



PINOVA
CAPITAL

Private Equity for
Mittelstand & Technology

ESG Policy

Signatory of:



PRI

Principles for
Responsible
Investment

March 2023

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1. Our Commitment to ESG

We identify medium-sized technology companies with sustainable high growth potential and enhance them together with ambitious entrepreneurs. In doing so, we seek to deliver superior risk-adjusted returns to institutional investors that have entrusted us with funds to be managed over a long-term horizon.

Since inception in 2007, PINOVA displays a firm commitment to ESG with the denomination and the logo of the firm referring to a specialized German breed of apples that is characterized by high resource-efficiency.

We acknowledge that returns are not exclusively driven by financial dimensions but rather by a multitude of factors such as strategic degrees of freedom, future growth potential and sustainability of business model. Congruously, our interactions with portfolio companies, stakeholders thereof and investors are characterized by our commitment to integrity, sustainability and long-term orientation and we are convinced that this commitment constitutes a key pillar of our mandate to develop more valuable entities.

We consider it our fiduciary duty to integrate environmental, social and governance aspects as part of our responsible investment approach along all steps of the investment process and have ESG considerations deeply entrenched in our mission statement and corporate values.



Figure 1: PINOVA Values

1.1 Our Motivation

We are aware of the responsibility for our portfolio companies, their workforce, customers, and other stakeholders and ultimately the communities they are embedded in. We commit to proactively fostering our portfolio companies in becoming more sustainable entities and regard this transition as core of our investment approach delivering lasting impact for businesses, shareholders, and communities. We furthermore believe it is our responsibility as investors to contribute to sustainable development in general and a transition to climate neutrality specifically in order to create a better future for the planet and the next generations.

1.2 Our ESG Principles

At PINOVA, we have developed a strong set of Principles reflecting Responsible Investing, that are integrated within our investment processes. We have been a signatory of the UN Principles for Responsible Investment (PRI) since 2019 and adhere to the six principles for responsible investment:

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

We are convinced that these elements actively contribute to achieving our investment objectives.

For each environmental, social and governance category we have defined specific topics which we assess at different stages during the investment process. These topics are based on renown ESG definitions such as from the Sustainability Accounting Standards Board (SASB), the UN PRI, the EU and the BaFin and are summarized in figure 2.

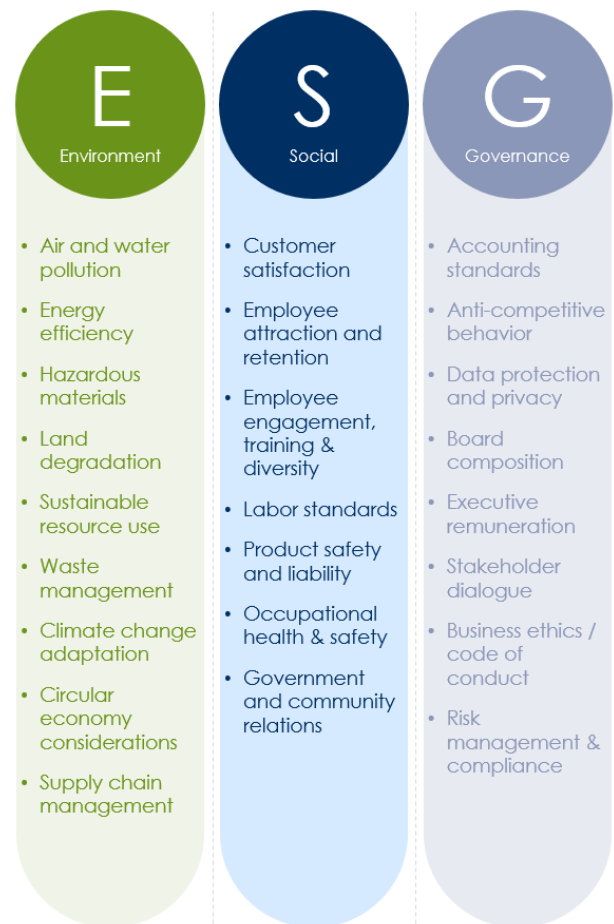


Figure 2: Definition of ESG

Environment

PINOVA is committed to limit its own as well as the impact of its investments on the environment and supports the Paris Agreement. Before we invest in a company, we analyze any environmental damage that might be relevant to such an investment and identify potential value levers that could improve the environmental impact of the target. After acquiring a company, PINOVA focuses on efficiency in the use of raw materials, introduces programs to reduce scrap and/or limit the company's energy consumption by increasing production efficiency. Moreover, all our portfolio companies are expected to develop and implement their own Environmental policy in accordance with PINOVA's principles.

Focus Topic: Climate

PINOVA is dedicated to improving climate change mitigation and adaptation through internal measures at the firm as well as by assessing the impact of its potential targets on the climate and any potential risks or opportunities related to the influence of the climate on the company. After acquisition PINOVA will actively support its portfolio companies to become climate neutral.

Social

PINOVA strongly believes that the firm and its portfolio companies will only be successful, if the workforce enjoys a good working environment. PINOVA aims to promote human rights practices in the portfolio companies it owns, including:

- Considering employee working conditions such as minimum wages, working hours, health and safety of work force;
- Supporting the elimination of child labor including possible use of child labor by the suppliers to underlying portfolio companies;
- Avoiding discrimination e.g., based on age, race, gender, religion, sexual orientation or disability;
- Complying with international conventions on human rights.

Focus Topic: Diversity & Inclusion

PINOVA is especially committed to increasing diversity and inclusion within its own firm as well as at the portfolio companies. After acquisition we foster awareness about the topic at the portfolio companies and provide them with guidance on relevant measures aligned with the commitments of the Diversity Charter.

Governance

An essential part of PINOVA's Development System is the governance and management structure that is put in place for each portfolio company. The management and advisory board of each portfolio company are responsible for defining strategy and policy, and PINOVA expects this to include the setting of sound environmental, social and governance standards. Each company's management team is responsible for executing the strategy and running the daily operations of the company aligned with PINOVA's ESG policy. PINOVA supports management to promote a culture of compliance.

All our portfolio companies are expected to develop and implement their own Code of Conduct and Values and Ethics guidelines, in accordance with PINOVA's ESG Principles.

Focus Topic: Transparency & Accountability

PINOVA puts a special focus on fostering transparency and establishing a culture of accountability in its portfolio companies. In this vein, transparency is increased by development of monthly financial reporting guidelines and accountability is ensured by regular discussions between management and PINOVA. Apart from that, PINOVA installs a board that holds management accountable for implementation of the agreed upon value levers and assists in achievement thereof.

2. ESG Integration in the Investment Process

PINOVA integrates ESG considerations along its whole investment cycle from sourcing until divestment preparation.

2.1 Sourcing

During the sourcing phase PINOVA applies positive and negative screening criteria to limit its investment universe according to its investment strategy and ESG commitment. Furthermore, a high-level ESG and SDG assessment is conducted.

Positive screening criteria

PINOVA's investment strategy is focused on industrial technology and information technology as core sectors. Within these sectors investments are aimed at B2B business models with high growth potential and clear technological differentiation. In our initial assessment, we review ESG-specific criteria which signal explicit improvement potential.

Exclusion of certain sectors

PINOVA applies an extensive list of exclusion criteria to avoid investments in business activities which are considered unethical, harmful to society and/or the environment, or in breach of laws or regulations. The full list of exclusion criteria is illustrated in Appendix I.

Initial ESG & SDG Quick Check

As information is usually limited during the sourcing phase, only a high-level ESG & SDG assessment is conducted. Based on a checklist an initial status of the main sector-specific ESG risks and value levers regarding the resources used, activities performed and impact generated by the business is evaluated (see Appendix II). Furthermore, the company's potential harm and contribution to pre-selected SDGs and related targets is assessed

focusing on the product/service of the company only (see Appendix III).

2.2 Preliminary Decision

The results of the initial ESG & SDG Quick Check are summarized and integrated as part of an ESG Chapter in the Introduction Memorandum and serve as basis (among other criteria) for the preliminary decision to continue with an indicative offer.

2.3 Transaction

During the transaction phase with increased access to the target and relevant information a detailed ESG assessment is conducted to identify any potential risks and opportunities. Moreover, potential climate risks are evaluated, and the initial SDG assessment is extended to cover all SDGs and the overall business model of the company. The results of all three assessments are combined as part of an ESG Dashboard which later serves as basis for the investment decision.

ESG Assessment

The ESG Assessment is structured along typical business model components as illustrated in figure 3. Thereby relevant ESG aspects can be aligned with general business value drivers. While the initial ESG Quick Check broadly focusses on the general Level 1 components, the detailed ESG Assessment in more advanced stages of the investment process takes into account all components including the more detailed Level 2 topics. Critical challenges and material risk factors are flagged, and value creation potentials are highlighted. Based on the results clear recommendations are provided to define an ESG Roadmap for the holding period. A special focus is set on the identification of sector-specific ESG Levers. The topics described in figure 4 are already addressed high-level during the initial ESG assessment. The detailed ESG assessment will complement the initial findings by filling

any previous information gaps and by identifying which aspects are the most promising ESG-related value drivers. These aspects are discussed with the target as part of the Value Roadmap Session I, a strategy workshop that PINOVA holds before each investment to align strategy with management and define key value levers for the investment period. A generic detailed ESG Checklist is provided in Appendix IV, which however, will be adapted to the specific target based on the materiality of the topics. In addition, the current status on data availability regarding a specific set of ESG KPIs (incl. the principal adverse impact indicators of the Sustainable Finance Disclosure Regulation) is collected.

High-level climate risk assessment

A basic climate risk assessment is conducted based on the TCFD (Task Force on Climate-related Financial Disclosures) approach. It is evaluated if any physical (chronic and acute) and/or transitional (related to technology, regulation, market, reputation) climate-related risks could

affect the business operations of the target in the near and long-term future. Furthermore, it is assessed how the company manages or plans to manage these risks. In addition, potential climate-related opportunities are identified and evaluated how these could be leveraged as value drivers.

SDG Assessment

The initial SDG Assessment is complemented by a detailed assessment in the transaction phase. The detailed assessment considers the whole business model including its supply chain of the company (compared to only the product/service previously evaluated). Moreover, it also assesses any potential harm or contribution to the remaining SDGs and targets which were not part of the sector-specific focus of the initial assessment.

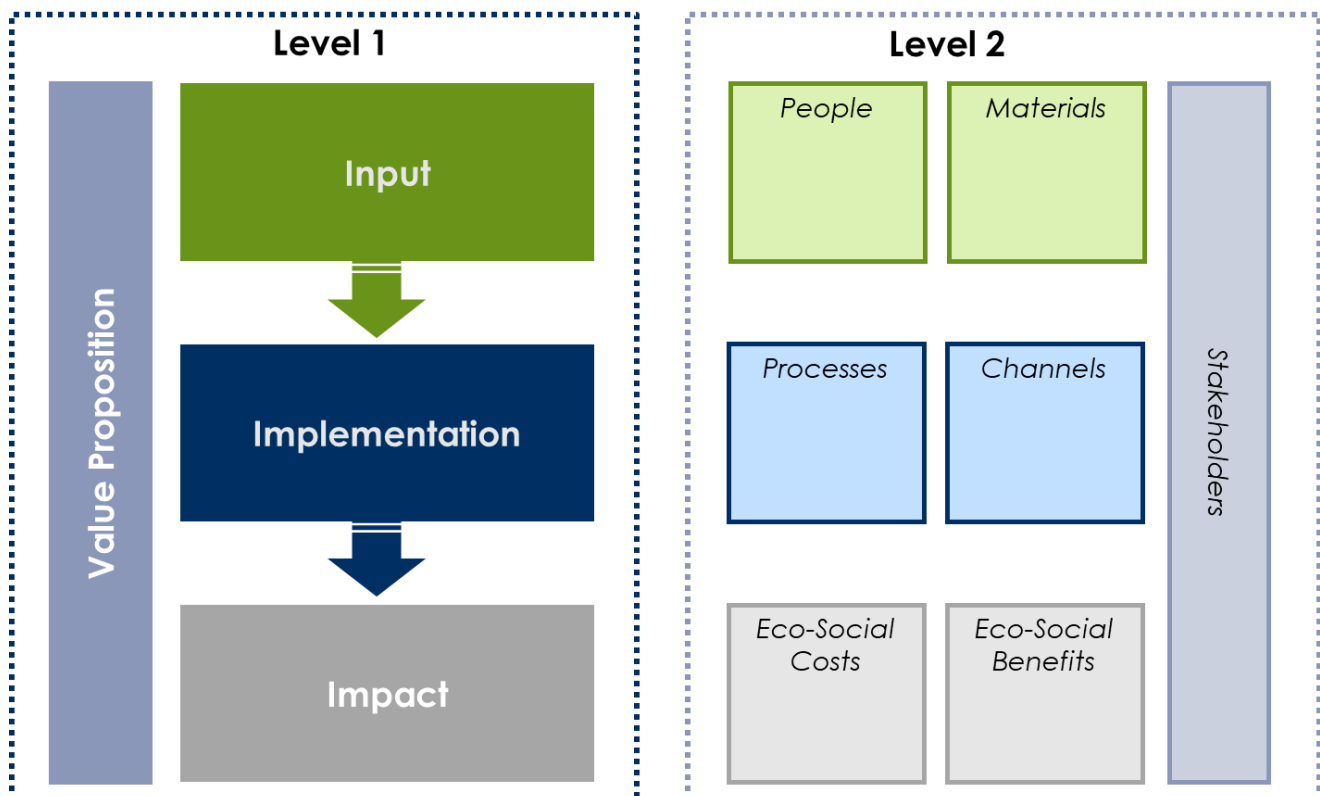


Figure 3: ESG Assessment structured along business model components

	ENVIRONMENTAL	SOCIAL	GOVERNANCE
Industrial Technology	<ul style="list-style-type: none"> • Sourcing sustainable materials • Waste, water and energy management • Integrating circular economy aspects in production processes and product development • Increasing energy efficiency in industrial production processes through the technology • Developing environmental technology 	<ul style="list-style-type: none"> • Social standards in the supply chain • Employee Diversity & Inclusion • Quality Management • Health & Safety Management • Ease of technology use / training requirements • Medtech solutions enabling new medical treatments 	<ul style="list-style-type: none"> • Integrity in the supply chain • Code of Conduct • Compliance controls and monitoring processes • Product security • Improved monitoring options through automation and measurement technology
Information Technology	<ul style="list-style-type: none"> • Use of refurbished IT hardware • Green data centers / cloud services • Green coding • Low impact websites / software 	<ul style="list-style-type: none"> • Recruiting and managing a global, diverse and skilled workforce • Quality Management • Accessibility of the solution (e.g. open source) • Promoting diversity, inclusion and equality through the technology • Contributing to the digitalization of the healthcare sector 	<ul style="list-style-type: none"> • Integrity in the supply chain • Code of Conduct • Ensuring data privacy • IT security • Contributing to cyber security • Facilitating regulatory compliance

Figure 4: Sector-specific ESG Value Levers

2.4 Investment Decision

The results of the assessments conducted in the transaction phase are rated on a numeric scale and summarized in an overall ESG score. The score as well as the main ESG risks, opportunities and recommendations are illustrated in an ESG Dashboard. This dashboard serves (among other criteria) as basis for the final investment decision.

If a positive investment decision is made, an ESG Clause is included in term sheets and shareholder agreements. The ESG Clause can be individually adapted to each investment, it shall however include at least the following general commitments for the holding period:

- Measuring, reducing, and compensating GHG emissions
- Increasing diversity among management & employees
- Implementing a Code of Conduct / Compliance Management System
- Monitoring specific ESG KPIs & targets

2.5 Portfolio Management

At the beginning of the holding period additional company-specific ESG targets are defined together with the new portfolio company as part of the Value Roadmap Session II. A clear roadmap is established with specific recommendations to achieve the targets until exit. During the holding period progress towards achieving these targets is monitored through annual Value Roadmap Sessions and an update of the initial ESG score.

2.6 Divestment Preparation

In preparation for the divestment at the end of the holding period a summary of past, current and future ESG performance is established. The summary, e.g., an ESG factbook will transparently document the progress made and targets achieved during the holding period, describe the current status of the company and highlight further value creation potentials for the future. The ESG factbook will be provided to interested buyers.

3. Reporting

Progress on the ESG performance and contribution to SDG Targets is integrated in regular portfolio reporting. With regards to the SDGs the relevant goals and targets for each portfolio company and how the company contributes or harms these targets (incl. relevant KPIs) is part of the reporting. Regarding the ESG performance, material ESG issues and opportunities, related KPIs, the objectives to be achieved (incl. deadline) and the results already achieved to date as well as the impact on the reporting period will be reported. Moreover, the status of the PAI KPIs will be reported on an annual basis. The above mentioned ESG and SDG topics will be integrated in regular Fund Reporting as well as external reporting on the company's website. Fund Reporting includes ad hoc reporting of ESG incidents, board reporting and quarterly fund reporting.

4. Internal Commitment and ESG Initiatives

PINOVA is a signatory of the UN PRI since 2019 and adheres to the six principles for responsible investment. Moreover, the sustainable development goals (SDGs) are integrated in our ESG assessment framework, and our analysis of climate-related risks is aligned with the TCFD approach.

4.1 Responsible Investment Governance Structure

Responsibilities for ESG are clearly assigned. One partner and a further member of the investment team have the overall responsibility for ESG at PINOVA on a strategic level. All investment teams are



charta der **vielfalt**

trained on the ESG related content and responsible for implementing the ESG processes defined in this policy.

4.2 Special Commitment to Climate

We do not only assess climate-related risks and the impact of our portfolio companies on the climate but are also internally committed to reducing our own carbon footprint. We plan to calculate a carbon footprint of our own business activities as asset manager and to define relevant reduction measures such as introducing a travel guideline which clearly encourages the use of public transportations instead of traveling by car or plane. We strive to continuously improve our impact on the climate and aim to become a climate-neutral company.

4.3 Special Commitment to Diversity

We are convinced that increased diversity in decision-making teams leads to increased profitability both at the portfolio and overall fund level. However, diversity rates are currently still considerably low in the Private Equity industry. We therefore promote diversity and inclusion as part of our employment strategy within our own organization. To raise awareness about this topic and actively contribute to increasing diversity we are a signatory of the Diversity Charter ("Charta der Vielfalt").

Appendix I: Exclusion Criteria

The Partnership shall not invest in or guarantee or otherwise provide financial or other support, directly or indirectly, to companies or other entities

- (i) whose business activity consists of an illegal economic activity (i.e. any production, trade or other activity, which is illegal under the laws or regulations applicable to the Partnership or the relevant company or entity, including without limitation, human cloning for reproduction purposes); or any products or activities which are subject to national or international phase-out regulations or to an international ban or
- (ii) which substantially focus on:
 - the production of and trade in tobacco and distilled alcoholic beverages and related products;
 - the financing of the production of and trade in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part or accessory to explicit European Union policies;
 - casinos and equivalent enterprises;
 - the research, development or technical applications relating to electronic data programs or solutions, which aim specifically at
 - supporting any activity referred to under items (i) to (iv) above;
 - internet gambling and online casinos;
 - pornography; or
 - are intended to enable to illegally enter into electronic data networks or download electronic data or illegal online transactions.
 - fossil fuel-based energy production and related activities, as follows:
 - coal mining, processing, transport and storage;
 - oil exploration & production, refining, transport, distribution and storage;
 - natural gas exploration & production, liquefaction, regasification, transport, distribution and storage;
 - electric power generation exceeding the Emissions Performance standard (i.e. 250 grams or CO₂e per kWh of electricity), applicable to fossil fuel-fired power and cogeneration plants, geothermal and hydropower plants with large reservoirs;
 - nuclear power plants and radioactive material that does not apply to the procurement of medical equipment, quality control equipment or similar applications
 - production or trade of asbestos fibers and significant volumes of hazardous chemicals (e.g. flame retardants, bisphenols, PVC, Per- and polyfluoroalkyl [PFAS])
 - any activities causing potential destruction or significant impairment of areas (or wildlife/animals) particularly worthy of protection such as:
 - commercial logging operations for use in primary tropical moist forest;
 - destructive fishing methods, shark finning or commercial whaling;
 - products involving animal testing without applying the 3R principle (Replacement, Reduction, Refinement) or trading/manufacturing of fur products;
 - affecting the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
 - energy-intensive and/or high CO₂-emitting industries, as follows:
 - manufacture or other inorganic basic chemicals (NACE 20.13);
 - manufacture or other organic basic Chemicals (NACE 20.14);
 - manufacture of fertilisers and nitrogen compounds (NACE 20.15);
 - manufacture of plastics in primary forms (NACE 20.16);
 - manufacture of cement (NACE 23.51);
 - manufacture of basic iron and steel and of ferro-alloys (NACE 24.10);
 - manufacture of tubes, pipes, hollow profiles and related fittings, of steel (NACE 24.20);
 - Manufacture of other products of first processing of steel (NACE 24.30, incl. 24.31-24.34);
 - aluminium production (NACE 24.42);
 - manufacture of conventionally-fuelled aircraft and related machinery (SUD-activity of NACE 30.30);
 - conventionally-fuelled air transport and airports and service activities incidental to conventionally-fuelled air transportation (sub-activities of NACE 51.10, 51.21 and 52.23);

provided that, notwithstanding the above, investments in aforementioned energy-intensive and/or high CO2-emitting sectors shall be allowed if the Managing Limited Partner confirms that the specific final recipient transaction either (i) qualifies as environmentally sustainable investments as defined in the "EU taxonomy for sustainable activities" (Regulation (EU) 2020/852, as amended from time to time) as supplemented by the technical criteria established under the "EU Taxonomy Delegated Acts" (Commission delegated Regulations (EU) supplementing Regulation (EU) 2020/852 or upcoming Taxonomy Delegated Acts, as amended from time to time, respectively), or (ii) is eligible under EIPs Climate Action & Environmental Sustainability (CA&ES) criteria for green financing.

(b) In addition, when providing support to the financing of the research, development or technical applications relating to (i) human cloning for research or therapeutic purposes or (ii) genetically modified organisms (GMOs), the Partnership shall ensure the appropriate control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

(c) The Partnership shall ensure through corporate governance or otherwise that Portfolio Companies continue to comply with the above restriction during the term of the Partnership's investment.

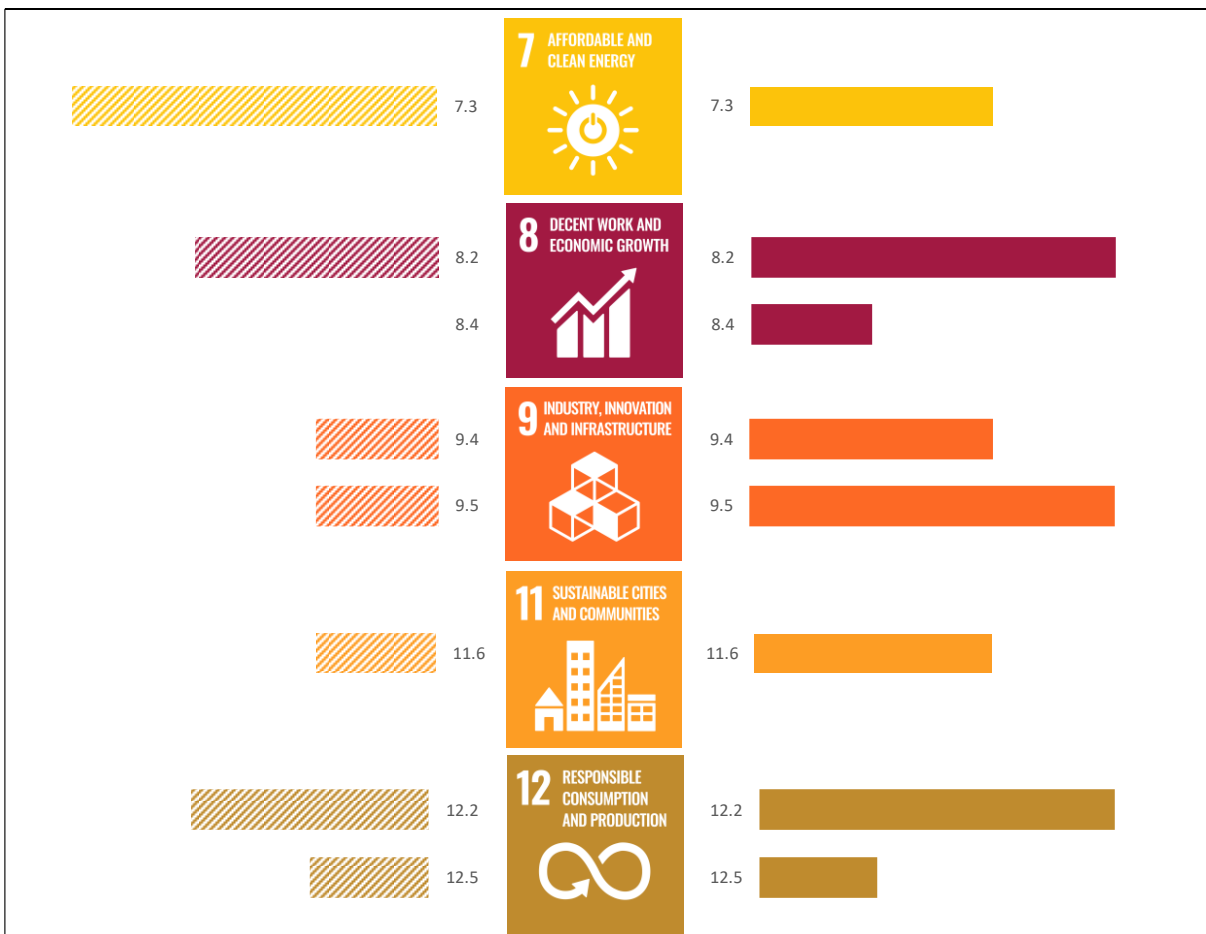
Appendix II: Initial ESG Checklist

ESG	BM Part	Type	Topic	Status	Comment
Value Proposition	All		How are ESG aspects integrated in the vision and strategy of the company?		
Environmental	Input	All	Sourcing sustainable materials (e.g. use of refurbished IT hardware, no conflict minerals)		
		All	Selection of environmentally-friendly suppliers (e.g. green data centers / cloud service providers)		
		Ind. Tech	Waste, water and energy management (incl. Hazardous materials)		
	Implementation	Ind. Tech	Integrating circular economy aspects in production processes and product development		
		Info Tech	Green coding		
		All	Climate change adaptation and mitigation measures		
	Impact	All	Potential negative impact on the environment (e.g. land degradation, environmental technology, increasing energy efficiency in industrial production processes, low impact website / software)		
		All			
		All			
		All			
Social	Input	All	Labour standards in the supply chain		
		All	Employee diversity & inclusion		
	Implementation	All	HR Management (incl. Employee attraction, retention, engagement and development)		
		All	Quality Management		
		Info Tech	Social considerations in product development (e.g. accessibility of the solution)		
		All	Marketing communications / Ethical Marketing		
		All	Health & Safety Management		
	Impact	All	Potential positive social impact of the product/service (e.g. med tech solution enabling new medical treatments, digitalization of healthcare sector)		
		All	Customer satisfaction & product safety (incl. Usability)		
		All	Government and community relations		
Governance	Input	All	Integrity in the supply chain		
		All	Code of Conduct (incl. anti-corruption and anti-competitive behaviour)		
	Implementation	All	Compliance controls and monitoring processes		
		All	Ensuring data privacy & IT security		
		All	Reporting & Transparency		
	Impact	All	Executive remuneration & Succession planning		
		All	Potential positive impact of the product/service (e.g. improved monitoring options through automation and measurement technology, facilitating cyber security or regulatory compliance)		
		All	Stakeholder dialogue (e.g. to avoid any potential negative impact)		

	Initial Result	Key Value Creation Potentials	Key Potential Risks
VP			
Environmental			
Social			
Governance			

Appendix III: Initial SDG Assessment

Goal	Target	Description	-	+	Comment
7	Ensure access to affordable, reliable, sustainable and modern energy for all				
	7.3	By 2030, double the global rate of improvement in energy efficiency			
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all				
	8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors			
9	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all				
	9.4	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities			
11	Make cities and human settlements inclusive, safe, resilient and sustainable				
	11.6	By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management			
12	Ensure sustainable consumption and production patterns				
	12.2	By 2030, achieve the sustainable management and efficient use of natural resources			
12	Ensure sustainable consumption and production patterns				
	12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse			



Appendix IV: Detailed ESG Checklist

Value Proposition	Vision & Strategy	All	How are ESG aspects integrated in the vision and strategy of the company? (e.g. policies)
		All	Has the potential ESG impact (positive/negative) of your business model with regards to the future growth phase / market entry been considered?
		All	Have specific sustainability goals, e.g. contribution to selected SDGs and respective targets been determined? (quantitative/qualitative)
		All	Which governance values is the business model based on? Are these aligned with international standards, e.g. UN Global Compact principles?
		All	What is the company's position towards diversity and inclusion?
		All	What is the company's position towards climate change resilience and climate protection?
		All	Is the business strategy aimed at providing technology solutions that contribute to a sustainable transition?
	Stakeholders	All	Are all relevant stakeholders identified and regularly reevaluated by the company (incl. Government and community relations)?
		All	How are stakeholder expectations regarding ESG topics managed (e.g. regular stakeholder dialogue)?
		All	How is customer and employee satisfaction increased (e.g. regular surveys/feedback)?
		All	Is the asset a member of any ESG initiative / association (e.g. leaders for climate action, diversity charter) and engaged in thought leadership / exchanges on best practices (e.g. W3C Web Accessibility Initiative (WAI), Green Software Foundation, Global e-Sustainability Initiative (GESI))?

Environmental	Input	People	All	How are environmental aspects considered in the selection of suppliers and business partners?
		Materials	All	How are environmental aspects considered in the sourcing of materials/products (e.g. use of refurbished IT hardware, regional/local sourcing, renewable energy)?
			All	How is the production of waste minimized and the recycling and reuse optimized (e.g. structured waste management process, use of refurbished IT hardware) in terms of contributing towards a circular economy (with a focus on sustainable resource use)?
	Implementation	Processes	Ind. Tech	Are circular economy aspects integrated in production processes and product development (e.g. closed-loop systems, recycling of products after the use phase)?
			Ind. Tech	How are emissions in particular regarding release to air and water as well as energy consumption managed (incl. hazardous materials, e.g. REACH, ROHS, WEEE)?
			Info Tech	Is the software/platform designed to reduce energy-intensive data transfers?
		Channels	All	How are climate-related risks and opportunities assessed (physical and transitional)?
			All	Are any climate change adaptation and mitigation measures implemented or planned?
	Impact	Eco costs	All	Does the product/service contribute to environmental pollution and/or cause harm to biodiversity / ecosystems? (e.g. GHG emissions related to the production and use of the technology, environmental footprint of hardware infrastructure and data centers) If so, how can this impact be mitigated?
		Eco benefits	All	Does the product/service contribute to solving any environmental challenge (e.g. environmental technology, increasing energy efficiency in industrial production processes, low impact website / software)?

Social	Input	People	All	Do any employees have any previous sustainability- / ESG-related experience?
			All	How are fair working conditions (incl. employment safety, appropriate remuneration, trade union rights and freedom of assembly) ensured?
			All	How diverse and inclusive (incl. on management level) is the team?
		Materials	All	How are social aspects such as labor standards and human rights considered in the sourcing of materials/products? (e.g. conflict minerals)
	Implementation	Processes	All	How are diversity, equal opportunity and employee development possibilities ensured (e.g. trainings)? How is staff attraction and retention supported (e.g. through long term incentive programs)?
			All	Which quality assurance processes and internal controls are in place (e.g. ISO 9001)?
			Info Tech	Are social considerations integrated in product development (e.g. accessibility of the solution)?
			All	How are health & safety topics managed?
		Channels	All	Is the user/customer sufficiently informed about any potential product or application related risks?
			Ind. Tech	How user-friendly is the technology, are specific skills required to apply the technology? If yes, are respective trainings provided?
			Info Tech	How accessible is the solution to people with disabilities (e.g. easy to read / plain language, read-out function)?
			Info Tech	Are Open-Source and/or Open-Access aspects encouraged or provided?
			All	How are complaints / product recalls managed?
		Impact	Social costs	Ind. Tech
	Info Tech			How are potential hazards, disasters or technical failures which could lead to negative consequences for the customer/user (e.g. data leak, server downtime) dealt with? (e.g. ISO 22301 Business continuity management)
	Social benefits		All	Does the product/service have a positive societal impact (e.g. med tech solution enabling new medical treatments, digitalization of healthcare sector)?
			All	To what extent does the business model contribute to job creation?

Governance	Input	People	All	Is there a supervisory board being composed of independent and diverse members?
			All	Is a code of conduct in place? How are ethical concerns dealt with?
			All	To what extent are incentive compensation programs ESG-driven?
			All	How is integrity in the supply chain ensured (e.g. code of conduct for suppliers and distributors)?
		Materials	All	How is compliance with relevant trade laws/restrictions (e.g. export controls, sanctions) ensured?
	Implementation	Processes	All	How is compliance with relevant ESG-related laws ensured (e.g. environmental protection, labour laws, anti-corruption)?
			All	Are any product or sector standards applied?
			All	How is data protection and privacy ensured (incl. GDPR compliance)?
			Info Tech	How is cyber security ensured (e.g. ISO 27001 Information security management, ISO 27017 Information security controls for cloud services)?
			All	Is progress with regards to the company's ESG performance tracked, if so using which KPIs?
			All	Is there a process and strategy for replacement planning or passing on leadership roles?
		Channels	All	How is whistleblowing facilitated (internally and externally)?
			All	Are ESG aspects considered in the selection and assessment of distributors/sales agents?
			All	How is ethical data collection ensured (e.g. customer survey, transparent encryption)?
	Impact	Eco-social costs	All	Does the business model negatively affect any sustainability objectives (e.g. SDGs)? If so, how are these (un)intended negative consequences dealt with?
			All	How is the negative impact of the products/services measured and documented/published beyond regulatory requirements? (e.g. GHG emissions, LCA assessments)
		Eco-social benefits	All	Does the business model contribute to solving any governance related challenge? (e.g. improved monitoring options through automation and measurement technology, facilitating cyber security or regulatory compliance)
			All	How is the positive impact of the products/services measured and documented/published (if possible, quantified)?

Appendix V: Overview of ESG KPIs

Principal Adverse Impact Indicators

GHG Emissions (Scope 1 – 3)	tCO2e
Carbon Footprint	tCO2e
GHG Intensity	tCO2e/revenues
Activity in the Fossil Fuel Sector	Y/N
Share of non-renewable energy consumption and production	%
Total Energy Consumption	GWh
Energy consumption intensity per high-impact climate sector	Y/N
Activities negatively affecting biodiversity-sensitive areas	Y/N
Emissions to water	t
Hazardous and radioactive waste	t
Violations of UNGC principles and OECD Guidelines for Multinational Enterprises	Y/N
Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD Guidelines for Multinational Enterprises	Y/N
Unadjusted gender pay gap	%
Board gender diversity	%
Exposure to controversial weapons	Y/N

Additional KPIs based on the Data Convergence Project

Accident or illness-related absence	Days lost due to injury or sickness (days)
Net new hires	Organic Net New Hires
	Total Net New Hires
	Annual Percent Attrition (%)