 and 2025.

This effort is part of Hennecke's commitment to improving labour conditions for employees, particularly to driving down the number of lost days by reducing the injury rate and the number of accidents at its sites. This commitment aligns with SDG number 8 – Decent Work and Economic Growth.

Project 3

Hennecke updated its code of conduct and unveiled a new whistle-blowing process, both of which were introduced to staff, suppliers, customers and other partners on schedule.

ESG projects planned for 2023

Project 1

Hennecke is committed to following up on the projects it completed in 2022, to ensure it maintains the momentum it has created around these specific goals. It will implement an environmental management system across its German facilities, in line with ISO 14001, with a pilot due to be in place by the end of 2023. This builds on the successful launch of its new machines in 2022.

Project 2

Hennecke will continue with the implementation of the measures identified by its 2022 Great Place to Work survey, which has been codified into an action plan to further improve employee satisfaction.

Project 3

Hennecke will focus on implementing the code of conduct with corporate playbooks throughout 2023.

Other notable achievements

- Developing an ESG dashboard to present ESG factors alongside its financial information in its reporting to the market.
- Developing a dedicated ESG strategy and integrating sustainability into the Hennecke Business System, launched in 2019.
- Investigating the chemicals used to evaluate how to maximise the percentage of sustainable ingredients. Researching materials to determine which can be recycled and how product lifecycles can be extended.
- Invested in renewable energy production to supply its own needs.
- Founding member of the Bonn/Rhein-Sieg Plastics Initiative, which brings together local companies and organisations to increase sustainability and raise awareness about the benefits of plastics, including their ability to reduce carbon emissions. The initiative has been recognised by the German Energy Minister – a member of the Green Party – for the high quality of its communications in this area.



THOMAS WILDT, CEO, Hennecke

"We can solve problems with continual improvement, which is gradual and easier, or strategic action, which is revolutionary and requires more efforts. Defining our ESG strategy will help us transition to the second approach in many areas of Hennecke Group business."

Capvis support

Wildt stresses the important role Capvis has played in supporting Hennecke in this and other challenges. "The risk with ESG is that you spend too much time talking and planning, and not enough taking action," says Wildt. "We believe in keeping things simple and transparent, which makes it easier to act."

"There is so much we want to do but there are only 24 hours in the day. Taking action consumes time and money, so we have to be selective in what we do."

THOMAS WILDT, CEO, Hennecke



Introducing hessnatur

hessnatur is the most sustainable fashion brand in Germany. It has embedded sustainability without compromise since the beginning. For nearly 50 years, timeless design and sustainable natural fabrics have been a core element of differentiation and of the company's strategy. hessnatur is a pioneer in sustainability and is constantly seeking to improve industry standards and innovate in the development of new products.

hessnatur is based in Butzbach, Germany, and originally focused on baby clothing made from natural fibres without chemical additives, before later expanding into fashion and home products. All products consist of natural fibres, with the bulk of fabrics using organic cotton as raw material, while over two-thirds of its suppliers are GOTS1^{*} certified.

Why ESG matters

hessnatur is very ambitious in its long-term ESG goals. Kristin Heckmann, Chief Sustainability Impact Officer at hessnatur, highlights, for example, Sustainable Development Goals (SDG) number 1 (No Poverty) as particularly relevant in the textile industry, given the low wages that are especially prevalent in the supply chains of many of its peers.

Heckmann also references SDG number 17 (Partnerships for the Goals), stressing the need for industry cooperation to improve labour conditions everywhere. She says that working conditions in textile supply chains will only improve with buy-in and actions from all brands. "It's important to not only see through the climate lens and to also take other factors into account for a sound sustainability strategy. We can't live without biodiversity, we can't live without clean water. So these topics are as important as climate change and should be included in every sustainability strategy."

KRISTIN HECKMANN, Chief Sustainability Impact Officer, hessnatur



KRISTIN HECKMANN, Chief Sustainability Impact Officer, hessnatur

"Studies show that companies that focus on ESG outperform those that don't."

ESG projects completed in 2022 Project 1

hessnatur developed a nature positive strategy, which it successfully embedded into its broader corporate strategy.

* Global Organic Textile Standard, the leading, independent, worldwide textile processing standard for organic fibres.

Project 2

hessnatur pledged to determine the ecological footprint of suppliers, in alignment with SDG number 12, Responsible Consumption and Production. hessnatur has always been selective about the companies it does business with in its supply chain. It works with suppliers to help them improve their ESG performance, for example, through working together on innovations that reduce emissions or water usage during the production process. In 2022, hessnatur successfully gathered ESG-related data from suppliers, including on certifications, green energy use and carbon reduction targets.

Project 3

hessnatur enhanced the circularity of its products, a project that also aligns with SDG number 12. In 2022, it launched new take-back options through partnerships, as well as in-store repairs, while a circularity roadmap has also been established. This built on work hessnatur did in 2020, when it improved its recycling arrangements to ensure unused materials were fed back into the production cycle to minimise waste.

It also offers an online care and repair guide for customers and an online second-hand shop. An innovative pilot, organised in partnership with a third-party company, will help trace products throughout their lifecycle using chips and QR codes. This allows customers to see where fabrics were sourced, and hessnatur to track use of its take-back and second-hand shop offerings.

ESG projects planned for 2023

Project 1

hessnatur is accelerating its efforts to map its lifecycle carbon emissions and reductions.

"Considering the increase in disasters like fires, floods and droughts, it's clear that we can't just go on with business 'the old way'. We need to rethink business and we need people and startups with courage and innovative ideas to drive the change. That is why we have created the Innovations for Tomorrow Award. All of the participating start-ups have been very inspiring."

KRISTIN HECKMANN, Chief Sustainability Impact Officer, hessnatur

"We are very excited about our new fully circular services which we can offer our customers since this year. Their feedback and interaction are fantastic. This is why we will proceed enhancing circularity in 2023."

KRISTIN HECKMANN, Chief Sustainability Impact Officer, hessnatur

This includes expanding its scope 3 carbon measurements and engaging suppliers to encourage them to reduce emissions.

Project 2

hessnatur continues to enhance the circularity of products, piloting a second-hand business model and finding ways to reduce the environmental impact of its material use.

Project 3

hessnatur is formalising its diversity, equity and inclusion (DE&I) approach. While it remains committed to its existing DE&I processes, they will be better codified in a DE&I policy.

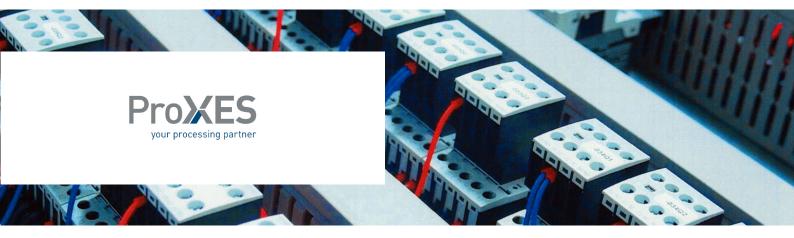
Other notable achievements

- Created the Innovations for Tomorrow Award for innovative startups in sustainable fashion.
- The Fair Wear Foundation (FWF) regularly reviews hessnatur and has ranked them as 'leader' for five years in a row.

Capvis support

hessnatur praises Capvis for encouraging formalisation and documentation.

hessnatur also supports Capvis, sometimes guiding other portfolio companies in refining their own ESG ideas and participating in workshops that offer advice on reporting and setting KPIs. However, Heckmann stresses there is a limit to what hessnatur can offer companies in other industries, given they often face very different ESG challenges.



Introducing ProXES

ProXES is Europe's leading provider of high-end batch-processing and automation solutions for food end-markets, health and personal care products and pharma applications. Based in Hamelin, Germany, it brings three leading process technology brands – FrymaKoruma, Stephan Machinery and Terlet – together within a single organisational structure.

The ProXES Group is an ecosystem for the processing industry, with complete and customised processing lines, including integrated automation solutions, smaller machines targeting single processing steps and Co-Creation Tech Centres. It also offers installation, spare parts, maintenance services, recipes development and process optimisation. ProXES aims to grow by increasing its activity in new markets, including climate change mitigation technologies like plant-based meat alternatives as well as carbon capture and storage.

Why ESG matters

ProXES is constantly striving to increase efficiency. "Around two years ago, we introduced an innovation rule called ESG By Design," says Marc Setzen, CEO of ProXES. "It required every new model we developed to be at least 35% better than the previous model, for example, in its water and energy consumption." In some cases, gains were much bigger – up to 60%. "Payback won't be immediate, but it will pay for itself over time," says Setzen.

Setzen hopes that soon the ESG By Design project will become embedded into ProXES' culture, so that employees instinctively look for ways to increase efficiency rather than getting into the habit of always doing things the same, safe way.

Good ESG is also about improving data quality – and supporting suppliers and customers who are struggling with the issue. "Gathering data is hard work," says Setzen. "We aren't offering to pay suppliers more money for providing the data, so it hurts their profits. That isn't an easy conversation to have." However, he urges companies to grapple with the challenge now because it will pay off over time. "Other companies will be asking for this information in coming years," says Setzen. "Any company that plans to still be in business in two years will need to do this work and doing it now will save them time later."



MARC SETZEN, CEO, ProXES

"ESG isn't a new 'must have' for companies, it is a necessity for societies and the environment everywhere. It isn't always about having brand new ideas; it's about creating a framework that makes it easy to understand and execute ideas."

ESG projects completed in 2022

Project 1

ProXES prioritised efforts to increase operational efficiency, with measures such as the installation of LED lights at the main Stephan Machinery facility. Supply chain delays prevented it from completing the installation across all its facilities, but this work was completed in early 2023.

Project 2

ProXES committed to improving quality control and developed a "right first time" approach that favoured spending more time consulting with customers to ensure its products met their needs immediately and redesigning internal processes to execute them right at the first time. This initiative has been well received by customers and employees.

Project 3

ProXES initiated a solution rollout to increase ESG relevance in product design, which is due to conclude in mid-2023. ProXES also participates in an initiative to set standards for CO_2 footprint calculation for products and is currently conducting a Life Cycle Assessment analysis. It aims to apply solutions across all product groups. The hope is these efforts will improve the efficiency and the lifetime of its machines.

"Our customers use our equipment within their processes and our mission is to enable those customers to produce products with the minimum possible resources and CO_2 footprint. Following our ESG by Design approach, we help customers to cut a significant portion of their production costs and reduce the 13% of food waste that is caused by food processing just by raising awareness, and with constant technology enhancement."

MARC SETZEN, CEO, ProXES

ESG projects planned for 2023

Project 1

ProXES is committed to measuring its carbon emissions related to its products. It is working to develop and trial a methodology that will allow it to make these calculations and aims to have a better picture of its emissions by the end of 2023.

Project 2

ProXES is working to track its broader corporate carbon footprint, as a first step towards being able to make a meaningful carbon reduction commitment. It is also developing a comprehensive carbon reduction strategy.

Project 3

ProXES is committed to developing its sustainability system and management strategy, to position it for long-term success.

Other notable achievements

Recently helped a customer to save around 2 million litres of drinking water per year by redesigning their cooling process. "ESG will be successful when thinking of and implementing new ideas like these comes naturally to people," says Setzen.

Capvis support

With Capvis' support, ProXES has come a long way in its ESG journey, while increasing profitability. "It has been helpful to see how other companies are responding to these challenges," says Setzen. "ESG is embedded in Capvis' culture and working with them has helped embed it into ours."

Appendices

capvis

Capvis is a Swiss, mid-market private equity investor, focused on the DACHLI region. Founded in 1990, today, it has 40 employees, all contributing to an investment strategy that has sustainability at its heart. We have been a United Nations Principles for Responsible Investment (UNPRI) signatory since January 2015, meaning we are committed to the six UNPRI principles:

ESG projects completed in 2022

- **Demonstrate sustainable outcomes:** Support of SDGs was defined and reported for all portfolio companies.
- **Female board member:** The process of increasing female representation on the board is ongoing.
- **Portfolio-wide compliance training:** Four compliance training sessions were held by specialised service providers two covering antitrust compliance and two concerning anti-bribery & corruption.

- Portfolio company scope 3 measurement readiness: Supporting portfolio companies in performing a scope 3 emissions assessment.
- Implementation of TCFD guidelines into due diligence process: Use the Task Force on Climate-related Financial Disclosures framework to assess climate risks and opportunities in the due dilligence process.
- ESG Data Covergence Initiative (EDCI) membership: Become a member of the EDCI and implement its standard across the portfolio.



Capvis III CV

Kaffee Partner 💋

Kaffee Partner distributes coffee and water dispensing machines to over 70,000 small and medium-sized enterprises in Germany, Austria and Switzerland. The company has over 500 employees and provides servicing and advice, flexible rental models and consumable and supplementary products that stock its machines.

ESG projects completed in 2022

- **100% green electricity at HQ:** Switched to 100% renewable electricity procurement for its HQ.
- Fair wages: Salary bands are implemented, wage gaps within bands are reduced.
- **ESG policy:** ESG policy was drafted, approved and published.
- **Sustainability on the website:** Sustainability section and ESG policy were published on the website.

ESG projects planned for 2023

- **Preparation for scope 3 measurement:** Prepare to report scope 3 emissions from 2024.
- Digital contract and document management implementation: Switch to digital contracts and documents use to reduce paper use.
- **Time value accounts implementation:** Allows additional time off to be purchased in exchange for wages, to increase employee satisfaction.
- Integrating fair labour conditions query into supplier evaluation: Integrate questions about fair labour conditions into the supplier evaluation process.
- **ISO 9001 and 14001 certification:** Receive certification for ISO 9001 and ISO 14001 standards.

hessnatur

hessnatur is a sustainability leader that designs and distributes organic apparel and home textiles. Founded in 1976 and headquartered in Butzbach, Germany, it operates across German-speaking Europe through mail order, an online platform and retail stores. hessnatur is recognised internationally for its commitment to impeccable ecological and social standards.

ESG projects completed in 2022

- **Develop a nature positive strategy:** A nature positive strategy has been set and embedded in the overall corporate strategy.
- Determine ecological footprint of suppliers: ESGrelated data from suppliers has been gathered, including on certifications, green energy use and emissions reduction targets.
- Enhance circularity of products: Take-back options are now offered through partnerships and in-store repairs. A circularity roadmap has been established.

ESG projects planned for 2023

- Lifecycle carbon emission mapping and reductions: Expanding scope 3 measurements and engaging suppliers to reduce emissions.
- Enhance circularity of products: Pilot second-hand business model and decreasing material impacts.
- Diversity, equity and inclusion (DE&I) approach formalisation: Continuing existing DE&I processes and forming DE&I policies.



Established in 1973 by German sports visionary Horst Dassler, arena has created and marketed water wear products for competitive swimmers and swimming fans worldwide and is universally recognised as one of the premium brands of high-quality swimwear and equipment. Over the last 40 years, the company has created strong expertise in developing best-in-class products with particular focus on the pool segment. arena is headquartered in Tolentino, Italy and has commercial subsidiaries in Italy, France, Germany and the US. It also operates through a global network of distributors and licensees. The arena brand is present in over 100 countries worldwide.

ESG projects completed in 2022

- Expand Life Cycle Assessment (LCA) to caps and bags: Two new LCAs were completed, using the existing LCAs. Environmental impacts were reduced.
- Conduct an annual employee engagement survey: A first annual employee engagement survey was performed.
- Dedicated sustainability section on website: Website section on sustainability has been enhanced, with further developments expected in 2023.

ESG projects planned for 2023

- Map supply chain environmental footprint: Engaging with suppliers to map the environmental impact of products.
- Implement a people strategy: Strategy targeting employee well-being, diversity, equity and inclusion (DE&I) and wider community impact.
- Further development of a sustainability strategy: Develop and implement a sustainability strategy, including KPIs and Management by Objectives (MBO).

Capvis IV



Since its establishment in 1945, Hennecke has grown to be the global market leader in the manufacturing of high-quality machinery equipment and systems for polyurethane ('PUR') processing. Headquartered in St. Augustin, Germany, Hennecke has production sites in Germany, Italy, China and the US, and sales offices in South Korea, Japan, Mexico and Singapore. The company sells its products in over 100 countries and works with processors and users across the world to innovate and continue paving the way in high-pressure technology.

ESG projects completed in 2022

- Next-generation metering machines: First ECOPLUS machine was launched 1 October 2022. HIGHLINE was launched 1 January 2023.
- Great Place to Work Survey: HR department organised workshops across jurisdictions. 170 resultant measures are being implemented.
- Code of conduct: Updated code of conduct and introduced a new whistleblowing process to staff, suppliers and partners.

ESG projects planned for 2023

- Environmental management system implementation in German facilities: Pilot project to implement the environmental management system in Germany in line with ISO 14001.
- Implementation of Great Place to Work action plan: Continuation of implementation of measures to improve employee satisfaction.
- Implementation of code of conduct (CoC) and corporate playbooks: Continue implementation of the code of conduct and corporate playbooks across the group.

Gotha Cosmetics is an international contract development manufacturer in the field of colour cosmetics, active in creating, producing, and commercialising cosmetics and make-up products for third-party brands. Today Gotha is a partner of the most important and innovative make-up brands in the world, thanks to its global presence across Italy, France, the USA and China.

ESG projects completed in 2022

- Monitor waste volumes: Waste-monitoring system was implemented for tracking KPIs.
- Measure D&I through KPIs: D&I KPIs identified and monitoring system implemented.
- Customer satisfaction and product quality strategy formulation: Customer satisfaction KPIs identified, quality control process revision in progress.
- Supplier code of conduct (SCoC) and living wages verification: 100% of suppliers signed SCoC. Living wage verification is still in progress.

- Gain insight into value chain carbon emissions and energy consumption: Collect data on scope 3 carbon emissions and energy consumption at Gotha.
- Enhance product quality and resource efficiency: Enhance the Development and QC system and become ISO 14001 certified.
- Formalise ESG strategy and integration: Integrate ESG across whole Gotha group and public communication on ESG.



Since its establishment in 1905, Felss has developed into the international Felss Group, providing cold forming solutions for a variety of applications. The Felss Group specialises in lightweight construction and providing resource-efficient solutions for its customers. With locations in Germany, Switzerland, Slovakia, the US and China, Felss Group has over 700 employees across its two divisions: Felss Systems and Felss Rotaform.

ESG projects completed in 2022

- Increase product quality & safety requirements for suppliers: Quality and safety requirements are ensured through a supplier questionnaire.
- Enhance supplier questionnaire and conduct an annual review of largest suppliers: Supplier questionnaires include ESG topics. Annual audits will be conducted from 2023.
- **Develop an ESG policy:** ESG policy developed and included in the code of conduct.

ESG projects planned for 2023

- Energy & carbon measurements and reductions: Extend energy data coverage to all locations and prepare for scope 3 reporting.
- Employee well-being action plan: Perform several employee well-being improvement initiatives.
- ESG strategy and progress communication: Develop communications around sustainability strategy and progress.

visable

Through its B2B platforms and online marketing services, Visable supports industrial SMEs to increase accessibility to buyers over the internet, on an international scale. Headquartered in Hamburg, Germany, Visable has close to 400 employees across its locations in Hamburg, Berlin and Paris. It operates marketplaces Wer liefert was ('wlw'), founded in 1932 and the leading B2B marketplace in the DACH region, and EUROPAGES, a European B2B marketplace that was founded in 1982.

ESG projects completed in 2022

- Develop marketing strategy for environmental savings proposition: New strategy was rolled out and resulted in good press.
- Develop procedure to deal with harassment cases: Process to deal with harassment cases is implemented. A new system will be rolled out to report to an external lawyer.
- Develop a supplier code of conduct: The supplier code of conduct has been defined and approved by management and is part of the procurement process.

ESG projects planned for 2023

- ESG strategy development and communication: Formalise and communicate a long-term ESG strategy.
- **ESG team and organisation formation:** Develop an ESG team and organisation.
- Energy and carbon footprint action plan: Develop a comprehensive carbon footprint assessment and decarbonisation strategy.

ProxES

ProXES is a leading supplier of machines and process lines in the production and processing of liquid and semi-liquid food, cosmetic and pharmaceutical products. Founded in 2014, and headquartered in Hamburg, Germany, ProXES has facilities in Germany, Switzerland, Belgium, the UK, the US, China and Singapore. With approximately 450 employees and more than 100,000 installations worldwide, ProXES predominantly works in the food industry and unites three leading process technology brands: FrymaKoruma, Stephan and Terlet.

ESG projects completed in 2022

- **Operational efficiency:** Installed LED lighting at the main Stephan production facility, which produces machinery for the food processing industry. Remaining facilities were completed in Q1 2023.
- **Quality control:** The request centre utilised at the Stephan location has received good results on the right first time approach.
- Solution rollout: Initial concept "design rules to improve the efficiency and lifetime of machines" evaluation completed and "Evidence-Based Sustainable Product Design" project launch planned for 2023.

ESG projects planned for 2023

- **Product carbon footprint calculation:** Develop and trial a methodology to calculate product-related carbon emissions.
- Corporate carbon footprint tracking, target setting and carbon reduction: Developing a comprehensive carbon reduction strategy.
- Develop sustainability strategy, management system and communication: Develop and implement a sustainability management system for longterm success.

(тах

Founded in 1976, and headquartered in Mannheim, Germany, with production facilities in Germany, the US, Serbia and Romania, Tmax Group comprises of brands Thermamax and Thermisol and employs approximately 500 people worldwide. It is a global leader in the design and manufacturing of thermal and acoustic high-temperature insulation systems for engine compartments and exhaust lines in diesel and gasoline engines, fuel cells and electric drive systems.

ESG projects completed in 2022

- Accident analysis and improvement measures: Accident analysis is completed and follow-up procedures are in place.
- Employee engagement survey: The 2022 employee engagement survey is complete and key findings extracted.
- EcoVadis action plan: An EcoVadis action plan has been developed and is in the process of being implemented.

ESG projects planned for 2023

- Extend carbon monitoring system: Extend carbon monitoring to include production sites in Aurora (US) and Sibiu (RO).
- Implementation of employee survey insights: Implement improvement measures based on last year's employee survey.
- Integration of ESG criteria into procurement: Revise and update supplier questionnaire to ensure coverage of key ESG topics.

Capvis V



Established in 2004, and headquartered in Austria, Amann Girrbach is a leading innovator in digital dental prosthetics. Producing premium machinery and consumables used in the making of dental prosthetics, Amann Girrbach has R&D and production sites in Koblach, Rankweil and Nüziders (all Austria), and sales and service offices in Germany, Italy, France, the US, Singapore, Brazil and Japan. The company employs approximately 530 employees and is active in around 100 countries worldwide.

ESG projects completed in 2022

- Product packaging: Plastic-free packaging has been developed for the consumables and will be gradually rolled out to all products.
- **Purchasing policy:** Supplier code of conduct has been developed and published. Key suppliers also sign a quality assurance that includes ESG criteria.
- **ESG governance:** The Green Team has been established and will lead ESG integration into business strategy and internal operations.

- Scope 3 measurement & decarbonisation strategy development: Develop a full carbon footprint assessment and decarbonisation roadmap.
- Roll out supplier code of conduct (SCoC) to all main product material suppliers: Ensure all bill of materials suppliers sign and comply with the SCoC.
- Finalise sustainability strategy and roadmap and publish sustainability report: Formalise Amann Girrbach's sustainability strategy and develop sustainability communication.

VARIOSYSTEMS[®]

Variosystems was founded in 1993, and today, it has approximately 2,400 employees, with headquarters in Steinach, Switzerland, and facilities in Switzerland, Croatia, China, Sri Lanka, the US and Mexico. It provides market-leading complete end-to-end solutions and complete outsourcing (including logistics) within the Electronic Engineering and Manufacturing Services industry.

ESG projects completed in 2022

- Measure carbon savings from new locations: The reshoring initiative resulted in carbon emission reduction of 437 tCO₂e.
- Waste reduction targets: Waste KPIs are currently being measured for 2022 and employee awareness around waste has increased.
- Gender pay gap analysis: Pay gap analyses were completed for Switzerland, the US, Sri Lanka and China, and will be followed up with measures and initiatives.

ESG projects planned for 2023

- Reduce environmental footprint and perform a scope 3 emissions assessment: Undertake initiatives to measure and reduce the environmental footprint.
- Harmonise HR practices across locations: Sharing best practices across the employee lifecycle and across locations.
- Develop and communicate sustainability strategy: Developing a long-term ESG strategy and communication with stakeholders.

XOVIS

Headquartered in Zollikofen, Switzerland, Xovis was founded in 2008 and employs more than 130 people in Switzerland and the US. It is a market- and technology-leading developer, producer and distributor of Internet of Things (IoD)-3D sensors and software solutions, utilised in precise counting and analysis of people flows worldwide.

ESG projects completed in 2022

- Introduce penetration testing: Penetration test on cyber system is planned to verify data security (both for internal and external infrastructure) and is currently in the request for proposal (RFP) phase.
- Compliance to General Purchase Conditions: Assessment of the top 10 suppliers, including the largest Chinese suppliers, was completed in Q1 2023.
- **ESG policy development:** The sustainability policy was developed and published on the Xovis website.

ESG projects planned for 2023

- **High-level scope 3 monitoring:** Get a high-level overview of carbon emissions across the value chain.
- Development of an employee satisfaction action plan: Identify key topics, set targets and co-create actions to increase satisfaction.
- Development and communication of ESG strategy: Developing ESG approach and communication.

TERTIANUM

Founded in 1982, and headquartered in Dübendorf, Switzerland, Tertianum is a leading elderly care service provider offering inpatient care and living services. It offers a variety of specialised care services across its 89 locations, with approximately 4,200 care beds, and about 2,400 apartments for assisted living and 4,700 staff members.

ESG projects completed in 2022

- **Coolant replacement:** The coolant has been replaced at 12 sites as planned.
- **Cultural development programme:** All planned workshops were held and a further leadership training session has been planned for implementation in 2023.
- **ISO 9001:** Achieved ISO 9001 certification on a groupwide level.

- Map scope 3 emissions and reduce environmental impact: Implement measures to map and reduce carbon emissions, energy and food waste.
- Implement employee engagement tool and formalise diversity, equity and inclusion (DE&I) strategy: Initiatives to increase DE&I, employee retention rates and reduce turnover.
- Expand ESG strategy and communication: Strengthen ESG strategy and communication to staff and other stakeholders.

Ωbsi

BSI Software AG is a DACH software-as-a-service provider offering a holistic customer suite, predominantly serving financial services and retail clients with industry and cloud solutions. The BSI customer suite comprises customer relationship management (CRM), customer experience management (CX), marketing automation, a customer data platform as well as modules for AI, analytics, secure video conferencing and e-signatures. The company, headquartered in Baden (Switzerland), operates for over 25 years and employs over 440 people across 9 locations in Switzerland and Germany.

ESG projects completed in 2022

- Achieve ISO 27001 certification: BSI successfully completed the ISO 27001 certification process during 2022, leading to improved processes across the firm.
- Communicate career development opportunities to employees: The New Work initiative was initiated and offers flexible, adjustable and remote working models for employees.
- **Develop and implement key governance policies:** BSI implemented key governance policies for whistleblowing, anti-corruption, anti-bribery, code of conduct and DE&I.

ESG projects planned for 2023

- Energy and carbon footprint action plan: Short and long-term carbon monitoring and reduction plan formation.
- Strategic talent management and diversity, equity and inclusion (DE&I) initiatives: DE&I strategy development and improved well-being and DE&I monitoring.
- ESG strategy and ESG organisation formation: Developing an ESG strategy and team.

Headquartered in Rubiera, Italy, ARAG serves over 1,500 customers in over 110 countries, with commercial subsidiaries in the US, Argentina, Australia and Brazil, and production subsidiaries in Italy and Bulgaria. ARAG is a specialist in components, accessories and solutions for spraying, weeding and precision farming.

ESG projects completed in 2022

- Obtain ISO 14001 certification: The project is on track: during 2022, ARAG has performed preparation steps to certify in 2023.
- **Implement a gift policy:** A gift policy was created and included in the code of ethics. It has been implemented in all relationships.
- **Draft a supplier code of conduct:** A code of ethics was drafted and disseminated to all customers and suppliers.

- Energy & carbon monitoring action plan: Track machinery energy use and perform a high-level carbon assessment.
- Employee well-being and healthy lifestyle action plan: Awareness campaigns and actions for healthy lifestyles for all staff.
- Implementation of a Group Legal Policy and obtaining ISO 14001 certification: Create a shared legal standard and certified environmental management system.

Investment in AMMEGA

AMMEGA is the global leader in mission critical belting solutions, leading in the development, manufacturing and servicing of lightweight conveyor belts and polyurethane transmission belts. With 170 service locations in more than 40 countries, AMMEGA serves 50,000 customers in 50+ resilient and fast-growing end markets.

With over 50 industry applications across multiple sectors such as food, packaging, agriculture, logistics and automation equipment, the scope of AMMEGA's solutions is significant.

Since its first report in 2019, AMMEGA has published a UN Global Compact Report annually to demonstrate its efforts and ambitions around sustainability. The report can be accessed <u>here</u>.

AMMEGA's ESG performance is monitored by the lead investor Partners Group in collaboration with Capvis.

The company's approach to sustainability includes:

- · Monitoring its ESG impact through a dedicated management system
- · Integrating processes and policies across the organisation to address ESG impact
- · Striving to minimise the negative impacts caused by its business activities and maximise value creation objectives

Performance is evaluated in four categories:

- Labour & human rights
- Sustainable procurement
- Environment
- · Ethics

AMMEGA has demonstrated significant progress in these categories. It most recently secured an EcoVadis rating of Gold for 2023, placing it in the 98th percentile of all companies assessed by EcoVadis.

AMMEGA has incorporated objectives linked to the following SDGs, which are the most relevant to its business activities:



Exclusions

We exclude certain sectors and business activities from our portfolio, including any companies whose primary business activities relate to pornography and vice; the illegal manufacture, sale or production of drugs under applicable law; the manufacturing, sales or marketing of weapons; oil and gas exploration; the manufacture of tobacco products; gambling; and nuclear power operations. We make no investments in companies involved in the production, trade or distribution of cluster bombs or antipersonnel mines, the production of tobacco products or activities involving prostitution. We also exclude any investments in companies generating more than 20% of their revenues from any coal-based activities.

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2022

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