SANDBERG

ESG Report

2025

Sandberg **ESG** Report

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Foreword

Dear Partners,

As long-term investors, we view sustainability as a practical component of building resilient and well-managed businesses. Our approach is grounded in pragmatism: we integrate environmental, social, and governance considerations in a way that strengthens risk management and operational excellence across our portfolio. This report has been prepared with the SFDR (Sustainable Finance Disclosure Regulation) Article 6 classification of Sandberg Investment Fund II in mind, integrating sustainability risks into investment decisions without actively promoting environmental or social characteristics. This approach aligns with our focus on driving long-term value for our portfolio companies while remaining consistent with our overall investment strategy.

This ESG report outlines how we assess and manage material sustainability risks and opportunities throughout the investment lifecycle. It reflects our current efforts and thinking, not a set of final answers. Our approach will continue to evolve over time as regulation develops, expectations shift, and we learn more through experience. We recognize that Sandberg is at the beginning of its ESG journey. Accordingly, our focus has been on strategically setting an ESG approach that is complementary to our investment beliefs, mapping and documenting the relevant processes. ESG data collection has now been formally integrated into our annual questionnaires, and we anticipate sharing initial figures in next year's report. Through this exercise, we have come to appreciate that, as a long-term investor, our practices have long been naturally aligned with ESG principles, even though they had not previously been formalized. In terms of ESG priorities, our efforts have focused on sound governance, reflecting our company mission of turning good companies into exceptional ones. While much of the focus is on our portfolio companies, this report also covers our internal ESG practices and how we operate as a responsible firm. In addition, it highlights our broader social initiatives, including investments in education and community engagement, which we see as meaningful long-term enablers of economic and societal resilience. Our work in this area reflects the values of our founders as well as Sandberg Capital as a whole.

We remain committed to supporting our portfolio companies in becoming more robust, forward-looking, competitive, and able to adapt to emerging opportunities and challenges. Ultimately, sustainability is not a separate initiative, but an important element in our ongoing pursuit of building better businesses.

We thank you for your continued partnership and trust.

Richard Flimel

Richard Flimel

Partner & Member of the Board of Directors
at Sandberg Capital, správ. spol., a.s.

daktela

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TITANS
FREELANCERS

About Sandberg

Sandberg Capital, správ. spol., a.s. (hereafter referred to as “Sandberg Capital” or “we”) is a leading Central European private equity investor dedicated to building world-class companies. Founded in the Slovak Republic as an alternative investment fund manager under the EU Directive AIFMD in 2014, with a mission to empower founders and unlock the full potential of ambitious businesses, Sandberg Capital brings together deep multi-sector expertise, disciplined investment management, and a commitment to long-term value creation. By providing not just capital but also strategic guidance, operational support, and access to a wide network of experts and talent, Sandberg Capital helps its portfolio companies transform from good businesses into exceptional ones.

Sandberg Capital currently manages two alternative investment funds with over €340 million in assets. Our portfolio companies employ more than 3,000 people, making a meaningful contribution to economic development and long-term prosperity in Central and Eastern Europe. The first fund, launched in 2014, is now beyond its active investment period and focuses solely on add-on investments within its existing portfolio. Today, Sandberg’s primary focus is on Fund II, which reached its hard cap of €130 million at final close in December 2021.

Sandberg Capital Core Pillars

Building Long-lasting Partnerships: Rather than acting as detached financiers, we aim for deep collaboration, working closely with founders and management teams, aligning on strategy, and solving challenges as they come.

Backing Bold People and Proven Ideas: We back high-conviction founders with sharp instincts, deep sector knowledge, and the courage to scale. Our edge lies in identifying entrepreneurs who know their industries inside out and helping them turn strong fundamentals into exceptional businesses.

Relentlessly Raising the Bar: We challenge our portfolio companies and ourselves to keep evolving. From product strategy and leadership upgrades to acquisitions and international growth, we push for excellence and back it with operational firepower.

Sandberg Capital is a member of the Slovak Venture Capital and Private Equity Association (which is itself a member of Invest Europe) and the Czech Private Equity and Venture Capital Association.

About Sandberg Investment Fund II

Launched in January 2021, **Sandberg Investment Fund II** (hereafter Fund II) is the firm's second flagship fund, securing €130 million in committed capital to drive growth in Central and Eastern Europe, particularly in Slovakia and the Czech Republic. The fund focuses on profitable small and medium-sized enterprises with established business models, deploying typical investments of €5–20 million per company. Fund II is backed by a strong coalition of institutional investors, including the European Investment Fund (EIF), J&T Finance Group, Tatra Banka, Slovenská sporiteľňa, and a select group of HNWIs.

Fund II's portfolio includes companies across diverse sectors such as IT and software services, technology, and retail. Investments include **Daktela,** a fast-growing provider of proprietary technological solutions for communication, **TITANS freelancers**, a firm providing freelancing IT specialists to corporate IT departments, **Phase**, a well-positioned company in the sale of furniture, and **Phobs**[1] a leading SaaS technology provider for the hospitality sector in the Adriatic region. These companies exemplify Sandberg Capital's strategy of combining local expertise with international ambitions, leveraging operational improvements and strategic guidance to build exceptional businesses.

Overview in Numbers

- **Total Commitments: €130 m**
- **Invested Capital: €79,5 m**
- **Active Portfolio Companies: 4**
- **Employees in the portfolio: 380**

[1] Considering this is a recent acquisition, any ESG related information pertaining to this company will be published in the next ESG report.

Investment Philosophy

At Sandberg Capital, our philosophy is rooted in a simple conviction that capital should encourage growth and create long-term value. We pursue this not only through investment, but also by building strong partnerships. With a focus on targeted opportunities, we help companies unlock their potential through innovation, operational excellence, and resilient strategy building. Our investment approach lies on the following principles:

- **Empowering Founders**: By providing capital and expertise, we enable founders to focus on strategy and realize their boldest visions.
- **Operational Expertise**: Bringing operational expertise and strategic insight to push businesses beyond expectations.
- **Sustainable Expansion**: Growth is supported through targeted acquisitions, organic market entry, leadership development, and preparation for long-term resilience.
- **Best Practice Sharing**: Blending corporate discipline and best practices with entrepreneurial flexibility, while building lasting legacies.

Investment Criteria

1. **Lifecycle Stage**: We focus on companies in the growth or mature stages, where strategic and operational interventions can deliver tangible results.
2. **Geographic Focus**: We primarily focus on supporting regional champions from the CEE region in scaling internationally, especially in markets where we possess deep operational experience and local insight.
3. **The Right Size**: We look for companies with EBITDA of EUR 1 million or more.

Investment Team

Sandberg Capital's strength lies in its specialized investment teams, each bringing deep sector knowledge and a hands-on approach to value creation. Our dedicated in-house team continuously develops deep expertise across sectors, including software, SaaS, IT services, retail, education, agriculture, and real estate, ensuring informed support and value creation for our portfolio companies.
All investment activity is supported by an experienced operations team, ensuring strategic alignment, execution excellence, and cross-functional collaboration across the portfolio. ESG[2] factors are embedded in Sandberg Capital's investment process, with investment teams having undergone ESG training to ensure sustainability considerations are integrated into sourcing, due diligence, and portfolio company management. The ultimate responsibility for ESG matters lies with the partnership of Sandberg Capital.

Our Approach to Sustainability in the Investment Process

Sandberg Capital is committed to creating long-term value, maintaining transparency, encouraging continuous learning, and ensuring that **sustainability factors are appropriately reflected in the decision-making process.** Our approach to sustainability, which has been trialed in Fund II, starts in the early stages of the investment process and stays in focus throughout the entire investment journey.

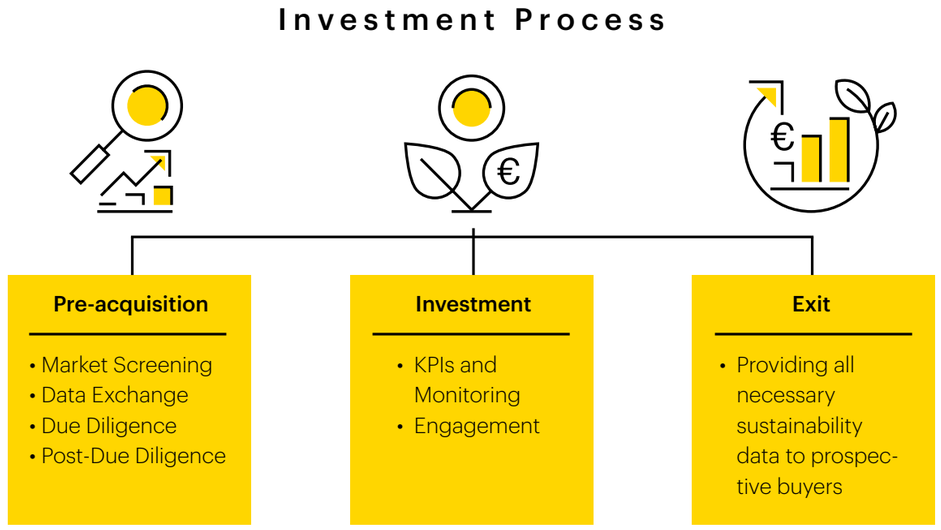
In the **early stages,** we move through a series of steps: market screening, data exchange, due diligence, and post-due diligence. At each stage, we assess sustainability risks and opportunities through an environmental, social, and governance lens to make informed, responsible decisions.

During the **investment holding** stage, we focus on the careful selection, collection, and reporting of key performance indicators (KPIs): ESG KPIs, which are important to us, but also to our Limited Partners (LPs). These ensure that progress is measurable and transparent.
A central part of this phase is active engagement with our portfolio companies, working closely with management teams to strengthen governance, improve operational practices, and drive meaningful sustainability improvements that enhance long-term value creation.

As part of our defined exit process, we plan to provide all prospective buyers with comprehensive documentation, including reliable ESG performance records. This approach aims to transparently demonstrate the value that has been built within the company, enhance its attractiveness to investors, and support a smooth and efficient transaction process.

[2] We use the terms ESG and sustainability almost interchangeably in this document. For us ESG factors are sustainability factors as they encompass sustainability risks and other ESG aspects.

The stages of the investment process with the ESG layer are illustrated in Picture 1.



What We Look for and What We Avoid
Before considering any investment, we apply clear ESG criteria in the form of exclusions. We actively avoid companies involved in, for example, tobacco, distilled alcohol, weapons and ammunition, casinos, online gambling, pornography, and illegal data practices. We also exclude any company that does not comply with national and international laws, treaties, bans, or embargoes. These exclusions are fully aligned with those of the EIF and are broadly consistent with the European Bank for Reconstruction and Development (EBRD).

Digging Into the Details
Once we move forward, we begin collecting data, from public disclosures, questionnaires, and regulatory filings. We make sure the information is complete, reliable, and relevant. If we find gaps, we address them before moving on to due diligence.

Spotting Risks Early
As part of our initial screening and due diligence, we identify any potential sustainability risks in line with Article 6 of the SFDR and ask: can they be managed? If not, we may walk away. If yes, we dig deeper.

Making Informed Decisions
We tailor the depth of analysis to the company's profile and the data available. Findings are reviewed by our Investment Committee, and if we proceed, we define ESG priorities and performance indicators in alignment with the company's existing objectives, where appropriate.

Staying Engaged
Portfolio companies under Sandberg Investment Fund II report on these KPIs annually, or semi-annually if issues arise, while reporting with our LPs takes place quarterly. This approach helps us track performance, address concerns promptly, and drive positive change where it matters most.

Highlights from the Portfolio

As outlined in the previous section, we have identified a set of ESG KPIs that are being rolled out across the Fund II portfolio. Since this is the first year of formal data collection, we are focused on establishing a reliable baseline. As such, we will begin reporting quantitative results and comparisons from next year onward, once we have sufficient data to track progress meaningfully.

Overview of reported KPIs in the following table[3]

Mandatory KPIs	
Area	**Datapoint**
Environmental	Total heating and cooling energy consumption from non-renewable sources
Environmental	Total heating and cooling energy consumption from renewable sources
Environmental	Total electricity consumption from non-renewable sources
Environmental	Total electricity consumption from renewable sources
Social	Proportion of women in managerial positions
Social	Permanent employees ratio
Social	Employee turnover
Governance	Code of conduct: Employees
Governance	1.CCE: Diversity, anti-discrimination, and equal opportunities
Governance	2.CCE: Grievance/Complaints handling
Governance	Code of conduct: Suppliers
Governance	Policy: Anti bribery and corruption

Looking Ahead to Exit

Effective sustainability management supports smoother exits. By tracking ESG factors throughout the holding period, we are able to provide prospective buyers with clear, reliable data to support confident, informed decision-making. This transparency can translate into stronger buyer confidence, improved valuations, and a broader pool of interested investors.

[3]These ESG KPIs were carefully curated to reflect our priorities and those of our limited partners, as well as their relevance to our portfolio companies. The selection also focused on areas where we could, and wanted to, drive change, ensuring that measurement is not only about tracking performance, but also about guiding transformation.

In the meantime, our efforts have centered on working closely with portfolio companies to strengthen ESG practices and introduce foundational governance elements. A key priority has been ensuring that each company adopts a Code of Conduct that reflects relevant ESG principles, including integrity in business practices, fair treatment of employees, and environmental awareness. This step supports alignment across the portfolio and sets the tone for future improvements.

To highlight how this is being applied in practice, we are including a few examples of our approach and a case study from one of our portfolio companies, where we have taken concrete steps to enhance their governance and social aspects. This example illustrates our pragmatic, business-focused approach to responsible investing, building capabilities gradually, in line with company size, sector, and maturity.

We place strong emphasis on establishing and maintaining comprehensive codes of conduct across our portfolio companies. These frameworks are designed to address key areas such as diversity and inclusion, anti-discrimination, equal opportunity, grievance and complaint procedures, supplier standards, anti-bribery and corruption policies, and mechanisms for reporting misconduct. Recognizing that standards and expectations evolve over time, we ensure that these codes are regularly reviewed and updated to remain relevant and effective.

Currently, two of our portfolio company groups already have a code of conduct or a similar framework in place. For these companies, our focus is on improving and aligning the existing frameworks with our standards. For the remaining companies that do not yet have such a framework, we are actively supporting the development of a comprehensive code of conduct from the ground up.

Beyond formal policies, we also prioritize gender balance in managerial positions. Where representation is already strong, we seek to maintain it; where gaps exist, we encourage improvement by supporting women's career progression through internal training and by motivating leadership teams to promote qualified female candidates.

CASE STUDY

TITANS Freelancers

Background

In 2021, Fund II acquired a majority stake in TITANS Freelancers (hereafter TITANS), the leading IT freelancing platform on the Slovak market. TITANS connects companies with highly skilled IT specialists, serving both domestic and international clients. Its database of over 11,000 experts makes it the go-to partner for businesses that need to temporarily strengthen their in-house IT teams.

The company was also supported through the European Union's Equity Facility for Growth (EFG) and the Programme for the Competitiveness of Enterprises and SMEs (COSME), underscoring the company's role in driving digital transformation and strengthening the SME sector.

Initial Situation

At the time of investment, TITANS was a fast-growing company with a strong market position and a clear focus on compliance, demonstrated by its Code of Ethics and Personal Data Protection Policy. However, its organizational structure reflected its entrepreneurial origins. The company lacked a defined mid-management layer, with decision-making concentrated at the top. This limited operational scalability and risked creating bottlenecks as the business expanded.

Actions Taken

Following the 2021 investment, the Fund worked closely with TITANS to strengthen its organizational structure and governance. The key priority was to establish a capable and empowered mid-management team to support the founders and enable sustainable growth. This included:

- **Introducing mid-management roles** across key business functions (sales, operations, HR, and finance) to ensure clearer accountability and day-to-day leadership.
- **Strengthening governance** through more structured reporting lines and decision-making processes.
- **Enhancing compliance and oversight,** building on the existing Code of Ethics and Data Protection Policy to ensure consistent implementation across the expanded organization.

Outcomes

The introduction of a professional mid-management layer reduced dependency on the founding team and increased the company's resilience and operational excellence.

- Operational efficiency improved, with clearer responsibilities and better resource allocation.
- TITANS is now better positioned to scale its business, serve a growing client base, and leverage its unique access to IT talent in Slovakia, Czechia, and beyond.

While this is just the beginning, we are encouraged by the level of engagement from our companies and remain committed to supporting further development.

Social Impact Initiatives

At Sandberg Capital, education is regarded not simply as an act of philanthropy, but as a purposeful, high-impact investment in human capital. This perspective reflects our belief that strengthening education is essential for ensuring Central Europe's long-term economic durability. By investing in top-tier schools, vocational programs, and experiential learning platforms, we cultivate the analytical rigor, entrepreneurial mindset, and digital fluency that tomorrow's leaders will need. This targeted approach elevates the regional business environment by fostering innovation, competitiveness, and sustainable growth.

Our Approach: From Funding to Fully Integrated Programs

Sandberg Capital's education strategy operates on two complementary levels:

a. Equity-backed Education Assets

We invest directly in market-leading educational businesses, such as Cambridge International School and Bakaláři school-management software, to drive quality and scalability in the sector.

b. Hands-On Learning Initiatives

Through Sandberg Academy and our partnership with the NGO Indícia, we deliver structured internships, lectures, and teacher-development programs that translate theory into practice and spark lifelong learning habits.

A Founder's Perspective

"I come from a family that prized education and the joy of discovery above material gain. So it may seem ironic that I work in finance, where money itself is the product. To me, capital is simply the means to personal freedom and to creating something that brings joy to others. There is no greater joy than the thrill of learning, yet too often schools extinguish it. Supporting initiatives like Indícia and founding Sandberg Academy was the clearest way I could see to preserve that joy of learning and empower the next generation of leaders."

Martin Fedor

Martin Fedor

Partner & Chairman of the Board of Directors
at Sandberg Capital, správ. spol., a.s

Sandberg Capital donated over €1,000,000 to support non-commercial educational initiatives outside its core investment activities.

Sandberg Academy: Building Future Talent Through Real Experience

Overview

Sandberg Academy was established in 2021 to address the limitations commonly found in traditional internship programs, such as unclear processes and a lack of practical experience. The Academy reflects Sandberg Capital's commitment to talent development and bridging the gap between academic learning and real-world application.

Program Structure

The Academy offers a paid, intensive 8-week program designed to mirror leading MBA frameworks. Participants are actively involved in every stage of the investment process, including:

- Market screening
- Due diligence
- Valuation
- Presentation to a live investment committee

Activities are guided by clear deadlines and transparent performance metrics to ensure accountability and progress.

Learning Approach

Rather than passive learning, the program emphasizes:

- **Peer-led case studies**
- **Individual mentorship** from Sandberg Capital's deal teams
- **Networking opportunities** with professionals from Sandberg Capital and its portfolio companies

Core Pillars of the Program

- **Academic Rigor**
  Proprietary standards for market research, company analysis, and due diligence workflows.
- **Practical Application**
  Live investment cases covering the full deal cycle: screen, analyze, structure, and present.
- **Peer & Mentor Engagement**
  Assigned mentors, collaborative projects, targeted skills workshops, and networking sessions with investment professionals.

Impact

Since its launch, Sandberg Academy has welcomed 23 alumni, many of whom have pursued careers in private equity, strategy, and finance.

Beyond Internships

Sandberg Academy extends its impact beyond the summer program. Team members regularly:

- Deliver lectures and workshops at universities
- Sponsor business magazine subscriptions for partner schools
- Cover the cost of student tickets to leading private equity conferences

These initiatives reinforce Sandberg Capital's commitment to education, professional development, and ESG-aligned talent cultivation.

The Sandberg Academy is designed to give university students real exposure to the world of investments. We wanted to actively contribute and build a professional educational program grounded in real-life experience. Our goal is to help students understand how private equity works, while also connecting them with managers, entrepreneurs, consultants, and lawyers. Over the course of eight weeks, they'll get to know different industries and gain a clearer sense of where they want to take their careers. At the same time, we want to show that it's possible to build a professional career in private equity right here in Central and Eastern Europe.

Michal Rybovič

Michal Rybovič

Partner & Member of the Board of Directors
at Sandberg Capital, správ. spol., a.s.

Indícia and "Informatika s Emilom"

Our long-standing partnership with the non-profit organization Indícia supports "Informatika s Emilom", an award-winning program that embeds computational thinking in primary-school curricula. The Emil curriculum integrates software toolkits, modular workbooks, and teacher--training seminars. By equipping educators to spark genuine curiosity, we're cultivating a new generation fluent in logic, collaboration, and digital creativity.

Today, **more than 60 Slovak schools** use Emil, and schools participating in the program have seen over **25% improvement in teacher retention,** a proof of its impact on both student engagement and educator satisfaction.

Key elements include:

- **Teacher Empowerment:** Workshops, seminars, and an annual EduForum conference to share best practices and foster a collaborative educator community.
- **Student Engagement:** Age-appropriate software, workbooks, and lesson plans that align with national standards while emphasizing discovery and problem-solving.
- **Scalable Impact:** A vision of schools where students and teachers embrace learning, fueling a culture of curiosity and lifelong skill development.

Other Supported Initiatives

In addition to its core programs, Sandberg supports initiatives that expand access to quality education and science beyond the business sphere.

- **Khan Academy:** Through its portfolio company Bakaláři, Sandberg financed the Czech-language localization of Khan Academy, making world-class educational content freely available to students and teachers across the country.
- **The Slovak Academy of Sciences:** Sandberg sponsored the "Weekend with the Slovak Academy of Sciences," a public outreach event aimed at popularizing science and research among broader audiences, including families and young learners.
- **Women in Business:** Sandberg sponsored the Women in E-commerce book, which profiles female entrepreneurs shaping the digital economy in Central Europe. The project highlights the stories of leadership and innovation, aimed at inspiring the next generation of women in tech and business.

Sandberg Capital also supports a select number of projects and individuals whose work aligns with our values. These partnerships are carefully chosen for their potential to create lasting impact.

What is Next?

This is Sandberg Capital's first ESG report, reflecting our commitment to transparency and long-term value creation. Going forward, we will publish updated ESG reports annually on our website, providing our partners with consistent insights into our progress and developments.

In the coming year, we will share our baseline data to provide deeper environmental and social insights into our portfolio companies. This will serve as a foundation for setting measurable objectives and tracking improvements year over year. A particular focus will be placed on strengthening governance practices and ensuring that a code of conduct is in place across our portfolio companies, ensuring alignment with the highest standards of integrity and account-ability.

Building on the values of Sandberg Capital and its founders, we will continue our social initia-tives with an emphasis on meaningful community engagement. Supporting education and knowledge-sharing will remain central to our efforts, as we believe these are vital to strengthen-ing the foundations of the communities in which we are active.

Disclaimer

This report is valid as of 30th June 2025. It is provided for informational purposes only and does not constitute a commitment or guarantee by Sandberg Capital. The content herein reflects the status and understanding at the time of writing and may evolve. For regulatory disclosures, please refer to our official statements published under SFDR requirements.