

Sustainable investment policy

Policy:	Sustainable investment policy (the “ Policy ”)
Adopted by:	AEP 2012 Ltd., in its capacity as general partner of Accent Equity 2012 L.P.; AEP 2017 Ltd., in its capacity as general partner of Accent Equity 2017 L.P. (collectively the “ Accent Equity Funds ”) Accent Equity Partners AB (the “ Advisor ”)
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Policy ownership:	Board of the Accent Equity Funds’ respective general partner, CEO of the Advisor

1. Introduction

Accent Equity Funds comprise a number of investment funds established to make buy-out and expansion capital investments in the lower mid-market of the Nordic region. The Accent Equity Funds’ mission is to create sustainable value for its investors and stakeholders of the portfolio companies owned by the Accent Equity Funds. As such, Accent Equity Funds invest in companies where it can serve as a catalyst for change and thereby transform companies into Nordic, European or global market leaders by providing for genuine, sustainable improvements in operations as well as strategic positioning.

The Advisor is an advisor to the Accent Equity Funds. The Advisor identifies investment opportunities where the Accent Equity Funds can serve as a catalyst for change and provides investment advice to the Accent Equity Funds. The Advisor is a signatory to United Nations-backed Principles for Responsible Investment (“**PRI**”), and this Policy reflects commitments made in relation to PRI.

This Policy sets out the investment management approach as applied by the Accent Equity Funds with respect to sustainability throughout the investment cycle. This Policy shall serve as a framework, aiding the processes for investment identification, management and exit processes of the Accent Equity Funds.

This Policy has been developed jointly by the Accent Equity Funds and the Advisor, and input has been provided by limited partners of the Accent Equity Funds.

It is recognised by the Accent Equity Funds that breaches of this Policy may affect the value of the Accent Equity Funds’ investments and may impair the reputation of the Accent Equity Funds or the Advisor.

2. The Advisor

2.1. Advisor adherence to Policy

The Advisor provides investment advice to the Accent Equity Funds in such a way as to enable the Accent Equity Funds to realise and implement the undertakings set out in this Policy. This Policy therefore reflects what investment advice the Advisor may provide to the Accent Equity Funds with respect to sustainability factors.

The Advisor undertakes to respect and adhere to this Policy and to support the Accent Equity Funds such that undertakings under this Policy may be implemented, monitored and reported on by the Accent Equity Funds.

This Policy complements the Advisor's Code of Conduct, which applies to all employees and executive advisors of the Advisor. The Code of Conduct can be downloaded [here](#).

The Advisor's CEO is responsible for the Advisor's compliance with the Advisor's undertakings under this Policy, and any violations or queries related to the Policy should be reported or directed to him/her.

2.2. PRI Principles

The Advisor is a signatory to PRI and is committed to abide by and promote the following guiding principles for advising responsible investment and will actively advise and support the Accent Equity Funds to adhere to these PRI principles (the "**Principles**") in making and managing investments.

1. incorporating ESG issues in the processes for investment analyses and decision-making processes;
2. to be active owners and to incorporate ESG issues into ownership policies and practices;
3. to seek appropriate disclosures on ESG issues by the entities in which the Accent Equity Funds invest;
4. promoting acceptance and implementation of the Principles within the investment industry;
5. enhancing effectiveness in implementing the Principles; and
6. reporting on activities and progress towards implementing the Principles.

The Advisor adheres to these principles through the adherence to this Policy.

3. Definitions

Throughout this document, the term "**responsible investment**" should be viewed to mean the integration of environmental, social and corporate governance ("**ESG**") considerations into investment management processes and ownership practices in the belief that these factors can have an impact on financial performance. The term "**sustainability**" should throughout this document be viewed to mean the integration of ESG considerations into a company's business practices and processes in the belief that that these factors can have an impact on financial performance.

4. Sustainable investment guidelines

The Accent Equity Funds recognise the importance of sustainability to combine business success with ESG factors. It is recognised that focusing on sustainability is an important part of building lasting value, and that risk mitigation and value creation go hand in hand. Therefore, the Accent Equity Funds shall incorporate ESG factors in their business activities and incorporate responsible investment aspects into their investment practices and business processes.

4.1. General Principles

4.1.1. Investment restrictions

The Accent Equity Funds undertake to, in addition to what may have been otherwise agreed in the respective limited partnership agreements of the Accent Equity Funds, not make any investments in the following set of restricted sectors (the "**Investment Restrictions**"). The Advisor undertakes to

not provide investment advice to the Accent Equity Funds according to which the Investment Restrictions would be violated.

- Arms trading and arms production;
- Tobacco;
- Gambling;
- Pornography;
- Alcoholic beverages;
- Fur production; and
- Oil and gas production.

4.1.2. Principles for responsible investment

The Accent Equity Funds shall:

- Consider environmental, public health, safety, and social issues associated with target companies when evaluating whether to invest in a particular company or entity, as well as during the period of ownership;
- Seek to be accessible to, and engage with, relevant stakeholders either directly, through the Advisor, or through representatives of portfolio companies, as appropriate;
- Seek to grow and improve the companies in which the Accent Equity Funds invest to achieve a long-term sustainable development which benefits multiple stakeholders including on ESG issues. To that end, Accent Equity Funds will work through appropriate governance structures with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimising adverse impacts in these areas;
- Use governance structures that provide appropriate levels of oversight in the areas of audit, risk management and potential conflicts of interest and the implementation of compensation and other policies that align the interests of owners and management;
- Comply with applicable national, state, and local labour laws in the countries in which investments are made; support the payment of fair wages and benefits by portfolio companies to employees and the provision of a safe and healthy workplace by employers in conformance with national and local law; and, consistent with applicable law, will respect the rights of employees of portfolio companies to decide whether or not to join a union and engage in collective bargaining;
- Maintain strict policies that prohibit bribery and other improper payments to public officials according to national and foreign law and the OECD Anti-Bribery Convention and require the same of portfolio companies;
- Respect the human rights of those affected by the investment activities and take active steps to guard against investments benefiting companies that utilize child or forced labour or maintain discriminatory policies;
- Provide timely information to investment partners on the matters addressed herein, and work to foster transparency about the investment activities;
- Encourage the portfolio companies to advance these same principles in a way that is consistent with their fiduciary duties.

4.2. Environment and climate

The Accent Equity Funds recognise the global challenges faced with respect to the global environment and climate change. The Accent Equity Funds shall perform regular evaluations of environmental risks and opportunities in portfolio companies' business conduct, processes, products and supply chains, so as to reduce environmental risk and create value.

Environmental risk factors could include resource use and depletion, water scarcity, waste generation, emissions in air, land and water, energy use, cost of carbon and climate change, biodiversity and habitat conversion. Environmental opportunities could include resource and energy efficiency improvements, waste reduction and the potential development of new products and service which may have a positive impact on environmental factors.

Portfolio companies shall be encouraged to develop their business practices so as to reduce the carbon intensity and energy use, and minimise waste generation. This may be obtained through the use of new technology and the implementation of sustainable business procedures.

4.3. Non-discrimination and gender equality

The Accent Equity Funds recognise that the principles for employment should be based on personal capabilities and qualifications, without discrimination related to sex, gender identity or expression, ethnicity, religion or belief, disability, sexual orientation or age. The Accent Equity Funds also recognise that evidence supports that diverse and inclusive workplaces tend to make better business decisions and make more attractive workplaces.

The Accent Equity Funds shall promote diverse workplaces, and have a zero-tolerance of any form of discrimination or harassment. This may be obtained through the implementation and follow-up by portfolio companies of appropriate policies and practices with respect to recruitment, hiring, compensation, benefits, promotion and other terms and conditions for employment.

4.4. Safe and sustainable work environments

The Accent Equity Funds recognise that all workplaces should be safe and secure, and support a healthy work-life whether physical, mental or social, and that minimising the risk of occupational injuries or illness is a fundamental part of creating sustainable value.

The Accent Equity Funds shall promote safe work environments in all portfolio companies, including prevention of injuries and work-related illness. This may be obtained through the implementation and follow-up on appropriate policies, processes and practices in portfolio companies with respect to injury and illness prevention and investments in safe equipment and work environments. The Accent Equity Funds shall encourage portfolio companies to seek adherence to these practises by their respective business partners, suppliers and customers.

4.5. Anti-Corruption

The Accent Equity Funds do not tolerate any form of corruption or bribery. Wherever the Accent Equity Funds operate, effective controls and measures shall be enforced by the Accent Equity Funds and required of the portfolio companies, by:

- Establishing systems of internal controls, in particular with respect to business hospitality, gifts of value to or from vendors, service providers, customers or regulatory instances;
- Prevention of money laundering, terrorist financing or any violation of sanctions-related rules; and

- Encouraging training of relevant employees, including on processes for escalating and reporting issues.

4.6. Conflicts of interest and whistleblowing

The Accent Equity Funds recognise that business activities that create a conflict between owners or other stakeholders and employees' personal interests are unacceptable and expect the Advisor, employees and portfolio companies to maintain a high level of integrity.

The Accent Equity Funds shall require that appropriate systems are in place within portfolio companies to report and escalate any suspected wrongdoings, including suspicion of bribery, fraud or other criminal activity, miscarriages of justice, health and safety risks, damage to the environment and any breach of legal norms or professional obligations. This may be obtained through:

- The implementation of appropriate processes for identification of conflicts of interest;
- Promotion of a culture of disclosure, such that potential conflicts are identified as soon as possible; and
- Ensuring that portfolio companies have appropriate whistle blower practices in place.

The Accent Equity Funds will support and exercise such powers as they may have to protect whistleblowers in furtherance of this Policy.

5. ESG integration in the investment cycle

Accent Equity Funds seek to integrate ESG issues throughout the four main stages of the private equity investment cycle:

- *Screening and selection*, where potential investment opportunities are identified and evaluated;
- *Due diligence*, where the Accent Equity Funds would conduct an evaluation of potential risks and opportunities in a contemplated investment;
- *Enhancement*, where the Accent Equity Funds strive to transform a business through sustainable improvements in operations and strategic positioning; and
- *Exit*, where the Accent Equity Funds would evaluate potential new owners of a portfolio company, and eventually conduct a divestment of the company to a new investor.

5.1. Screening and selection

The Accent Equity Funds undertake to adhere to the Investment Restrictions, and the Advisor undertakes to not provide investment advice to the Accent Equity Funds according to which the Investment Restrictions would be violated.

The Accent Equity Funds recognise that there may be certain ESG related issues identified in the screening and selection process that may require improvements in portfolio company management, processes or general business conduct. The Accent Equity Funds recognise that such improvement areas may reflect an opportunity to improve the ESG performance of a potential portfolio company. The Accent Equity Funds shall therefore not necessarily refrain from pursuing investment opportunities in cases where ESG issues are identified, so long as such issues are not deemed unresolvable or are otherwise in clear and material violation of this Policy.

5.2. Due diligence

During the due diligence process, the Accent Equity Funds integrate ESG into their analysis of potential investments to understand the relevant risks and opportunities. In this stage of the

investment cycle, the Accent Equity Funds evaluate a potential investment with respect to ESG matters. In particular, processes and control systems for identifying, managing and monitoring risks and opportunities are evaluated.

Any material ESG risks or opportunities identified, resulting especially from regulatory breaches or issues, operational issues, incurred or potential liabilities, potential costs savings or revenue streams, shall be included by the Advisor in investment decision materials. Such findings shall be assessed with respect to level of risk, potential mitigation measures and potential business opportunities.

Identification and evaluation of ESG issues in due diligence shall be supported by external consultants with relevant experience.

5.3. Enhancement

To manage ESG risks and value creation opportunities during the investment stage, the Accent Equity Funds will apply the approach set out in this Policy. This includes, together with the management teams of portfolio companies, to:

- identify and raise all material ESG issues with the relevant decision-makers and to ensure that ESG issues are discussed and evaluated at the board of directors level of the portfolio company;
- establish and enhance ESG risk management mitigation and control systems, including appropriate policies and follow-up processes;
- support the portfolio companies in the development of corrective action plans;
- focus on the opportunities in ESG value creation with respect to environment, diversity, work environments, anti-corruption and prevention of conflicts of interest; and
- monitor the ongoing progress on ESG issues with support from financial and non-financial KPI's.

5.4. Exit

The Accent Equity Funds recognise that ESG factors will form a material part of any exit process. Therefore, regular monitoring of ESG risks and opportunities is necessary to ensure timely implementation of measures as part of the exit planning process and the Accent Equity Funds will seek reporting from portfolio companies to facilitate the same.

The Accent Equity Funds recognise that properly implemented and maintained ESG strategies during the enhancement process will have a positive impact at exit, and that effective ESG performance will contribute to higher exit valuations.

The Accent Equity Funds shall actively promote the ESG strategies and processes of portfolio companies in all contemplated exit processes, and post-investment evaluations of value creation shall include measures taken to improve ESG performance of a portfolio company, and an evaluation of value created related to ESG.

6. Monitoring and reporting

6.1. Approach to monitoring and reporting

The Accent Equity Funds strive for transparency in the approach for incorporating ESG issues throughout the investment cycle, and regularly monitor and report on progress and outcomes. To support monitoring and reporting, data shall be collected at least annually to enable evaluation of progress and reporting. Monitoring of progress shall, when possible, be supported by relevant quantitative or qualitative KPI's.

The Accent Equity Funds shall report on progress on ESG issues to limited partners, and reports shall be made available to the general public. Dedicated sustainability reports shall be developed annually. The Accent Equity Funds quarterly reports on the performance of the portfolio companies to limited partners shall include relevant commentary on ESG activities and any material incidents and shall over time cover certain KPI's that would allow limited partners to gauge progress.

The Accent Equity Funds shall encourage portfolio companies to openly and transparently report on their respective ESG activities and performance, and for such reporting to be done, when applicable, beyond the minimum requirements of applicable law.

6.2. Incidents

The Accent Equity Funds shall ensure that effective monitoring of ESG related incidents within portfolio companies is made possible. This may be enabled by formal reporting systems, whistleblower systems or through other channels.

7. Policy revisions

The Accent Equity Funds will seek to update this Policy regularly to reflect any changes in processes and practices.