

ESG report 2024



OUR ESG HEART.

OUTSTANDING PERFORMANCE, UNIQUE STRATEGY AND AN EXPERIENCED TEAM DELIVERING INTEGRATED ESG ACROSS EVERYTHING WE DO AT AUGUST EQUITY.



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A Message from our Managing Partner, David Lonsdale.

In this, our third year of ESG impact reporting, we continue to dedicate time and effort into improving our own sustainable and socially responsible business practices as well as those of our portfolio companies. We are acutely aware that the decisions we make – both as a business and across our portfolio – have an impact on the future of the planet and its people. At August Equity, we are committed and dedicated to continuously delivering strong returns to our LPs while simultaneously helping our investments scale and mature.

However, we feel equally passionate about acting as good corporate citizens. Prioritising ESG initiatives not only helps us to deliver the financial returns we promise but serves to make the world a bit better in the process.

While behaving in a sustainable and ethical manner has always been standard operating procedure at August, it is a practice that is rapidly becoming more and more mainstream throughout the corporate world as well. Increasingly, investors are looking to partner with companies and PE firms that not only deliver sound returns, but also demonstrate strong environmental, social and governance practices that, in their own way, deliver tangible results.

For years, we have dedicated time and energy towards operating as the best version of ourselves. In the following pages, we look forward to sharing both our established and recent efforts that reflect our continued commitment to responsible investment and growth.



Did you know?

Honey can be used as a natural preservative? Due to its antibacterial properties, honey has been used to preserve foods for centuries

Selling a business is very emotional for founders and entrepreneurs. We take pride in the fact that entrepreneurs, corporate owners and management teams trust August Equity to preserve the company they have built – values, staff and client and supplier relationships.



Who we are.



EDUCATION



BUSINESS SERVICES



HEALTHCARE



TECHNOLOGY

Operating for over two decades, we leverage our copious experience and sector-specific knowledge to guide investments that drive growth and build lasting value. We predominantly invest in family-owned or founder-led, service-oriented companies that operate in sectors experiencing fast rates of change and expansion.

By closely engaging with these companies, we help them to maximise opportunities via capitalising on market trends, promoting organic growth and supporting innovation and creativity.

Our investment partners are people with passion and drive of their own. At August, we develop strong relationships which serve to bolster initiative and realise potential. Our limited partners are all institutional investors based in Europe and North America. Our success, accessibility and vision, coupled with our approach to responsible investment, has meant that many have invested across multiple funds and remain investors today.

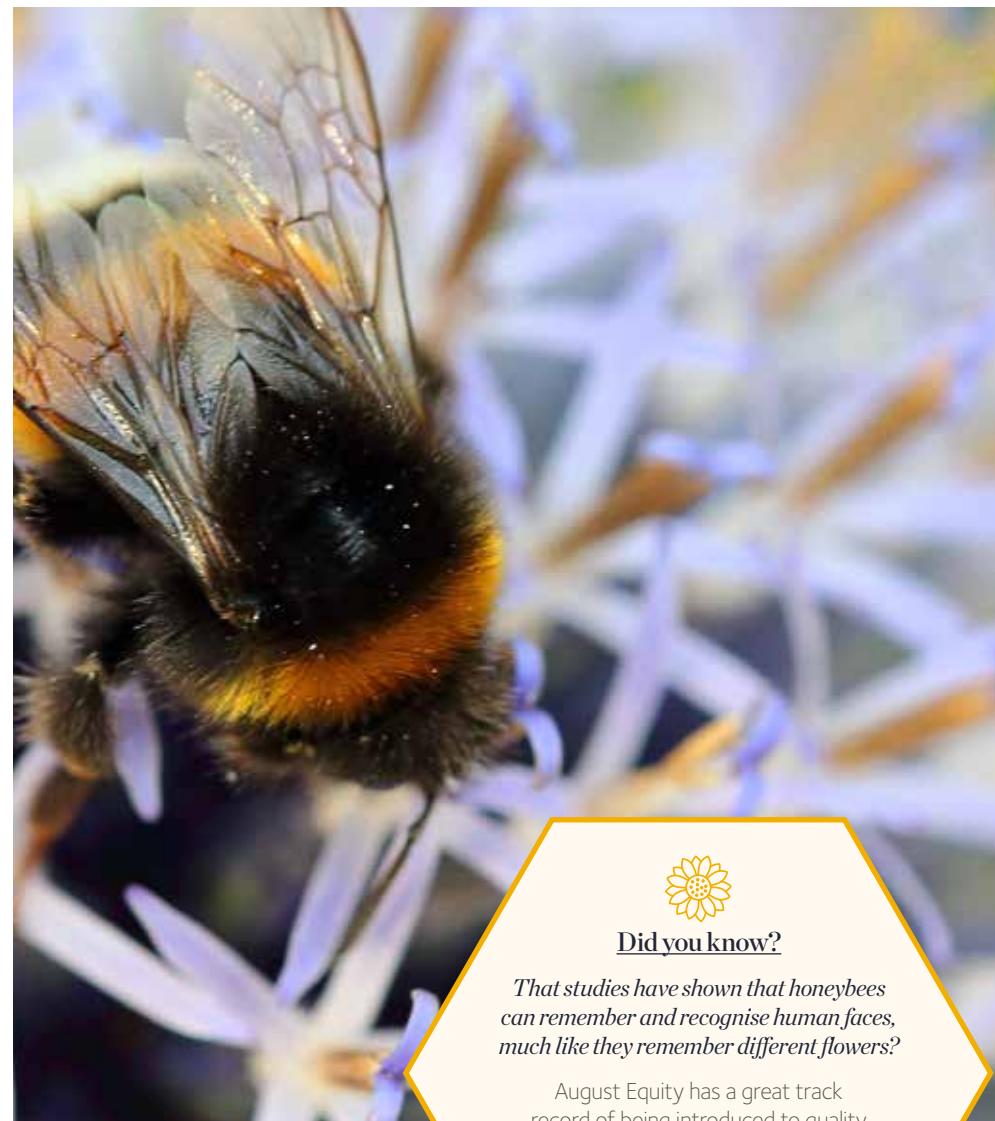
While we work to increase shareholder value and maximise returns, we measure the successful growth of a company beyond just financial gains. Incorporating key ESG principles into every aspect of business operations, we not only increase the fiscal value of our companies, but also the social and environmental value as well.



Mission statement.

August Equity invests in high quality, service-orientated businesses in the UK. We specialise in spotting opportunities for long-term growth in changing markets.

One of the key drivers of our success is our people. Entrepreneurial in nature, creative and dedicated, we offer dependability and sector-specific expertise to our portfolio companies, helping them achieve ethical, sustainable growth.



Did you know?

That studies have shown that honeybees can remember and recognise human faces, much like they remember different flowers?

August Equity has a great track record of being introduced to quality businesses by people who recognise our track record for growing, nurturing and successfully exiting businesses.

ESG at August Equity





Bee good. Do good.

ESG in August's Investment Strategy

Within the corporate world, we hold ourselves responsible for acting as a vehicle for positive change. Responsible investing is not just a buzzword to us, ESG is fundamental to every aspect of our investment strategy. While we work hard to ensure that we continuously make strides to improve our environmental impact, ethical business practices and strong corporate policies and procedures, the most substantial impact we can make within the ESG space is created by the way we manage and support our portfolio.

Throughout the entire deal process, we ensure we are working to improve the health and wellbeing of our environment, our people and our investments. We see it as our privilege to make certain that by working with us, all stakeholders receive positive returns in a multiplicity of areas.

06 Exit ready

For any potential acquirers, we can provide a record of ESG performance and improvement over time alongside detailed ESG impact reports.

05 Monitoring and measurement

Drawing on globally recognised models of best practice, we have developed a matrix of 140 key performance indicators to measure ongoing ESG performance.

01 Pre-deal screening

Potential investments are assessed against a robust set of values-based criteria. We will decline to invest if an opportunity falls within our exclusion criteria.

02 Deal Execution

We engage with a specialist partner to carry out detailed pre-acquisition due diligence from an ESG perspective, analysing 41 areas of potential risk.

03 100 day plan

New portfolio companies are equipped with a post-acquisition ESG plan of action, outlining key areas of focus for the first 100 days post-acquisition.

04 Performance improvement

Every year portfolio companies are scored against an extensive set of ESG criteria and given new 12-month improvement targets, with progress tracked via our online ESG performance portal.



Continuous commitment. Continuous improvement.



FORMAL IMPLEMENTATION OF OUR SRI POLICY

In 2017, we implemented a Socially Responsible Investment (SRI) policy. Prior to this period, we had addressed SRI implicitly. In developing this policy, we considered the Ten Principals of the United Nations Global Compact and the United Nations Principles for Responsible Investment (PRI).

DEVELOPMENT OF OUR ESG PROGRAMME

In 2018, we developed our inaugural online ESG portfolio survey, tracking 14 distinct categories. This survey was completed by portfolio companies in August Equity Partners III (AEP III) and August Equity Partners IV (AEP IV). Responses were analysed and workshops were conducted with each portfolio Company, identifying areas of best practice and opportunities for improvement.

TRACKING, MONITORING AND IMPROVING ESG PERFORMANCE

From 2019 onwards, we have worked with portfolio companies to reassess performance and identify areas of improvement on an annual basis. The survey has continually evolved to capture additional measures within key ESG categories. In order to score in line or ahead of the prior year, the business must demonstrate continuous improvements in these areas.

INCORPORATING THE UN PRI INTO OUR ESG TRACKING AND MONITORING

We became signatories to the UN Principles for Responsible Investment (UN PRI) in 2019 and submitted our first UN PRI assessment report in 2021. The UN PRI did not perform an assessment in 2022. We provided data to the British Venture Capital Association (BVCA) in support of the groups enlarged role in data gathering in order for a company to help the group articulate the economic contribution of private capital to society.

FULLY INTEGRATING ESG

In early 2022, we actioned our plan to fully integrate ESG practices into our business. We partnered with specialist third-party advisors in order to ensure we provided meaningful and measurable targets and outputs that can be more frequently tracked, therefore ensuring ESG remains high on all agendas. We also established standardised metrics and data-collection efforts to create a baseline across the portfolio. We implemented priorities for each of our businesses in order to help guide them on their ESG journeys.

EXTENDING OUR ESG SCOPE

We adhere to the United Nations Global Compact (UNGC) principles related to human rights, labour, environment and anti-corruption.

- We have conducted a second-year ESG assessment for all portfolio companies, capturing recent impacts to demonstrate progress in relation to the baseline. We have also set new priorities tailored to each business.
- We have reviewed our own internal ESG practices and set ourselves targets using the same scoring framework our portfolio companies are measured against.
- We developed our Climate Action Plan, establishing our baseline carbon emissions and a carbon reduction strategy.
- Engaged with sell-side advisors to enhance exit positioning and articulate the company's ESG value.

REVIEWING AND REFINING STRATEGY

Concentrating on the 5 key pillars of our strategy:

1. Behavioral review and ongoing scoring with a target of ESG Excellence under the Sustainable Advantage framework
2. Metric gathering - 140+ metrics gathered for each portfolio and development of collection processes to improve data quality
3. E Focus - Carbon reduction strategy
4. S Focus - DEI and employee surveys with FairHQ
5. G Focus - Governance and policy review with FA platform.



Our 5 Pillars.

01

Behavioural assessments

- Targetting ESG Excellence
- Partner – Sustainable Advantage

02

ESG metrics gathering

- c. 140 metrics gathered annually across E, S and G
- c. 20 metrics gathered quarterly
- Partner – Sustainable Advantage

03



- Carbon reduction plan
- Climate risk assessment
- Partner – Sustainable Advantage

04



- The August Foundation
- DEI strategy through employee engagement
- Partner – Fair HQ

05



- Policy reviews ensuring relevant policies are in place and reviewed annually
- Partner – Foot Anstey



August ESG highlights.

At August, not only do we maintain a number of ESG-related business practices of which we are proud, we endeavour to constantly evolve as well. Working to maintain and improve our current habits while also implementing new initiatives requires time and energy but, in our opinion, is something that is well worth the effort. Below are a few examples of August’s ESG improvements and highlights from the past year.

3rd
ESG Impact Report



Engaged in first annual exercise of
PE ESG
scoring



Green
energy

usage at August’s office location
and receives monthly energy data
from landlord



Invested in first company within
AEP VI
Article 8 Fund

UN PRI signatory
since 2021, with most recent assessment in 2024

Requires all portcos to work towards
ESG
Excellence



Continues to align and support
4
chosen
UN SDGs





August ESG highlights.



Includes information on
ESG
quarterly investor reports



In the processes of appointing a Board for
The August Foundation



Calculating Scope 1,2, and 3 emissions and putting in place

Carbon Reduction Plans

Encourages
ESG Engagement
and discussion between Portcos



Portfolio ESG Excellence
measured and reported quarterly to investors

Dedicates a large budget for employees to use for

Professional Development



Successfully completed
UN PRI
re-assessment in 2024



*TM ESG in our Portfolio.

August Equity has invested in the following portfolio of businesses, which principally operate in the Healthcare, Education, Business Services and Technology sectors.



Portfolio overview:

April 2023 - September 2024.

(Employee count as at September 2024)



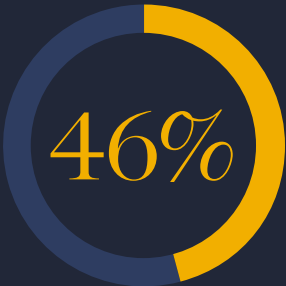
Did you know?

Honey can be a natural energy booster. It provides a quick source of energy because it is packed with natural sugars

Our portfolio companies were successful long before we invested in them. Our role is to join them on their journey, for a brief period, and accelerate their growth rapidly by providing, funding, expertise and access to our vast network of contacts.



Portfolio ESG highlights.



(7/15) companies have produced external-facing ESG Impact Reports



100%
of our portfolio has developed an action plan for continued ESG improvement



(11/15) companies conduct an annual Employee Engagement survey



40%
(6/15) companies utilise renewable energy



companies have a Whistleblowing policy in place



80%
(12/15) companies have ESG policies in place

Highlights are based on the most recently completed, portfolio-wide metrics collection process. Percentages are based off of the 15 portfolio companies August held at the time of collection, excluding Impact Futures and Fargo Systems

Portfolio ESG highlights.



(12/15) companies calculate Scope 1 and 2 emissions

100%

of the portfolio collect a comprehensive set of ESG metrics annually



80%

(12/15) companies have a DE&I policy in place

100%

of the portfolio has a personalised ESG consultant/advisor on retainer



66%

(10/15) companies have established ESG Committees (with many other planning to do so in the coming year)



(11/15) companies have Environmental policies in place

Highlights are based on the most recently completed, portfolio-wide metrics collection process. Percentages are based off of the 15 portfolio companies August held at the time of collection, excluding Impact Futures and Fargo Systems

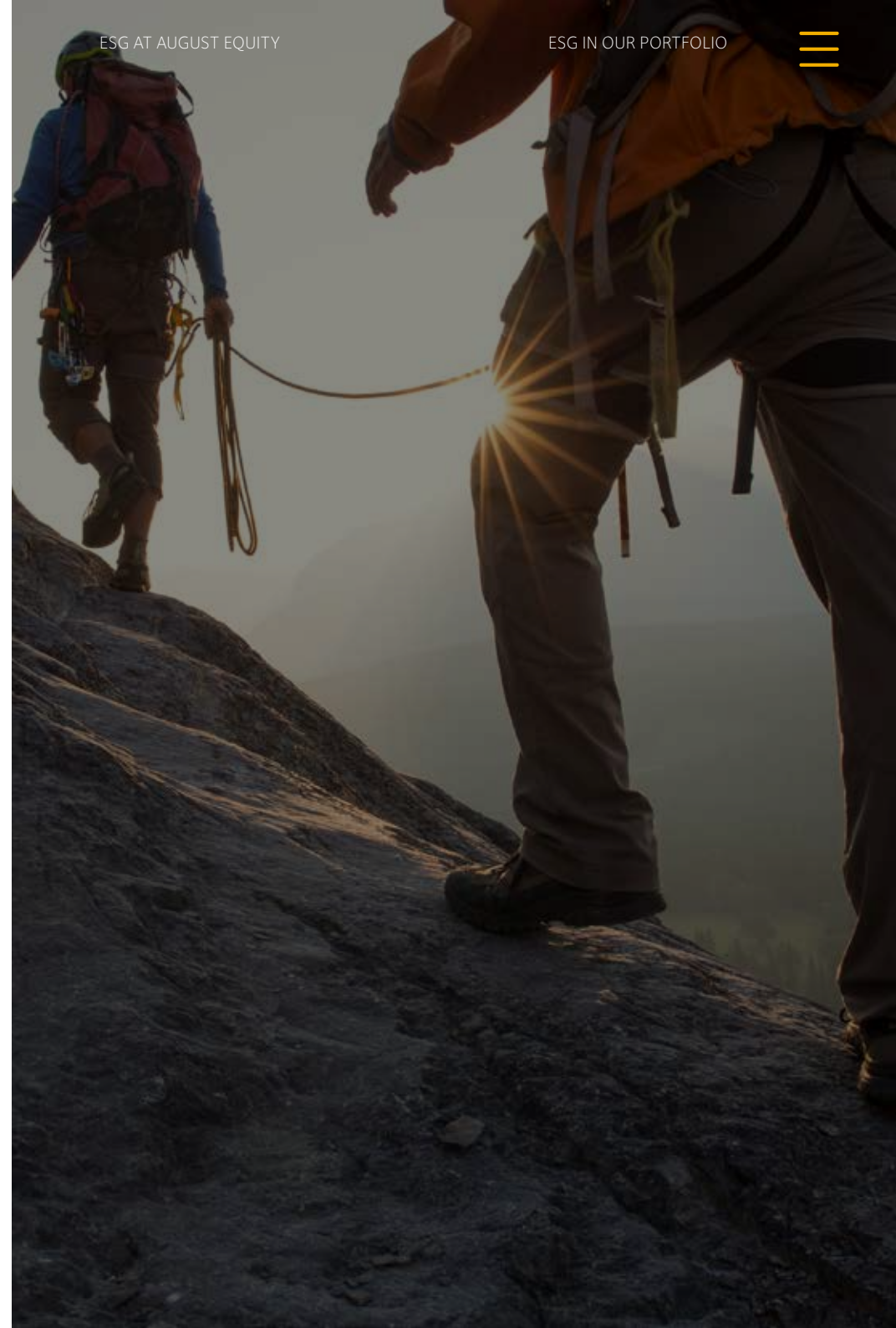
Managing ESG in active investments.

With investments in 17 portfolio companies, our most impactful environmental and ethical influence as a private equity firm comes from the requirements, encouragement and support we ask of and give to our portcos. By helping them monitor, manage and improve their own environmental and social practices, we can make a sizeable impact while simultaneously driving value creation.

Once we have invested in a company, we take a multi-tiered, collaborative approach to value creation through ESG work. To help our portfolio companies keep pace with the fast-moving and quickly changing legislative environment, we deploy our partnership investment approach throughout the investment process. This means staying informed of regulatory requirements that may affect our portfolio, and continuously engaging with our companies, sharing material information and recommendations that help guide them towards achieving best practice ESG behaviour.

Engagement with our companies takes two forms. Firstly, we require most of our investments to participate in standardised, yet valuable, ESG projects such as annual ESG metric collection and reporting. Secondly, we work individually with each portco to create bespoke ESG strategies that meet their specific needs, add commercial value to the company and improve business operations.

In order to encourage positive change and ensure our time with each of our investments yields benefits for our investors, stakeholders and the planet, we adhere to a six-step ESG management process. In conjunction with our partnership approach, this process encompasses both the standardised and bespoke portfolio company projects we support throughout an investment lifecycle.





Engaging in ESG work benefits our portfolio companies in a number of ways, such as engaging in cost-saving practices, meeting regulatory and legislative requirements and acquiring the ability to answer ESG-related questions during the bid and tendering process. It also helps them improve company reputation and understand best practice sustainable and ethical operational procedure. Our six-step ESG management process consistently positions our companies well in preparation for exit.

01 Strategy

With investment activities that stretch far and wide, we have a responsibility to ensure financial returns are balanced with environmental and social benefits.

02 Objectives

By aligning our ESG strategy to the United Nations Sustainable Development Goals, we ensure our efforts are targeted at agreed collective goals.

03 Framework

We have developed a framework to ensure ESG is integrated into all aspects of our Investment Process, from portfolio development to internal operations.

04 Process

Consideration of ESG begins at the earliest point and extends through to pre-deal screening, ensuring we assess risks and opportunities for improvement.

05 Measurement

Our portfolio companies are regularly measured against targets within long-term development plans, ensuring they deliver on their ESG promises.

06 Reporting

We ensure ESG achievements are documented with full transparency via quarterly investor reports, an annual ESG report, and our public declarations as a UNPRI signatory.





ESG in management tools.

Tracking the actions and achievements of our portfolio companies against bespoke ESG-related targets and monitoring ESG metrics across our portfolio is work that we feel is necessary to undertake in order to fully understand the ESG journeys of our investments. However, this work creates a sizeable amount of data and requires the utilisation of ESG management tools and platforms to assist us in organising the information and supervising activity.



In addition to providing scores per topic, category and total aggregation, this scoring process awards companies an overall ESG Maturity level:

- Emerging
- Progressing
- Established
- Excellent
- Leading

These levels help our portfolio companies understand where they fall in terms of ESG maturity in relation to all other companies assessed under the same scoring framework.

ESG scoring framework

Crucial to the ‘Measurement’ arm of our ESG management process, it is essential that we ensure our portfolio companies are consistently working towards ESG improvement. To achieve this, we require the majority of our companies to work annually with the ESG consulting firm, Sustainable Advantage. Through interviews, conversations and the utilisation of a highly detailed and custom-built scoring framework, Sustainable Advantage helps our companies gain a granular understanding of their ESG actions and the targets they have achieved throughout the year.

Sustainable Advantage then collaborates with the portfolio companies to establish fresh, value-enhancing ESG targets to work towards throughout the course of the upcoming year. Targets are set in an organised and strategic manner.

Using a framework encompassing over 120 different topics across the five categories of Environment, Social, Supply Chain, Governance and ESG Integration, our portfolio companies are annually scored on a set of topics tailored to their sector and specific business operations. Scores per topic range from zero to four, with the framework recording actions taken in a way that enables our companies to track year on year ESG improvement. This process not only adds structure to our portfolio company’s ESG programmes, but it also helps our companies identify ESG risks to mitigate as well as ESG opportunities on which to capitalise.

As ESG is continuously evolving, so too is the framework against which our portfolio companies are assessed. The framework continues to increase in complexity and stringency, asking companies to do more in order to achieve the next level of scoring. Our portfolio companies have met this challenge and continue to push themselves to grow and incorporate ESG into everyday operations.

*AUGUST

Working in partnership to
drive responsible investing and
ESG impact



An Intelligent approach to energy, waste & sustainability

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