



FORTINO

CAPITAL

ESG Report

April 2024



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Fortino's ESG highlights of 2023

<p style="text-align: center;">E </p> <ul style="list-style-type: none"> › Carbon footprint (scope 1-2-3) of Fortino (221 tCO₂) › Total offset of Fortino's carbon footprint by planting 1,202 trees › 74% of portfolio calculates scope 1 & 2 	<p style="text-align: center;">S</p> <ul style="list-style-type: none"> › Inclusive and collaborative culture › Increased gender diversity within Fortino & portfolio  	<p style="text-align: center;">G </p> <ul style="list-style-type: none"> › Portfolio's ESG action plan achieved: <ul style="list-style-type: none"> › Appointing ESG champion › Adopting ESG Policy › Adopting Code of Conduct › Implementing NPS tracking › Carbon footprint data › Signatory of Principles of Responsible Investment
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1 Introduction

Fortino Capital Partners NV (Fortino) is an alternative investment fund manager, specialised in developing and providing fund management services to funds investing in small and medium-sized (early) growth, non-listed companies, focused on B2B software. We, Fortino, recognize that pro-active management of environmental, social and governance (**ESG**) matters in our activities is in the interest of all our stakeholders and we believe that ESG matters can positively affect the performance of our own organisation as well as the investment portfolios. To formalize this conviction, we are a signatory of the Principles for Responsible Investment.

We strive to apply our key values towards the implementation of our ESG strategy both for ourselves and our portfolio companies.

Our 'DNA' – Our Key Values

<p style="text-align: center;">High performance We strive for excellence </p>	<p style="text-align: center;">Commitment We go the extra mile </p>
<p style="text-align: center;"> Integrity We do what we say and we say what we do</p>	<p style="text-align: center;"> Team Inclusive and collaborative culture founded on trust-based relationships</p>

We nurture an ESG strategy focusing on UN Sustainable Development Goals on which we can have direct impact:



... and on goals on which we can have indirect impact:



In this report, we will provide insights on Fortino's approach to its ESG strategy and the 2023 performance of Fortino and its portfolio on a selection of ESG matters. As we have implemented full ESG reporting by our portfolio, we are also available to provide more detailed data on a wider range of ESG indicators.

2 ESG approach

Fortino's daily operations

ESG considerations are applied in the daily practice of Fortino. As an organisation of 36 FTEs, we minimize the impact by adhering to standard practices such as consumption of green energy, reducing greenhouse gas emissions, contributing to the wellbeing of employees and other stakeholders and good governance practices. Additional information on the impact of these measures on Fortino ESG performance can be found below.



ESG classification of Fortino funds

Fortino Capital Partners is the fund manager (General Partner) of four funds: two venture capital funds¹ and two growth funds². Fortino Capital Growth PE II is qualified as a so-called "article 8 SFDR³ light green fund", which promotes ESG characteristics. Even though the three other funds were incorporated prior to the adoption of SFDR, we apply the same ESG standards and ambitions for all portfolio companies irrespective of the fund they pertain to.

Prohibition of non-ethical or non-sustainable investments

We consider that the private equity industry can have a significant impact on our society and the environment and therefore, Fortino commits not to invest in non-ethical or non-sustainable businesses such as palm oil value chain or deforestation, nuclear power plant, coal-fired power plant, mining industry, tobacco, gambling, and child or forced labor.

ESG throughout the investment journey

ESG is also embedded in our entire investment journey. This starts upon Fortino's initial investment in a portfolio company where adverse sustainability impact indicators and sustainability risks are assessed by Fortino's ESG Officer and the investment team as part of the due diligence process. When adverse sustainability impacts are identified, they will be discussed with Fortino's Investment Committee and external advisors may be engaged to carry out additional (ESG-related) due diligence as needed. Each portfolio company will then commit to abide by the Fortino ESG standards and reporting obligations in the investment documentation. The reporting obligations imply that each portfolio company is committed to report yearly on a list of ESG metrics. The input of data is being optimised by using a software, which streamlines the analysis of input data and provides qualitative output (i.e., a complete ESG report per portfolio company).

¹ Fortino Capital Venture I CommV and Fortino Capital Venture II CommV.

² Fortino Capital Growth PE I ARKIV NV and Fortino Capital Growth PE II CommV.

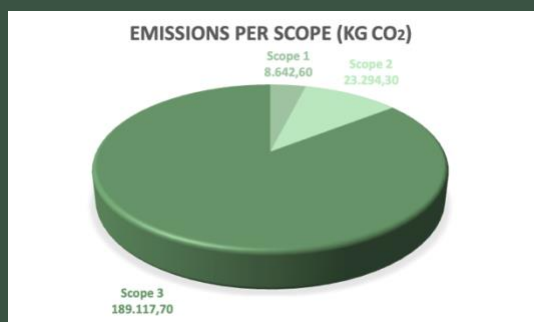
³ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).

3 ESG performance of Fortino

Fortino’s ESG motto is “If you want to change the world, start with yourself”. With this spirit, we encourage all staff members of Fortino to embrace ESG considerations into their professional and daily life. Even if a behaviour has a small impact, *en masse*, it can change the world.

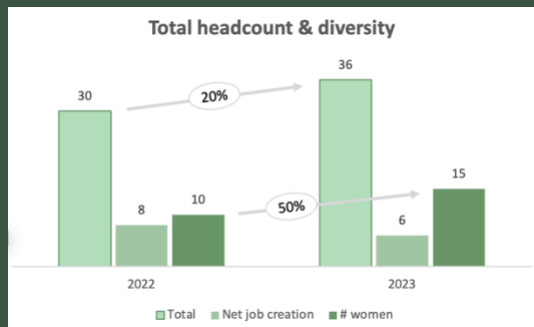
Environment

We started measuring Fortino carbon footprint in 2020 and each year, we take measures to reduce our carbon footprint and we neutralize our remaining carbon emissions.



Scope 1⁴ Greenhouse gas (“GHG”) emissions, which includes amongst others mobility emissions, was 8.6 tCO₂ in 2023. Scope 1 was significantly lower (61%) than in 2022 mainly due to a reduced number of non-electric company cars. **Scope 2⁵ GHG emissions** amounts to 23 tCO₂. Scope 2 emissions have increased with 35%, which is primarily driven by two factors (i) electric company cars and (ii) higher electricity consumption in the offices, which is amongst others due to Fortino having opened its own office space in Germany. **Scope 3⁶ GHG emissions** amounts to 189 tCO₂, which is much lower than in 2022, the year in which the renovations of the Amsterdam office took place. As a result, the **total GHG emissions** of Fortino in 2023 was 1/3rd of the total GHG emissions of 2022 (221 tCO₂ vs. 697 tCO₂).

Social



The **total headcount** of Fortino rose in 2023 to 36 with a **net job creation** of 6. In terms of **gender diversity**, women currently represent 42% of the team. Compared to 2020, the gender diversity increased with 110%, which is the result of Fortino’s efforts to create a more gender diverse team while still striving for excellency.

Fortino highly values the **commitment and high performance of its staff members and considers training** of talents as key element of wellbeing and higher performance. Fortino has a training policy in place and all staff members have followed internal and/or external trainings in line with their development plans.

⁴ Scope 1 GHG emissions derive from sources that an organisation owns or controls directly such as burning fuel in the fleet of company cars.

⁵ Scope 2 GHG emissions are emissions that an organisation caused indirectly due to the energy it purchases and consumes such as emissions related to the electricity generation used in the office buildings.

⁶ Scope 3 GHG emissions are not caused by the organisation itself but they are caused by companies up and down in the value chain of the organisation concerned (e.g. buying products or services from suppliers).

Governance

Also on governance matters, Fortino continues applying the highest standards. To do so, we analyse, review and amend governance policies on an ongoing basis. In 2023, we updated the following policies: Compliance Charter, Governance Memorandum, Marketing Policy, Conflict of Interest Policy, HR policy, Delegation and Outsourcing Policy, Whistleblowing Policy, Risk Management Policy, IT Security Policy, Integration Policy and Code of Conduct, Insider Dealing Policy, ESG Policy, Data Protection Policy Business Continuity Plan, Anti-Money Laundering Policy and Due Diligence Policy.

In 2023, we have taken various specific ESG initiatives:

- **ESG reporting platform:** we onboarded Fortino and all portfolio companies on a new ESG reporting platform. KEY ESG brings improved user experience, additional functionalities which ensure better data quality and portfolio companies have their own ESG profile with dashboards.
- **Employee wellbeing:** we increased the employee engagement by onboarding BambooHR (HR software) and we are performing bi-yearly eNPS.
- **BorgerHub / MolenGeek partnership:** we have sponsored the launch of the organization MolenGeek (BorgerHub), which has the mission to give less privileged young people with an entrepreneurial mindset the chance to discover the career opportunities within the new digital world.
- **Carbon footprint offset:** Fortino has been neutralizing its carbon footprint since 2020. Fortino planted 1,202 trees in 2023 and neutralises therewith its entire carbon footprint over a period of ten years.



4 ESG performance of Fortino portfolio

We encourage our portfolio companies to grow in a sustainable manner and in our second reporting campaign, 27 out of the 30 portfolio companies have completed the ESG questionnaire, which brings the **participation rate** at **90%**. We will highlight below the results of key indicators together with our take-aways from both a venture capital ("VC") and growth perspective.

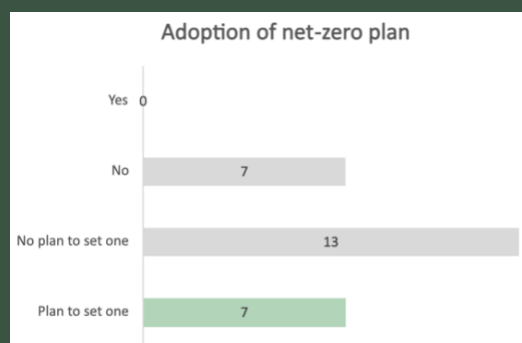
Environment



As a result of our 2022 ESG reporting campaign, we identified the importance of collecting accurate data on carbon footprint as a key focus for 2023. The 2023 ESG reporting indicates that this goal has been successfully achieved, with **81%** of portfolio companies measuring **Scope 1 emissions** and **74%** measuring **Scope 2 emissions**. This high level of participation is notable, particularly considering that 2/3rd of our portfolio are VC companies, with limited resources to conduct a carbon footprint assessment. The total portfolio Scope 1 and Scope 2 GHG emissions amounts to

1,552 tCO₂ and 503 tCO₂ respectively. On average, each portfolio company has a Scope 1 footprint of 57.5 tCO₂ and a Scope 2 footprint of 18.6 tCO₂. Based on the benchmark of Invest Europe⁷, we conclude that our portfolio companies perform better than the median, which is respectively 76 tCO₂ and 59 tCO₂ for Scope 1 and Scope 2.

In terms of environmental impact, it is important to note that none of our portfolio companies have adopted a short-term or long-term **decarbonization plan** or **net zero plan**, with little intention to do so. While ESG reporting is a good starting point to raise awareness about the need for carbon reduction measures, we believe it is crucial that each portfolio company takes steps towards implementing such a plan to effectively reduce our portfolio's carbon footprint.



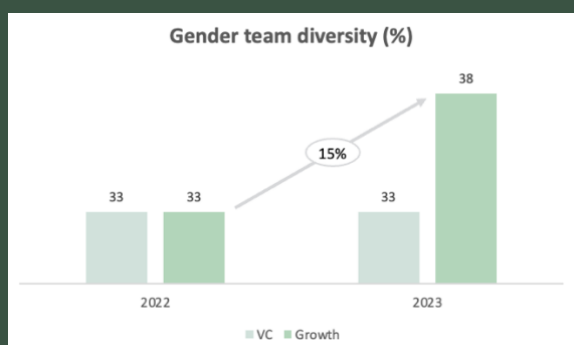
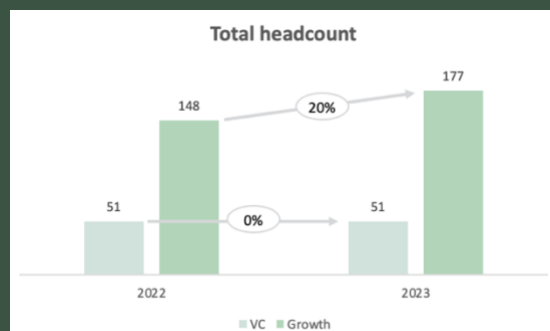
An **EU Taxonomy**⁸ eligibility and alignment analysis has been conducted at the level of Fortino Capital Growth PE II as the fund qualifies as an article 8 SFDR fund. The EU Taxonomy eligibility of all three assets of Fortino Capital Growth PE II is 0%, which means that the economic activity of all portfolio companies is not in scope of the EU Taxonomy. As a result, the taxonomy alignment is also 0% across all assets of Fortino Capital Growth PE II.

⁷ ESG KPI Report – Managing what you measure, Invest Europe (March 2024).

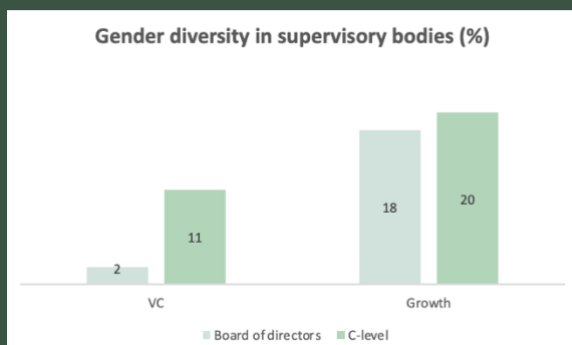
⁸ The EU Taxonomy (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020) is a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes. It recognises as green, or 'environmentally sustainable', economic activities that make a substantial contribution to at least one of the EU's climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards.

Social

At the end of 2023, the average **total headcount** in the VC portfolio remained the same compared to 2022 with an average **net job creation** of 0.3. The Growth portfolio shows a higher average total headcount at the end of 2023, but a negative average net job creation of -0.8. The low average net job creation is the result of a majority of companies having a moderate-high net job creation and a minority of companies where layoffs were inevitable, which lead to a high negative net job creation. Overall, 2023 seemed to be a year of caution in terms of hiring and expansion.



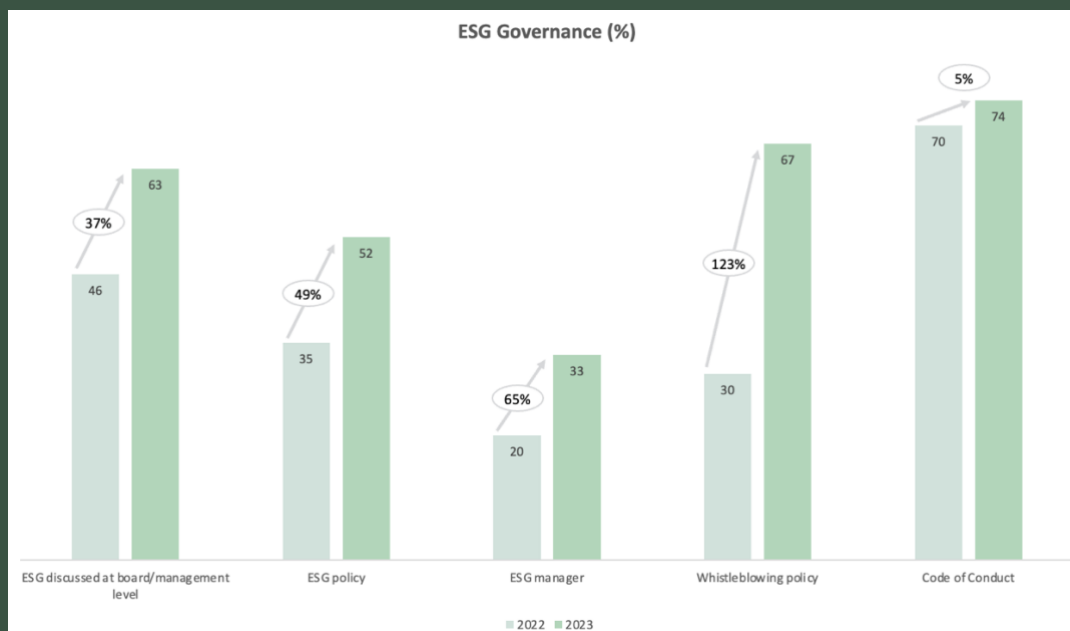
In analysing the **gender diversity**, we examined two key KPIs: the gender balance within the teams and the gender diversity within the Board of Directors/Management teams. The Growth portfolio has shown an improvement in overall gender diversity, with 38% women and 62% men, compared to the previous year. The VC portfolio, on the other hand, has maintained the same level of gender diversity, with 33% women and 67% men.



The graph shows that **gender diversity in supervisory bodies** is generally low across the portfolio. While Growth companies have higher gender diversity than VC companies, the overall ratio remains below 15%. This is primarily due to women representing a minority of the total headcount (about 1/3rd). Additionally, in 2/3rd of our portfolio, the supervisory bodies are small with the founders and investors occupying most seats. In the case of early-stage (venture) companies, half of the boards are composed of founder directors, and in some cases, no board has been established yet. Increasing gender diversity at board level in our Growth portfolio remains a top priority for Fortino for the coming years.

Governance

Good corporate governance strengthens a company's culture and reputation, leads to a positive and sustainable performance and improves resilience. As a result of our 2022 ESG reporting campaign, we identified the need of improving the **ESG governance** as another key action for 2023. We took several initiatives to further improve ESG awareness in our portfolio and ensured the development of best practices through amongst others the organisation of an ESG webinar or the establishment of template policies. These initiatives have proven to be successful as shown in the table below.



5 Future outlook

Overall, we look back at a fruitful year in terms of ESG performance, but ESG remains an ongoing matter. We compare ESG performance to the **roots of a tree**: it demands nurturing to grow, yet it is essential for scaling and sustainable growth. Hence, we are committed to continue establishing goals for both ourselves and our portfolio companies to **enhance ESG performance**. Below are the ESG initiatives that we have pinpointed for our portfolio for 2024:



- Enhancing ESG reporting: improving carbon footprint data accuracy through increased engagement and prompt onboarding of new portfolio companies into our ESG platform.
- Emission reduction: (i) implement two carbon reduction measures and/or (ii) develop and implement a net-zero action plan.
- Fostering diversity: achieve a minimum of 20% female representation in board of directors and/or management teams by 2025.

Fortino will also commit, with the support of ESG consultants, to identify decarbonization opportunities to reach the goal of the European Union to be **climate-neutral by 2050** ("the road to net zero").

Annex – ESG case studies among Fortino portfolio

We provide you with a glimpse of concrete ESG initiatives taken by three of our portfolio companies.



D2X – the crypto derivatives trading platform – advocates for renewable energy consumption and selected Eneco as energy supplier. As a result, in 2023, 100% of the energy consumed by D2X was renewable energy. Based on the current emissions per kWh in the Netherlands⁹, D2X saved 6.6 tCO₂ in 2023 by consuming 100% renewable energy. On a sidenote, D2X is not the only portfolio company with 100% renewable energy consumption. Bonitasoft also consumes 100% renewable energy and SpeakUp's energy consumption exists for 99% of renewable energy.



Efficacy – specialist in CRM software – contributed more than 100,000 EUR to charity being one of the best in class amongst our portfolio for contributing to a better society. They notably supported Mouvement Européen France (promoting the European project and encouraging citizen participation), Handicap International (support for disabled persons and persons in a vulnerable situation) and Edificio (culture: protection of Brussels heritage).



Addactis – risk technology for the insurance industry – is aiming at recruiting a balanced ratio of women and men at all levels of the organisation. This objective was successfully achieved, with 43% women in its management team.



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⁹ www.nowtricity.com/country/netherlands/ (last visited on 19 April 2024).