



Environmental, Social and Governance Report 2021

July 2022





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Our ESG impact and contribution



Franz Hörhager
Founding Partner and Chairman of ACP Group

In Accession Capital Partners we believe that there is no difference between investing and responsible investing. For this reason we are looking to make the best investments by understanding the whole picture which includes the overview of the environmental, social and governance risks and opportunities and how these could affect longer-term performance. For over 20 years, we have been successfully developing our business based on a quality offering, long-term relationships and transparency of processes. We openly inform our stakeholders about material issues affecting the potential of the ACP Group to create value in the short and long term, and about the results we achieve. Even though our products do not have a purely sustainable investment objective, we are always looking to portfolio companies which are socially conscious and promote the environmental responsibility with recent examples of Remix, Optimapharm and Plasta.

Looking back to 2021, we see how transformative the last year was for advancing the way ESG is perceived. In these challenging times we continued to lead by example and strive towards sustainable investing. It has been a long journey to improve the ESG impact of our portfolio and we will continuously endeavour to contribute and be part of a sustainable future. Being an active investor in CEE since 2000, I can say that we understand the dynamics of market crises and have the knowledge to fight their consequences and, most importantly, all our portfolio companies maintained healthy cashflows and keep growing. Looking forward to 2022 and beyond we see a lot of opportunity for positive growth through responsible investing as we truly believe that the advancement of environmental, social and governance standards are to our advantage.





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ACP – leading growth capital and structured finance provider in Central Europe

Overview – ACP Group

ACP Group at a Glance

57

Investments since inception

50

Full and partial exits

> 20 years

supporting Central Europe's mid market

> EUR 840m

total committed capital across 4 funds

Multi-cycle

investment expertise

Unmatched regional coverage

via 5 local offices

18

investment professionals

ACP Group at a Glance



Solid multi-cycle track record over 4 previous funds



Bespoke strategy offering downside protection, current income and attractive equity upside



Market leading position in the fastest growing but underserved part of the EU



Motivated team with long-term history and proven ability to deliver



Established organization, controls, reporting and ESG policies



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Our Responsibility to impact driven investments

Our philosophy



Responsibility begins with us. By embracing certain **key principles** and incorporating them at various levels of our business processes, we advocate for **sound corporate governance** and **sustainable business practices** which result in responsible long-term value creation for our investors and portfolio companies.

ACP takes **environmental**, **social** and corporate **governance** issues very seriously in order to achieve a positive impact via its operations and sustainable investment returns. This approach is not new to us but has been implemented and further developed over the last decade.

ACP strives to be a **progressive, responsible investor** and employer, enabling positive changes with stakeholders and leading by example. We are firm believers that responsible investing is beneficial for our investors, our investee companies, and the world we all live in.

ACP Group is a proud **signatory of the UN Principles of Responsible Investment**.

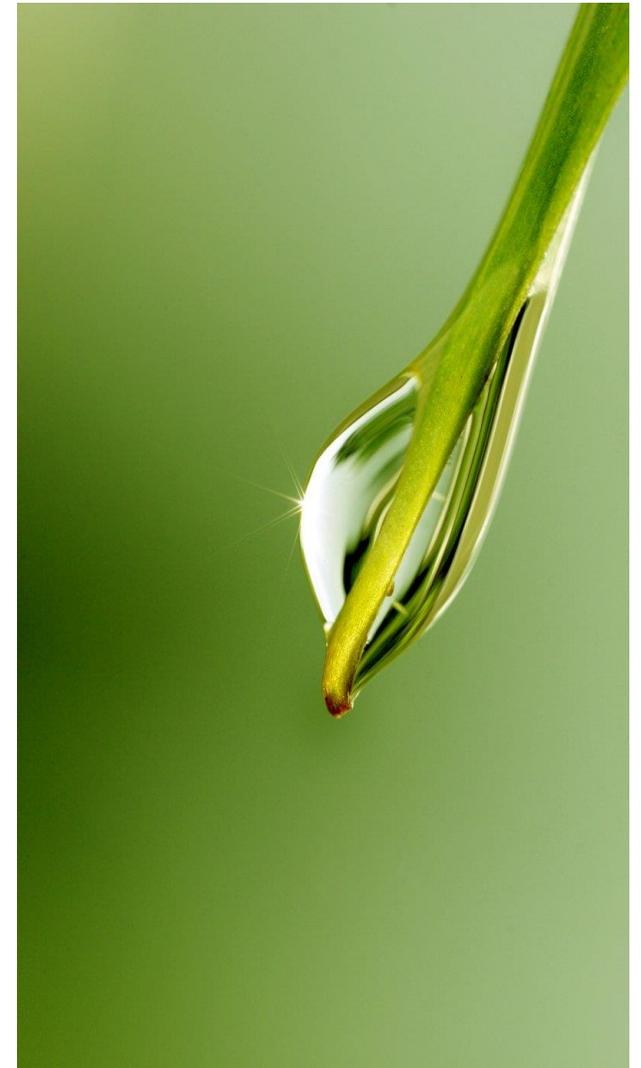


Responsible investment approach and sustainable returns

Our commitments

As an investment firm, ACP is committed to

- **Include ESG considerations into investment analysis and decision making**
- **Encourage portfolio companies board of directors and management teams to incorporate appropriate ESG guidelines into its policies and activities**
- **Assist portfolio companies with long-term sustainable and ethical growth for all stakeholders, including employees, other shareholders and partners**
- **Create an environment of accountability with regards to ESG concerns, both at fund and portfolio company level**
- **Consider and adhere to stringent anti-corruption ethics and policies**
- **Act as a responsible steward of investors' capital and portfolio companies' businesses**



ACP applies its impact-driven investment philosophy in each investment

Our main areas of responsibility

Our ambition is to:

- operate with the highest standards of **governance, ethics** and **transparency**
- focus on supporting **environmental transition**
- accelerating progress towards a more **inclusive** and **equitable society**



- **Protecting** the environment and mitigating climate change



- **Delivering** projects that respect the needs of all our stakeholders



- **Creating** a stable and inclusive workplace supporting diversity



- **Maintaining** stable and strong relationships with our investors and investee companies



- **Taking** corporate social responsibility seriously

ACP Group follows the UN sustainable goals

Our impact

ACP Group is part of an international community of companies and institutions that strive to **promote the 17 Sustainable Development Goals (SDGs)** set by the United Nations.

The ACP Group is and has been supported for many years by leading **international financial institutions** at the forefront of promoting a responsible investment approach, such as:

- The European Bank for Reconstruction and Development
- The European Investment Fund
- US International Development Finance Corporation

...and **blue-chip institutional investors**.

Our funds are **SFDR-compliant** and we provide our investors with an **annual ESG report**, both on fund and portfolio company level.



Source: Safaricom - What the sustainable development goals mean to us

ACP Group impact on the UN sustainable development goals

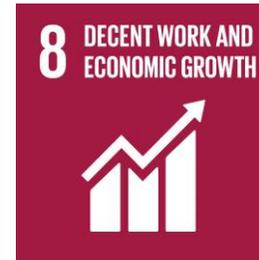
Our impact



- ✓ Our goal is to contribute to the end of hunger and make sure that enough nutritious foods are available to people.



- ✓ Equal treatment in the workplace is one of ACP's pillars. All of our employees are bound by the anti-mobbing and anti-discrimination policy.



- ✓ We are a responsible employer and we promote local entrepreneurs and regional products.



- ✓ We invest in the underserved Central and Eastern European region, contributing to the development of the local markets.



- ✓ We encourage our organisation and investee companies to reduce their ecological footprint by changing the way we consume good and resources.



- ✓ We promote carbon neutrality and the reduction of different types of emissions through better environmental practices.



- ✓ We are involved in local and international industry initiatives and contribute to sustainable development by mobilizing resources and sharing knowledge.

Source: United Nations



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ESG principles implementation

ACP's five step implementation process

ACP's Five Step ESG Implementation process incorporates the firm's ESG principles throughout all stages of an investment and beyond, ensuring full compliance with our high standards. The process covers environmental, social and corporate governance concerns and their relevant KPI's, to ensure a detailed analysis and monitoring of companies

	INITIAL ANALYSIS	IN-PRINCIPLE VIEW	FURTHER DD	DOCUMENTATION	MONITORING & REPORTING
OBJECTIVES	<ul style="list-style-type: none"> Evaluate the company's profile and industry in accordance with ACP's ESG policy 	<ul style="list-style-type: none"> High-level analysis of the company and industry, such as the business plan, to ensure that ACP's ESG standards are met 	<ul style="list-style-type: none"> Assess the ESG risks and opportunities to allow ACP's IC to make an informed decision 	<ul style="list-style-type: none"> Legal bind the investee company or borrower to comply with certain ESG parameters and covenants introduced by ACP 	<ul style="list-style-type: none"> Stay informed and respond to new developments and/or risks
ACTIVITIES	<ul style="list-style-type: none"> Dialogue with shareholders and management to assess any ESG related risks Take decision to proceed to next phase 	<ul style="list-style-type: none"> Engage senior management of target for disclosure of potential ESG risks Request completion of ACP's "Stage 1" ESG Questionnaire (1) 	<ul style="list-style-type: none"> Request completion of ACP's "Stage 2" ESG Questionnaire (2) Evaluate the answers and applying a risk score based on ACP's ESG Risk Score Methodology (3) 	<ul style="list-style-type: none"> ACP may request management changes relating to ESG policies ACP defines tailored ESG covenants and KPIs, as well as including ESG policies in agendas of regular meetings (4) 	<ul style="list-style-type: none"> Ensure on-going monitoring through informal discussions with senior management The portfolio company is required to provide ACP's tailored reporting package on an annual basis (5)
REFERENCES	<ul style="list-style-type: none"> (1) ACP Stage 1 Questionnaire – DA Stage (2) ACP Stage 2 Questionnaire – DD Stage (3) ESG Risk Scorecard & Overview (4) ESG Sample KPIs (5) ACP ESG Reporting Template 				



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Purpose and methodology

ESG annual assessment

Purpose of ESG survey

- The purpose of our annual ESG survey is to measure the progress of portfolio companies in ESG matters
- The questionnaire helps companies to identify the material aspects and relevant actions they can undertake to strengthen their businesses
- The survey helps ACP to demonstrate tangible achievements on topics such as diversity, executive compensation, and climate change
- Depending on the situation, it could lead ACP to engage with the company, decrease exposure to the security in question, or divest entirely

Our methodology

- The questionnaire allows comparing the managements approach of ESG aspects
- It consists of three main categories which cover different KPIs
- Based on the results received in the three categories, the overall score is calculated for each company and as an average of the whole portfolio. The score is based on a scale of 1-3, with 3 being very high risk, and 1 being very low risk
- Questionnaires are sent to portfolio companies on an annual basis, and at due-diligence stage for new investments



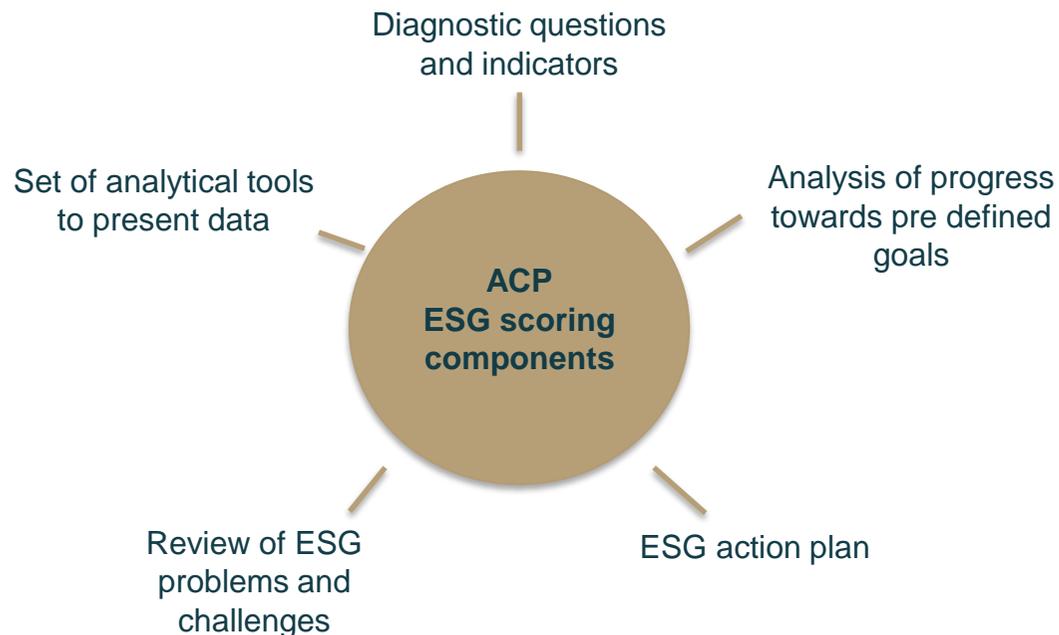
ACP Group Scoring

ESG annual assessment

In ACP, we have developed the **ESG scoring application**, a tool which supports investment decision making and ESG portfolio oversight. The key objectives are **planning, monitoring, and measuring** our **ESG impact**, allowing us to execute the ACP responsible investment policy.

ESG measures in ACP Group's ESG scoring are included in the following areas:

- Environmental issues
- Human resources
- Human rights
- Health & Safety
- Data privacy and security
- Corporate governance
- Anti-bribery & Anti money laundering
- Risk Management
- Supply chain
- Compliance with local laws



ACP is aligned with the EBRD level of classification

ESG annual assessment



High activity risk

The company's business activities may give rise to significant or long-term environmental and social risks and impacts. These may require more specialised risk assessment, and the company may not have the technical or financial means to manage them.



Medium activity risk

The company's business activities have limited environmental and social risks and impacts, and these are capable of being readily prevented or mitigated through technically and financially feasible measures.



Low activity risk

The customer's business activities have minor / few environmental and social risk and impacts associated with them.

The following activities are EXCLUDED from ACP funds:

1. Production of arms or military equipment.
2. Production or export of tobacco products or hard liquor.
3. Casinos and other gambling facilities
4. Immoral or illegal activities



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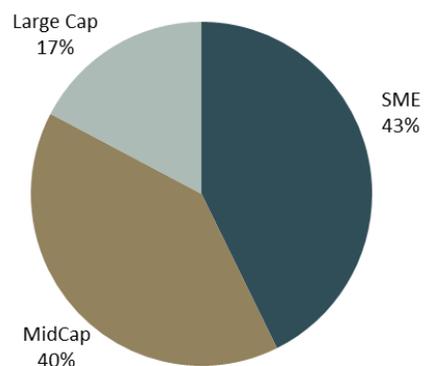
Development impact through the years

Overview of developments

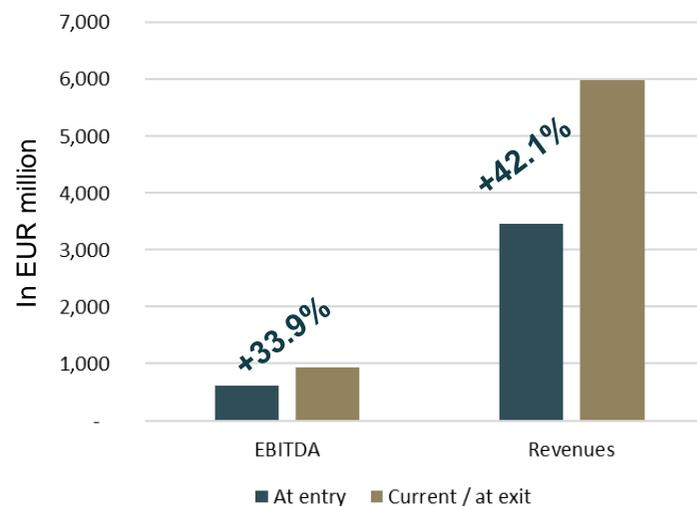
- **Being a mid-market focused investor, ACP Group stands out as a long-term supporter of small and medium enterprises (SMEs) and Mid-caps in CEE**
 - 51 out of 57 investments in prior funds were in SMEs and Mid-cap
 - Due to widespread limited access to external financing, ACP provides a vital source of capital to enable local business development

AMC funds	Amount (EUR m)	% in total portfolio	Total No. of deals	% of total No. of deals
SME qualifying deals	327.2	43%	29	50.9%
Mid-Cap qualifying deals	306.4	40%	22	38.6%

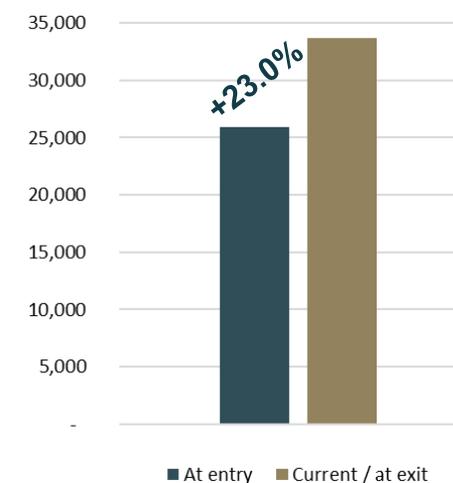
Strong SME & Mid-Cap focus



Portfolio Growth



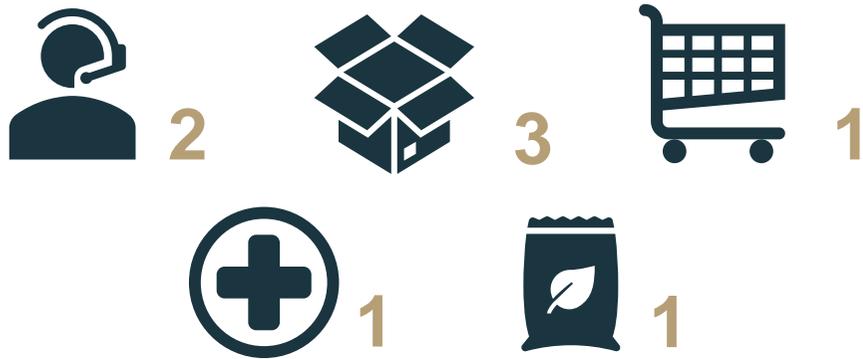
Total employee growth



Portfolio impact in 2021 in brief

Overview of developments

A total of **8** out of 8 currently active portfolio companies responded to the questionnaire.



2 Service companies, 3 Recycling and packaging, 1 FMCG producer, 1 Pharmaceutical, 1 Agriculture



2 new participants for the first time



4 Poland, **1** Lithuania, **1** Romania, **1** Bulgaria, **1** Regional



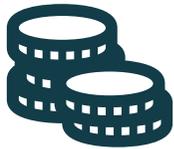
3 SME, **5** Mid-cap and **0** Large-Cap companies

Portfolio impact in 2021 in brief

Overview of developments

8 Portfolio companies

Overall impact



EUR 1,110m
Revenue of portfolio companies



4,540
Employees



35%
Female FTEs



2 Companies have a formalized environmental policy and 3 companies will implement in 2022



EUR 130m
In EBITDA



35
Minor work related accidents in 2021



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Portfolio Companies – AMC IV

ACP ESG Report 2021

	Company	Country	Sector	FTEs 2021	Turnover in 2021 (EUR million)	ESG risk classification
	Nettle	Poland	Pharmaceutical	79	27.7	Low
	Petstar	Romania	Packaging and Container	132	47.6	Low
	EuroIns	Bulgaria	Financial Institutions	1,709	554.0	Low
	Profi	Poland	Food processing	285	29.0	Medium
	Akomex	Poland	Packaging and Container	651	58.9	Low
	Plasta	Lithuania	Recycled Plastic Processing	475	42.2	Medium
	Inplus/ Cenatorium	Poland	Data Services	61	5.0	Low
	Spearhead	Regional	Agriculture	1,146	210.2	Low

Portfolio company- Nettle

2021 ESG Review



Company overview

- Nettle is a provider of outsourcing services for pharmaceutical companies and other healthcare sector participants, focusing on the management of trade receivables
- AMC IV provided EUR 24.0m expansion financing to finance receivables from state and municipally owned hospitals
- Over recent years the company has been transformed into a „one stop shop” service provider for pharma producers
- ACP helped to develop a growth strategy together with other board members

Category	2021 Score	Developments
Environmental	1	This year the company reduced the waste from pharmaceutical wholesale
Social	1	The company put in place policies for overtime, maternity leave, sick leave and disability
Governance	2	Since 2021 all of the employees are made aware for anti-bribery & anti-money laundering through the company's updated code of ethics

Key figures

HQ	Poland
Sector	Distributor of pharmaceutical products
SME	Yes
Risk classification	Low

Positive ESG impact



- Nettle promotes gender equality with 62.0% of the total employees in 2021 being females
- Installed a firm policy against unfair hiring, particularly of vulnerable groups such as migrant workers

Portfolio company- Petstar

2021 ESG Review



Company overview

- Pet Star Holding is a family-owned company set up in 2000 which produces the full range of PET preforms in a facility located in Slobozia, Romania.
- AMC IV provided EUR 12.0m warranted mezzanine and EUR 8.0m equity to finance the construction of a modern recycled PET resin production facility in Romania and the working capital necessary for operation of such production facility
- In the last year the new factory was completed and the production of recycled PET resin started
- ACP supported the Group in making the transition from a linear to a circular business

Category	2021 Score	Developments
Environmental	2	During last year the company optimized its operations to minimize emissions
Social	1	In 2021 Petstar started to collaborate with an external occupational health and safety supplier to set up regular training for it's employees
Governance	1	In addition, for all the technical, economic and socio-administrative employess, Petstar introduced regular anti-bribery training

Key figures

HQ	Romania
Sector	PET preforms producer
SME	Yes
Risk classification	Low

Positive ESG impact



- Invested in a new production facility to deploy more efficient energy consumption
- Advanced the waste optimization process which made economic sense and is environmentally responsible
- The company fulfils many ESG criteria and there are many ESG initiatives which will be rolled-out in the future

Portfolio company- EuroIns

2021 ESG Review



Company overview

- EuroIns is a leading independent non-life insurance group in Southeast Europe (SEE), with operations in Bulgaria, Romania, North Macedonia, Greece, Ukraine, Georgia, etc.
- AMC IV provided EUR 10m growth capital to finance the organic expansion of EuroIns and add-on acquisitions.
- While the pandemic interrupted planned acquisitions, organic growth continued at more than 12% per year on average since 2019
- ACP Introduced EuroIns to potential expansion opportunities in our networks of contacts

Category	2021 Score	Developments
Environmental	1	The company continues to work on their comprehensive environmental reporting and they target to complete it ahead of the 2022 Compliance review
Social	1	EuroIns put in place all the appropriate policies to be in line with the local legislative framework
Governance	1	They are committed to good corporate governance and have additionally introduced particular rules for disclosures and regulatory reporting

Key figures

HQ	Bulgaria
Sector	Non-life insurance
SME	No
Risk classification	Low

Positive ESG impact



- EuroIns strengthened their internal reporting in 2021 and there is stable organic growth of the company since 2019
- EuroIns started cooperating with external sources to form a comprehensive ESG package in 2022

Portfolio company- Profi

2021 ESG Review



Company overview

- Profi is the leading manufacturer of branded pâté and ready-to-eat soups in Poland
- AMC IV provided EUR 10.6m funding to support the acquisition of the company from Bounty Brands, a diversified FMCG platform active in South Africa and Poland. To acquire Profi, AMC IV partnered with a group of private investors, including the founders who had sold the business to Bounty Brands in 2017.
- In 2021 an additional packaging format (metal can) was launched for pâté
- ACP supported the development of international sales

Category	2021 Score	Developments
Environmental	2	Profi continues to not be exposed to environmental liabilities, such as those arising from land or ground water contamination
Social	1	The company's workforce is becoming representative of the local population with respect to gender, race and religion
Governance	2	Profi's financial reporting is in line with internationally recognised transparency standards

Key figures

HQ	Poland
Sector	FMCG
SME	No
Risk classification	Medium

Positive ESG impact



- Profi produces food products (pâté and soups) to meet Polish consumers' needs
- Profi has a sustainable vision for the entire production and value creation chain to minimize food waste

Portfolio company- Akomex

2021 ESG Review



Company overview

- Akomex is among the leading manufacturers of paper carton packaging in Central Europe
- AMC IV provided EUR 16.7m warranted mezzanine and EUR 4.4m equity investment to support the founder in the management buy-back of Akomex
- Since the transaction closing, Akomex initiated a major IT change and capacity and efficiency were boosted through a CAPEX program
- ACP introduced the company to new clients and assisted with bolt-on acquisitions

Category	2021 Score	Developments
Environmental	2	In 2021 Akomex managed to reduce aliphatic hydrocarbon emissions by 10% (compared to 2020) per unit of production and the emissions of aromatic cyclic hydrocarbons and their derivatives by 10% (compared to 2020) per unit of production.
Social	1	40% of the employee hires in 2021 were females
Governance	1	The company introduced a risk management report –‘Risk and Opportunities Analysis’ which includes ESG matters

Key figures

HQ	Poland
Sector	Packaging
SME	No
Risk classification	Low

Positive ESG impact



- Akomex has been a supporter of gender equality and is actively empowering females to join the company
- Akomex has significantly improved their corporate governance strategy and reporting

Portfolio company- Inplus / Cenatorium

2021 ESG Review



Company overview

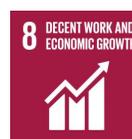
- Cenatorium and its affiliate, Inplus, operate Poland's largest property-related database, comprising various data-sets ranging from value through geological profile to infrastructure installed on such land plots
- AMC IV provided EUR 10.2m to help buy-out a passive financial investor and currently owns 40% of the company
- Its goal is to expand the range of services delivered on the back of the proprietary database, supporting infrastructure investments as well as various tax and duty collections
- ACP supports the launch of the direct-to-consumer classifieds platform

Category	2021 Score	Developments
Environmental	1	In 2021 Cenatorium has reduced its office water waste to c.a. 300L per month
Social	1	The company reported zero work related accidents in the last year
Governance	2	They are planning to assign a person at the company responsible for managing compliance issues, ethics and potential conflicts of interest

Key figures

HQ	Poland
Sector	Data services
SME	Yes
Risk classification	Low

Positive ESG impact



- Cenatorium's short term goal is to define critical success factors for the organic growth of the company

Portfolio company- Spearhead

2021 ESG Review



Company overview

- Spearhead is one of the leading vertically integrated food and agriculture businesses operating in the EU. The company manages 83,000 hectares of farmland across Poland, the Czech Republic, Slovakia, Romania and the UK, where the company started more than 50 years.
- AMC IV provided EUR 26.0m for the Management Buyout of the company and deleveraging of balance sheet in 2021
- Spearhead has already initiated discussions on potential acquisitions in Poland, Baltics and Slovakia
- ACP is securing the roll over of the existing lenders and engaged local expertise to improve dialogues with local authorities

Key figures	
HQ	Regional
Sector	Agriculture
SME	No
Risk classification	Low

Category	2021 Score	Developments
Environmental	2	The company took measures to reduce their greenhouse gas emissions. Especially in Poland they are planning to use photovoltaics in 2022 to minimize the emissions even further
Social	1	By the end of 2021 one third of the FTEs were women
Governance	1	Each of the companies has a company agreement or a company deed of incorporation, developed on the basis of legal provisions, mainly the Code of Commercial Companies

Positive ESG impact



- Spearhead is taking very seriously the impact of its' business on climate change and through their recent initiatives they are planning to minimize their emissions to water and air
- The integrations of ecosystem and biodiversity values into the local planning and development processes are one of Spearhead's main pillars

Portfolio company- Plasta

2021 ESG Review



Company overview

- Plasta is a major recycled plastic processing and manufacturing company in Europe, making over 500 million bags per year
- AMC IV invested EUR 12.7m growth capital to support the firm's organic growth and potential strategic acquisitions
- This year the company changed the corporate governance and reporting – including, among others, setting up a holding structure
- ACP's role is to trigger changes in corporate structure, corporate governance, enhance reporting and assist in search and evaluation of potential M&A targets

Category	2021 Score	Developments
Environmental	2	Under the new brand – “Green Impact Group” – the company focused on: 1) removing plastics from the environment and closing the loop; 2) technological advancement to recycle the most “difficult” plastic waste; 3) manufacturing eco-conscious waste bags from truly post-consumer waste and 4) advocating recycled plastic products as an environmentally-friendly solution
Social	2	The company has been preparing the social policies to consolidate them on group level in 2022
Governance	2	Plasta consolidated a code of conduct/ethics in 2021

Key figures	
HQ	Lithuania
Sector	Recycling
SME	No
Risk classification	Medium

Positive ESG impact



- Plasta has been an innovative leader in the industry and continuously introduced new recycling techniques
- The group introduced new plastic waste usage to make the most out of the post-consumer substances
- Plasta's product offering makes it well-positioned to raise awareness on climate change



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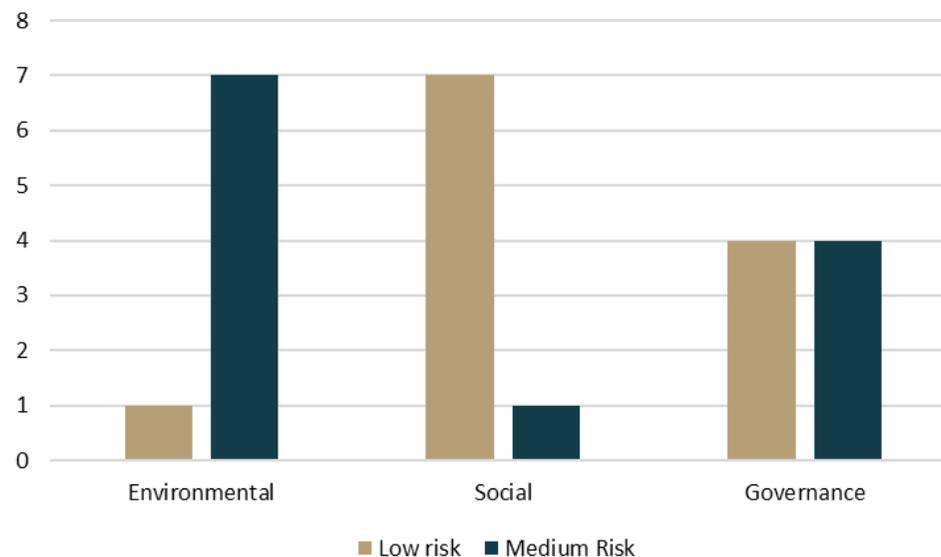
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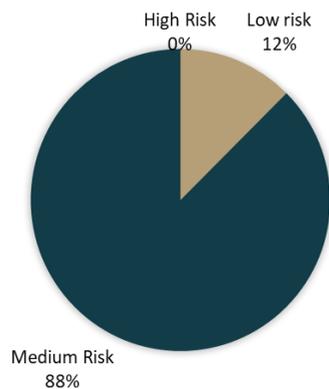
Overview of 2021 ESG performance

Summary

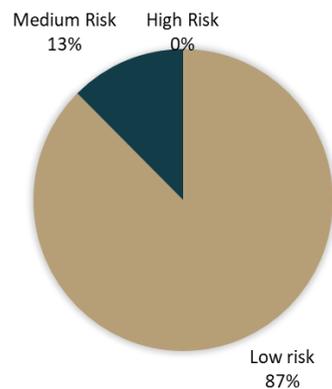
Low and Medium risk segment is dominating the ACP portfolio



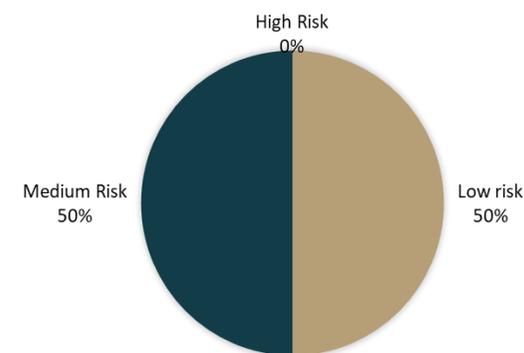
2021 Environmental performance



2021 Social performance

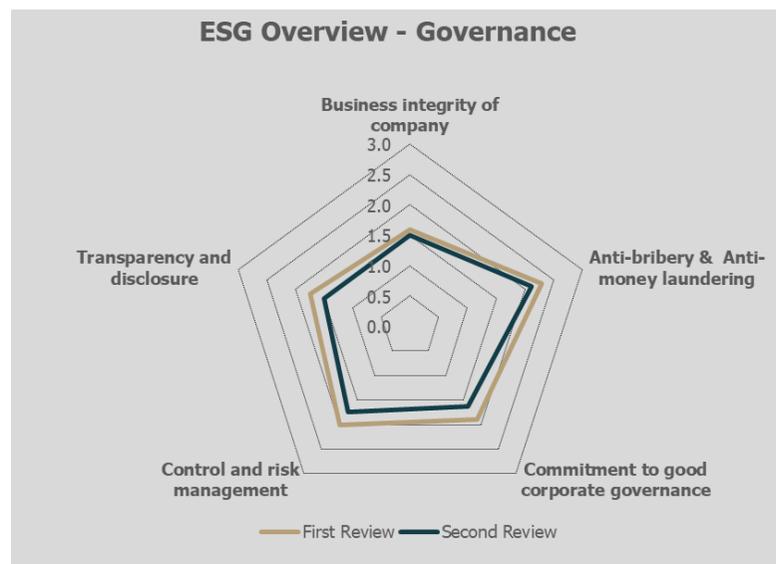
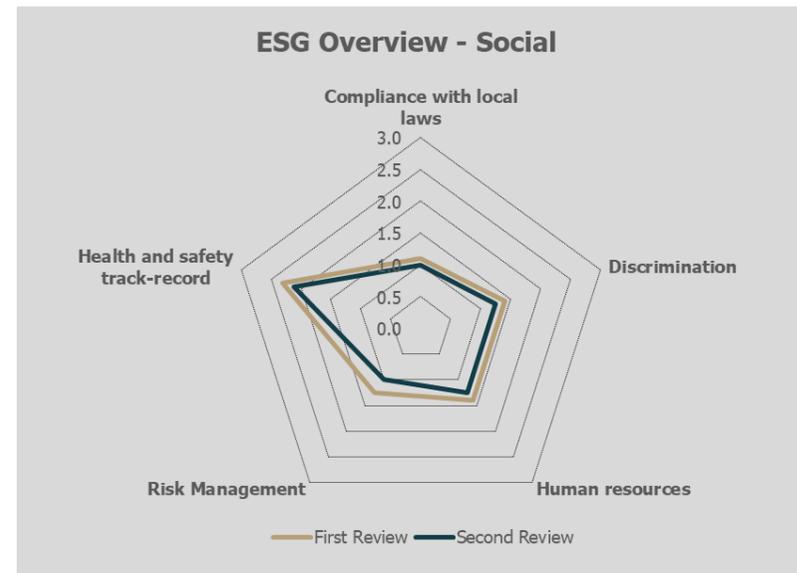
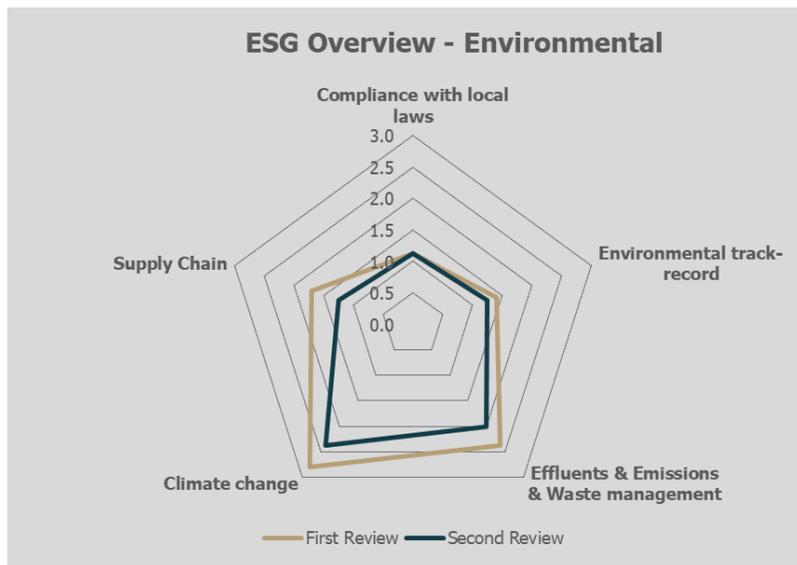


2021 Governance performance



Progress compared to last year

Summary





We've rebranded – Mezzanine Management is now Accession Capital Partners.

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