



ESG REPORT 2018

ABRIS



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*“Abris Capital Partners,
a responsible PE investor
operating in CEE, delivering
consistent returns through
collaborative value creation.”*

Our approach to Responsible Investment

Dear Limited Partners and friends,

As a PRI signatory, we are very proud to present our first ESG report for 2018.

Taking the responsibility seriously is within our Abris DNA. Whatever we do and whichever challenge, objective or task we decide to undertake, we carry full responsibility for the results, protecting stakeholders' interests and supervising the possible impact our actions may have. We will always go the extra mile, to make sure that the commitments or promises we make are accomplished and that our deeds generate as much value as possible for the famous “3P (People, Planet, Profit)”.

The Responsible Investing concept has always been at the heart of our business philosophy. We remain committed to strengthening the attention of the entire team on principles of Responsible Investing. We also consistently urge our portfolio companies to align their actions and strategies with our approach.

Our ESG integration methodology, as discussed in Abris ESG 2020 Universe, is a complete program presenting our ambitions and setting very pragmatic and practical goals. Therefore, our choice of priorities for each year is driven primarily by a desire to improve value creation, but also by our fundamentally risk-based approach. In 2018, following both EU trends and regulatory focus, we have concentrated on a broad implementation of our “zero tolerance” policy by implementing codes of ethical conduct, anti-corruption procedures and professional whistleblowing tools. We are happy with the results that you will see presented in this report, but especially with the level of support received from the Abris team and our investee companies. Our commitment to make a real change is rock-solid.

In 2019, we will continue doing our utmost to professionalize through instituting new projects within the governance area. I hope to present some interesting achievements in our next year's report, but I also hope to share some of our best practices with the PE community in Central and Eastern Europe.

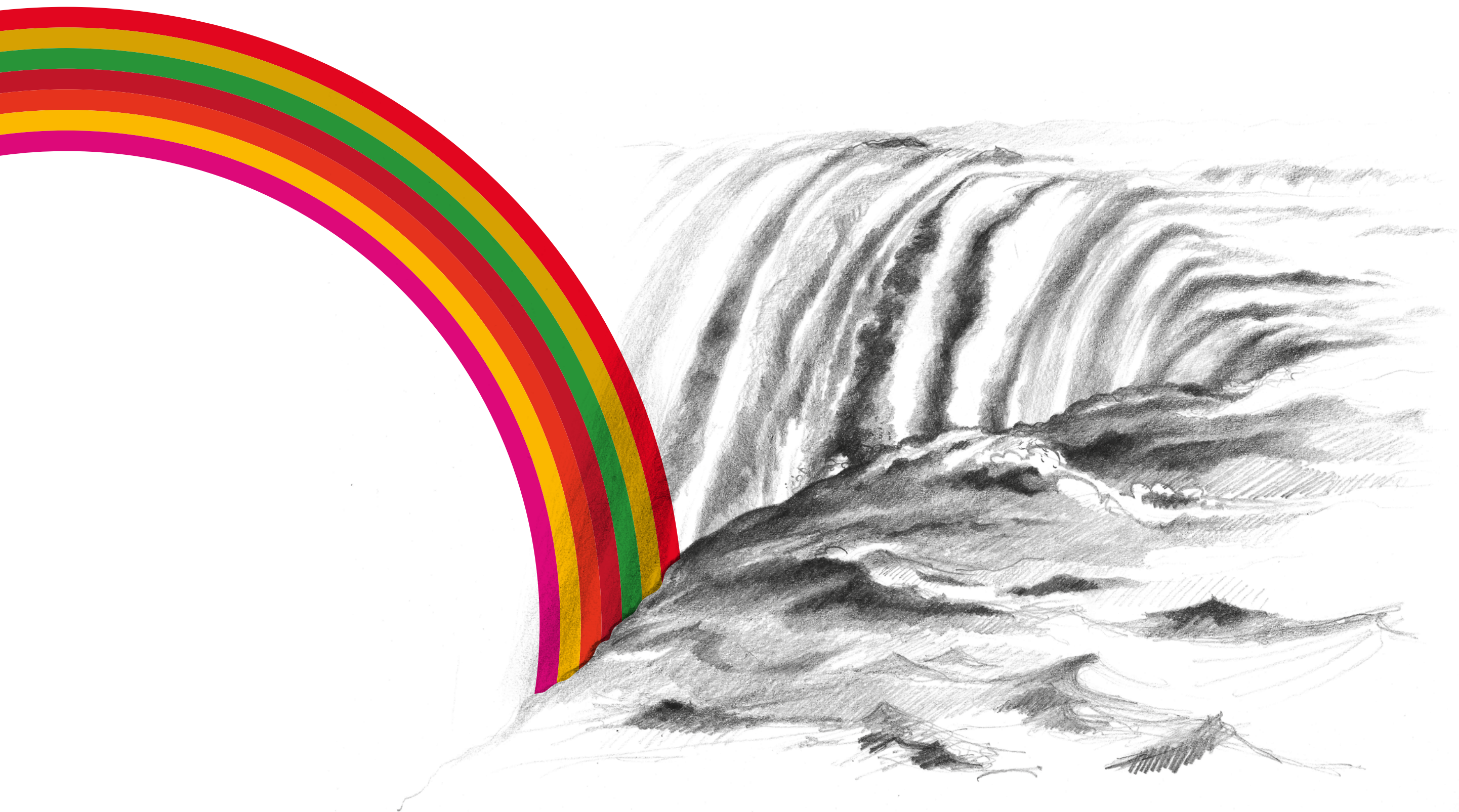
This will go hand-in-hand with several initiatives launched by governmental authorities in the CEE region, which is on track to deliver not only outstanding economic growth, but also major changes in corporate governance and the professional standards of doing business. I am sure it will be another interesting ESG year for all of us here!

I would like to sincerely thank our Abris team for their hard work on integrating ESG in their daily schedules and our portfolio managers for their buy-in to the idea. Special gratitude goes also to our limited partners for your support and feedback. Our collaborative value creation proves once again that we are better together!

Paweł Gieryński
Managing Partner



About Us



About Us

Abris Capital Partners is an independent private equity fund manager, focused on buyout and growth mid-market opportunities in the major countries of Central and Eastern Europe. Abris seeks to identify, and partner with, the most successful and dynamic mid-market businesses in CEE, which can benefit from an input of capital and/or management expertise at both strategic and operational levels.

The firm was established in 2007, in response to the significant structural changes affecting

CEE economies at the time. The Founders, Neil Milne and George Swirski, partnered with two long-standing colleagues – Pawel Gierynski and Stephen Richmond – to launch Abris. The firm has gone on to establish a highly regarded regional presence with access to a significant range of opportunities. Since inception, Abris has grown into a professional, well-run organization, with a stable team and consistent strategy execution. We work to build value in our investments through close collaboration and strong respect for our business partners.

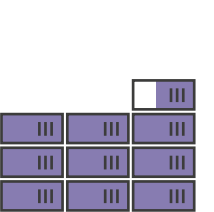
Over the past 11 years, Abris has been able to secure almost €1.3 billion in capital commitments in three funds, from many of the world’s most prestigious financial institutions. This investor group includes both state and private pension funds, endowment funds & charities and commercial asset management companies. Our investors are located around the world with representation in the USA, Europe, the Middle East and Australia.

Abris has invested in building a multi-national team having the geographic coverage and pro-

fessional skills consistent with our adopted investment strategy. Today, the Abris Team is comprised of 21 investment professionals and 16 operations and administration employees from 7 nationalities and is led by 8 partners. We have a comprehensive range and depth of knowledge, experience and expertise in the private equity industry. For over ten years, professionals at Abris have worked together, united by a shared vision and our core ethical values.

We are strongly focused on deploying our investors’ capital responsibly to achieve best-in-class returns by building our portfolio companies into the leading businesses of the future.

FUND I Abris CEE Mid-Market LP



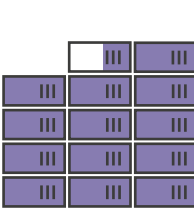
€320m
Fund size

2007
Launch date

9
Number of Investments

Poland
Ukraine
Countries

FUND II Abris CEE Mid-Market II LP



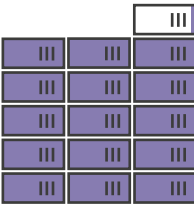
€448m
Fund size

2011
Launch date

10
Number of Investments

Poland
Romania
Czech Republic
Serbia
Countries

FUND III Abris CEE Mid-Market III LP



€502m
Fund size

2016
Launch date

6
Number of Investments

Poland
Serbia
Countries

Abris as a responsible
investor



Our responsibility and impact

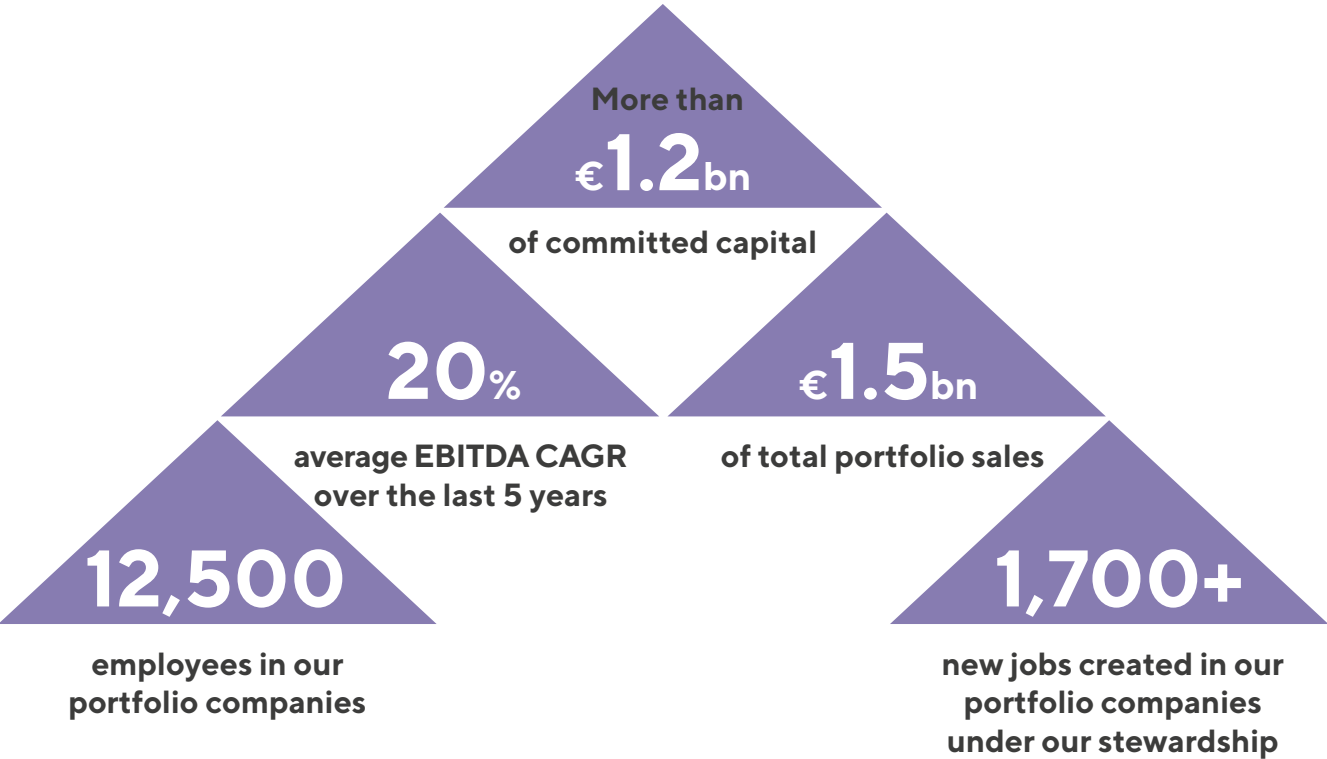
Abris, as an institutional investor, has a duty to act in the best long-term interests of its beneficiaries.

In this fiduciary role, we believe that environmental, social, and corporate governance initiatives can beneficially affect the performance of investment portfolios and mitigate various risks. As a socially responsible investor, we invest in companies that act responsibly in terms of ESG; therefore, our decision-making process includes several milestones related to ESG risk evaluation.

We are aware of our economic, social and environmental impact, especially through the

operations of our portfolio companies. Our ESG approach supports the circular economy goals of gradually reducing consumption of finite resources and eliminating systems waste while transitioning to renewable energy sources. This represents a systemic shift that builds long-term resilience, generates business and economic opportunities, and provides environmental and societal benefits. We work to build economic and social value in our investments through close collaboration and genuine respect for our business partners.

The scale of our impact is reflected in the following results:



We believe good and effective corporate governance, with a professional ESG approach is a prerequisite to building strong companies and, ultimately, maximizing shareholder value. We actively engage with our portfolio companies

throughout the investment process and insist on embedding ESG issues in all steps along the way. The businesses in which we invest must be cognizant of the social impact and environmental consequences arising from their operations.

We are a part of an international ESG community

In a globalized world, we see value in adhering to the highest of market standards. Therefore, Abris is a signatory of the **Principles for Responsible Investment** ("PRI") and has used it's Six Principles as a framework for developing ESG policy across all of our investment activities. Since December 2018, Abris has also been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labor, environment and anti-corruption. Our ESG team members are regularly contributing to the projects and initiatives of both organizations, winning broad recognition throughout the community.

Abris stands as a link between global investors and regional companies. Both the Six Principles of the PRI and the Ten Principles of the **UN Global**

Compact inspire us to transform ideas of sustainable development and responsible investment into practice.

We support the **United Nations Sustainable Development Goals**. In 2015, all United Nations Member States committed to 17 Sustainable Development Goals (SDGs) to help us all end extreme poverty, fight inequality & injustice, and find solutions to climate change. We have a role to play in achieving these goals for a more prosperous, equitable, and sustainable world. Abris strives to contribute to the SDGs through its own activities and those of the portfolio companies. Therefore, selected activities of portfolio companies will be further presented in the context of achieving these goals.

THE GLOBAL GOALS For Sustainable Development



ESG 2020 Universe – The path we are on



In 2017, the Abris management team made a clear commitment to strengthen our responsible investing policies and to develop Abris ESG 2020 Universe. It is a comprehensive program aimed at enhancing value creation in our portfolio companies, promoting ESG as the exclusive way of doing PE business and demonstrating our willingness to serve as an industry role model. We combined 10 years of strong experience in responsible investing together with market best practices gathered through rigorous market research and discussions with our limited partners.

The philosophy of the ESG 2020 Universe has seven objectives:

- › Abris as an ESG model organization
- › End-to-end ESG processes

- › ESG compliance is equivalent to other investment criteria
- › ESG as a performance measure for portfolio companies and management
- › Best-in-class training program
- › Active dialog with all stakeholders
- › Becoming a recognized ESG thought leader

Following two years of implementation, we have narrowed it down to three simple pillars of ESG as the foundation for the Abris Responsible Investment Policy that are clear to all our stakeholders: the ESG Culture, the ESG End to End Investment Process and Transparency. We believe, the model has been tested and proved to be both practical and efficient.



ESG Team

The Abris Responsible Investment Policy states that ESG efforts are led by the Partner directly responsible for ESG integration and communication. The Director of Responsible Investments ("DRI") cooperates with all Abris investment professionals and portfolio company managers in order to ensure that ESG issues are properly monitored pre- and post-investment, and all incidents

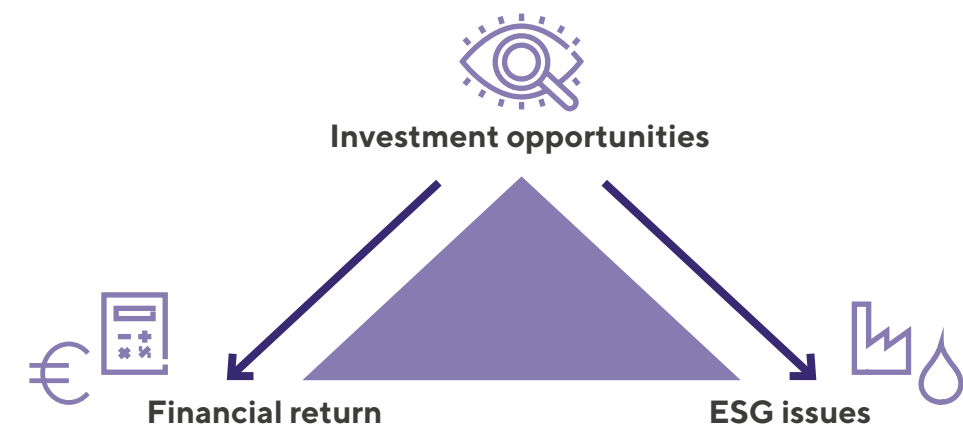
are logged, discussed and properly addressed. The DRI is supported by two ESG Administrators who are responsible for regularly monitoring the progress on resolving portfolio companies' ESG issues. The whole ESG team reports to the Managing Partner, who approves ESG objectives, requiring disciplined coordination with the firm's overall strategy.

ESG End to End Investment Process

We have incorporated our [Responsible Investment Policy](#) and our ESG Monitoring Procedure fully into our investment process. From initial due diligence to Investment Committee approvals, to post-investment monitoring, ESG considerations are evaluated throughout the process as we work

closely with our portfolio companies in developing their ESG policies and procedures. Once an investment is made, we continue monitoring ESG risks to ensure the interests of our limited partners are well protected.

Pre-acquisition stage



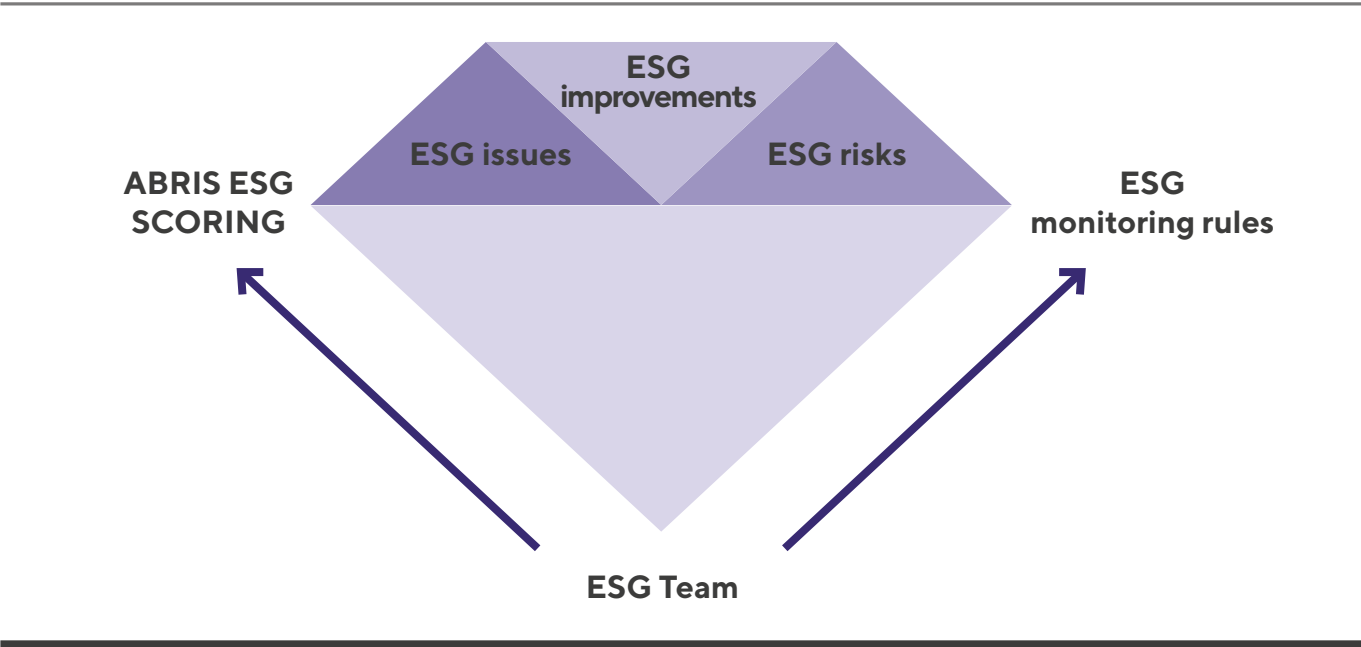
ESG standards are formally incorporated into our investment due diligence process. The Deal Leaders are responsible for reviewing all potential investment targets from a corporate responsibility perspective in order to understand the profile and potential ESG risks of each company.

Every potential portfolio company is checked against the Abris **Exclusion List**, based on all contractual terms included in our LPAs. Abris will never invest in companies on the [Exclusion List](#). During analysis of a target company, Investment Teams are assisted by ESG colleagues in determining the scope of ESG due diligence to be performed. It is based on **Categorization Guidelines** developed by Abris, to ascertain the relevant complexity of ESG Due Diligence.

Following the **ESG Due Diligence**, ESG advisors submit reports to the Investment and ESG Teams for further discussion. In the event that material

environmental issues are revealed in a red flag report, the Investment Committee is then notified. If the Deal is approaching the ultimate investment stage, a final report is provided and reviewed. A Deal Qualifying Memorandum with an ESG action plan is presented to the Investment Committee. The plan is further developed into one section of the post-investment 100-day plan.

Value creation stage



Abris actively monitors portfolio companies to address all ESG issues covered in the 100-day plan and, when necessary, implements changes to assure compliance with corporate responsibility best practices. Subsequently, we develop an **ESG Strategic Plan** together with the portfolio management team. This plan includes a wide range of ESG objectives illustrating our ambition of building our investments into multi-dimensional market leaders. Portfolio companies receive regular ESG Team support in managing their ESG risks and implementing ESG projects.

- Abris’ ESG Team support includes:
- › helping to identify risks and solve problems during quarterly ESG visits or calls
 - › preparing templates of specific documents, policies and procedures
 - › planning and organizing trainings for portfolio companies
 - › preparing additional educational materials relevant to regulatory developments
 - › providing ad-hoc advisory and advice on best ESG practices

The key to success is a close, structured cooperation between Abris and the portfolio companies. To secure such cooperation, each portfolio company appoints an **ESG Coordinator** at the

Management Board level. Depending upon the specific company and the required tasks, the Coordinator builds an internal ESG Team responsible for the timely delivery of projects. Abris’ ESG Team works closely with both ESG Coordinators and their teams.

In order to assure comprehensive analysis and evaluation of ESG integration in portfolio companies, we have built a proprietary **ESG Scoring tool and evaluation methodology**.

ESG Scoring allows us to measure risk, management practices and indicators in ten areas: corporate governance, anti-bribery and anti-corruption, human resources, health & safety, human rights, environment, sanction & anti-trust, IT & cyber security, product/service safety, and marketing. The Abris ESG Scoring utilizes more than 350 measures to help us conduct in-depth ESG analyses.

The Abris ESG Scoring tool is used to identify ESG risks and measure implementation progress on an annual basis. As a result, we will soon be able to benchmark progress and effectively manage the ESG area in each of our portfolio companies.

Examples of indicators included in the Abris ESG Scoring measured in our portfolio companies.

ENVIRONMENT

Total weight or volume of materials that are used to produce and package the organization’s primary products and services during the reporting period, by: i. non-renewable materials used
Total weight or volume of materials that are used to produce and package the organization’s primary products and services during the reporting period, by: ii. renewable materials used
Consumption of key raw material / material per unit of product or revenue (for individual categories of raw materials / materials)
Total fuel consumption within the organization, in joules or multiples, and including fuel types used
Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used
Energy consumption per unit of product or income
Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples
Total water withdrawal from all areas in megaliters
Water consumption per unit of product or income
Gross direct GHG emissions in metric tons of CO ₂ equivalent
Weight of other air emissions by their type (e.g. SO _x , NO _x , PM ₁₀ , PM _{2.5})
Greenhouse gas emissions per unit of product or income
Other air emissions per unit of product or revenues
Weight of hazardous waste, with a breakdown by the following disposal methods where applicable: i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization)

Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable: i. Reuse ii. Recycling iii. Composting iv. Recovery, including energy recovery v. Incineration (mass burn) vi. Deep well injection vii. Landfill viii. On-site storage ix. Other (to be specified by the organization)
Total volume of planned and unplanned sewage discharges
The total amount of penalties imposed in connection with violation of environmental regulations

SOCIAL

Human Resources

Total number of employees: a. permanent/full-time equivalent FTEs b. part time c. total number of full-time employees by gender
Total number of new employees hired during the last 12 months
Total number of employee turnover during last 12 months
The level of rotation of production workers % of people who left the company by their own choice in relation to all employees at the production department
The level of rotation of administrative employees % of people who left the company by their own choice in relation to all employees in the administrative department
Net Absence Rate % Absence rate = (days of sick absence in month x 100) / (in the nominative number of people from all departments of the Company x days to work a month) excluding sick leave due to pregnancy
Number of reported incidents of discrimination, mobbing, sexual harassment etc. in the last 12 months
Number of confirmed cases of discrimination, mobbing, sexual harassment, etc. in the last 12 months
Number of disabled employees and their % share in total employment
Is there equal pay and opportunities between genders, ethnic origin/race, age?

Has the company offered additional non-wage benefits during the last 12 months?
Number of employees participating in benefit programs number of employees participating in benefit programs / number of employees
Average number of training hours (or training days) per employee - applicable to training organized by the employer
Number of employees employed in outsourcing
Percentage of employees employed in outsourcing
Number of trade unions operating in the company
Percentage (%) of employees belonging to trade unions

Health & Safety

Number of accidents at work among employees, including among employees of subcontractors
The total number of days of inability to work among employees caused by the accident
Number of fatal accidents among employees / among employees of subcontractors working on the premises of the plant
Accident severity rate (number of days of incapacity / 1 accident)
Number of cases of occupational diseases reported
Percentage (%) of contracts with subcontractors in which the clause relating to health and safety was included
Number of audits in terms of compliance with health and safety at subcontractors

Products/Services Health & Safety

Number of breaches related to safety of products and services
Administrative proceeding against the Company (e.g. initiated by the state competition and consumer protection authority UOKIK)

Human Rights

Does the Company conduct any trainings on human rights issues for the employees?
Percentage of agreements with clauses regarding human rights

CORPORATE GOVERNANCE

Does the percentage of women among supervisory board members exceed 30%?

Does the percentage of women among management board members exceed 30%?

Work regulations of the Supervisory Board

Work regulations of the Management Board

Succession plan

Number of the areas review by an internal audit in last 12 months?

Anti-Corruption, Anti-Bribery

Number of reported cases of suspected corruption

Total number of confirmed incidents of corruption

Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases

Percentage of employees that the organization’s anti-corruption policies and procedures have been communicated to

Percentage of employees that have received training on anti-corruption

Percentage of business partners that the organization’s anti-corruption policies and procedures have been communicated as a clause in the agreement

Anti-Trust

Percentage of relevant staff who complete adequate anti-trust training during last 12 months?

Number of legal actions pending or completed during last 12 months regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant

Marketing

The number of administrative proceedings conducted against the company by UOKiK or similar office for non-compliance with laws and regulations in matters related to the reliability and ethics of marketing communication

Cyber-Security

Percentage of staff been provided with cyber security training in last 12 months?

Number of identified internal security violations

Number of identified external security violations

Transparency

We believe in regular and **transparent communication** with all our limited partners. This consists of clear disclosures of all material ESG incidents in our quarterly reports to investors and a comprehensive presentation of Abris ESG initiatives at the Annual General Meeting. ESG progress reports are also delivered during periodic LPAC meetings.

Any incidents at the portfolio level are analyzed and lessons learnt are converted into specific actions or systemic solutions. Valuable lessons from

past experiences helped in strengthening three lines of internal control defense, internal audit and whistleblowing functions; improvements in the investment monitoring procedures; increased role for independent Supervisory Board members and finally in developing our “zero-tolerance” ESG procedures. One of the major examples of transforming such lessons into practical solutions, resulted from the GetBack incident in 2018. We have devoted a lot of effort and resources to analyze this fraud case and draw relevant conclusions for our portfolio monitoring practice.

We promote responsible investing and responsible business standards



An ESG-sensitive approach to investing and business is a relatively new trend in the CEE region, both for private equity and private companies.

Therefore, two of our objectives are to promote this approach and to play an active role in regional educational initiatives. We plan to initiate a number of workshops and training sessions and, also, to engage as public speakers, thinktanks members and ESG experts. Some recent examples are:

- » Abris was a co-founder and a member of the ESG Committee of the Polish Private Equity and Venture Capital Association (PSIK).
- » Our team members have written on ESG related issues for several publications that are popular in the Polish family business community.
- » In 2018, Abris is a Partner of the guidelines on “Ethical and social standards as the pathway for small and medium enterprises to collaborate

with large clients”. The brochure was published by the Ministry of Investment and Economic Development of the Republic of Poland.

We actively participated in public discussions about ESG, inter alia:

- » UN Global Compact workshop on “Water crisis as a barrier to sustainable development in Poland”, as part of the National Forum of Stakeholders of the 2030 UN Agenda in the Ministry of Enterprise and Technology
 - » European Network for Women in Leadership (WIL Europe) panel discussion on responsible investment
 - » Experience Exchange Forum, Zabrze 2018.
- Abris led a workshop on countering corruption and implementing management systems in accordance to ISO 37001.

Abris as an attractive employer and engaged stakeholder

Being an ESG model organization means not only proper management of entrusted funds or a well-structured organization, but also being an attractive employer who offers personal development and career opportunities. We support our employees financially and organizationally in completing training, courses, postgraduate studies and MBA studies at the world’s best universities. To improve driving safety, we have organized safe driving courses conducted by professional instructors.

In 2018, we created **an ESG Academy** for the Investment Team. The whole group took part in trainings on corporate governance, General Data Protection Regulation, compliance & whistleblowing and ESG due diligence methodology. Additionally, the ESG Team members successfully completed training on corporate governance and

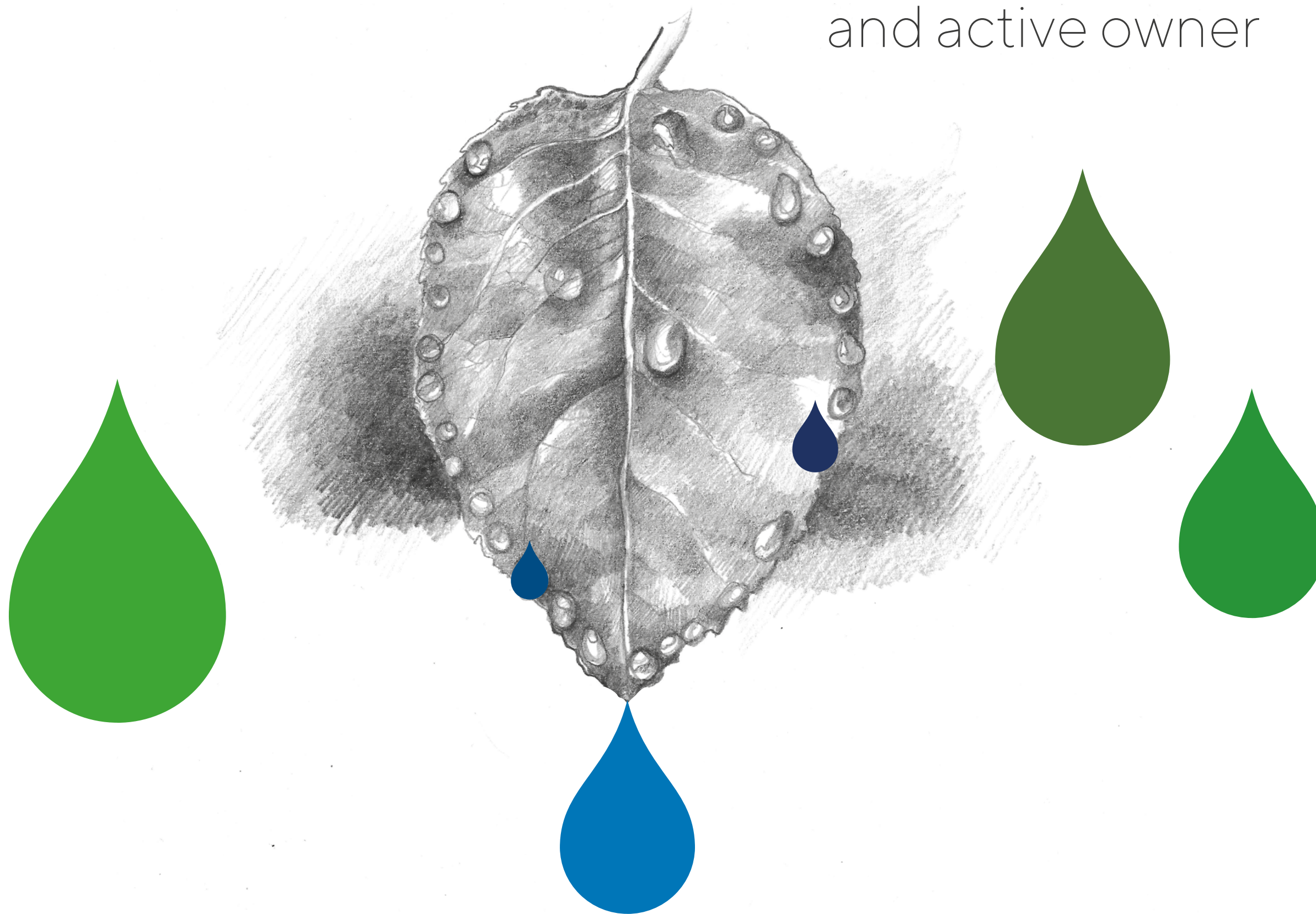
an Invest Europe workshop on integrating ESG into investment process.

We like to share our knowledge and experience with others.

Our team members act as mentors, speakers and experts while working with students, young professionals or non-profit organizations. We take pride in the personal outreach by Abris professionals in fulfilling our commitment to the wider community.



Abris as a responsible
and active owner



We strengthen ESG in our portfolio companies

2018 was an exceptional year for Abris Capital Partners. We completed four investments in Poland with total commitments of nearly €170m. Building value in portfolio companies was clearly reflected in two successful exits generating great returns to our limited partners. At the end of 2018, Abris had 14 active investments in its portfolio.

We work closely with our portfolio companies throughout the year to minimize ESG risks and create additional value. This cooperation takes place on several levels: Deal Team working closely with the Management Board and Abris ESG Team supporting Deal Team and the portfolio company ESG Coordinator. The following examples illustrate jointly implemented ESG projects in 2018:

Environmental:

- › Reducing water consumption in the production process
- › Energy efficiency audit
- › Implementation of the ISO 14001 management system
- › Purchase of a mixer reducing the amount of waste

HR:

- › Implementation of the employee evaluation process
- › Introduction of a new fleet policy
- › Introduction of a bonus program
- › Implementation of the HR management system: procedures for hiring, evaluating, promoting, promoting employees

Corporate governance:

- › Implementation of internal audits
- › Development of a succession program
- › Improved documentation of the Supervisory Board and the Management Board work

Health and safety and fire safety:

- › Implementation of health and safety management system
- › Training on safe driving
- › Achieving legal compliance in the field of fire safety
- › Improving warehouse safety procedures
- › Training supervisors in responsibility for security

Sales and production:

- › Implementation of a management system compliant with the SMETA standard
- › Social audit
- › BRC audit

Anti-Bribery:

- › Implementation of an anti-corruption program
- › Establishment of anonymous channels for reporting violations
- › Appointment of a compliance officer
- › Implementation of anti-corruption clauses for contracts with contractors

We periodically check the status of ESG projects carried out by our portfolio companies against measures included in the Abris ESG Scoring.

Our 2018 ESG priority was to implement a “zero-tolerance” policy in the areas of ethical standards, anti-corruption and whistleblowing in each portfolio company.

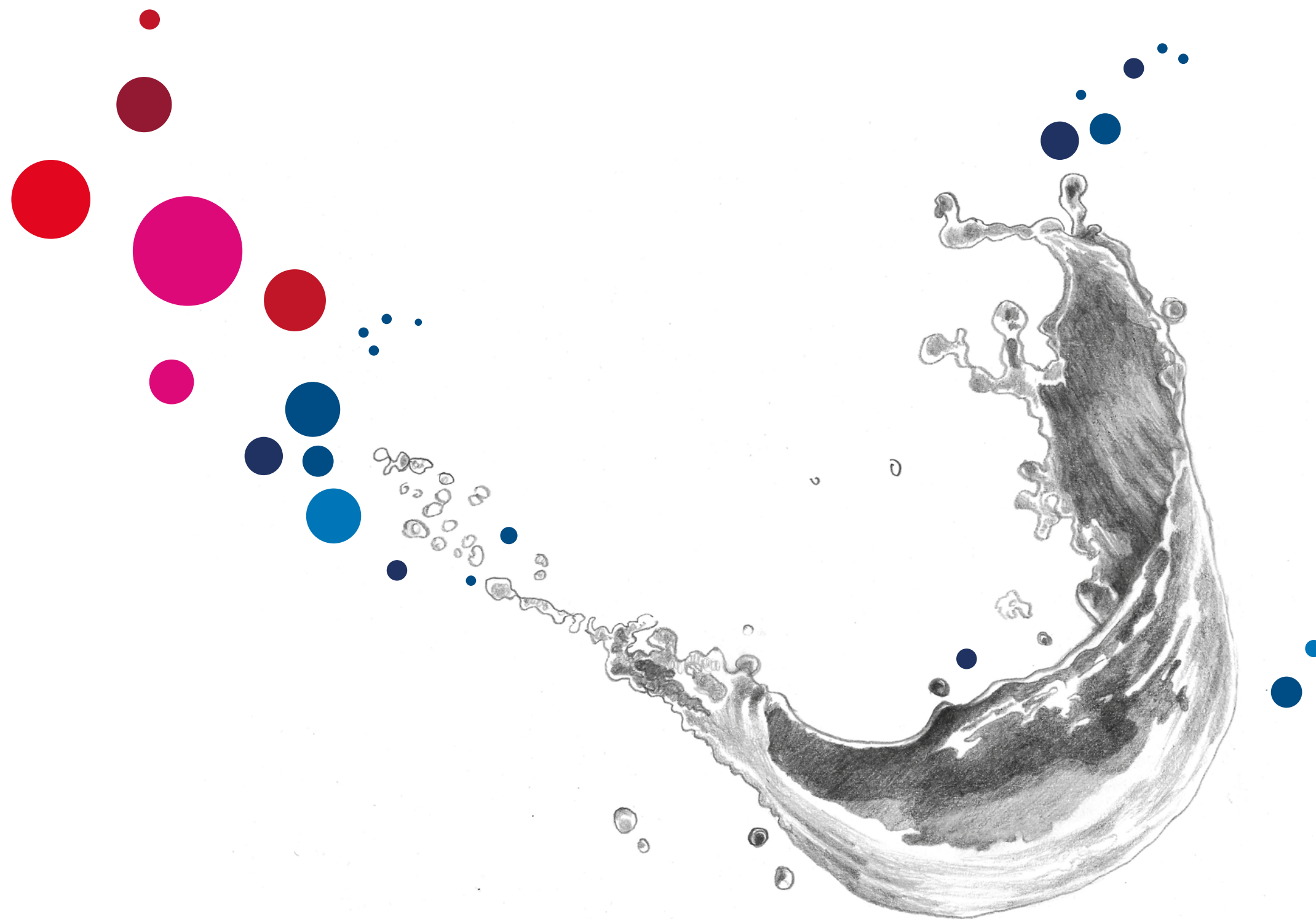
This program consists of the following:

- › Presentation of corruption risks and an anti-corruption program for each Management Board
- › Templates of procedures and instructions on bookkeeping and financial reporting compliance tests; gifts and benefits procedures; Anti-Corruption Clauses; Procedures on Managing Conflicts of Interest
- › Appointment of a Compliance Officer in each portfolio company
- › Compliance officer training regarding corruption risk, whistleblowing and internal investigations delivered by a recognized law firm and a whistleblowing services firm
- › Implementation of internal and independent, anonymous Whistleblowing channels

The program was fully completed by all portfolio companies in Q1, 2019. We have acknowledged this achievement through supervisory board approvals and look forward to sharing our solutions with the wider PE community.



Portfolio overview



ETOS S.A.

Etos S.A.

About the company

Etos S.A. is a Polish company specializing in design, production and distribution of clothing with a sales network covering Poland and other CEE countries. We have created a well-recognized brand, Diverse, appealing to young women and men interested in the latest fashion trends. Our portfolio also includes the Misha brand which is intended for independent and stylish women. Design creations from our Gdańsk design studio are distributed to buyers, whose commissions are fulfilled at the production facilities of our Asian subcontractors.

ESG programs can build a stronger corporate brand and promote sustainable long-term growth.

Environmental, Social and Governance is a priority for our Company. The advantages of taking a proactive approach to ESG issues are significant. We identified the appropriate ESG criteria that are material to our company and aligned with our corporate strategies.”

Marcin Bielski
CEO Etos S.A.



ESG activities in 2018

Code of Conduct

In 2018, we started work on our internal Code of Conduct which regulates issues such as conflict of interest or relationships with suppliers and colleagues, including accepting gifts or other benefits. As an integral part of Code of Conduct, in 2019 we implemented a whistle-blowing system.

Secure IT system

Etos S.A. maintains a stable and secure network infrastructure. Our integrated IT systems manage almost all business processes responsible for the Company's profitability. The IT strategy provides for further implementations of new technologies supporting the Company's management efficiency.

GDPR

Since 2018, the Company has introduced a number of organizational and technological changes to increase the security level in accordance with GDPR legislation. Thanks to a review of all IT tools and risk analysis, we were able to identify areas requiring IT support. The new solutions significantly minimized the risks related to the unavailability or inefficiency of IT systems & services and also ensured the effective continuity of operations.

CASE STUDY

Responsible supply chain

All suppliers must sign the Etos Code of Conduct which includes: the prohibition of child & slave labour and discrimination of any kind. The Code also orders assurance of safe and hygienic working conditions and paid overtime work. Before placing an order to a new supplier, a factory audit must be performed by the world's leading inspection company, SGS. Only after a positive audit result can cooperation begin. Additionally, each sales contract contains a Social Compliance Clause and Anticorruption Clause.

During business trips, buyers and quality control specialists visit factories and perform internal auditing. Every supplier is requested to send copies of all relevant certificates from each factory. We perform annual checks of the certificate expiry dates to ensure timely renewals.

Regarding Social Compliance Audits, we require BSCI or SMETA certificates from our suppliers. Most suppliers have them while the rest are in the process of obtaining them.

Our goal for 2019-2020 is to reach 95% of suppliers with BSCI and/or SMETA certificates, so we can be sure that workers' welfare is secured and production is conducted in fair and acceptable conditions.

CONTRIBUTION TO THE UN'S
SUSTAINABILITY GOAL 8

8 DECENT WORK AND
ECONOMIC GROWTH



GOAL 8



AURES Holdings

About the company

The AURES Holdings group has been active on the market for 27 years. It operates a network of 49 AAA AUTO used car outlets in the Czech Republic, Slovakia, Poland and Hungary. Over its lifetime, it has served over 2.2 million customers. The group sells approximately 80,000 used cars annually and is the largest used car dealer in Central and Eastern Europe. AURES also sells 'nearly new' cars under the revived Mototechna brand. The Company intermediates various other products and services, such as consumer loans for car purchases and TPL & CASCO insurance. In 2018, the Company launched the Mototechna Drive car rental service, FleetHero car sharing service and an in-house AuresLab innovation laboratory. The Company regularly ranks among the CZECH TOP 100 largest companies list. The AAA AUTO and Mototechna brands are an official partner of the top Czech football league.

“It is our firm belief that improved transparency & accountability and enhanced stakeholder trust play a significant role in boosting company value.

We aim to meet and, where possible, exceed our stakeholders' expectations. We ensure responsible management, investment and ethical principles are incorporated throughout our activities.”

Karolína Topolová
CEO AURES Holdings a.s.



ESG activities in 2018

GDPR

Implementation of GDPR was a major focus of the AURES group in 2018. Following a thorough gap analysis and implementation plan, we listed and revised our processing activities, mapping them to legitimate purposes defined in GDPR and defining our approach to data subject rights management. We defined our Personal Data Policy and other top-level policies as needed, appointed a Data Protection Officer and organized company-wide trainings for managers and individual employees. Securing organizational and technical measures to protect the personal data of data subjects was an integral part of the project.

Supporting the Children's Traffic Foundation

One of the effects of a fast-growing society is an increased number of traffic accidents, often with tragic consequences. The Children's Traffic Foundation is designed to financially aid children orphaned as a result of traffic accidents, as well as those who have permanent health problems resulting from an accident. Since its

inception, the Foundation has provided almost CZK 10 million to children whose parents have been accident victims, especially for scholastic studies, health rehabilitation, outdoor stays and living standards. The Chairwoman of the Board of the Foundation is Ms. Karolína Topolová (CEO of AURES Holdings a.s.) and AURES is one of the Foundation's sponsors.

Sponsorship

The Company has been sponsoring the top Czech football competition, the Fortuna League, for nearly 3 years now. The project supports the 16 best Czech football clubs in the form of long-term car rentals. The Company also offers the same support to the top 5 Slovak football teams.

CASE STUDY

Internal auditing as a part of effective corporate governance

The internal audit function serves to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight to help the organization succeed. This function is independent and impartial, demonstrating integrity and promoting organizational improvement. Auditors also support a culture of fraud risk awareness throughout the Company. Stakeholders can fully rely on our internal auditing services. Our internal auditors are highly-experienced in conducting audits objectively with no quality compromises, effectively communicating with management at all levels with the aim of helping to improve processes and control systems. They focus on the most significant and relevant risks and assist management in making informed decisions that are easily understood.

We have moved from a rigid annual audit plan to a more flexible one by prioritizing ad hoc audits, process audits and objectives set by the Board. The assurance provided by an internal audit is forward-looking to help senior leadership succeed in the coming years.

The standards set by the Institute of Internal Auditors strive to meet all stakeholder expectations. As a result, internal auditors are not perceived within the Company as “internal police,” but rather, as proactive future-focused “trusted auditors” who communicate effectively, are pragmatic and bring added value.

As for key ESG projects implemented in 2018, AURES Group created a robust internal ESG structural plan for both internal rules and procedural assurances, initiating a whole new set of internal regulations and processes, including the introduction of both a Compliance Officer and a dedicated ESG team, made up of departmental heads such as Internal Audit, HR, PR and Operations. The plan will be implemented during the course of 2019.

CONTRIBUTION TO THE UN'S
SUSTAINABILITY GOAL 16





CARGOUNIT

About the company

Industrial Division, owner of the Cargounit brand, has been operating on the market since 2003. The Company's activity is the acquisition, rental and maintenance of rolling stock. The Company was established on the basis of Polish capital. It is one of the largest ROSCO companies operating in Europe and one of the few Polish entities offering a rolling stock lease operating independently of the vehicle manufacturer. Cargounit specialize in the petrochemical industry as well as in transport of raw materials and specializes cargo. The Company owns also Powerunit brand. Cargounit applies to freight transport vehicles while Powerunit refers to vehicles used for passenger transport.

Looking at ESG from a purely economic standpoint, the introduction of appropriate standards within the company protects us against the risk of penalties, claims or corporate image losses.

As President of Industrial Division, I consider ESG to be a necessary and helpful tool. It allows us to judge the company from non-financial point of view. The introduction of clear and transparent procedures makes it extremely easy for both the Management Board and the Company's employees to cooperate inside and outside the organisation."

Piotr Ignasiak
CEO Industrial Division Sp. z o.o.



ESG activities in 2018

Whistleblowing

Whistleblowing has been a part of compliance at Industrial Division since 2018. On January 25, 2019, the Company signed a Service Agreement with Whistleblowing Centre AB for a Communication channel (with all required services and tools). The first system test was completed in February and portal changes were ready by the end of March. The second round of tests are presently pending. Launch of the WhistleB system is planned for the beginning of May 2019.

Sponsoring

In February, the Supervisory Board gave its consent to the Management Board's selection of three entities for sponsorship. The selection process continued the Company's strategy from previous years to prioritize the support for youth from Lower Silesia. The Company has signed agreements with these entities to establish the terms of sponsorship.

Fleet management policy

The Fleet management policy was finalized in 2018 and the final draft has been agreed with the legal and financial department. The final draft was sent for legal analysis and approval by the Fund in March 2019. On April 2nd, it was forwarded to the Company's employees for review and any proposals for amendments. The Fleet management policy was accepted by the Management Board on April 30, 2019.

CASE STUDY

Implementing GDPR

The most important ESG Project in 2018 was definitely the implementation of the GDPR regulations. The Company considers GDPR to be extremely important in a number of ways. Firstly, the regulations on protection of personal data affect practically every level of our business activity. Ensuring the security of personal data for the Company's customers and employees will enable us to avoid the risk of incurring high financial penalties. The Company approached this task comprehensively. In June and July 2018, an audit was carried out by an external party. Based on the collected data, our existing security features and the recommendations derived from the audit report, we created a security policy for personal data processing. Prior to and during the preparation of the finalized security policy, the Company undertook early actions to ensure appropriate data security. Following GDPR employee training, in October the Management Board adopted the new security policy. Shortly thereafter, all employees received general information on the changes and the range of responsibilities, recommendations and documents needed.

Due to the specific nature of the GDPR, the Company continually undertakes activities to ensure a high level of data protection.

CONTRIBUTION TO THE UN'S
SUSTAINABILITY GOAL 16





Dot2Dot

About the company

Dot2Dot is a leader in the printing industry in Poland, employing nearly 700 people in four locations. Our clients can take advantage of a one-stop-shop for a wide range of packaging options and innovative design solutions, including our top quality multi-color printing, luxury packaging expertise, unique packaging constructions, embossing & lamination and 3-D effects. Our 40 R&D specialists ensure the perfect result for every job passing through our 61 modern production lines. We have completed projects for over 1000 brands with an annual production of 2.5 billion packages and labels.

“The main goal of every company is to build its value.

For us at Dot2Dot group, sustainable development and social responsibility are a strategic issue. We consider our actions in these areas as part of our competitive advantage. Dot2Dot does not rely solely on traditional financial statements. Non-financial issues are also an extremely important factor in our decision-making. We strive to build our values in a sustainable, but also long-lasting, way. That is why managing our company's development and corporate governance is so important to us. We are proud of the values and standards by which we operate.”

Krzysztof Roślaniec
CEO Dot2Dot



ESG activities in 2018

GDPR

On 25 May 2018, new EU regulations on the protection of individuals with regard to the processing and free movement of personal data came into force (GDPR). The Regulation introduces a number of changes related to the protection of personal data. The responsibility of entities processing personal data is extended. The consent to the processing of personal data has been changed and supplemented. The obligation to provide extended information to persons whose personal data will be processed has been implemented. The regulations do not specify how the protection is to be implemented – it is necessary to adapt the solutions to the situation of a given entrepreneur every time. That is why we have developed dedicated procedure.

Anti-Corruption Policy

Our goal is to create an integrity-based organizational culture. That is why we are taking action against corruption. Our goal is to reduce the risk of corruption by analyzing threats at every stage and at every level of management. We achieve this by following the procedures outlined in our Code of Ethics.

It is extremely important to implement our internal ethical procedures if we want all employees to follow ethical principles. This is to prevent any possible conflict of interest or corruption. That is why we have introduced a whistleblowing mechanism and monitoring of procedures along with it.

Environmental improvements

As a production facility, the environmental standards are very important for us. We strive hard to optimize production processes so as not to contribute to environmental pollution. For example, we limit consumption of electricity in the production hall by using LED bulbs and eliminate the alcohol used during production with buffers that reduce alcohol consumption by 50%. What's more, we are gradually working on optimizing each production process individually so we can optimize each of our packaging processes. We also take care when sourcing our paper by only purchasing product with PEFC and FSC certificates.

CASE STUDY

Attractive employer

Support and supplementary programs for our employees are important to us. We are proud of the Dot4Development project, consisting of three pillars: Leadership, Basic and Talent Manager. In the second half of the year we also introduced work-life-balance training. Another program we are developing is the Ambition Plan, which is directly connected to the bonus program.

As the proverb says, “Security is not everything, but without security everything is nothing.” One of the top priorities of Dot2Dot management is building a safety culture. Shaping the culture itself is a dynamic process, because changing habits, beliefs or behaviors is often a challenge. It requires time and a professional approach. Therefore, at the beginning of the year, SEKA S.A. took over the coordination of health and safety processes as well as fire protection and obligatory employee training in that area.

It is important for us to support young, ambitious people. That is why we are launching the Practical Apprenticeship program. It entails cooperation with a technical school in Tarnów Podgórze, near Batorów. Under expert supervision, students will acquire practical knowledge about our profession. We are proud that we can share our knowledge with young people.

CONTRIBUTION TO THE UN'S
SUSTAINABILITY GOAL 8

8 DECENT WORK AND
ECONOMIC GROWTH



GOAL 8



Green Group

About the company

Green Group is the only integrated recycling park in Romania and is the biggest in South-Eastern Europe. As in natural ecosystems, we give waste new life through recycling, creating value for nature and the economy, and most importantly, for society.

At Green Group, we treat and recycle a wide range of waste from PET bottles to WEEE, batteries, glass and lamps. We produce green products such as rPET granules, 100% recycled polyester staple fiber and PET strap. Out of the treatment process we also recover valuable materials such as copper, aluminium, plastic and others. Green Group also offers tailored waste collection services by using the latest available technology. As a major player in the circular economy, the Company is treating and **recycling over 400,000 tons of recyclable waste** that would otherwise end up in landfills or natural ecosystems. Green Group generates revenues and profits while transitioning from a linear waste system to a regenerative economy.

“Green Group is a business and a mission at the same time. It’s the adventure of humanity to make peace and cooperate with nature.

Since we engaged in this journey, we have understood that to be successful and prosperous over time, besides delivering financial performance, we must make a positive contribution to society. Embracing this approach, our operations are recycling 300.000 tonnes of recyclable waste annually. Our highly-capable management and operational staff are guided by the values of the group’s Code of Conduct, setting out standards of behavior for all employees, directors and executives. This is why creating the roadmap for the first circular city in Romania, reinforces our vision – embracing circular economy in all our actions.”

Constantin Damov
CEO Green Group



ESG activities in 2018

Health and Safety project for PET strap

We developed a H&S project for the PET strap sector to alleviate employee exertion when handling heavy rolls during one shift schedule. The project idea arose from meetings with employees regarding problems encountered in the workplace and discussions on finding solutions. The former system employed operators handling around 680 -1120 kg per shift using two employees and forklift. The new system enables workers to more easily handle heavy weights, as the effort is transferred to an automated system, requiring only one operator, that retrieves the big roles and places them onto pallets. The reduction in physical effort also greatly decreases the risks of accidental injury.

H&S project upgrading the thermosetting oven to decrease or eliminate fire risk

Following the fire in our fiber section oven in 2017 (from the self-ignition of materials), we changed the oven and installed a steam installation to limit or extinguish a fire inside the oven. Also, we added an alert system consisting of 10 lamps, an acoustic warning and 8

fire alerting buttons to send an alarm to staff in case of an oven fire. The new system will significantly limit the possibility of fires while raising awareness among employees.

Platforms for storing DEEE waste

In Green Group Buzau, concrete platforms for storing DEEE (waste electrical and electronic equipment) waste were equipped with a metallic shed and an enlarged storage area. The major environmental impact is to decrease the risk of dangerous substances spreading over the surrounding area. The storage capacity has increased by 8.000 to DEEE waste.

CASE STUDY

Green Group Buzău Emission Reductions from PET Recycling, Romania

During 2018, Green Group Buzău was busy developing a CO₂ emissions reduction project with the help of the Gold Standard International Organization by utilizing the United Nations methodology, recently revised under United Nations Framework Convention on Climate Change (UNFCCC): Recovery and recycling of materials from solid wastes.

The Greentech PET Recycling Project is most effective where there is an enormous need for plastic recycling. We recycle PET waste, reducing energy consumption that would otherwise be required for the production of plastic products made of virgin inputs, and consequently reducing greenhouse gas emissions (GHGs). The output products of the project are recycled PET, recycled strap, and recycled fiber.

The Project is in line with specific UN requirements, as it contributes to local environmental sustainability by recycling instead of using material from virgin inputs, thereby decreasing overall energy use, CO₂ emissions and the environmental burden from natural resource extraction. Recycling of the PET waste will also reduce disposals into landfills.

Social benefits

- › The Project contributes towards better

- › working conditions in the local region;
- › It increases employment opportunities in the area where the project is located;
- › It contributes towards better revenue distribution to improve local and regional economic development;
- › It contributes to the development of local technological capacity by providing manpower and technical maintenance domestically;
- › It contributes to regional integration and the connection to other sectors;
- › It contributes to a large extent to the local municipalities’ funds for social insurance, such as health and pension funds, and to local and social community development.

Environmental impacts

The recycling of post-consumer PET bottle wastes into recycled PET products (strap, fiber, chips food grade for “bottle to bottle”/ R-PET) has significant positive effects on environmental protection, as follows:

- › Reduction of CO₂ emissions by 45-47% compared to the production of the above items from virgin PET;
- › Savings in electricity of 30% compared with virgin PET production;
- › Savings in fossil fuel of 75% compared with virgin PET production;
- › Environmental protection (land, rivers, lakes, etc.) due to PET bottle waste collection and recycling activities.

CONTRIBUTION TO THE UN’S
SUSTAINABILITY GOAL 13





PATENT CO.

About the company

PATENT CO. is an animal nutrition company with a strong focus on quality and developing innovative products. In 1993, we started manufacturing products and providing solutions for the livestock industry from a small factory in Serbia. Since that time, we have grown to become a key animal feed producer in our region and one of the world's most respected feed additives companies. We produce annually more than 100,000 tons of premixes, protein-concentrates and compound feed for the regional market and a portfolio of feed additives for the international market. PATENT CO. employs experienced nutrition and health specialists with particular expertise in providing practical solutions to poultry producers. One of our key objectives is to develop a range of natural products as a sustainable, effective solution for the current and emerging problems in pig, poultry and ruminants production. We are constantly improving our know-how through close collaboration with farmers and leading academic institutions world-wide.

“ESG issues are additional factors that can influence our business activities.

If not addressed appropriately, they can escalate into substantial risks. We manage these ESG risks to ensure they don't develop further. We recognize the importance and benefits of implementing strong and transparent management systems around environmental and social performance. We take pride in our efforts on this front and we are committed to continuous improvement of our ESG practices, as well as to developing more transparency in reporting to our shareholders.”

Radivoje Perović
CEO Patent Co.

ESG activities in 2018

Business ethics

Last year, we implemented an anti-corruption policy in order to conduct all of our work in an honest and ethical manner. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships. This policy applies to all persons working for us or on our behalf in any capacity, including directors, officers, employees, agency workers, agents, contractors, consultants and business partners.

Production standards

As we are one of the largest producers of animal feeds in region and we sell additives in more than 30 countries, we are aware that safety and product quality are a top priority. In our everyday work there is a system of controls that is constantly improving, and the proof that we are doing well are the standards that we have: ISO 22000, FAMI QS, HACCP and HALAL.

Protecting intellectual property and sensitive data

We developed our own in-house innovative technology and innovative products. Consequently, we are vigilantly focused on protecting our intellectual property and sensitive data. Access to confidential technological information is limited to a select number of senior managers, as we continue to monitor and work on protecting the Company's intellectual property.

CASE STUDY

Anti-bribery program

The most important project in 2018 was implementation of a whistleblowing system. The system was implemented in cooperation with Linia Etyki and Abris ESG. Established law underpins the basic elements of the system. Every new employee signs a notice on the protection of whistleblowers. We recognized that in this area of ESG we had the capabilities to upgrade an existing internal whistleblowing system. We participated in ESG training, after which we successfully implemented the tools and platforms required.

During 2018, the Company completed implementation of the following:

- › A company-wide whistleblowing system
- › Incorporated anti-corruption clauses into agreements with business partners
- › Trained employees on the anti-corruption program
- › Established the function of Compliance Officer
- › Improved transaction controls in financial and accounting systems
- › A procedure for receiving and giving gifts and other hospitality benefits
- › A procedure for managing conflicts of interest

CONTRIBUTION TO THE UN'S
SUSTAINABILITY GOAL 16





Pehart Tec Grup

About the company

Pehart Tec Grup is the leading tissue paper producer in Romania (raw materials and finished products) and the largest independent player in SEE with a yearly turnover of €95m (€75m for Jumbo rolls and €25m for finished paper products). The Group operates on two production sites located in Petresti, near Sebes (Alba County) and Dej (Cluj County). Both production facilities are equipped with advanced technologies in the production and converting of tissue paper.

The paper factory in Petresti has a long tradition on the Romanian market with 180 years of paper production expertise. In 2007-2009, the factory was completely upgraded and new production lines for toilet paper and kitchen towels were installed, meeting the highest European standards. Between 2012-2014, the Dej factory was built, a modern production facility with new production lines for both jumbo rolls (raw material for finished paper products) and finished toilet paper products and kitchen towels. In 2016, two new production lines for paper napkins and handkerchiefs were inaugurated in Dej.

“Our mission is to constantly face market challenges.

To respond by offering products at higher quality standards and based on a fair price-quality ratio. We believe in technology and innovation, but we believe mostly in people. We know that communication is at the heart of all success and we want to communicate with our consumers in a responsible, flexible, honest and constructive way. We are rewarded with our customers' loyalty. Pufina is the No. 2 trademark on the Romanian tissue paper market, reaching millions of Romanians who appreciate the products we produce: toilet paper, kitchen towels, table napkins, facial tissues and nasal handkerchiefs.”

Gabriel Stanciu
Pehart Tec Grup General Manager

ESG activities in 2018

Site security, security of goods and products

Since 2018, we have been implementing a security system, electronic time-keeping system and data network. In particular, this has resulted in increased efficiency in supervising production flow. All information can be stored either locally (hard disk) or in the cloud.

Benefits we see are:

- › Heightened security – better protection against theft, accidents or possible fire situations; better protection of people and Company property
- › The ability to track real-time workflow
- › A more efficient business overall

Energy efficiency and comfortable work environment

In 2018, we achieved the transition from traditional lighting to new LED lighting. The most obvious benefit of the upgrade is a vast improvement in energy efficiency. We experienced an immediate positive impact on monthly electricity costs, with demonstrated energy savings of up to 85%. Typical return on investment calculations show a fully recouped investment in 8 to 12 months. The instal-

lation offers clear energy efficiencies and financial benefits. Another positive outcome is reducing our carbon footprint. We have reduced costs, reduced our carbon footprint, reduced the maintenance workload and improved the working environment for our staff. It's a rare accomplishment to make everyone happy. In this case, it was quick, easy and economical.

Sponsorship

The Company has been sponsoring the local basketball team from Dej. We also sponsored a historical book written by Nicolae Afrapt, a historian from Sebeș, about “The Romanians from the Sebes Valley in the Trolleys of the Great War 1914-1919.”

CASE STUDY

Sustainable raw materials

Pehart Tec Grup established a purchasing policy as an integral part of the overall Company goals for meeting customer requirements, efficiently managing production processes and satisfying all requirements for integrated system management. Purchasing policy is correlated with quality standards (SR EN ISO 9001), product safety (IFS HPC: 2009), environmental management (SR EN ISO 14001), and SSM (SR OHSAS 18001), but it also contains specific requirements based on our Code of Conduct.

Pehart Tec Grup has committed itself to using only FSC (R) C134427 certified cellulose in its production process and, therefore, has requested that all its suppliers agree in writing. Advantages created by this certification:

- › Raise standards – FSC certification acts as a catalyst for improving Company standards
- › Create business benefits – Improve market access, achieve higher revenues, enhance public image
- › Connect with the consumer – FSC provides a link between the forest and the end user, allowing the consumer to be confident that the products they buy come from a responsible source
- › Contribute to the fight against climate change – FSC prohibits deforestation, forest degradation and illegal logging in certified areas
- › Get ahead of government requirements – FSC certification vastly reduces the risk of being confronted with illegal timber

CONTRIBUTION TO THE UN'S
SUSTAINABILITY GOAL 12

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



GOAL 12



Graal S.A.

About the company

GRAAL S.A. is the largest and fastest-growing fish processor in Poland and the No. 1 producer of canned fish in Europe. The Company operates from four modern production plants in northern Poland. Our products can be found on the shelves of all major international retail chains, from the USA & Canada to South Africa, Europe to Australia & New Zealand and Japan.

We specialize in a wide range of fish products that provide many vitamins and minerals essential to a healthy diet, including Omega-3 fatty acids and vitamins A, B₁₂ and D. In addition, we offer specialty gluten-free and low glycemic (safe for diabetics) options as part of our healthy product range. Our goal is to be the leading firm in Europe and build a sustainable business that uses our environmental resources responsibly and coexists in harmony with local communities.

“At Graal S.A., our methodologies are deeply rooted in our organizational culture built upon a family business.

Therefore, we have always focused on company values. Our values have been fundamental in setting important goals, motivating our actions and providing a foundation for effective cooperation within the organization. We have created an exceptional community, based upon mutual respect and healthy relationships, that is capable of achieving the Company's most important goals: to supply clients with high quality products, establish good and stable relationships with suppliers & customers and protect the environment while doing so. This approach has made a positive difference to the Company's success on the market.”

Bogusław Kowalski
CEO Graal S.A.



ESG activities in 2018

Implementation of HR policy

We implement HR policy throughout all of our business entities in order to maintain professionalization in human resources management. Our comprehensive approach to recruitment serves to motivate and develop our employees by combining individual plans & aspirations with Graal's business needs as we continue to build our competitive advantage on the market.

Code of ethics

Our Code of Ethics instills a respect for the values, rules of conduct and high standards of responsibility, integrity & loyalty towards our employees, partners & shareholders as the foundation of Graal's business.

Elements of the Code of Ethics include: Working Conditions and Remuneration; Discrimination and Equal Treatment; Personal Data Protection; Alcohol and Drug Abuse; Worker Health and Safety; Fire Safety and Prevention; Freedom of Association; Combating Corruption; Environmental Protection; Consumer Relations; Whistleblowing.

Kidney beans cooking process

We improved the kidney beans cooking process by replacing four open cooking woks with continuous flow, steam jacket heated vessels. These are also equipped with temperature and timing controls. This has reduced water consumption (by 120 cubics per shift in over 10 shifts a month) & energy consumption, allowed for stable product quality control and improved yield by 5%. The new process also enhances working conditions by controlling steam fumes and reducing the manual workload required for charging and discharging of the machine.

CASE STUDY

Reducing water consumption

This project concerned the reduction of water consumption in the canning production plant. Historically, water consumption fluctuated between 2.9 and 2.2 liters per can. Management set a goal of reducing water consumption to 1 liter per can.

One of our first steps was to set up a team to analyse all available data. This prompted a management decision to increase the number of measurement points for water consumption, measure these points manually and save the measurement data to a searchable archive. New tools from the Lean management group were used for the project data analysis.

After identifying the largest points of consumption, we conducted a second round of analysis to ascertain the most effective solutions for reducing water consumption. Several machines were selected to be either upgraded or replaced. The plant's middle management received training on reducing water consumption and a portion of the maintenance team's cleaning and disinfection tools were replaced.

Within five months of initiating the project, we reached our goal of only 1.2 liters per can. The year ended with an average of 1.07 liters per can. During this time, we saved approximately PLN 1.9m of budgeted costs for the water and wastewater segment. However, the reduction in consumption of mainly cold water resulted in rising load concentration and increased sewage temperatures. This presents us with a new challenge in the form of optimizing the sewage pre-treatment process in future.

CONTRIBUTION TO THE UN'S
SUSTAINABILITY GOAL 13





Velvet CARE

About the company

Velvet CARE is a leading manufacturer of cellulose hygiene goods including tissues, toilet rolls, kitchen rolls. The paper factory, located in Klucze in the south of Poland, has been in operation since 1897. "Velvet" is an iconic brand, positioned as the undisputable branded market leader in Poland. Velvet CARE is also an important supplier of Private Label products for the entire CEE and DACH regions. From 2013 to 2018, the Company implemented 3 strategic projects valued at PLN 250m, including the installation of 6 new production lines, the construction of a new warehouse and, most importantly, one of the most technically advanced paper machine available. Thereby doubling manufacturing capacity to the level of 100,000 tons of cellulose tissue annually. The Company has doubled its turnover and added around 300 new employees during past three years.

The development of ESG standards in Velvet Care is a process planned for the next five years.

We see it as the main priority of our business. That is why we are already taking major steps in the first year of our cooperation with Abris. We perceive ESG as an important tool for building the Company's value and as an integral part of the long-term "Velvet CARE 2023" strategy. To a large extent, these standards have already been in existence in Velvet Care for a long time. A comprehensive, proprietary project approach provides us with a great opportunity to systematize ESG activities and supplement quickly any deficits in this area. Our priorities in 2019 are to implement code of ethical conduct and an anti-corruption policy, together with appointing a Compliance Officer and Compliance Committee. We will also be implementing a new whistleblowing procedure."

Artur Pielak
CEO Velvet CARE



ESG activities in 2018

Code of conduct and anti-corruption policy

The implementation of ESG sparked a discussion how and why we are doing what we are doing. As a successful business, we heavily rely on our management team and employees. The formal Code of Conduct, as well as the anti-corruption policy, will be a helpful guide in our everyday business endeavors. There are many situations that may raise ethical concerns. We want to study various business situations to help us in distinguishing between actions or behaviors that fall within acceptable business standards and those that go beyond these standards. This is also important within the context of upcoming changes to legal regulations found in the Act on the Liabilities of Collective Entities.

We find that comprehensive employee trainings in preparing necessary documents and standards are a very important part of this process. To effectively counteract undesirable behaviors or situations, we need ensure that everyone at Velvet Care understands the kind of activities that are deemed unacceptable. These efforts naturally require that appointment of

a Compliance Officer and a Compliance Committee, as well as, the implementation of the whistleblowing procedure. We are convinced that eliminating undesirable behaviors is a critical element in building an organizational culture based on universal and shared values. This step is necessary for us to grow as an organization and to further extend the scope of our business activities.

CASE STUDY

Gas-fired boiler and own steam energy sources

In 2018, Velvet CARE initiated and successfully completed the project to reduce gas emissions to the atmosphere. Our responsibilities concerning this aspect of our business led us to shut down the coal-fired boiler linked with the MP6 paper machine and discontinue using external energy sources, opting to install both a gas-fired boiler and our own steam energy sources.

With these changes we have significantly reduced the emission of gases and air pollutants such as SO₂, NO_x, CO₂, PM10 and PM_{2.5} into the atmosphere. The effects are very encouraging. SO₂ emissions have been reduced by 98% and CO₂ emissions by 42%. The gas boiler room has significantly decreased annual atmospheric emissions by 38 tones in case of SO₂, by 32 tones of NO_x and by 7,350 tones of CO₂. These numbers are related to the manufacturing of cellulose tissue at the MP6 paper machine, operating since 1976. The gas-fired boiler project for the MP6 paper machine was completed in 2018. The new boiler house was built nearby to eliminate losses from energy transfer. To sum up, switching to modern technology has allowed to reduce gas & air pollution emission and reduce heat loss while simultaneously benefiting from energy costs savings. In general, the Company's thermal energy consumption declined by 18% within the first year!

As a leading cellulose tissue manufacturer in the CEE region, Velvet CARE is enthusiastic about implementing environmentally friendly solutions. We are proud of meeting the EU Ecolabel criteria and maintaining the EU Ecolabel certificate.

CONTRIBUTION TO THE UN'S
SUSTAINABILITY GOAL 13





WDX S.A.

About the company

WDX S.A. manufactures and supplies integrated solutions for warehouse equipment & storage and designs logistics systems for internal transport. The Company has an in-house design office, R&D department and a modern handling system manufacturing plant. The plant has an area of 20,503m² and a production capacity of 30,000 tons of steel per year, fabricating innovative conveyors and warehouse racks. Additionally, the Company distributes and provides maintenance services for Crown, Doosan and Combilift forklift trucks.

WDX S.A. brings many years' experience, coupled with an enormous production capacity, to the implementation of comprehensive system solutions and the creation of modern and fully automated warehouses. The Company's customer base is comprised of the most important commercial and logistic firms over a range market segments, a clear endorsement of our professionalism, expertise and insight into the intricacies of numerous industries.



For many years now, when developing our strategies, we have been focusing on maximizing the profits of the Company and its shareholder value. But we also focus on environmental protection, social interests and relations with other stakeholder groups. Today, our long-term strategy is to emphasize two main areas:

- › Further improving corporate governance, business ethics and working conditions, as well as opportunities for our employees, our most valuable asset, to develop their skills.
- › Environmental protection through the introduction of standards and modern technologies which allow us to reduce pollutant emissions and decrease generated waste and to provide proper recycling methodologies.

One of our most important tools, in conjunction with the aforementioned projects, is the implementation of an integrated quality management system, including the following standards: ISO 14001 environmental management system, ISO 9001 quality management system, OHSAS 18001 occupational health and safety management system."

Dariusz Bąkowski
CEO WDX S.A.



ESG activities in 2018

Product safety

WDX S.A. is in the process of implementing an IT system for the selection of optimal rack parameters. The system is based on MES tests and accredited laboratory tests performed by KOMAG Research Institute, in accordance with the PN-EN 15512 standard. This will open the door for the Company to introduce rack products to Western European countries. The project is being implemented in cooperation with the Silesian University of Technology.

Anti-corruption and whistleblowing program

WDX S.A. places a strong emphasis on legal compliance in all of its business operations. To minimize the risk of a breach, the Management Board appointed a Compliance Officer whose role is to ensure compliance with the Company's internal regulations and to manage the risk of non-compliance. The Company has also implemented the Anti-Corruption Policy and executive regulations in this area.

GDPR

WDX S.A. established a specialist position to manage GDPR, with continual support by an outside law firm. The Company has a personal data protection policy in place and all employees are obliged to undergo training in this area. Personal data processing agreements are signed with all our contractors and kept fully up-to-date. Each new project undergoes compliance consultations with the GDPR specialist.

CASE STUDY

Improving worker safety

Occupational safety is an important area of operations for any enterprise. We set out twenty-three goals for 2018. Eighteen tasks were completed in total and 4 projects remain in various stages of implementation (15% to 75% completed). First aid training was one of our completed projects. More than 60 people received training during this course. The training put a strong emphasis on the practical application of first aid techniques, thereby preparing trainees to take the correct measures in the event of an accident. We have since seen their new skills reflected in the workplace accident severity rate, which fell 35% from 49 in 2017 to 32 in 2018.

Another project that improved both worker safety and fire protection was the removal of the explosion hazard zone from the paint shop. In this project, the existing paint and lacquer warehouse located next to the spray booth was permanently closed. In its place, the main chemical warehouse was created. Thanks to a new efficient ventilation system, the explosion hazard zone has been completely eliminated.

The old spray gun washing station was replaced by an explosion-proof automatic washing station, significantly improving fire safety during washing and eliminating employees' exposure to chemicals. The aforementioned activities by the Company have greatly contributed to increased workplace safety and a reduced fire hazard.

CONTRIBUTION TO THE UN'S
SUSTAINABILITY GOAL 8



*“We will always go the extra mile,
to make sure that the commitments or
promises we make are accomplished
and that our deeds generate as much
value as possible for People, Planet
and Profit.”*

Paweł Gieryński
Managing Partner

The information contained in the report refers to 2018.

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