

ENVIRONMENTAL, SOCIAL & GOVERNANCE (“ESG”)  
REPORT FOR 2014

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February 2015

BALTCAP

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ESTONIAN SUSTAINABLE  
BUSINESS INDEX  
SILVER LEVEL 2014

## MESSAGE FROM MANAGING PARTNERS

We are pleased to present BaltCap Environmental, Social and Governance Report 2014.

The core of our responsible investment policy is that BaltCap shall always strive to find the best solutions not only for our investors and portfolio companies, but also for the Baltic economy, society and region at large. Our responsible investment commitment is a natural part of our business and has been that since the beginning.

BaltCap has been a signatory of the United Nations Principles for Responsible Investment since 2008. Our commitment to support and implement environmental, social and governance issues (ESG) in our business is also proven by the fact that in 2014 BaltCap participated in Estonian Sustainable Business Index for the 5<sup>th</sup> consecutive year. In recognition of our forward-thinking approach to ESG, we are delighted to report that BaltCap has been awarded a silver-level Quality Label in the 7<sup>th</sup> Estonian Sustainable Business Index 2014.

In order to ensure that ESG policies remain at the forefront of industry thinking, every year we ask our portfolio companies to complete a rigorous self-assessment, covering workplace and marketplace issues, the community, environmental policies and company values. During 2014 we have revised and improved our ESG screening framework and questionnaire to meet the requirements of our investors and the latest developments in the private equity industry.

This report is intended to provide a picture of our latest ESG screening results, including achievements, challenges and highlights from the best performers. We are encouraged to report that the majority of businesses have shown a healthy development over the past 12 months.

We are continually monitoring our ESG progress and recognize that while we have done well to improve our performance much remains to be done and it is our steadfast ambition that we will continue to 'walk the talk' of a sustainable future.

If you have any questions or comments about this report or our ESG Principles (to be found on page 5), please do not hesitate to contact us.

Peeter Saks

Martin Kõdar

Dagnis Dreimanis

Simonas Gustainis

## BALTCAP

BaltCap is the leading private equity and venture capital investor in the Baltic countries focusing on small and midmarket buyout and expansion capital investments. We partner with ambitious management teams, helping them to deliver transformational growth through active operational engagement. We aim to create strong partnerships with the companies we work with, allowing us to take a hands-on role in strategic development and value creation.

BaltCap has strong presence in all three Baltic countries with local offices and experienced investment team. Since 1995, BaltCap has been managing several private equity and venture capital funds with total capital of over €260 million and has made more than 60 investments.

We are supported by a broad blue-chip investor base that includes both international and local institutions like the European Investment Fund, the European Bank for Reconstruction and Development (EBRD) and the largest pension funds in the Baltics.

### Investment strategy

BaltCap's investment philosophy is based on value creation delivered through active ownership. We focus on working in partnership with management teams to deliver long-term revenue and profit growth, as well as building businesses through acquisition. We invest equity or equity-related instruments, and like to support strong, ambitious management teams with whom we have a good cultural fit.

### Facts about us

Main countries of operation	Estonia, Latvia and Lithuania
Number of investments	65 (of which current 28)
BaltCap Funds	<ul style="list-style-type: none"> <li>BaltCap Private Equity II SCSp</li> <li>BaltCap Private Equity Fund II L.P.</li> <li>BaltCap Private Equity Fund L.P.</li> <li>BaltCap Latvia Venture Capital Fund K.S.</li> <li>Lithuania SME Fund KUB</li> <li>Baltic Investment Fund III L.P.</li> <li>Baltic Investment Fund III C.V.</li> <li>Baltic SME Fund C.V.</li> </ul>
Contact person for questions regarding the report	Triinu Oll, <a href="mailto:Triinu.oll@baltcap.com">Triinu.oll@baltcap.com</a>
Homepage	<a href="http://www.baltcap.com">www.baltcap.com</a>

## BALTCAP'S APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

### Our environmental, social and governance principles

As a signatory of the United Nations Principles for Responsible Investment (UNPRI), an investor initiative in partnership with UNEP Finance and the UN Global Compact, BaltCap follows the policies and practices of responsible investment and has incorporated ESG considerations into daily operations.

BaltCap is committed to the following:

- Participating actively in the strategic management of portfolio companies through Council and Board memberships;
- Identification, credit analysis and supervision of portfolio investments will be carried out with due regard to ecological and environmental factors;
- Not to invest in companies, which are engaged in arms manufacturing, manufacture of tobacco, hard spirits, gambling, human cloning, genetically modified organisms and illegal economic activity;
- Not to proceed on any investment transaction without knowing who the beneficial owner of the counterparty is;
- Carry out relevant due diligence (including environmental and social due diligence) in all the investment cases;
- Ensure that appropriate standards of corporate governance are in place or will be implemented within a reasonable time period in all portfolio companies in compliance with the OECD Corporate Governance Principles;
- Ensure that all Portfolio Companies comply with the health, safety, worker protection and environmental regulations and standards applicable in the country where the investment is situated;
- Manage our business affairs sustainable and reduce our overall exposure to risk;
- Comply with EBRD's Environmental and Social Risk Management Manual;
- Comply with all applicable laws, regulations and best practice principles of the private equity industry

BaltCap is a founding member of the Estonian, Latvian and Lithuanian Private Equity and Venture Capital Associations and a member of the European Private Equity & Venture Capital Association (EVCA), abiding by the EVCA Professional Standards. BaltCap is also an active member of Responsible Business Forum in Estonia.

### Implementation and monitoring

In order to provide necessary training and ensure environmental and social awareness among BaltCap team, the members are regularly attending conferences and trainings where ESG, sustainable development and corporate social responsibility topics are part of the agenda.

BaltCap also carries out and compiles an annual self-assessment regarding its environmental, social and governance procedures as well as performance based on the UNPRI reporting tool and Responsible Business Forum Estonia questionnaire. The results of this self-assessment are in turn evaluated, ranked and published by the Responsible Business Forum in the annual Corporate Sustainability and Responsibility Index and by UNPRI in its Report on Progress.

In order to ensure that our environmental, social and governance principles are fulfilled, we monitor portfolio companies' environmental and social performance through our own ESG survey, which is presented in this report.

### **Communication and transparency**

Active co-operation through business associations mentioned above is an important part of our communication activities to address the issues of responsible entrepreneurship and encourage the development of corporate responsibility in the Baltic region.

The ESG progress regarding the portfolio companies is reported to our investors regularly. Material ESG issues are covered in the quarterly reports to investors. In addition, an annual report is published based on the annual ESG screening results. Furthermore, there is of course daily communication and co-operation with our business partners.

## ABOUT THIS REPORT

This is our 4<sup>th</sup> annual report presenting BaltCap's principles and performance in Environmental, Social and Governance (ESG) matters. Our previous ESG report was published in February 2014. This report is the main point of reference for our stakeholders regarding our annual Environmental, Social and Governance survey.

### Background

BaltCap is a signatory of the United Nations Principles for Responsible Investment (UNPRI) initiative and thus committed to implement the principles and communicate on the progress. Since 2011 we are annually carrying out an ESG survey among our portfolio companies in order to follow up and measure the progress in ESG matters.

The purpose of the survey is also to highlight the importance and raise awareness regarding responsible entrepreneurship. We hope that the questionnaire helps companies to identify the material aspects and relevant actions they can take to strengthen their businesses, reputation and reduce their overall risk exposure.

### ESG survey 2014

The survey carried out during the period December 2014 - January 2015 was upgraded compared to previous years to meet the requirements of our investors and the latest developments in the private equity industry. The improved questionnaire was designed to fully comply with the recently updated requirements of European Bank for Reconstruction and Development for annual environmental and social reporting.

24 out of 28 currently active portfolio companies responded to the questionnaire. Compared to 2013, the share of respondents increased from 68% to 89%. All portfolio companies of BaltCap Private Equity Fund I&II responded to the survey. The participation was voluntary for JEREMIE initiative funds' (BaltCap Latvia Venture Capital Fund and Lithuania SME Fund) companies, however in total 82% of those companies responded to the survey, demonstrating the increasing interest in ESG issues.

### Methodology in brief

Our new updated ESG questionnaire consisted of five main sections (Work Place, Environment, Market Place, Values & Anti-Corruption, and Community) each divided into Profile Indicators, Risk Management and Performance Indicators. Together with the development of the content of the ESG survey we updated the scoring criterion, thus the results from 2014 are not comparable with the results of our previous surveys.

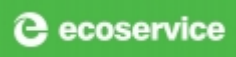













**Figure 1. BaltCap framework for screening ESG performance among portfolio companies**

	<b>Profile indicators</b>	<b>Risk management</b>	<b>Performance indicators</b>
Workplace policies	Assesses the policy & management system of the portfolio company	Assesses the portfolio company's approach to manage the risks	Examines the portfolio company's performance and transparency
Environmental policies			
Marketplace policies			
Company values & anti-corruption			
Community			

## Overview of respondents

The scope and boundaries of this report include the following companies presented below.

## Overview of the portfolio companies

Name	Type of business	No of employees	Turnover (€ thousand)	Environmental & social risk classification*
<i>Private equity (PE) portfolio – including the companies of BaltCap Private Equity II SCSp, BaltCap Private Equity Fund II L.P., BaltCap Private Equity Fund L.P., Baltic Investment Fund III L.P., Baltic Investment Fund III C.V. and Baltic SME Fund C.V</i>				
	Waste management	477	19 994	Medium/High
	Natural gas distribution networks operator	11	5 716	Low
	Directional media company	1116	65 518	Low
	Machinery trade	252	55 991	Low
	Transport infrastructure engineering	294	11 685	High
	Aircraft maintenance, repair and overhaul	232	16 520	Medium
	Business process outsourcing service provider	559	12 531	Low
	Road construction and maintenance	425	66 342	High
	Wind farm development	2	1 189	High
	Moulded fibre packaging	70	3 200	Medium
	<b>Subtotal</b>	<b>3 438</b>	<b>258 686</b>	
<i>Portfolio of JEREMIE initiative funds – including the companies of -BaltCap Latvia Venture Capital Fund K.S., Lithuania SME Fund KUB</i>				
	Software development	27	920	Low
	Metal components producer	36	1 794	Medium/High
	Data interchange solutions	16	370	Low
	Postal operator	46	1 635	Low

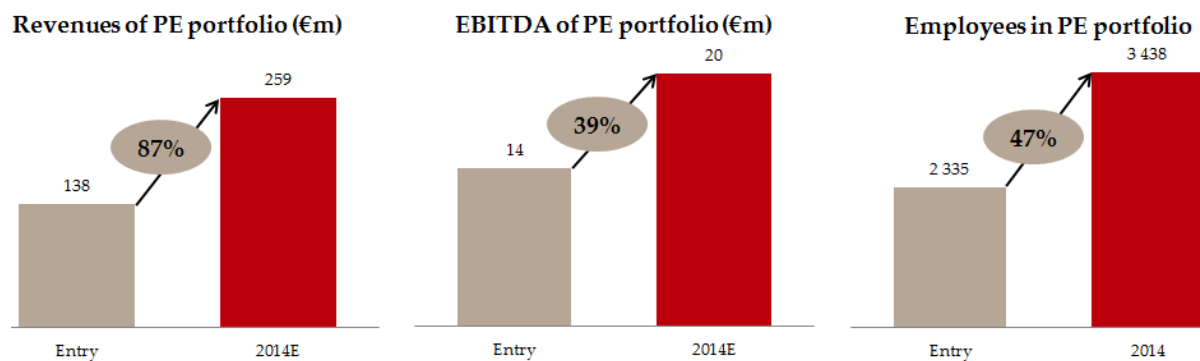


	Ultra-fast database management system	15	509	Low
	Chain of branded coffee shops	183	4 493	Medium
	Garden furniture production	175	8 300	Medium
	Wind farm	0	0	High
	Liquid crystal display producer	23	1 400	Medium
	Gym and health clubs operator	273	8 930	Low
	Medical care services provider	257	3 138	Medium
	Laboratory supply provider	53	10 035	High
	Volumetric 3D monitor developer and supplier	0	0	Medium
	Cosmetics producer	169	6 400	High
	Urban journey planning application	9	1	Low
	Monitoring systems for vending machines	7	523	Medium
	Building technical system maintenance	39	772	High
	Mobile commerce	57	435	Low
	<b>Subtotal</b>	<b>1 385</b>	<b>49 655</b>	
	<b>Grand total</b>	<b>4 823</b>	<b>308 341</b>	

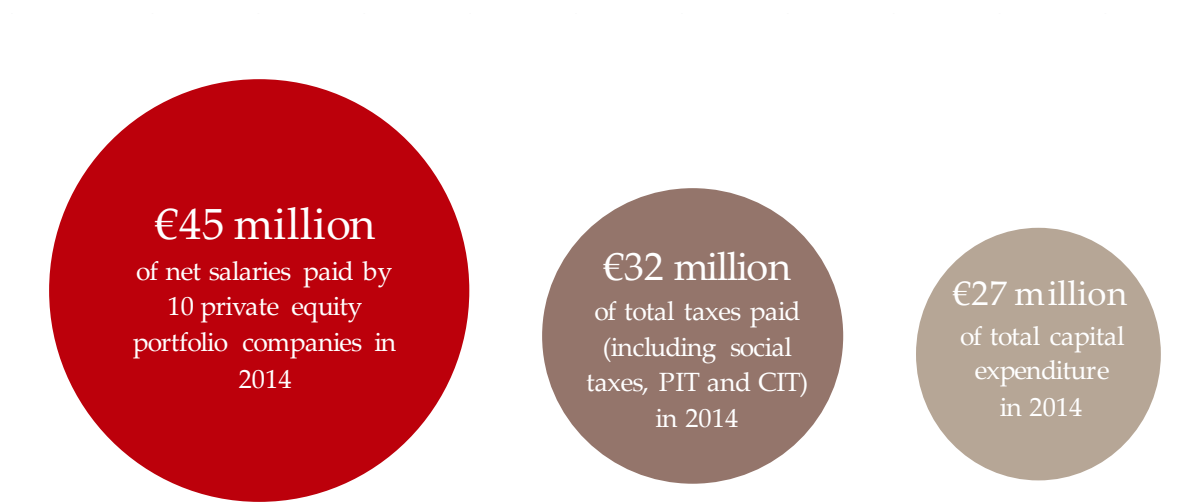
\*Risk classification according to European Bank for Reconstruction and Development's environmental and social risk categorisation [list](#).

## Overview of private equity portfolio companies

Below we highlight the performance of existing companies in BaltCap private equity (PE) portfolio. During the course of BaltCap investment, the revenues of PE companies in BaltCap portfolio (currently 10) have increased by 87% to €259 million. Over the same period EBITDA has increased to €20 million (implying 39% growth) and number of employees has grown by 47% from 2 335 to 3 438.



Each year the portfolio companies also pay significant amounts in salaries, taxes and invest in the development of the business.

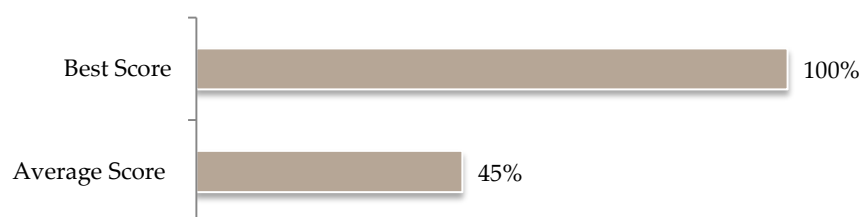


Major CAPEX investments in 2014 included the establishment of wind park (Tuuleenergia) and acquisition of new efficient garbage collection vehicles and related equipment (Ecoservice).

## OVERVIEW OF THE 2014 SURVEY FINDINGS

Section	Overall score
Workplace policies	61%
Environmental policies	38%
Marketplace policies	55%
Company values & anti-corruption	43%
Community	28%

### Total score



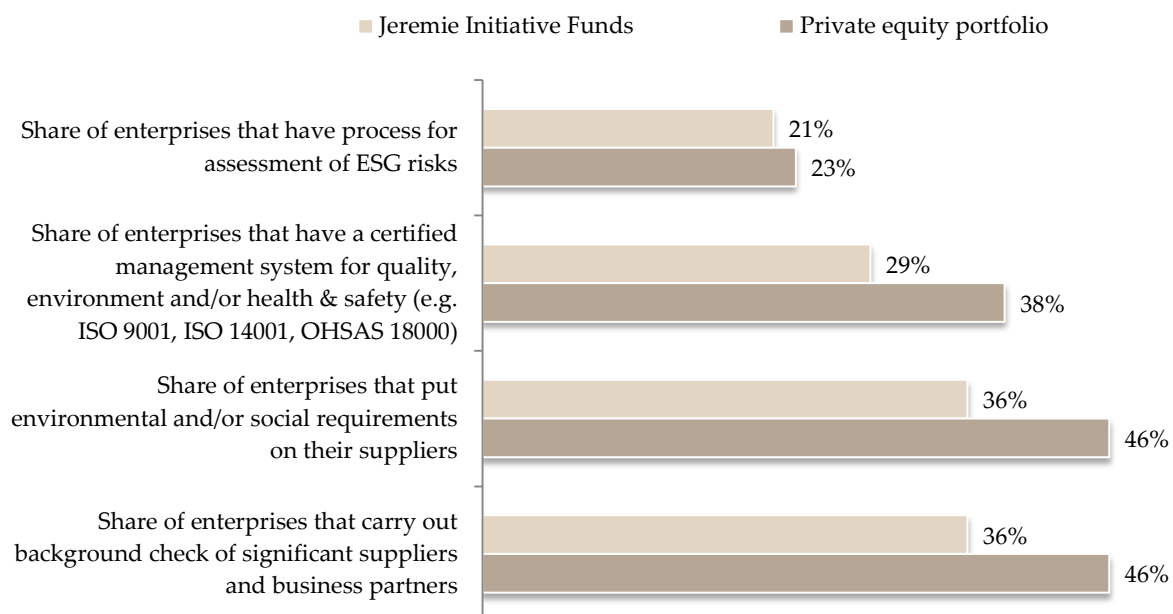
The overall average performance score across all respondents and all ESG categories was 45%. Portfolio companies continue to perform best in Workplace policies (average score 61%), reflecting the fact that our portfolio companies place a strong emphasis on the effectiveness of daily operations, motivation of employees and company reputation. The lowest scoring category was Community (28%), which shows that engagement in non-business areas is often considered secondary to day-to-day business issues. Another section where the general performance scored above average was Marketplace Policies (55%). That explained by the overall focus on quality management and customer relation and satisfaction among the portfolio companies.

The overall results indicate that the larger enterprises and technical/industrial/high-impact companies have in general documented management systems for managing ESG issues. The smaller-size enterprises have instead a practical approach based on team members' common values and goals for the business rather than documented procedures and policies.

Carrying out a background check of significant suppliers can be considered a good common practice based on the survey results. According to the overall results, the main challenge is ESG risk management. Only a small share of businesses has reported that they have process in place for risk assessment regarding the different ESG topics. The fact that identification of risks and opportunities is not yet a well-established routine could be explained with an assumption that the awareness regarding ESG risks is not yet as developed as for instance awareness regarding financial risks. Nevertheless, no major ESG-related negative incidents took place during 2014 in BaltCap or in the portfolio companies.

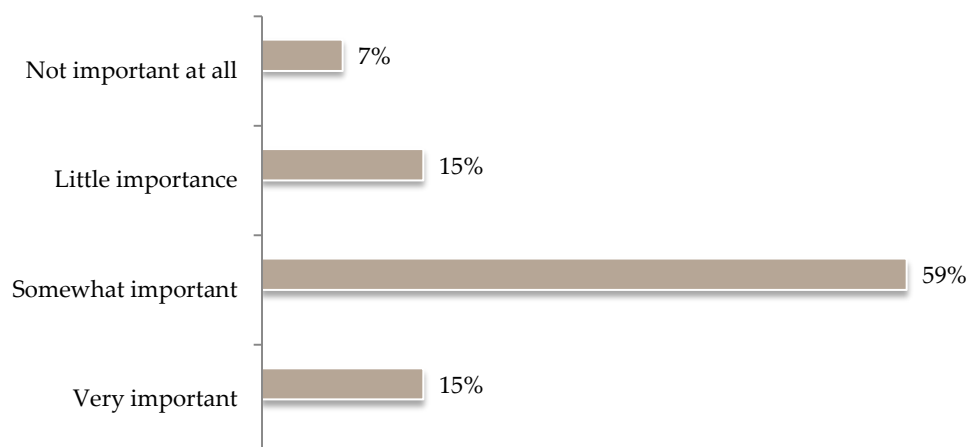
Based on the survey in ESG in 2014, TREV-2 and Clusterpoint were among the best performers. TREV-2 is also the first construction company in Estonia that has participated in the annual Estonian Sustainable Business Index receiving a bronze-level ranking for 2014.

## ESG Management in portfolio companies



Due to the changes in the questionnaire content and the new scoring system, the results for 2014 are not comparable with the previous years' surveys. However, for the fourth year in a row the survey results prove that a clear majority (74%) of the businesses consider ESG policies important in the business environment where they operate.

### How important are the ESG policies today in the business environment where your company operates? (Share of respondents)



## CATEGORY SUMMARY: WORKPLACE POLICIES

### Overview

Workplace Policies	Average score	Best score
Profile indicators	60%	100%
Risk management	60%	100%
Performance indicators	66%	100%

### Total score



### Achievements and challenges

The good common practice includes promoting equal opportunities within the workforce (92% of respondents), seeking and taking into account employees' views regarding important issues for the business (96%), necessary arrangements for health, safety and welfare to provide sufficient protection for employees (92%), and also promoting employees to develop real skills and long-term careers for instance via a performance appraisal process and/or a training plan (96%).

Highlights of the progress made during 2014 comprise Clusterpoint that has developed a performance plan for each employee, EuroLCDs that developed and implemented occupational health and safety instructions, and Ygle Pastaty Valdymas, which implemented OHSAS 18001 standard. Also, training of employees regarding occupational health and safety is rather common and was highlighted by many participants: TREV-2, Ecoservice, Intrac, Magnetic MRO, VLT and EuroLCDs.

Nevertheless, the survey results also show that companies in general received relatively low score and need to improve their procedures regarding identification of risks and opportunities, monitoring job satisfaction and well-being, identification and follow-up of quantitative targets (e.g. job satisfaction, occupational health & safety). These activities are more common for a frontrunner rather than an average company.

New and/or improved working environment was the most often mentioned achievement in the Workplace category for 2014 – reported among others by Clusterpoint, Magnetic MRO, Ecoservice, Intrac, Stenders, Labochema, Blue Bridge Technologies and InMedica.

Challenges for the future reported by the participants include both improving the internal policies/procedures as well as improving the performance. For example, Clusterpoint reports establishing more in depth internal policy and communication methods as one of the most important issues. TREV-2 has decreased work related accidents by 60% in 2014 and has an ambition to bringing this number to zero. Synchronizing management and cultural environment at daughter companies (Kelprojektas) and improving training and qualification of employees (Ecoservice) are also some of the reported challenges.

**Additional highlights**

**Does your enterprise have suitable arrangements for health, safety and welfare that provide sufficient protection for your employees? (Number of respondents)**



**Does your enterprise actively offer a good work-life balance for its employees, for example, by considering flexible working hours or allowing employees to work from home?**



**Can you confirm that there were no cases of discrimination at work in the reporting period?**



**Number of work related accidents in Industry category\***

Total number of accidents	26
Total number of fatalities	0
Number of lost workdays due to work related accidents	667

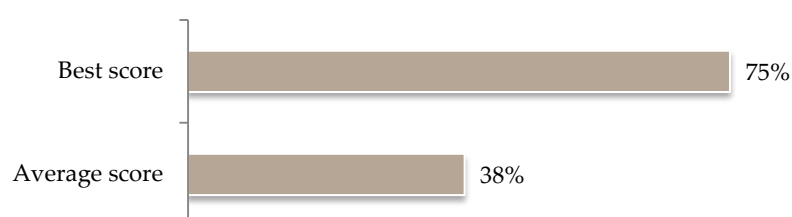
*\*Includes companies providing manufacturing, construction, transportation, and maintenance services (find out more on page 23).*

## CATEGORY SUMMARY: ENVIRONMENTAL POLICIES

### Overview

Environmental policies	Average score	Best score
Profile indicators	42%	100%
Risk management	19%	75%
Performance indicators	43%	82%

### Total score



### Achievements and challenges

The good common practice includes clearly defined highest level of direct responsibility for environmental performance (71% of respondents), considering the potential environmental impact when developing new products and services (63%), for example Vendon described carrying out assessment of energy usage, recyclability or pollution generation. Furthermore, 54% of companies confirm that their goods and/or services directly enable avoiding negative environmental impact by customers or a third party.

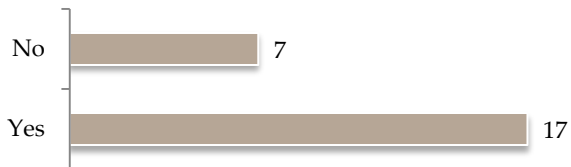
Waste recycling (54% of respondents) was the most common environmental measure applied by survey participants. Waste recycling was reported by Energate, Ecoservice, Clusterpoint, Magnetic MRO, Trev-2, EKJU, Intrac, Stenders, FCR, Impuls and Kelprojektas. EKJU, Intrac, VLT and FCR also report taking actions to minimize waste during 2014. Purchasing eco-labelled and/or environmental friendly supplies was also a frequently reported environmental measure.

In Environmental category, the areas where companies received in general rather low results and need to make improvements were: identifying environmental risks and opportunities, identification and follow-up of quantitative targets, reporting on environmental performance, and purchasing energy from renewable sources.

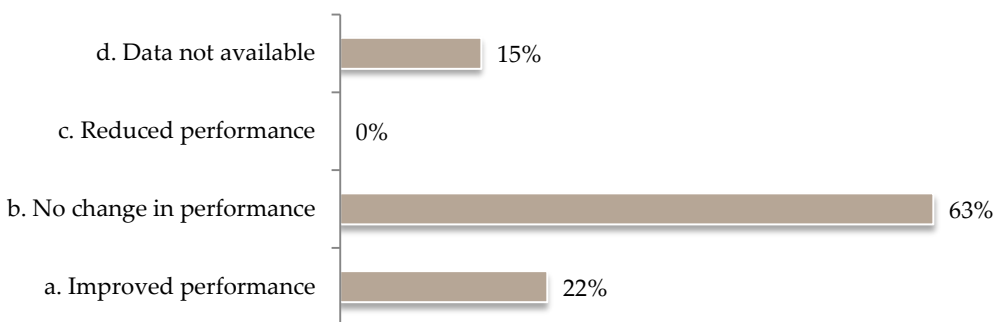
Other important highlights regarding environmental actions from 2014 include improved energy efficiency, which is reported by Impuls, EuroLCDs and EKJU and have estimated their annual cost savings thanks to the energy efficiency measures up to €60 000, €5 000 and €4 000 respectively. Many companies confirm that they have improved their absolute environmental performance compared to the previous year: Intrac, Tuuleenergia, TREV-2, Ecoservice and FCR.

Additional highlights

The highest level of direct responsibility for environmental performance is clearly defined. (Number of respondents)



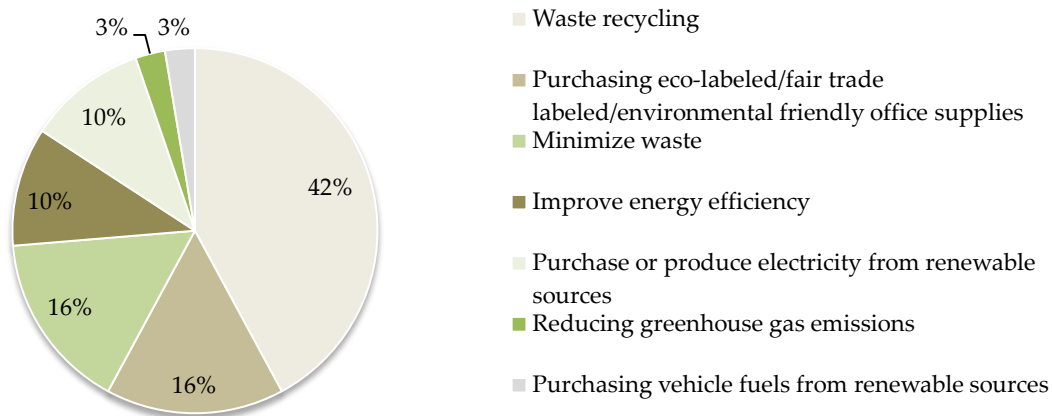
How does your absolute environmental performance for the reporting year compare to the previous year? (Share of respondents)



**Compliance with local regulation and cases of non-compliance**

Share of enterprises that need & have a legal permit to operate	42%
Share of enterprises visited by the authorities during the last year to monitor their environmental and/or social performance	46%
No of environmental accidents	0
No of incidents of non-compliance with applicable environment regulations	0

**Common environmental measures (share of reported cases of environmental measures)**





## CATEGORY SUMMARY: MARKETPLACE POLICIES

### Overview

Marketplace policies	Average score	Best score
Profile indicators	58%	100%
Risk management	10%	100%
Performance indicators	63%	100%

### Total score



### Achievements and challenges

The common practice in Marketplace category include a process for documenting and resolving complaints from customers, suppliers and business partners (96% of respondents); timely payment of suppliers' invoices (96%); a process to ensure effective feedback, consultation and/or dialogue with customers, suppliers and the other business partners (88%); and supplying clear and accurate information and labelling about products and services, including the after-sales obligations (83%);

Many companies have a written policy for quality management, among others Intrac, Ecoservice, FCR, Labochema, Kelprojektas, TREV-2, Magnetic MRO, Stenders, Ygle Pastatu Valdymas, Amateks, VLT, and Vendon. Moreover, certified quality management system (ISO 9001 or similar) is applied among 38% of the respondents.

There are also several examples of progress made during 2014:

- 50% of companies, including Intrac, Impuls, EKJU, Kelprojektas, AGroup, Labochema, Trev-2, FCR, Coffee Inn, Runway, Magnetic MRO, Stenders, and Ecoservice, confirmed that their quantitative targets for service quality and/or customer satisfaction were achieved or were going to be achieved in time.
- Furthermore, Impuls, Clusterpoint, Labochema, FCR, Coffee Inn and Ecoservice reported that they improved customer satisfaction during the reporting year.

Putting environmental and social requirements on suppliers is the best characteristic for the front-runners in this category: Intrac, Ecoservice, FCR, Trev-2, Kelprojektas, Stenders, and Magnetic MRO.

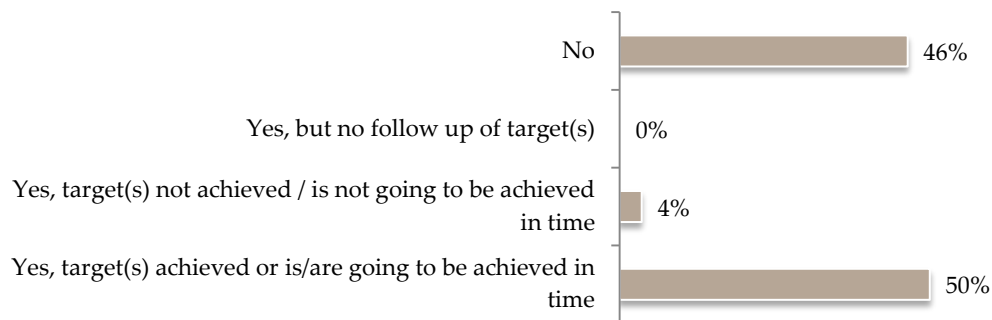
According to the survey results, the apparent challenge in marketplace category is developing and implementing a process for risk assessment of potential negative impacts on society and/or environment in the supply chain is also a rare practice, which is currently rather uncommon.

Additional significant achievements regarding Marketplace category include Kelprojektas that was announced a winner of the competition "The Service of the Year 2014"; AGroup that changed its Client Service Desk application, which among other things improved communication and enables efficient

monitoring of key performance indicators; and Coffee Inn that reported developing business relations with socially responsible companies as one of the important achievements during 2014.

**Additional highlights**

**Did you have any quantitative targets for service quality and/or customer satisfaction that were active (on-going or reached completion) in the reporting year? (Share of companies)**



**Does your enterprise register and resolve complaints from customers, suppliers and business partners? (Number of companies)**



**Did you manage to resolve complaints from customers in the reporting year?**

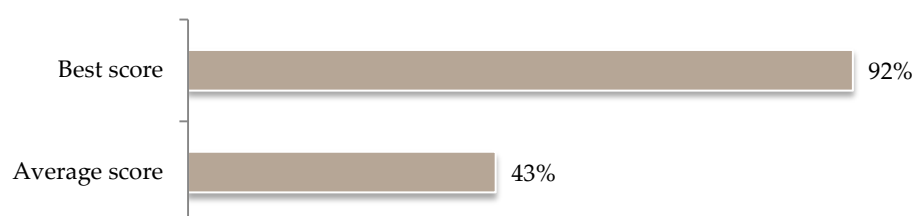


## CATEGORY SUMMARY: COMPANY VALUES & ANTI-CORRUPTION

### Overview

Company values & anti-corruption	Average score	Best score
Profile indicators	43%	100%
Risk management	22%	100%
Performance indicators	55%	100%

### Total score



### Achievements and challenges

According to the survey results 58% of companies have clearly defined values and a written rules of conduct including principles for countering bribery and corruption and 63% of companies communicate their rules of conduct including anti-corruption principles to customers, business partners, suppliers and other interested parties. Majority of the companies (79%) confirm that they did not experience any difficulties in implementing the anti-corruption procedures during 2014.

Examples of important achievements from 2014 incorporate TREV-2 that has introduced Code of business ethics and Declaration of business interests during 2014; and Kelprojektas that developed Corporate Social Responsibility policy.

However, the survey results also show that companies in general received relatively low scores concerning the internal reporting procedures for countering bribery and corruption and risk assessment.

Challenges for the future reported by the companies include establishing more in depth internal policy and communication methods due to the growing number of employees (CLusterpoint); being aware and taking into account different countries' rules and culture as the company's scope is widening (Magnetic MRO); implementing a whistle-blowing procedure and internal audits (TREV-2); and carrying out performance and background check of main suppliers and business partners (Ygle Pastatu Valdymas).

### Additional highlights

**Do you have clearly defined values and written rules of conduct including principles for countering bribery and corruption? (Number of companies)**



**Can you confirm that your enterprise did not experience any difficulties in implementing the anti-corruption procedures in the reporting year? (Share of positive answers)**



#### **Anti-corruption performance indicators**

Share of enterprises that carry out performance and background check of significant suppliers and business partners	46%
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Share of companies that carried out training for employees regarding company's rules of conduct including principles for countering bribery and corruption during the reporting period	25%
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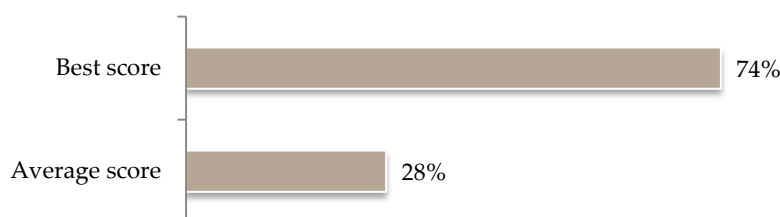
Total number of confirmed incidents of corruption in the reporting period	0
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## CATEGORY SUMMARY: COMMUNITY POLICIES

### Overview

Community policies	Average score	Best score
Profile indicators	29%	67%
Risk management	22%	100%
Performance indicators	28%	77%

### Total score



### Achievements and challenges

The relatively low score in Community category compared to the other categories could be explained by the fact that engagement in non-business areas is often considered secondary to day-to-day business issues and thus not considered as important performance requirement as the other categories covered in the survey.

According to the survey, practices that are relatively common among the businesses in Community category comprise encouraging employees to participate in local community activities, e.g. providing employee time and expertise, or other practical help; giving regular financial support to local community activities and projects, e.g. charitable donations, sponsorship; and policy for purchasing locally. For example, Intrac, Magnetic MRO, PostService, EuroLCDs, Vendon, Ygle Pastatu Valdymas, Tuuleenergia OÜ, Kelprojektas, and Coffee Inn reported having a policy purchasing locally.

Highlights of achievements include EuroLCDs that supported local municipality business environment improvement program development in 2014; and TREV-2 that has an active cooperation with Estonian Asphalt Pavement Association with the aim to develop and amend professional standards of the sector.

Participating in pollution prevention programs, and funding non-governmental organizations to aid disadvantaged or vulnerable social groups in the local community were the least prevalent community engagement activities among the companies.

The total number and nature of complaints and/or grievances from members of the public or civil society organizations during the reporting period was zero.

The challenges in Community category cover carrying out more open public events (Impuls); continuing open minded relationship and provide support to the local community in a way that gives mutual benefit and supports green thinking (Tuuleenergia OÜ); better dialogue with the community (TREV-2); and paying more attention to local community activities (Runway).

### Additional highlights



## ABOUT THE SURVEY METHODOLOGY

The survey was carried out during the period December 2014 - January 2015. 14 out of 17 currently active Jeremie Initiative portfolio companies responded to the questionnaire, and 10 out of 10 currently active BaltCap Private Equity portfolio companies responded to the questionnaire. Compared to the last year, the response rate has improved and interest in ESG issues has increased among the portfolio companies.

The content and number of questions in the current survey were revised and upgraded compared to the previous years. The included categories and the framework for screening ESG performance is presented on page 7. Further the questionnaire was prepared in two versions based on the health & safety risk level and environmental impact of the businesses. Based on the type of business, companies were divided into two groups and received a group specific questionnaire: service sector questionnaire – office-based service companies (14); or industry sector questionnaire – companies providing maintenance, construction, infrastructure, and transportation and technology services (10).

The scoring system for responses was revised compared to the previous surveys. The purpose of changing the scoring system was to be able to take into account and promote respondents for additional information and comments regarding their working methods and performance. In the current survey, each answer received score from 0 to 5, where 0 was given for insufficient/lack of information and 5 was maximum score given for an answer including additional information describing work procedures, achievements and/or other performance data. Finally, the total score was converted to percentages by dividing each company's result with the maximum possible score.