



Enterprise  
Investors

# The United Nations Global Compact Communication on Progress, 2021/22

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This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

# Joint statement by the company's president and vice president



**Jacek Siwicki**

Chairman and  
President



**Dariusz Pietrzak**

Vice President  
ESG initiative leader

In our prior Communication on Progress report we reflected on the challenges brought to the global community by the Covid-19 pandemic. We commented on the resilience shown by our portfolio companies in these trying times and their unwavering commitment to responsible business practices. We looked to the future with optimism, hoping the extraordinary turbulences we all had to face would soon be over. Little did we know that the volatility of the social and economic context would only increase in the year that followed.

Despite widespread easing of Covid-related restrictions, we are mindful that the pandemic and its effects are far from over. Global flows of people and goods are still recovering from the major shakeup delivered in 2020 and 2021 by lockdown regimes. The extraordinary recovery financing deployed by governments provided a much-needed boost to troubled economies, but also acted as inflationary stimulus. Most importantly, however, in February 2022 the very foundation of global development – peace and international cooperation – received a major blow from Russia's unprovoked act of aggression against Ukraine.

We are horrified by the atrocious developments and are deeply saddened by the loss of life and the suffering of Ukraine's citizens. All our portfolio companies and EI investment professionals have been engaged in numerous initiatives to help the Ukrainian population fleeing the country by offering them food, clothing and accommodation as well as creating employment opportunities and organizing other forms of support.

The troubling geopolitical and macroeconomic developments only enforced our belief that responsible businesses have a major role to play in supporting society. At the same time, we have remained true to our commitment of caring for the natural environment we operate in and affect through our actions. We express our continued support for the ten principles of the United Nations Global Compact in the areas of human rights, labor, environment and anti-corruption.

This document, our sixth annual Communication on Progress report, presents real-life examples of social and environmental initiatives pursued by our portfolio companies. We look forward to delivering a continued positive contribution in the years to come, working alongside the UNGC community.



# Practical actions undertaken to implement the UN Global Compact principles

Enterprise Investors is the oldest and one of the largest private equity firms in Central and Eastern Europe. Active since 1990, the firm has raised nine funds with total capital exceeding EUR 2.5 billion. These funds have invested EUR 2.2 billion in 151 companies across a broad range of sectors. This figure includes 126 companies in Poland and 25 companies in other countries of the CEE region including Bulgaria, Czechia, Hungary, Romania, Slovakia, Slovenia and the Baltic Countries. Our current investment portfolio includes 16 companies. With such a wide footprint, our business activities have a material impact on the local economies and societies. We continuously strive to ensure that such impact is positive, in line with our high standards of corporate responsibility.

In the last 12 months, we continued to operate in a highly challenging social and economic context. The Russian invasion on Ukraine, CEE's neighbor and important economic partner, triggered unforeseen perturbations not only within the region, but in large part shared by the global community. Since the beginning of hostilities more than 8 million Ukrainian citizens have been internally displaced, while a further 9 million have emigrated, seeking shelter mainly in neighboring countries. Of that number, more than 4.2 million sought safety in Poland, 0.8 million in Hungary, 0.7 million in Romania and c. 2 million in other CEE countries. Citizens, organizations, businesses and governments have responded en masse, offering the necessary assistance. Our portfolio companies as well as individual employees have engaged in providing food, shelter and other forms of support for Ukrainian families.

The atrocious situation in Ukraine has further exacerbated the troubling economic developments observed since 2021. A global surge in inflation, escalating costs of debt and concerns about the future availability of such basic resources as food and energy commodities have reduced the wellbeing of families and communities. We remain convinced that in this environment, the need for the business community to support disadvantaged groups in our societies is and will remain greater than ever. At the same time, we need to make sure that this does not distract us all from the pre-crisis goals related to preventing climate change and protecting our ecosystems. The journey of change we have all embarked on should not come undone.

In this spirit, we continued pursuing a broad spectrum of ESG<sup>1</sup> initiatives at our firm and across the investment portfolio. In April 2022, we provided our deal teams with newly updated ESG Due Diligence and Monitoring Guidelines containing actionable guidance on how the responsible business principles need to be reflected in our investment activity. Our other points of reference are EBRD's Environmental and Social Policy<sup>2</sup> as well as Invest Europe's Professional Standards<sup>3</sup>

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<sup>1</sup> Environmental, social and governance

<sup>2</sup> <https://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>

<sup>3</sup> <https://www.investeurope.eu/industry-standards/professional-standards/>

and Invest Europe's Responsible Investment and ESG Due Diligence Guide<sup>4</sup>. We actively cooperate with the Polish Private Equity Association (PSIK) in promoting sustainable business practices among the association's members. EI's representative chairs the PSIK's ESG committee.

We have remained committed to reducing the environmental and climate impact of our business activities, maintaining our regular schedule of environmental auditing of our portfolio and identifying new opportunities to improve performance in this area. We have also worked alongside all our portfolio companies on improving codes and procedures regulating compliance and business ethics topics such as diversity and inclusion, managing conflict of interest, handling confidential information, preventing corruption, anti-money laundering, privacy assurance and data protection.

On the following pages we present examples of initiatives undertaken by our firm and portfolio companies over the last 12 months to implement responsible investment standards.

## Human rights

In accordance with Enterprise Investors' ESG Due Diligence and Monitoring guidelines we expect all our investment targets and portfolio companies to:

- / Not engage in any form of exploitation including but not limited to child labor, forced labor and human trafficking;
- / Promote fair and non-discriminatory treatment including equal pay with regard to employees, business partners and customers irrespective of their ethnicity, religious beliefs, sexual preferences, political associations, gender, age;
- / Develop and implement diversity and inclusion policies, in particular allowing for broad representation of women in overall employment and in managerial positions;
- / Follow responsible consumer protection practices to prevent product mis-selling and guarantee product safety and reliability;
- / Introduce strict data protection and privacy measures;
- / Ensure that human rights protection is followed through also by the firm's suppliers and business partners;
- / Avoid business activities that are harmful or detrimental to the local and global environment, community or economy;
- / Systematically track and act on observed incidents or cases of incompliance.

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<sup>4</sup> <https://www.investeurope.eu/industry-standards/responsible-investment/>

In 2022, as war in Ukraine threatened the basic human rights and wellbeing of the local population, EI's portfolio companies have provided financial and material support both to Ukrainian refugees in Poland and to citizens of Ukraine who chose not to leave the country:

- / **Anwim**, Poland's largest independent fuel retail chain, and **Unilink**, CEE's leading insurance multiagency, extended financial support to Polish Humanitarian Action ("Polska Akcja Humanitarna" or "PAH") – one of the Poland's largest NGOs providing humanitarian assistance to populations affected by major crises. In 2022 PAH provided aid to Ukrainians affected by the war (PAH has a permanent mission in Ukraine since 2015).
- / **Ekoenergetyka**, CEE's leading technology company active in the field of charging infrastructure for electric buses and cars, provided assistance to Ukrainian refugees in Poland. The company covered the cost of nurseries and preschools for infants and young children, offered psychological care to help minimize the effects of PTSD and provided employment opportunities with administrative support in Ukrainian.
- / **Nu-Med**, Polish chain of radiotherapy clinics, donated and delivered medical and hygiene supplies to the Main Oncological Hospital in Lviv, Ukraine. The company has also prepared for treating Ukrainian patients, hired Ukrainian-speaking patient coordinators, drawn up bilingual hospital documentation and arranged various forms of support for Ukrainian patients.
- / **PragmaGO**, provider of financing solutions for the SME market, purchased apparel, mobile beds, mattresses, bedding and hygiene products that were then shipped to the Ukrainian city of Tarnopol. Similar humanitarian assistance was provided by **Snap Outdoor** – Poland's leading e-retailer of outdoor sports products operating under the 8A brand.
- / **Software Mind**, Polish software development company, helped develop a web service which provides Ukrainian refugees with easier access to available sources of humanitarian aid and other forms of assistance.



Consideration for human rights was reflected in a number of other initiatives implemented by our portfolio companies:

- / **Anwim** partnered with a local NGO to develop an educational program for high-school students aimed at promoting social activism. More than 50 projects were developed within the program, covering areas of renewable energy, technical education, animal welfare and others.
- / **PAN-PEK**, Croatian bakery chain, donated food products to the earthquake-affected areas of Sisak and Petrinja. Assistance was distributed through the Red Cross, kindergartens and hospitals, as well as directly to the affected communities. PAN-PEK also offered employment opportunities to workers from economically disadvantaged countries (e.g. Nepal).

- / **Modular System**, producer of modular buildings in steel technology, provides its female employees with paid days off for participation in public actions related to the protection of women's reproductive rights. In 2021 the company also introduced new anti-mobbing procedures and appointed a dedicated specialist responsible for anti-mobbing and anti-discrimination matters. In 2022, an external advisor was commissioned to perform employee mobbing and discrimination surveys as part of the company's drive to continuously raise its standards in preventing, reporting and acting upon such incidents.
- / **Studenac**, Croatia's largest chain of proximity grocery stores, actively supported a number of NGOs dealing with global food security and provision of medical assistance.
- / **Nu-Med** is actively engaged in combating cancer through educational activities. Since mid-2021 more than 600 women and men have participated in cancer awareness events organized as part of this initiative.



## Labor

As of June 2022, Enterprise Investors' investment portfolio includes 16 portfolio companies. They employ c. 15,000 workers, mainly in Poland and CEE but also in other parts of the globe (e.g. Argentina). We make sure all of them benefit from the high labor-related standards our firm has undertaken to implement, including:

- / Freedom of association and collective bargaining;
- / Fair living wage;
- / Work conditions including occupational health and safety, employee accommodation and worker oversight practices that respect the wellbeing of employees and are compliant with or exceed the applicable regulations;
- / Compliant and respectful non-employee worker practices;
- / Respectful employee recruitment, retention and retrenchment policies;
- / Professional labor-management relations;
- / Grievance mechanisms;
- / Diligent reporting and addressing of H&S and other identified issues.

El's portfolio companies consistently demonstrate consideration for employee wellbeing:

- / **Anwim** introduced a new training program of advanced safe driving techniques for its drivers. The company has also arranged educational programs aimed at reducing spine injuries.
- / **Intersport ISI**, the largest retail chain and e-store in the Adria region dedicated to sporting goods and equipment, launched a new systemic educational program for its employees. As part of this effort employees are made aware of the internal regulations regarding compliance and business ethics. The company also propagates healthy lifestyles and runs a regular program of sports break activities for its office, warehouse and store employees.

## Environment

Enterprise Investors' ESG Due Diligence and Monitoring guidelines provide a clear direction for the deal teams on assessing the environmental footprint of companies both before and during our investment. We expect the businesses we invest in to:

- / Pursue sustainable use of energy, limiting contribution to resource depletion, water use efficiency and support for the circular economy;
- / Eliminate or reduce production of hazardous materials, waste and emissions;
- / Minimize the contribution to climate change;
- / Show consideration for animal welfare, local flora and the natural landscape;
- / Become properly prepared for environmental emergencies;
- / Propagate environmental standards in the value chain through supply chain management;
- / Professionally manage environment-related topics through establishing appropriate structures, processes, systems and the provision of necessary organizational and financial resources.

El assesses the environmental compliance of its investment targets and portfolio companies with the support of an independent specialized environmental auditor. In spring of 2022 Ramboll completed its latest such annual environmental review. This comprehensive report delivered a set of actionable recommendations that will be followed up on in next year's review.

Recent examples of activities aimed at reducing the environmental and climate impact of our portfolio companies include:

- / In 2021 **Anwim** contracted for its own petrol stations a new energy supplier fully reliant on renewables.



- / **Snap Outdoor** axed usage of plastic foil in packaging, replacing it fully with durable paper bags. Larger products which require shipping in boxes are now packed without the need for plastic packing tape. Shipping boxes are constructed in a way which allows for them to be reused by end customers. The company also eliminated plastic water containers in its offices and stores, replacing them with filtered tap water. All employees were given personal reusable water bottles.



- / **PAN-PEK** procured new waste containers and optimized its waste handling policies. Currently 98% of the waste produced by the company is recycled. The company cooperates with top waste recycling and collection service providers, as confirmed by their ISO 14001: 2015, ISO 9001: 2015, ISO 50001 and OHSAS 18001 certification. PAN-PEK has also launched a project to reduce noise at the production site. The project envisages implementation of noise suppressing infrastructure such as barriers and chokes.
- / **Studenac** continues its successful program aimed at preservation of marine life. Since mid-2021 the company launched four new seafloor cleaning events across the Adriatic coast. More than 150 divers and 120 Studenac employees took part, helping extract more than 140 cubic meters of waste from the sea.
- / **Intersport ISI** commissioned an external provider who will help assess the company's CO2 footprint, identify emission hotspots and develop a CO2 reduction strategy. In its newly renovated stores Intersport introduced living walls both indoors and externally, water fountains for its visitors and – to promote sustainable modes of transport among its customers – bicycle service modules and an e-bike charging station. Upgraded stores have been equipped with state-of-the-art HVAC systems providing a more efficient and eco-friendly cooling/heating solution. Recycled PVC material was used for flooring while all lighting was converted to full LED technology. A similar approach will be implemented in all subsequent store renovations.

## Anti-corruption

El's ESG guidelines for deal teams include a checklist of governance standards aimed, among others, at reducing the risk of corrupt business practices in our potential portfolio companies. Specific requirements include:

- / Professional, compliant and transparent management structures, accounting standards and executive compensation schemes;
- / Positive corporate values reflected in the maturity of codes of ethics, compliance manuals or other internal regulations with regard to anti-competitive practices, bribery and

corruption, money laundering, compliance-enforcing mechanisms, regulating lobbying and political contributions, managing conflicts of interest and gift policies;

- / Privacy assurance and data protection;
- / Reflection of compliance in contract clauses;
- / Adoption of mechanisms for reporting compliance incidents;
- / Propagation of the above standards through training and education.

All members of the Enterprise Investors' deal team are required to act in accordance with our firm's Code of Ethics and our Compliance Manual. Both these documents are reviewed annually.

Examples of a prudent approach to business and governance transparency can be observed at our portfolio companies:

- / In 2022 **Intersport ISI** implemented new guidelines for protection of whistleblowers. In doing so, the company provided a safe way for employees to report corrupt or non-compliant behaviors. Intersport's compliance manual was rolled out to all countries within the company's store network.
- / **Noriei**, Romania's largest toy retail chain, introduced new internal regulations which provide comprehensive guidance to its employees regarding prevention of corruption, anti-money laundering, tax evasion, information security, personal data protection and product conformity.
- / **JNT**, Polish producer of wine and wine-based beverages, introduced a new business ethics manual which sets the company's standards with regard to compliance with regulations, managing conflict of interest, preventing non-competitive behaviors and preventing corruption. New regulations also address topics of whistleblowing, preventing of mobbing and assurance of equal treatment.
- / **Nu-Med** presented its employees with new compliance regulations and a business ethics package covering areas of fraud prevention, mobbing and discrimination prevention, conflict of interest management, prevention of anti-competitive behaviors and anti-money laundering.

# Measurement of outcomes

At any one time, numerous responsible business initiatives are being pursued across EI's investment portfolio. The presented examples of measurable outcomes of such activities should be treated as a narrow sample of the overall achievements in this area during the last year.

- / In 2021 **Anwim** committed to a recovery effort for Bory Tucholskie forests destroyed in 2019 by a hurricane. The company financed and helped plant 24,000 beech tree seedlings.
- / **PAN-PEK** has actively improved its diversity and inclusion practices. During the last year the representation of women in middle management increased from 30% to 40%.
- / Photovoltaic panels installed by **Snap Outdoor** on its central warehouse cover most of the company's electricity needs. Thanks to this investment, the company's CO<sub>2</sub> footprint was reduced by c. 3 tonnes per month. Availability of sustainable energy source allowed the company to replace the petrol-powered van with an electric one for supplies between the central warehouse and its flagship store.
- / **Noriel** pays particular attention to sustainable use of its packaging materials. In 2021 and 2022 the company recycled c. 240 tonnes of plastic and cardboard packaging from its retail network and production facility.
- / **JNT** continued to optimize the efficiency of its operations. During the last year, the company's unit liquid waste generation fell by 11%, plastic waste was cut by 10%, glass waste by 21% and finished product waste (breakages) by 19%. Unit energy consumption dropped by 4%.

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