

Sustainability Report 2021





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Overview

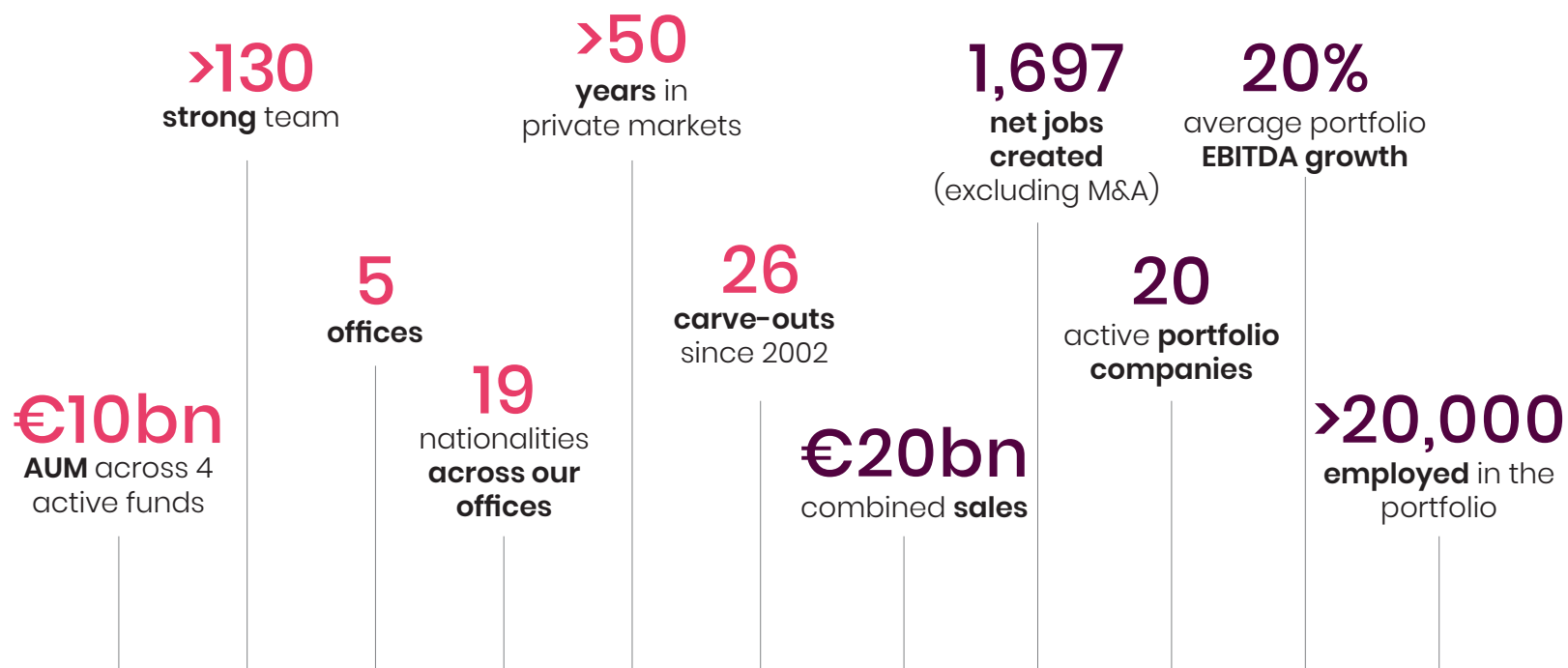
Overview

Montagu is a leading mid-market private equity firm, committed to finding and growing businesses that make the world work. We bring deep experience in healthcare and the tech-
enablement of essential businesses.

We consider it our responsibility to help our portfolio companies grow sustainably. We are committed to active engagement with management teams on environmental, social and governance (ESG) topics, to deliver long-lasting value for all stakeholders: customers, employees, suppliers, partners, investors, local communities, and society at large.

MONTAGU

PORTFOLIO



Our values

Guided by our values of Honesty, Humility and Excellence we manage environmental, social, and governance (ESG) considerations in our portfolio companies and at Montagu.

Honesty

How we behave should stand the test of changing times.

It takes courage to share what is relevant, however difficult.

Clear, bold and understandable decision making.

A Responsible Owner

Humility

Assume we may be wrong rather than always right.

The firm is bigger than any of us; we are a collective endeavour, we change together for the better.

Everything can always be improved.

A Learning Organisation

Excellence

Preserve & build on our combined experiences.

Be prepared to do what matters to meet the challenges of our time.

We are a meritocracy attracting, developing and retaining talent.

A Dynamic Meritocracy



CEO foreword

Montagu's focus on finding and growing businesses that make the world work has always meant sustainability and responsibility are at the core of our investment approach. We also know that as investors, we make a difference through our investment choices and our actions during ownership.

We invest in companies that improve health outcomes or use new technology to improve the delivery of essential products or services. Our investments include businesses that restore eyesight, repair limbs and contribute to carbon reductions by enabling remote machine to machine connectivity.

This annual sustainability report, which also serves as our UN Global Compact Communication on Progress, is our opportunity to share the progress we made in 2021 towards meeting our ongoing and longstanding ambitions and commitments, including to the Global Compact and its principles.

I am particularly proud that we were one of the first private equity firms to commit to setting science-based carbon reduction targets for our portfolio, in line with our long-standing commitment to reduce carbon emissions and mitigate climate-related risks. In addition, we have elected for the first time this year to align our climate reporting with the recommendations of the Task force on Climate-related Financial Disclosures (TCFD).

We believe that collaboration can be an accelerator of change. In 2021 we launched Montagu Connect, an online forum to enable further knowledge sharing and collaboration across the portfolio. For example, following our 2021 diversity and inclusion roundtable, we set up a D&I working group that meets quarterly. It was exciting to see the positive feedback and we look forward to building further communities, such as Sustainability Connect planned for early 2022.

We also engage with our peers to drive best practice, action and transparency across the industry. In 2021 we joined the Data Convergence Project and continued to play an active role in industry initiatives such as the initiative Climate International (iCI).

We believe that transparency and analysis is critical to driving improvement. That is why this year we have included even more sustainability performance indicators in this report, with encouraging progress but also clarity on where we need to drive further improvement.

Doing the right thing is consistent with creating long-lasting value. That is a core element of our culture, and why we will keep challenging ourselves to drive positive change, both as a company and in our investments.

— Jason Gatenby,
CEO



I am proud of our progress this year in ***driving continuous improvement*** of sustainability performance in partnership with the businesses that we invest in.



2021 sustainability highlights

MONTAGU

PORTFOLIO

10%
growth in
employees

78%
of newly promoted
managers
are **female**

54%
reduction in
operational
carbon intensity¹

100%
renewable
energy
by 2030

100%
carbon
neutral

100%
response rate
to Montagu's
sustainability
questionnaire

50%
have a **diversity
and inclusion
policy**

100%
discuss ESG topics
regularly
at the Board

80%
of portfolio companies
**measure scope
1 and 2 emissions**

100%
of portfolio
companies have a
code of conduct

This report covers the calendar year 2021 performance of all companies in Montagu funds. A comparison to the performance of companies in Montagu funds in 2020 is provided throughout the report and a summary of ESG indicators, including like-for-like data, can be found in the section 'portfolio sustainability performance'. Detailed information on the sustainability performance of each fund and portfolio company will be disclosed to investors.

¹2021 vs 2019, Scope 1 and Scope 2, market-based.

Our ESG journey gained momentum when we became a PRI signatory in 2015. Since then we have continuously reviewed and evolved our approach.

2015

- Became PRI signatory

2017

- Inaugural ESG survey of portfolio companies
- Delivered first ESG training for investment teams, now delivered annually

2019

- Established the ESG Committee
- Became carbon neutral
- Became a UNGC signatory

2021

- Expanded our ESG team
- Committed to setting a science-based target
- Launched Montagu Connect, an online platform for individuals across the Montagu portfolio to connect, share ideas and resources and raise questions
- Delivered a diversity and inclusion (D&I) roundtable and D&I working group with representation across the portfolio
- Joined the Data Convergence Project, a global initiative that seeks to standardise ESG metrics and provide a mechanism for comparative reporting for the private market industry
- Are an active member in iCI working groups developing climate training for investment teams and guidance for greenhouse gas accounting and reporting for private equity

2016

- Developed and integrated Montagu's groundbreaking sustainable investing framework 'CORGI'

2018

- First dedicated sustainability report for investors

2020

- Significant reworking of Montagu's ESG framework to focus on material topics and climate
- Established Montagu's environmental working group
- Joined the initiative Climat International UK network



Our approach

Our approach

Sustainable investment principles are at the core of Montagu's investment philosophy, purpose and values, and are set out in our sustainable investment policy.

ESG factors can represent both, an investment risk and an opportunity for value creation. We therefore identify and manage ESG factors across the investment lifecycle and implement sustainable practices throughout the ownership period to deliver value at exit and better returns for our investors.

- **Pre-investment:**
Identifying ESG risks and opportunities
- **Ownership:**
Managing and monitoring ESG
- **Exit:**
Continuing the ESG journey



Investment lifecycle

Pre-investment: Identifying ESG risks and opportunities

During the pre-investment phase, Montagu screens any potential investment against its sustainable investment policy and seeks to determine the ESG factors relevant to each company, which form part of the investment decision.

- Screening against Montagu's exclusion list of prohibited sectors as defined by our sustainable investment policy
- Identifying ESG risks and opportunities using the "Montagu ESG Grid" (a set of likely material themes), setting out how the relevant risks will be addressed during due diligence
- ESG due diligence conducted by third-party experts (when deemed appropriate)
- ESG integration into the pre-investment process is monitored via the inclusion of an ESG assessment in investment memoranda
- Material ESG risk and opportunities are discussed at the Investment Committee as part of the overall decision-making progress
- Depending on the materiality of the ESG risks identified, Montagu will either develop a list of actions required to address post-acquisition or pass on the investment opportunity

Ownership: Managing and monitoring ESG

As part of Montagu's active ownership approach, we support our portfolio companies to improve their ESG performance.

- ESG risks identified during the pre-investment phase are discussed with the management team of the company immediately following investment
- Assessment against Montagu's Foundations for Good Governance and a full ESG diagnostic are completed to establish a baseline and benchmark current ESG performance against best practice and peers
- A company-specific ESG action plan is developed as part of the wider Full Potential Plan. The plan is agreed with the management team and discussed at board level
- Ongoing support from the Montagu ESG team, including discussion of material and emerging ESG topics
- Portfolio companies are asked to answer an annual sustainability questionnaire, reporting on ESG policies, initiatives and KPIs to Montagu
- ESG is also discussed at least annually at board level
- ESG outcomes are monitored via the ESG team's continuous interactions with portfolio managers as well as portfolio companies' responses to the annual sustainability questionnaire

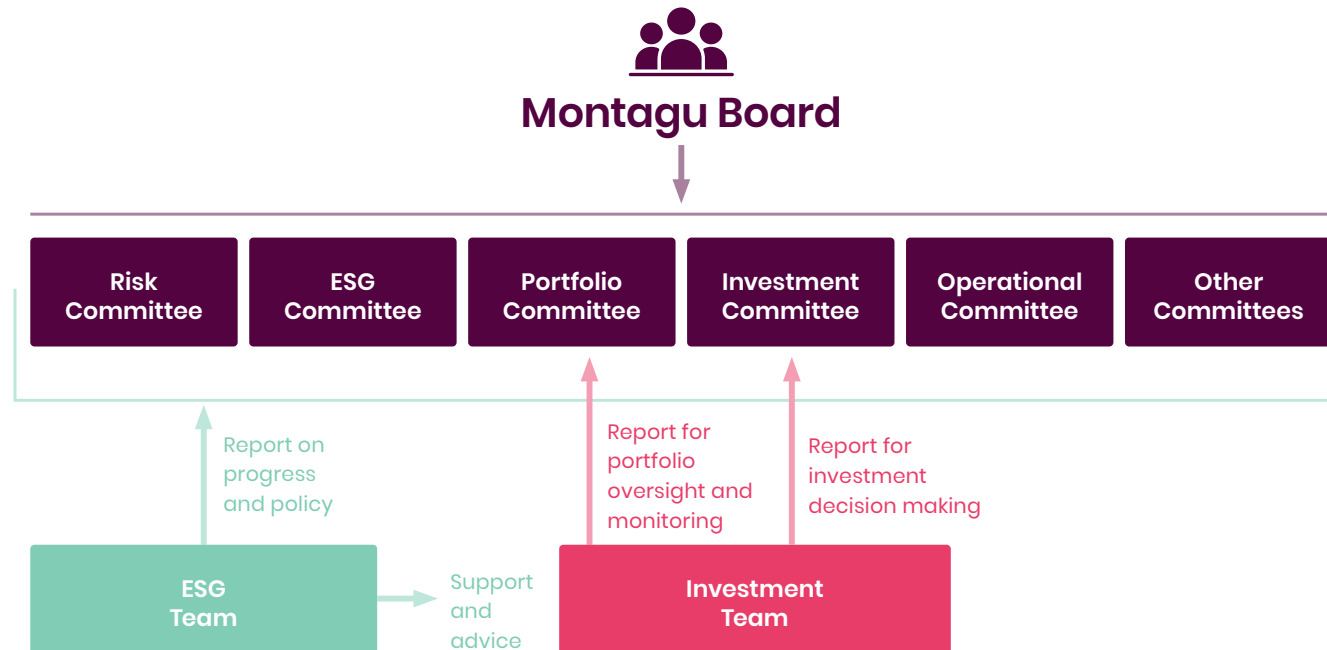
Exit: Continuing the ESG journey

Assessing the ESG performance and progress made during Montagu's ownership.

- Demonstrate the value from improvements in ESG performance to buyers/future shareholders during the exit process
- In line with Montagu's values, we encourage established good practice to continue under the future owner
- Case studies, which include a summary of ESG progress made during the ownership period, are drafted after exit in order to enable sharing of best-practice and knowledge within the Montagu network

Governance of ESG

Montagu's board has ultimate responsibility for delivering against our ESG strategy. Sub-committees of the board consider the application of ESG factors to the various aspects of Montagu's investment decision making and operations, with support and advice from the ESG team.



Decisions regarding ESG factors in the investment process are made by the Investment Committee. The Portfolio Committee provides guidance to investment team members on our engagement with portfolio companies. The Risk Committee manages sustainability and ESG risks across our portfolio and operations. The Operational Committee is responsible for day-to-day management of the impact of our operations.

Wiet Stokhuyzen, Director - Origination, Investors & Portfolio is the designated Director responsible for the ESG programme and has responsibility for ensuring ESG matters are appropriately considered in all these forums.



ESG Committee

Montagu established the ESG Committee in 2019.

The Committee is responsible for evolving and implementing Montagu's sustainable investment policy. It also ensures that investment teams have access to the right tools and training to competently assess ESG risks and opportunities and to engage with company management, including through Board positions, on material ESG topics. The ESG Committee meets at least twice a year.

Sustainable investment policy

Our sustainable investment policy outlines how we integrate key risks and opportunities across the investment lifecycle.

The policy also includes our diversity and inclusion, and climate policies, as well as our exclusion list. The sustainable investment policy acts as guidance on how we deliver better returns for our investors and better impacts for the environment and other stakeholders (such as employees and customers) through our approach to managing environmental, social and governance issues.

Training

Annual ESG training is mandatory for all investment team members.

The aim of the training is to provide the necessary skills and knowledge. It covers our sustainable investment policy, our approach to ESG integration, case studies, available tools and resources, and any updates. We also provide an introduction to our ESG approach for all new joiners and additional topical training as part of our Montagu Academy programme. For example, in November 2021 we delivered training on science-based targets, and what they mean for our portfolio, for the investment and Full Potential Partners teams.



Because ESG factors and investment returns are *interconnected*, our investment teams lead on our sustainable investing efforts. They work with Montagu's ESG team to *integrate ESG throughout the investment process.*



— Wiet Stokhuyzen,
Director-Origination,
Investors & Portfolio



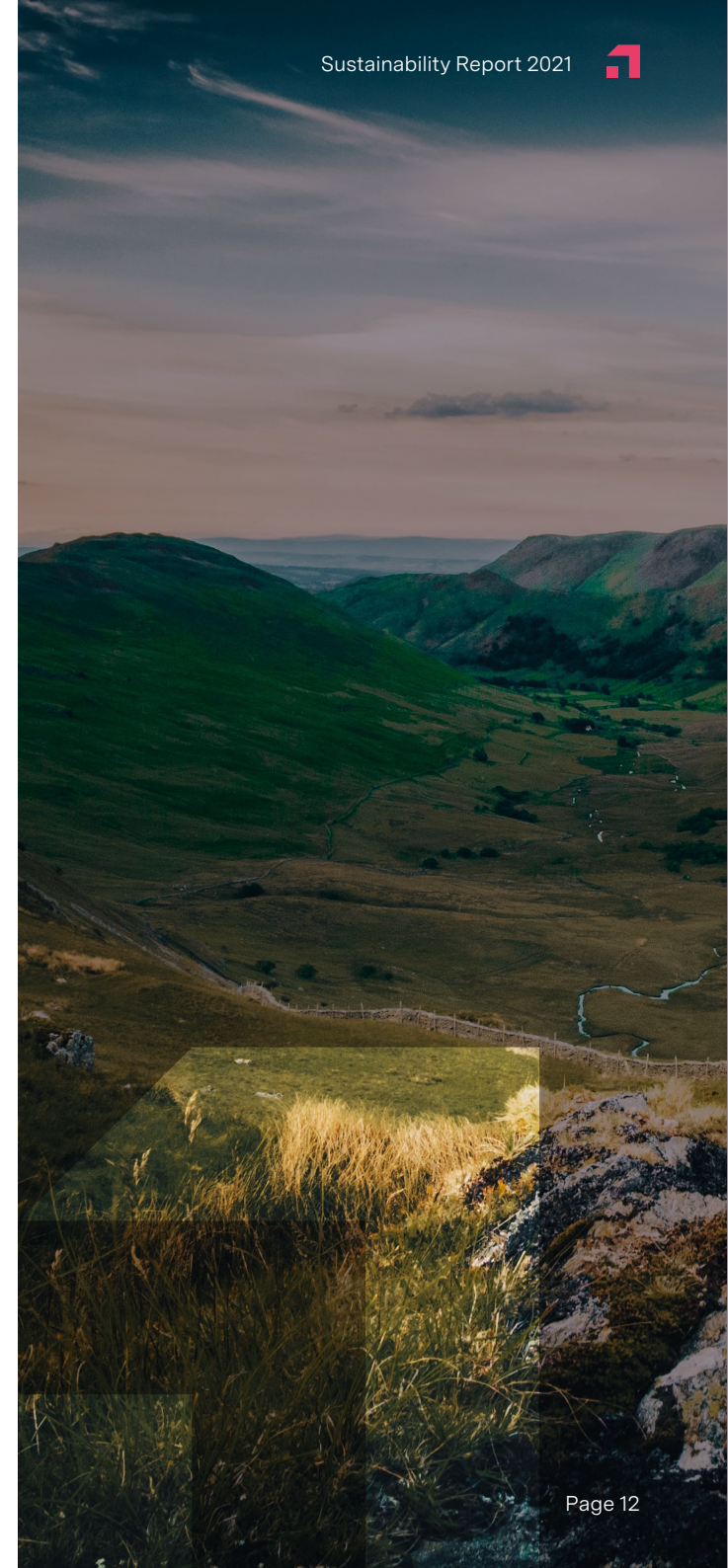


Sustainability in the portfolio

Driving sustainability performance in our portfolio

As active owners, we engage with and support portfolio companies to drive meaningful sustainable improvements. Our engagement focusses on three key areas:

- 1 —  **Good governance**
- 2 —  **Diagnostic & action plan**
- 3 —  **Disclosure**




1 Good governance

We believe that successful and value-creating ESG management is built on robust governance practices.

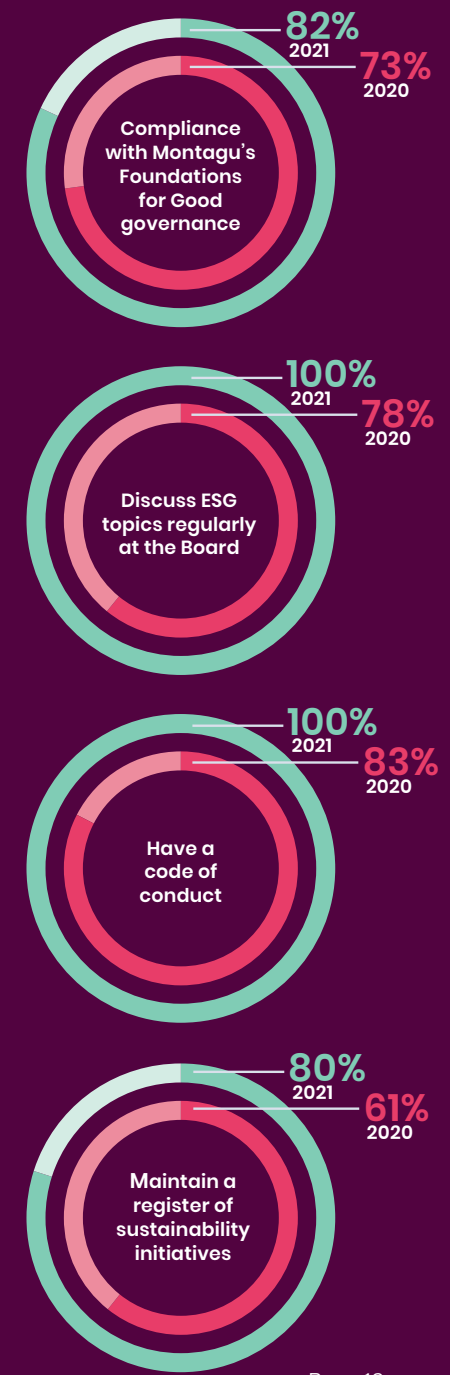
We have therefore developed a set of core governance and risk management principles, Montagu's Foundations for Good Governance, which form part of the assessment during onboarding. We work with our companies to close any existing gaps within 12 months of acquisition.

- 
Roles and Responsibilities
- Compliance & Risk Committee
 -
 - Sustainability Committee
 -
 - Nomination and Remuneration Committee
 -
 - Audit and Tax Committee
 -
 - Senior Compliance Officer
 -
 - Nominated individual(s) responsible for ESG integration and/or each of the material ESG themes

- 
Policies
- Code of Conduct (company-wide)
 -
 - Corporate Social Responsibility / Sustainability Policy
 -
 - Anti-bribery & Corruption Policy
 -
 - Diversity and Inclusion Policy
 -
 - Cyber Security Policy

- 
Processes
- Maintenance of Risk Register
 -
 - Whistle-blowing Mechanism

- 
Reporting
- Measure progress against core KPIs
 -
 - Regular reporting to the Board, investors and other relevant stakeholders (where necessary)
 -
 - Incident reporting to Montagu and other relevant stakeholders





2 — Diagnostic & action plan

ESG diagnostic

A credible ESG programme builds on a solid understanding of the material risks and opportunities for a business and its value chain. Our focused approach means we have a strong understanding of the ESG risks and opportunities common to our investments. However, it is important to understand what is material to each individual business, based on the sector, geography and maturity of the business, as well as its stakeholder needs.

In collaboration with management teams and trusted advisors, we build credible action plans, that are underpinned by meaningful KPIs and targets. These action plans are owned by the management team and built into the management's broader business strategy.

We aim to complete the ESG diagnostic and action Plan within 12 months of acquisition and provide active support to portfolio companies, by sharing templates, and resources, delivering training and connecting companies with a network of trusted advisors.



With our focus on healthcare and tech-enablement of essential businesses, we recognise that there is a lot of potential to learn from each other and collaborate.

In September 2021, we launched Montagu Connect, our new collaboration platform for portfolio companies. Members can share best practice and thought leadership pieces, raise questions, and exchange ideas.

Human Capital Connect was the first community on Montagu Connect and was established for human resource leaders across the portfolio. The portfolio-wide HR community was first brought together at a roundtable that Montagu hosted on the topic of Diversity and Inclusion (D&I). In 2021 this led to the formation of a D&I working group that meets quarterly and includes HR representation from across the portfolio. Please see section 'Diversity and inclusion' for further information.

Human Capital Connect has been positively received by our portfolio companies and we look forward to its continuing development in 2022 and beyond, as well as launching new communities, such as Sustainability Connect, which is planned for early 2022.





miraclon

2 — Diagnostic & action plan

Miraclon, the home of KODAK FLEXCEL Solutions, is a leading provider of printing technology for the global packaging sector. It sells flexographic 'consumable' printing plates and the hardware that is used to prepare them. Its end customers include some of the world's largest fast-moving consumer goods brands. Miraclon was previously the Flexographic Packaging Division of Eastman Kodak Company.

Following the carve out from Eastman Kodak Company, ESG integration was established as part of the key priorities for the business. While Miraclon was already implementing initiatives and driving progress against ESG themes (e.g. to reduce waste and ink consumption, and print on thinner, lighter materials), it was looking to confirm its priorities using a data driven and analytical approach.

With support of Montagu, and sponsored by the Executive Leadership Team, Miraclon engaged a consultancy to help conduct an ESG Diagnostic and develop an ESG Action Plan.

The Diagnostic helped to determine and confirm three key ESG themes for Miraclon and its value chain, based on the significance of impact and Miraclon's ability to influence change:

- ① **Products:** Product and Technology features that help customers meet their own sustainability goals, such as reducing packaging waste and supporting a circular economy.
- ② **Waste-reduction:** Reduction in the waste associated with product packaging, to deliver benefits for both Miraclon and its customers
- ③ **Employee Processes:** Redefine global, standardised processes to improve engagement, collaboration and effectiveness

The leadership team then developed an action plan that sets out the initiatives and targets to help drive progress against the three key priorities. The ESG action plan was embedded into the wider business strategy. The complete Executive Leadership Team shares responsibility for the implementation of the action plan. Underpinned by KPIs, Miraclon will measure progress against its action plan to drive continuous improvements.

To support the implementation, Miraclon established three workstreams to drive the implementation of the action plan. The workstreams, which consist of a cross-functional teams, have each an Executive sponsor and a lead, who is most closely aligned with the relevant area of expertise. The teams regularly report progress to the board.



ESG is a key pillar in our business strategy: meeting the needs of our customers to grow with them through differentiated technology, and meeting the needs of our team to foster a collaborative, innovative growth culture

— Chris Payne, CEO



400

FTEs

9

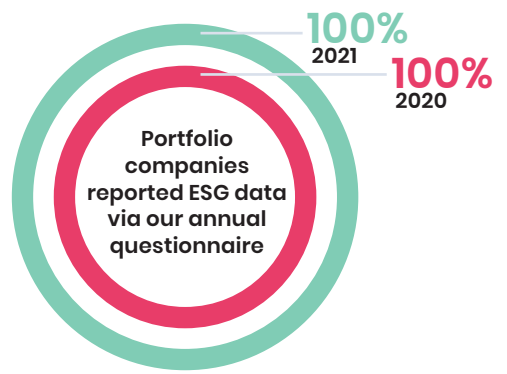
countries

3 Disclosure

We engage regularly with portfolio companies on their ESG programmes and initiatives. We assess the performance on core ESG themes across the entire portfolio on an annual basis through our annual sustainability questionnaire.

We measure progress against common KPIs and against a company's own targets, where available. The responses to the questionnaire provide us with a better understanding of the impact of our engagement and where we can provide further support to help companies strengthen their sustainability performance.

The sustainability performance of companies is also transparently shared with investors.



Industry collaboration

We are active participants in key industry initiatives and engage with our peers to drive best practice, action and transparency across the industry.

We are proud members, signatories and supporters to the following organisations:



Responsible Investment Roundtable
The Responsible Investment Roundtable aims to promote responsible investment practices and the consideration of ESG issues throughout Invest Europe's membership and the broader private equity community.



Signatory of the UNPRI
As part of our commitment to ethical and responsible investing, Montagu has been a signatory to the UN Principles for Responsible Investment since 2015.



UN Global Compact
Since 2019, Montagu has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption.



Initiative Climat International (ICI)
Since 2020, Montagu has been a member of the Initiative Climat International (ICI), committing to share best practices among private equity peers to help build and manage climate-aligned and resilient portfolios.



TCFD
Montagu is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD). We are committed to work towards creating a more resilient financial system & safeguarding against climate risk through better disclosures.



ILPA Diversity in Action
As part of our commitment to advancing diversity, equity, and inclusion in the private equity industry, Montagu became a signatory of The ILPA Diversity in Action initiative in 2021.



Level 20
We're proud to support Level 20, a not-for-profit organisation, set up in 2015, to inspire more women to join and to succeed in the private equity industry.



Out Investors
We are proud to be a member firm of Out Investors – a global organisation with the mission to make the direct investing industry more welcoming for LGBT+ professionals.

2021

We joined the Data Convergence Project and Invest Europe's Responsible Investment Roundtable.



Climate change

At Montagu, we recognise the urgent issue of climate change and are committed to our pledge to support the transition to a zero-carbon economy.

The changing climate poses risks to the operations and value chains of organisations. Companies need to adapt to changing expectations and enhanced scrutiny from stakeholders, including customers and regulators. But companies that implement credible carbon reduction plans can benefit from enhanced resilience and reputation within their markets.

In 2021 we were one of the first private equity firms to commit to setting a science-based target across all the value chain, consistent with keeping global warming 1.5°C above pre-industrial levels.

We expect to gain validation from the Science Based Targets initiative in 2022 and will share further information on our target and strategy to meet the target in due course.

MONTAGU

100%
Carbon neutral
since 2019

44%
reduction in emissions
from electricity
consumption

100%
renewable energy
by 2030

PORTFOLIO

7 tCO₂e
per \$ portfolio value
(portfolio carbon
footprint¹)

45%
of companies
discuss climate
change regularly
at the Board

80%
of portfolio
companies measure
scope 1 and 2
emissions

To set out more details about our approach and how we are looking to meet our commitment to decarbonise the portfolio, we used the reporting structure recommended by the Task force on Climate-related Financial Disclosures (TCFD). The TCFD has set out four core elements of recommended climate-related financial disclosures:

Governance

Strategy

Risk management

Metrics & targets

The following pages will focus on how we assess and manage climate-related risk and opportunities in our portfolio. Please refer to 'Sustainability at Montagu' for further information on how we manage our impact on climate change in our operations.

¹Calculated based on financed scope 1 and 2 emissions



Governance

Montagu's sustainable investment policy includes our climate policy which requires us to consider the physical and transitional risks and the carbon emissions of the companies that we invest in.

The Montagu board is responsible for our climate policy and regularly reviews our approach and relevant updates to the policy. The Risk Committee has oversight of climate-related risks, as part of wider portfolio risks, and receives regular updates from the ESG team.

Montagu's ESG Committee is responsible for providing the relevant support to the investment and Full Potential Partners teams, and for the integration of sustainable practices (at Montagu and portfolio), including in relation to climate change. The investment team is responsible to implementing the climate policy, with the support of the ESG team.

The ESG team provides specialist knowledge, support, tools, and access to a network of experts to assess and manage climate-related risks, opportunities, and impact across the investment lifecycle. The ESG team conducts and commissions training for the relevant teams at Montagu and at portfolio companies on climate-related topics.

We also participate in industry collaboration on climate integration, to learn from our peers and contribute to developing industry best-practice. For example, as members of the iCI UK network we are contributing to climate-related training materials for investment teams and guidance on greenhouse gas accounting and reporting for private equity.

In 2021, we delivered carbon footprinting training to portfolio companies.

Strategy

We assess climate risks and impacts at each stage of the investment process and engage with investment companies to manage these risks and reduce their impact.

Climate change poses a significant threat not only to the global economy but to the wellbeing of present and future generations. A changing climate, along with changing climate policies, presents considerable uncertainties for investors. Some uncertainties are risks that need to be managed, but there are also opportunities for long-term investors to exploit. Our approach to assessing climate risks and impacts and engaging with investment companies to manage risks and impacts is further set out in 'Risk management'.

Montagu has long been measuring and reducing negative climate impacts in its own operations and its portfolio. Going forward we will work with the management teams of portfolio companies to expand their carbon emission measurement to increasingly include emissions across the value chain (Scope 3 emissions) and set credible carbon reduction plans in line with science.

Our strategy and approach to measuring and managing climate related risks and opportunities continuously evolves, in line with stakeholder expectations and industry best practice. We share annually our progress against commitments and any changes to our sustainable investing policy and approach in our sustainability report.



Risk management

Montagu's sector focus means that our portfolio generally has a relatively low-risk profile from a climate perspective. Nevertheless, we continuously engage with all our portfolio companies to assess their climate risks and engage on material matters relating to climate and emissions.

Climate-related risks and opportunities are assessed across the investment life cycle. During the due diligence stage, the investment and ESG team conduct a preliminary, sector-based risk analysis. Where relevant, a further deep-dive into particular physical and transitional risks is conducted using third party providers.

The results of any due diligence on ESG topics, including climate, are reviewed by the Montagu Investment Committee and are considered alongside other aspects of the business as part of the investment-decision process.

Where material, climate-related initiatives and targets are built into a broader ESG action plan, that is developed in partnership with management teams. We provide support to companies by sharing templates, resources and training materials, to meet their climate ambitions.

Throughout the ownership period, we also monitor whether changes to the business increase the risk level, for example as part of due diligence during M&A and through Montagu's annual sustainability questionnaire.

Metrics & targets

We measure and report the emissions of our own operations and our portfolio in line with the GHG Protocol. We collect data on energy use and carbon emissions from portfolio companies as part of our annual sustainability questionnaire.

We review the data provided by portfolio companies and work with the companies to close any data gaps, where necessary. The annual review provides an opportunity to assess progress against climate goals, where available, and helps us understand where we can provide additional support to measure carbon emissions across the value chain and to implement climate action plans.

We actively support companies to measure and reduce carbon emissions. In 2021 we delivered a carbon footprinting training to portfolio companies and engaged directly with companies to provide tailored support. We are also continuously building a network of advisors and consultants on ESG and climate-related topics to support companies in setting and meeting climate goals.



Understanding the magnitude and material sources of carbon emissions across the value chain is the **first step in taking action** to reduce emissions, mitigate risks and increase resilience. In 2021 our focus was to **improve the measurement** and disclosure of operational emissions. In 2022 we will continue to work with portfolio companies to better understand material emissions sources across the value chain and to **develop meaningful carbon reduction plans**.



— Kim Woehl, ESG Manager



Portfolio carbon disclosure

INDICATOR ⁴	2020 ²	2021 ³	% CHANGE	2020 LFL	2021 LFL	% CHANGE
Total carbon emissions of portfolio companies (Scope 1 and 2, tCO ₂ e)	90,300	124,400	+38%	89,200	91,800	+3%
Total carbon emissions intensity (tCO ₂ e / \$m revenue)	25	31	+22%	26	26	+0%
Financed carbon emissions (tCO ₂ e) ¹	37,100	53,200	+43%	36,500	37,900	+4%
Carbon footprint (tCO ₂ e / \$m portfolio value) ¹	7	7	+6%	7	6	-17%
Carbon intensity (tCO ₂ e / \$m revenue) ¹	26	33	+26%	28	27	-2%
Weighted average carbon intensity (tCO ₂ e / \$m revenue) ¹	20	22	+12%	21	17	-18%

¹Calculated according to TCFD recommendations for asset managers

²2020 figures have been restated to reflect additional data availability for certain portfolio companies. Like-for-like (LFL) data accounts only for the companies that were in the funds in both years, 2020 and 2021 (i.e. excluding 2021 divestments and acquisitions)

³In 2021, reported emissions by portfolio companies represent 87% of total carbon emissions.

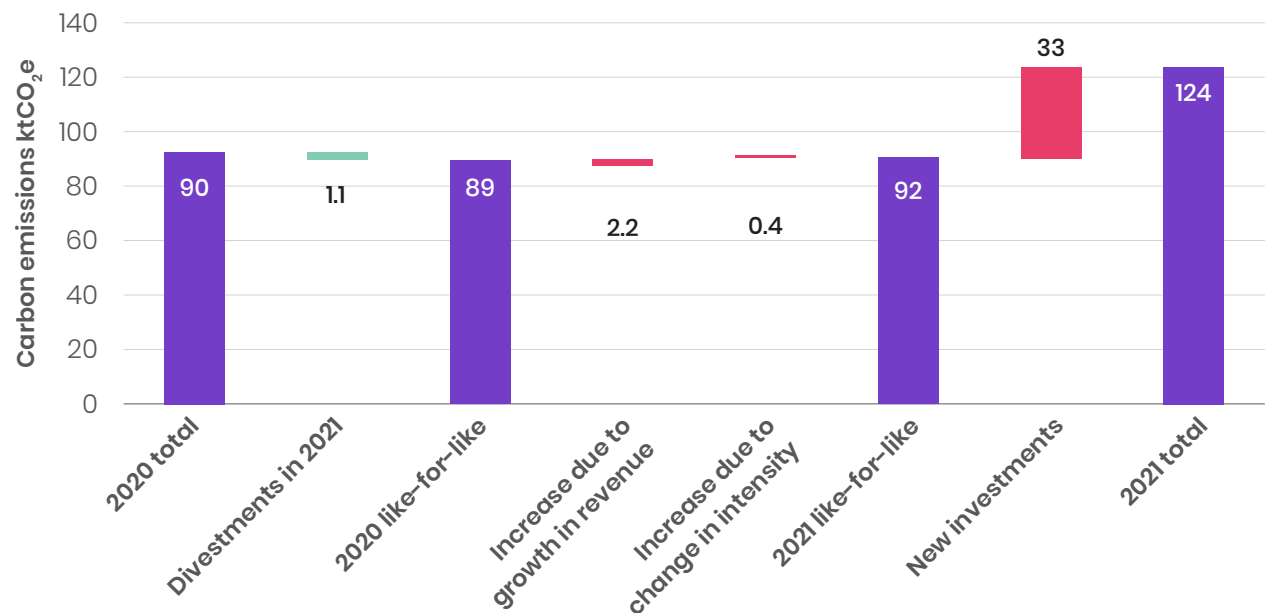
⁴Emissions data covers a full 12 month period for all the companies in the portfolio at the end of the reporting year

As we transition out of the Covid pandemic, higher levels of activity at company offices and facilities contributed to a small increase in portfolio carbon emissions and intensity (emissions per \$m revenue).

Total carbon emissions increased by 38%, driven largely by new investments in two businesses with healthcare manufacturing operations. The graph opposite shows how divestments, acquisitions and intensity changes have impacted the portfolio footprint.

As we work towards decarbonising the portfolio, we will support companies in reducing their carbon emissions, in line with science, through meaningful carbon reduction plans.

Change in carbon emissions



Diversity and inclusion

We recognise the value that a diverse workforce can bring, including enhanced innovation, decision making and financial performance, and the importance of fostering an inclusive work environment. That's why we are committed to enhancing D&I performance not only at Montagu, but across the portfolio companies.

In 2021, we continued to engage with our portfolio companies on this topic, through roundtables and Human Capital Connect, our online community for HR leaders across the portfolio. We also launched a dedicated D&I working group with representation from across the portfolio.

For further information on how we are working to improve diversity and inclusion at Montagu, please refer to section Sustainability at Montagu.

D&I roundtable and working group

Launched as a pilot with the UK & Ireland portfolio companies in December 2019, Montagu's HR roundtables were established in 2020 to provide a forum for portfolio company HR Leaders to discuss and share best practice on topics of strategic importance to the HR agenda.

The global pandemic accelerated the need for getting together on a regular basis as the portfolio HR community played a pivotal role in managing the crisis.

As a priority for our portfolio companies, we chose diversity and inclusion as the theme of the 2021 roundtable following the pilot. We invited external speakers to join us and lead a discussion on how diversity and inclusion is fundamental in building a culture for success.

The event was well received and led to the formation of a diversity and inclusion working group. The group comprises portfolio company HR representatives and Montagu's Portfolio Talent team, who meet on a quarterly basis to share experience and knowledge, raise questions and report on progress in relation to D&I policy and working practices.

Members were also invited to participate in practical workshops led by an external speaker, who provided advice and recommendations on how to get started and maintain momentum with a D&I strategy.



Diversity and inclusion

ITRS Group is a leading global provider of real-time monitoring and analytics software for the “always on” enterprise, used by >5,000 clients globally to manage their operations and ensure operational resilience.

ITRS has been long committed to promoting diversity and contributing to an inclusive organisational culture, recognising that people with different experiences, abilities and backgrounds can bring valuable insights to the workplace; enhancing the way ITRS works and how employees feel. This commitment was formalised in early 2020, with the introduction of a D&I policy that reflects the organisation’s beliefs, culture and approach.

D&I considerations are embedded in the way that ITRS recruits, retains, develops, and promotes its employees. In the last two years, ITRS has implemented new approaches to broaden the diversity of new recruits and create a more inclusive environment.

~300
employees

25
years supporting
always-on enterprises


Recruitment:

ITRS Group is an equal opportunity employer and inclusion is part of our everyday life. We celebrate diversity and pride ourselves on providing an environment where all employees can be their authentic selves and have a voice, enabling everyone to contribute equally. We remain committed to embedding inclusion, diversity, and equality into our ITRS family as we grow and enrich our business. We welcome applications from everyone in the community as we recognise that a diverse workforce is a stronger workforce.

ITRS measures gender balance in short-listing to enhance gender equality and we also try where possible to have a gender balance on our interview panels.

Since March 2021, all job adverts are reviewed by an external system which omits language that could prevent people applying to vacancies within ITRS.

By ensuring that wording is gender neutral and free from un-conscious bias means that ITRS is not just naturally attracting one group of people but a wider pool who could enrich the business.

 We believe in allowing people to be themselves; this is a fundamental right which we respect and support. Furthermore, we are proud that our culture is inclusive and we have a work environment which allows people to feel comfortable and confident about being who they are.

— Laura Taylor-Smith, Global Head of HR 

Retention:

Diversity and inclusion was added as a regular discussion point on the People and Culture forum (Chaired by the Chief Success Officer) to allow employees to raise ideas, concerns, and feedback. This conversation will help further highlight cultural and country differences and their value to the company culture.

ITRS worked with a third-party diversity specialist to select a number of questions to add into the engagement survey in 2021 to continuously measure how well ITRS is doing and how it can improve – Receiving feedback from employees remains our strongest tool to push for positive change.

There is more to do to enhance diversity in the workforce and to create and maintain an inclusive and welcoming culture where every person has an equal voice. In March 2021 ITRS set out its global D&I plan which incorporates 5 core commitments in a bid to continuously enhance its performance through accountability and clarity of company intention. The plan was shared on ITRS’ intranet, to be transparent and demonstrate ITRS’ commitment. The key focus is to further embed D&I principles into the culture, for example by delivering un-conscious bias training providing access to tools and asking employees to share ideas. The plan was reviewed and updated in March 2022.



Portfolio sustainability performance

Climate change

INDICATOR	2020	2021	% CHANGE	LFL 2020	LFL 2021 ¹	% CHANGE	COMMENT
Percentage of companies that procure renewable energy	n/a	40%	n/a	n/a	n/a	n/a	This is a new indicator in the 2021 data. As we work towards decarbonising the portfolio, we will encourage more use of renewable energy in companies' operations.
Percentage of companies that measure Scope 1 and 2 GHG emissions	78%	80%	+2%	75%	94%	+19%	It has been affirmative to see the high level of engagement from portfolio companies on the topics of climate change, reflected also in the high level of participation at our recent carbon footprinting training. We will continue to support portfolio companies to measure and reduce carbon emissions.
% of companies that have a carbon reduction strategy	39%	40%	+1%	38%	44%	+6%	We will work with portfolio companies to set carbon reduction targets in line with science.
Total Scope 1 and 2 GHG emissions (tCO ₂ e)	90,000	124,500	+38%	89,000	91,500	+3%	As we are transitioning out of the Covid pandemic, we are seeing higher levels of activity at company offices and facilities, which are contributing to an increase in operational carbon emissions.
Total Scope 1 and 2 GHG emissions (tCO ₂ e) per \$m revenue	25	31	+22%	26	26	0%	

Cyber security

INDICATOR	2020	2021	% CHANGE	LFL 2020	LFL 2021	% CHANGE	COMMENT
Percentage of companies that have a cyber security policy	n/a	85%	n/a	n/a	88%	n/a	This is a new indicator for 2021. Cyber security will continue to be a focus area for 2022.
Percentage of companies that have provided company-wide training in respect to cyber-related risks	83%	85%	+2%	81%	88%	+6%	It is positive to see an increase in the companies that are providing cyber-security training.

Diversity and inclusion

INDICATOR	2020	2021	% CHANGE	LFL 2020	LFL 2021	% CHANGE	COMMENT
Percentage female board members	9%	14%	+5%	6%	14%	+7%	While there has been improvement driven by our engagement on D&I strategies and a focus on diverse senior appointment shortlists, D&I will remain a focus for 2022.
Percentage female C-Suite members	18%	21%	+2%	17%	24%	+7%	
Percentage female C-Suite members + roles reporting to C-Suite	22%	29%	+6%	24%	32%	+8%	
Percentage of companies that have a diversity and inclusion policy	56%	50%	-6%	50%	50%	0%	We recognise that this must improve and will continue working with portfolio companies to develop and implement D&I policies and strategies. We will continue to provide support through the D&I working group and Human Capital Connect.

¹Like-for-like (LFL) data includes only companies that were in both, the 2020 and the 2021 portfolio.

Portfolio sustainability performance

Governance

INDICATOR	2020	2021	% CHANGE	LFL 2020	LFL 2021	% CHANGE	COMMENT
Percentage of companies that have a Code of Conduct	83%	100%	+17%	81%	100%	+19%	We aim for 100% compliance with Montagu's Foundations for Good Governance (FFGG). In 2021 we have observed continuous improvement across the majority of FFGG indicators. We will continue to work with portfolio companies to strive towards and maintain 100% compliance.
Percentage of companies that have a nominated individual who is responsible for implementing sustainability initiatives	44%	85%	+41%	44%	81%	+38%	
Percentage of companies that have a formalised Sustainability or similar policy (e.g. for material ESG topics)	61%	60%	-1%	63%	63%	0%	
Percentage of companies that have an anti-bribery policy	94%	95%	+1%	94%	100%	+6%	
Percentage of companies that report regularly to the Board, investors and other relevant stakeholders, on relevant ESG topics	89%	100%	+11%	94%	100%	+6%	
Portfolio-level compliance with Montagu's Foundations for Good Governance	73%	82%	+12%	73%	86%	+17%	
Percentage of companies that have a register of sustainability initiatives	72%	80%	+8%	75%	88%	+13%	
Percentage of companies that have a designated individual responsible for Health and Safety	89%	90%	+1%	88%	88%	0%	

Supply chain

INDICATOR	2020	2021	% CHANGE	LFL 2020	LFL 2021	% CHANGE	COMMENT
Percentage of companies that that completed supply chain risk review in 2021	56%	55%	-1%	56%	56%	0%	Supply chain risk reviews are less common in our software portfolio. We will continue to engage to understand material supply chain risks across the portfolio
Percentage of companies that have a policy setting out their commitments to preventing modern slavery and human trafficking	50%	60%	+10%	50%	50%	0%	

Sustainability at Montagu

Our commitment to sustainability extends to our own operations as well as our portfolio. We continuously review our own performance and identify opportunities to do better. The Montagu Plan set out below summarises our key focus areas and reflects our commitment to change.

Climate change

Montagu's environmental impact is relatively small compared to the portfolio, but we want to demonstrate best practice. We therefore continuously review our own practices to identify opportunities to reduce the environmental impact, including carbon emissions, from our operations and supply chain.

In 2021, we were able to reduce market-based scope 2 emissions by 44% compared to our baseline year of 2019, including switching to purchasing renewable energy in our London head office. From our own experience we can share knowledge and resources with portfolio companies that are working on reducing office-based emissions.



MONTAGU PLAN - CLIMATE CHANGE

OBJECTIVE	INDICATOR	2019	2020	2021	% CHANGE 2021 VS 2020	% CHANGE 2021 VS 2019	UPDATE
Reduce Montagu's carbon footprint, including increase recycling, reduce waste and develop awareness of 'green' solutions	Scope 1 emissions, tCO ₂ e	11	4	11	+177%	-5%	HIGHLIGHTS FROM 2021 <ul style="list-style-type: none"> Increased share of renewable energy purchased in London Office. We expect availability of renewable energy to become more challenging in 2022 as a result of the Ukraine crisis Continued to offset 100% of our operational emissions (Scope 1, 2 and business travel) However, our focus remains on reducing our emissions Moved to eco-friendly couriers for local and some international deliveries in London and Frankfurt and reduced the number of inter-office packages Switched to a corporate transport solution in London with the preferred option to use electric vehicles Reduction in scope 3 emissions from business travel reflect in parts changes to working behaviour as a result of the Covid-19 pandemic. We expect this will increase further in 2022 but we plan to keep in place best practices to reduce the need for travel, for example Investment Committee meetings are now fully virtual. PLANS FOR 2022 <ul style="list-style-type: none"> As part of our planned office move in London and Frankfurt, we will consider the environmental impact e.g. by re-using furniture and IT equipment, where possible Explore options to move to low carbon alternatives for corporate transport and couriers in other locations. We aim to purchase 100% renewable energy across all our locations by 2030 Identify options to purchase renewable energy across all our locations Continue to build a collective mindset to consider the environmental impact when making travel and purchasing decisions
	Scope 2 emissions (market-based), tCO ₂ e	165	108	92	-15%	-44%	
	Scope 3: business travel, tCO ₂ e	884	15	164	+986%	-81%	
	Scope 3: Other (Water treatment, waste management, energy transport and distribution losses)	53	27	49	+81%	-8%	
	Total carbon emissions, tCO₂e (excluding investments)	1,113	154	317	+106%	-72%	
	Total carbon emissions, kgCO ₂ e per full-time employee	10,600	1,280	2,380	+86%	-78%	
Scope 3: investments, tCO ₂ e	59,700	37,100	53,200	+43%	-11%		

Our people and community

Montagu recognises the importance of diversity and inclusion, and we are committed to providing an environment in which each employee is recognised, valued, able to fulfill their potential and maximise their contribution.

We appreciate the value and creative potential that individuals of different backgrounds and abilities bring.

We work hard to ensure equitable treatment in all aspects of working life, and an inclusive and supportive culture where differing views and experience are respected.

We firmly believe that such a culture significantly enhances our ability to provide a quality service to our clients. We therefore continue reviewing and progressing our D&I initiatives to attract a diverse pool of talent and foster an inclusive culture.

MONTAGU PLAN - OUR PEOPLE AND COMMUNITY

OBJECTIVE	INDICATOR	2019	2020	2021	% CHANGE 2021 VS 2020	% CHANGE 2021 VS 2019	UPDATE
Positively impact our community, its education and our employees' wellbeing	Enhance employee wellbeing						<p>HIGHLIGHTS FROM 2021</p> <ul style="list-style-type: none"> Delivered two wellbeing lunch & learns for all employees Conducted engagement pulse surveys for teams (UK investment, finance, and DACH) Continued flexible working arrangements Continued to offer virtual fitness classes, organised online socials, and promoted several My Virtual Missions comprising running and cycling competitions across all offices Moved to a 100% virtual onboarding programme; based on positive feedback we will continue to offer this option going forward <p>PLANS FOR 2022:</p> <ul style="list-style-type: none"> Introduce additional employee benefits in early 2022, empowering and rewarding employees for financial, physical, and mental wellbeing Continue to enhance focus on mental health through manager training and awareness building campaign with employees Review how we use technology, hybrid working models and physical office design, to offer optimal working conditions for individuals and teams Identify meaningful metrics to measure wellbeing going forward
	Average training hours per employee ¹	n/a	n/a	9.16 ²	n/a		<p>Refers to internal training only. Excludes external training courses and compliance training</p> <p>HIGHLIGHTS FROM 2021</p> <ul style="list-style-type: none"> Increased the number of ESG training sessions delivered to the investment and Full Potential Partners team Continued to build the Montagu Academy through increased leadership training and the introduction of more structured learning for senior investment people Introduced a platform to make learning accessible to all employees at any time <p>PLANS FOR 2022</p> <ul style="list-style-type: none"> Continue to enhance our associate programme for new associate hires Ongoing development of investment team members, including on ESG themes Enhancing people management capability
	Positively impact our community						<p>HIGHLIGHTS FROM 2021</p> <ul style="list-style-type: none"> We continued initiating and supporting employee volunteer and fundraising activities Support of St Thomas the Apostle College (STAC) including weekly on-site reading program, internships and work placements <p>PLANS FOR 2022</p> <ul style="list-style-type: none"> Continue to support STAC and selected charities, including by donations of unwanted office furniture being made to the above charities

¹We look at learning in accordance with the 70:20:10 model, with 70% of learning from on-the-job activities, 20% from social interaction and 10% from formal training.

Jobs are designed to ensure stretch and opportunities to build skills and knowledge

²705 hours of technical learning across investment teams, (13 technical training hours per person) 633 hours of non-technical learning completed across the business.

Our people and community

MONTAGU PLAN - OUR PEOPLE AND COMMUNITY

OBJECTIVE	INDICATOR	2019	2020	2021	% CHANGE 2021 VS 2020	% CHANGE 2021 VS 2019	UPDATE
Promote diversity and inclusion within the workplace	% females in firm and investment leadership (Partners and C-Level Executives)	6%	11%	12%	+1%	+6%	HIGHLIGHTS FROM 2021 <ul style="list-style-type: none"> Delivered training on inclusive leadership for all line managers Delivered our annual Dignity At Work training, which is mandatory for all employees and directors Further strengthened Montagu's long-standing relationship with St Thomas Apostle College (STAC) to offer a summer-internship for one student. We hosted a selection day, which gave students an idea of the recruitment and assessment process they may experience when applying for future internships or post university graduate programs. PLANS FOR 2022 <ul style="list-style-type: none"> Continue delivering annual Dignity At Work and inclusive leadership programme Theme of inclusive leadership will be continued within planned initiatives for management and leadership training
	% females of senior investment professionals	16%	13%	13%	+0%	-3%	
	% females of other investment professionals	40%	43%	40%	-3%	+0%	
	% females of other operations and administration professionals	57%	59%	53%	-6%	-4%	
	% females of all professionals	39%	43%	40%	-3%	+1%	
	% females of new hires	72%	69%	40%	-29%	-32%	
	% females in manager promotions	50%	30%	78%	+48%	+28%	



Our people are core to our success. Fostering a diverse and inclusive workplace is imperative to challenging ourselves and driving value for all our stakeholders.



— Cathy Clifford,
HR Director



UN Global Compact 2021 progress

HUMAN RIGHTS

- ① Businesses should support and respect the protection of internationally proclaimed human rights; and
- ② Make sure that they are not complicit in human rights abuses.

In 2021, Montagu continued to engage with its portfolio to conduct risk assessments for human rights abuses and encourage more rigorous supply chain evaluation. In 2021, 55% of the portfolio completed supply chain risk review or audit, and 60% have implemented a policy setting out their commitments to preventing modern slavery and human trafficking. Montagu continues to adhere to the UK Modern Slavery Act.

During 2022, Montagu will continue to incorporate human rights into supply chain assessments as well as encourage sharing of best practice within the portfolio, for example through 'Sustainability Connect', an online platform for portfolio companies to raise questions and share best practice examples.

LABOUR

- ③ Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- ④ The elimination of all forms of forced and compulsory labour;
- ⑤ The effective abolition of child labour; and
- ⑥ The elimination of discrimination in respect of employment and occupation.

Montagu stays committed to ensuring that slavery or human trafficking is not taking place in Montagu's own supply chain. In 2021 we continued to conduct due diligence of new suppliers in regards to modern slavery.

In 2021, Montagu strengthened its approach to diversity and inclusion, both at a firm and portfolio level. Montagu engaged with third party recruiters, and only works with organisations who share the firm's commitment to diversity and inclusion. Montagu requests diverse candidate shortlists and candidate searches across a wide range of non-traditional talent pools. Montagu also delivered training on inclusive leadership for all line managers, as well as its annual Dignity At Work training, which is mandatory for all employees and directors.

Finally, as we recover from the Covid-19 pandemic, Montagu will continue to offer flexible working arrangement, where appropriate, to protect its employees. On a portfolio level, 85% of the companies have a designated individual responsible for health and safety, and 50% have a diversity and inclusion policy. Montagu will continue to support best practices in terms of labour and employment within its portfolio. For more information on Montagu's commitment to diversity and inclusion, please see section 'Sustainability at Montagu'.



UN Global Compact 2021 progress

ENVIRONMENT

- 7 Businesses should support a precautionary approach to environmental challenges;
- 8 Undertake initiatives to promote greater environmental responsibility; and
- 9 Encourage the development and diffusion of environmentally friendly technologies.

As a firm, Montagu has been carbon neutral since 2019. In 2020, Montagu formed an internal working group to further enhance the firm's approach to environmental factors, which continued to evolve Montagu's approach throughout 2021. Montagu reviewed annual data for carbon emissions across its portfolio, with environmental impact reduction initiatives ongoing both for the firm itself and several portfolio companies.

In 2021, Montagu committed to setting a science-based target and will work with management teams at portfolio companies to set and meet carbon reduction targets that are in line with science. For information on engagement with its portfolio, including examples of environmental initiatives, please see section 'Sustainability in the portfolio'.

ANTI-CORRUPTION

- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

In 2021 all staff received training on anti-corruption and bribery measures during the year. Montagu also continued to support corruption prevention policies and procedures in the portfolio.

In 2021, 95% of the portfolio had an anti-bribery policy.



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