

CEECAT Capital ESG Policy – October 2023

Purpose of the policy

The purpose of this policy is to present CEECAT Capital's vision, commitment, and approach to integrating sustainability into its operations, at the management company level and within its investment activity.

I) The ESG vision

A) ESG vision of CEECAT Capital

CEECAT Capital operates in less advanced markets than many more developed economies in terms of its legislation or judicial control over ESG issues. These societies have gone through dramatic evolutionary social change within the last 40 years. Driven by younger generations, the management company sees a great willingness to create meaningful and lasting change to improve society for future generations. Progress is fast and CEECAT Capital believes that it is its responsibility to foster this change through its beliefs, the way the company acts and the way it operates. The management company wants all of its constituents to feel proud of what they can build together.

B) Investment Strategy

The management company invests in the growth of small and mid-cap companies in emerging Europe. CEECAT Capital offers capital solutions to companies to promote growth, improve their corporate governance and take account of their environmental and social responsibilities. The management company focuses on sustainable business models characterized by cost-efficient leadership, high barriers to entry, a substantial commitment to R&D, use of technology and automation, and an agile management team to adapt quickly to change.

This strategy is consistently put into practice through our annual review of the sustainability of the companies in our portfolio. CEECAT Capital collects annual ESG data from portfolio companies according to their sector of activity. This data is used to verify that companies are making progress on the indicators linked to the selected sustainable characteristics. The management company wants to promote common characteristics for all investments as well as specific characteristics per sector (please refer to the Commitments to Portfolio Companies section). The data will be collected and consolidated in an annual ESG report. The data is provided by each portfolio company via their answers to the *Annual ESG Portfolio Questionnaire*. To ensure data quality, answers to the questionnaire are reviewed by Reporting 21, an independent CSR consultancy firm and coherence checks are carried out. The reliability of the data is also checked during an interview between the management of the portfolio company and the CSR consultant.

The management company aims to promote environmental and social issues each year by assessing the sustainability performance of the portfolio companies. By analyzing the data collected during the annual ESG reporting campaign, CEECAT Capital is able to reduce sustainability-related risks and minimize the negative impact of the investments on sustainability factors in compliance with articles 3 and 4 of the SFDR (Sustainable Finance Disclosure Regulation). It also encourages portfolio companies to improve their sustainability performance.

C) Scope of application

This policy is applicable to CEECAT Capital as a management company and to all its funds. This document is publicly available and communicated by CEECAT Capital to its stakeholders. Within the firm, this document is communicated to all employees and explained through dedicated training sessions. It is presented during the onboarding of newcomers. This policy is also communicated externally to investors and portfolio companies.

D) ESG Governance

The ESG strategy of CEECAT Capital is led by Neslihan Bozkurt, CFO and Head of ESG. She is supported by Anthony Stalker, the senior Partner, who ensures that sustainability is at the heart of the management company's strategy and is present at every stage of the investment process. The monitoring of ESG data on portfolio companies is carried out jointly by the CEECAT Capital team mentioned above and Reporting 21.

II) Commitments toward stakeholders

A) To investors

CEECAT Capital is committed to communicating with investors in a transparent manner on the implementation of sustainability practices. The management company provides information:

- On the ESG performance and best practices of portfolio companies
- By publishing a report detailing the ESG data of the companies in the portfolio and the consolidated data at fund level
- By informing the investors in the event of a major ESG incident

CEECAT Capital is committed to follow the defined ESG procedures as well as the EBRD and EIF exclusion lists.

B) To employees

The values of CEECAT Capital are shared by all employees. The management company aims to include all employees in the day-to-day implementation of the company's values. CEECAT Capital is committed to developing employees' skills and ensuring well-being at work.

C) To portfolio companies

CEECAT Capital seeks to support portfolio companies in their ESG development. The management company has defined common sustainable characteristics to be promoted by each participation:

- Ensuring a better representation of women in governance bodies by implementing diversity and gender policies (recruitment, training, promotion etc.)
- Mitigating global warming by promoting initiatives to monitor and reduce greenhouse gas emissions
- Promoting the involvement of portfolio companies in local communities' development (by financing charity initiatives, developing employment, recruiting local students etc.)

CEECAT Capital monitors the performance of portfolio companies via an annual collection of ESG data and the production of a report containing consolidated ESG data and data specific to the ESG performance of each portfolio company

D) To suppliers

CEECAT Capital expects its suppliers to adopt business practices in line with its values and commitments, paying particular attention to the commitment to climate change mitigation, local development and the promotion of diversity in governance bodies. This requirement is communicated to suppliers via CEECAT Capital's ESG policy. The Compliance Manual indicates : *"If any CEECAT Capital Staff has a suspicion that a person, transaction or property relates to money laundering, drug trafficking, terrorist financing, Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice, she or he must immediately bring the matter to the urgent attention of the Chief Compliance Officer and Money Laundering Reporting Officer"*.

E) To the investment industry

CEECAT Capital is committed to the "[Designated Performance Requirements](#)". CEECAT Capital is a signatory to the [Principles for Responsible Investment](#). The management company uses the [EBRD exclusion list](#) with the exclusion of projects of category A and the European Investment Fund guidelines on the restricted sectors.

III) Sustainability in the investment process

Before the investment and during the holding phase, CEECAT Capital is reviewing and monitoring the Principal Adverse Impacts and the Sustainability Risks of its investments in accordance with articles 3 and 4 of the SFDR regulation. Regarding article 5 of the SFDR regulation, CEECAT Capital's remuneration policy does not formally include sustainability criteria. However, according to sustainability processes it is a part of the investment process that investment teams should follow. The respect of the sustainability criteria is qualitatively included in investment teams' bonus assessment.

A) Exclusion policy

CEECAT Capital uses the [EIF's exclusion list](#) and the EBRD's category A exclusion projects to avoid activities that contribute negatively to society.

B) Pre investment phase:

CEECAT Capital Incorporates ESG indicators into investment analysis and selection processes. The management company also conducts ESG Due diligence using a pre-investment ESG questionnaire. Sustainability risks and the potential Principal Adverse Impacts can be identified based on these two analyses.

C) Holding phase

CEECAT Capital monitors ESG data and companies' progress using an ESG questionnaire. The management company monitors ESG practices through interviews conducted by the consultancy firm Reporting 21, which analyses the Principal Adverse Impacts, identifies Sustainability Risks and suggests areas for improvement to portfolio companies.

D) Exit phase:

CEECAT Capital communicates transparently on the progress made by portfolio companies to potential new shareholders.

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Signature:

