

*AUGUST ESG report 2023



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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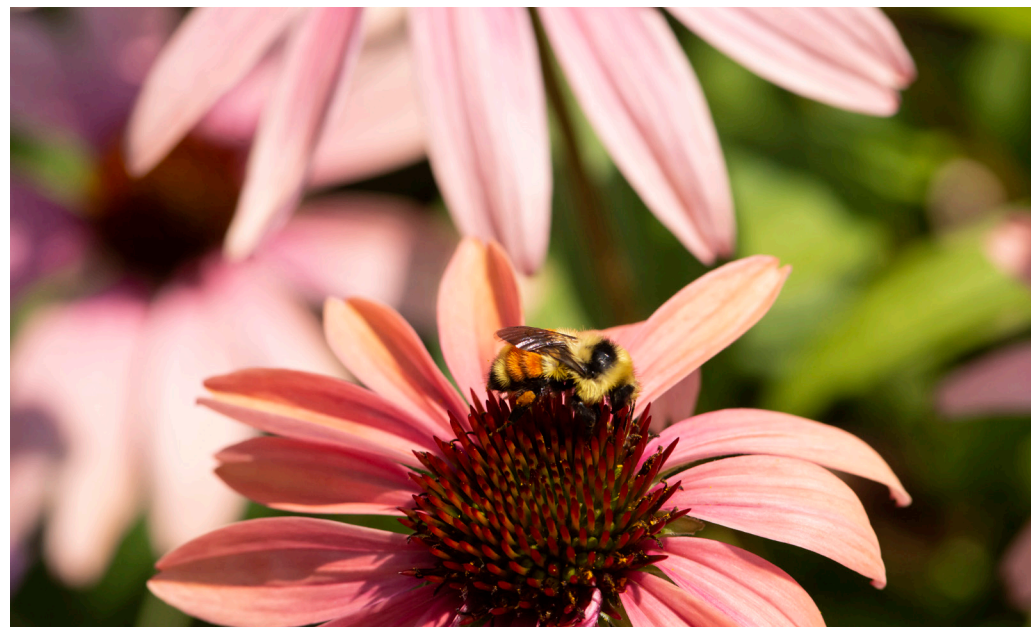
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A Message from our Managing Partner, David Lonsdale

The tremendous efforts made by the team during 2022 and 2023 have cemented our position as a responsible investor. We strongly believe that value creation and responsible investment go hand in hand. We have built on the great foundation laid during 2021 and ensured each portfolio company has built ESG best practice across every facet of their business activity. This has, in many cases, created a source of competitive advantage for our portfolio companies, whilst simultaneously encouraging them to do their part in addressing and managing global ESG issues.



Welcome to our 2023 ESG Impact Report. Over the last year, we have made considerable progress in our sustainability efforts. We go the extra mile to support our portfolio companies and investor community to achieve our goal of maximising shareholder value while delivering tangible societal impact across all our investments. As we publish this report, we are aware that our world is facing many turbulent issues, including the visible effects of climate change, conflict, inflation, supply chain disruption and the refugee crisis, all of which continue to highlight the need for action. As a key investor and manager of several businesses, we have an obligation to ensure that we are all doing our part to balance our day to day activities and ambitions with the impact, positive and negative, our actions could have on our stakeholders.

The financial world has changed markedly in the last 20 years, with the integration of ESG into investing practices being one such development.

The indomitable rise of the topic – spurred on firstly by the 2008 financial crisis and latterly by the COVID-19 pandemic and its societal impacts – has seen it move over the last two decades from a fringe consideration to a priority area for businesses and investors alike. Recent research has indicated that businesses who have focussed on ESG achieve a premium on exit. This research demonstrates that embedding ESG across a business will serve to drive growth, create resilience, reduce risk, reduce staff attrition rates and more. Embedding ESG across all business practices will also allow a company to deliver shareholder returns in a way that ensures a company's continued success and positive impact.

We are in a unique position where we can influence the rate and the pace of which companies under our management improve their ESG credentials and, ultimately, be the catalyst for change.



Our Socially Responsible Investment Policy acts as a ‘north star’, holding us accountable for both ESG compliance and investor communication. We believe it is essential to transparently share the ways in which ESG impacts our investing and decision making.

EMBEDDING ESG ACROSS THE INVESTMENT LIFECYCLE

By considering ESG factors at every stage of our investment journey, we manage risk and identify opportunities that drive positive outcomes both within the company and for stakeholders. Through our experience, businesses who embrace ESG are more closely aligned with their clients, have higher bid win ratios, use resources more efficiently, have more engaged staff with lower rates of attrition, work collaboratively with suppliers and are connected to local communities.

As the legislative environment around ESG develops, we are ensuring that we are abreast of an evolving UK and international developments. The EU has introduced far reaching ESG reporting regulations, such as the CSRD, with the UK sure to follow. Our

aim is to ensure that we are prepared and ready for the ramp up on sustainability disclosure requirements and can provide historical ESG data and robust assurance in our reporting. The only way to do this is via a structured ESG programme and hands on engagement with our portfolio companies, many of whom lack internal capacity and expertise to develop ESG strategies independently.

During 2021, we established a process by which ESG is addressed at every stage of the investment cycle: pre-deal screening, DD, 100 day plan, annual metric gathering, annual ESG assessments, specific ESG support and pre-exit ESG reviews. 2022 was a year of building on this fantastic foundation and a time during which

we started to see the benefits of this structured approach.

We have made significant progress setting and monitoring individual portfolio company ESG goals and objectives coming out of the annual ESG assessment delivered by an external ESG consultancy. This ESG assessment is aligned to global and national frameworks, including the United Nations Sustainable Development Goals (SDGs) and focus areas of the United Nations Principles for Responsible Investment (UN PRI). We developed an extensive set of over 130 ESG metrics aligned to the ESG assessment areas and which will be the barometer for change i.e. are the ESG actions being taken delivering real change / impact. All the above is driven via an online ESG

Performance Tracker, available 24/7 to management and the August team. By developing this process alongside specialist advisors, we have ensured that ESG at August Equity is “Everything, Everywhere, Everytime”.

REAPING THE REWARDS OF OUR ESG PROGRAMME

During 2022, we sold Amtivo to a Private Equity House renowned for embedding ESG practices throughout the firms operational and investment activities. The extensive work we undertook throughout our ownership was acknowledged as a key value creation driver.

Looking ahead.

We hope that you enjoy reading about the progress that we and our portfolio companies have made in 2023. We would like to thank our investors, ESG committee and the wider team here for their support in further developing our approach to ESG investment.



We are still learning and growing as a team, but are proud of the progress we have made so far. We are looking forward to the forthcoming year, which will see more great work from our investee companies as we work alongside one another to reach ever more ambitious ESG targets.



ESG REPORT



OF MAJORITY OWNED PORTFOLIO COMPANIES HAVE EXTERNAL ESG ASSESSMENTS, ARE REQUIRED TO GATHER OVER 150 ESG METRICS AND HAVE A REALTIME ESG PERFORMANCE TRACKER



AVERAGE PORTFOLIO ESG SCORE INCREASE FROM YEAR 1 TO YEAR 2 EVALUATIONS



OF OUR PORTFOLIO ARE CONSIDERED "ESG EXCELLENT"

August at a glance.



WE INVEST IN HIGH QUALITY, ESSENTIAL SERVICES AND B2B SOFTWARE BUSINESSES WITHIN THE UK THAT DEMONSTRATE THE CORE THEMES UNDERPINNING OUR GROWTH PLAYBOOK.

Our core investment and origination strategy remains focussed on directly sourcing off-market primary buy-out businesses and delivering essential services and B2B software, using our adjacency model, to leverage our expertise and experience and build high-quality platforms of scale in our core markets.

Our limited partners are all institutional investors based in

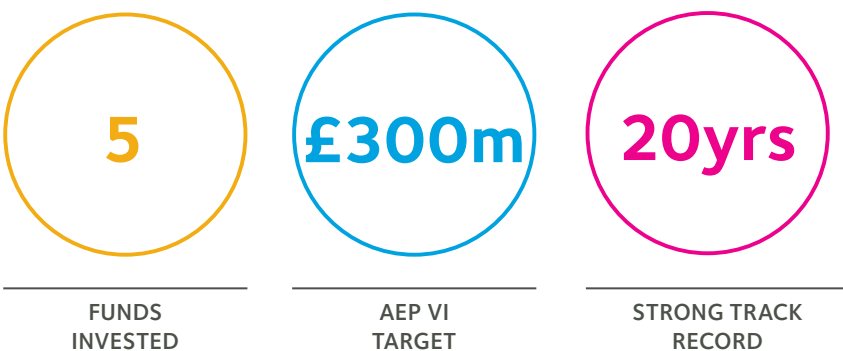
Europe and North America. Our success, accessibility and vision, coupled with our approach to responsible investment, has meant that many have invested across multiple funds and remain investors today.

Our success has meant we are currently investing via Fund V with Fund IV fully deployed and realising its assets.



STRONG GENERATION OF RETURNS:

| AEP II | AEP III |
|--------------------|--------------------|
| 2.5X GROSS RETURNS | 2.6X GROSS RETURNS |
| NET IRR 12.6% | NET IRR 21.6% |

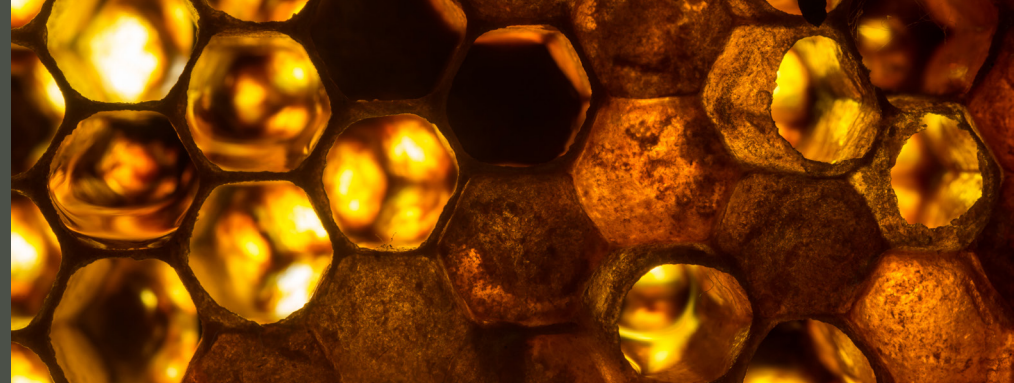


OUR CURRENT FUNDS IN NUMBERS (AS OF 30 SEPTEMBER 2023)

| | FUND IV | FUND V | OTHER SIDE VEHICLES |
|--------------------------------|---------|--------|---------------------|
| Vintage | 2017 | 2020 | - |
| Commitments | £224m | £309m | £146m |
| DPI | 1.7 | - | - |
| Current gross multiple | 2.8x | 1.5x | 1.1x |
| Projected final gross multiple | 3.2x | 3.0x | 2.6x |
| AEP current gross IRR | 27.9% | 24.2% | - |
| Net IRR | 22.8% | 20.6% | - |

Adapting to **key sustainability trends.**

ESG has shifted from a peripheral consideration to a key strategic factor in the investment lifecycle. Businesses, investors and consumers are increasingly informing their decisions based on a company's environmental, social and governance capabilities and credentials. Stakeholders are favouring businesses with robust, transparent ESG frameworks and those who are actively working to reduce their negative impact on the environment.



ESG IS A BUSINESS IMPERATIVE FOR WINNING NEW CUSTOMERS

ESG's impact on businesses is most notable across bids and tenders. ESG-related questions have sharply increased in number as well as importance and weighting in decision-making. Aligning business strategies with stakeholder expectations, including a strong commitment to environmentally conscious policies, has the potential to yield substantial rewards. Rewards can include increased profits, a highly engaged and valued workforce and enhanced consumer loyalty. Companies with an established sense of purpose – one that's measured in terms of social impact, such as community growth, and not a bottom-line figure – outperformed the S&P 500 10 times between 1996 and 2011.¹ In the UK, the growth of conscious consumers saw ethical consumer spending and finance break through the £100bn mark for the first time, reaching

record levels of some £122bn at the end of 2020. This is more than a ten-fold uplift from 1999, when the ethical consumer market was valued at £11.2bn. No longer is improving business practice viewed as a choice between improving profits or satisfying stakeholders. Corporate social engagement has improved thanks to stronger public demand for change and greater praise and recognition for those businesses that behave virtuously or with clear social responsibility. A recent study by the Business Consultancy Group, Edelman, showed how conscious consumerism is embedded in the UK. The survey found that over half of those surveyed do buy or advocate for brands based on their values. Consumers increasingly want businesses to play a sustainable and responsible role in society. Edelman found that a majority of those surveyed wanted to hear more from business leaders on ways the business addresses issues such as jobs and wage inequality, technology and immigration.

¹ https://www.ey.com/en_uk/purpose/how-purpose-has-driven-three-decades-of-award-winning-entreprene



LENDERS OF CAPITAL – OUR LPS AND BANKS ARE MORE FOCUSED ON ESG THAN EVER

We have seen increased scrutiny from funders who are seeking to align with PE houses that are serious about tackling the ESG-related issues faced by the global community. Sustainability linked loans (SLLs) have gathered pace and will continue to do so, rewarding those who can demonstrate improved performance. The compliance landscape is moving at pace. The EU's Corporate Sustainability Reporting Directive (CSRD) became effective in 2021. The upcoming UK Sustainable Disclosure Requirements (SDR), a set of sustainability-related product labels, product level and entity-level disclosures, and additional rules regarding sustainable investing for the UK, is expected to be finalised and take effect by January 2025.

ESG DUE DILIGENCE HAS BECOME MAINSTREAM

ESG due diligence is becoming commonplace in transactions,

resulting in downward pressure on enterprise value where risks or poor ESG performance exist as well as potential increased valuations based on sophisticated management teams and business models who are shifting their strategy to embed ESG. Companies that consider ESG are more likely to be well-governed and are likely to drive value creation in five ways: facilitating top-line growth; reducing costs; minimising regulatory and legal interventions; increasing employee productivity and optimising investment and capital expenditures.

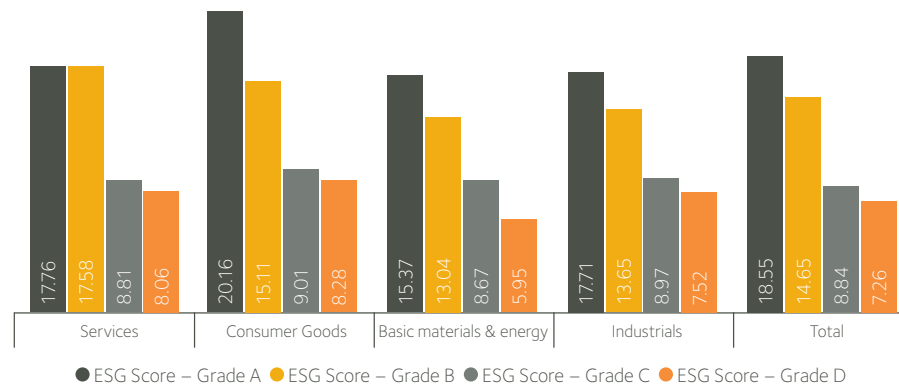
INCREASED DEMAND FOR ESG METRICS

Collecting ESG metrics has become a requirement, both in public and private markets, either explicitly by regulation or implicitly through investor (LP) demand. ESG metrics are being integrated into financial and operational metrics in order to track performance and risk. ESG metrics also serve to alert companies as to the impact their investments have on society and the planet, as well as on business resilience and value creation.

EXCEPTIONAL ESG PERFORMANCE TRANSLATES INTO ENHANCED EXIT VALUES

According to Deloitte, a high ESG score / performance significantly increases the exit multiplier

ESG SCORE



Note: Grade A represents high ESG scores / maturity

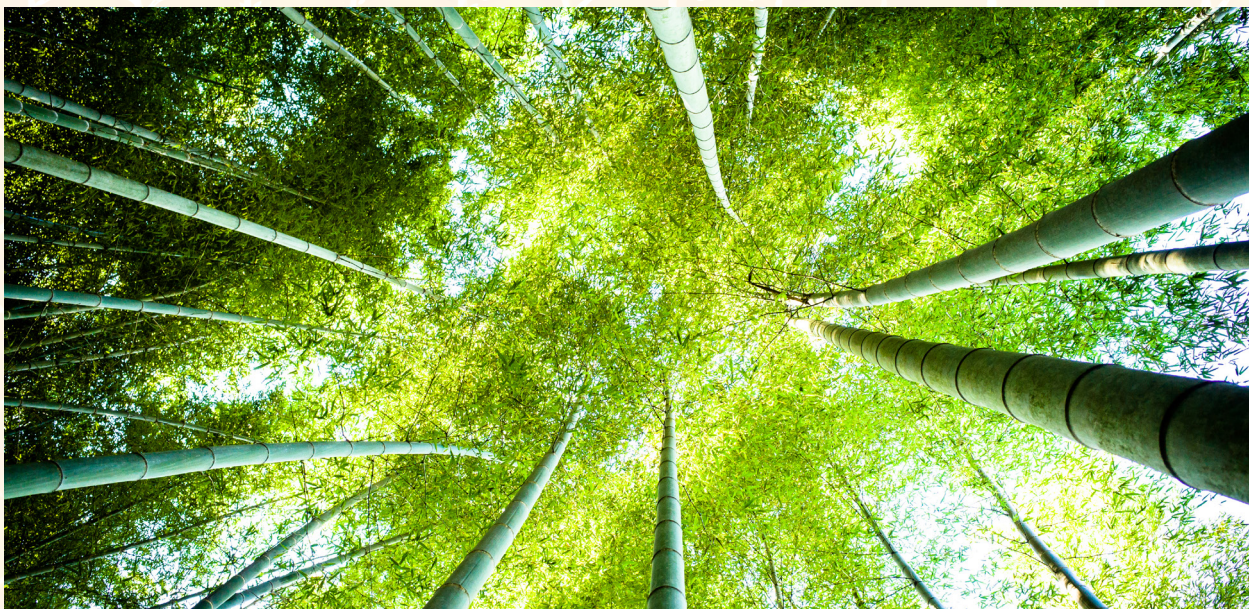
KPMG have similar findings via a recently published report:

Due diligence is on the rise as ESG enhances value

Four fifths of dealmakers said that ESG considerations are now firmly on their M&A agenda. Additionally, more than two thirds said that they would pay a premium for targets with high levels of maturity on the issues that make up their own ESG priorities.

What's more, two thirds agreed that material ESG concerns could be a dealbreaker.





CLIMATE AND NATURE-RELATED DISCLOSURES WILL BECOME THE NORM

The effects of climate change were there to see for all in 2022 and have only continued to worsen throughout 2023. A new mindset is required to meet climate change goals. Companies that adopt a 'system thinking' mindset to reduce their company footprint are able to achieve superior environmental outcomes in comparison to those that do not adopt the mindset but have similar asset characteristics and policies in place. Additionally, it is perceived as best practice to undertake a third-party verification and validation process focused on underlying assumptions and methodologies in order to publicly commit to a Science-Based Target.

Climate change affects our world, our economy and our financial system.

The UK Government took a significant step by mandating climate-related financial disclosures (TCFD) for large corporates, which are on track to become the norm. Furthermore, nature is declining at a faster rate than at any other time in human history. Every business in existence depends on nature and the benefits it provides in some way. The provision of food, water, fibre, minerals; pollination of crops; protection from hazards such as flooding, erosion and storms; climate regulation - all are dependent on nature and biodiversity. There is an urgent call for companies to adopt the Taskforce on Nature-related Financial Disclosures (TNFD) and to start to assess and disclose their risks, impacts and dependencies on nature by 2030.

We recognise that placing ESG at the core of strategic considerations is key in building a successful business, as well as contributing to a healthier environment and society. It is simple: if businesses are not willing to adapt in line with stakeholder demands and interests, they will be left behind, while those who can innovate and embed ESG within core activities will propel forward.



*TM Our ESG approach

ESG considerations form a cornerstone of our investment approach, integral to our proactive management of portfolio companies. Throughout our ownership tenure, we actively collaborate with our portfolio companies to enhance the ESG value they offer, concentrating on bolstering the essential ESG facets aligned with both their strategies and our investment objectives.

The evolution of ESG at August Equity.



2017

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 Principles of the United Nations Global Compact and the United Nations Principles for Responsible Investment (PRI).

2018

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.

2020

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.

2021

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.

2022

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.

2023

EXTENDING OUR ESG SCOPE

We have signed up to the United Nations Global Compact (UNGC), in alignment with the 10 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, through establishing our carbon baseline, and setting reduction and Net Zero targets aligned with SBTi.
- Engaged with sell-side advisors to enhance exit positioning and articulate the company's ESG value.

Embracing all of ESG but tailoring the ESG scoring areas for each portfolio company



| ENVIRONMENTAL | | |
|--|---|---|
| MATERIAL THEME | SECTION CONSIDERED | FOCUS AND DESIRED OUTCOMES |
| ENVIRONMENTAL PROTECTION | Governance, policies and pollution management | Understanding operational pollution risks, ensuring a responsible policy management approach and compliance with regulatory requirements and minimising pollution. |
| BIODIVERSITY | Ecological impact | Understanding the risks and opportunities regarding the operational impacts on nature and biodiversity and ensuring a responsible policy driven management approach. Monitoring and measuring company performance to limit negative impacts on fauna and flora. |
| ENERGY, WASTE AND WATER | Energy management | Procuring renewable energy (transitioning from fossil fuels to renewable sources), measuring and reducing energy consumption. |
| | Waste management | Measuring and reducing waste generated, enhancing waste recycled and diverting waste sent to landfill. |
| | Water management | Measuring and reducing water consumption and identifying opportunities for water re-use. |
| TRANSPORT | Transport | Responsible approach to driving behaviours, use of technology such as telematics. Evolving fleet to transition from fossil fuels to low carbon fuels or electric vehicles. |
| | | Measuring employee commuting, business travel and home working emissions and influencing behaviours through incentivisation to reduce operational carbon emissions. |
| GREEN HOUSE GAS (GHG) EMISSIONS REDUCTION | Green House Gas (GHG) emissions | Measuring and disclosing Scope 1, 2 & 3 emissions in line with the GHG protocol. Setting SBTi Net Zero Standard aligned target. Carbon offsetting. Reducing emissions to halt climate change. |
| CLIMATE CHANGE ADAPTATION AND RESILIENCE | Climate risk and opportunity and TCFD | Understanding business risks and opportunities posed by climate change with a robust climate strategy in place. |
| | | Reporting against the majority / all of TCFD requirements. Qualitative and quantitative climate scenario analysis conducted for >2 scenarios. |
| MATERIALS, PRODUCT DESIGN AND LIFECYCLE MANAGEMENT | Product sustainability | 'Green' or «environmentally friendly» products / services that make up a material portion of a product / service portfolio whereby the company gains a competitive advantage through these products. |
| | | Company participation in extended producer responsibility (EPR) initiatives including direct product take-back, recovery and recycling / closed loop system. |
| | Packaging and plastics | Measuring packaging profile, setting improvement targets and reporting performance improvement annually against a baseline. Improve recycled content as well as recyclability of packaging. Use of environmentally friendly inks. |
| | | Measuring the quantity of single-use plastic within product portfolio / used in operations and reporting performance improvement annually against a baseline and reducing these. |
| ANIMAL WELFARE | Animal welfare in operations | Understanding responsibilities towards animal welfare within operations and ensuring a responsible policy management approach. |

SOCIAL

| MATERIAL THEME | SECTION CONSIDERED | FOCUS AND DESIRED OUTCOMES |
|----------------------|--|---|
| Human Capital | People strategy | Ensuring a responsible policy management approach. Corporate culture focused on diversity, inclusion, equity, wellbeing, engagement and career development. HR can evidence that the workforce feels a sense of belonging and are committed to helping the company achieve its business goals. Reporting performance against comprehensive metrics set annually. Create an engaged and loyal workforce. |
| | Health and safety | Ensuring a responsible policy management approach and measuring H&S accidents, incidents and near-misses, setting improvement targets if necessary and reporting performance improvement annually against a baseline. Limit H&S incidents. |
| Customers | Product quality, safety and accessibility | Ensuring a responsible policy management approach to product quality and safety with formal external assurance accreditations and certifications in place as applicable. All ESG credentials are substantiated independently. Measuring and disclosing all metrics as applicable. |
| | Customer engagement | Ensuring a responsible policy management approach to customer relations. Measuring customer sentiment. Corporate ESG commitments are shared and positive sustainability behaviours encouraged. Company has insight into customer ESG behaviours across a sample of policies, behaviours and practices that signal positive citizenship. |
| Communities | Communities | Proactive approach to community engagement with initiatives appropriate to the size of the company. The strategic partnerships approach reflects corporate values and business objectives. Measuring and disclosing all metrics as applicable. |
| Supply Chain | Responsible Sourcing policy and Supplier Code of Conduct | Ensuring a responsible policy management approach with the supply chain fully engaged. Procurement team fully trained on policies and approach. Ensure supply chain is equally focussed on ESG and aligns with the company's requirements and ESG approach. |
| | Supply chain mapping and ESG performance improvement | Full traceability of tier 1, 2 and 3 suppliers with records in place noting ESG certifications / accreditations. A proactive approach to integrating ESG criteria into procurement decision-making processes. Sustainably certified materials are procured where possible. Supplier audit takes place. Programmes evidenced and disclosed to improve ESG performance within the supply chain. Supply chain transparency where applicable to the sector. |
| | Nature and biodiversity in supply chain | Understanding the risks and opportunities regarding supply chain impacts on nature and biodiversity and ensuring a responsible procurement approach defined within policies as appropriate. |
| | Plastics in supply chain | Measuring the quantity of single-use plastics and, if applicable, microplastics, within the supply chain, apportioned to company demand. Reporting performance improvement annually against a baseline. |
| | Transport and logistics in supply chain | Proactive approach towards selecting lower-impact transportation methods to reduce carbon emissions. |
| | Digital emissions in supply chain | Ensuring a responsible policy management approach with proactive migration of IT infrastructure to the cloud, with GHG emissions measured and disclosed. |
| | Animal welfare in supply chain | Ensuring a responsible policy management approach to animal welfare in the supply chain with animal products procured from responsible sources. |

Portfolio companies are recognised for having undergone the extensive ESG evaluation programme.



GOVERNANCE

| MATERIAL THEME | SECTION CONSIDERED | FOCUS AND DESIRED OUTCOMES |
|--------------------------|-------------------------------------|--|
| Policy Management | Policy management | Ensuring a responsible policy management approach with employees fully engaged and aligned with the policy suite. |
| Business Conduct | Business ethics and oversight | The company is a purpose-led organisation with a full suite of responsible business conduct policies in place. Responsible approach to operational risk and business continuity / disaster recovery planning. |
| | Data and cybersecurity | Ensuring a responsible policy management approach to ensure compliance with data protection regulations and evidences a defensive posture towards operational cybersecurity. |
| ESG Integration | Benchmarking and alignment | The company is aligned to the United Nations Sustainable Development Goals and can evidence contribution. The company understands its ESG performance in the context of competitor and client performance and information demands. Regular stakeholder engagement on ESG material themes takes place. |
| | ESG management and performance | Ensuring a responsible policy management approach to ESG management and performance with designated ESG responsibilities assigned throughout the company. Performance progress is reported regularly to the board. ESG budget in place. ESG training in place. Management remuneration is linked to ESG performance. |
| | Strategy and reporting | A proactive approach to communicating ESG strategy with clear targets, goals and KPIs defined. System in place to capture comprehensive ESG metrics. ESG performance is disclosed into the public domain, updated annually with extensive and insightful explanations and analysis of trends. |
| | ESG supporting business development | Compliant approach to meet requirements of PPN 06/20 and 06/21 for public sector tendering when applicable. Measuring and disclosing all metrics as applicable. ESG performance is integrated into business development function, with evidence that ESG has contributed to winning tenders. |
| | ESG linked-finance | A proactive approach to implementing internal carbon prices to drive operational emissions down. A proactive approach linking ESG performance to external financing. |

ESG: a leading role in the investment lifecycle.

| | DEAL EXECUTION | INVESTMENT PERIOD | EXIT PHASE |
|----------------------|--|---|---|
| WHY | <ul style="list-style-type: none"> – Ensure we adhere to our investment principles – Identify potential ESG risk and strategic ESG opportunities – Leverage data-driven insights for negotiation and closing | <ul style="list-style-type: none"> – Provide management teams with clear actions and prioritisation on risk mitigation and foundational tasks – Ensure urgent progress is supported in order to establish a robust sustainability reporting ecosystem to satisfy compliance and stakeholder reporting requirements – Track outcomes of actions taken | <ul style="list-style-type: none"> – Minimise downside price chipping by reducing ESG risk. Maximise upside price negotiation by evidencing stellar ESG management |
| HOW | <ul style="list-style-type: none"> – Clearly defined list of exclusions consulted prior to any deal initiation – Third Party ESG RAG evaluation considering 42 potential risk areas with a broader ESG scoring, spanning c. 60 ESG areas – 100-Day plan created from RAG and broader ESG review | <ul style="list-style-type: none"> – Online ESG Performance Tracker monitoring realtime performance – ESG committee reporting to the Board – Comprehensive set of over 130 metrics collected, spanning compliance and key ESG areas with the support of external ESG consultants to ensure accuracy and completion | <ul style="list-style-type: none"> – Pre-exit ESG vendor DD programme commencing well in advance of deal exit initiation. Review of all possible ESG risk areas with evidence of mitigation or plans in place to address risk and gathering all positive ESG actions and outcomes occurs |
| THE POSITIVE OUTCOME | <ul style="list-style-type: none"> – Certainty for our funders and limited negative reputational consequences – Clear identification of ESG risks and opportunities, improvement and departmental responsibilities – Immediate risk mitigation and foundations laid for future ESG | <ul style="list-style-type: none"> – Robust ESG reporting practices to support stakeholder engagement and employee accountability for actions that amplify the impact of ESG initiatives – Ability to track improvement, identify areas requiring further action and satisfy compliance requirements and stakeholder requests | <ul style="list-style-type: none"> – Positive buyer response, smoother deal process and maximised shareholder value |

2023 Portfolio in review.

Comprehensive ESG metric set (130 metrics) created and collected annually from portfolio companies



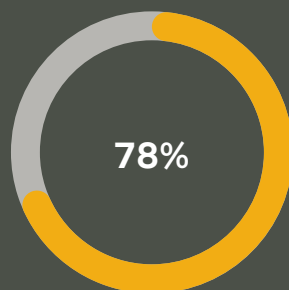
3 portfolio companies established full scope baseline emissions and committed to a Net Zero date



of the portfolio has a retained ESG advisor



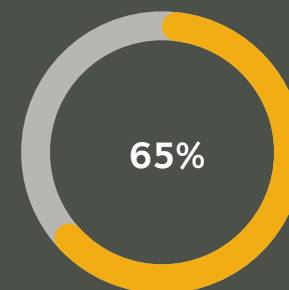
of the portfolio has implemented an ESG data management portal to capture, centralise and analyse ESG data



of the portfolio calculated Scope 1 and Scope 2 emissions



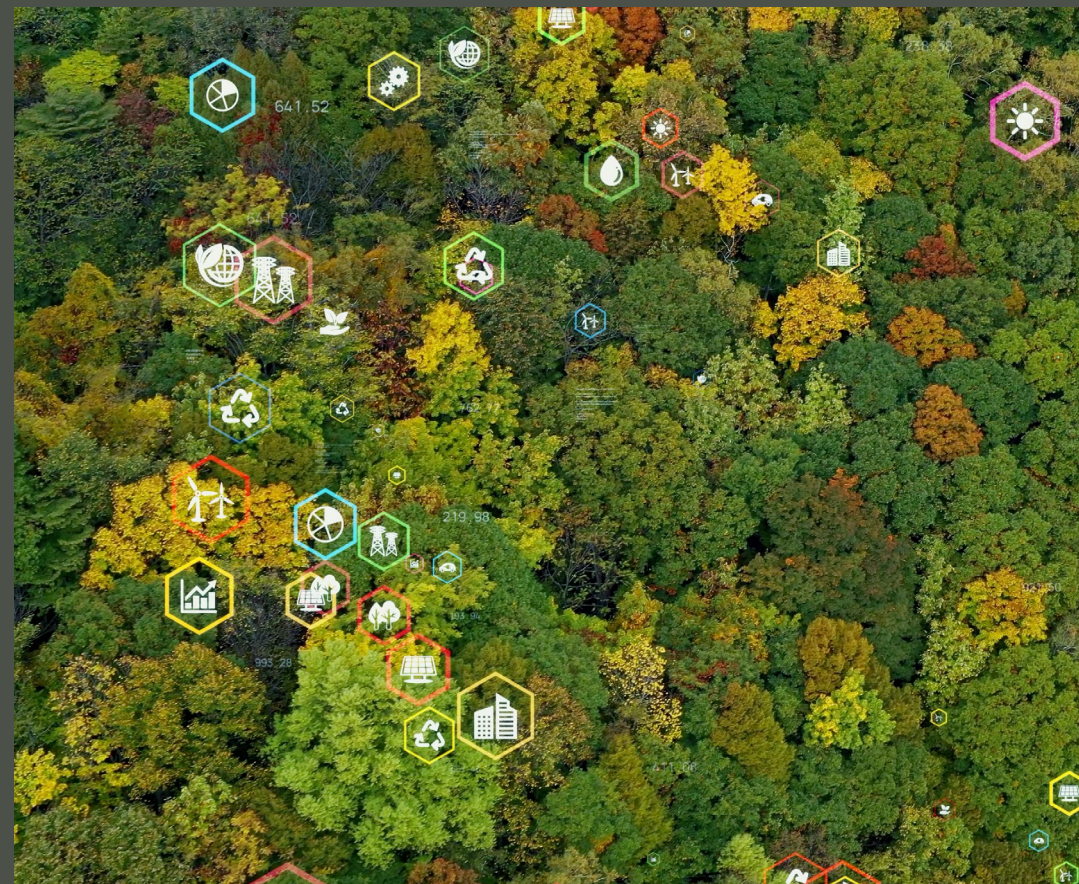
of the portfolio provide annual metrics



of our portfolio companies are conducting employee engagement surveys



of the portfolio has conducted an independent and intensive ESG maturity assessment and developed an action plan for improvement



The Performance Tracker enables our portfolio companies to access a concise and clear visual of progress towards their target score. This feature on the portal has been insightful and motivational for our companies and it has enabled ESG committees and ESG leaders to clearly demonstrate improvements to the Board. The Board at each of the portfolio companies also has direct access to the tracker.

| Overall performance | | | | | | |
|---------------------|-------------------------|----------------------------|----------------------|---------------------|----------------------------|---------------|
| Type | First Evaluated Score % | First evaluated score date | Last Evaluated score | Last evaluated date | Current Year Improvement % | Target score% |
| Environmental | 4% | 30-06-2022 | 4% | 30-06-2022 | 55% | 62% |
| Social | 25% | 30-06-2022 | 25% | 30-06-2022 | 62% | 63% |
| Governance | 65% | 30-06-2022 | 65% | 30-06-2022 | 96% | 96% |
| ESG Integration | 15% | 30-06-2022 | 15% | 30-06-2022 | 57% | 68% |
| Total Score | 28% | | 28% | | 68% | 73% |



Tracking real-time improvements.

The bespoke ESG Performance Tracker for each of our portfolio companies helps them track and monitor their progress and has helped them to embed ESG into core business activities.

The ESG portal is an exceptional tool which allows our companies to report back in realtime; actions and developments can be logged and progress instantly identified, putting us in a position to assess the performance of individual companies as well as gauge and monitor holistic improvements and impact. This gives us a sound and accurate understanding of ESG management across our portfolio.

Continuous review is key. All portfolio companies are assessed annually by our strategic ESG advisor, Sustainable Advantage.

Our companies are reviewed individually against a comprehensive set of over 100 ESG evaluation areas. Topics range from demonstrating active and engaged corporate governance to promoting employee safety, wellbeing and development. External ESG consultants from Sustainable Advantage work with each company to identify priorities, develop an action plan and execute initiatives based on:

- Sector
- Size
- Client base and their ESG focus
- Tender requirements
- Compliance requirements
- Stage of ESG journey
- Unique characteristics of a company

Each ESG topic of evaluation has five potential scores, ranging from 'little or no activity' in that area (scoring '0') through to 'leading practice' (scoring '4'). ESG consultants engage directly with senior management to accurately assess each area and review relevant documentation and metrics in order to demonstrate the company's current score. Our portfolio companies work

closely with their consultant during the process to determine current scores and set target scores for the following year. Target scores are set for each topic evaluated based on:

- Current score
- Time frame to reach the target score
- Resources required to reach the target score – time, expertise, funds
- Whether this is a foundational area, i.e. its achievement will facilitate later success

The supporting actions are an excellent source of information for bids and tenders, compliance progresses, impact reports and ultimately, for exit.

It is our aim for each portfolio company to reach an ESG score of 60%, which is considered “ESG Excellent” by Sustainable Advantage. We are proud that 7 of our companies have already achieved this target.

Once benchmark scores have been established, realistic annual targets set and the action plan signed off, the online ESG performance tracker is activated. Scores and required actions are loaded onto the ESG Performance Tracker annually with our companies able to review performance and update progress immediately. The Performance Tracker can be accessed by multiple employees assigned to various tasks. This feature is important for August Equity as we value shared ownership and recognise that changing the future of ESG is a group-wide commitment.

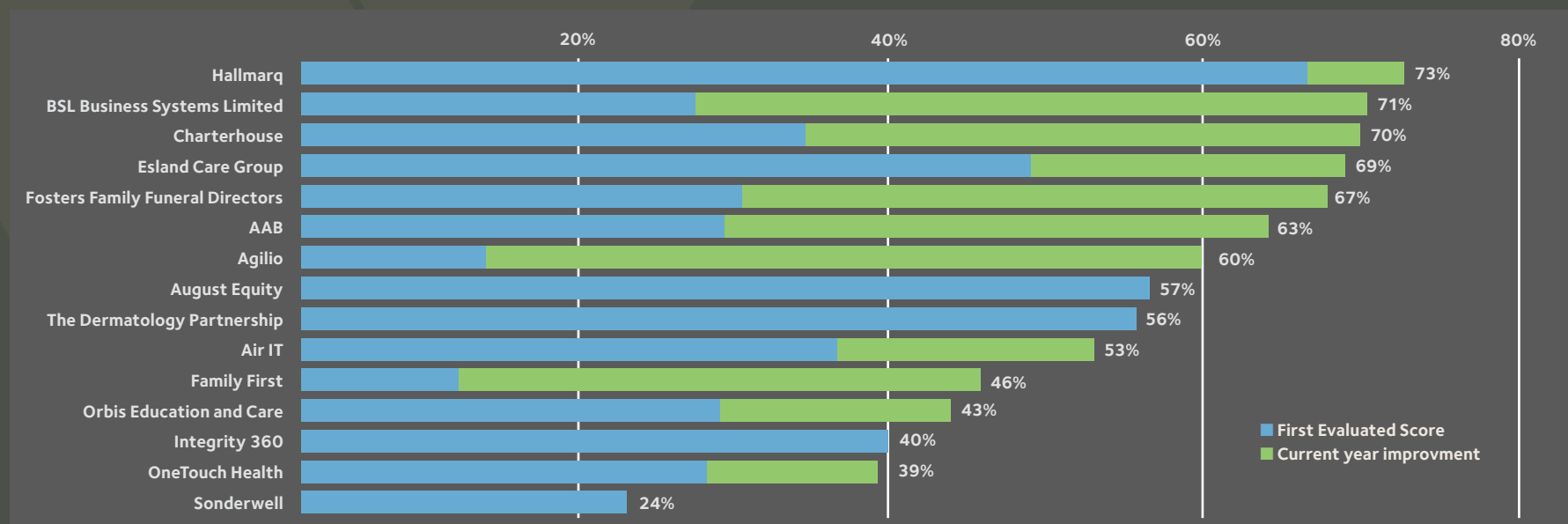
The ESG Performance Tracker has 3 components:

Dashboard: live ESG scores and actions presented

Tracker: progress on actions are inputted and ESG metrics entered

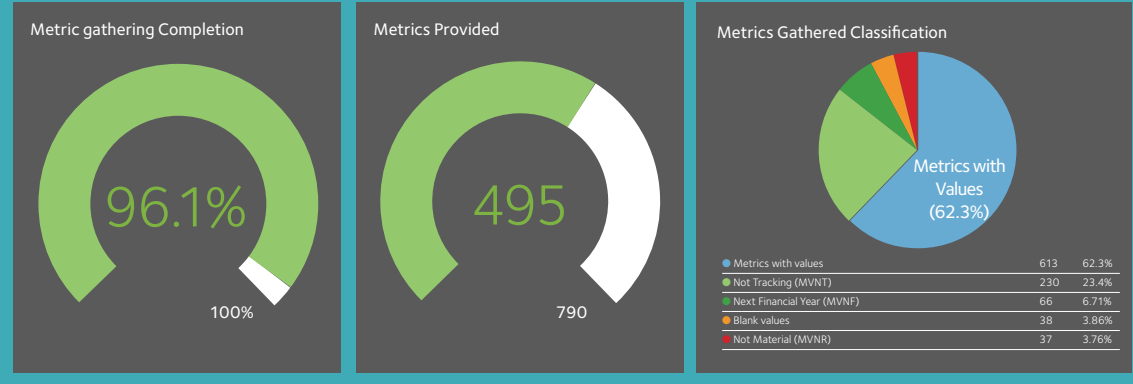
Document storage: for centralised documentation relevant to ESG review and management

Logging and tracking performance in real time is made possible by the ESG Performance Tracker. We can observe the current scores of each portfolio company and assess against the previous evaluations.

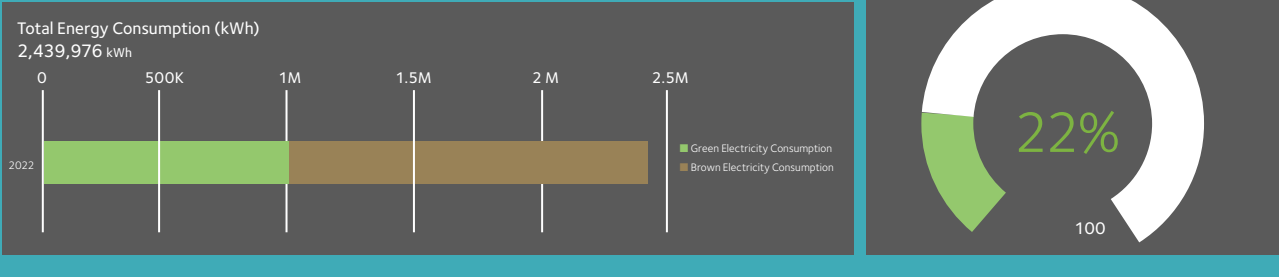


ESG metrics are crucial for quantifying and verifying ESG performance. Our live portal allows us to track the completion of ESG metrics and identify trends within and across the portfolio companies with visualisation:

Metric Gathering Completion



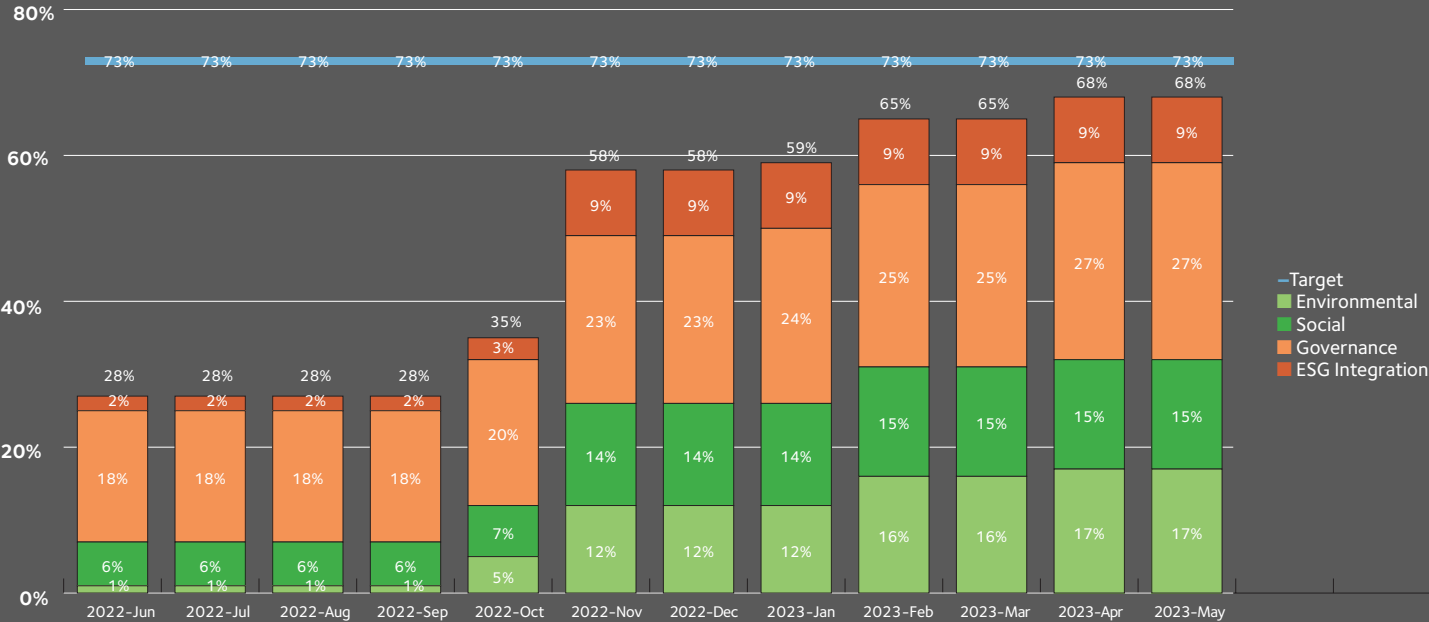
Electricity Consumption (kWh)



On the dashboard is a monthly overview of scores and progress, allowing us and portfolio companies to demonstrate tangible ESG improvements since investment.

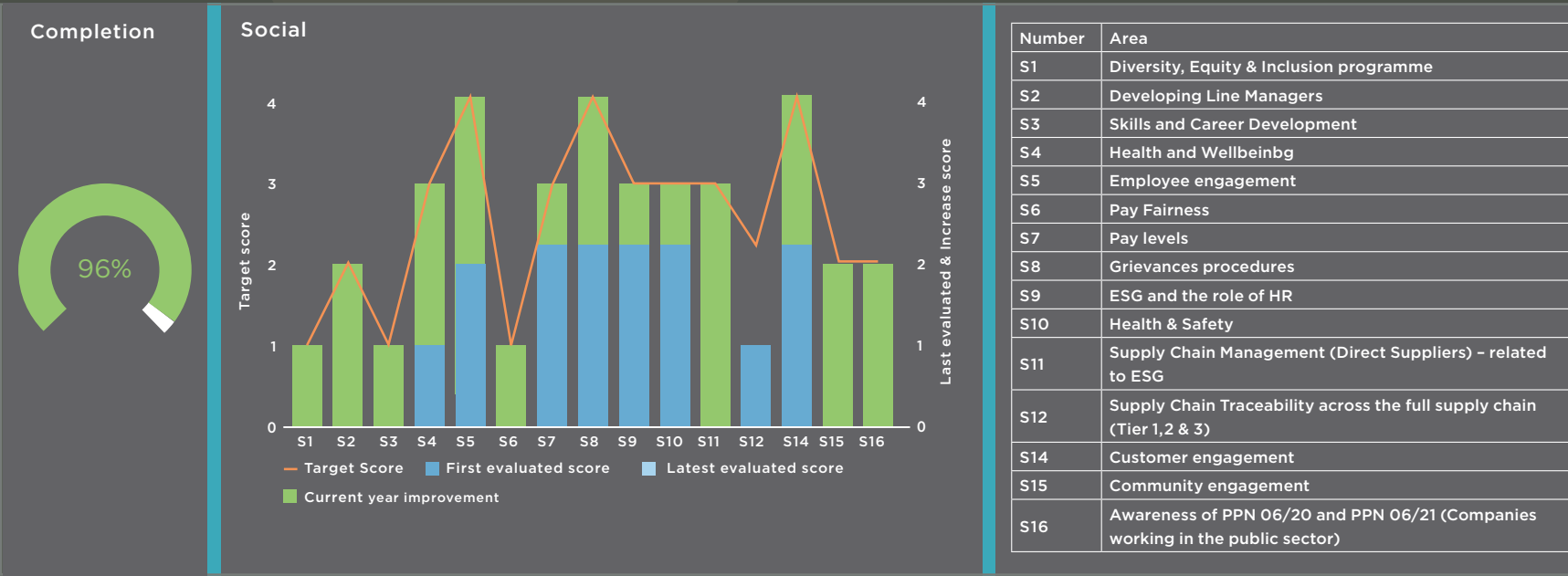
Monthly ESG Scores

Expand the card by pressing the title. this will allow you to toggle between years (if available). By default the latest year will be shown

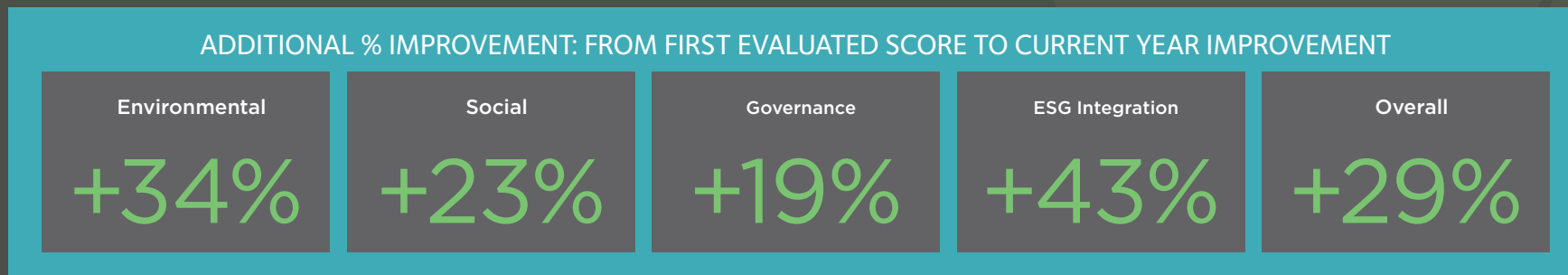


Each portfolio company can, in real time, understand where they are scoring on each of the circa 60 ESG areas evaluated. They can see what their last evaluated score was (blue bar) as well as the improvement they've made during the current year on the way to their annual target score (line). The portal has drill down functionality, allowing the reader to click into any area and see:

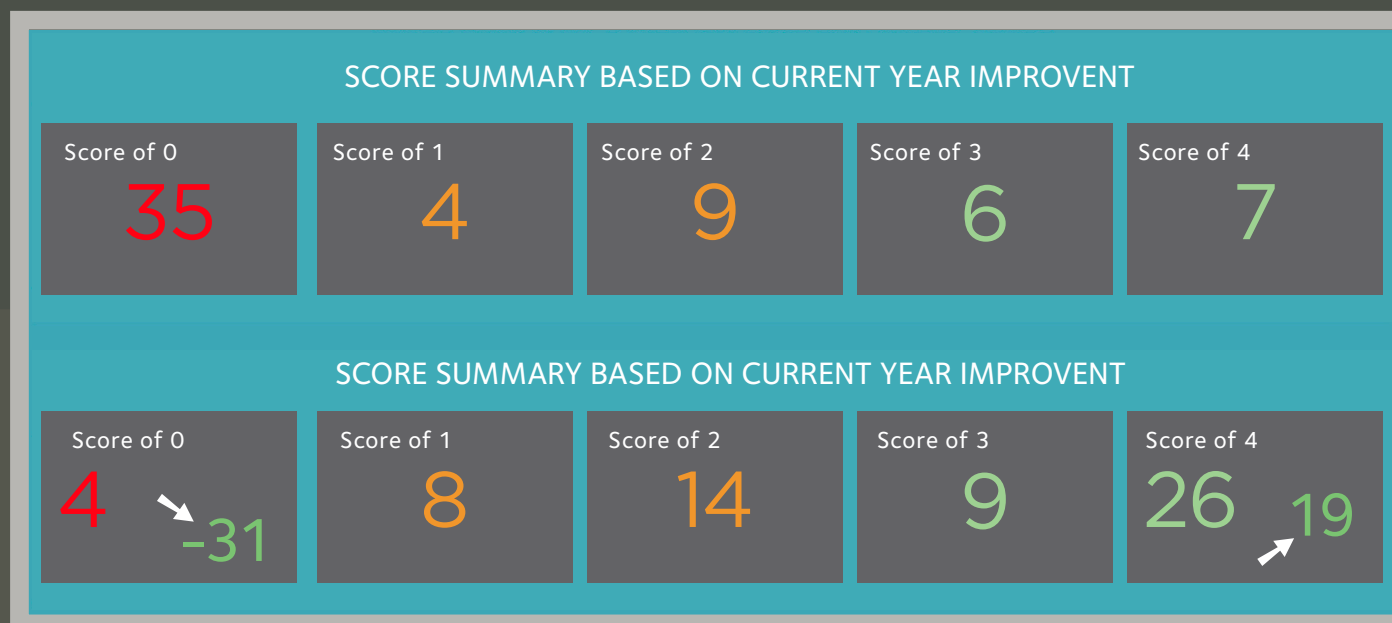
- Which individual has responsibility for driving that action
- Actions undertaken in past periods
- Actions required to reach the target score
- Progress notes



We are able to demonstrate the increase in ESG performance during our investment horizon, contrasting the first evaluated score vs the current live score.



Each ESG area is scored 0-4. While we are aiming to move scores upward, it is critical to focus and improve on areas that scored 0.



*TM Spotlight on our portfolio

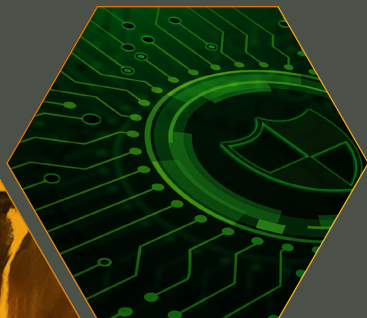
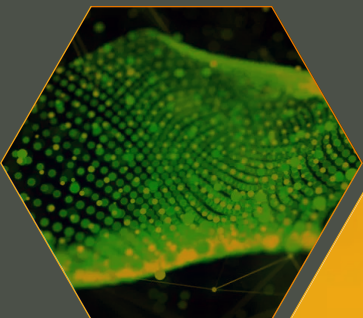
We are proud of the progress that our portfolio companies have made during the last year, with management teams working hard to deliver improvements in line with the targets that they have been set by Sustainable Advantage. There are a few companies that stand out for their performance over the last year, which we will detail in the profiles on the following pages.

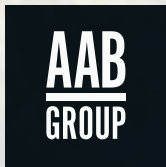


Management teams earning their sweet equity

*TM 14 Companies were surveyed for this report.

|  HEALTHCARE |  EDUCATION |  BUSINESS SERVICES |  TECHNOLOGY |
|--|---|---|---|
| <ul style="list-style-type: none">• Fosters Family Funeral Directors• Orbis Education and Care• Sonderwell• The Dermatology Partnership | <ul style="list-style-type: none">• Esland Care Group• Family First | <ul style="list-style-type: none">• AAB• Agilio• Hallmarq• OneTouch Health | <ul style="list-style-type: none">• Air IT• BSL Business Systems• Charterhouse• Integrity360 |





YEAR OF INVESTMENT: 2021

SECTOR: BUSINESS AND PROFESSIONAL SERVICES

AAB Group is a forward-thinking and ethically minded business. A commitment to supporting people, communities, and the environment is strongly embedded in the organisation through dedication to training, development, and charitable initiatives. AAB is eager to maintain this as a core element of culture as the company continues to experience growth. With ever-increasing attention paid to environmental awareness and social issues, AAB is focused on reducing the company's negative environmental impacts through everyday operations and increasing social value via its support of employees and charitable initiatives.

About AAB Group

- A tech-enabled, business-critical services group that provides audit and accounting, tax, payroll and HR, and outsourcing and advisory solutions globally
- Working with clients through every phase of business development, from start-up to exit
- AAB Group is a member of Accelerate, an alliance member of the top accounting network Crowe Global and is the Scottish member firm of The International Accounting Group (TIAG)
- The Company has offices throughout the UK and Ireland, and in Michigan, USA and employs over 1,000 staff worldwide

How ESG can benefit AAB

- Increase awareness of environmental issues
- Increase resilience to upcoming sustainability reporting requirements, influencing long-term strategy
- Improve potential for competitive advantage against peers and other financial service providers



ESG HIGHLIGHTS:

ENVIRONMENTAL

- Calculated Scope 1, 2 and partial Scope 3 carbon emissions for 2022-2023
- Working alongside landlords to ensure accurate and reliable environmental data
- Committing to use energy, waste and water data to drive resource management efficiency and total reduction efforts

SOCIAL

- Collects employee demographic data, which helps the company understand team makeup, identify demographic disparities, develop solutions to fix disparities and create company DE&I initiatives
- Has created two specialist working groups for colleagues to support issues relating to LGBTQ+ and working families
- Surpassed an internal target of making 50 charitable connections, by establishing 100 connections in 2023
- AAB commits to publishing timely Gender Pay Gap reports
- Supporting local communities and young people with opportunities, training and development

GOVERNANCE

- Appointed ESG Champions in every office to help embed ESG values and practices throughout the company
- Established a group-wide ESG framework across all offices
- Localised employee ESG groups meet monthly
- Has a formal ESG committee that meets on a quarterly basis
- Has published the company's second ESG Impact Report

MATERIAL ESG THEMES:



Landlord engagement



Energy and waste data across the group



Carbon calculation for Scopes 1, 2 and 3



Maintaining IT systems and cybersecurity



Customer and supplier engagement to understand ESG issues

KEY ESG METRICS:

- Scope 1 Emissions: 102.47 tCO₂e
- Scope 2 Emissions: 180.4 tCO₂e
- Scope 3 (Partial) Emissions: 457.49 tCO₂e
- 64% of all senior managers are female

UN SDGS SUPPORTED:



4: Quality Education



10: Reduced Inequality



12: Responsible consumption and production



YEAR OF INVESTMENT: 2020

SECTOR: IT SERVICE PROVIDER

Air IT is a leading UK Managed Service Provider that delivers award-winning IT and communications to SMEs and in house teams. The company has comprehensive expertise and industry experience across IT, communications, cybersecurity, and business intelligence. During the past year they have placed greater importance on integrating ESG throughout the business. Discussions pertaining to ESG feature in every Board meeting and the company works hard to meet its ESG targets.

Did you know

- Air IT were audited on their ESG performance by third party, Sustainable Advantage, in December 2022; scoring an initial 13%. Thanks to a collective effort from the board, ESG Manager (appointed in March) and employees, this has risen to 53%. They are on track to meet their goal of a 66% ESG score by 31 December 2023

How ESG can benefit Air IT

- Many clients, including businesses and organisations, are integrating ESG principles into their own operations and expect their service providers to do the same. Demonstrating a commitment to ESG is a competitive advantage for Air IT



ESG HIGHLIGHTS:

ENVIRONMENTAL

- Air IT excels in responsible e-waste management
- They engage in continuous conversation with landlords, discussing ways to improve the company's environmental impact
- Air IT has established a Green Group, tasked with leading the company's environmental efforts. This group identifies Air IT's current ESG practices as well as ways in which the company can improve. The group disseminates this information to all Air IT employees. The Green Group is also exploring strategies for promoting greener practices, encouraging carpooling and investigating carbon-neutral initiatives
- The Green Group discourages unnecessary company travel and introduced a Green Travel Ban for August 2023

SOCIAL

- Health & Wellbeing Group promotes physical and mental wellness and provides employees with healthy meal plans and exercise tips. Furthermore, they ran a successful financial initiative whereby colleagues were given access to a mortgage broker and financial advisor webinars
- Mental Health First Aid Group raises mental health awareness throughout the company, provides resources to employees and trains mental health first aiders. This journey started in April with several courses provided by Mind. We then enhanced this by providing an in-house MHFA instructor. The MHFA have a buddy system and support network
- Charity and Community Group implements a transparent funding process, supports the company's charity (Guide Dogs for the Blind) and finds innovative ways to raise funds for positive community impact
- Diversity, Inclusion and Belonging Group advocates for family leave policies, supports women's growth and leadership. The DIB group have launched two primary initiatives, "Women in Business" and "Neurodiversity Awareness"

GOVERNANCE

- Policy Group is responsible for reviewing all policies and implementing a robust review system for the future
- The newly formed ESG Committee meets monthly and drives the ESG strategy internally; helping create and achieve its annual targets
- ESG information is aggregated via monthly ESG reports made by the ESG Committee and information shared with the executive team that is found in the monthly HR KPI pack

MATERIAL ESG THEMES:

- Climate change
- Employee engagement
- Cybersecurity
- Health & Wellbeing
- Diversity, Equity & Inclusion

KEY ESG METRICS:

- ISO 27001 certified
- ISO 9001 certified
- ISO 14001 certified
- UK Cyber Essentials certified

UN SDGS SUPPORTED:

- 3: Good health and well-being
- 8: Decent work and economic growth
- 12: Responsible consumption and production
- 13: Climate action

YEAR OF INVESTMENT: 2019

SECTOR: SOFTWARE IN HEALTHCARE

Agilio Software is a diverse and inclusive company that focuses on the wellbeing and health of its employees. This is key in its recruitment and retention of talent, which adds consistency and value to the services and products it provides its clients. Agilio is in the midst of its ESG journey and plans to continue to make changes to reduce its environmental impact and improve the communities in which it works.

About Agilio

- Agilio Software is the leading provider of SaaS-based compliance, HR and e-learning services in the dental, GP and hospital markets, ensuring regulatory and CQC compliance
- 187 passionate individuals are employed at Agilio Software
- The company has a laboratory for water testing. Hospitals send water to Agilio to test and see if it meets industry standards for cleaning

How ESG can benefit Agilio

- Calculating carbon emissions is essential for creating a carbon reduction plan so the company can work to become Net Zero
- Focusing on employee health and wellbeing will help talent retention and recruitment
- Committing to ESG will create a competitive advantage in public sector bids/tenders



ESG HIGHLIGHTS:

ENVIRONMENTAL

- Agilio has conducted a stakeholder travel survey to accurately calculate Scope 3 CO₂ emissions
- Green Champions have been appointed across the company to raise awareness for Agilio's sustainability initiatives
- A Sustainability Awareness Hub is accessible for all employees, this is an interactive space for employees to engage with the company's latest energy and waste reporting data

SOCIAL

- A Diversity, Equity & Inclusion (DE&I) representative works closely with senior management to implement the Agilio DE&I policy and strategy. The company will use the demographic data it collects on its employees to further influence the policy and strategy
- Agilio has appointed Wellbeing Champions to increase dialogue around mental health
- Fair pay for all employees is ensured through a transparent pay framework
- Working with Advantage, Agilio has produced a pay gap report that will help to illuminate and address inequalities within the company's pay framework
- All of Agilio's suppliers receive the company's Supplier Code of Conduct
- Prospective suppliers are required to complete an ESG Pre-Qualification Questionnaire
- Agilio's newly formed Culture Club focuses on charity and community engagement initiatives. The club has selected two charities to support: Alzheimer's Society, United Against Dementia and SHOUT, a mental health charity
- In June 2023, members of the Agilio team embarked on the 3 Peaks Challenge and raised a staggering £24,648 for Shout Mental Health Support Line

GOVERNANCE

- A dedicated ESG Committee is in place, it is comprised of four invested and motivated members
- ESG is discussed in monthly Board meetings
- Robust systems are in place to mitigate and manage business risks, such as implementing a comprehensive H&S process to ensure the safety of its employees
- The SME Primary Care division of the company is cyber-essentials plus certified
- ISO 27001 accredited for two business divisions: Primary Care and SME Primary Care

MATERIAL ESG THEMES:



Energy and carbon



Diversity, Equity & Inclusion



Employee training and development



Cybersecurity



Data privacy

KEY ESG METRICS:

- Scope 1 Emissions: 173 tCO₂e
- Scope 2 Emissions: 35 tCO₂e (all green electricity)
- All staff paid higher than National Living Wage
- 33% C-Suite positions filled by women
- ISO 27001 Certified and Cyber Essentials Plus certification

UN SDGS SUPPORTED:



3: Good Health and Wellbeing



5: Gender Equality



8: Decent Work and Economic Growth



13: Climate Action

YEAR OF INVESTMENT: 2021

SECTOR: TECH

BSL have demonstrated a clear commitment to embed ESG principles into the business, working towards ambitious annual ESG targets. Upon embarking on their ESG programme, BSL already had a strong social focus, with significant investment into its employee engagement, training and development, and health and wellbeing initiatives. As an office-based tech company, with minimal environmental impact, environmental performance is a newer focus area for BSL. However, BSL have already begun to address their direct impact, calculating their Scope 1 and 2 GHG emissions for their last financial year. This calculation will provide the company with a baseline to set carbon reduction goals and reduce their emissions impact.

About BSL

- Initially founded to service the City's financial institutions, BSL has evolved to become a leader in enterprise communications solutions. As contact centres and financial institutions demand increasingly sophisticated voice, interaction, and data applications, BSL's specialised solutions have transformed the way businesses work. Their services span solutions for monitoring and compliance and workforce engagement management, all of which are underpinned by the cloud communications software and infrastructure required to deliver this. 30% of the City's institutions now depend on Business Systems for their trading operations, and their solutions are deployed across some of the largest contact centres globally, amongst them IC24, Equiniti and Leeds Building Society.

Did you know

- BSL provide ongoing donations through its customer feedback surveys. Each time a customer provides a response to their survey, BSL make a donation to their two selected charities: Birmingham Children's Hospital and Ripple Africa, a tree planting project in Malawi.



ESG HIGHLIGHTS:

ENVIRONMENTAL

- BSL has calculated their Scope 1 and 2 emissions (estimated gas, refrigerants and electricity consumption), setting its last financial year as a baseline. Additionally, BSL have offset to become carbon neutral for their Scope 1 and 2 emissions for FY22.
- Recycling bins are located on site, along with communications on how to dispose of waste correctly
- In 2022, BSL reduced their sites, closing a large, inefficient office in favour of a more commuter-friendly office in London
- Staff are encouraged to cycle to work, with an established cycle-to-work scheme and facilities on site, including a bike workshop. Additionally, there is a bike club in the building, where BSL deduct the membership fee from employees' salaries
- BSL is finalising the details of their employee electric vehicle salary sacrifice scheme and will be promoting this to staff to encourage EV takeup
- The company supports Ripple Africa, a re-forestation campaign in Malawi

SOCIAL

- In 2022, BSL appointed a Head of People to drive the company's culture and wellbeing initiatives
- All employees have access to an Employee Assistance Programme and Mental Health First Aiders have now been appointed across the company. The Chief Operating Officer also runs wellbeing sessions as part of the company's town halls
- Employee engagement is tracked through surveys, as well as Employee Net Promoter Scores. Results are shared transparently with staff monthly
- The company is an accredited Real Living Wage Employer, with 100% of staff paid the real living wage or above
- BSL have made enhancements to its training and development module, Lattice, and are currently rolling out a dedicated career development module

GOVERNANCE

- In 2022, BSL established an employee-led ESG Committee to drive the company's ESG programme
- ESG has been integrated into BSL's people plan and is an agenda item at every monthly board meeting
- BSL is ISO 27001 and Cyber Essentials accredited, which underpin the company's cybersecurity strategy
- BSL is also accredited for ISO 14001 and ISO 9001

MATERIAL ESG THEMES:

-  Climate change
-  Diversity, Equity & Inclusion
-  Training and development
-  Employee engagement
-  Cybersecurity

KEY ESG METRICS:

- Scope 1 Emissions: 19 tCO₂e
- Scope 2 Emissions: 8 tCO₂e
- 100% Renewable electricity purchased

UN SDGS SUPPORTED:

-  3: Good Health and Wellbeing
-  5: Gender Equality
-  8: Decent Work and Economic Growth
-  13: Climate Action
-  15: Life on Land

CHARTERHOUSE

CONNECT. COLLABORATE. SECURE

YEAR OF INVESTMENT: 2018

SECTOR: COMMUNICATIONS

As 2023 bore witness to yet another year of record-breaking temperatures, extreme weather events and soaring global emissions, businesses have come under increased scrutiny to ramp up climate commitments. Charterhouse completed its second Net Zero report in 2023 and has seen excellent reductions in both energy and fleet emissions – a glowing endorsement that its initiatives are working. They have also continued to further their ESG programme, under the stewardship of their newly established ESG Committee.

Business description

- Charterhouse Voice & Data Limited provides communication services and solutions as well as cyber products and services to a range of clients in both the private and public sector
- Charterhouse and its subsidiaries provide clients with hardware and support services across a range of sectors including cloud software, LAN, telecommunications, printing, mobiles and cybersecurity
- Charterhouse Group has offices in Liverpool, London, and Peterborough and boasts a team of over 250 employees

Did you know

- Charterhouse had its ESG performance evaluated by Sustainable Advantage in 2023, scoring 70%, which is considered excellent

UN SDGS SUPPORTED:



3: Good Health and Wellbeing



8: Decent Work and Economic Growth



5: Gender Equality



10: Reduced Inequalities



ESG HIGHLIGHTS:

ENVIRONMENTAL

- Two diesel and nine petrol vehicles have been removed from Charterhouse's fleet, with no plans to replace them. Four petrol vehicles remain with one due for phase out Q4 '23 and the remaining three vehicles will be replaced with hybrid or fully electric vehicles by mid-2024
- Charterhouse recognise the importance of understanding and reducing their carbon emissions. They have completed their second Net Zero report in 2023
- Charterhouse are Carbon Neutral having offset their scope 1 and 2 emissions in 2023

SOCIAL

- The Charterhouse Academy offers training courses for managers and individual coaching programmes are provided for managers transitioning into critical positions with individuals encouraged to pursue third-party accreditations
- An Employee Assistance Programme is in place, and HR regularly raises awareness about mental health as well as guided access to training, and webinars on topics such as menopause, stress management, and workplace health and safety
- Charterhouse has formulated a Supplier Code of Conduct and integrated it into its supplier onboarding and review procedure. The code encompasses essential ESG principles that Charterhouse expects suppliers to follow

GOVERNANCE

- The ESG committee has been established, and its inaugural meeting took place in February 2023 with plans to meet every month/6 weeks to discuss progress against ESG targets. The board is actively engaged and reviews ESG progress monthly
- Charterhouse is ISO 27001 and ISO 9001 certified
- A centralised risk register is in place with material ESG risks now incorporated. A robust Business Continuity Plan (BCP) has been established, which is subject to regular reviews and independent annual audit

MATERIAL ESG THEMES:



Energy and waste



Carbon and climate change



Transport



Diversity



Employee engagement



ESG integration



Customer engagement

KEY ESG METRICS:

- Scope 1 Emissions (Gas):
 - 2022: 17.66 tCO₂e
 - 2023: 1.71 tCO₂e (over 90% reduction)
- Scope 1 Emissions (Transport and fleet):
 - 2022: 13.07 tCO₂e
 - 2023: 3.37 tCO₂e (74% reduction)
- Scope 2 Emissions (Market and location-based):
 - 2022: 87.02 tCO₂e
 - 2023: 63.32 tCO₂e (28% reduction)



YEAR OF INVESTMENT: 2019

SECTOR: SOCIAL CARE

Esland provides trauma informed therapeutic care and education for young people who have experienced significant adverse experiences in their lives. Esland's purpose is to change children's lives for the better and its ESG strategy "Leading with Purpose" is embedded within the company's mission. Esland has dedicated resource to ESG, with a committee fulfilling the ESG goals embedded within the strategic plan.

About Esland

- The group includes three independent special educational needs and disabilities (SEND) schools supporting children from Esland homes and day learners
- Esland Care has over 50 partnerships with local authorities, 60 children's homes and 3 short term assessment homes (offering crisis placements) across 7 UK regions

Did you know

- Esland's unique Turning the Curve™ education model, which has integrated ESG and citizenship modules, helps young people who've been unable to access education, re-enter full-time education in a school setting incorporating a flexible, child-led curriculum that enables young people to learn in a way that meets individual needs



ESG HIGHLIGHTS:

ENVIRONMENTAL

- Esland has introduced a rolling programme of energy efficiencies across its estate, fitting smart meters, A-rated combi boilers, flushing existing central heating systems and installing energy-efficient appliances and materials
- A model home and school concept has been created to integrate core sustainability principles as a blueprint for the future, to be introduced from 2024
- In 2023, Esland launched a sustainability challenge to share knowledge, and encourage environmental best practice across all homes and schools
- Climate related risks are included within Esland's corporate risk register
- A managers electric car salary sacrifice scheme has been introduced to reduce business travel emissions

SOCIAL

- Safeguarding is prioritised with Safeguarding leadership positions including a Quality and Safeguarding Director and a Safeguarding and Health & Safety Board Chaired by an Independent Safeguarding Chair. All staff, contractors and Regulation 44 visitors are subject to Enhanced DBS checks, updated every 3 years
- Esland ensures staff at each home, school and assessment centre have access to a dedicated mental health first aider
- Accessible training and resources support skills, practices, and career enhancement, including external QCF 5 through 7 training for managers, internal development programmes, and access to memberships. In 2023, over 99,000 hours of training was completed
- An Esland Lived Experience Children's Board brings care experienced voices and needs to the centre of how Esland works
- 34% of Esland's workforce have access to complete qualifications through the apprenticeship programme

GOVERNANCE

- A robust corporate governance framework underpins policies and procedures concerning safeguarding, whistleblowing, anti-bribery and corruption, tax compliance, gender pay gap reporting, conflicts of interest, GDPR and cyber security
- GDPR and cyber security programmes are managed by dedicated teams who evaluate and update company procedures for best practice
- The quality team ensures Esland meet or surpass quality standards. This includes an extensive stakeholder feedback mechanism

MATERIAL ESG THEMES:

- Physical and mental health, safety, and wellbeing
- Diversity, equality, inclusivity and belonging
- Risk management
- Quality and development of services
- Climate change
- Energy efficiency

KEY ESG METRICS:

- Scope 1 Emissions : 918 tCO₂e
- Scope 2 Emissions: 114 tCO₂e

UN SDGS SUPPORTED:

- 1: No poverty
- 3: Quality Education
- 10: Reduced Inequalities
- 11: Sustainable Cities and Communities
- 16: Peace, Justice and Strong Institutions



YEAR OF INVESTMENT: 2019
SECTOR: NURSERY SCHOOLS

Since 2019, Family First Nursery Group has grown to include more than 100 nurseries across London, the West Midlands, Essex, and the South East. Throughout the past year, Family First has paid particular attention to improving staff engagement as well as employee salaries. To ensure they attract and retain the best talent.

Did you know

- Due to expansion, Family First is now required to produce a Streamlined Energy Carbon Reporting (SECR) report, which requires organisations to share energy use and carbon emissions information
- Family First has contracted Sustainable Advantage to manage its SECR reporting

Future focus:

- Throughout 2023 and 2024, they will be consolidating all waste and energy contracts. This move will allow them to have greater oversight over the large portfolio, furthermore, 100% of their electricity will be procured from renewable sources
- This move will ensure a reduction in costs, emissions and improve efficiency



ESG HIGHLIGHTS:

ENVIRONMENTAL

- Family First is working with Sustainable Advantage to simplify and streamline waste management
- They have introduced Octopus Electric Vehicles, as a staff offering




SOCIAL

- “Just Imagine Colchester” won community nursery of the year and received an Ofsted Outstanding rating
- In 2022, they performed a pay assessment across their portfolio. Subsequently, staff pay was increased to maintain its standing within the nursery sector and to ensure terms and conditions are consistent across the workforce; and as new nurseries are acquired
- Family First continues its streamlining process of preferred suppliers across its estate in order to provide consistency and greater control over sourcing
- Community projects continue to be at the heart of every nursery. There are extensive activities, which bring together parents, children and staff and give back to local communities
- As their team has grown, the need for cohesive employee engagement has been essential. They created a new Chief People Officer role in 2022, who is focusing on this

GOVERNANCE

- Full introduction of consistent policies and procedures across the company and delivering consistency with the broader August portfolio (worked with Foot Anstey)
- In 2023, they have created the business’ first Audit and Remuneration Committee
- Adhering to the highest standards of safeguarding remains one of the key priorities for the group. There has been an enhanced focus on EYFS professionals

MATERIAL ESG THEMES:

-  Climate change
-  Employee engagement
-  Cybersecurity

KEY STATS:

- In the last financial year Family First acquired a further 17 nurseries
- They now offer 7,000 places for children, making them the 4th largest non-franchised nursery group in the UK
- Now in its 4th year, the organisation employ over 2,400 staff

UN SDGS SUPPORTED:

-  4: Quality Education
-  12: Responsible Consumption and Production
-  15: Life on Land

YEAR OF INVESTMENT: 2017**SECTOR: FUNERAL SERVICES**

Founded in the early 2000s, the company began as a small, independent funeral home based in Glasgow with two branches. Over the last two decades additional branches have been acquired including Deery's Funeral Services, David Robb Funeral Services, and Paisley Crematorium (Woodside Cemetery and Crematorium). Currently there are 25 branches across Scotland making Fosters one of the three largest independent family funeral directors in Scotland, employing over 115 staff. Fosters offer a variety of funeral services and look after all aspects including cremation or burial, fully lined and fitted coffins, hearse and/or limousine and funeral personnel.

How ESG is impacting the business

At the heart of the Fosters business is a commitment to doing the right thing in the right way: behaving ethically, working safely, reducing their environmental impact, attracting, and developing their people and having a positive social impact in the communities in which they operate. This is for the people they care for and the people who cared for them, Fosters serve both equally.

Going forward

- As funerals are deeply important and personal events, it is vital for Fosters to have a robust ESG proposition. Environmental concerns are increasing across society, and interest is increasing in services which minimise their environmental impact
- Additionally, as society becomes more and more diverse, it is vital that Fosters develops and maintains an in-depth understanding of the social and cultural contexts in which it operates
- These elements must be underpinned by strong governance in order to ensure their uptake in the organisation as a whole and enable future success

**ESG HIGHLIGHTS:****ENVIRONMENTAL**

- Recycling and confidential waste streams are captured at the source and disposed of separately. Fosters works with local scouts clubs and schools to recycle cardboard and paper. Offices are moving towards paperless operations
- A waste champion has recently been appointed, and a waste awareness campaign was designed and implemented. Waste reduction awareness is included in the ESG committee agenda, which will also monitor progress against Biffa reports
- Fosters was a high-energy consumer but recently stopped and sold its cremation business line. Today, they do not have any high-energy-consuming activities. Most offices have moved to LED lighting with motion sensors, and behavioural change initiatives around energy consumption reduction have already been undertaken (signs, reminders, etc.)
- Carbon: Scope 1 & 2 calculation for 2022

SOCIAL

- A DE&I champion has been appointed to lead and execute initiatives aimed at promoting diversity and fostering inclusion
- Fosters publishes pay gap reports spanning more than two years with evidence of improvement. Equal pay for equal work is recognised as a strategic priority
- The Scottish Association for Mental Health has delivered virtual mental health training to all employees within the business
- An Employee Assistance Programme (EAP) is in place with wellbeing resources (mental health helpline, etc.)
- In 2023, Fosters formalised all its wellbeing initiatives in a Health & Wellbeing policy and made wellbeing training available on its learning platform

GOVERNANCE

- ESG governance: ESG committee and policy in place, ESG risks integrated into the risk register, short and long term ESG goals being validated by the board

MATERIAL ESG THEMES:

Climate change



Employee engagement



Cybersecurity

KEY ESG METRICS:

- Scope 1 & Scope 2 Total Emissions: 3,680 tCO₂e
- Training hours total: 2,370

UN SDGS SUPPORTED:

1: No poverty



4: Zero hunger



9: Industry, Innovation and Infrastructure



13: Climate Action



15: Life on Land



16: Peace, Justice and Strong Institutions



17: Partnership for the Goals

Hallmarq

Visionary Veterinary Imaging

YEAR OF INVESTMENT: 2018

SECTOR: ADVANCED VETERINARY IMAGING

Founded in 2001, Hallmarq provides specialist advanced veterinary imaging systems that enable safe, effective, and affordable diagnosis to aid treatment plans. They have two offices in the UK and two in the US.

How ESG is impacting the business

Hallmarq's culture is built around its mission of improving the lives of animals and of people who care for them. As such, the company has always tried to care for all its stakeholders; customers, suppliers, staff, community neighbours, and the environment. ESG is a structured extension of that culture and desire to help. It allows the company to focus its, otherwise unbridled passion and effort, on to actions that can really make a difference. ESG is what allows the business to steer and structure existing efforts in a way that can be recognised by all of their stakeholders but mostly by their staff for whom this is a driving factor in their desire to work at Hallmarq. This manifests in low staff turnover, easier recruitment and dedicated workforce.

Did you know

Hallmarq scored exceptionally well in its Sustainable Advantage ESG Review recently, and was awarded a rating of "Excellent" with a score significantly above the average awarded for first-round assessments.

ESG Value proposition:

"In supporting our customers, we recognise that how we do business is as important as what we do. Internally, we work to minimise the environmental footprint of our products and services whilst investing in our employees to keep them safe and help them develop their careers. Externally, we work collaboratively with our customers and suppliers to provide innovative technologies that benefit animal health."



ESG HIGHLIGHTS:

ENVIRONMENTAL

- Hallmarq have started calculating Scope 3 categories (transport and distribution), and in the past have offset emissions to achieve a carbon neutral status (Scope 1 and 2)
- Waste disposal is monitored across 13 waste streams, with 100% landfill diversion rate
- Hallmarq now generates electricity from solar panels at its Guildford HQ

SOCIAL

- Diversity, equal opportunities and inclusion is tracked; dignity at work, work-life balance and gender equality in pay and growth are well embedded
- Hallmarq invests in its people; seeking to grow talent and promote from within
- A sense of belonging for all employees is key to them feeling included and valued. Feedback and listening are critical parts of this. Six-monthly staff surveys are implemented, providing a quantifiable insight to the Board and senior leadership team who then build action plans to address any concerns that have been highlighted
- Customer NPS (Net Promoter Score) of 50 for three years in a row, which is deemed to be "excellent"
- Giving back to the community, with STEM focus and volunteering programmes
- Hallmarq is certified as "Cyber Essentials" compliant

GOVERNANCE

- Full list of policies to underpin strong governance across the business – each annually reviewed
- ESG goals set and tracked
- Board engagement in ESG programme

MATERIAL ESG THEMES:

- Climate change
- Employee engagement
- Cybersecurity
- Waste

KEY ESG METRICS:

- Scope 1: 38.84 tCO₂e
- Scope 2: 15.41 tCO₂e
- 100% waste diverted from landfill

UN SDGS SUPPORTED:

- 5: Gender Equality
- 8: Decent Work and Economic Growth
- 13: Climate Action
- 14: Life below water
- 15: Life on Land

YEAR OF INVESTMENT: 2021

SECTOR: CYBERSECURITY

Integrity360 is one of Europe's leading cyber security specialists with over 500 employees and more than 300 dedicated cyber security experts. The company provides a comprehensive range of professional, support and managed cyber security services that identify, assess, protect, prevent, detect, analyse, respond and recover cyber risks and threats.

How ESG is impacting the business

In an ever-evolving and competitive landscape, Integrity360 recognises the pressing need to solidify its company's mission and values. With the workforce of the future increasingly mindful of a company's societal contributions, a robust set of values coupled with an active ESG commitment is a significant draw for potential employees. Integrity360 is currently undergoing its second year Net Zero report, a pivotal step in comprehending and mitigating its carbon footprint.

Did you know

Human error remains one of the most prevalent and significant contributors to cyber security breaches, often stemming from negligence, lack of awareness, or social engineering tactics.

Going forward

- In an increasingly interconnected world, the importance of cyber security continues to rise. A fundamental aspect of ensuring effective cyber security is a robust and well-structured governance system supporting the existing frameworks
- The environmental impact of organisations going digital is growing and this continues to support rapid progress towards decarbonisation through targeted initiatives and technological advancements
- Social concerns play a vital role in upholding a competitive edge in recruiting and nurturing talent, particularly as technology firms continue to leverage remote work to compete internationally in securing first-class professionals. Achieving a balance between these concerns is crucial for organisational success



ESG HIGHLIGHTS:

ENVIRONMENTAL

- Integrity360 is committed to ensuring that it plays a key role in working alongside other UK organisations to achieve the UK Government's Net Zero target of at least a 100% reduction in the net UK carbon emissions by 2050 (based on 1990 levels) for UK Operations
- To continue progress toward achieving Net Zero, Integrity 360 has mapped out a carbon reduction glidepath that will see the company reduce its carbon emissions by 94% absolute reduction in emissions by 2045 from 2021 baseline levels
- Dublin and London Bounds Green offices track energy data each month, with all spikes and anomalies investigated
- Recycling stations are in place within all four offices, with IT waste either repurposed or disposed of safely
- The only two vehicles owned are both EVs with electric charge points provided on premises for management and guests

SOCIAL

- Excellent staff engagement with surveys taking place annually, pulse surveys taking place monthly, Chairman-run focus groups, annual appraisals and employee awards which take place in December
- Caretower is an Equal Opportunities Employer and holds Investors in People Bronze level
- Flexible working hours and a WFH option is offered to employees
- Salary increases occur twice a year
- Pay is above minimum levels and is regularly benchmarked against industry standards
- Caretower has made some inroads in putting together Social Value data to respond to bids and tenders for government contracts

GOVERNANCE

- A formal policy review process is in place, with policies reviewed at least once or twice a year. Policy violations are tracked
- The Cybersecurity programmes for both Integrity360 and Caretower are, as one would expect, of an exceptionally high standard – ISO 27001 and CyberEssentials accredited
- Corporate policies are comprehensive and violations are tracked

MATERIAL ESG THEMES:

- Climate change
- Employee engagement
- Cybersecurity

KEY ESG METRICS:

- **Scope 1 Emissions:** 8 tCO₂e
- **Scope 2 Emissions:** 63 tCO₂e
- **Scope 3 Emissions:** 2,334.82 tCO₂e
- **31% of Integrity360 & Caretower's energy comes from renewable sources**

UN SDGS SUPPORTED:

- 3: Good Health and Wellbeing
- 4: Quality Education
- 5: Gender Equality
- 8: Decent Work and Economic Growth
- 9: Industry, Innovation and Infrastructure
- 10: Reduced Inequality
- 11: Sustainable Cities and Communities
- 13: Climate Action



YEAR OF INVESTMENT: 2022

SECTOR: SOFTWARE

Care is at the centre of everything at OneTouch Health, and it was a natural extension of that core value to move beyond people to encompass care and protection for the planet as well. OneTouch strive to embed Environmental, Social and Governance (ESG) throughout their work and are committed to conducting business in a responsible manner which assures the health, safety, and wellbeing of colleagues, the preservation of the environment, the quality of services, and compliance with all applicable health, safety, environmental, legal, quality, and regulatory requirements.

About OneTouch

- OneTouch Health is a care management system that allows providers to effectively manage all aspects of their business, ranging from scheduling carers / client appointments, to managing client care plans, and invoicing. OneTouch Health's management system also offers real-time communication between remote staff and administrators. The system has been designed to be a holistic effort that helps key stakeholders in the delivery of care

Did you know

- Not only is OneTouch embarking on an ESG journey the right thing to do, it will help create competitive advantage when OneTouch Health is tendering for public sector contracts



ESG HIGHLIGHTS:

ENVIRONMENTAL

- Strong waste recycling programme, all bins are labelled for easy office recycling. Laptops are typically upgraded and 'reused' rather than disposed of
- All waste data is scrutinised with reporting on waste volume, recycling percentage, and disposal methods of all waste streams, allowing OneTouch to calculate waste to landfill
- Recycling targets have been set and OneTouch are working towards achieving those goals
- A staff commuting survey has been conducted and Onetouch are currently exploring options to help employees switch to low-emitting transport, like a cycle-to-work scheme
- OneTouch Health has calculated its Scope 1 and 2 GHG emissions for 2022

SOCIAL

- OneTouch Health is gender balanced, specifically regarding technical employees
- All employees are paid above the Real Living Wage
- Gender pay gap is analysed internally, even though it is under the reporting threshold, with zero issues found
- An HR manager was appointed in 2023
- Attrition levels at OneTouch are less than 5%

GOVERNANCE

- ESG risks are integrated within the overall company risk register and ESG topics are regularly discussed at Board meetings
- An ESG committee has been established
- OneTouch aligns with a specific target for each SDG that they selected. The targets have been selected based on their relevance to the business offering and, therefore, where OneTouch can make the most impact in helping support them

MATERIAL ESG THEMES:



Health & Wellbeing



Gender Equality



Cybersecurity



Data privacy

KEY ESG METRICS:

- Scope 1 & 2 Carbon Emissions: 2.65 tCO₂e
- >5% attrition rate
- 24 full-time staff
- ISO 9000 accredited
- ISO 27001 (Information Security Management)
- Cyber Essentials Plus certified, and cyber and data insurance are in place

UN SDGS SUPPORTED:



3: Good Health and Wellbeing



5: Gender Equality



8: Decent Work and Economic Growth



13: Climate Action



YEAR OF INVESTMENT: 2016-2021

SECTOR: RESIDENTIAL CARE

Orbis recognises that we have a responsibility to consider Orbis recognises its responsibility to consider environmental and social impacts and seeks to operate as a responsible corporate citizen. Supporting and caring for the community sits at the very heart of everything that they do. In 2022, Orbis undertook a review of its environmental, social and governance practices to assess strengths, as well as identify areas for improvement. Since then, they've been busy rolling out their ESG programme, led by the newly established ESG Committee.

About Orbis

- Orbis are the leading provider of lifelong education and residential services for children and young adults with complex needs associated with the autism spectrum of social, emotional, and mental health (SEMH) issues
- Their services are based in South and Mid-Wales and comprise of 28 residential homes and nine schools

How ESG is impacting the business

- Increased awareness of energy and waste consumption
- Growing commitment to ESG will create a competitive advantage in public sector bids/tenders

UN SDGS SUPPORTED:



Goal 3: Good health and wellbeing



Goal 8: Decent work and economic growth



Goal 10: Reduced inequalities



ESG HIGHLIGHTS

ENVIRONMENTAL

- An Environmental policy has been in place since 2020
- A waste champion has been appointed to help drive waste reduction campaigns within the company
- Orbis develops and supports various biodiversity initiatives to encourage wildlife, flora, and fauna within its grounds (ex. wild gardens have been established at two locations)

SOCIAL

- Managers are provided with a dedicated development programme, which equips them with the skills necessary to lead
- Orbis has numerous wellbeing initiatives in place, including EAP counselling sessions, a management advice line, salary finance support, and mental health first aid training
- Mental health awareness training is being developed for all employees
- The company engages with the community and has offered career services including support for CV writing
- The Academy Living programme is an inspiring initiative, which sees supported individuals from Orbis integrated into a community hub to participate in meaningful work experience. Employees gain practical and soft skills, improve confidence, and take part in real-life experiences. This brilliant interactive tool introduces supported individuals to community life
- The organisation matched the funds raised by employees during a recent Ukraine appeal. Other community engagement initiatives include sponsorship of local sports teams and fundraising for Trussell Trust, Cancer Research UK and National Autistic Society
- Orbis provides its suppliers with a Supplier Code of Conduct, outlining the key ESG principles which must be followed

GOVERNANCE

- In March 2022, the company performed a "Stakeholder Engagement Workshop" to identify external stakeholder groups and how best to communicate with them
- Orbis is Cyber Essentials certified and has recently established an ESG committee which drives the company's ESG programme

MATERIAL ESG THEMES:



Energy and waste



Carbon and climate change



Transport



Diversity



Employee engagement



Supply chain



ESG integration

KEY ESG METRICS:

- **Scope 1: 631.36 tCO₂e**
- **Scope 2: 210.06 tCO₂e**
- **Total Scope 1 & 2 Emissions: 841.42 tCO₂e**
- **4,803 hours of internal training delivered (FY22)**
- **932 hours of external training delivered (FY22)**
- **3/8 Board members are women**
- **5/10 senior managers are women**

YEAR OF INVESTMENT: 2021

SECTOR: DOMICILIARY CARE PROVIDER

Sonderwell is a leading complex care business based in Wokingham, with multiple Care Quality Commission registered locations across the South of England. It is an amalgamation of 7 companies, providing a range of care-related services, including staffing/recruiting, as well as paediatric and adult care for those with supported living needs, including people with developmental impairment, learning disabilities or severe injury. The company employs over 1,100 expert carers, support workers, and nurses to provide health and social care support for children and adults living at home with complex health and social care needs. Sonderwell's ultimate aim is to provide services and care that enable the people in their care to live full and happy lives.

How ESG is impacting the business

- Virtually all our in-home complex care is provided for Local Authorities or Client Commissioning Groups (CCG) / Integrated Care Boards (ICB). As a result the Social Value requirements of large bids and tenders may become more important

Future focus:

- Address opportunities to improve oversight of energy waste and water, including the introduction of a green champion
- Build on employee engagement through DE&I initiatives, manager training, health and wellbeing initiatives and skills and carer development
- Focus on governance priorities including cybersecurity, ESG risk management, and code of conduct
- Ensure ESG oversight at Board level



ESG HIGHLIGHTS:

ENVIRONMENTAL

- Sonderwell delivers services in clients' homes, and as a result, environmental management issues are largely managed by the clients' families themselves
- Sonderwell works out of 13 serviced offices across the UK and is connecting with landlords to identify opportunities for responsible environmental management on-site, including waste management and energy and water consumption
- Employee commuting has been identified as a major contributor to Sonderwell's carbon footprint, and opportunities for reducing this footprint are being investigated

SOCIAL

- Safeguarding is the top priority, and is reflected in the extensive systems, processes and crosschecks designed expressly to protect the clients' health and wellbeing
- Employee H&S is deeply embedded in company practices, policies and training
- A management L&D programme is being developed to ensure the management team has the technical and people skills required
- Sonderwell is focused on customer feedback, with frequent and significant customer interactions to ensure they are meeting client needs

GOVERNANCE

- There is a strong focus on governance-related policies, such as data privacy and confidentiality, whistleblowing and health & safety
- Code of conduct is highlighted in staff handbooks and on induction, which also includes training on all company policies
- ESG review completed, to identify opportunities to embed ESG within board level activities, strategy development, and operational matters

MATERIAL ESG THEMES:

-  Landlord Engagement
-  Carbon and Climate Change
-  Diversity, Equity and Inclusion
-  Employee engagement and Wellbeing
-  ESG Integration

KEY ESG METRICS:

- Energy consumption and waste management to be assessed at each of their 13 offices
- Calculating carbon footprint
- Assessing employee commuting
- 100% completing mandatory assessment and training on induction

UN SDGS SUPPORTED:

-  3: Good Health and Wellbeing
-  4: Quality Education
-  8: Decent Work and Economic Growth
-  13: Climate Action



THE DERMATOLOGY PARTNERSHIP

YEAR OF INVESTMENT: 2018

SECTOR: DERMATOLOGY AND AESTHETICS

The Dermatology Partnership is a growing group of private clinics that are trusted experts in the dermatology industry. They transform people's lives by providing outstanding dermatological care.

The Dermatology Partnership takes ESG Integration seriously and its strict ESG-related goals set the company apart from competitors, particularly when tendering for bids in the public sector. The Dermatology Partnership has a formalised ESG strategy and progress against ESG targets is monitored and managed via its ESG committee. Throughout the past year, the company has increased its awareness of its energy and waste consumption and has reviewed alternatives to single-use plastics in an effort to reduce the environmental impact of suppliers and materials used in clinics.

Future focus:

- The Dermatology Partnership's commitment to reducing their environment impact extends past the reduction of energy consumption and extends to the tools used at clinics - investigation of alternatives to single use plastic tools have been reviewed in line with regulatory requirements. Additionally, a commitment to protecting animal welfare within their supply chain has become a top priority as the business moves into a centralised strategy to deliver a uniform service across all clinics.



ESG HIGHLIGHTS:

ENVIRONMENTAL

- Scope 1,2 and 3 calculations and a reduction plan was completed for the St. Michael's Clinic
- The Dermatology Partnership plans to roll out a full business GHG emissions calculation for all clinics in the coming year
- Energy and waste contracts for all 11 sites are managed by brokers to ensure accurate reporting
- Local ESG champions across all clinics have been appointed to drive energy awareness and waste reduction campaigns
- The Dermatology Partnership is reviewing alternatives to single use plastics in an effort to reduce the environmental impact of suppliers and materials used in clinics

SOCIAL

- There was a 79% response rate for the 2022 employee survey, and results were shared with the board. Results were analysed thoroughly to identify specific areas that require improvement, including the recruitment of a new HR provider, providing employees with a paid day off for their birthday, improving the pension package, continuously developing policies, and introducing overall package benefits like PMI and Perkbox
- The Dermatology Partnership has focused on developing Practise Managers (PM) in the last year, which includes providing appraisal and performance management training as well as updating the onboarding process for Practise Managers
- This year, The Dermatology Partnership underwent an annual pay benchmarking process which resulted in establishing practitioner's pay rates as well as reviewing and amending Practise Manager commissions

GOVERNANCE

- Head of Quality and Compliance has led large project to update all policies to ensure in line with CQC standards
- The Dermatology Partnership is Cyber Essentials certified
- An ESG committee has been established and their regular reports are now a part of the Board Agenda and pack

MATERIAL ESG THEMES:



Climate change



Employee engagement



Cybersecurity



Diversity, Equity & Inclusion



Single Use Plastics



Energy Efficiencies

KEY ESG METRICS:

- **Scope 1 Emissions 68 tCO₂e**
- **Scope 2 Emissions 43 tCO₂e**
- **72% Response rate from annual employee engagement survey**

UN SDGS SUPPORTED:



12: Good Health and Wellbeing



13: Climate Action



15: Life on Land

Appendix

Socially Responsible Investing Policy (SRI)

POLICY ON SOCIALLY RESPONSIBLE INVESTING (SRI)

Capitalised terms used in this policy (the “Policy”) shall have the meanings given in the Appendix.

Socially Responsible Investment (“SRI”) involves considering environmental, social and governance (“ESG”) issues associated with all aspects of investing in businesses. August seeks to invest on behalf of the Funds in accordance with the principles set out in this Policy and also takes into account SRI in managing its own business.

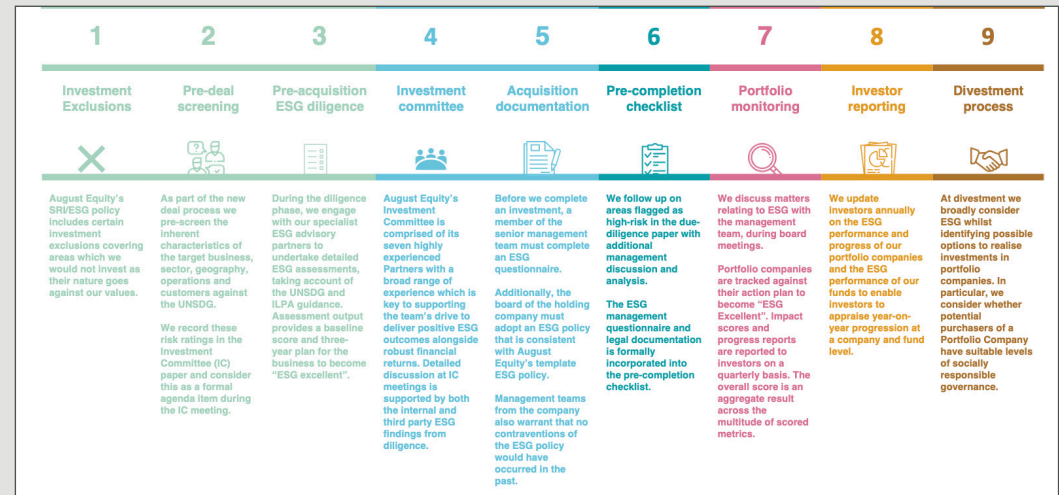
August’s primary duty, as the investment manager of the Funds, is to exercise its investment powers in accordance with the stated Investment Policy of each of its Funds, so as to maximise the Funds’ financial return on their investments. As such, although August will seek to invest in accordance with the principles set out in this Policy, given its primary duty is to maximise returns, both August (and Portfolio Company boards) will on occasion

have to balance an acceptable level of risk with identified ESG issues against its duty to act in the best financial interest of investors.

A number of bodies have issued statements and guidelines on SRI. August has taken these into account in formulating this Policy. In particular, it has considered *The Ten Principles of the United Nations’ Global Compact*¹ and *The United Nations’ Principles for Responsible Investment* (“UN PRI”)². August has been a signatory to the UN PRI since October 2019.

This Policy outlines the following:

1. Integrated ESG framework
2. Negative screening
3. Investment process (including identifying and integrating Sustainability Risks);
4. Role of the Responsible Partner; and
5. Updates to this Policy



1. Integrated ESG framework

August has put in place an ESG framework in partnership with a specialist ESG advisory firm (Sustainable Advantage). The framework aims to support August's efforts in implementing the principles set out in this Policy and is delivered through a series of impact

assessments, scoring (and “ESG Score”), and a multi-year action plan (an “ESG Roadmap”) to encourage and monitor improvements in Portfolio Companies’ performance against a range of Sustainability Factors.

¹www.unglobalcompact.org/what-is-gc/mission/principles
²www.unpri.org/about/the-six-principles

2. Negative screening

August will exclude from investment companies associated with the following activities:

- Companies failing to respect fundamental principles and normative standards (e.g. UN Global Compact, ILO conventions, UN Declaration on Human Rights or any international treaty or convention)
- Crypto currency mining
- Landmines and cluster bombs (Oslo & Ottawa Conventions)
- Chemical weapons
- Biological weapons
- Thermal Coal
- Oil & Gas
- Tobacco
- Alcohol
- Gambling
- Adult entertainment
- Nuclear activities
- Palm Oil
- Fur

3. Investment process (including identifying and integrating Sustainability Risks)

Selecting investments

In its investment selection and due diligence processes, August will use both positive and negative criteria in analysing the position of a target company from an SRI perspective and against relevant United Nations Sustainable Development Goals (“**UN SDGs**”).¹ This includes consideration of a range of Sustainability Factors (listed below) to identify key Sustainability Risks raised by a target company’s business model and industry sector, and to ensure those risks are properly monitored and, so far as possible, mitigated by the company. This will be considered by the investment committee as a formal agenda item.

When implementing its investment strategy and monitoring its Portfolio Companies on an ongoing basis, August will pay particular attention to the following Sustainability Factors:

- **Respect for human rights:** Portfolio Companies should support and respect the protection of

internationally proclaimed human rights and make sure they are not complicit in human rights abuses of their Employees and associates. In addition, they will be expected to consider the impact on Suppliers and Agents of any human rights issues.

- **Employee matters:** Portfolio Companies should be committed to compliance with applicable national, state and local labour laws in the countries in which they operate. They should not support the child or forced labour or maintain discriminatory policies in respect of employment or occupation. Portfolio Companies should ensure payment of competitive wages, provide a safe and healthy workplace in conformance with national and local law, and, consistent with applicable law, respect the rights of Employees to decide whether or not to join a union and engage in collective bargaining.
- **Environmental matters:** Portfolio Companies should support a precautionary approach to environmental challenges and undertake initiatives that promote

greater environmental responsibility. They should seek to operate in an energy efficient manner and encourage the development and diffusion of environmentally friendly technologies. Portfolio Companies should have appropriate structures in place to enable them to take into account environmental issues, with the goal of improving performance and minimising adverse impacts in these areas.

- **Anti-corruption and anti-bribery matters:** Portfolio Companies should maintain strict policies that comply with all relevant laws to prohibit corruption in all its forms, including extortion, money laundering and bribery. Portfolio Companies should have clear risk management policies and suitable reporting procedures in place to mitigate against the risk of a violation of applicable Anti-Terrorism and Anti-Money Laundering Laws or Anti-Corruption Laws.
- **Additional SRI considerations:** Portfolio Companies should conform with best practice in any other areas relevant to SRI and to mitigate Sustainability Risks,

¹<https://sdgs.un.org/goals>

particularly in respect of corporate governance, sourcing of and relations with Suppliers, social responsibility and the local communities in which they operate. In order to ensure compliance with their ESG/SRI policies, Portfolio Companies should have the appropriate systems and procedures in place.

In considering the strategy for potential investments, August will aim wherever possible to improve the ESG position of Portfolio Companies through specific targets outlined in an ESG Roadmap.

Monitoring investments

In its role as a shareholder and board member, August will consider and discuss ESG matters and potential Sustainability Risks with the management teams of its Portfolio Companies. ESG is a standing agenda item for all portfolio board meetings. This will also encourage Portfolio Companies to advance their SRI/ESG credentials in order to meet targets outlined in their respective ESG Roadmap in a way which is consistent with their fiduciary duties. On an annual basis, each portfolio company will be reassessed by Sustainable Advantage to rebase scored metrics and provide a further 12 months plan

to deliver a further improved ESG Score the following year. Over time, an individual company's ESG Score is expected to increase to a minimum level of 60% in order to be designated as "ESG Excellent", and August will continue to challenge management to reach 100%.

Reporting

SRI is considered as part of August's portfolio review procedures and at the annual investor meetings. August will also publish annually an SRI report and distribute this to investors. The report includes an assessment of the current position and an update versus the prior year for its Portfolio Companies (including any progress in ESG Scores and/or attainment of targets outlined in a company's ESG Roadmap).

Divestment

August will consider the issue of SRI when considering possible options to realise investments in Portfolio Companies. In particular, it will consider whether potential purchasers of a Portfolio Company have suitable levels of socially responsible governance and will avoid, wherever reasonably possible, sale of its interests in Portfolio Companies to known unethical entities.

4. Role of the Responsible Partner

August has appointed one of its Partners (the "**Responsible Partner**") for the purpose of overseeing the integration of the Sustainability Risks into the investment process. The Responsible Partner has the authority to recommend the rejection of an investment proposal if they deem that the Sustainability Risks identified in respect of the investment do not meet the principles in this Policy.

5. Updates to this Policy

August will continue to monitor international and domestic developments in the ESG/SRI sphere and will review this Policy in accordance with such developments. Where appropriate and practicable, August will incorporate acknowledged best practice into its investment processes. In particular, August will consider the following frameworks:

- The ILO Conventions;
- The Private Equity Council's Guidelines for Responsible Investments;

- The Ten Principles of the United Nations' Global Compact;
- The United Nations' Principles for Responsible Investment;
- The list of countries maintained by the U.S. Secretary of the Treasury (pursuant to s.999(a)(3) of the Internal Revenue Code) (which actively force companies to adopt international boycotts or adopt discriminatory trade or employment practices);
- The publications issued by the Financial Action Task Force (FATF) (which deal with anti-money laundering and the financing of terrorism organisations);
- The Rio Conventions (which address biodiversity and climate change); and
- The UN Convention Against Corruption.

Scope and Definitions

The following definitions apply in this Policy:

Agent: any agent, consultant, lobbyist or other similar intermediary having relations with third parties (including Government Officials) on behalf of a Portfolio Company;

Anti-Corruption Laws: any laws, regulations or conventions related to combating bribery and corruption, including the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions; the Bribery Act 2010 in the United Kingdom; the Foreign Corrupt Practices Act in the United States; or other comparable laws in any jurisdiction;

Anti-Terrorism and Anti-Money Laundering Laws: any laws, regulations or conventions related to terrorism or money laundering, including the European Union Money Laundering Directives (as amended

and/or supplemented from time to time and as implemented in the UK); the Money Laundering Regulations 2007, the Proceeds of Crime Act 2002, the Serious Organized Crime and Police Act 2005 and the Anti-Terrorism, Crime and Security Act 2001 in the United Kingdom; the Bank Secrecy Act of 1970 and the PATRIOT Act of 2001 in the United States; or other comparable laws in any jurisdiction;

August: August Equity LLP, in its capacity as the investment manager and operator of the Funds;

Employees: all officers or employees of a Portfolio Company or any members of its group;

Funds: any collective investment scheme in respect of which August acts as investment manager and operator, including, without limitation, the funds known as August Equity Partners II, August Equity Partners III, August Equity

Partners IV and August Equity Partners V;

Policy: the policy on the issue of socially responsible investing, adopted by August in the context of its management of the Funds (and accordingly, the Portfolio Companies); Portfolio Companies: all companies or other vehicles in which any of the Funds holds an investment (or, where the context requires, will potentially hold and investment);

Supplier: any supplier, manufacturer or any other person involved in supplying goods or materials to a Portfolio Company;

Sustainability Factors: environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. For example, carbon emissions, ratio of female to male board members, whistle-blower

protection policies (or lack thereof); and

Sustainability Risk: an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of an investment. For example, widespread flooding across parts of the UK or high workforce turnover as a result of poor employment practices.

*AUGUST



An intelligent approach to energy, waste & sustainability

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