



Environmental, Social & Governance Annual Review

2021

Introduction

ESG highlights in 2021

Progress on portfolio-wide ESG priorities

Portfolio company ESG profiles

A message from the Freshstream leadership

The overriding priority for our portfolio companies in 2021 was keeping their employees and customers safe as Covid continued to hold the world in its grasp. Fortunately, we are grateful to report that serious employee Covid infections have been limited throughout the pandemic. As employees gradually returned to work from various lockdowns, new ways of working were explored – some of which are here to stay. For example, Radley was able to move to a much smaller office, after allowing its employees to work from home three days a week. Within our own team, we've sought to balance the benefits of offering flexibility to our staff and maintaining face-to-face interaction. Therefore, we have adopted a policy of three days in the office, two of which are fixed for everyone – so we maximise our time together.

A major milestone in 2021 was achieving carbon neutrality across our entire portfolio. We continued to pursue initiatives at various portfolio companies to reduce emissions at the source. For example, through increased use of biofuels and other measures, Taziker was able to achieve a reduction in carbon intensity of 31%. Additionally, all of our companies neutralised their remaining carbon footprints through the Rimba Raya (or similar) programme. Collectively across the portfolio, we have committed \$2.5m over the next five years to this exceptional climate, community and biodiversity initiative. The next major milestone for 2022 will see all portfolio companies set long-term science-based reduction targets in line with the 2015 Paris agreement.

Diversity and inclusion continues to be a major theme across the portfolio and within our own team. With the large majority of our team being white males, we knew this was an area where we needed to drive change. In recent

years and 2021 in particular, we have made good strides on that journey, welcoming a number of female colleagues to our team. Freshstream's gender diversity (% of female employees) now stands at 38% including support staff, and 15% for the investment team (compared to 18% for the industry in investment roles). c.15% of us identify as non-white, which compares to c.20% for the industry. Clearly, we are not yet where we want to be, but we feel we are on the right path and have adopted additional diversity recruitment policies.

We are proud to share many other ESG initiatives across the portfolio in the rest of this report. One particular highlight is DeterTech's partnership with UNESCO to suppress the illegal trafficking of elephant tusks and rhino horns. We acquired DeterTech, a purpose-driven company with a mission to protect property and deter crime, in 2021. Through its foundation arm, they are always looking for ways to deploy its products charitably to benefit society.

Finally, in 2021 Freshstream was part of the first 100 signatories for the ESG Data Convergence project. This is a global initiative by leading LPs and GPs to create a standardised set of ESG metrics and comparative reporting mechanism. To achieve this alignment, the project's participating firms have agreed to report on a set of six ESG metrics: carbon emissions, renewable energy, diversity, work-related injuries, employee attrition, and employee engagement. As we were already reporting on four of those six KPIs, this was a relatively straightforward step for us. Joining this project demonstrates our continued commitment to sustainability and ethical business conduct while reinforcing our willingness to be held accountable to the global benchmark for ESG investing.



Patrick Smulders
Managing Partner



Lodewijk de Graauw
Partner, Head of Portfolio Operations & ESG

ESG is embedded throughout our investment process



The first time we bring a company to our investment committee, the relevant ESG issues in the company's sector are identified based on the framework of the Sustainability Accounting Standards Board (SABS).

The deal team conducts an initial high-level risk assessment on the material issues.

If we identify potential areas for concern, we engage specialised third party diligence partners.

The company's performance is assessed in more detail by analysing data from all areas of current operations – ranging from health & safety to diversity policies to carbon footprint.

Specific risks and opportunities for improvement are identified and discussed with management during the exclusivity period; this is part of the final IC note.

Together with management, opportunities for improvement are translated into a clear action plan, specifying initiatives, KPIs and targets.

Owners are assigned to the initiatives and timelines committed – this is embedded in the VCP.

The KPIs include the 6 metrics defined by the ESG Data Convergence project as well as a number of company-specific KPIs.

Progress is monitored as part of the regular periodic VCP review.

In an annual review at the Board level, the horizon of the short-term action plan is pushed out and new initiatives are added if relevant.

Throughout the year, any specific issues/risks that may arise (e.g. an HSE incident) are given top priority and addressed in a dedicated taskforce with Freshstream involvement.

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ESG highlights in 2021



AV VERWATER

Participated in a 50/50 JV in the production of composites tanks, which have a 41% lower CO2 footprint

Participated in trade association's first ESG steering committee

TrueNoord
Regional Aircraft Leasing

EURO CAPS

Awarded Top Employer for 2nd year in a row in the Netherlands

DeterTech

Partnership with UNESCO to suppress illegal trafficking of elephant tusks and rhino horns

Freshstream

Implemented diversity and inclusion policy while increasing the number of women in the investment team

TAZIKER

Reduced CO2 intensity by >30% through increased use of solar & biodiesel, replacing fossil fuel cars with EVs, and monthly monitoring and reporting on emissions

avicenna

Introduced AviAcademy, a training platform for all employees

All suppliers were successfully onboarded to a third party platform, which houses all ESG, audit and compliance data and will create a rich repository of Scope 3 emissions data

RADLEY
LONDON

Policy introduced to allow staff to take additional leave to volunteer to self-selected charities

M&J EVANS
CONSTRUCTION LTD

Freshstream has committed \$2.5m to Rimba Raya across the portfolio until 2025, offsetting 176k tonnes of CO₂ and neutralising the entire portfolio's emissions

Rimba Raya Biodiversity Reserve, Indonesia

Description

Based on the island of Borneo, the project preserves carbon-dense tropical peat swamps by halting deforestation of roughly 47,000 hectares of forest which were originally slated for conversion to palm oil. It focuses on both community development for the 2,500 households living in the area, and biodiversity conservation, particularly protection of the 105,000 endangered Borneo Orangutan. It actively engages local communities to improve food security, income, healthcare and education, all with the support of carbon finance.

Sustainable Development Goals

In addition to delivering emissions reductions, the project is the first to have been validated by SDVISTA as contributing to all 17 Sustainable Development Goals:

- **Life on Land:** Indonesia has the largest number of threatened mammal species in the world and the fourth largest total across flora and fauna species types. With GPS-linked mobile phones, data is collected during field surveys for biodiversity monitoring.
- **Clean Water and Sanitation:** By minimising land use change, the project is helping to prevent downstream flooding. Through local partnerships it is also training communities to manufacture and sell inexpensive water filtration devices to provide clean drinking water.
- **Industry, Innovation and Infrastructure:** The project is building news and radio communication facilities and community centres for project staff and the community.



From 2001 to 2018
Indonesia lost 25.6
million hectares of
tree cover, equivalent
to 10.5 gigatonne of
CO₂ emissions

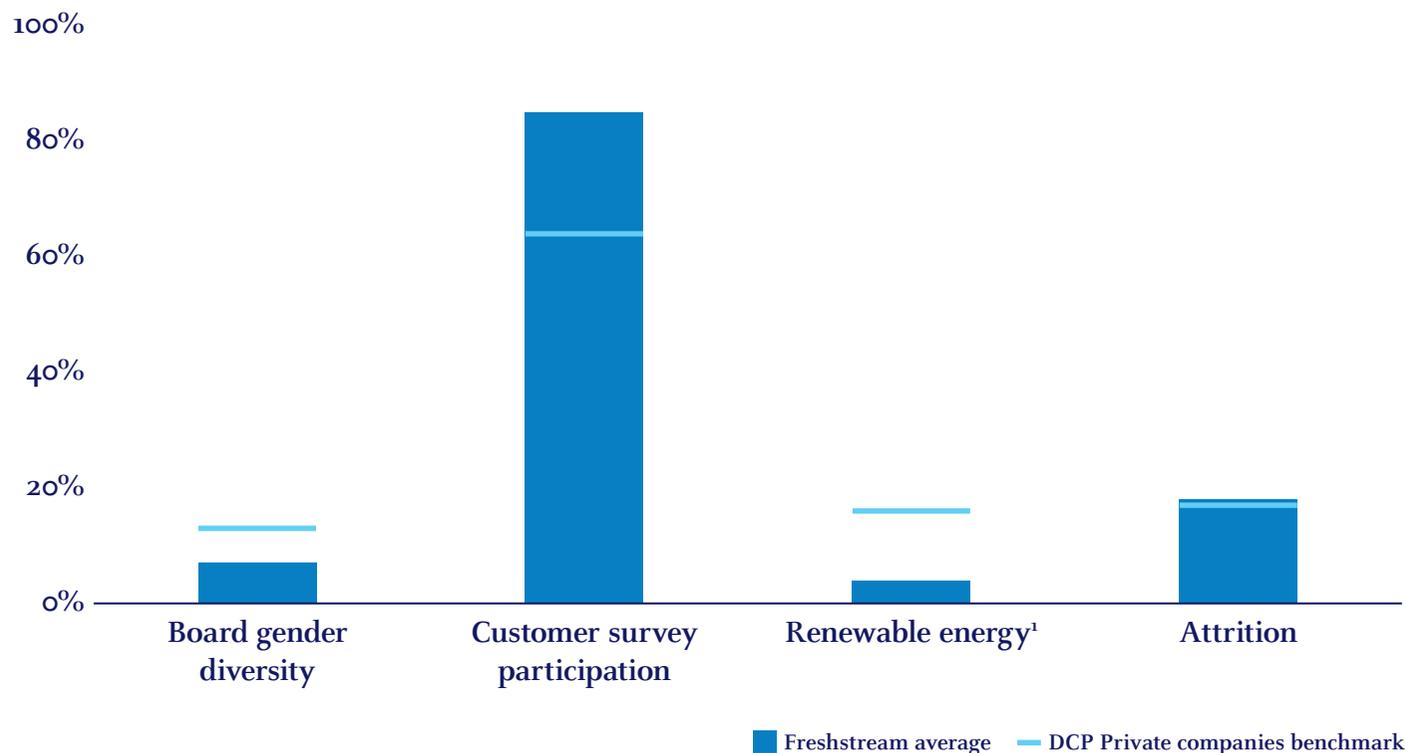


Freshstream was part of the first 100 signatories for the ESG Data Convergence project (DCP)

Freshstream tracks in line with the average of the >120 GPs that signed up to the DCP on most KPIs.

- Freshstream's high customer survey participation score is driven by our insistence that each portfolio company has an annual survey (due to special circumstances some companies could miss a year).
- Freshstream's low score in renewable energy is driven by the large number of contractors, which use on-site heavy machinery for which no viable renewable alternative currently exists.

We are proud to perform in line with the group of DCP signatories as they are expected to perform in the top quartile on ESG commitment and performance versus the wider industry.



Note: Chart filter selection EMEA and buyout.

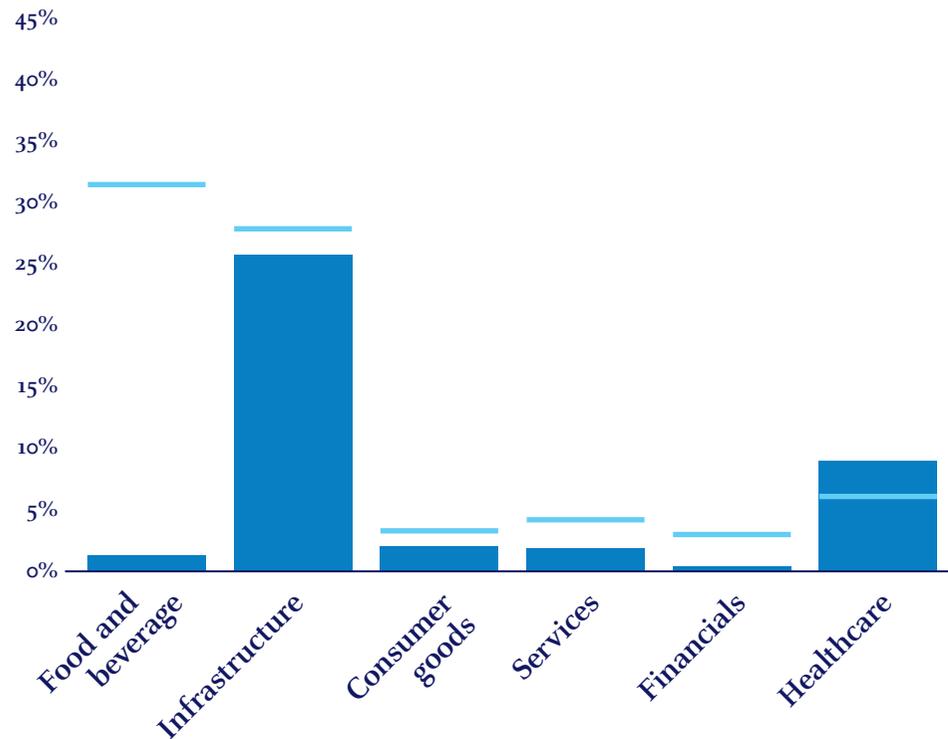
1. Renewable energy as a percentage of all scope I and II energy.

Freshstream's portfolio companies broadly perform in line with the benchmarks

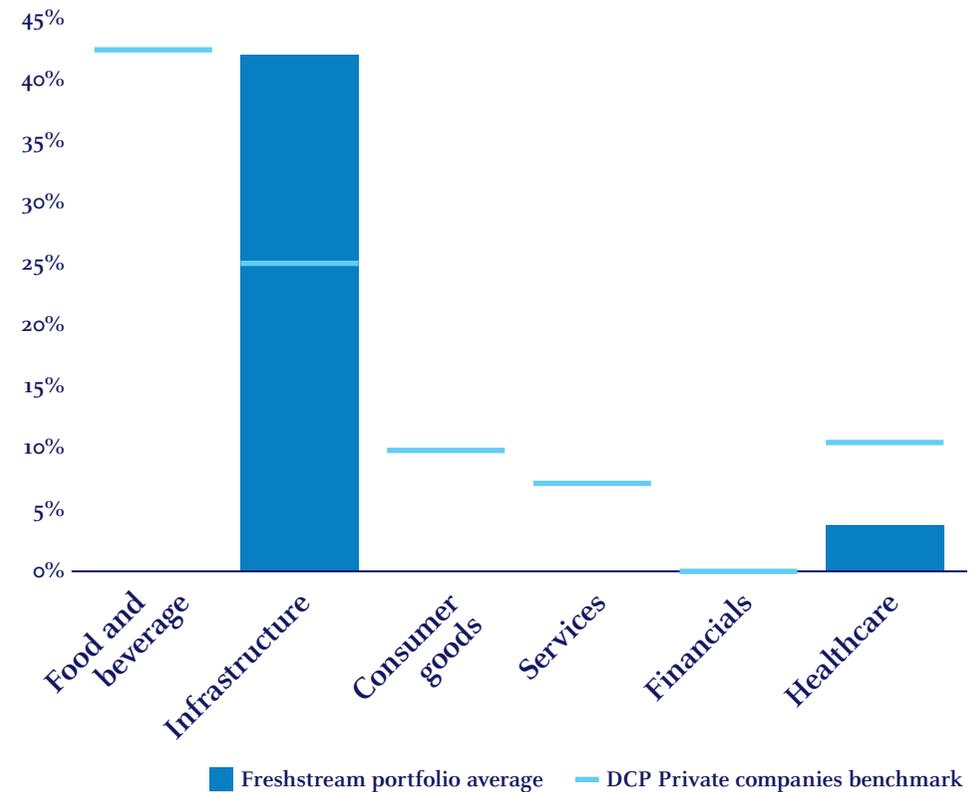
Scope I and II CO₂ intensity across our portfolio is significantly better than the benchmark.

We experience fewer work-related injuries than the benchmark, except in the Infrastructure industry. This can be explained by the large amount of blue-collar labour our portfolio companies employ. Safety is a key priority for our three contractors and is regularly discussed at the board.

CO₂ intensity (Scope I and II)



Work related injuries (per 1000 FTE)



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ESG KPI Tracking

	CO2 emissions	Employee engagement	Gender diversity	Safety
				
	Not available	Not available		
		Not available		
				
				Not relevant
				
				Not relevant
		Not available		

 Trend 2020-2021



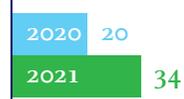
CO₂ emissions across the portfolio

Carbon intensity (CO₂/€100k turnover)¹

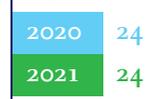


Breakdown of CO₂ emissions by Scope (kilotonnes of CO₂)

Scope I



Scope II



Scope III



- The carbon intensity for Scope I and II across the portfolio, which takes revenue growth into account, has decreased significantly, by 10%.
- In absolute terms, scope I emissions have increased by 14k tonnes, which was completely driven by growth of the portfolio companies.
- Scope II emissions have remained broadly unchanged versus last year, though with a larger portfolio.
- Scope III emissions increased by ~170k tonnes, of which ~130k tonnes is the result of better measurement.

Environmental case study

- Euro-Caps is working with the WWF and local NGO Idesam to reforest Apuí, the second most deforested municipality in Amazonas, Brazil.
- Traditional monoculture cultivation has caused land degradation and decreasing yields.
- Lack of incentives, technical support, and challenges in marketing caused farmers to gradually abandon coffee cultivation.
- Instead, producers started to invest in cattle – causing further deforestation.
- This project supports local farmers by paying fair prices for the coffee beans, allowing them to run commercially viable businesses, so they don't need to sell the land to large-scale plantations.
- A 'green corridor' has been created, protecting a larger rainforest area from deforestation.
- Euro-Caps has produced small volume, limited edition capsules made with coffee beans purchased from these Brazilian farmers.
- The project supports almost 60 farmers and is being scaled to 150 by 2025.

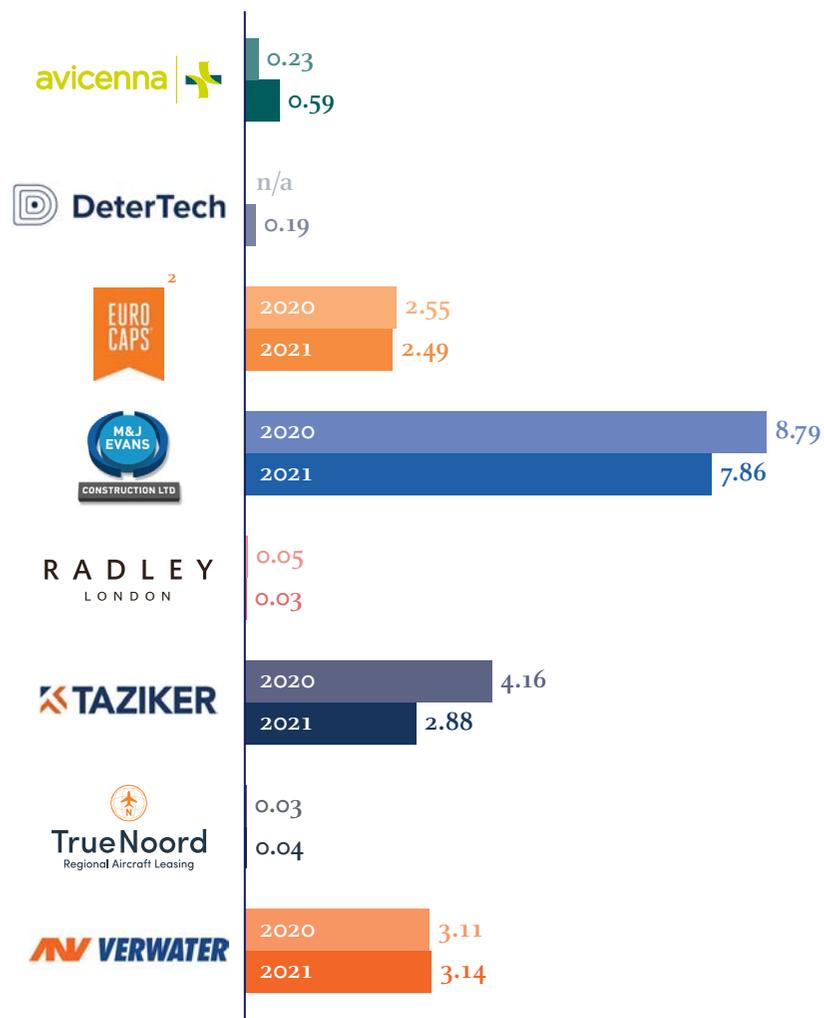


Special delivery from Brazil.
Green beans from our project in Apuí (Amazonas) ready to be roasted.

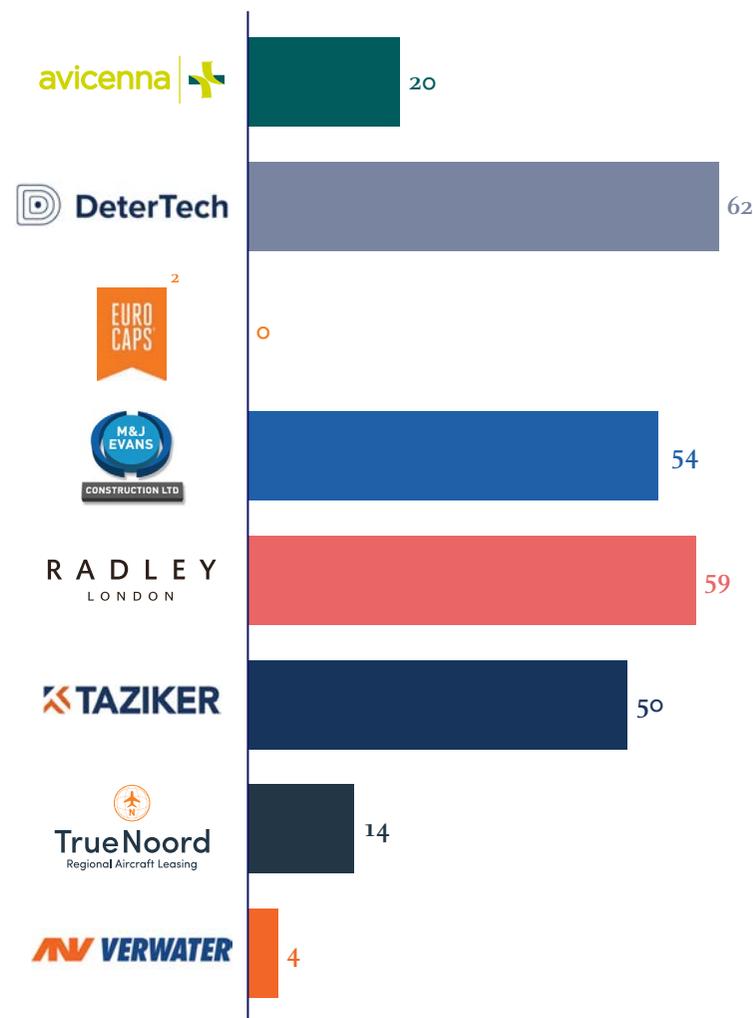
¹. Only includes scope I and II emissions. Scope I emissions are those the company make directly (e.g. fuel combustion and vehicles). Scope II emissions are those the company make indirectly (e.g. electricity to heat/cool buildings). Scope III emissions include all indirect upstream and downstream emissions in the value chain (e.g. supplier or customer emissions). 2020 figure is restated to include DeterTech which was acquired in 2021 (assuming the same value as in 2021).

CO₂ emissions and renewable energy usage

Carbon intensity (CO₂/€100k turnover)¹



% Renewable energy (renewable electricity as % of Scope II electricity)

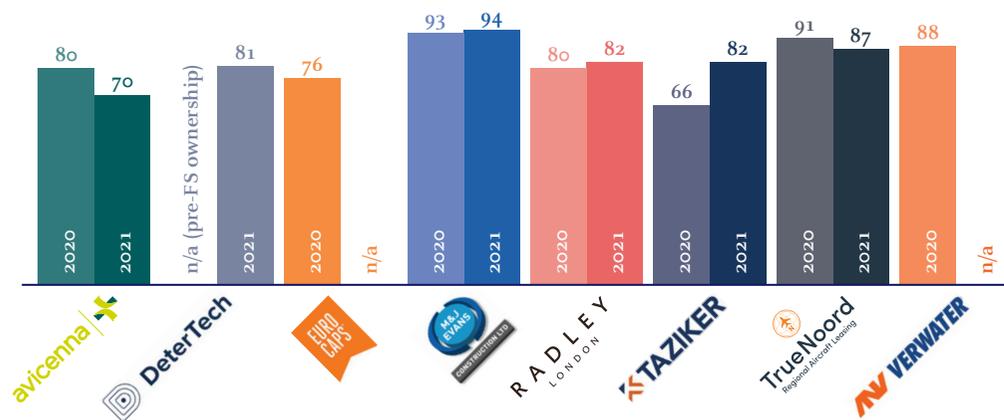


1. We are working together with the portfolio companies to set long-term science-based reduction targets in line with the 2015 Paris agreement. We expect to have targets for the companies with the largest emissions by the end of the year. 2. Due to more stringent definitions, renewable energy generated by hydropower plants in Norway has been reclassified in 2021 and is no longer considered renewable. Euro-Caps acquired its electricity, heating and cooling from such sources in 2020 and 2021 under the assumption it was green energy (which it historically was). Therefore, the CO₂ emissions have increased significantly in 2021. In the above chart we have restated the 2020 figure for comparison purposes (last year carbon intensity was 0.19). From 2022 onwards, Euro-Caps intends to purchase all electricity, heating and cooling from other 100% renewable sources according to the new definition.

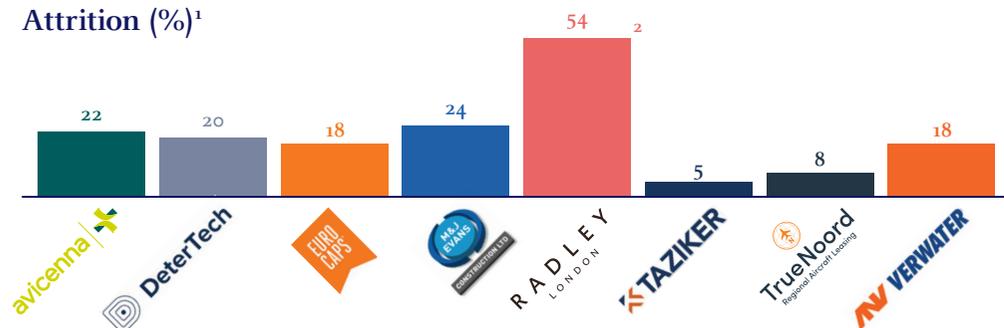
Employee engagement

- Despite another year impacted by Covid, employee satisfaction increased for most portfolio companies.
- For Avicenna it decreased due to the intense pressure on pharmacists as a result of the pandemic.
- TrueNoord declined as well (from a very high base) as most employees worked from home and missed their colleagues and office culture.
- Euro-Caps and Verwater were unable to do employee surveys in 2021 but have scheduled ones in 2022.

Employee satisfaction (rating out of 100)



Attrition (%)¹



¹. We are defining attrition as the number of FTE leaving the business, excluding those from M&A, over the course of the year divided by the average number of FTEs in the previous year multiplied by 100. ². High attrition rate normal in retail industry due to transient workforce.



Case study

- In 2021, Taziker introduced TaziCare, a universal rewards and benefits platform providing a range of financial, health, lifestyle and well-being benefits.
- Key elements included an improved pension and healthcare package, a savings and discount scheme, and an employee recognition programme.
- It also established a charities commission and organised fundraising events.
- The company launched a monthly employee newsletter providing business and local community activity updates and includes tips on reducing carbon emissions at home.
- It also allowed employees to use company vehicles to deliver food parcels and donations to families and children over Christmas.
- All these initiatives helped increase the percentage of people who say they are proud to work for Taziker from 66% to 82% – well above the original target of 70% and particularly impressive in a year where covid impacted employee morale.



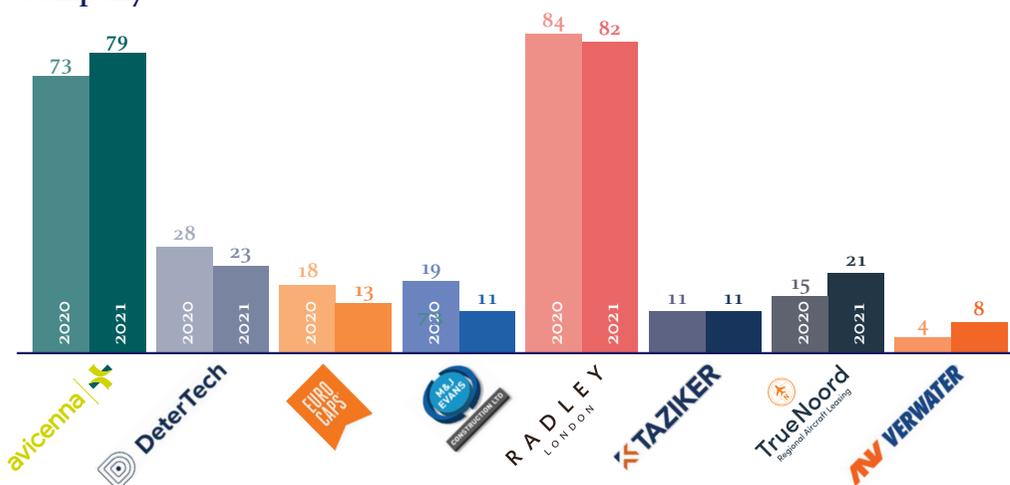
TAZI-CARE

Gender diversity

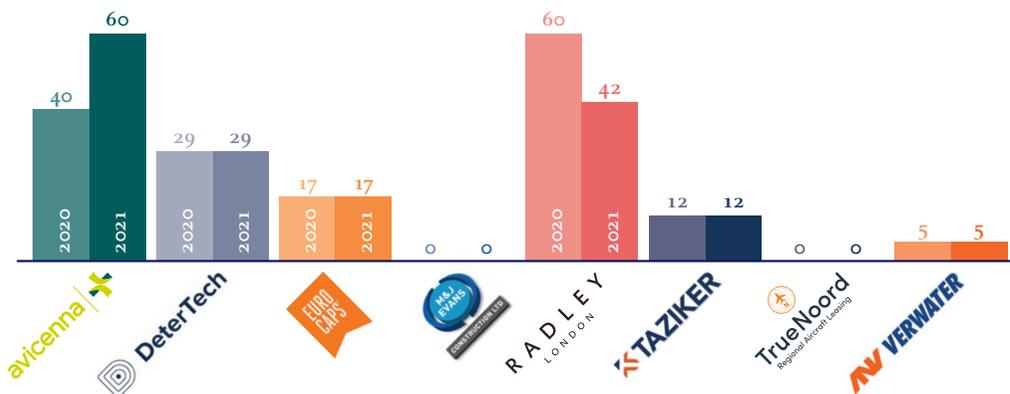
(Female representation as a percentage of total)

- Many of our portfolio companies operate in male-dominated industries. Given labour shortages, in particular for people with technical qualifications, it has been difficult to improve gender diversity. Therefore, limited progress has been made in 2021.

Company



Management¹



1. Management as defined by the portfolio company. 2. BVCA Diversity & Inclusion Survey 2021. 3. Institutional Limited Partners Association includes 7,500 global institutions that comprise c.50% of capital invested in private equity.

Case study

- Freshstream implemented a Diversity & Inclusion ('D&I') policy and updated our recruitment strategy.
- As a result, we increased our overall gender diversity (including support staff) to 38% and our investment team gender diversity to 15% – compared to 18% industry average (investment roles only).²
- Within Freshstream, c.15% of employees and 40% of the partners identify as non-white for both the investment and broader team (the industry average is 20% and more than 50% of all PE/VCS have all-white investment teams).
 - 40% of Freshstream's Investment Committee identifies as non-white.
- D&I training by an external party will be introduced this year for the entire team, and we have launched a quarterly 'Women at FS' event.
- We are committed to implementing further improvement initiatives from the ILPA³ ESG roadmap.



Safety¹

(Company specific metrics)

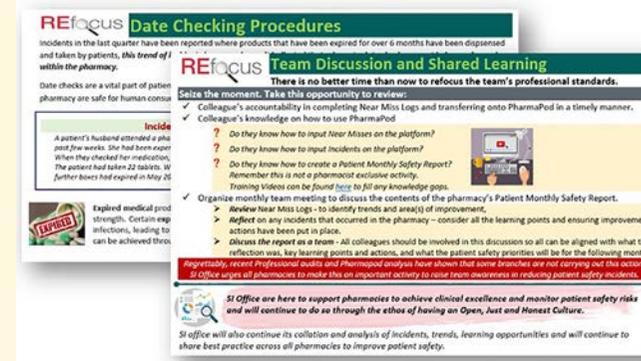
	KPI	2020	2021	Trend	Target
	Errors per 10,000 items dispensed	1.2	0.7	↓	n/a
	Recordable work-related injuries	0.0	0.0	→	0.0 ●
	Number of accidents resulting in absenteeism	2.0	0.0	↓	0.0 ●
	All Injury Frequency Rate (AIFR)	0.6	1.0	↑	0.5 ●
	All Injury Frequency Rate (AIFR)	0.3	0.0	↓	0.3 ●
	Total Recordable Incident Rate (TRIR)	2.1	1.8	↓	0.6 ●

avicenna 

Case study

- Patient safety is a key priority at Avicenna, and in 2021 the company reduced its dispensing errors by undertaking a series of group-wide initiatives.
- The company raised awareness of its “no-blame” culture across all pharmacy teams, reinforcing guaranteed support in the management of incidents.
- Teams were encouraged to report incidents openly and honestly, reflect on learning points, and implement improvement actions to reduce future errors.
- Avicenna focused on monthly patient safety reports for each store, enabling the whole team to understand near misses and incidents and develop training and action plans to improve patient safety.
- The company launched a quarterly patient safety newsletter to share key incidents, best practice, root cause analysis and improvement tips.

Examples of some topics highlighted in Patient Safety Newsletters:



1. Safety is not reported for all companies as it is not relevant for some of them (office and store-based activities only)

AIFR: (Reported Injuries x 100,000) / (Employee Total Hours Worked)

TRIR: (Reported Injuries x 200,000) / (Employee Total Hours Worked)

Governance policies

Policy	avicenna	DeterTech	EURO CAPS	M&J EVANS CONSTRUCTION LTD	RADLEY LONDON	TAZIKER	TrueNoord Regional Aircraft Leasing	VERWATER
Anti-Bribery and Corruption	In place	In place	In place	In place	In place	In place	In place	In place
Gifts	In place	In place	In place	In place	In place	In place	In place	In place
Client DD/Anti-money laundering	Not applicable	In place	Not applicable	In place	In place	In place	In place	In place
Anti-competitive price fixing / cartel formation	Not applicable	Planned (< 1 year)	Not applicable	In place	In place	In place	In place	Not in place
Data Protection / Privacy (GDPR)	In place	In place	In place	In place	In place	In place	In place	In place
Code of Conduct	In place	Planned (< 1 year)	In place	In place	In place	In place	In place	In place
Whistleblower	In place	In place	In place	In place	In place	In place	In place	In place
Regulatory compliance	Planned (< 1 year)	Planned (< 1 year)	In place	In place	In place	In place	In place	In place
Tax evasion	Not applicable	In place	Not applicable	In place	In place	In place	In place	In place
Inclusion and diversity	In place	In place	In place	In place	In place	In place	In place	In place
Equal pay	Planned (< 1 year)	Planned (< 1 year)	In place	In place	In place	In place	Not in place	In place
Social media	Planned (< 1 year)	In place	In place	Not in place	In place	In place	Not in place	In place
Health, Safety and Environment	In place	In place	In place	In place	In place	In place	In place	In place
Supplier Code of Conduct	Not in place	Planned (< 1 year)	Not applicable	Not in place	In place	In place	Not applicable	Planned (< 1 year)
Human rights (UN Global Compact & ILO standards)	Not applicable	Planned (< 1 year)	Not applicable	Not applicable	In place	In place	Not applicable	Planned (< 1 year)
ESG supplier criteria (certifications)	Not in place	Planned (< 1 year)	In place	Not applicable	In place	In place	Not applicable	Planned (< 1 year)
Supplier audits on ESG	Not in place	Planned (< 1 year)	Not applicable	Not in place	In place	In place	Not applicable	Planned (< 1 year)
Sustainability / ESG policy	In place	Planned (< 1 year)	In place	In place	In place	In place	Planned (< 1 year)	In place

● In place ● Planned (< 1 year) ● Not in place ● Not applicable

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Avicenna is a chain of 139 community pharmacies across England and Wales, employing around 1,400 staff. This is a buy-and-build strategy focused on acquiring high-quality community pharmacies dispensing 7,000 or more items per month.

The business has grown substantially over the past year following deals to secure two additional pharmacy chains (Dudley Taylor and Sheppards), and further acquisitions are anticipated.

Industry ESG relevance

- The most important ESG theme in the pharmacy sector is patient safety and well-being.
- Main objectives are to minimise errors such as dispensing issues and ensure sufficient inventory of essential medicine.
- Effectively managing employee Health and Safety risks in branches is also critical.
- UK pharmacies and registered professionals are regulated by the General Pharmaceutical Council (GPhC) who set standards, and conduct inspections every three years.
- NHS England is responsible for ensuring all pharmacies are compliant with current pharmaceutical and local pharmaceutical services regulations.
- All pharmacies are required to conduct an annual community pharmacy patient questionnaire, and the results are publicly available.
- Future developments include the uptake of robotised dispensing systems, a likely increase in home delivery and the deployment of green electricity.
- Avicenna also supports professional and safety standards of the pharmacy sector by providing over 800 of its members with industry-leading regulatory support including SOPs and training.

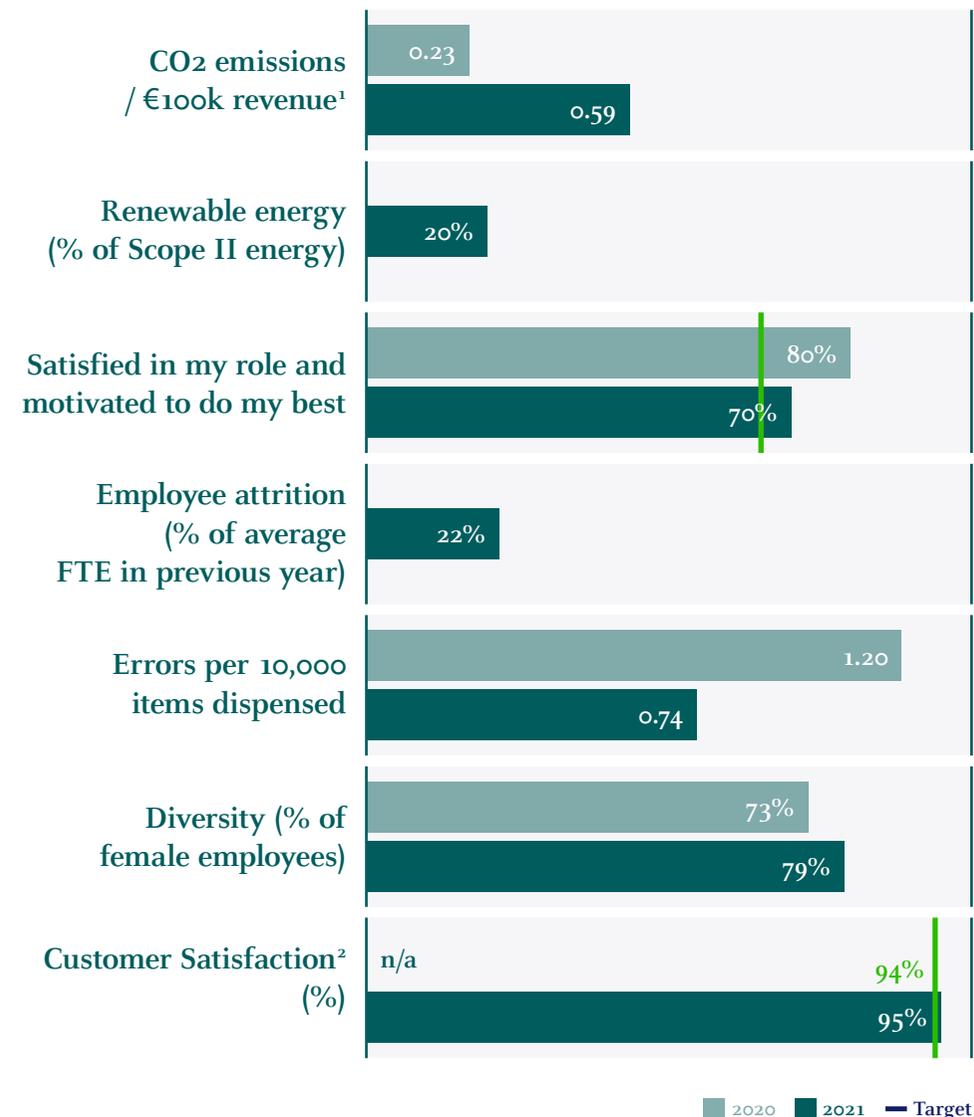
2021 achievements

- Pharmacies remained open throughout the pandemic, delivering critical medicines and services to their communities.
- Reduced dispensing errors through multiple initiatives, including improved reporting, better root cause analysis, smarter training and action planning, and sharing best practice.
- Introduced a new policy that will transition the delivery fleet to being 100% electric over time.
- Opened two new concept stores built with sustainable building materials and featuring LED lighting, waste collection and EV charging points for our delivery drivers.
- Offered leadership courses to high-performing employees and introduced AviAcademy, providing additional training for all colleagues.
- Signed Royal Pharmaceutical Society's diversity and inclusion pledge.
- Matched all customer donations made to the Mind appeal.

2022 priorities

- Introducing renewable energy for all new stores, including acquisitions.
- Further improving benefits based on feedback from employee survey.
- Modernising backoffice in pharmacies to improve working environments.
- External review and standardisation of all Health & Safety policies and requirements.
- Setting long-term science-based carbon reduction targets.
- Launched employee well-being initiatives, including myAvicenna Benefits – a recognition scheme with cash rewards, and an employee assistance line.

2021 performance



1. We are working together with the portfolio companies to develop carbon reduction targets in line with Science Target Based Initiative. We expect to have targets for the companies with the largest emissions by the end of the year.
2. Changed definition vs last year



DeterTech offers wireless security technology to its customers in the UK and Ireland construction, infrastructure and property management sectors. Their remote monitoring and response solutions are active on over 1,600 sites today.

A division of the business also provides a proprietary traceable liquid and forensic marking solution called SmartWater, which allows criminals or stolen property to be linked to crime scenes.

Since acquiring Tag Security Holdings in October 2021, the business has expanded to >500 sites in the Netherlands, Germany and Belgium, adding access control and fire safety equipment to its product offering.

Industry ESG relevance

- The core service of companies in this industry is providing security to customers, protecting their property and deterring crime.
- Physical violence has historically been a key risk in the security sector, so replacing physical security guards with cameras helps mitigate this.
- Whilst the security sector has been traditionally male dominated, the workforce is now becoming more balanced as it shifts away from physical guards to remote monitoring.
- As DeterTech's solution is only active when motion is detected, the products consume very little energy (battery life of up to 4 years).
- Some carbon emissions are produced in transporting the devices to site, though this is much less than the alternative of manned guards who would need to commute on a daily basis.



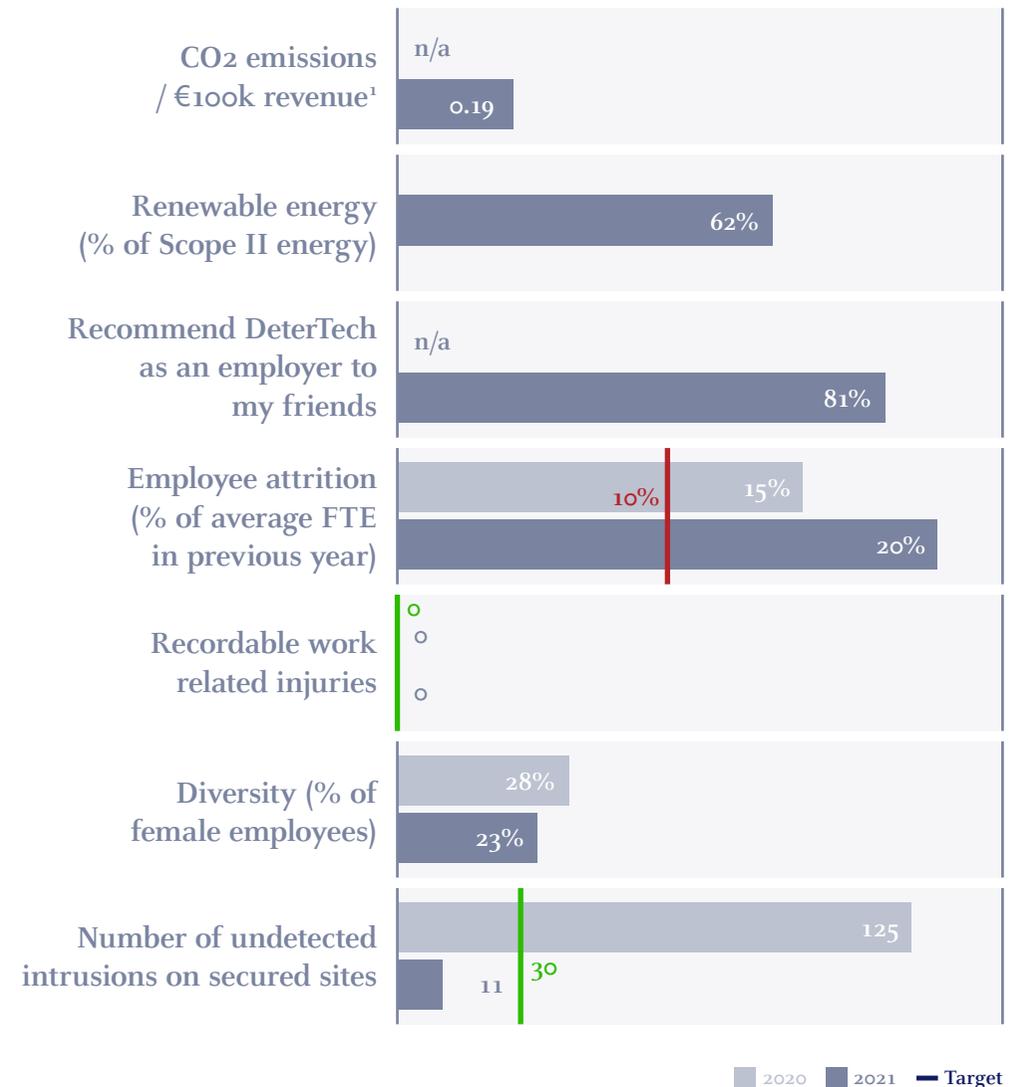
2021 achievements

- Introduced mental health first aiders and offered well-being support to employees, especially those working remotely due to Covid.
- Continued transition of company vehicles to electric – as leases run off, everyone will move to EV.
- Launched employee survey and achieved a positive score of 81%.
- SmartWater Foundation supported academic studies into marking mosquitos for the American Arid-Land Agricultural Research Centre, field crickets for the University of Bratislava in Slovakia, and spiders at the University of Pennsylvania.
- Used SmartWater solution to trace weapons and protect archaeological artefacts in Syria.
- Partnered with UNESCO to suppress illegal trafficking of elephant tusks and rhino horns.
- Started a pangolin protection scheme with the Zoological Society of London.

2022 priorities

- Developing E-learning packages for all employees, including safety at work, HSE, GDPR, Information security awareness, environment-friendly workplace and diversity modules.
- Introducing solar-powered security camera.
- Hosting a company conference, bringing together everyone across the group for the first time to focus on purpose, values and behaviours, while improving morale.
- Developing carbon footprint reduction strategies.
- The opening of a new HQ in Telford including how we can make this a 'Green Building'.
- UK site ISO14001 certification, integration of 9001 to include criteria to review of supplier CSR and ESG and their performance.
- Setting long-term science-based carbon reduction targets.

2021 performance



¹ We are working together with the portfolio companies to develop carbon reduction targets in line with Science Target Based Initiative. We expect to have targets for the companies with the largest emissions by the end of the year.



Euro Caps was founded in 2012 as a private label manufacturer of Nespresso compatible capsules following the expiry of the patent by Nestle.

They currently employ over 300 employees and produce more than 4 million capsules per day at their two sites in Rotterdam. Since 2016, Euro Caps have also manufactured Dolce Gusto compatible capsules.

Products are primarily sold through food retailers but also via partnerships with coffee roasters and brands.

Industry ESG relevance

- From a sustainability perspective, coffee is a high-risk industry with significant social and environmental issues throughout the supply chain.
- Consequently, multiple certification programmes aim to limit coffee's ESG impact, including UTZ, Fairtrade, and Rainforest Alliance.
- In the long term, maintaining current supplies of coffee might become problematic due to environmental pressures and climate change vulnerability.
- The main impacts of the coffee capsules industry are waste generation of the capsules and packaging.
- Public scrutiny and prospective regulation on single-use plastics are driving retailers away from packaging made from virgin plastic. Therefore, industry experts agree that the current plastic packaging of coffee capsules is not a future-proof solution.
- Consumer awareness and plastics legislation will impact the viability of different alternatives. This might potentially rule out alternatives and is likely to accelerate the transition to recycling, recycled content and compostability in plastic packaging.

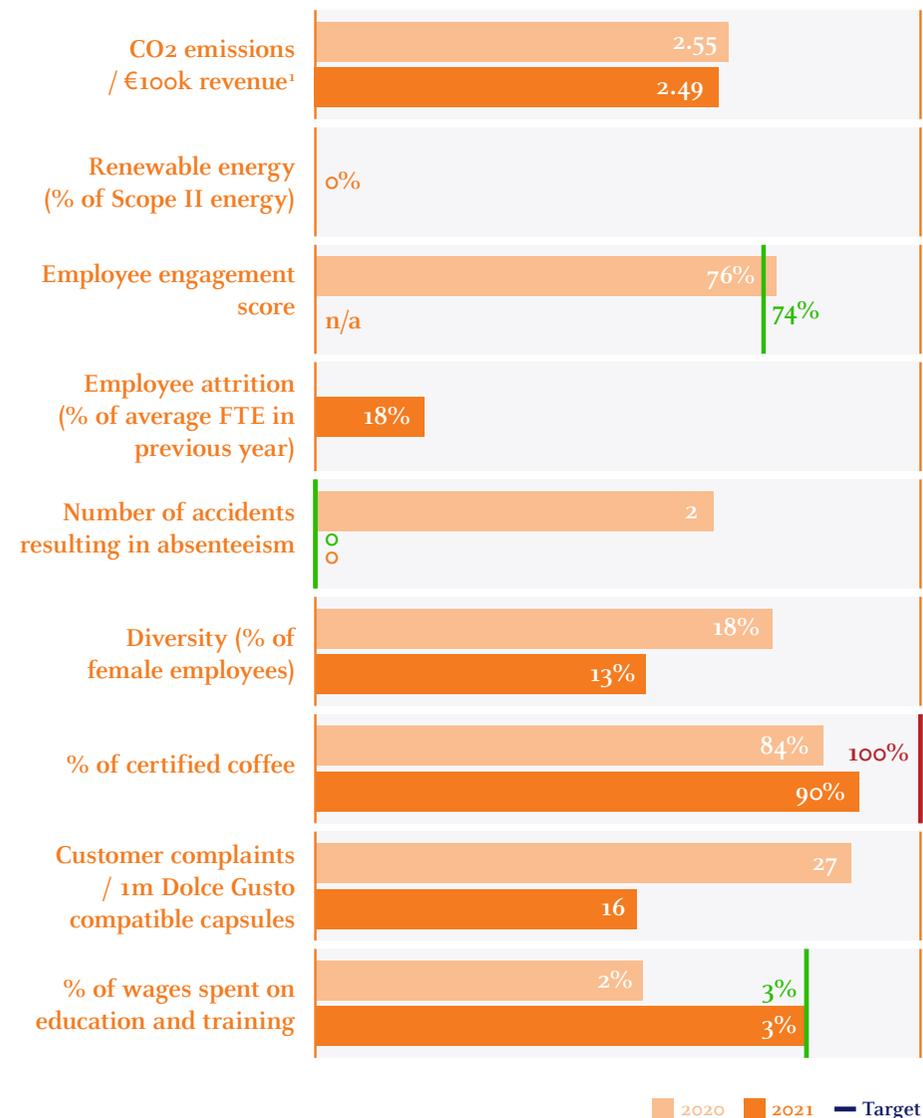
2021 achievements

- Awarded TopEmployer status by the HR institute for 2nd year in a row with an improved score of 72% (vs. 61% last year).
- Sponsored local football club with star players providing training to EuroCaps employees on diversity and inclusion.
- Participated in charity “Jinc Boss for one day”, where disadvantaged children joined the CEO and CFO for a day.
- Continued sponsoring a Brazilian project supporting local coffee farmers in cooperation with the World Wildlife Fund.
- Additional investment in home compostable capsule development, resulting in a paper capsule produced in small volumes.
- Continued investment in employee vitality programme.
- Provided training on sustainable work environment and habits for the night shifts.
- Continued offering employment to ex-convicts through two charities: Heilige Boontjes and School of Hard Knocks.

2022 priorities

- Becoming a BCorp.
- Maintaining TopEmployer status.
- Launching employee survey.
- Becoming certified climate-neutral and purchasing 100% green electricity from Dutch wind sources.
- Continuing investment in proprietary home compostable capsules.
- Reducing plastic usage in Dolce Gusto packaging.
- Providing D&I training for leadership team and actively promoting D&I ideas across the organisation.
- Formalising training processes for all staff.
- Setting long-term science-based carbon reduction targets.

2021 performance



¹. We are working together with the portfolio companies to develop carbon reduction targets in line with Science Target Based Initiative. We expect to have targets for the companies with the largest emissions by the end of the year.



Founded in 2003, M&J Evans is a UK-based company offering a range of civil engineering, foundations and groundworks services to the residential building sector.

Operating in the Midlands and south of England with plans to scale nationally, the company provides technical expertise to its clients, focusing on value-added engineering advice to enhance and optimise tailored solutions.

Ground engineering is a fragmented and significant market in the UK. The top 10 firms only account for 20% of the total industry, which is valued at £4.5bn (of which the Midlands, M&J Evans' core market, is £0.8bn). M&J Evans is one of the largest groundworks and civil engineering providers in the UK.

Industry ESG relevance

- In groundworks engineering and the wider housebuilding sector, employee health and safety always comes first. This is reflected in the growing emphasis on Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) and other similar metrics in the tender process.
- In recent years, carbon emission has become a key theme for all major housebuilders, and many have declared their intention to become carbon neutral.
- Embedded carbon in building materials, particularly concrete, and running machinery and generators are the most significant ways housebuilders and subcontractors such as M&J Evans contribute to carbon emissions.



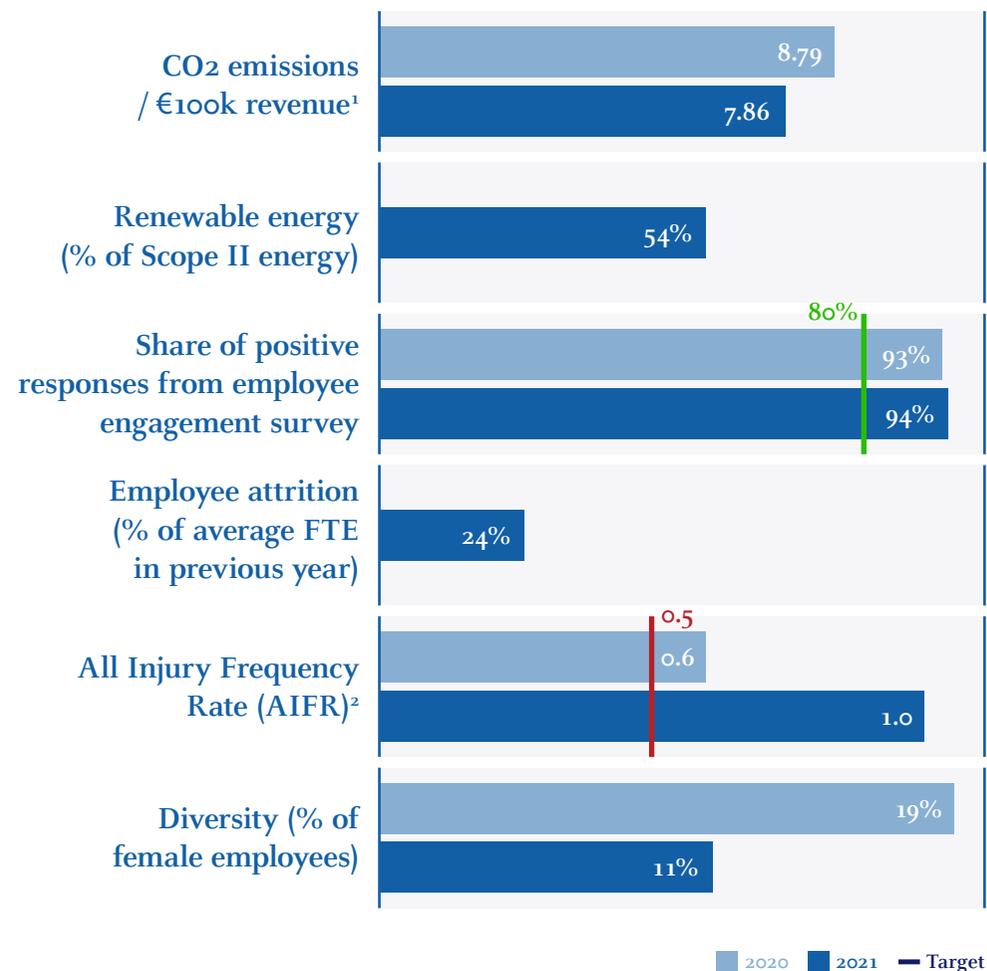
2021 achievements

- Issued an employee engagement survey.
- Recruited a People Director.
- Developed a People strategy.
- Arranged with a leasing company to provide hybrid cars.
- Introduced policy allowing staff to have an annual day's leave for charity work.
- Significantly increased usage of bio-fuels, which has much lower emissions.
- Introduced Life Assurance policies for all team members.
- Invested in a carbon offset scheme (Rimba Raya).

2022 priorities

- Installing electric vehicle charging points.
- Shifting the energy supply for head office to solar.
- Encouraging clients to specify and adopt low-carbon concrete.
- Refreshing and re-training all relevant management on bribery, corruption and modern slavery.
- Establishing a graduate program.
- Recruiting apprentices from local communities.
- Writing new Governance policies on Social Media and Supplier ESG Audits.
- Finalising sustainability strategy.
- Setting long-term science-based carbon reduction targets.
- Delivered support packages for Ukraine by undertaking a road trip to Poland.

2021 performance



1. We are working together with the portfolio companies to develop carbon reduction targets in line with Science Target Based Initiative. We expect to have targets for the companies with the largest emissions by the end of the year.
 2. AIFR stands for All Injury Frequency Rate and is the number of 'all' injuries per 1,000,000 hours worked.



RADLEY
LONDON

Radley London is a leading British affordable luxury handbag and accessory brand. Established in 1998 in the heart of London, the business is now evolving into a lifestyle brand across multiple product categories.

The business is digitally-led with enormous design creativity, reaching customers within a disciplined multi-channel international distribution. Radley London is rapidly growing its direct-to-consumer strategy across multiple platforms including a significant online presence.

This strategy, alongside a sustained elevation focus in both product and marketing, has seen a successful expansion into the US market through partnerships with Macy's department stores, direct online sales, digital platform partners and the initial successful opening of four retail stores.

Industry ESG relevance

- Major focus is on the use of cow leather, which is one of the most impactful materials used in fashion and is also exposed to risks of poor labour standards in the supply chain.
- Testing procedures for chemical substances are required to manage product safety and quality risks.
- Auditable certifications are required to ensure socially acceptable working conditions in tanneries.
- Transparency and traceability are becoming a concern for many consumers and is becoming a licence to operate.
- Driven by an increasingly eco-conscious audience, alternative 'leather' bags such as sustainable and recycled options are gaining popularity.
- In the future, the semi-luxury goods industry will increasingly market leather alternatives and replace chemicals with vegetable-based tanning solutions.

2021 achievements

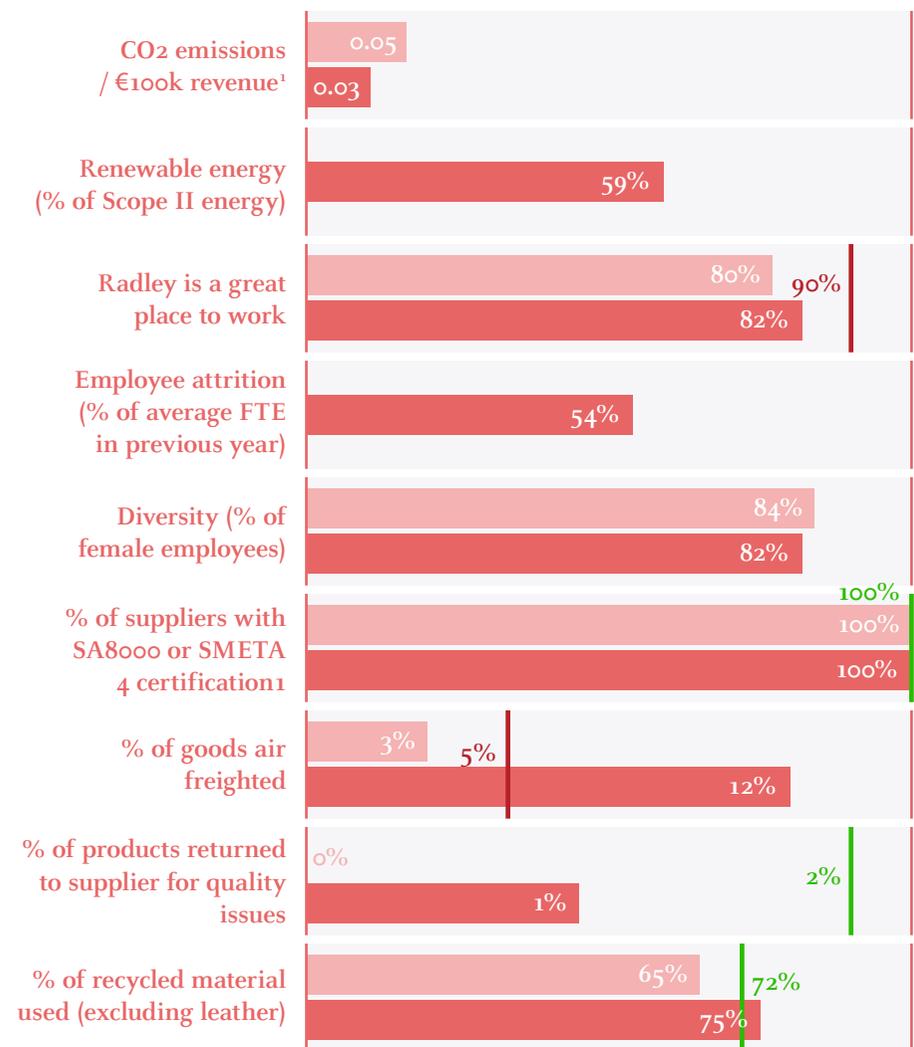
- 30% of the product range is from its responsible product programme (Handbags, SLG's, Accessories, apparel).
- 100% of Radley's Partners have signed and agreed to its compliance programmes, 95% of which are subscribed to its partnership with ISN to house all ESG and SECR data.
- 100% of leather is sourced from LWG rated Tanneries, and all leathers are a byproduct of the food industry.
- 100% of cotton is BSCI approved.
- 75% of company car fleet is EV.
- 75% of packaging materials from suppliers are from recycled and sustainable sources.
- 100% of external delivery packaging is recycled and sustainable.
- 5,000 of Radley's Partners benefited from its support in a vaccination programme in India.
- Installed ion air filters to provide clean air at headquarters and distribution centres.
- Removed plastic cups at distribution centres removing 5 tonnes of plastic waste.
- All plastic and paper waste from distribution centres goes into an established recycling programme.
- Radley has committed to offsetting its expected carbon footprint for the next 5 years in threefold through the Rimba Raya project in Indonesia.
- Across the year our People team have engaged colleagues with diverse wellness, health and well-being, stoicism, diversity education and fitness assessment programmes.

2022 priorities

- Increasing recycled packaging to 90%.
- Completing feasibility study of Distribution Centre Energy Neutral implementation.
- Reducing air freight to below 5% of goods into the business.
- Setting long-term science-based carbon reduction targets.

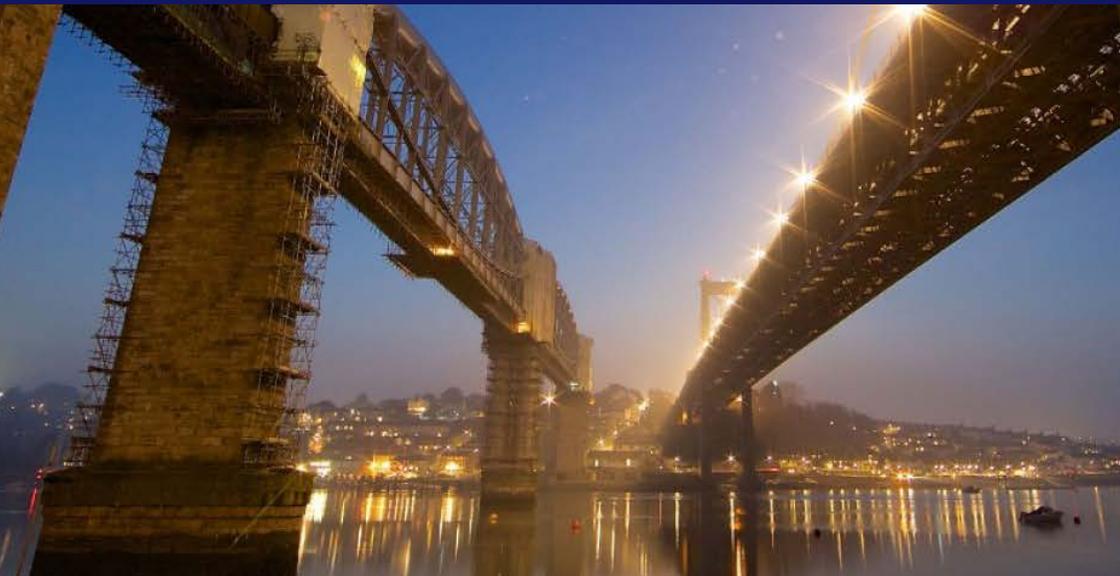
1. SA8000 and SMETA 4 are ESG certification standards for suppliers

2021 performance



■ 2020 ■ 2021 — Target

1. We are working together with the portfolio companies to develop carbon reduction targets in line with Science Target Based Initiative. We expect to have targets for the companies with the largest emissions by the end of the year.



Taziker is a multi-discipline engineering specialist founded in 1969.

With over 450 employees, the company provides services for the preparation, restoration, repair and surface treatment of structural steel bridges, buildings and major structures.

Today, approximately half of Taziker's revenue is derived from the railway industry, and the company also undertakes remedial works in the highways & marine sector as well as the term maintenance and outage support of UK industrial complexes.

Additionally, Taziker also operates specialist units, including a design and fabrication capability which from FY23 will include a dedicated and innovative FRP Footbridge offering.



Industry ESG relevance

- Employee health, safety and well-being is a primary ESG theme in the industrial and rail maintenance industry. For example, protecting employees from exposure to lead content in old paints.
- The environmental impact and cost of landfilling heavy-metal contaminated abrasive waste is also a key focus. Abrasive waste disposal costs have risen from £30 to £300 per tonne in five years.
- Attracting and retaining young talent is a significant challenge in the industry.
- Energy and carbon exposure is an issue due to diesel used by generators and vehicles.
- The majority of smaller UK players in the industry have a reluctant approach to ESG, and the industry has limited improvement initiatives. However, larger UK construction companies have long-term climate targets.
- Climate regulation will become more stringent to meet the UK's Climate Change Act 2008 goals of achieving reductions of 57% by 2030 and 80% by 2050. The potential solutions include the use of hybrid generators, biodiesel and low-emission vehicles.

2021 achievements

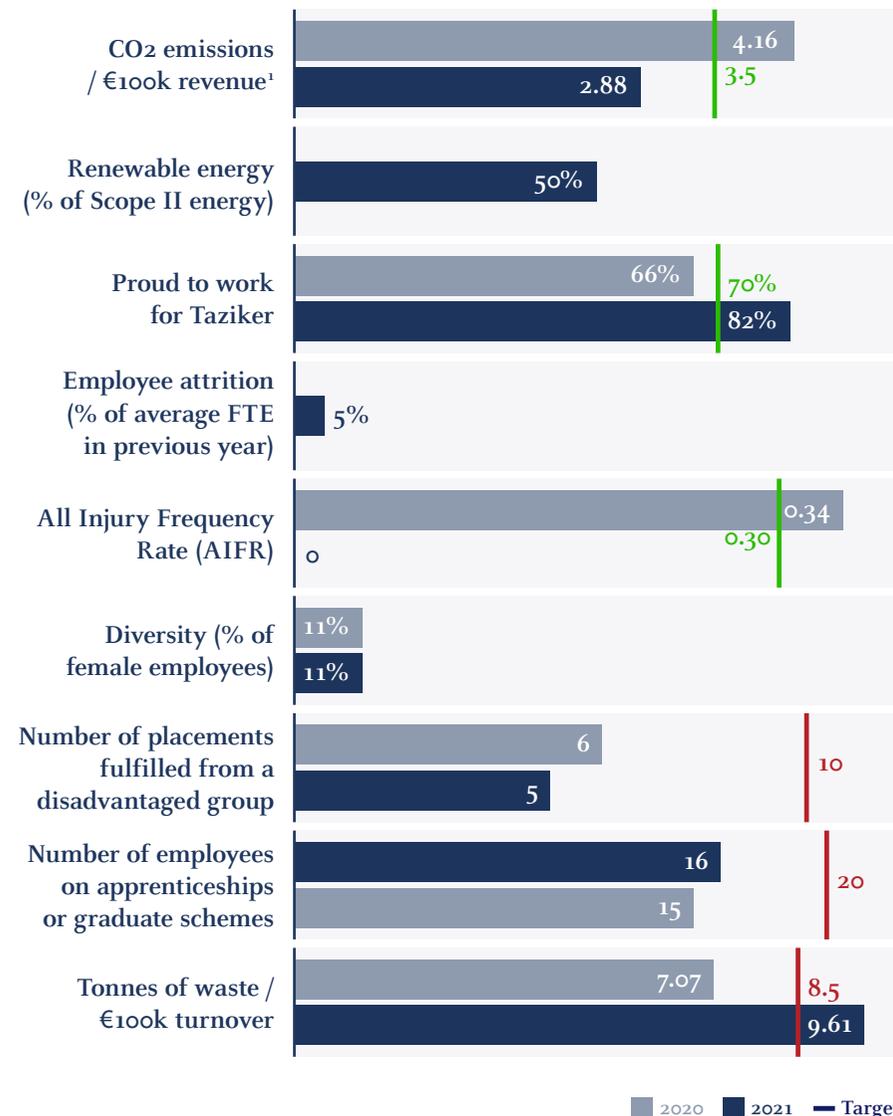
- Increased employee satisfaction from 66% to 82% (see case study on pg.13).
- Employees used company vans to deliver food parcels and donations to families and children over Christmas and held several fundraising events.
- Reduced CO₂ intensity by >30% by increasing biodiesel usage, implementing replacement strategy for fossil fuel car park, deploying first electric vans, and introducing monthly CO₂ reporting.
- Developed a low carbon fibre reinforced polymer footbridge design that was shortlisted for an innovation of the year award.
- Continued to invest in workplace placements and recruited 7 apprenticeships and 4 graduates.
- Increased focus on safety, including expanding the safety team and training, launching a monthly safety newsletter, and issuing awards – all of which helped us achieve the RoSPA Gold Health & Safety award for the second year in a row.
- Certified as a disability-confident employer.
- Collaborated with two charities working towards preventing homelessness and ending poverty.
- Donated the 120 cancelled Christmas dinner meals (due to Covid) to the local homelessness centre.
- Collaborated with Network Rail to transform two decommissioned rail carriages into a library and an after-school club.

2022 priorities

- Continuing focus on making premises more accessible to people with disabilities.
- Increasing our commitment to gender diversity, including quarterly meetings on how to attract more women.
- Ongoing replacement of most polluting vehicles with electric cars.
- Introducing employee volunteering days and giving employees opportunities to volunteer their time and pass on their skills outside their day-to-day roles to attract young people to engineering.
- Increasing employment opportunities for young people from disadvantaged backgrounds, hiring people straight out of the military, and registering as a national Living Wage Employer.
- Setting up ESG cross-functional working group to develop an ESG strategy.
- Joining the Science Based Targets initiative (SBTi) and publicly publishing our carbon reduction commitment.
- Implementing the use of renewable energy for powering our welfare units.
- Introducing a reporting tool to quantify the social value the business delivers around the country.



2021 performance



1. We are working together with the portfolio companies to develop carbon reduction targets in line with Science Target Based Initiative. We expect to have targets for the companies with the largest emissions by the end of the year.



TrueNoord is an aircraft leasing firm focusing on regional air fleets.

The company has developed an extensive network of airline, technical, financial and manufacturing contacts and currently works with companies such as Air France-KLM, British Airways, IndiGo, Cobham, Ethiopian Airlines, Azul and Republic Airways.

TrueNoord has remained profitable these past two years and has successfully navigated this period when the industry was heavily impacted by Covid.

The regional aviation sector represents a significant portion of the global industry, and approximately 50% of all passenger travel are journeys under 300 nautical miles. This is particularly the case in South East Asia and Latin America, where growing populations and infrastructure challenges are driving demand for local air travel.

In 2016, BlackRock and Aberdeen agreed to co-invest in equity alongside Freshstream to allow TrueNoord to build a diverse portfolio of regional aircraft.

Industry ESG relevance

- The industry is subject to stringent safety regulations and standards and has a significant indirect climate change impact.
- Aviation climate impact is becoming an important industry issue. The air transport industry is part of the Emission Trading Scheme to decrease greenhouse gas (GHG) emissions. More efficient design, flight route optimisation, biofuels, and, in the long run, electrical engines will drive GHG reduction for airlines.
- Anti-bribery, corruption and good governance are topics of importance, as leasing firms make large global financial deals.
- Counterparty risk and reputation are key considerations when business is undertaken in high-risk jurisdictions.



TrueNoord

Regional Aircraft Leasing

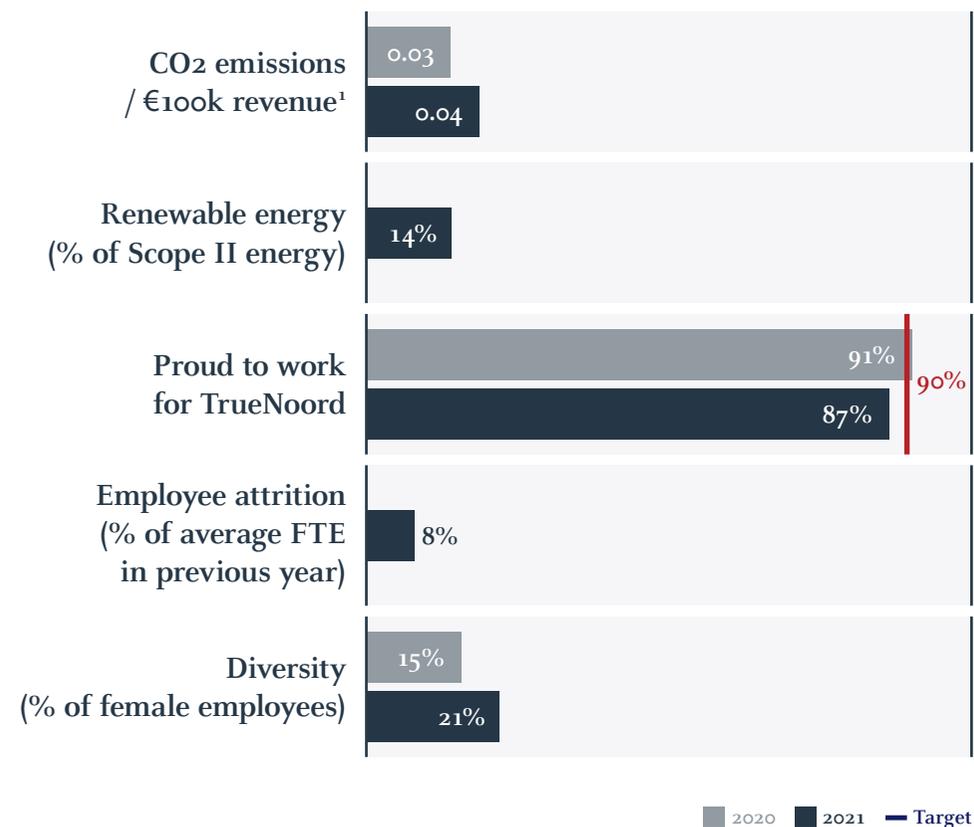
2021 achievements

- Involved in the Aircraft Leasing Ireland (ALI) ESG initiatives through active participation in its sustainability committee, aiming to develop a coherent ESG strategy for its 30+ member lessors to meet the industry's net-zero target by 2050.
- Particularly active in ALI's initiative to encourage universities to expand their research in this sector and improve their sustainability-related education offering.
- Signed first Letter of Intent for an E2-195, a new generation energy emissions efficient aircraft, and added energy-efficient newly produced ATR and Q400 turboprops to its portfolio.
- Conducted latest employee satisfaction survey, returning positive results despite Covid impact.
- Implemented a new management system, improving internal controls and reporting processes.
- Continued focus on attracting diverse candidates, developing internships, and providing training programmes.

2022 priorities

- Further developing ESG principles in tandem with its involvement in the ALI ESG working group.
- Improving carbon impact measurement.
- Focusing on diversity and strengthening internal control processes.
- Engaging with manufacturers providing next-generation technology aircraft incorporating electric propulsion.
- Setting long-term science-based carbon reduction targets.

2021 performance



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Verwater is a Dutch and Belgian contractor specialising in tank maintenance and construction of industrial and petrochemical installations.

Founded 100 years ago, the company now employs approximately 1,000 staff around the world. With headquarters in Rotterdam, Verwater also has major operations in Antwerp and Amsterdam.

Generating an annual turnover of approximately €180m, the company has a large blue-chip customer base, including Shell, Total, BP, ExxonMobile, Teijin, Oiltanking and MOT.

Industry ESG relevance

- The focus of ESG in the industrial tank industry is expanding. Safety remains the main area of attention, but other topics are gaining prominence, particularly carbon emissions and environmental impacts.
- The industry is characterised by limited gender diversity as the blue-collar workforce has historically been dominated by men. However, there is an increasing focus on attracting more female talent, especially as there is a shortage of qualified labour. The sector is very diverse in other areas, such as ethnicity, race, and national origin.
- Safeguarding employee and contractor health and wellbeing is critical for the industry, which has a deeply embedded culture of safety and related practices. In addition to the duty to protect staff, this is also an important factor in winning business. Customers, especially large multinational industrial companies, place significant emphasis on supplier safety records, so demonstrating a good track record is essential.

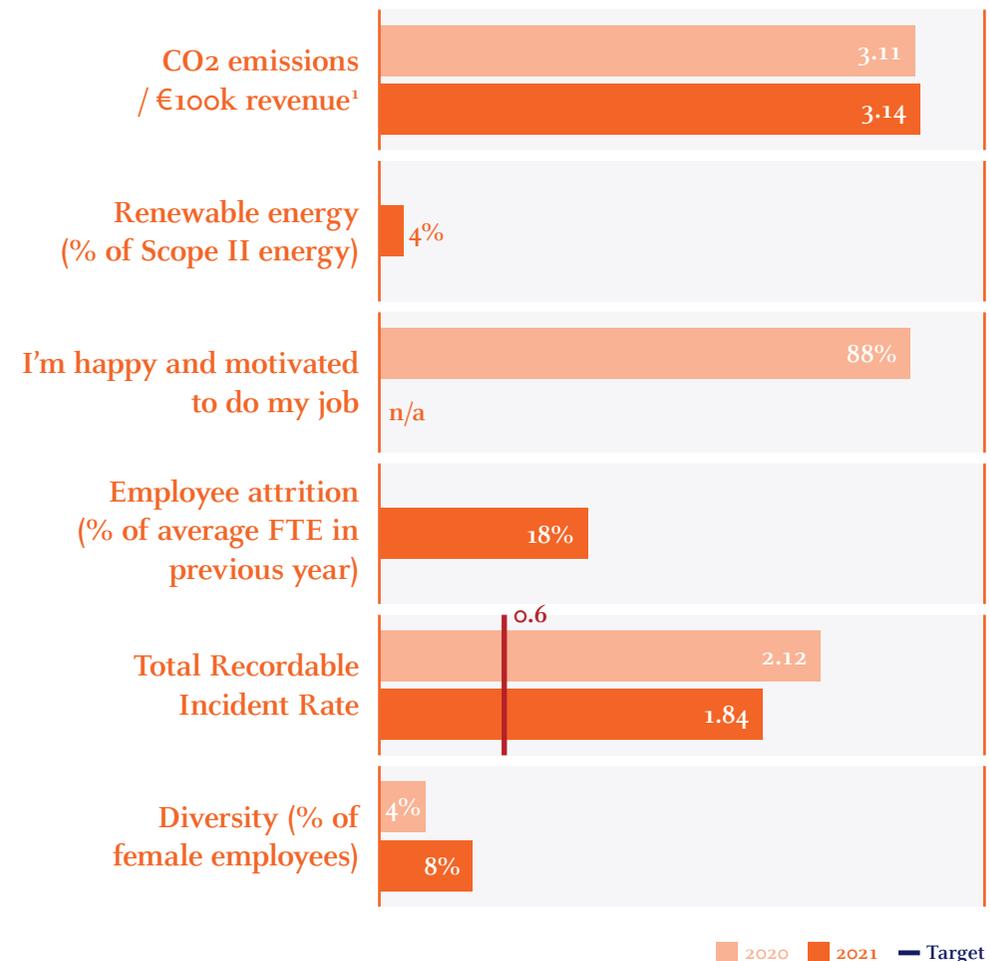
2021 achievements

- Provided 29 internships in Belgium and the Netherlands.
- Supported the graduation thesis of 2 welding engineering students.
- Started 50/50 JV selling composites tanks, which have 41% lower CO₂ footprint than traditional steel tanks.
- Organised an event to celebrate the company's 100th birthday, which included two spinning sessions to raise funds for the Princess Maxima foundation (the foundation funds research into children's cancer) and emphasis commitment to employee health.
- Increased % of female employees from 4% to 8%.
- Moved headquarters to a new building which is more environmentally friendly.

2022 priorities

- Developing new safety approach with launch in 2023.
- Increasing the number of electric vehicles.
- Implementing alternative means of transportation such as electric bicycles to make commuting more sustainable.
- Establishing new employee engagement survey.
- Setting long-term science-based carbon reduction targets.
- Integration of the in 2020 acquired SJR into the Verwater organisation.
- Optimising the physical locations of the company, including the development of a new site which will replace previous high-energy consumption locations.
- Continued development of Verwater Academy in Port of Antwerp which has created an area to train and attract young (welding) talent. Dirk Vandeweyer (Managing Director, Belgium) is an international welder and still teaches 40 hours per year at a welding school.

2021 performance



1. We are working together with the portfolio companies to develop carbon reduction targets in line with Science Target Based Initiative. We expect to have targets for the companies with the largest emissions by the end of the year.

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