

SUSTAINABILITY-RELATED DISCLOSURES

The information below refers to activities and procedures related to the compliance of the Invera Equity Partners and the fund managed by the Company with the requirements of Regulation (EU) 2019/2088 of the European Parliament and the Council of November 27, 2019 on disclosures related to sustainability in the financial services sector (SFDR Regulation) and Taxonomy Regulation (EU) 2020/852 of the European Parliament and the Council of 18, June 2020 on the establishment of a framework for facilitating sustainable investments and amending Regulation (EU) 2019/2088.

The above-mentioned regulatory requirements aim to achieve greater transparency regarding how financial market participants take sustainability factors into account when making business and investment decisions, and how sustainability-related risks are considered in their business and investment decisions. The main purpose is to give investors better insight and information related to sustainability in a simple, comparable, and comprehensible way in order to make investment decisions in a specific financial product.

No consideration of adverse impacts of investment decisions on sustainability factors

The company Invera Equity Partners, both on company level and fund level, decides not to take into account and does not intend to take into account the adverse impacts of investment decisions on sustainability factors in accordance with Regulation (EU) 2019/2088 on disclosures related to sustainability in the financial services sector (SFDR Regulation) as stipulated in Article 4. paragraph 1 under b) and Article 12 of Regulation 2022/1288.

The reason why the Company made the above decision is related to specificity of the Company's operations, which manages a closed-end private equity investment fund, where the main goal is to improve the basic business processes and financial indicators of small and medium-sized enterprises for the purpose of selling the companies in the short and medium term (1-5 years). Since the company's investments related to sustainability factors are aimed at achieving environmental and other goals in the medium and long term, such investments can affect the profitability and financial indicators of the company in the short term, which is contrary to the main investment strategy. Since it is a closed-end fund with no possibility for new investors to enter the fund, there is no pre-contractual documentation, however, the Company considers the sustainability risk at the fund level as it is described in the section "Transparency of policies in the area of sustainability risk".

Transparency of the integration of sustainability risks

Pursuant to Article 3, Paragraph 1 of Regulation (EU) 2019/2088, according to which the Company is obliged to publish information on how sustainability risk is included in the investment decision-making

process, the Company defines key areas and parts of business processes within which sustainability risk is recognized and involved in the decision-making and risk management process.

The Company has established an adequate risk management system which, through the Risk Management Policy, integrates sustainability risk in the Company's operations and the investment decision-making process. The company defines environmental and social risk within the sustainability risk, while governance risk is generally not significant, given that the Fund invests primarily in small and potentially medium-sized companies, but can be considered when needed. During each potential investment of the Fund, the Company evaluates the environmental and social risk using publicly available EBRD Environmental and Social Risk Categorization List and does not invest in projects/companies in industries that are categorized as high risk. Additionally, the Company does not invest in industries and companies engaged in activities that are defined as unacceptable (e.g., coal, oil, hazardous substances, gambling, weapons, etc.), and are defined in the EBRD's Environmental and Social Exclusion List.

Since the Company manages one closed-end private equity fund whose strategy and main goal is to improve the basic business processes and financial indicators of small and medium-sized enterprises for the purpose of selling in the short and medium term (1-5 years), the greatest potential risk of adverse impacts on sustainability factors reflects during the sale of the company (divestment phase) resulting with a potentially lower price caused by the impact of sustainability factors. Considering above mentioned, the Company primarily takes into account that the business activities carried out by companies have a low environmental and social risk, and that no increase in the sustainability risk is expected in the short and medium term (e.g., IT sector, education, services, type of production without significant impact on the environment, entertainment facilities, etc.). That way the Company does not allow the environmental and social risk to affect the value of the company during the sale or to be a limiting factor during the sale of the company.

Transparency of remuneration policies in relation to sustainability risks

Pursuant to Article 5 of Regulation (EU) 2019/2088, according to which the Company is obliged to publish information on how sustainability risk is included in the remuneration policy, the Company has adopted an internal Remuneration policy that is aligned with the business strategy of the Company, and the fund which the Company manages, and as such prevents taking additional risks in favor of realizing short-term benefits reducing investors potential profit or increase loss. The company monitors and includes the sustainability risk in business processes however, the sustainability risk has no additional impact on the Remuneration policy and does not affect the basic provisions of the Policy, which prevents the realization of short-term profits by taking additional risks, as well as the payment of variable compensation based on performance.