

LIVONIA
PARTNERS

Environmental,
Social & Governance
Annual Report

2022

Table of Contents

ATTENTION TO ESG MATTERS TO US	3
LIVONIA PARTNERS ESG APPROACH	6
ESG IS AT THE CORE OF OUR INVESTMENT PROCESS	10
OUR PORTFOLIO IN 2022	21
FUND I	24
FUND II	37

Attention to ESG Matters to Us

Kristīne Bērziņa

Founding Partner of Livonia Partners



As we publish our fourth Sustainability Report, we reflect on our journey in 2022 that brought significant developments, both in our thinking and in our actions.

Our goal is to be a catalyst for the ESG journey for our portfolio companies and for the private equity industry in the region. The sustainability framework for the financial sector is constantly evolving, and our mindset is to focus on finding practical approaches that will deliver tangible results.

In 2022, we updated our ESG policy and plan, in alignment with our commitment to our investors and our own ambitions. Supporting our sustainability vision has required an expansion in our capabilities. In 2022 we brought Sigita Žvirblyte on board; a fully dedicated ESG Lead with prior ESG leadership experience with a technology unicorn and a multinational Fortune 500 company. Sigita is leading the way in upgrading our Sustainability Strategy and its implementation plan and is rolling it out across our portfolio companies. Continuing to

support our portfolio companies on their journey to becoming leaders in their fields includes education and knowledge sharing on sustainability – with both initiatives led by Sigita.

We continued to invest in companies that contribute to a green transition and support our social agenda. In 2022, we invested in Bestair Group, a major heat pump distributor in the Nordic and Baltic markets, and Stebby, a software-driven service platform for companies to manage their employees' wellness benefits.

Sustainability initiatives such as the European Green Deal and the European Climate Law propose a vision for a climate-neutral EU in which heat pumps, as carbon-free and high-efficiency heating and cooling systems, play an integral role. Bestair is the largest specialized heat pump distributor in the Baltic and Nordic regions, and supports this vision by demonstrating, upscaling, and commercializing heat pump technologies and solutions. Bestair's heat pumps contribute to decarbonization and

“We believe that it is no coincidence that the companies with clear ESG benefits are among *the most resilient, fast growing, and competitive companies in the region*”



Sigita Žvirblyte
ESG Lead

a reduction of energy consumption through the replacement of less efficient and less sustainable heating systems including gas and oil boilers, furnaces, and electric heaters.

Stebby’s solution enables employees to take better care of themselves, and companies to decrease costs, by outsourcing benefit management. They are the market leader in employee benefit management in Estonia, and actively seek growth in the Latvian and Lithuanian markets.

We just closed our investment into Bagfactory, a manufacturer of reusable non-woven and paper carrier bags sold to customers across Europe. The aim of our investment is to foster Bagfactory’s growth and advance the innovations that promote sustainable alternatives to single-use plastics.

We believe that it is no coincidence that the companies with clear ESG benefits are among the most resilient, fast growing, and competitive companies in the region.

The EU aims to be climate-neutral by 2050. Today, the practical path to meeting this target is not yet clear, and will depend on deploying immense resources into decarbonization, a transition to green energy, and human ingenuity and innovation. With such factors in mind, we must contribute in the areas that we understand and can impact – by investing in the growth of sustainable businesses and in guiding companies on their path to sustainability. We are proud of our hard work, and, as we map out our detailed ESG strategy, we realize how much more there is to be done.

Livonia Partners

ASSETS UNDER MANAGEMENT (AUM)

>€ 240 million

% OF FEMALE EMPLOYEES

30%

ADDING VALUE THROUGH

Investments in long term growth
Operational improvements
Acquisitions
Sustainability
Modernization
Digitalization
Internationalization

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 focus on investing in successful small to medium-sized businesses in the Baltic region and beyond, with enterprise values ranging from €10 million to €100 million, that exhibit strong growth potential and an entrepreneurial spirit. We provide buy-out and growth equity, as well as convertible debt capital.

Our team's vision is to make positive changes in order to build companies that we are proud of after we exit them. Not only does this mean delivering

GROWING BALTIC BUSINESSES SINCE

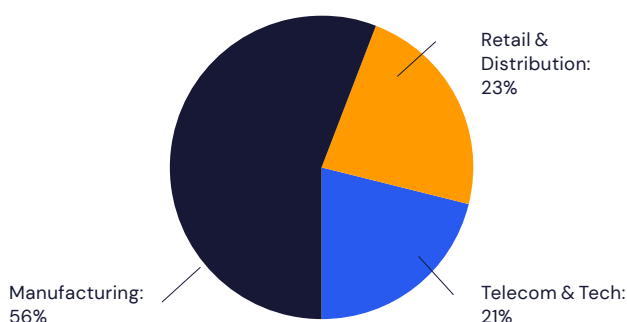
2015

LOCAL EXPERTISE BASED IN

Vilnius, Riga, Tallinn

INDUSTRIES

Based on invested capital



the best financial returns across all investments, consistently, but also achieving an actual positive impact on the environment and society, while also growing the Baltic economies.

Livonia Partners aims to create value by implementing our [Sustainability strategy](#) and [ESG policy](#) across our portfolio, and ensuring that our investments echo our values and principles.

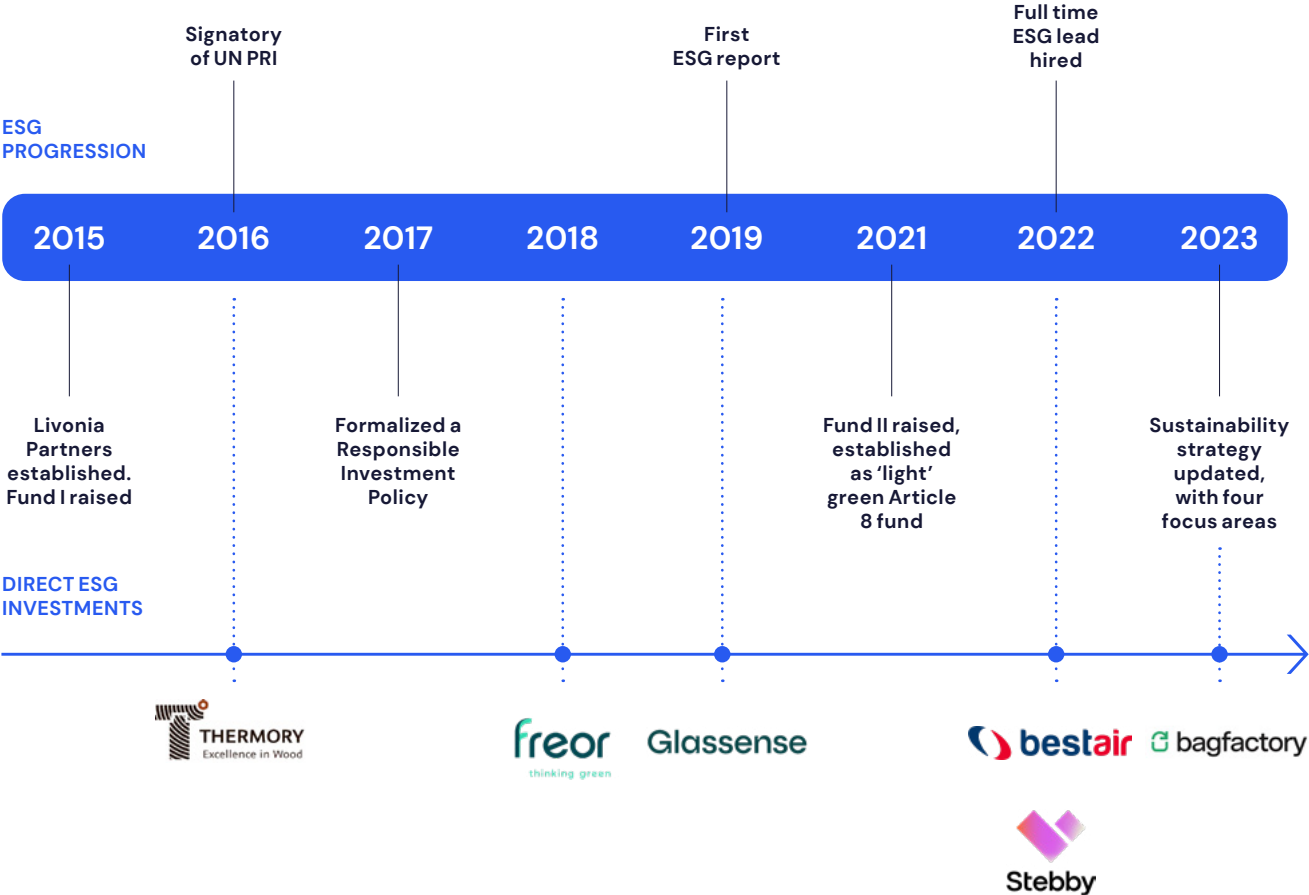
The company aims to invest equivalent of at least 10% of Fund II's value in projects that have a positive impact on the environment and climate change.

Livonia Partners

ESG *Approach*

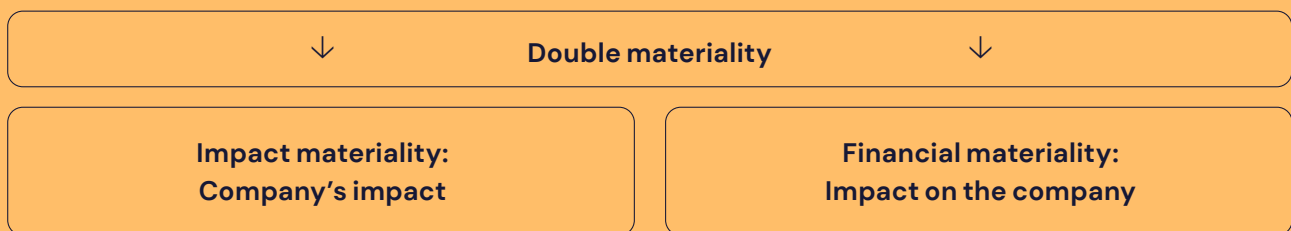
Responsibility is part of who we are

By cultivating a commitment to ESG transformations since our inception, Livonia Partners has consistently pursued ongoing improvements to our systems and processes over the years.



Double materiality

Our approach to ESG risks and value creation is guided by the principle of double materiality, where we evaluate both the financial impact of ESG risks and opportunities in our investments, and the environmental and social impact of our companies' operations, products and services.



Impact materiality:

The level of positive or negative impact that a company's activities can have on society and the environment from an inside-out perspective

What we do:

Green investments into companies

Direct investment into companies that provide products or services aligned with our goals

Transformation of companies to align their processes with SDGs

Financial materiality:

The level of positive/negative impact that external sustainability factors can have on a company's financial status

What we do:

Prescreening process

Due diligence to identify material topics

Transformation of companies to minimize risks and build resilience

Collaborative approach

At Livonia Partners, our Baltics-based investment team focuses on identifying high-potential companies and providing them with capital and expertise, prioritizing a collaborative approach that fosters mutual learning and creates a more sustainable path to success.

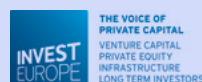
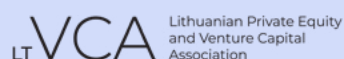
We believe that long-term success requires a sustainable strategy, and that we can deliver better returns to our investors by making responsible investments. Our approach is aligned with international standards set by the Principles for Responsible Investment.

Signatory of:



Associations

Livonia Partners participates in various partnerships and associations, recognizing that working together is crucial in expediting sustainable transformations. Our memberships include:



Knowledge sharing

At Livonia Partners, we are dedicated to sharing our extensive experience in private equity markets, and demonstrating how our approach to building successful businesses can contribute to a more sustainable and prosperous future for all.

One of our favorite annual traditions is the lecture on private equity that our investment team gives to students at SSE Riga, which we continued in 2022. In addition, as part of our dedication to advancing sustainability practices, our newly appointed ESG Lead recently delivered a lecture on sustainability strategy as a featured speaker for the SustainAcademy sustainability course.



ESG is *at the core*
of our investment
process

ESG integration in our investment process

At Livonia Partners, ESG considerations are woven into every aspect of our investment process, ensuring that sustainability is not an afterthought, but a fundamental driver of value creation.

SOURCING & SCREENING

- Filter out sectors that do not align with our principles of responsible investment and investment strategy, as well as those on our [exclusion list](#).
- Evaluate ESG risks and potential issues at the sourcing and industry-screening stage, using due diligence guidelines, sector and country profiles, and topic specific tools provided by the [EBA](#), [SASB](#), [CDC](#), [OECD](#), [EBRD](#), [Transparency International](#), [Encore](#), and the [WWF](#).

DUE DILIGENCE REVIEW

- As part of our standard due diligence process, to conduct ESG due diligence in partnership with third-party providers to assess potential investment opportunities and risks, as well as the company's ability to address those risks and take advantage of market shifts and legislative changes.
- Include ESG due diligence considerations in investment decision-making and in relevant materials.
- Identify key issues to be addressed post-investment.

VALUE CREATION

- Utilize findings from ESG due diligence to address urgent issues, and plan ways to minimize ESG risks and capitalize on identified opportunities.
- Work with portfolio companies on climate, sustainable production and consumption, gender equality, and decent work for all, by conducting an impact audit and creating a clear roadmap for improvement.
- Identify projects in the portfolio companies with a positive environmental impact and proactively support their implementation.
- Engage company management and stakeholders in creating a valuable ESG approach.
- Monitor ESG risks and progress, update policies, and ensure compliance with internal and external regulations.

DIVESTMENT

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

Driving real world outcomes: Our updated ESG strategy

We prioritize four ESG topics that are interconnected with the United Nations Sustainable Development Goals (SDGs), reflecting our emphasis on the following critical sustainability areas.

Within these four areas Livonia is setting concrete achievement goals both within the internal processes and in the portfolio companies.

13



Climate action

12



Responsible consumption
and production

8



Decent work
and economic growth

5



Gender equality

Green investments

Our active engagement with the portfolio companies on climate and sustainable production and consumption goals is set to drive financial investments within the companies. Livonia Partners aims to deploy an equivalent of at least 10% of Fund II's value into projects that have a positive impact on the environment and/or climate change ("Green Investments").

The Green Investment projects include R&D, capital investment and operational costs spent on the following 5 environmental areas.

The selection of environmental areas will depend on the materiality of the issues for the portfolio companies. However, all companies within the portfolio are expected to focus on reducing GHG emissions.

**CLIMATE CHANGE
MITIGATION**

**RESOURCE EFFICIENCY AND
TRANSITION TO A CIRCULAR ECONOMY**

**POLLUTION PREVENTION
AND CONTROL**

**PROTECTION AND RESTORATION
OF BIODIVERSITY AND ECOSYSTEMS
AND THEIR SERVICES**

**SUSTAINABLE USE AND PROTECTION
OF WATER AND MARINE RESOURCES**





The IPCC's 6th report states that human-induced climate change is having an adverse impact across the globe, necessitating immediate action to limit global warming to less than 1.5°C. As investors, we recognize the crucial role we play in financing and supporting the transition to a low-carbon economy, managing associated financial risks, and contributing to a sustainable future by integrating climate considerations into our investment decisions.

LIVONIA PARTNERS OBJECTIVE

To reduce carbon emissions in portfolio companies and set the fund on a decarbonization pathway.

LIVONIA'S ROLE

- Invest in companies that would directly contribute to the transition to a carbon light economy.
- Work with portfolio companies to decarbonize their processes and establish resilient supply chains.
- Lead by example, by calculating our own emissions and reaching net zero through carbon offsetting.

ENCOURAGING OUR COMPANIES TO TAKE ACTION

- Conduct GHG emissions inventory calculations for scope 1, 2, and upstream and downstream scope 3 emissions.
- Identify possible emission reduction steps based on the GHG inventory results.
- Assess the budget needed to implement those changes within the next five years of Livonia's ownership period.
- Develop a roadmap for emission reductions over the next years, based on identified steps and budget considerations.

To ensure comprehensive support for our companies, we offer them the option of conducting a GHG emissions assessment in collaboration with our carefully selected third-party provider.

HIGHLIGHT

Bestair & Zave

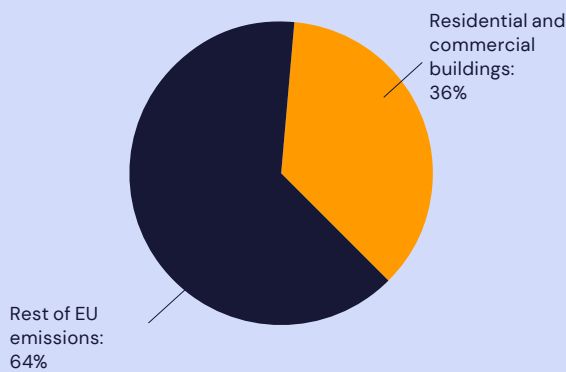
With approximately 40% of global emissions originating from buildings, with the majority coming from heating residential and commercial properties, reducing heating-related emissions is essential. Bestair and Zave group have become a regional leader in the supply of heat pumps, an energy-efficient solution for lowering residential carbon footprints. Heat pumps extract heat from the air, ground, or water to heat homes and water, and they can also be used in reverse to cool homes.

Studies show that heat pumps can reduce carbon dioxide emissions by 38-53% compared to gas furnaces and reduce potential emissions by 53-67% over a 20-year period.

In 2022, Livonia invested in the Bestair and Zave group to support the group's growth amid the increasing demand for renewable energy products, in response to consumer and government efforts to reduce carbon footprints.

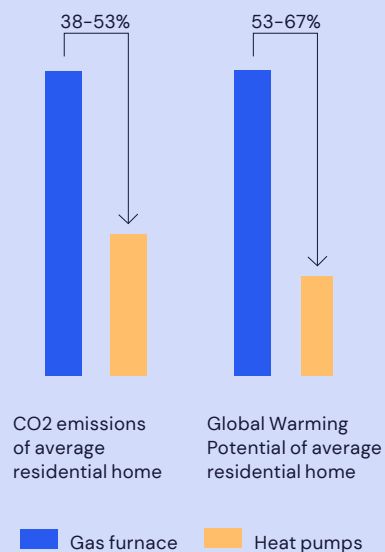
BUILDINGS ACCOUNT FOR MAJOR SHARE OF EU EMISSIONS

EU total GHG emissions 2020



HEAT PUMPS ARE THE CLIMATE FRIENDLY ALTERNATIVE

Heat pumps reduce emissions



Sustainable production and consumption

The [UNEP report](#) shows that resource extraction and processing are responsible for more than 90% of the world's biodiversity loss and water stress and over half of the impacts of global climate change. To promote a sustainable future, our role as investors is to provide financing and support for companies to transition toward more resource-efficient and circular business operations and increase the use of renewable resources.

LIVONIA PARTNERS OBJECTIVE

To promote the efficient use of resources and encourage the adoption of renewable energy, as well as the use of responsibly sourced and circular materials.

LIVONIA'S ROLE

- Invest in companies that supply responsibly sourced, resource efficient and circular products.
- Work with portfolio companies to increase resource efficiency, renewables use and integrate circularity principles in their processes and supply chains.
- Lead by example, by switching all offices under operational control to renewable electricity.

ENCOURAGING OUR COMPANIES TO TAKE ACTION

- Conduct a baseline assessment of the company's environmental performance, including waste, energy and water usage, greenhouse gas emissions, pollution levels, circularity metrics, renewable energy usage and the effects on biodiversity.
- Set targets and develop a plan for reducing waste generation, pollution levels, and improving resource efficiency, such as reducing packaging waste, increasing recycling rates, implementing circular economy principles, and promoting renewable energy sources.
- Implement environmentally sound management practices.
- Develop a roadmap of improvements over the next five years, based on the identified steps and budget considerations.

We encourage companies to conduct a comprehensive 'green audit' by combining their environmental review with GHG emissions calculations.

HIGHLIGHT

Bagfactory

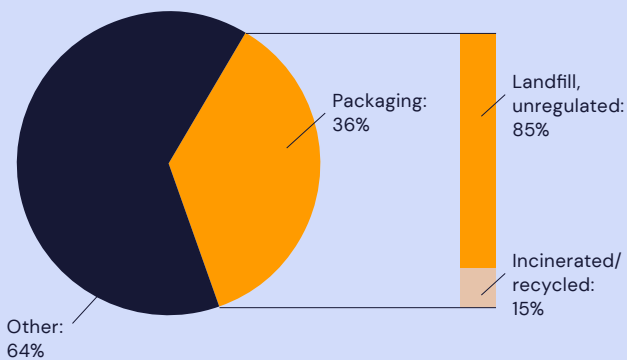
According to the [UNEP](#), packaging accounts for approximately 36 percent of all plastics produced, with roughly 85% ending up in landfills or as unregulated waste. Bagfactory addresses this issue by producing long-lasting, reusable and lightweight bags from recycled materials that can be easily collected and recycled through municipal recycling points. [Studies](#) have shown that the use of reusable non-woven bags is better for the environment in

terms of reducing microplastics and marine and land litter, and in reducing climate emissions as [more consumers](#) opt to reuse these bags for their daily shopping needs.

In April 2023, Livonia Partners made an investment in Bagfactory with the aim of fostering its growth and advancing future innovations that promote sustainable alternatives to single-use plastics.

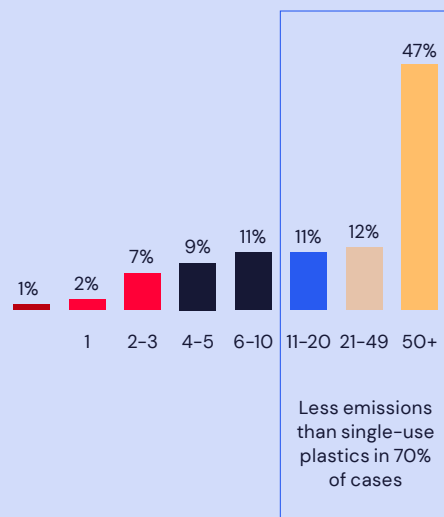
SINGLE USE PLASTICS POLLUTE AIR, LAND AND WATER SYSTEMS

Plastic product end-use



REUSABLE BAGS REDUCE LITTER, AND ARE MORE CLIMATE FRIENDLY

Number of times fabric bags are reused





Promoting decent work and economic growth is crucial for creating stable and sustainable societies. Some of the challenges, such as work-related accidents and illnesses, insufficient occupational safety and health regulations, and corruption risks are still more prevalent in the Baltic countries as compared to the EU average. As investors, addressing these challenges can help promote positive change and contribute to the long-term success of businesses in the region.

LIVONIA PARTNERS OBJECTIVE

To ensure safe, healthy and decent work for all.

LIVONIA'S ROLE

- Invest in companies that provide products and services that improve health and safety, employee wellbeing and promote inclusivity in the private sector.
- Work with portfolio companies to ensure that the right policies and processes are implemented to align with international standards set by the International Labor Organization (ILO), the OECD and the UN.
- Continuously review and update our own policies and procedures.

ENCOURAGING OUR COMPANIES TO TAKE ACTION

- Implement and update key policies, including but not limited to: Our Human Rights Policy, Environmental Policy, Anti-Corruption Policy, Supplier Code of Conduct, and Labor Policy.
- Set up or improve a whistleblowing mechanism, that would ensure protection for whistleblowers (reporting without retaliation) and have a transparent management mechanism for recorded cases.
- Track and continuously work to improve the employee satisfaction score.

To provide adequate guidance, we will provide companies with access to our policy library and educational resources, which will be established by the end of Q3 2023.

HIGHLIGHT

Stebby

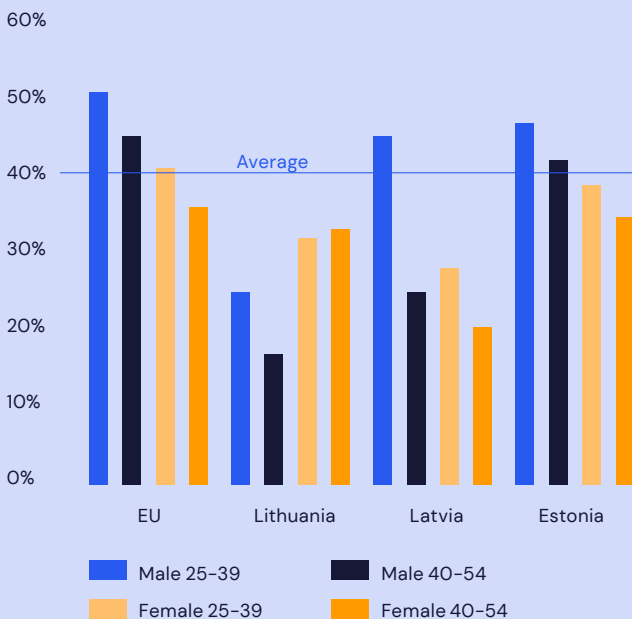
Physical activity has been found to have a significant impact on the wellbeing of employees, reducing sick leave and increasing productivity. However, the Baltic countries are lagging behind in terms of physical activity, falling short of both WHO recommendations and the EU average. Stebby offers a pan-Baltic software-driven service platform that enables companies to manage their employees'

wellness benefits. By aligning benefit provisions and integrating wellness into an overall benefit strategy, Stebby promotes an active lifestyle and provides value to both employers and employees.

Livonia became a majority shareholder in Stebby in 2022 with the goal of increasing engagement in physical activity in the region.

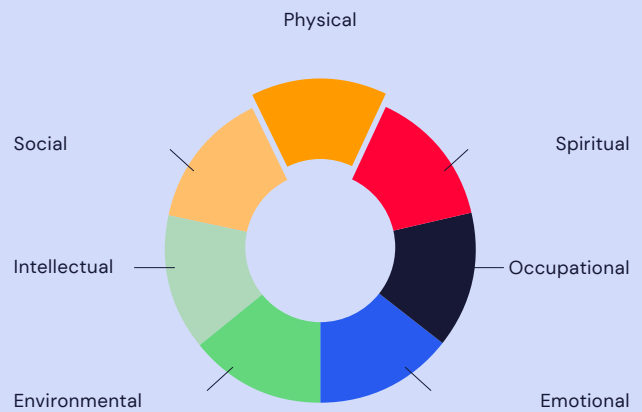
BALTIC COUNTRIES EXERCISE LESS THAN THE EU AVERAGE

Number of people exercising regularly, %



PHYSICAL ACTIVITY: HIGHER PRODUCTIVITY & LESS SICK LEAVE

7 dimensions to wellness





The gender pay gap in the European Union remains a persistent issue, standing at 12.7% in 2021. Latvia and Estonia have the highest gender pay disparities in the EU, at 21% and 22%, respectively, while Lithuania is at the EU average of 13%. As investors, we acknowledge that promoting gender equality and building gender-diverse teams within our portfolio companies is crucial. Not only because it is the right thing to do, but also because research has demonstrated that gender-diverse teams tend to perform better financially.

LIVONIA PARTNERS OBJECTIVE

To promote gender equality in leadership and equal pay for equal work.

LIVONIA'S ROLE

- Promote gender diversity in management and board positions, and actively engage with companies to improve their gender pay gap metrics.
- Take an active role in promoting gender equality in the private equity market.

ENCOURAGING OUR COMPANIES TO TAKE ACTION

- Target to achieve female representation on all Fund II portfolio companies boards by June 2024.
- Advise portfolio companies on the concepts of gender workforce equality, fair representation of genders in management roles and the gender pay gap.
- Implement gender equality reviews for Fund II portfolio companies.

To ensure comprehensive support for our companies, we support them in developing the approach and identifying steps in the gender equality roadmap.

Our Portfolio in 2022

Creating economic prosperity

€ 255.2 € 48.5 1,826 € 34.3 € 17.7

Revenue,
€ million

Salaries paid,
€ million

Full time
employees

Taxes paid,
€ million

Capital
expenditure,
€ million

Investing in green development

€ 333.7 50% 25% 50% 83%

(100% FUND II)

Green CAPEX
(Green investment),
€ 000s

% of companies
calculating scope
1,2,3 emissions

Renewable energy,
% of total energy

% of manufacturing
companies* using
more sustainable
materials

Companies that
recycle waste
(% of portfolio**)

* excluding software and retail companies; Sustainable materials here are defined as materials that are either sustainably sourced and certified (such as organic cotton or FSC wood), or recycled, recyclable at scale (such as recycled plastic or metal), reused, refurbished or recovered (such as reclaimed wood or refurbished electronics).

**excluding software companies.

Creating social value

50%

% of companies that measure employee happiness

31%

Employee annual attrition

6

Different nationalities per company

20

Number of work related accidents

19%

Unadjusted pay gap

Ensuring strong and fair governance

14%

Women in the board %

75%

Code of conduct

63%

Whistleblowing/ grievance mechanisms

0

Offshore corporate structures

0

Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises

Fund I



CGATES

CGATES is Lithuania's the biggest independent pay TV and broadband service provider, catering to over 150,000 customers across major cities in the country. In 2022, the company invested in upgrading its network technology, using energy-efficient GPON technology in over 12,000 homes. It also prioritized circularity, refurbishing 35,000 client equipment units and reselling 13,800 units.

The company continued offering its "green" internet service that is powered by renewable electricity, with

73% of its total electricity consumption coming from renewables. In 2023, Cgates aims to switch more residential internet access points to renewable energy to get as close to 100% renewable energy as possible. Additionally, the company is committed to further developing its sustainability strategy and identifying its material areas of focus.

In 2022, Cgates donated €10,000 to "Blue Yellow" and €3,000 to "Pilietinė media" in support of Ukraine.

HIGHLIGHT

Social responsibility in action

In 2022, Cgates acted decisively in support of the Ukrainian people's struggle against Russian aggression and stopped broadcasting pro-Russian TV channels. The company disconnected six propaganda TV channels linked to the Russian regime and reviewed all Russian-language television channels to identify those whose owners are subject to international sanctions. Cgates has also started providing objective global news channels such as CNN, BBC, Euronews, and Bloomberg for free to its customers. The company's CEO, Tomas Burovas, believes that this step will provide resistance against harmful influences, and will prevent the Russian regime from profiting from the people of Lithuania.



CGATES

SELECTED ESG METRICS

ENVIRONMENT

Green CAPEX (Green investment), €000s	140
Renewable electricity	73%
Circular economy (refurbished and resold equipment units)	48,800
Number of homes switched to GPON	12,000

SOCIAL

Number of work related accidents	0
Gender pay gap	12%
Philanthropy, €000s	13

GOVERNANCE

Gender split in the board	4 men, 1 woman
IT security policies and procedures	Yes
Whistleblowing/grievance mechanism	To be improved



FREOR

FREOR is an internationally operating manufacturer of commercial refrigeration solutions that offers innovative, high-quality products for the retail trade sector. The company is a leader in reducing energy consumption and minimizing environmental impact in their commercial refrigeration equipment. This is achieved by subjecting their products to rigorous testing in their specialized laboratory and adopting propane R290 technology (natural refrigerant), in place of climate-intensive F-gases.

Freor's high-quality standards are certified by ISO 9001 (quality management), 14001 (environmental management), and 50001 (energy management) quality certificates. Freor ensures quality by purchasing all component parts for refrigeration equipment exclusively from certified European suppliers.

In 2022, Freor purchased 100% renewable electricity for all of its Lithuanian operations, including its production site, which is A+ energy efficient and covers 20,000 square meters. The company focuses on waste minimization and recycling, with 44% plastic; 1% of metal, 45% of paper, and 100% of wood waste recycled during the year, totaling 140 tons. The company measures the noise level in production facilities to ensure that it is not hazardous to the employees.

As part of its corporate social responsibility initiatives, Freor donated over €58,000 in 2022 to provide medical goods and other items to support Ukraine.

In 2023, Freor is planning to invest €500,000 in solar panels to provide renewable electricity to the manufacturing plant onsite.

HIGHLIGHT

Continuous focus on green innovation within retail refrigeration

In 2022, Freor developed the Continuous Cooling system that utilizes an algorithm for temperature control in commercial refrigeration equipment, ultimately improving energy efficiency. The system replaces the traditional on-and-off compressor with an inverter compressor and an advanced controller that adjusts the compressor's speed according to the temperature inside the equipment. Freor conducted tests in its laboratory which indicated temperature variations of no more than 0.5°C in the equipment, as well as energy savings of around 50%, with a potential for up to 70% energy savings. This system provides stable temperature and humidity levels for optimum food preservation and is environmentally friendly due to its use of natural refrigerant (R290), which has a low impact on the environment. The technology was first unveiled at EuroShop 2023.



FREOR

SELECTED ESG METRICS

ENVIRONMENT

Green CAPEX (Green investment), €000s	119
Renewable electricity	67%
Recycled waste, tons (%)	140 (15%)*
% of products using more environmentally friendly refrigerants* (no F-gasses)	77%

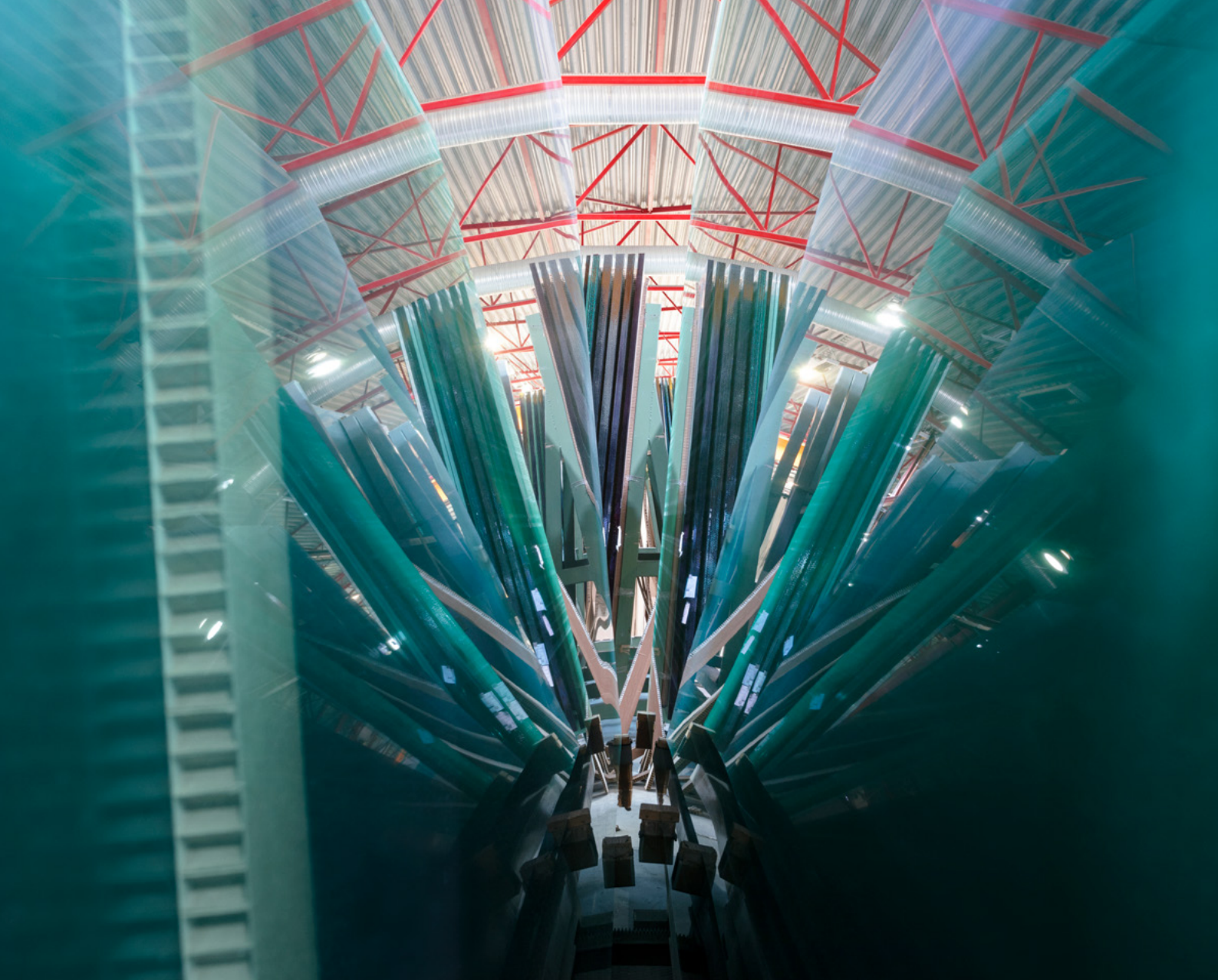
SOCIAL

Number of work related accidents	3
Gender pay gap	12%
Philanthropy, €000s	58

GOVERNANCE

Gender split in the board	2 men, 1 woman
Whistleblowing/grievance mechanism	Yes
Certifications	ISO 9001; ISO 14001; ISO 50001; CE certificates; Green energy certificate

*CO2 and R290 as alternatives. CO2 GWP = 1, ODP = 0. R290 GWP = 3; ODP = 0.



GLASSENSE

Glassense (Klaasimeister), is a leading glass processor that provides insulated glass units and other glass products for complex facade projects in the Baltics and Nordics. The majority of the company's production is thermally insulated triple-layered glass units that align with the European Green Deal's energy efficiency targets for buildings, and seek to reduce energy consumption in the EU and combat climate change.

In 2022, to improve environmental efficiency in its own operations, the company implemented several initiatives, including reducing heat leakage from the laminating furnace in Tartu, installing LED lighting in

the Tartu office and Kolu factory, regulating equipment air consumption in Riga, switching to a more energy-efficient compressor in Riga, and optimizing the heating system's operation in Riga. Glassense also joined the Green Tiger association in 2022, which aims to create a balanced economic model for Estonia and the world.

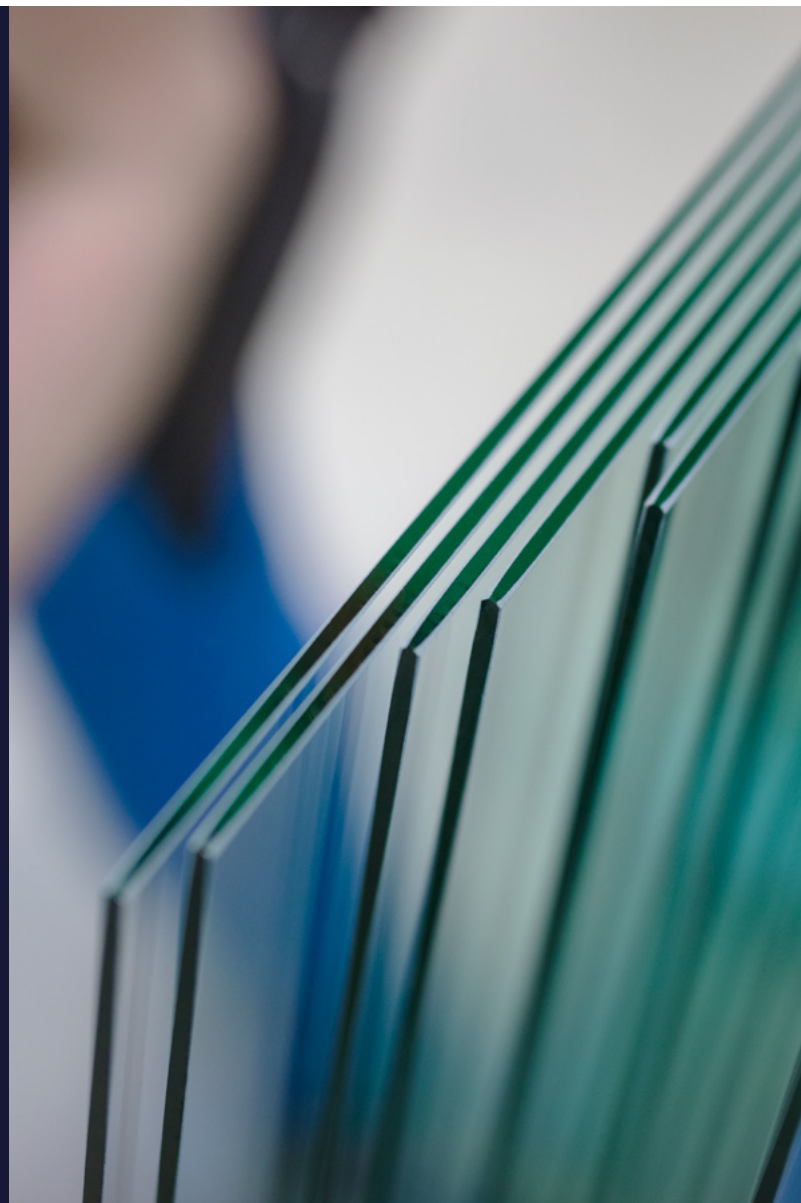
In 2023 Glassense plans to review and enhance its health and safety processes, as well as to conduct a Green audit and calculate greenhouse gas emissions to gain a better understanding of its environmental impact and identify opportunities for improvement.

HIGHLIGHT

Enhancing the Energy Efficiency of Buildings for a Sustainable Future

Glassense has produced quadruple units for a renovation project at the Science and Research Center SINTEF in Oslo, Norway. The low-iron glasses used to produce the units achieve a neutral and transparent visual appearance while achieving a U value of 0.3 W/m²K*. With the improved U-value, the building's heating demand is reduced, and the wintertime solar heat gain alone may be enough to heat the building. The quadruple glazing eliminates the need for external sun-shading. Insulating glass units were used in a unitized facade solution along with enameled glass with a special "Golden metallic" color to provide high energy quality and a good indoor climate. The project significantly reduces the building's energy consumption.

*EU Taxonomy specifies the U-value threshold for windows of ≤ 1.0 W/m²K in order to be considered as contributing to climate mitigation through energy efficiency.



GLASSENSE

SELECTED ESG METRICS

ENVIRONMENT

Green CAPEX (Green investment), €000s	74
Renewable energy	>1%
Recycled waste, tons (%)	6007t (99%)
Recycled water m3 (%)	17,028 m3 (71%)

SOCIAL

Employee happiness	Will start measurement in 2023
Number of work related accidents	10
Gender pay gap	9%

GOVERNANCE

Gender split in the board	4 men, 1 woman
Whistleblowing/grievance mechanism	To be improved
Certifications	ISO 9001, ISO 14001, EN 12543, EN12150, EN 572, EN 1279, EN1863, EN14179-1, Environmental Product Declarations (EPDs)



SCORO

Scoro is a leading SaaS solution for professional service companies that seamlessly integrates project management with other tools such as sales, billing, and communication to manage projects and optimize utilization. The company's excellent performance was recognized in 2022 when it won the Tech Company of the Year and SaaS Company of the Year awards at the Global Business Tech Awards. Additionally, Scoro was ranked as one of the top 20 most desirable employers in Estonia.

Scoro's business model is based on the time efficiency found in streamlining processes. To reflect these values, in July 2022, Scoro implemented a four-day workweek for all office employees, providing better

work-life balance.

Scoro continues to prioritize diversity. The company employs people from 11 different nationalities, and in 2022 all employees completed diversity and inclusion training, with an emphasis on unconscious bias training. Nevertheless, Scoro acknowledges it has a significant gender pay gap caused by a shortage of women in the IT engineering market, which is one of the most well paid professions in the company.

In 2022, Scoro made donations exceeding 12,000 euros to organizations, including the Red Cross, Save the Children, the Estonian Refugee Council, and the Maternity House Fund.

HIGHLIGHT

Focusing on work-life balance in the tech industry

In July of 2022, Scoro adopted a four-day workweek following the success of similar programs in the [United Kingdom](#). The UK pilot program involved approximately 3,300 employees from 70 different companies and lasted six months. The program found that nearly half of the participating organizations maintained their overall output, while almost half reported improvements in productivity. Adopting a four-day workweek has led to a significant improvement in the work-life balance for Scoro employees, resulting in increased job satisfaction and a reduction in employee turnover.



SCORO

SELECTED ESG METRICS

ENVIRONMENT

Green CAPEX (Green investment), €000s	0
Renewable electricity	0%
Awards	Three Global Business Tech Awards (2022): Tech Company of the Year (winner), Tech Entrepreneur of the Year (winner), SaaS Company of the Year (silver), Top 20 most desirable employers (EST, 2022)

SOCIAL

Employee happiness	8.7 out of 10
Gender pay gap	34%
Philanthropy, €000s	12

GOVERNANCE

Gender split in the board	6 men, 1 woman
Data security and privacy	ISO/IEC 27001:2013 certificate
Whistleblowing/grievance mechanism	Yes

Fund II



STEBBY

Stebby is a pan-Baltic software service platform that streamlines wellness benefit management for companies and employees. With over 180,000 wellness enthusiasts and 2,200 health service providers offering 8,500 services, Stebby is the largest health & wellness platform in the Baltics. In 2022, Stebby was awarded "HR Solution of the Year" by Eesti HR Selts / the Estonian HR Society.

Stebby is dedicated to prioritizing the health and wellbeing of its employees. In December 2022, Stebby collaborated with Qvalitas to provide its employees with access to mental health specialists and to compensate for up to four visits annually. Additionally, since November 2022, Stebby has been organizing monthly Wellness Breaks for its employees.

These events aim to promote employee wellness by covering topics such as sleep, mental health, and social media.

Stebby donated 10,000 euros to the Red Cross in 2022 to support humanitarian efforts in Ukraine and also organized a virtual charity run called "Steps for Ukraine", with all proceeds donated to the Estonian Refugee Council.

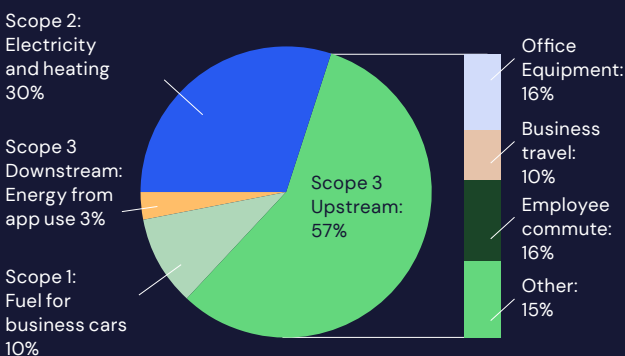
In 2023, Stebby aims to focus on the environment by calculating its greenhouse gas inventory and identifying ways to reduce emissions. Despite having a limited emissions footprint as a tech organization, the company acknowledges the importance of taking responsibility for its environmental impact.

HIGHLIGHT

Stebby: mapping out climate emissions

In Q2 2023, Stebby mapped out their Greenhouse Gas emissions for 2022, coming to 60.6 tonnes of CO₂e. The three biggest emission sources for the company are electricity and heating for the offices, followed by office equipment and employee commutes.

Stebby emissions, 2022



STEBBY

SELECTED ESG METRICS

ENVIRONMENT

Green CAPEX (Green investment), €000s	0
Scope 1, 2, 3 emissions, CO2e tons	61
Renewable energy, % of total energy	0%
Renewable electricity, % of total electricity	0%

SOCIAL

Employee happiness	78% eNPS
Employee annual attrition	9%
Unadjusted pay gap	25%
Philanthropy, €000s	10

GOVERNANCE

Gender split in the board	5 men
Code of conduct	Yes
Whistleblowing/grievance mechanism	To be improved



BESTAIR

Bestair is a leading provider of green home climate solutions, serving both B2B and B2C markets across eight countries. Its B2C online-first platform, Zave, is the largest sales platform for renewable energy solutions in Northern Europe. Livonia made an investment in Bestair in 2022 to support its continued growth in both business lines and geographical locations.

Driven by consumer and governmental efforts to reduce carbon footprints, the demand for heat pumps and other renewable energy products is growing rapidly, making them an ideal solution for energy and carbon reduction. Heat pumps have the potential to satisfy over 80% of global space and water heating needs with a lower carbon footprint than electric heaters and

gas-fired boilers, but in 2021 they only met 10% of these needs. Bestair is committed to promoting sustainable practices and offering eco-friendly solutions, which support the European Union's Green Plan and the global transition to a net-zero future.

Bestair has implemented various initiatives to reduce its environmental impact, such as investing in renewable energy in the Bestair and Zave offices and ensuring that all the waste from logistics and retail is recycled. In 2022, the company recycled over 87 tons of packaging paper, 19 tons of plastic, 17 tons of wood pallets, and 10 tons of electric and electronic equipment. In 2023, Bestair and Zave will focus on calculating a greenhouse gas emissions inventory and setting reduction targets.

HIGHLIGHT

New warehouse project

Bestair is constructing a new warehouse and office building project, totaling 8,800 square meters, to serve both B2B and B2C operations. The facility includes 1,000 square meters of office space, 8 truck loading bays, and a three-story office building with a showroom and training center. Accessibility is prioritized, with wheelchair accessibility integrated into the design. Emphasizing sustainability, the building will rely on heat pumps for 80% of energy needs, utilize energy-efficient ceiling heating, sensor-based lighting, and incorporate solar panels. With a budget of €10 million, the project is scheduled for completion by fall 2024.



BESTAIR

SELECTED ESG METRICS

ENVIRONMENT

Green CAPEX (Green investment), €000s	0
Scope 1,2,3 emissions	To be finalized end Q2 2023
Renewable electricity	16%
Renewable energy	19.0%
Waste recycling	100%

SOCIAL

Number of work related accidents	0
Employee happiness	4.04 (out of 5)*
Gender pay gap	38%
Employee annual attrition	15%

GOVERNANCE

Gender split in the board	7 men
Certifications	ISO 9001, ISO 14001
Whistleblowing/ grievance mechanism	No
Code of conduct	No

*Zave survey, which accounts for 56% of the employees of Bestair and Zave groups.



CSUB

CSUB is a Norwegian engineering and manufacturing company that specializes in glass fiber reinforced polymer (GRP) structures for the subsea, aquaculture, civil, and offshore industries. They use composite materials, which are lighter and have better environmental impact than traditional materials like steel or concrete. CSUB also provides land-based fish tanks that follow regulations and reduce negative environmental impacts in comparison to off-shore fish farming. The company focuses on safety, quality, and the environment, with certifications for ISO 9001, ISO 14001, and ISO 45001.

In 2022, CSUB established its sustainability strategy with four primary focus areas aligned with the sustainable development goals (SDGs): Goal 9: Industry, innovation, and infrastructure; Goal 12: Responsible consumption and production; Goal 13: Climate action;

and Goal 14: Life below water.

In addition, CSUB has been working on improving its sustainability efforts, resulting in a 24.6% reduction in energy consumption in the Eydehavn plant in 2022. As part of its circular economy initiatives, the company is currently investigating the possibility of reusing some GRP in new products. In addition, CSUB is exploring ways to replace the materials used in production with reusable or recyclable options by reducing the use of wood and replacing wooden structural components with aluminum components wherever feasible. Furthermore, the company has found methods of introducing recycled steel for ballast purposes.

In 2023, CSUB will focus on developing goals within the four focus areas, and calculating its greenhouse gas inventory and identifying ways to reduce emissions.

HIGHLIGHT

R&D to make GRP recycling a reality

CSUB is actively working towards a circular economy in the composite industry by identifying potential applications for recycled GRP material. The project has a budget of 1 million NOK, with funding from Skattefunn and CSUB. The goal is to find processes where the use of recycled material adds value. This effort involves collaboration with the Norwegian Composite Cluster (NCMT) and research teams in the EU, with an estimated duration of 3–5 years. The current project is set to last for 2 years.



CSUB

SELECTED ESG METRICS

ENVIRONMENT

Green CAPEX (Green investment), €000s	0
Scope 1,2,3 emissions	To be finalized end Q2 2023
Renewable electricity	62%
Renewable energy	51%
Waste recycling	39%

SOCIAL

Number of work related accidents	0
Employee happiness	To be monitored
Gender pay gap	-3%
Employee annual attrition	37%

GOVERNANCE

Gender split in the board	3 men
Certifications	ISO 9001, ISO 14001, ISO 45001
Whistleblowing/ grievance mechanism	Yes
Code of conduct	Yes

LIVONIA
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