



Building Value, Sustaining Impact:

Fortissimo Capital ESG Report 2023



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Letter from Yuval Cohen



At Fortissimo Capital we are totally committed to creating a lasting positive impact. Every day, in every action, we strive to improve outcomes for investors, employees, communities, and the environment.

This ethos is embedded in our culture, business, and operations. Amid global challenges like climate change, social equality, and economic instability, we maintain that sustainability and resilience are not only pivotal for our environment but are also vital for long-term financial success.

We invite you to explore our 2023 ESG Report to learn more about our initiatives and their contributions to sustainable practices and positive change. The report also outlines our ongoing efforts to incorporate ESG principles into our investment strategies and operations at the fund level as well as at our portfolio companies.

Looking ahead

Sustainability remains a cornerstone of our growth strategy. At Fortissimo, we emphasize a unique culture of collaboration, where we work together to bring about positive change and spark new ideas and innovative solutions to address challenging situations.

We look forward to sharing our ongoing progress in the future and we thank you for taking the time to read this report.

A handwritten signature in black ink, appearing to read 'Yuval Cohen'.

Yuval Cohen
Managing Partner, Fortissimo Capital

“
Sustainability and resilience are not only pivotal for our environment but are also vital for long-term financial success.”

Yuval Cohen,
Managing Partner, Fortissimo Capital



Fortissimo at a Glance

About Fortissimo

Fortissimo Capital is a leading private equity fund in Israel investing primarily in maturing technology and industrial companies. Since our formation in 2004, we have raised \$2.7 billion across six funds and have invested in over 60 platform companies and more than 45 add-on acquisitions.

Current investors include renowned international financial institutions, pension funds, insurance companies, family offices, and leading investment managers and advisors. Our unique, proactive approach to private equity investments empowers us to think out of the box to achieve the seemingly impossible, and build long-term, sustainable growth.

Our Strategy and Focus

We provide capital in special situations, buyouts, and growth opportunities to facilitate expansion. We seek to improve fundamentals, to drive immediate, substantial transformation and foster accelerated growth.

Our investments target companies that have a proven product and market, a clear trajectory towards profitability, a sustainable business model and a discernible inflection point.

Our Team

Our partners bring a wealth of multidisciplinary experience, from those who have worked together for over two decades to our most recent members.

Our diverse team operates seamlessly, leveraging the strengths of each member to make hands-on and well-informed investment decisions.

Our Portfolio

We maintain an industry-agnostic approach, fostering a diverse active portfolio that spans across a wide range of sectors.

The portfolio includes companies primarily within the following industries:

- Software/Cloud
- Digital Print
- Communications/Electronics
- Food-Tech/Ag-Tech
- Industrial
- Digital Services
- Healthcare

2004

Founded

>60

Investments completed

6

Funds to date

\$2.7B

Money raised

27%

Average Net IRR

5.6X

Exit MOIC

Selected Exits

sodastream

IPO (Nasdaq: SODA)



IPO (Nasdaq: KRNT)

ADENT

Sold to Align



Sold to EMK Capital



Sold to Ferro



Sold to Tomia Global



Sold to Sartorius



Sold to Google



Sold to Primus



Sold to HP

Our Approach to ESG

At Fortissimo, we focus on ensuring high environmental, social and governance standards at the fund level and across our portfolio companies.

We believe that improving ESG performance is not just a good idea but in actuality will help ensure the long-term success of a business.

To that end, we evaluate potential ESG issues during our due diligence process. We then work to facilitate the implementation of ESG policies and procedures at our portfolio companies. These include exploring ways of reducing carbon emission, maintaining a safe, healthy and comfortable work environment and placing the proper corporate governance and controls in place. Here we provide a brief snapshot of the ESG considerations at the pre and post investment stages.

Phase	Key Activities
Pre-Investment	- Pre-Screening - Review any potential ESG issues based on industry and identify areas for further investigation
	- Commercial, Legal, and Compliance Diligence - Evaluate industry or company specific ESG risks - Discuss areas of focus with consultants and experts
	- Investment Committee Evaluation - Highlight risks and value-creation opportunities - Track relevant finding
Post-Investment	- Portfolio Management - Monitor ESG considerations regularly - Implement ESG policies and procedures
	- Documentation and Monitoring - Quarterly reports and real-time updates - Track progress and establish future goals

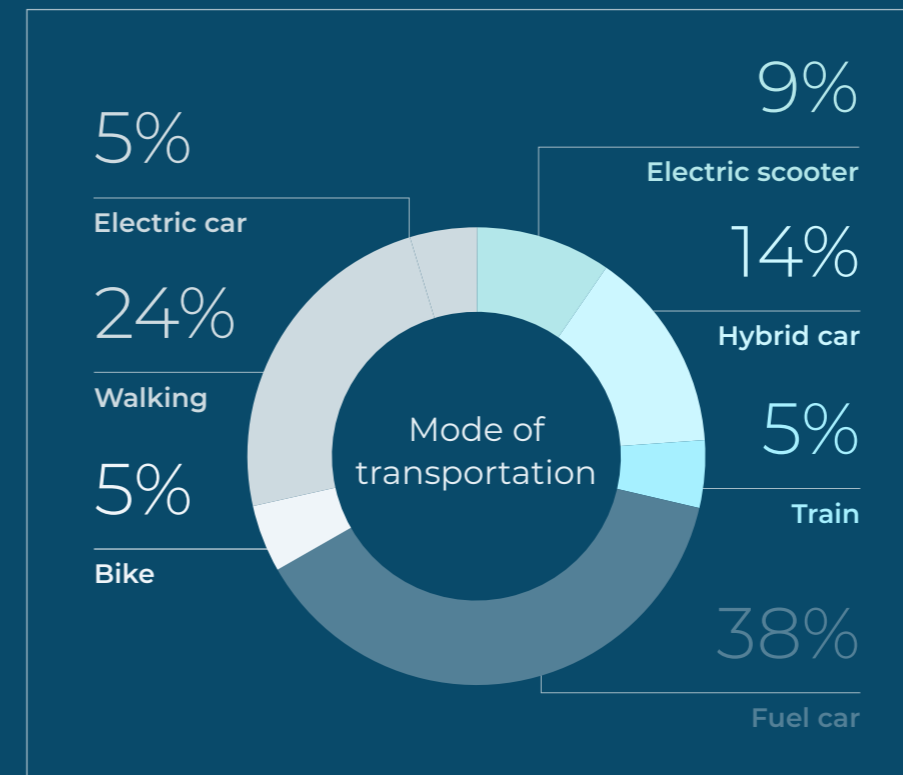


GP Initiatives

To maximize our ESG impact on our portfolio companies, we believe we must lead by example. As a fund, we have implemented ESG policies, and we monitor their success. In particular, we have employed the following ESG initiatives:

Environmental

At the fund level we began implementing several environmental initiatives in our office, including significantly reducing the use of disposable cutlery, eliminating the use of plastic water bottles and encouraging the reduction of carbon footprint while commuting by using public transportation, carpooling or the use of hybrid and electric vehicles. We have also installed time clocks that ensure all lights and air conditioning is shut off by a certain hour. In addition, an increasing number of meetings are being conducted over Zoom/Teams for efficiency and to reduce unnecessary travel.



Fuel consumption

8%

Average decrease in total company fuel consumption from 2022 to 2023

16%

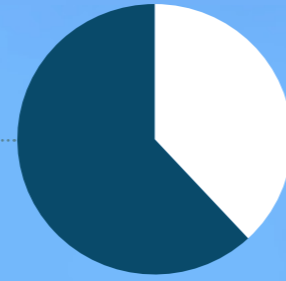
Average decrease in total fuel consumption per company car from 2022 to 2023

Social Responsibility

Our goal is to create great experiences in our workplace, at our portfolio companies and in our surrounding community.

It is our utmost priority to protect the safety of our employees, suppliers and business partners by creating a healthy, financially stable and supportive working environment for all regardless of background, ethnicity or faith.

Diversity, acceptance and respect is encouraged. We and our portfolio companies participate in the **Tmura initiative** (the Israeli public service venture fund; www.tmura.org), that allocates stock options to charity, yielding significant sums to the underprivileged upon an exit event. We have initiated several volunteer projects where Fortissimo employees participated as a group, picking vegetables, packaging food for the underprivileged and vital goods for soldiers.



62% Male 38% Female



NIS 1.4M

Donated to charity via Tmura

85%

18/21 employees took part in voluntary activities this year organized by Fortissimo



Governance

We recognize the importance of effective governance to a company's health and longevity. We implemented a 'Code of Conduct' to better establish formal expectations of employees and company behavior. Additionally, we implemented anti-corruption and insider trading policies and host employee training sessions on these and other relevant topics annually. We seek to ensure that there are proper checks and balances in our decision-making processes, at our Investment Committee and at the board level of our portfolio companies. We also take responsibility in connection with the companies in which we invest and to ensure our ability to influence their activities, we serve on the board of directors of all of our portfolio companies.

100%

Board Representation

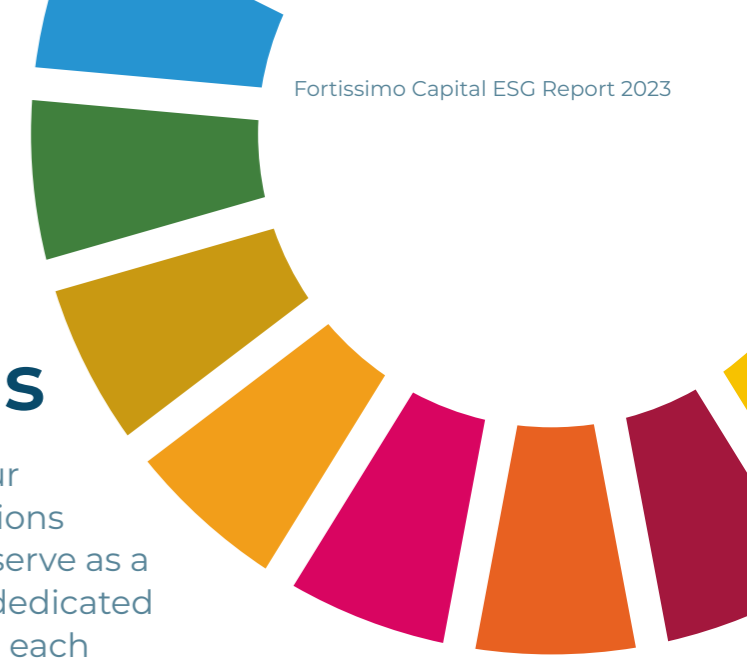
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ESG policies adopted by FF

1. ESG Policy Implementation
2. Non-Discrimination Policy
3. Diversity Policy
4. Supplier Code of Conduct
5. Whistleblower Policy
6. Environmental Policy
7. Anti Corruption
8. Sustainable Procurement Policy
9. Code of Conduct

UN Sustainable Development Goals

At Fortissimo, we have strategically aligned our investment practices with five key United Nations Sustainable Development Goals. These goals serve as a comprehensive framework for organizations dedicated to addressing global sustainability challenges, each equipped with specific targets and indicators.



We actively invest in Ag-Tech companies that seek to: improve productivity, increase efficiency, enhance yield, and build capacity for climate change adaptation. Our portfolio currently includes six Ag-Tech companies, each dedicated to spearheading technological innovations that advance sustainable and resilient agricultural practices.



Fortissimo Partners lecture on college campuses and the fund hires students for internships, offering insights into professional life, industry knowledge (private equity/investing), and essential skills. This contributes to a transformative educational experience aligned with inclusive and quality education principles.



Over the past year, several Fortissimo employees transitioned from gas-powered vehicles to electric or hybrid cars. In addition, employees have shifted to walking or utilizing public transportation to and from work. This strategic move underscores our growing commitment to reducing our carbon footprint.



Fortissimo implemented a straightforward waste reduction plan at the office by phasing out plastic items and instituting a monthly recyclable material collection. We have also pushed for waste reduction at portfolio companies. In addition, our office is moving to green electricity.



Fortissimo is actively engaged in collaborative impact investment initiatives, including post-investment efforts. We partner with ESG advocacy groups like **Maala** and **Ecotradors** to influence policies, fostering an environment that supports impactful investments. We also host periodic ESG forums for our portfolio companies to update them on recent trends and assist them with implementing ESG initiatives.



As we progress on our ESG journey, our goals will adapt to ensure a continued impact on corporate sustainability.

Looking Ahead

In the upcoming year, we will maintain our focus, both at the fund and company levels, on the following specific items:



Reducing Carbon Footprint

- Moving to green electricity
- Closely monitoring fuel consumption through air travel
- Encouraging replacing gas powered vehicles with hybrid/electric vehicles



Increasing Social Impact

- Additional volunteer projects in the community
- Increasing option grants to Tmura across portfolio
- Obtaining third party certification (such as Maala)

Governance: 2023 to 2024

To ensure effective implementation of ESG principles across our investments, we have established an ESG forum consisting of representatives from each portfolio company. Throughout 2023, the forum demonstrated significant activity, and looking ahead, we plan to sustain momentum by intensifying forum engagement through periodic reviews, establishing relevant KPIs, and refining strategies to enhance alignment with ESG expectations and achievements. We have already shared a variety of policies with our forum to facilitate the adoption of proper corporate governance practices. Below are some areas in which we intend to steer our portfolio companies during the next 12 months.

Portfolio Company Level

- ESG certifications – (Maala ESG Indices)
- Further implementing policies and training sessions at portfolio companies
- Review of portfolio company ESG impact and initiatives as part of the Annual Operations Plan (AOP) and the quarterly business reviews (QBRs)
- Additional Added-Value ESG Forums
- Encourage every portfolio company to produce annual ESG reports

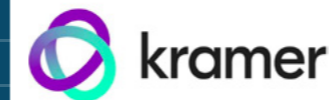


Fortissimo is at the forefront of implementing ESG in the PE industry in Israel. We hope that others will follow so that we can all positively impact the world as we build valuable and sustainable companies.



Select Portfolio ESG Initiatives

In the forthcoming section of the report, we provide significant insights into relevant ESG updates and data from four selected portfolio companies.



Kramer

Kramer audio-visual experiences power creativity, collaboration, and engagement. From Audio Visual Media Services (AVSM) to advanced cloud-based communication, collaboration and control solutions, Kramer creates audio-visual experiences that are more engaging, more inclusive, and more connected than ever before. Headquartered in the heart of Startup Nation - Tel Aviv, Israel with locations around the world, Kramer's audio-visual experts are designing the future of engagement technology.



At Kramer, it's not just what we do that defines our success, it's how we do it. That is why we are committed to being good citizens of the world – as a company and as individuals."

Gilad Yron,
CEO of Kramer

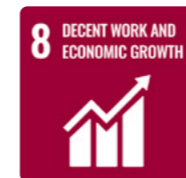
UN Sustainability Development Goals



Kramer's solutions enable hospitals and medical clinics to implement real-time video conferencing and secure content sharing among staff, helping them collaborate effectively to drive optimum care and outcomes. The company's user-friendly medical control room solutions enable medical professionals to access image and video feeds from diagnostics and imaging systems used in critical medical scenarios.



Kramer's cutting-edge audio-visual solutions enable inclusive hybrid and remote learning experiences, helping make education more accessible to more people, with more stable availability, around the world. By empowering educational institutions at all levels, from grade schools to universities, Kramer is helping to eliminate traditional educational disparities based on gender, ableness or geography, making education more equitable.



Kramer's solutions for wired and wireless content sharing and collaboration enable productive, inclusive meeting and collaboration experiences for people working in the office or remotely. Simplicity and ease of use empowers people to meet, share ideas and work together with confidence, unencumbered by technological complexity.



Kramer's solutions are utilized by governmental agencies, municipalities, and emergency response organizations to keep people safe and productive in their cities and communities.



Remote work and collaboration supported by video conferencing reduces the need for people to commute, thereby decreasing traffic congestion and carbon emissions. Product designs leverage industry standards and advanced technologies to reduce the amount of plastic and other materials required for audiovisual products and networks.

2023 ESG Highlights

Environmental

Reducing energy use

Kramer prioritizes efficient power usage in design, optimizing system architecture for external power supplies and internal power supply boards to minimize power consumption.

Responsible use of materials

Kramer is committed to eco-friendly production, adhering to strict global and local standards such as RoHS, REACH, CM, and ISO. Their practices include responsible material use, proper handling of pollutants, electrical recycling, and sustainable packaging.

Reducing waste

Kramer has prohibited single-use plastic eating utensils on company premises, encourages a paperless approach and has taken measures to reduce energy consumption.



Governance

Operating with integrity and ethics

Kramer ethics: Kramer follows international standards and has its own Code of Conduct, committing to the highest integrity in all business interactions.

Business integrity: Kramer transparently discloses business information, maintains accurate records, and enforces compliance with anti-corruption laws.

Improper advantage: Kramer enforces a zero-tolerance policy against bribery, corruption, extortion, and embezzlement.



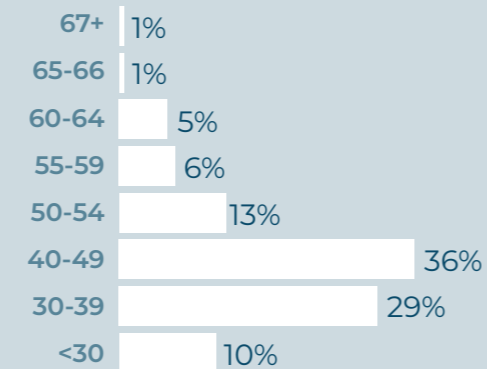
Social

Ensuring a positive working environment

80%

Employee retention rate

January 2023 | Global age



Source: Kramer ESG Overview | October 2023

Prioritizing diversity & inclusion

27%

Women

13%

Women in technical positions

Looking Ahead: 2024 ESG Initiatives

Environment

- Redesign product packaging to reduce use of plastics, improve recyclability.
- Improve power consumption profiles with standby power initiatives.
- Continue encouraging employees to opt for electric vehicles for their company car leases.
- Continue reducing the use of paper by encouraging more paperless workflows and procedures.

Social

- Aim for at least 40% female employees, emphasizing technical roles.
- Increase women in leadership to 20% in managerial positions and 32% in the executive leadership team.
- Diversify the company through inclusive recruitment.

Governance

- Integrate sustainability education into onboarding.
- Achieve 100% employee participation in Code of Conduct training.
- Regularly review and improve sustainability integration into governance.

Visit Kramer's website here:
www.kramerav.com

20%

Increase in women leadership managerial positions

at least

40%

Increase in female employees, emphasizing technical roles

Beewise

Beewise has developed the world's first autonomous beehives that operate with minimal human intervention by utilizing AI-powered precision robotics. Their solution automates all beekeeping activities in order to increase yield, reduce colony loss, and eliminate the use of chemical pesticides. By completely redesigning the beehive, Beewise significantly improves the well-being and life longevity of bees.



As we develop our solution, we always ask ourselves what's good for the bees."

Saar Safra,
CEO of Beewise



UN Sustainability Development Goals



- Beewise's technology saves honeybee colonies, which are the most widespread and impactful commercial pollinators. Better access to better pollination helps provide more food security for all people by raising crop yields.
- Beewise helps mitigate the negative effects of climate change on bees by providing bees with more controlled conditions through the BeeHome. Improved pollination by bees makes farming more productive by providing more yield for the same plot of land.



- Beewise's technology revolutionizes hive management, enabling remote beekeeping and therefore significantly reducing costs and travel time for beekeepers.
- Beewise's tech-driven approach democratizes beekeeping, attracting both tech-savvy enthusiasts and professionals. This infusion of new talent revitalizes the industry, benefiting large-scale operations and especially smaller ones struggling to recruit skilled labor.



Beewise empowers farmers to enhance productivity with streamlined resource usage. Through automation, it conserves time and resources, while remote bee treatment minimizes travel, physical exertion, and occupational risks associated with hands-on beekeeping.



The Beewise solution can be a step towards decarbonization within the agricultural sector by preventing greenhouse gas emissions, due to reduced beekeeper transportation to and from hives because of the remote treatment capabilities of the solution.



- Beewise's mission to save bees not only benefits bees and cultivated crops but also has a broader impact on the ecosystem, given bees' crucial role as general pollinators.
- By reducing bee colony loss, Beewise contributes to enhancing the biodiversity of flora and fauna surrounding the hives, ultimately fostering positive effects on the natural habitats.



2023 ESG Highlights

Environmental

- 30% of office electricity is sourced from renewable energy (solar) and 70% natural gas.
- 82% of Beewise's procurement budget was spent on local suppliers.
- Beewise recycles all packaging materials received from vendors through a designated recycling service provider.

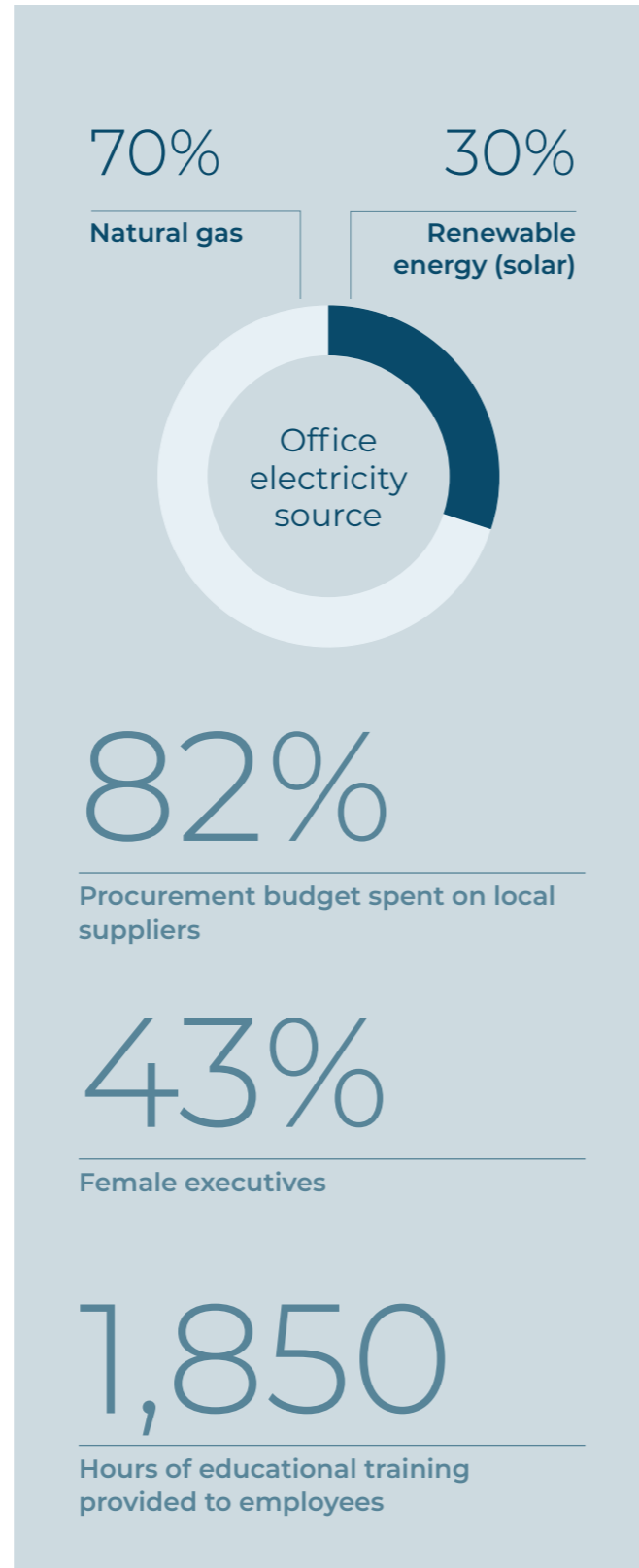


Social

- 43% female executives, with females making up 30% of total employees.
- Free extensive health insurance is provided to all employees, and discounted insurance for families.
- In 2023, 1,850 total hours of educational training was provided to employees.

Governance

- 7 members of the Board of Directors.
- Regular reports provided to board and shareholders, including financial and annual reports.
- Annual Code of Ethics training implemented through a trusted third-party organization (Thompson Reuters).



Looking Ahead: 2024 ESG Initiatives

Environment

- Develop a comprehensive environmental policy that covers operations, waste production, supply chain engagement, procurement policy, and business continuity plan to mitigate climate change risks.
- Track and monitor Scope 3 emissions, with the aim of reducing GHG emissions.

Social

- Further develop engagement activities, including employee satisfaction surveys.
- Formalize and share the company's DEI policy, implement tracking measures, and expand employee and management training.
- Develop a formal community investment program and employee volunteer activities.

Governance

- Form an internal Safety Committee to monitor ongoing safety matters.
- Publicly share the company's Code of Conduct policy.

Visit beewise's website here: www.beewise.ag



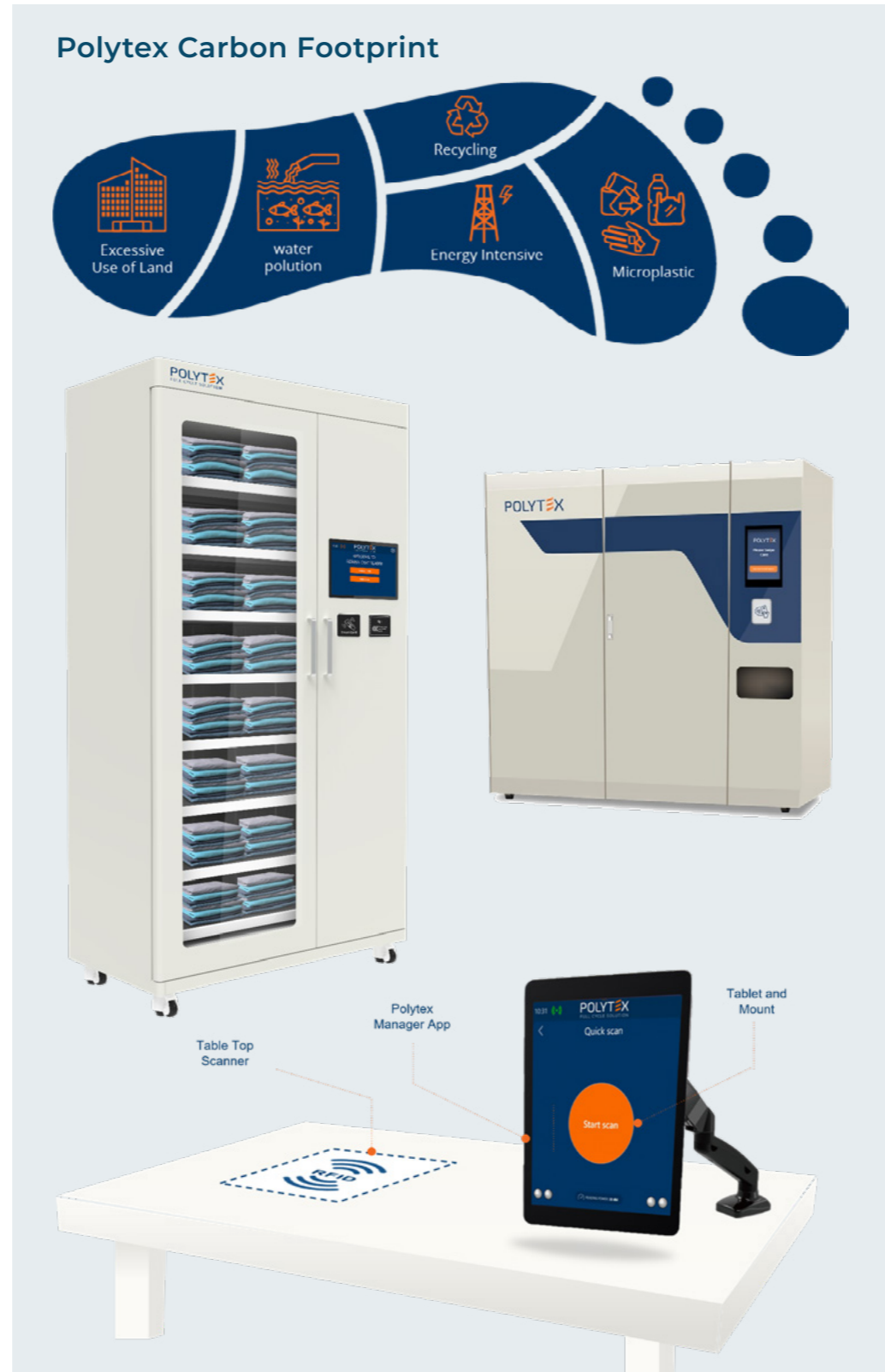
Polytex

Polytex Technologies is a leading provider of workwear management solutions. Polytex supports the entire workwear laundry lifecycle with a wide range of automated machines backed by centralized cloud management and monitoring applications. Its solutions are used by hospitals and healthcare institutes, manufacturing sites, hospitality, and fitness centers. Polytex has over two decades of field-proven industry experience and thousands of installed machines worldwide.



At Polytex, business and sustainability are fully aligned. It's how we conduct our operations, how we design and manufacture our products, and how our solutions help customers meet their own sustainability goals. Responsible ESG is simply a natural part of how we work."

Yariv Matzliach,
CEO of Polytex Technologies



UN Sustainability Development Goals



Within the Polytex workforce, women currently constitute 35% of employees, with a set goal to achieve a minimum of 40% by the end of 2024. Additionally, women currently hold 33% of management positions.



Polytex solutions contribute to enhancing the sustainability of textile utilization and management in various industries, including healthcare, hospitality, and manufacturing. The company is committed to continuous innovation, aiming to empower customers to enhance the efficiency of their processes.



Polytex develops its products with the principles of "reduce, reuse, and recycle" in mind. The company has established a business model for secondhand machines, and their latest product line is designed to use fewer raw materials. End-of-life machines undergo systematic disassembly. At its offices and facilities, Polytex ensures that paper and production waste are sorted for reuse and recycling.



Polytex solutions empower companies to manage textile inventory effectively, leading to reduced laundry needs. This, in turn, minimizes water and detergent usage and contributes to preventing the release of microfibers and microplastics into wastewater and oceans.

2023 ESG Highlights

Environmental

- Polytex achieved ISO 14001 certification for sustainable operations, exemplifying its commitment to sustainability and environmental excellence, reflecting a significant milestone in its journey towards responsible business practices.
- Polytex solutions enable their customers to achieve a 30-50% reduction in laundry by empowering them to minimize textile inventories, resulting in significant savings in water, detergents, and raw materials.



Social

- Women constitute 35% of the overall workforce and hold 33% of management positions, reflecting the company's commitment to gender representation across all levels of its organization.
- Polytex encourages an inclusive workforce, comprising 23% individuals aged 50 and above, with minorities representing 8% of the total.
- The company advocates for a healthy work-life balance, providing hybrid work options for all employees.

Governance

- The Code of Conduct is upheld diligently, featuring policies on Anti-Corruption, Non-discrimination, Whistleblower protection, and more.
- Polytex achieved ISO 9001 certification, which acknowledges the quality leadership and commitment of its top management.
- The company has clear and transparent processes in place to facilitate open communication channels within the organization.



Looking Ahead: 2024 ESG Initiatives

ESG Committee

Convening quarterly meetings with representatives from Finance, HR, Operations, Quality Assurance, and Marketing.

Energy saving in operations

Initiating measures such as switching all lights to LED and transitioning all employee vehicles to electric.

Waste reduction at company site

Targeting a 50% reduction in the use of disposables and an increase in the recycling of paper and production waste.

ESG Report for 2023

Aiming to publish the first formal ESG Report in H1, 2024.



Visit Polytex's website here: www.polytex-technologies.com

MotoRad

MotoRad is a leading manufacturer and supplier of advanced engine and thermal management solutions for automotive OEM and Aftermarket industries. MotoRad develops, manufactures, and supplies innovative thermostat solutions, cap solutions and engine management solutions. MotoRad has consistently been first-to-market with new aftermarket products and provides excellent application coverage to its customers.



Our ESG program is cultivating our legacy. Like a fine wine, these conscientious efforts age gracefully, enhancing our reputation and success."

Ken Kerns,
COO of MotoRad

UN Sustainability Development Goals



- MotoRad is committed to fostering a safe and healthy workplace by regularly conducting high-priority Environmental, Safety, and Health (ESH) training for all employees.
- In line with ISO 45001 standards, the company diligently monitors incidents to minimize recurrence, ensuring that their operations adhere to globally recognized safety and health standards.
- The company regularly assesses the environmental impact of its product manufacturing through surveys on chemicals, air, water, and soil pollution, emphasizing a commitment to sustainable practices.



- MotoRad actively supports employee development through weekly seminars, lectures, and enrichment programs. These initiatives cater to both professional needs and personal interests, fostering a learning culture within the organization.
- By focusing on inclusivity and quality education, MotoRad engages in regular volunteering activities at an "at-risk youth" boarding school.



- MotoRad actively reviews the consumption of renewable electricity options for all internal operations. This initiative reflects MotoRad's efforts to foster environmentally conscious practices within the realm of production and energy consumption.
- MotoRad is shifting leased employees' commuting cars from fossil fuel to hybrid/fully electric options.



MotoRad has implemented significant measures to address climate action within its operations. A comprehensive Scopes 1+2 GHG emissions report was generated for the company's global operations in 2022, providing a foundational benchmark. Building on this, the company established Science-Based Targets (SBTi) for climate action, aiming for a 1.5°C reduction by 2030.

2023 ESG Highlights

Environmental

- MotoRad has completed its first Greenhouse Gas (GHG) report and has established Key Performance Indicators (KPIs).
- The company's electricity provider utilizes natural gas, ensuring both efficient energy production and environmental sustainability.
- 70% of employee vehicles are electric or hybrid.



Social

- Employee diversity includes a representation of 55% women employees.
- In 2023, a total of 60 welfare and personal development activities were organized for employees.
- MotoRad employees collectively volunteered a total of 400 hours in 2023, engaging regularly with an "at-risk youth" boarding school and participating in agriculture volunteering days.

Governance

- Implementation of employee and supplier Code of Conduct.
- All employees successfully completed comprehensive training on the Code of Conduct, ensuring a thorough understanding of ethical standards.
- In 2023, the company strengthened its ESG policies, demonstrating its commitment to advancing corporate ESG initiatives.

70%

Employees' vehicles are electric or hybrid

55%

Women employees

60

Welfare and personal development activities during 2023

400

Hours of volunteering

Looking Ahead: 2024 ESG Initiatives

- Conduct an updated Global Greenhouse Gas (GHG) report to incorporate additional indicators, such as Scope 3 emissions.
- Organize training sessions for employees worldwide to ensure the effective implementation of ESG initiatives across global offices and operations.
- Establish a unified Environmental, Health, and Safety (EHS) policy on a global scale.
- Report environmental emissions and policies to the CDP (Carbon Disclosure Project) platform by 2024.

Visit MotoRad's website here:
www.motorad.com

1.5°C

Reduction by 2030



Photo by Pascal Habermann on Unsplash

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FORTISSIMO
CAPITAL

Thank You