

LIVONIA

PARTNERS

Environmental,
Social & Governance

Annual Report 2020

Attention to ESG matters to us

Why do private equity firms need to develop and implement ESG strategies?



Rain Lohmus
Founding Partner

Through their long term investment horizons, private equity firms are in a great position to promote sustainability and green thinking in the business world. In alignment with this position, we have a strong belief that by making responsible investments we can make a positive impact, while also delivering better returns to our investors.

How does Livonia integrate ESG matters throughout the investment life cycle?



Kristīne Bērziņa
Founding Partner

We incorporate ESG factors into investment decisions to better manage risk and to generate sustainable, long-term returns. We are happy to work with companies that have the ambition to make real changes to the environment, wherever they stand in their sustainability journey. We aim to support constant learning that leads to practical action. When looking back, we see that we have invested in these types of companies intuitively, and we are proud to see what they have achieved.

How can we use ESG factors to create value?



Mindaugas Utkevičius
Founding Partner

Private equity has a unique opportunity to create value. Integrating ESG into these value-creation plans generates benefits for shareholders. By focusing on ESG matters and considering how these issues impact the environment, businesses can then use less materials and create less waste, treat their employees better, govern themselves, and contribute to the community. By doing so, they are not only making a positive impact on the environment, but also creating value that leads to higher returns.

How do ESG factors influence your investment beliefs?



Kaido Veske
Founding Partner

Here at Livonia, investments are not measured by traditional financial metrics alone. Throughout the reporting year, our portfolio companies made real and measurable advances in sustainability and governance by focusing on factors other than simple financial performance. We are truly happy to share this report so that you can have a glimpse at what we have achieved so far.

Livonia Partners ESG approach

Responsibility is part of who we are

LIVONIA PARTNERS is a Baltics-based investment team focused on identifying high-potential companies and providing them with the capital and expertise needed for further growth.

We believe that long-term success requires a sustainable strategy, and that we can deliver better returns to our investors by making responsible investments.

Livonia maintains clear ESG guidelines, which cover all stages of the investment process. We aim to create value by implementing our ESG policy across our portfolio, and ensuring that our investments echo our values and principles.

ESTVCA / ESTONIAN PRIVATE EQUITY
AND VENTURE CAPITAL ASSOCIATION

LVCA | LATVIAN PRIVATE EQUITY
AND VENTURE CAPITAL
ASSOCIATION

LT VCA | Lithuanian Private Equity
and Venture Capital
Association

Livonia Partners is a signatory to the United Nations Principles for Responsible Investment

- 1 We incorporate ESG issues into investment analysis and decision-making processes.
- 2 We are active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We seek appropriate disclosure on ESG issues from the entities in which we invest.
- 4 We promote acceptance and implementation of the Principles within the investment industry.
- 5 We work together to enhance our effectiveness in implementing the Principles.
- 6 We report on our activities and our progress towards implementing the Principles.

Signatory of  **PRI** Principles for Responsible Investment

How we manage environmental, social, and governance aspects at Livonia Partners

Sourcing & Screening

- ✓ Evaluate the level of ESG risks and potential issues at the sourcing and industry – screening stage.
- ✓ Filter out and exclude sectors that do not fit with our principles of responsible investment and our investment strategy.
- ✓ Assess the sustainability of an investment target, with its competitive advantages, business model, and processes.

Due Diligence Review

- ✓ Conduct environmental and social due diligence (ESDD) as appropriate for the industry in question, to review existing ESG policy and evaluate risks.
- ✓ Address due diligence findings and potential red flags.
- ✓ Include ESDD considerations in investment decision-making and in relevant materials.
- ✓ Identify key issues to be addressed post-investment.

Value Creation

- ✓ Use findings from the ESDD to address any urgent issues.
- ✓ Engage the company's management and other stakeholders in creating an appropriate and value-creating ESG policy.
- ✓ Implement the ESG policy to ensure business sustainability and enhance value creation.
- ✓ Monitor ESG risks, update policy, and ensure compliance with external and internal regulations.

Divestment

- ✓ Communicate ESG objectives and milestones to prospective buyers.
- ✓ Evaluate the alignment of interests and support the ongoing focus on sustainability and responsibility.

Principles for the implementation of Livonia Partners' ESG policy

Recognition

- We acknowledge the importance of adopting, updating, and implementing ESG objectives that ensure responsible investments in sustainable businesses.

Engagement

- We work closely with the management teams in our portfolio companies, and with external experts, to ensure that relevant and appropriate best practices are adopted across all our investments.

Implementation

- We provide sufficient resources for the implementation of our ESG objectives, both at the fund and the portfolio-company level.

Monitoring

- We monitor the progress of our portfolio companies to ensure effective ESG policy implementation and identify areas for further development.

Reporting

- We report both internally and externally about our ESG policies, the implementation milestones in the portfolio companies, and appropriate updates to the ESG policies.

Accountability

- We ensure accountability in the implementation of the ESG objectives and in the associated monitoring and reporting.

ESG Snapshot

Portfolio Level Key Performance Indicators in 2020

7	> €140 million	> 65%	> €25 million
Portfolio companies	Combined revenue of portfolio companies	Revenue from outside the Baltic countries	Combined EBITDA
€250 million	€16 million	€2 million	1,418 / 1,188
Combined enterprise value of the portfolio	Total capital expenditure	Capex for environmental initiatives	Full time employees 2019 / At entry
0	8	0	242
Nr of employees working for minimum wage	Nr of work related accidents	Nr of offshore corporate structures	Nr of new work places created organically
6 / 7	27%	> €22 million	0
Nr of companies reporting under IFRS	Women in management roles	Total taxes paid	Nr of companies with high sector E&S risk

The ESG Focus Begins Within Livonia

Our team of investment professionals shares the vision and courage necessary for transforming companies, and our activities align with the principles necessary to achieve this vision.

All team members must adhere to the highest professional and ethical standards. Thoughtful and regular team-building activities, as well as frequent feedback sessions, ensure productive team dynamics and a close-knit and trusting team.

Lifelong education is highly encouraged, and Livonia provides significant financial support to all employees who wish to pursue professional training or further academic education, e.g. in an international MBA program.

All Livonia employees are provided with short-term and long-term financial incentive schemes that are aligned with the overall financial success of Livonia.

As the largest on-shore registered private equity fund in Latvia, Livonia is also dedicated to the improvement of the local investment environment. Kristīne Bērziņa is the Chairperson of the Board of LVCA, the Latvian PE&VC Association, and Hendrik Reimand and Mindaugas Utkevičius are Board Members of the respective associations in Estonia and Lithuania.



Portfolio companies

Hortès



HORTES is the best-known home and garden retail concept in Estonia and it was the first company to bring the popular ‘garden center’ concept to the Baltics. Hortes currently operates two garden centers in Tallinn and recently launched its first garden center in Riga, marking its entry to the Latvian market.

The company has grown rapidly, tripling the footprint of its physical stores over the past two years and launching a new e-store platform. Hortes is a unique retail concept in the Baltics due to its merchandising mix and customer experience. Hortes differentiates itself by having both a wide and distinct assortment of goods, offering an inspirational shopping experience, and as a ‘one-stop-shop’ for all garden-related purchases.

Hortes’ key product line is the gardening segment,

which includes outdoor and indoor plants, soils, fertilizers, and potting containers, representing over 50% of the company’s sales. During the Christmas season, Hortes operates a large Christmas market in its stores.

As a company specializing in selling a wide variety of plants and related products, Hortes continuously works to promote gardening, planting, ‘growing your own’, and a greener lifestyle. A key pillar in the company’s strategy for the upcoming years has been to promote and benefit from the overall trend toward higher sustainability and a greener lifestyle. Hortes will also strive to improve working conditions for its employees, increase employee satisfaction, and implement feedback from employee satisfaction surveys.



What happened in 2020:

- Hortes introduced paper bags from fully recycled paper as an alternative to plastic bags.
- They engaged a third-party consultant to review and update occupational health and safety procedures.

Priorities for 2021:

- Introduce an annual employee satisfaction survey and implement changes based on feedback in order to improve working conditions
- Introduce a systematic customer satisfaction measurement.
- Introduce a recycling program for plastic pots.
- Explore the feasibility of installing electric vehicle charging stations at Hortes stores.

KEY FACTS – 2020	
Revenue	€ 7.1 million
5-Year Revenue CAGR	7,4%
Capex	€ 0.3 million
Nr of employees	59
Salaries paid	€ 0.7 million
Taxes paid	€ 1.1 million
Number of stores	2
Sector E&S risk	Low



Hortes ESG Factsheet

Reporting Period: 2020

ENVIRONMENTAL	
Capex spent on environmental initiatives	€0 million
Total energy usage	ca. 1,554,000 kWh
Total water usage	4,300 m3
Environmental accidents in 2020	None
Third-party Environmental and Social Due Diligence prior to Livonia investment	No

Hortes ESG Factsheet

Reporting Period: 2020

SOCIAL	
Percentage of female employees	97%
Number of jobs created	1
Breakdown of FTEs by type	9 – Office; 50 – Store employees
Regular health & safety procedure and work environment assessment by the top management	Yes External consultants engaged.
Nr of work-related accidents in 2019	None
Employees working for the minimum wage	0
Number of hours and shifts per day in the stores	9 - 11h / 1 shift
Employee / customer satisfaction measurement?	No / No
Employee turnover	47%

GOVERNANCE	
Existence of any offshore corporate structures	No
IFRS reporting	Yes
Big Four Auditor	Yes
Frequency of preparation of full financial statements and supervisory board meetings	Monthly
Independent Board member	No
Livonia seats on supervisory board	3 / 3
Women in management roles	1 / 1
Major certificates / labels	None
Participation in Associations	No
Code of Ethics is formalized	Yes
ESG Policy is formalized	No
Regular internal / external audits	Financial audit, packaging material audit
Absence of penalties to any regulatory authorities	Yes
Absence of any ESG related litigation	Yes
% of shares owned by the management team	0%

Portfolio companies

Santa Monica Networks



SANTA MONICA NETWORKS is the leading IT integration service provider for networking and security solutions for large and medium-sized organizations in the Baltics. Santa Monica Networks’ clients are telecommunication and internet service providers, financial services companies, trade and industrial enterprises, transportation and utility service providers, and state institutions and bodies.

The company’s services, including e.g. the design and implementation of efficient networks, the digitalization of customer operations, and the development of infrastructure for remote work access and internet-of-things infrastructure for management of the electricity power grid, have a positive impact on its customers’ carbon footprint. The company utilizes energy saving equipment such as Green Ethernet ports.

Santa Monica Networks is actively pioneering new technologies and educating the market on the newest trends and developments. The company contributes to the community by sharing their knowledge, through collaborating with universities and supporting young talent.

During their 25+ years in the market, Santa Monica Networks has gathered an experienced team of experts, world-renowned technology partners, and loyal customers. The company achieves a very high level of employee loyalty by providing a dynamic



work environment, regular training, and an opportunity to work on the most technologically challenging projects. The seamless operations of the largest network operators, banks, utility companies, and government and other sectors rely on networks that are built and managed by the experts at Santa Monica Networks. Their high quality standards are certified by ISO 9001 (quality management system) and ISO 27001 (information security standard). They are also a crucial partner with technology vendors such as CISCO, the world’s largest networking equipment producer. Santa Monica Networks is the only independent CISCO Gold partner in the Baltics.

In 2019 Santa Monica Networks began the process of gradually upgrading its car fleet to electric vehicles. In 2020, the company invested €41,000 in this initiative. Renewable energy use is increasing proportionally as a result of the transition of the car fleet from fossil-fuel based to e-cars.

Santa Monica Networks is constantly updating the technology used in the Data Centers to help reduce energy usage. Livonia acquired a majority equity stake in the company in 2017.

KEY FACTS – 2020

Revenue	€ 24.6 million
4-Year Revenue CAGR	5%
Capex	€ 0.2 million
Nr of employees	58
Salaries paid	€ 2.3 million
Taxes paid	€ 3.9 million
Sector E&S risk	Low

What happened in 2020:

- CISCO Gold-partner status was maintained
- Introduced regular customer and employee satisfaction measurements
- Continued transitioning the car fleet from fossil-fuel based to e-cars

Priorities for 2021:

- Continue to upgrade the car fleet with more electric vehicles
- Formalize the company’s ESG Policy

Santa Monica Networks ESG Factsheet

Reporting Period: 2020



ENVIRONMENTAL

Capex on environmental initiatives	€41 thousand
Total energy usage	ca. 540,000 kWh
Total water usage	n.d.
Environmental accidents in 2020	None
Third-party E&SDD prior to investment	No

SOCIAL

Percentage of female employees	21%
Number of jobs created	3
Breakdown of FTEs by type	31 – engineers, technicians; 27 – sales and admin. incl. management
Regular work environment and health & safety procedure assessment by top management	Yes, regular updates to the work, health, and safety instructions are provided, regular health checks ensured
Nr of work-related accidents in 2019	None
Employees working for the minimum wage	0
Employee / customer satisfaction measurement	Yes, performance reviews / Yes, Using IT industry standard CSAT methodology, Gold level
Employee turnover	3%

Santa Monica Networks ESG Factsheet

Reporting Period: 2020

GOVERNANCE	
Existence of any offshore corporate structures	No
IFRS reporting	Yes
Big Four Auditor	Yes
Frequency of preparation of full financial statements and supervisory board meetings	Monthly
Independent Board Member	No
Livonia seats on supervisory board	Livonia exercises control via the governance procedures in the shareholder agreement
Women in management roles	1/6
Major certificates / labels	SO 9001, ISO/IEC 27001, CISCO Gold Partnership
Participation in Associations	Latvian Communications and Information Technologies Association (LIKTA), Information and Communication Technology (ICT) Industry Association of Lithuania (INFOBALT)
Code of Ethics is formalized	Yes, compliant with Code of Conduct used by industry leaders.
ESG Policy is formalized	Partially
Regular internal / external audits	Financial audit, Technology partner audits
Absence of penalties to any regulatory authorities	Yes
Absence of any ESG related litigation	Yes
% of shares owned by the management team	36.48%

Portfolio companies

Cgates



CGATES is Lithuania's largest independent pay TV and internet service provider. The company provides digital and interactive television, fiber-optic broadband internet, and fixed telephony. The company serves more than 250,000 clients in all of the largest cities across Lithuania. Livonia acquired a minority stake in Cgates in 2017.

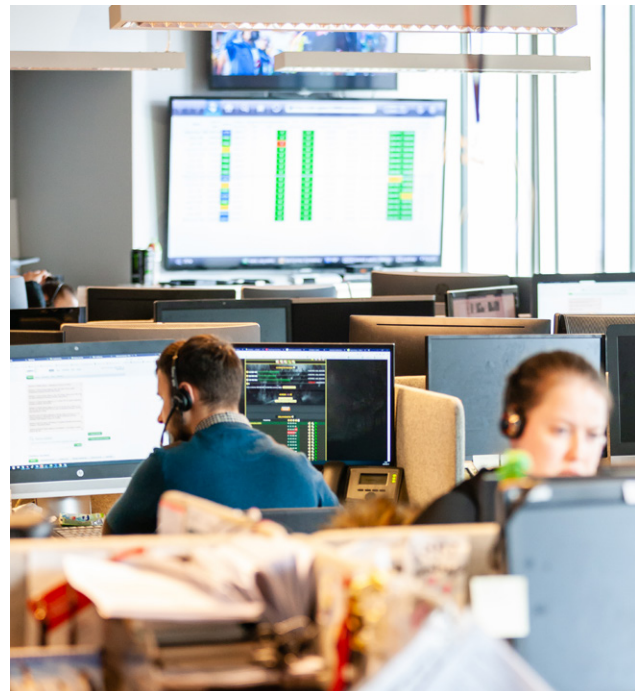
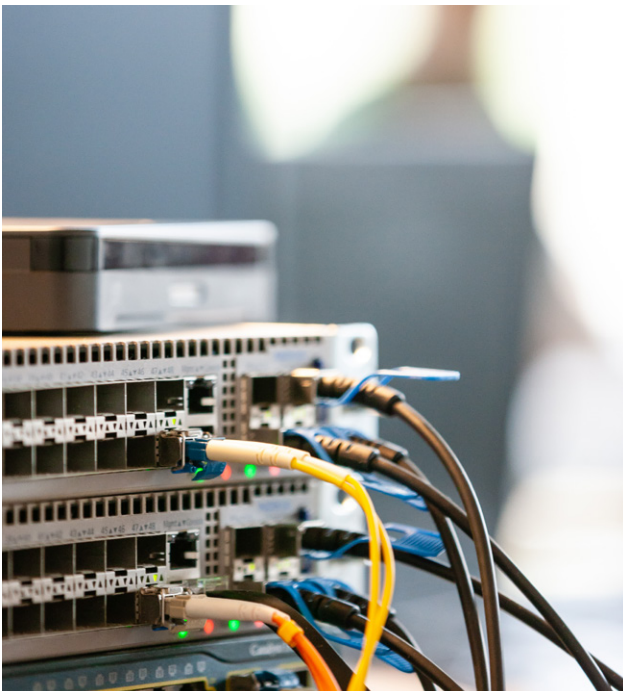
Cgates demonstrates low environmental and social risk. The company's only activities with somewhat higher environmental impact are the deployment and maintenance of the cable network, electricity usage for operating the network, and operation and maintenance of the field technicians' car fleet.

Cgates is constantly investing in the development and modernization of the network, and in improving the quality of the services provided, thus resulting in higher customer satisfaction.

The company's customer NPS continues to increase, and at the end of 2020 reached +32.4.

In 2020, Cgates took significant steps toward minimizing the company's environmental impact by discontinuing the usage of outdated DOCSIS technologies and switching to a more energy efficient technology. The roll-out of GPON technology, which uses less electricity and less equipment, continues. In addition, the company began using renewable energy for internet/TV delivery and for internal use.

The company has very high standards for the internal procedures to which all respective employees must adhere, e.g. a formalized IT policy, a data processing and data security policy, information systems user administration rules, and a business continuity plan.



What happened in 2020:

- Significant investments in environmental initiatives, including investment in cleaner technology
- Improved customer NPS
- Started using renewable energy for internet/TV delivery and internal use
- Introduced a hybrid work solution in order to ensure a safe environment for employees during the pandemic

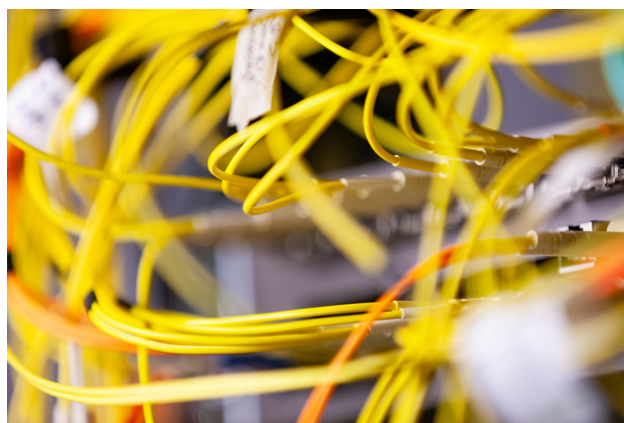
Priorities for 2021:

- Continue the 3-year plan of gradually upgrading the technicians' vehicles to EVs



KEY FACTS – 2020

Revenue	€ 26.9 million
5-Year Revenue CAGR	6.6%
Capex	€ 7.6 million
Nr of employees	291
Salaries paid	€ 7.1 million
Taxes paid	€ 6.5 million
Sector E&S risk	Low



Cgates ESG Factsheet

Reporting Period: 2020

ENVIRONMENTAL

Capex spent on environmental initiatives	€ 1.7 million
Total energy usage	ca. 4,925,500 kWh
Total water usage	n.d.
Environmental accidents in 2020	None
Third-party E&SDD prior to investment	Yes

Cgates ESG Factsheet

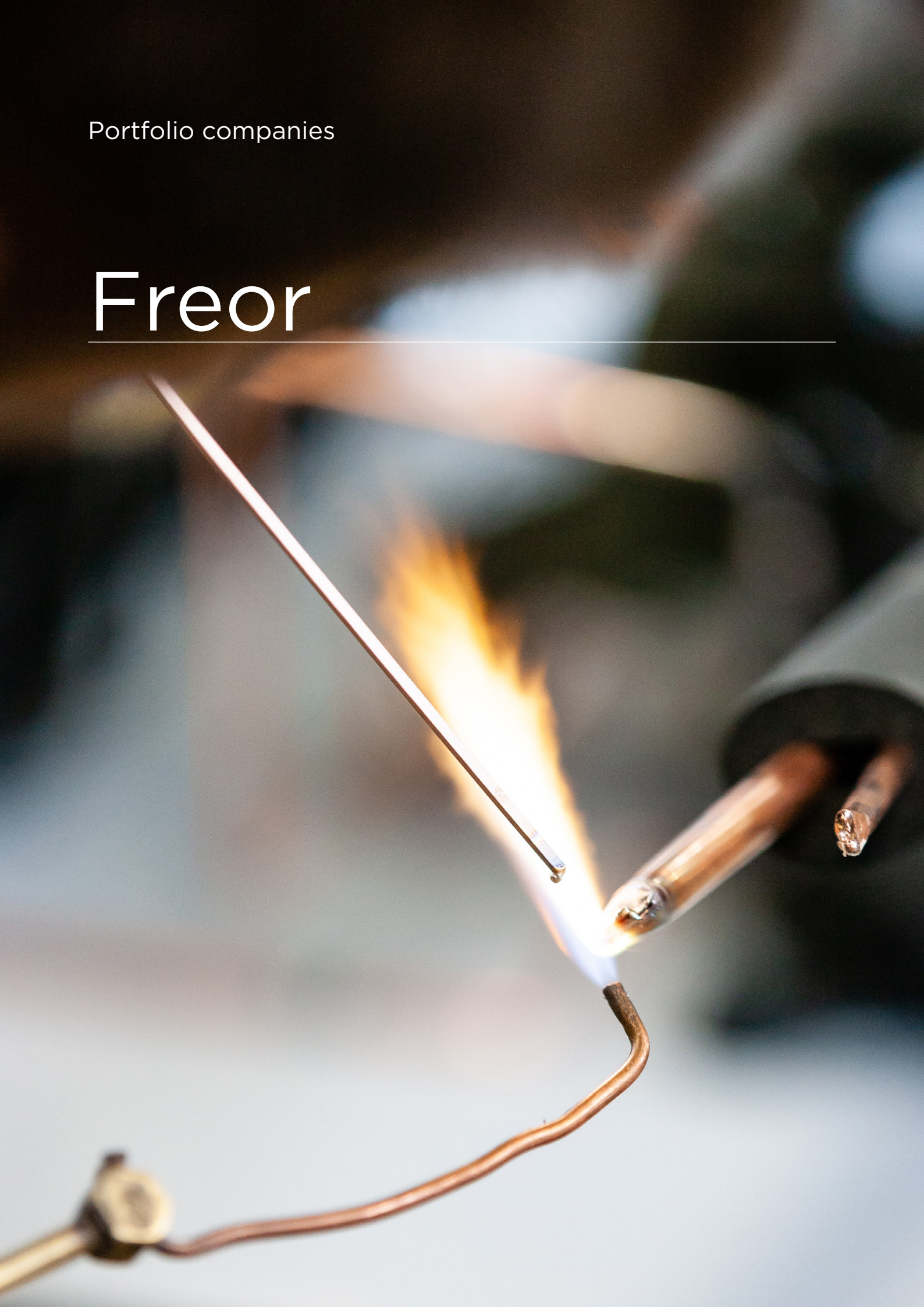
Reporting Period: 2020

SOCIAL	
Percentage of female employees	30%
Number of jobs created	4
Breakdown of FTEs by type	110 technicians, 181 office employees
Regular work environment and health & safety procedure assessment by top management	Yes. External consultants engaged
Nr of work-related accidents in 2020	None
Employees working for the minimum wage	0
Employee / customer satisfaction measurement	Yes, Employee: 3.8 / 5.0 / Yes, Customer: NPS +32.4
Employee turnover	24%

GOVERNANCE	
Existence of any offshore corporate structures	No
IFRS reporting	Yes
Big Four Auditor	Yes
Frequency of preparation of full financial statements and supervisory board meetings	Monthly
Independent Board Member	No
Livonia seats on supervisory board	2 / 5
Women in management roles	2 / 7
Major certificates / labels	None
Participation in Associations	Balta (Legal consent distribution association); INFOBALT (IT sector association)
Code of Ethics is formalized	No
ESG Policy is formalized	Yes
Regular internal / external audits	Financial audit
Absence of penalties to any regulatory authorities	Yes
Absence of any ESG related litigation	Yes
% of shares owned by the management team	0%

Portfolio companies

Freor



FREOR LT UAB is a manufacturer of commercial refrigeration equipment for stores and supermarkets with a focus on product durability and energy efficiency. Headquartered in Vilnius, Lithuania, Freor has more than 20 years of experience as a supplier of refrigeration solutions.

Currently, the company operates 2 production facilities, in Lithuania and Belarus, with a total production area of 24,000 m². The factories are equipped with modern, automated equipment including AMADA laser cutting machinery, a powder coating line, a hydraulic press, a panel bender, and other associated equipment. Freor produces over 10,000 refrigeration units annually, selling across more than 40 countries, with exports representing the majority of sales.

Freor is a pioneer in energy-efficient technologies in the commercial refrigeration sector. Freor's product design and construction results in products that remain useful longer than the competitors' products, and the company's first units, manufactured in 2005, are still in use today.

As a manufacturing company, Freor exhibits medium Environmental and Social risk.

Livonia acquired a minority stake Freor in 2017.



KEY FACTS - 2020

Revenue	€ 41.2 million
5-Year Revenue CAGR	14.3%
Capex	€ 5.5 million
Nr of employees	671
Salaries paid	€ 8.3 million
Taxes paid	€ 4.8 million
Number of production plants	2, a facility in Vilnius and in Belarus
Sector E&S risk	Medium

What happened in 2020:

- Began operations in a new A+ energy-efficient production plant in Vilnius
- € 0.2 million investment in the heat recovery system
- Freon gas based refrigerators were replaced by propane gas based solutions
- Introduction of the first projects from the Green Wave product line, using natural refrigerants
- Donations were made to organizations including the SOS Children's Village, the Youth Line, a food bank, and others

Priorities for 2021:

- Launch of dedicated laboratory to provide energy labels for all product lines.



Freor's Impact:

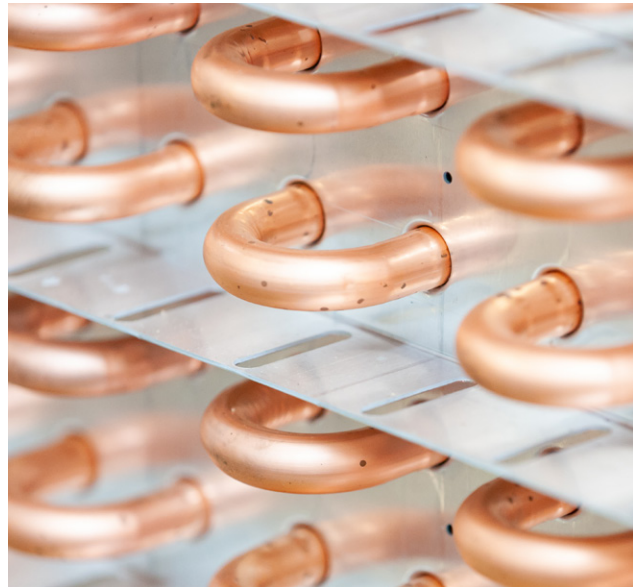
Freor's slogan, "Thinking Green" encompasses every aspect of the company's operations, which are based on three key pillars – product development focused on durability and energy efficiency, reduction of the environmental impact of the manufacturing processes, and minimizing the amount of waste.

Commercial refrigeration equipment used by retailers today, to a significant extent, still operates with traditional refrigerants that have a high potential for contributing to global warming. The biggest environmental impact is caused by the F-gas used in refrigeration systems, which destroys the Earth's ozone layer.

EU directives on Ecodesign, energy labelling, and F-gas regulation set strict rules for companies involved with commercial refrigerators, and the EU is increasingly pushing for the adoption of more environmentally-friendly equipment. The company's newest product line - Green Wave - uses the natural refrigerants CO₂ and R290. Both CO₂ and R290 are green, readily available, cost-efficient, and are not subject to F-gas regulations. Opting for propane R290 and CO₂-driven refrigeration equipment helps to contribute to the preservation of the environment.

Freor is constantly upgrading their product design and machinery to minimize the negative environmental impact of the manufacturing processes, to provide their clients the most energy-efficient refrigeration solutions available in the market. Internal tests have demonstrated that Freor equipment can use up to 30% less energy and has a service life of approximately 30% longer than comparable equipment produced by other manufacturers.

Freor has developed expertise through its innovative propane-based plug-in refrigeration equipment, and the ability to produce industry-standard CO₂ solutions. The company is continuously educating not only their employees, but also clients and society as a whole on environmental matters



by sharing information on their and the industry's environmental impact.

Freor's high quality standards are certified by the ISO 9001 (quality management), 14001 (environmental management), and 50001 (energy management) quality certificates.

As the company enables their clients to reduce their electric energy consumption, they are also working towards minimizing their impact on the environment.

In 2020, Freor moved its production facility to a new 16,000 m² factory in Vilnius. This led to a substantial increase in production efficiency. The new production facility is A+ energy-efficient, and includes planned solutions such as capturing heat from the paint line in order to heat the production facility during the winter months.

100% of the electricity purchased by Freor Lithuania comes from renewable sources. The company's waste is measured, and waste accounting is kept in the GPAIS systems. Also, the company measures the noise level in the production facilities to ensure that it is not hazardous to the employees.

Freor ESG Factsheet

Reporting Period: 2020

ENVIRONMENTAL

Capex spent on environmental initiatives	€0.2 million
Major raw materials used	Steel – 4,559 t; Wood for packaging – 804 t; Glass – 350 t
Key waste items	Iron and steel – 843 t; Wood – 78 t; Paper and cardboard – 61 t; All waste is sorted.
Total energy usage	ca. 7,692,000 kWh
Total water usage	3,045 m ³
Monitoring activities to improve work environment	Yes. Performs noise level measurements in the production facilities
Environmental accidents in 2020	1, minor accident
Third-party Environmental and Diligence	Yes

SOCIAL

Percentage of female employees	17%
Total taxes paid in 2019	€5.4 million
Number of jobs created	189
Breakdown of FTEs by type	79% - Production, 21% - Office
Regular health & safety procedure and work environment assessment by the top management	Yes. Also, external consultants have been engaged to manage processes related to health and safety.
Nr of work-related accidents in 2020	None
Employees working for the minimum wage	0
Number of hours and shifts per day in the factory	24h / 3 shifts
Employee / customer satisfaction measurement	No / Yes
Employee turnover	18%

Freor ESG Factsheet

Reporting Period: 2020

GOVERNANCE	
Existence of any offshore corporate structures	No
IFRS reporting	Yes
Big Four Auditor	Yes
Frequency of preparation of full financial statements and supervisory board meetings	Monthly
Independent Board Member	No
Livonia seats on supervisory board	1 / 3
Women in management roles	1 / 3
Major certificates / labels	ISO 9001; ISO 14001; ISO 50001; CE certificates, Green energy certificate
Participation in Associations	Association of Refrigeration Engineers; Lithuanian Marketing Association; Association of microclimate and cold industry enterprises; Association of Accountants and Auditors
Code of Ethics is formalized	Yes
ESG Policy is formalized	Yes
Regular internal / external audits	Financial audit; ISO standards audits; SMETA ESG audits; Air pollution audit; Internal audits (Waste management, Safety management, LEAN management, ISO management); Internal audits (security management)
Absence of penalties to any regulatory authorities	Yes
Absence of any ESG related litigation	Yes
% of shares owned by the management team	66,67%

Portfolio companies

Scoro Software



SCORO is an Estonian all-in-one business management software for professional service firms. It is comprehensive work management software, which interlinks project management with batches of related tools including sales, billing, communication, and automation of services. These enable users to streamline work, eliminate routine tasks, and track a company’s internal processes and entire workflow from one central location. Scoro has more than 1,500 customers in more than 65 countries across the world. Scoro’s main clients are marketing and creative agencies, various consultancies, and service firms.

Today, the company has five offices in North America, the U.K., and the Baltic states, employing over 100 people in various countries.

Livonia completed growth investment into Scoro in October 2018, and additional investment in February

2021, as part of its Series B financing round. The investments have fueled continued global expansion, as well as helped to develop the platform’s deep integration and machine-learning capabilities.

The well-being and inclusion of all of Scoro’s employees is crucial. Scoro has a diversified and international team with at least 8 nationalities on board, and regularly monitors and strives to improve employee satisfaction. The company continues to foster family-friendly practices in its working culture, and in 2020 Scoro again received the Golden Label of ‘Family-Friendly Company’, originally issued in 2018 by the Estonian Ministry of Social Affairs.

In addition, Scoro was a “Dream Employer 2020” finalist, showing that an employer’s brand positioning, reputation, and employee satisfaction matters.



KEY FACTS – 2020

Revenue	€5.5 million
5-Year Revenue CAGR	33%
Capex	€1.5 million
Nr of employees	104
Salaries paid	€4.8 million
Taxes paid	€2.3 million
Number of offices	5
Sector E&S risk	Low



What happened in 2020:

- Updates to the work and safety guidelines
- "Dream Employer 2020" finalist

Priorities for 2021:

- To receive certification from the international standard for an Information Security Management System, ISO/IEC 27001:2013



Scoro ESG Factsheet

Reporting Period: 2020

ENVIRONMENTAL

Capex spent on environmental initiatives	€0
Total energy usage	49,590 kWh
Total water usage	343,75 m ³
Environmental accidents in 2020	None
Third-party E&SDD prior to investment	No

Scoro ESG Factsheet

Reporting Period: 2020

SOCIAL	
Percentage of female employees	50%
Number of jobs created	40
Breakdown of FTEs by type	100% office workers
Regular health & safety procedure and work environment assessment by the top management	Yes, managed by 'People Operations' and Office Management functions
Nr of work-related accidents in 2020	None
Employees working for the minimum wage	0
Employee / customer satisfaction measurement	Employees - Monthly 'pulse survey' score 8.1/10; Customers- NPS 21/ CSAT 89%.
Employee turnover	38%

GOVERNANCE	
Existence of any offshore corporate structures	No
IFRS reporting	Yes
Big Four Auditor	Yes
Frequency of preparation of full financial statements and supervisory board meetings	Monthly
Independent Board Member	Yes
Livonia seats on supervisory board	1/7
Women in management roles	1/7
Major certificates / labels	None in 2020
Participation in Associations	Startup Estonia
Code of Ethics is formalized	No
ESG Policy is formalized	No
Regular internal / external audits	Financial audit; ISO/IEC 27001:2013
Absence of penalties to any regulatory authorities	Yes
Absence of any ESG related litigation	Yes
% of shares owned by the management team	24,40%

Portfolio companies

Fenestra



Fenestra AS is a manufacturer of single and two sash wood and wood-aluminum windows, and single and twin leaf wood-aluminum balcony doors. Founded in 1990, the company operates in two locations and three different facilities. There is a 5,730 m² window and balcony door production facility located near the Tallinn airport, and a 14,900 m² window and balcony door production facility and a 3,500 m² aluminum window factory in Finland, 150 km from Helsinki. The machinery and equipment used in production have been consistently maintained and upgraded to ensure high-quality products.

Glass, wood, and aluminum are the main raw materials used in production. Around 70% of the production is sold and exported to Scandinavia, mainly to Finland and Sweden, and the remainder of the production is sold in the Baltics.

Livonia acquired Fenestra in February 2019, and since then have completed add-on investments to acquire the manufacturing facilities of the defunct competitor, Domlux, in Finland in March of 2019 and Kuopion Rakennuskonttori Oy in December of 2020.



KEY FACTS – 2020

Revenue	€ 23.8 million
5-Year Revenue CAGR	13,95%
Capex	€ 190 thousand
Nr of employees	163
Salaries paid	€ 5.2 million
Taxes paid	€ 2.7 million
Number of production plants	3 production facilities
Sector E&S risk	Medium

What happened in 2020:

- Reduced paper used in everyday operations as part of the digitalization initiative
- Started a gradual switch to water-based paints
- Received an award from Äripäev - “Top Company in Harjumaa, Estonia”
- Established a customer and employee satisfaction measurement survey

Priorities for 2021:

- Establish a plan and strategy for reducing the company’s environmental footprint



Fenestra's Impact:

Energy efficiency and environmental sustainability are key to Fenestra, as the company produces wood and wood-aluminum clad windows and balcony doors for residential apartment buildings and single-family homes.

The majority of the production is sold to the Nordic countries, where the products must meet stringent local energy-conservation, heat, and sound-insulating standards.

Fenestra's manufacturing process preserves the wood's natural aesthetics, as well as the heat and sound insulating qualities, and enhances the products' durability. This makes the products superior to most alternatives – plastic, plastic composite materials, or metal products. The company's products are recognized with a high-standard sound isolation certificate from the VTT Technical Research Centre of Finland, and a health, safety, and environmental protection standard CE certification.

The company continuously strives to reduce their impact on the environment.

Wood waste is reused for energy production on site, whereas paper, plastic, and aluminum waste is recycled through third-party service providers.

In 2020, Fenestra began a gradual switch from acrylic paints to water-based paints, which will significantly reduce the company's carbon footprint.

Fenestra has consistently invested in research and development, and in upgrading its production facilities and machinery, both to improve efficiency and to enhance its manufacturing capabilities for producing high-quality products. These developments also improve the environmental aspects and the sustainability of their products.

During 2020, Fenestra launched customer and employee surveys. Also, Fenestra formalized a Code of Ethics.

Fenestra is also an important part of the local community in Loimaa, Finland, as it is the second-largest employer and taxpayer in the local Loimaa parish.



Fenestra ESG Factsheet

Reporting Period: 2020

ENVIRONMENTAL

Capex on environmental initiatives	€0
Major raw materials used	Glass – 2,795 t; Wood – 1,418 t; Aluminum - 301 t
Key waste items	Wood, aluminium, packaging (paper and plastic), unused paints
Total energy usage	ca. 2,295,000 kWh
Total water usage	3,480 m ³
Environmental accidents in 2020	None
Third-party E&SDD prior to investment	Yes

SOCIAL

Percentage of female employees	36%
Number of jobs created	5
Breakdown of FTEs by type	Office – 28; Production – 129; Installation – 6
Regular health & safety procedure and work environment assessment by the top management	Yes
Nr of work-related accidents in 2020	5
Employees working for the minimum wage	0
Number of hours and shifts per day in the factory	8h / 1 shift
Employee / customer satisfaction measurement	Employees, 3.9/5; Customers 4/5
Employee turnover	4%

Fenestra ESG Factsheet

Reporting Period: 2020

GOVERNANCE	
Existence of any offshore corporate structures	No
IFRS reporting	Yes
Big Four Auditor	Yes
Frequency of preparation of full financial statements and supervisory board meetings	Monthly
Independent Board Member	No
Livonia seats on supervisory board	1 / 3
Women in management roles	1 / 3
Major certificates / labels	ISO 9001:2015; CE marking, Avainlippu
Participation in Associations	Estonian Chamber of Commerce and Industry
Code of Ethics is formalized	Yes
ESG Policy is formalized	No
Regular internal / external audits	Financial audit, ISO 9001 audit, regular audits by customers
Absence of penalties to any regulatory authorities	Yes
Absence of any ESG related litigation	Yes
% of shares owned by the management team	37,09%

Portfolio companies

Klaasmeister



Klaasimeister AS is a leading float and specialty glass processor in the Baltic and Nordic countries, specializing in providing insulated glass units and other glass products for complex façade projects.

The company operates in a 10,000 m² production facility at Kose Parish, located 30 km from Tallinn. The machine park has been consistently upgraded and contains state-of-the-art machinery, making Klaasimeister one of the most technologically advanced glass processors in the Nordics.

Klaasimeister’s glass processing capabilities include cutting, tempering, heat treatment, lamination, digital printing, coating, and wrapping of glass. Float glass, silicone, and polysulphide are the main raw materials. The production process requires electricity and water, and the latter is purified and recycled on site.

Around 80% of the production is sold to the Nordic countries, mostly as insulating glass units (IGUs), which are used for the glass façades of buildings.



KEY FACTS – 2020

Revenue	€14.1 million
5-Year Revenue CAGR	7%
Capex	€283 thousand
Nr of employees	115
Salaries paid	€2.6 million
Taxes paid	€1.6 million
Number of production plants	1 (Estonia); 10,000 m ²
Sector E&S risk	Medium

What happened in 2020:

- Obtained ISO 9001 (quality) and 14001 (environmental management) certificates
- Began measuring customer satisfaction
- With the help of third-party consultants, mapped out the strategy for improving environmental sustainability

Priorities for 2021:

- Measure employee satisfaction, and implement changes based on feedback in order to improve working conditions
- Initiate work towards a new 100% renewable energy contract



Klaasimeister's Impact:

Energy efficiency plays a central role at Klaasimeister, as the company produces insulating glass units (IGUs) for façades and windows. Klaasimeister specializes in complex projects and has provided glass for some of the most prominent buildings in the Nordic countries. Klaasimeister is determined to continue investing into production excellence, efficiency, and sustainability.

The company's production conforms to all the European standards for glass processing. Klaasimeister's products have the CE marking, showing that their products sold in the European Economic Area (EEA) have been assessed to meet high safety, health, and environmental protection requirements.

In 2020, Klaasimeister's Quality Management System was certified with the ISO:9001 quality management and the ISO:14001 environmental management standards.

In 2020, with the help of third-party consultants, they mapped their environmental footprint, i.e. the effect the company has on the environment. By doing so, they identified the most important areas of improvement for reducing emissions. One of the first commitments is to begin sourcing 100% renewable energy in the near future.

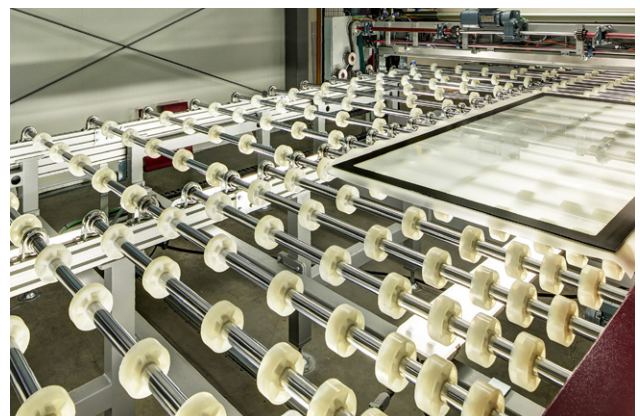
The main focus is to continue to increase efficiency in the production process to limit waste. The company already runs a highly efficient production process,

as evidenced by consistent industry-leading profit margins, and is working on finding ways of making it even more efficient. Klaasimeister has consistently invested in upgrading its production facility and machinery, both to improve efficiency and to increase its capacity for producing better IGUs.

When it comes to specific environment-related initiatives, in 2018 the company invested €1.6 million into a new, highly energy-efficient tempering furnace, which was partially financed by the Estonian Centre for Environmental Investments. Over the past few years, the company has also invested over €250,000 into water purification devices, and over €400,000 into advanced production software for increasing efficiency. In 2020, they invested €34,000 in more energy-efficient lighting and to improvements in the stock area to minimize product breakage due to sun exposure.

Waste is carefully monitored and minimized through advanced production software. Waste is sorted, 90% of the leftover glass is recycled, and the water used in the production process is purified and recycled on site.

Klaasimeister also plays an important role in the local community. It is the largest employer and taxpayer in Kose parish, and the company supports the local children's football club.



Klaasimeister ESG Factsheet

Reporting Period: 2020

ENVIRONMENTAL

Capex spent on environmental initiatives	€ 34 thousand
Major raw materials used	Glass – 500,000 m ² ; Silicone – 40 t; Polysulphide – 15 t
Key waste items	Glass: ~125,000 m; Silicone: ~10 t; Polysulphide: 3 t
Total energy usage	ca. 1,800,000 kWh
Total water usage	ca. 8,000-9,000 m ³ , 90% of water is purified and recycled
Environmental accidents in 2020	No
Third-party E&SDD prior to investment	Yes

SOCIAL

Percentage of female employees	38%
Number of jobs created	27
Breakdown of FTEs by type	95 – production; 20 – office
Regular health & safety procedure and work environment assessment by the top management	Yes
Nr of work-related accidents in 2020	3; minor accidents
Employees working for the minimum wage	0
Employee / customer satisfaction measurement	Yes / Yes
Shifts	17 h/ 2 shifts
Employee turnover	15%

Klaasimeister ESG Factsheet

Reporting Period: 2020

GOVERNANCE	
Existence of any offshore corporate structures	No
IFRS reporting	Yes, starting from 2021
Big Four Auditor	Yes, 2020 was the first year
Frequency of preparation of full financial statements and supervisory board meetings	Monthly
Independent Board Member	Yes
Livonia seats on supervisory board	2 / 3
Women in management roles	1 / 3
Major certificates / labels	ISO 9001, ISO 14001
Participation in Associations	None
Code of Ethics is formalized	No
ESG Policy is formalized	No
Regular internal / external audits	Financial audit, ISO Standard audits, Production audits by the largest customers
Absence of penalties to any regulatory authorities	Yes
Absence of any ESG related litigation	Yes
% of shares owned by the management team	<10%
