

Solving Complexity Unlocking Potential

Annual ESG Report 2022

ANNUAL ESG REPORT 2022

epiris

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About Epiris

We are an independent private equity firm that invests in opportunities to transform businesses in partnership with exceptional management teams.





Our primary goal is to build great companies to deliver outstanding returns for our investors. We do this by looking across the economy, including in unfashionable or cyclical sectors, for high-quality businesses with transformation potential.

We have deep expertise in working through the complexities that often prevent others from accessing these kinds of opportunity: by solving the complexities we unlock transformation potential.

Our approach to transformation itself is to focus on strategic clarity, operational excellence, growth acceleration and M&A. On average, businesses we invest in more than double earnings under our ownership. This has delivered a top-decile investment performance record.

Since 2011, we have invested more than £2 billion across 31 companies. During 2022, we made the final investments for Epiris Fund II, an institutional private equity fund which held its final close in 2018 with total commitments of £821 million, as well as the first two investments for its successor, Epiris Fund III.

We have created an organisational culture that reflects our belief that businesses gain strength from harnessing the different experiences and perspectives of diverse teams. Whilst members of our team come from all walks of life, we all share the four Epiris Values which govern the way we work towards our common goals. We are proud to say that Epiris is a firm where anyone with the aptitude and attitude can succeed.

Epiris is a firm where anyone with the aptitude and attitude can succeed.





Our values



A strong moral compass

We are guided by a strong moral compass within both our own business and the companies in which we invest.

We work by the highest standards of integrity and professionalism. More than that, we want to be proud of our businesses, of what they do and of how they treat their people, their customers and suppliers and the world around them.



Energetic, enquiring and creative

We thrive on complex situations and on our mission to transform businesses.

This calls for us to challenge constantly, to think innovatively and to push relentlessly.



Straightforward, open and collaborative

We work together as a group, with everyone encouraged to contribute.

We share problems and issues early. We are straightforward. We take collective responsibility for our successes and failures and seek to learn from them.



Ambitious, rewarding and fun

We aim to build diverse and high-performance teams to deliver our long-term goals.

To do so, we offer opportunities to learn, advance and earn financial rewards. We create an environment which, whilst demanding, is also fun, so that we can grow talent and leadership for the future.

Our portfolio



appello

Appello

Technology-enabled care services



Bonhams

Bonhams

Global auction house



THE CLUB COMPANY

The Club Company

Country club operator



Delinian

Delinian

Information services



Diamorph

Diamorph

Advanced materials



INCHCAPE
SHIPPING SERVICES

Inchcape Shipping Services

Maritime services



nucleus

Nucleus

Wealthtech platform



PORTALS

Portals

Security paper



sepura

Sepura

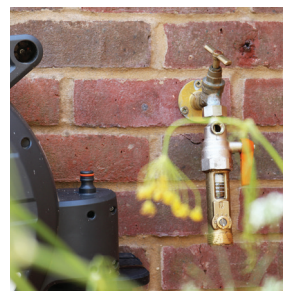
Communications systems



sharps

Sharps

Fitted furniture supplier



STUART TURNER

Stuart Turner

Water-boosting products



The Big Table

The Big Table

Restaurants



£2bn

Invested since 2011

31

Companies invested
in since 2011

35%+

IRR: a top decile
fund manager

13,312

Employees across
the portfolio





Introduction

Welcome to our third annual ESG report, summarising our progress in the implementation of our ESG strategy throughout 2022.



Climate change, sustainability, people and ethics – these key pillars of our ESG strategy are relevant to every business irrespective of its model or scope. We work with each of our portfolio companies to focus attention in these areas, to introduce best practice and to identify and work towards important objectives.

We are a signatory of the UN Principles for Responsible Investment (UN PRI). This reflects our commitment to ensuring that ESG is an integral part of the way we not only invest but also run our own business. As with the rest of our approach, we aim for continuous improvement by learning from our own and others' experience.

People are at the heart of our business and of our portfolio companies. We believe that diverse teams make businesses stronger and we therefore advocate diversity, equity and inclusion in our own business as well as in our portfolio companies and advisers.

At Epiris, we have continued to build and develop our team. Over the past twelve months we have welcomed two new members to the team: Nicolas Vilaseco, who joined as Finance Partner to take over from Steve Ozin who retired from the firm at the end of March; and Kathryn Pothier, who joined as Investor Relations Partner from Trive Capital, a private equity fund based in Dallas, Texas. We have also been pleased to continue to develop our internal team through promotions. Thayne Forbes, who joined us in 2020, was promoted from Investment Associate to Investment Manager; and Pablo Espinoza, who joined in our first graduate intake in 2019, was promoted from Investment Analyst to Investment Associate. Both have made well-deserved progress within the career development framework we have in place, having made significant contributions to several of our investments as well as to our firm.

On the portfolio side, we had a particularly busy 2022, signing five new investments, seven add-on acquisitions and one significant realisation.

UN PRINCIPLES FOR RESPONSIBLE INVESTMENT:

1

We will incorporate ESG issues into investment analysis and decision-making processes.

4

We will promote acceptance and implementation of the Principles within the investment industry.

2

We will be active owners and incorporate ESG issues into our ownership policies and practices.

5

We will work together to enhance our effectiveness in implementing the Principles.

3

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

6

We will each report on our activities and progress towards implementing the Principles.





In April, we announced the acquisition of Inchcape Shipping Services, or “ISS”, one of the world’s largest providers of maritime services to ship owners, operators and charterers. ISS is a global leader in a market experiencing long-term growth; it has untapped potential which our experience in strategy, operational excellence and M&A can help the team unlock to transform the business. In August, ISS made its first add-on acquisition under our ownership, of Belgian port agency business Kennedy Hunter.

In July, we announced that we had supported Appello, a leading technology-enabled care provider, in the acquisition of Lifeline 24. Both businesses offer personal alarms together with a monitoring service that allow the elderly and vulnerable to live independently in their own home, knowing that help can be summoned if needed. Both are successful digital disruptors in an attractive market driven by long-term demographic and technology trends, and the combination of the two has created a multichannel, technology-rich market leader.

Also in July, we acquired Sepura, a leading global supplier of mission-critical communications systems. Sepura is rich in intellectual property and has an extensive R&D capability that turns this into best-in-class, innovative products. The company’s ability to develop new systems that both embrace emerging technologies and meet customer needs positions it to continue to succeed as a pioneer for many years to come.

In December, we completed the take-private of Delinian, formerly Euromoney Institutional Investor plc, a global B2B information services business providing data, analysis, intelligence and events to customers across the professional and financial services sectors. This is a group of highly attractive brands with strong positions in niche markets, recurring revenues and a global footprint. Our plan is to transform Delinian by bringing clarity and focus to each brand’s strategy, targeting operating improvements, and supplementing through M&A where appropriate. This is a very similar situation and strategy to AXIO, an investment



On the portfolio side, we had a particularly busy 2022, signing five new investments, seven add-on acquisitions and one significant realisation.

we made in 2013 and on which we returned a 5.1x gross multiple of money.

Finally, also in December we agreed to acquire LoneStar, a leading manufacturer and supplier of high-performance fasteners and seals for the world's industrial and energy markets. This is a global market leader with scale and clear competitive differentiation, operating in attractive markets that benefit from growing energy demand in both traditional and renewables, and that we can transform by bringing our trademark focus on strategy, operational excellence and M&A.

We have continued to focus on portfolio company M&A as a key tool to drive business transformation.

Stuart Turner and The Big Table each made a single add-on acquisition in 2022 whilst Bonhams, the global auction house, made four (in Sweden, the USA, Denmark and France), taking the number of add-ons it has completed under our ownership to five and the number completed by all Fund II portfolio companies to sixteen.

Finally, we achieved a significant realisation during 2022 with the sale of a majority interest in Nucleus, the WealthTech platform. This has been an extremely successful investment and a superb example of Epiris in action. We have completely transformed the business we bought in 2019 into one of real scale and strategic importance, led by an outstanding management team and with a clear growth story. This realisation took the return on the Nucleus investment to a 4.8x gross multiple of money at the end of September; we have retained an interest in Nucleus so that we can continue to reap the rewards of the M&A strategy we have initiated.

Whilst this introduction focuses on investment activity headlines, ESG remains of course a meaningful part of the transformation strategies we put in place for our portfolio companies. The rest of this report describes in more detail some of the key achievements of the ESG component of our strategy over the past year.



Alex Fortescue
Managing Partner



Alex Cooper-Evans
Chief Operating Partner, Chairman of ESG Committee





CASE STUDY

Sepura

Sepura is a leading global supplier of mission-critical communications systems for public safety and commercial users. The company's systems offer a resilient and secure voice and data platform for customers for whom instantaneous, crystal-clear and dependable communications are essential to safety, security and efficiency. Sepura is headquartered in the UK's technology hub around Cambridge and sells worldwide.

Sepura's products are designed for a long service life during which they must be robust in the face of adverse conditions: heat, cold, rain, snow, being dropped and trampled. Sepura has sought to incorporate

recyclable materials into product design to maximise re-use and recycling at the end of a product's life and we will work with the team to formalise sustainability credentials and targets throughout the product lifecycle.

Moreover, Sepura's products are also designed to be secure. The company has an extensive programme of supplier selection and approval processes to ensure security standards across its supply chain. Onto this it has layered standards on working conditions, for example related to child and forced labour, health and safety, working hours and a living wage.





ESG at Epiris

Our primary goal is to build great companies in order to deliver outstanding returns for our investors. Strong ESG management is an essential part of delivering this goal.





We deliver strong ESG management using a series of building blocks: our ESG Policy, our implementation systems and processes, and our Four Pillars framework.

Our ESG Policy sets out the principles and commitments that drive our ESG approach. We are committed to integrating ESG into the core of our and our portfolio companies' activities. We are committed to complying with not only law and regulations but also best practice in relation to ESG management. We are committed to operating with integrity and to the highest ethical standards.

Our ESG implementation systems and processes are illustrated on the following pages. These deliver the first of the commitments described in the paragraph above by ensuring that ESG is systematically addressed at every stage of an investment's lifecycle, from pre-deal due diligence through the ownership period to exit. Moreover, they ensure that ESG is given its due prominence in the strategic and operational programmes we

implement in partnership with the management teams of each portfolio company.

Our Four Pillars framework is described in detail later in this report. In summary, we have chosen four areas which in our view are important to every company in which we invest, as well as to our own business. For each of these areas, we have set a long-term objective, specified the best practices that will help deliver that objective, and detailed Key Performance Indicators to monitor progress and to enable portfolio level reporting. This is a focused approach that drives portfolio companies along their ESG journey whilst building a legacy of ESG-related improvements.

ESG is led by our ESG Committee. The committee is made up of Partners and other staff from across the firm, who meet regularly to review our own and our portfolio companies' ESG performance as well as our overall ESG approach.





CASE STUDY

Stuart Turner

Stuart Turner supplies water-boosting products that manage water pressure in residential and commercial applications. These range from domestic shower pumps, where the company's Monsoon product is the UK market leader, to bespoke systems that combine cold-water boosting, pressurisation units and circulators that manage the supply of hot and cold water in commercial buildings and for industrial purposes.

The ESG due diligence we carried out on the company prior to making our investment in January 2022 highlighted many of the steps Stuart Turner had already taken to quantify and mitigate its environmental impact; to manage people-related matters such as health and safety, staff engagement and development and diversity; and to establish an appropriate governance framework for the business.

Our analysis has also identified areas where there are gaps between the company's current approach and the best practice set out in our Four Pillars. Working with the company's management team and Anthesis Group, our ESG programme adviser, we have developed a plan to close these gaps by focusing on:

Climate Change

- Completing the quantification of energy usage and carbon emissions across the group and developing a plan to be carbon neutral
- Taking the first steps to carbon neutrality by moving progressively to renewable energy sources

Sustainability

- Supply chain assurance
- Product lifecycle reviews
- Completing the quantification of waste streams and developing a Zero to Landfill plan

People

- Refreshing staff engagement and development processes
- Diversity reporting

Ethics

- Refreshing policy and training frameworks

We are excited at the prospect of building on Stuart Turner's strong ESG core, and the opportunity its products offer to improve energy and water efficiency, by bringing our impact-oriented approach to ESG to the business.

ESG investment lifecycle

1

Pre-acquisition

Before we make a new investment, we carry out a series of screening exercises to identify any ESG issues.

▲ **Key ESG topic and excluded investment screen** – we screen companies to identify key ESG considerations, in particular those in relation to our Pillars, as well as whether or not the target company is involved in gambling, and/or in the production and/or sale of alcohol, armaments, pornography and/or tobacco. We will not invest in such companies without ensuring that these activities are undertaken lawfully and any issues of concern can be satisfactorily mitigated on ownership.

▲ **ESG due diligence** – following the initial screening, we carry out a more detailed analysis, including of the issues in relation to our Pillars and the areas which we expect to focus on during our ownership. The findings of this due diligence are included in our investment committee papers and discussed by the Epiris Investment Committee. Identifying and understanding relevant ESG issues and opportunities before acquisition means we ensure that these topics are incorporated into our investment analysis and decision-making processes.

2

Ownership

Once we have made an investment, we build on our pre-acquisition due diligence and analysis to develop an ESG Plan for each portfolio company.

▲ **ESG risk and opportunity review** – using a standard Epiris process, we assess the company's performance against our Four Pillars best practice as well as any other material ESG risks and opportunities.

▲ **ESG Plan** – we identify the steps that are required to close the gaps between current and best practice, and a clear timetable for doing so, as well as setting targets and metrics to mitigate risks or maximise opportunities.

▲ **Ownership** – responsibility for delivering the ESG Plan rests with its board and members of the management and Epiris teams are nominated to lead execution. Regular progress updates are reported to each portfolio company board and to Epiris.

▲ **Annual review** – we review each company's performance every year and update the ESG Plan accordingly.

▲ **Communications** – we provide our investors and other stakeholders with a clear picture of ESG performance on an annual basis or as needed.

3

Exit

Through this approach, we are able to demonstrate the impact of ESG management on the portfolio company's performance when we come to sell an investment.

▲ **Disclosure** – At exit, we include details of a portfolio company's ESG performance in the information to be disclosed to potential buyers, to demonstrate the improvements made during the ownership period and the value enhancement achieved.



Our Four Pillars

Our ESG approach brings focus and impact by concentrating on four key areas, which we refer to as our Four Pillars, that are important to every business irrespective of its business model or scope.





Our view is that we can be more impactful by being focused, whilst also ensuring that we address any material ESG risks and opportunities that fall outside the Four Pillars.

For each Pillar, we have set an aspiration and a set of best practices, demonstrating our ambitions and guiding our long-term decision making. The best practices combine several influences: our experience of working with companies; evolving investor expectations; and new regulatory requirements. We expect every company we invest in to implement these best practices.

We are working with our portfolio companies to take ambitious action across these Pillars, acting together to maximise our impact.

During 2022, we have worked with existing portfolio companies to take further steps towards our long-term aspirations and with new portfolio companies to develop their understanding of ESG matters and build plans for the future.

We are working with our portfolio companies to take ambitious action across our Four Pillars, acting together to maximise our impact.

PILLAR 1



Climate change

Focus: Navigating the energy transition

Aspiration: Carbon Neutral

Epiris and its portfolio companies will each have a plan to be carbon neutral by 2030, or as soon as technically and economically practicable thereafter.

PILLAR 3



People

Focus: A healthy, diverse and engaged workforce

Aspiration: World-class workforces

Epiris and its portfolio companies should:

- Be employers of choice, able to attract and retain the very best candidates for each role
- Offer an open and inclusive working environment populated by a diverse workforce and which encourages and recognises contributions from and collaboration between every member of staff
- Recognise the importance of their workforce's physical and mental health and safety

PILLAR 2



Sustainability

Focus: Improving supply chain sustainability

Aspiration: Reduce, reuse, recycle

Epiris and its portfolio companies should:

- Source raw materials from certified sustainable sources
- Reduce raw material consumption
- Reuse or recycle materials and products at the end of use
- Reduce emissions and / or discharges of hazardous pollutants or chemicals
- Send zero waste to landfill or incineration if there is an alternative
- Ensure that their and their suppliers' activities do not involve land degradation, deforestation or harm to IUCN Red List species

PILLAR 4



Ethics

Focus: A strong moral compass

Aspiration: We want to be proud of the businesses we invest in, of what they do and of how they treat their people, customers and suppliers, and the world around them. A strong moral compass should emanate from the top and must be engrained in the culture of each business.





CASE STUDY

Delinian

Delinian is a leading global B2B information services business, providing actionable data, analysis, intelligence and access in various markets. As part of our due diligence prior to making this investment, we analysed those ESG topics we considered to be most material to Delinian.

People

Positive results were achieved in the Annual Survey on culture, diversity and inclusion. In 2022, Delinian set up a Black Representation Committee and progressed several related initiatives to improve representation, development and learning. Delinian's events featured over 60 Inclusion and Diversity speakers and over 16 respective panels.

Ethics

Responsible behaviour is woven into Delinian's culture and supported by a formal Code of Business Conduct which sets out clear standards for acceptable behaviour and business practice throughout the Group. As a global group acquiring products and services from vendors and partners around the world, Delinian also has a responsibility to promote high standards in its supply chains. This includes tackling modern slavery. A Modern Slavery Act Transparency Statement is published on the Group's website. Related Group ethics policies include a Trade Sanctions policy;

an Anti-bribery and Corruption policy; and a Speak-up policy. Delinian's suite of ethics and other policies reflect the importance of these matters to the Group and its stakeholders. Delinian is committed to upholding all internationally recognised human rights standards, such as the United Nations Guiding Principles on Business and Human Rights and ensuring its operations and supply chains are free of human trafficking and slavery.

Climate Change & Sustainability

At Delinian, ESG is a high priority topic; the company in 2022 featured over 460 ESG focused speakers, over 60 ESG panels and 10 dedicated ESG events. Delinian held its first certified carbon neutral event in September 2022 in the Austria Centre with over 1000 attendees. Through careful planning of venue choice and meal options, and liaising with sponsors, exhibiting companies and delegates, the company took significant steps to reduce the environmental footprint of the event, with estimated savings at over 80% when compared to industry averages. Residual emissions, together with those from

attendee travel and accommodation, were offset through various global environmental and well-being projects, aligned to the Verified Carbon Standard. Delinian is a signatory of the Net Zero Carbon Events Pledge launched at COP26 in Glasgow.

By purchasing high-quality offsets during the year, the business achieved carbon neutral status for 2021 Scope 1 and 2 emissions. The firm completed a detailed materiality analysis of emissions generated in its value chain in order to enhance carbon reporting. As a result of the materiality analysis, Delinian has broadened the boundaries of its Scope 3 footprint by including three additional emissions sources: clouding and web hosting service, emissions from home working, and emissions from co-working space. The Group is also working to enhance data collection and processing to include event delivery in future Scope 3 inventories.



PILLAR 1

Climate change

Navigating the energy transition



Aspiration: Carbon Neutral

Epiris and its portfolio companies plan to be carbon neutral by 2030, or as soon as technically and economically practicable thereafter.

For some time, public policy and stakeholder pressure have been the key drivers of the transition to a low-carbon economy. The events of 2022 added another imperative to the mix, as the war in Ukraine led to dramatic swings in oil and gas supplies and prices around the world: more renewables and fewer hydrocarbons in the energy mix will protect the global economy

from over-dependence on hydrocarbon-rich suppliers.

This only underlines the importance of our Climate Change Pillar which seeks to focus resource on identifying the impact we and our portfolio companies have on the climate and establishing how we can reduce that impact. We believe that integrating climate risks and opportunities into decision-making in this way is the first step towards playing our part in climate.

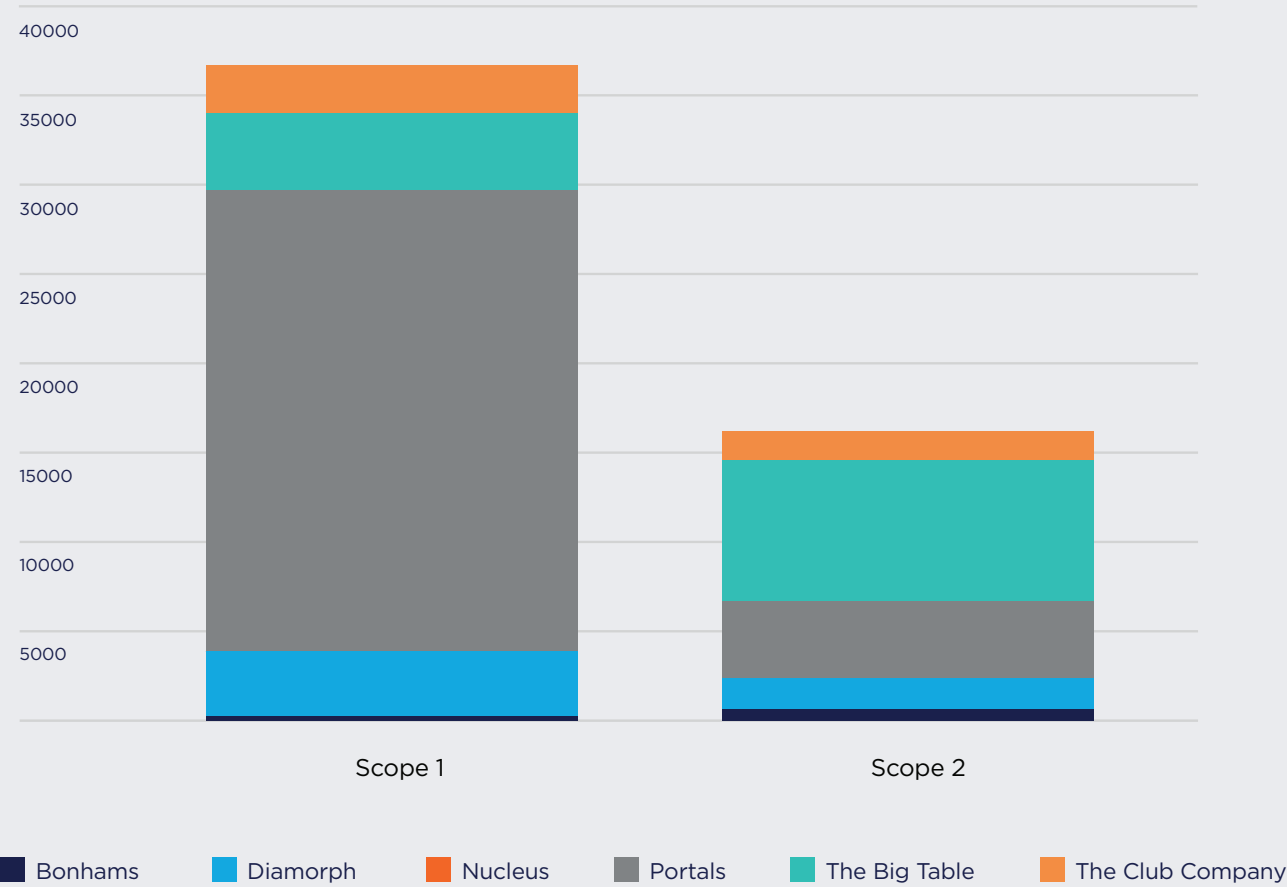


We collect carbon footprint data across our portfolio where available. We use this to assess our progress in becoming carbon neutral and the efficacy of our initiatives amongst our portfolio surrounding energy efficiency and renewable energy. We measure our carbon footprint every year to understand our impact, and where we can reduce to meet our climate ambitions. Since 2019/20, we have recorded a 28% reduction in our total footprint.

Our 2020/21 footprint was significantly impacted by the COVID-19 pandemic including reduced travel and since COVID-19-related travel restrictions were lifted in 2021, we have sought to continue to reduce our travel where possible in 2022.

We use solely green electricity, purchased on a renewable tariff, and have provided location-based (local grid emission factors) and market-based (green electricity purchased) emissions for better transparency.

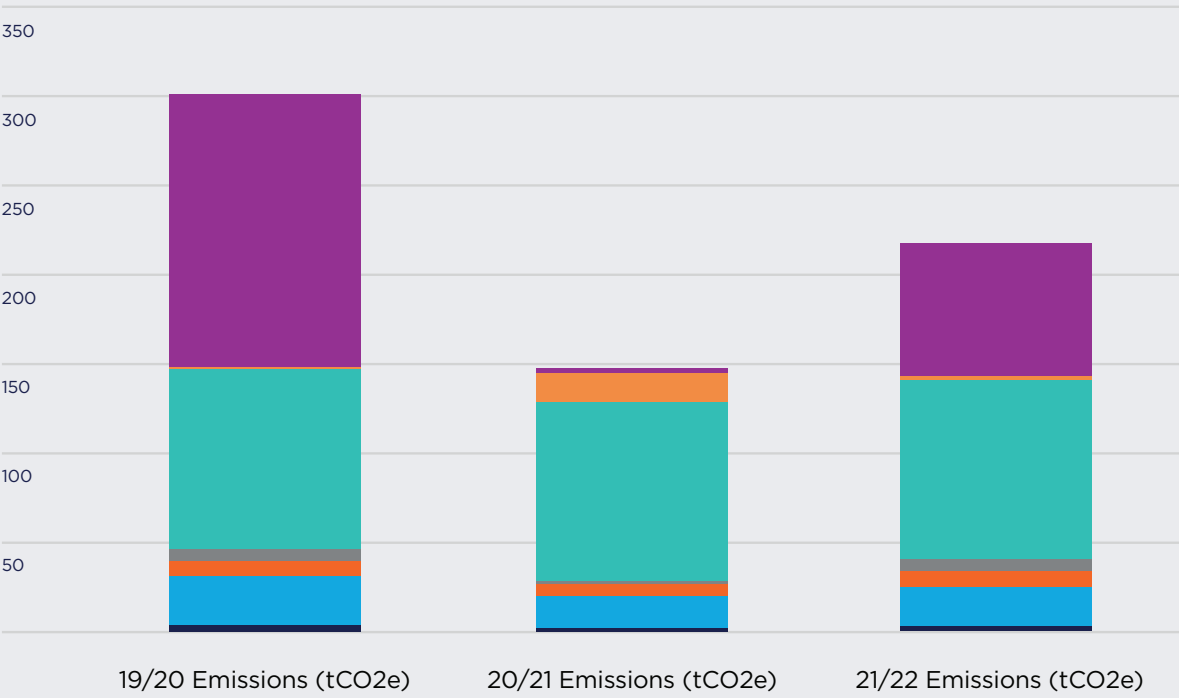
Portfolio Carbon Footprint



*estimated based on latest data reported to Epiris and weighted by percentage ownership. Actual data for Portals and Nucleus carbon emissions is likely to be significantly impacted by major changes to the business in FY2022.



Epiris Carbon Footprint



- Natural gas
- Electricity
- Other scope 3
- Commuting
- Purchased goods and services
- Working from home
- Travel

Emission source (tCO2e)	19/20	20/21	21/22
Scope 1			
Natural gas	3	2	3
Scope 2			
Location based electricity (based on local grid emission intensity)	28	18	21
Scope 2			
Market based electricity (based on green energy purchased)	0	0	0
Scope 3			
(indirect emissions)	270	127	194
Total	301	147	218

*partially based on estimated data for alternative periods, including purchased goods & services and electricity consumption.

We believe that our response to climate mitigation and adaptation will affect current and future financial performance, investment valuations and returns. In light of this, we have reviewed our progress aligned with the recommendations from the Taskforce for Climate-related Financial Disclosures (TCFD).

Furthermore, our portfolio companies' climate plans are guided by our assessment of the materiality of climate-related risks and opportunities, which reflects both physical and transition risks and opportunities.

Bonhams



Bonhams has begun to implement a series of energy efficiency initiatives across its global estate. All lighting in the UK is now LED and LED lighting has been included in refurbishment plans in Los Angeles, Paris and Copenhagen, with further assessments underway in Stockholm and New York. Surveys have been conducted at several properties to evaluate high energy consumption infrastructure as well as opportunities to upgrade cooling systems to improve energy efficiency.

Diamorph



Diamorph has taken the initial steps in its Route to Net Zero plan. It has switched to renewable energy supplies at its two largest manufacturing sites, in Manchester, UK and Pilsen, Czech Republic. These steps have reduced carbon emissions by around 10% or 4,000 tCO₂e. The company has planned investment in energy-efficient plant and equipment as part of the site consolidation project that is currently underway and due to complete by the middle of 2023. Further initiatives to reduce carbon emissions in line with the Route to Net Zero plan through investment and supply chain management are under consideration.

Sharps



Following the introduction of an ESG Plan following the Epiris Four Pillars, Sharps has invested in technologies that have already reduced its carbon footprint by around 18% or 180 tCO₂e. 90% of lights are now LEDs, 60% of company cars are now hybrid models and new extraction fans at the Bilston factory are saving 50 tCO₂e a year. In line with our strategy to turn Sharps into a digital-first, direct-to-consumer sales and marketing business, we are shrinking the physical retail estate which has a further beneficial impact on the overall carbon footprint. Sharps is now pushing its carbon footprint analysis into its supply chain.

The Club Company



Following on from the programme of energy audits described in last year's Annual ESG Report, The Club Company has now established its baseline carbon footprint (Scope 1 and 2 emissions of 5,245 tCO₂e) and introduced and begun to execute a Route to Net Zero strategy. The first steps are now being taken to implement this strategy, notably assessing the opportunity to add to the five existing Combined Heat and Power units, installing electric vehicle charging points across the estate, and introducing an incentive programme to drive greater environmental awareness across the team. Overall, in 2022 there was a 13% like-for-like reduction in energy usage compared to the same period in 2019.

The Big Table

The Big Table has made significant progress during 2022 and has now completed the calculation of its Scope 1 and 2 CO₂e emissions, at the same time as introducing information tools to focus management attention on energy consumption. The business is now analysing its Scope 3 CO₂e emissions in order to complete its footprint and move into its Route to Net Zero planning.

TCFD Disclosure

The Taskforce on Climate-related Financial Disclosures (TCFD) was created by the Financial Stability Board to develop recommendations on the types of information that companies should disclose to support investors, lenders and insurance underwriters in assessing and pricing risks relating to climate change.

The TCFD's goal is that its recommendations are widely adopted by companies of all sorts, and that the financial risks and opportunities related to climate change will thus become a natural part of companies' risk management and strategic planning processes. As this occurs, it is expected that companies' and investors' understanding of the potential financial implications associated with transitioning to a lower-carbon economy and climate-related physical risks will grow; information will become more decision-useful; and risks and opportunities will be more accurately priced, allowing for the more efficient allocation of capital.

In 2017, the TCFD released climate-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation. These recommendations, which were updated in 2021, are structured around four thematic areas that represent core elements of how companies operate:

- *Governance: the organisation's governance around climate-related risks and opportunities*
- *Strategy: the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning*
- *Risk Management: the processes used by the organisation to identify, assess, and manage climate-related risks*
- *Metrics and Targets: the metrics and targets used to assess and management relevant climate-related risks and opportunities*

The UN PRI supports the adoption of these recommendations and has therefore integrated certain TCFD-aligned disclosures into its signatories' mandatory reporting.

As UN PRI signatories ourselves, we view this as an excellent opportunity and framework against which to assess not only the climate-related risks and opportunities in our business and portfolio but also how we approach and manage those risks and opportunities.

Governance

Responsibility for overseeing climate-related risks and opportunities across Epiris and its portfolio companies rests with the Epiris Executive Committee, which comprises the firm's seven equity Partners and is also attended by its three non-equity Partners. The firm's policy on climate is set out in its ESG Policy which is determined by the Epiris Executive Committee; responsibility for implementing this policy is delegated to the Epiris ESG Committee which comprises Partners and other staff from across the firm who meet regularly to review the firm's and its portfolio companies' approach to and performance in respect of, inter alia, climate change.

As a part of developing the ESG Plan for each portfolio company, members of the Epiris ESG Committee and investment management team assess the company's performance against the best practice set out in the Epiris Climate Change Pillar and identify any other material climate-related risks and opportunities. The steps required to close the gaps between current and best practice and to mitigate risks and maximise opportunities, together with relevant targets and metrics, are included within the ESG Plan which is reviewed and approved by both the portfolio company's board, which comprises members of the portfolio company management team as well as the relevant members of the Epiris investment team, and the Epiris ESG Committee.



Responsibility for delivering a portfolio company's ESG Plan, including the climate-related component thereof, rests with its board. ESG is included as a standing item on each portfolio company's board agenda and updates are presented to the board at least quarterly. Any such updates are also provided to the Epiris ESG Committee. Each portfolio company's ESG Plan is then reviewed and iterated annually in discussions between the portfolio company, the Epiris ESG Committee, and the relevant members of the Epiris investment team.

Portfolio company boards and Epiris both take advice from external experts to assist in their identification and management of climate-related risks and opportunities as well as in the design and execution of the climate-related component of ESG Plans. For example, Epiris works with Anthesis Group, one of the world's leading sustainability consultancies, as its ESG programme partner as well as on bespoke projects such as the portfolio-wide climate materiality assessment conducted in 2021.

Strategy

To identify how climate-related issues may affect our and our portfolio companies' businesses, strategy and financial planning over the short, medium and long term, we conduct a climate risk assessment as a part of our due diligence prior to making an investment; we have also conducted a portfolio-wide climate materiality assessment using a climate screening questionnaire and plan to repeat this assessment periodically to capture changes in our portfolio. Our interest is not only in issues that may manifest themselves during our holding period, which is typically expected to be between three to five years, in respect of a portfolio company, but also those that may take longer to manifest themselves and that, whilst they may have no direct bearing on a portfolio company during our holding period, may be more imminently pertinent at the point we market a portfolio company for sale.

From this assessment we conclude that the most significant risks and opportunities for us and our portfolio are those in respect of:

Physical risks:

- Extreme precipitation
- Wind and storm damage
- Extreme temperatures
- Water shortages

Transition risks:

- Fossil fuel and energy cost increases
- Carbon taxes
- Consumer demand for net-zero products
- Impact on brand value

Physical opportunities:

- Extreme temperatures
- Extreme precipitation

Transition opportunities:

- Consumer demand for net-zero products
- Impact on brand value

Where these risks or opportunities are imminent, we and our portfolio companies can design solutions, for example hedging energy purchases or introducing work-from-home policies. Where they are longer-term in nature, we and our portfolio companies can take them into account in strategic and financial planning. Although they are not considered to be climate-related, recent events such as Brexit, the Covid-19 pandemic and the war in Ukraine have stress-tested our and our portfolio companies' businesses and shown the adaptability of business models and supply chains alike.



PILLAR 2

Sustainability

Improving supply chain sustainability



Aspiration: Reduce, reuse, recycle

Epiris and its portfolio companies should:

- Source raw materials from certified sustainable sources
- Reduce raw material consumption
- Reuse or recycle materials and products at the end of use
- Reduce emissions and / or discharges of hazardous pollutants or chemicals
- Send zero waste to landfill or incineration if there is an alternative
- Ensure that their and their suppliers' activities do not involve land degradation, deforestation or harm to IUCN Red List species



To be sustainable, businesses must use resources carefully and efficiently. At Epiris and across the portfolio, we are taking steps to source responsibly, to use resources wisely and to manage waste well.

Sourcing responsibly – The Big Table



Over the course of 2022, every one of The Big Table's suppliers has signed its Ethical Trading Policy which sets standards on worker welfare, business conduct and anti-slavery measures. Similarly, every supplier has responded to the company's Modern Day Slavery questionnaire. These are key steps in ensuring that The Big Table's products are sourced responsibly. The company's procurement team has been assiduously pursuing animal welfare standards throughout the supply chain, and this year has been targeting the use of free-range eggs in supplier-manufactured products.

Sourcing responsibly – The Club Company

The Club Company has become stricter about working with responsible suppliers to ensure its supply chains are ethical and in compliance with regulation. The company mandates its suppliers to sign up to its supply chain code of conduct which includes a commitment to uphold fair business standards and abstain from corruption, bribery, child labour and illegal practices. Other requirements include cybersecurity safeguards and choosing sustainable and locally sourced goods where possible.

Using resources wisely – Sharps



Sharps has launched a product lifecycle assessment to identify opportunities to understand the environmental impact of its entire supply chain. All of the wood for the main construction of Sharps products already comes from recycled or sustainable sources; key areas of focus are end-of-life disposal and packaging.

Sharps' goal of Developing a Paperless business is well underway with an expectation of reducing historical paper use by over 90% in 2023 with the implementation of new customer facing digital systems.

Managing waste well – Sharps



Sharps has a longstanding commitment to recycling, and successfully diverts 98% of waste at its manufacturing site from landfill. Working with its waste management partner, Sharps completed an analysis of its waste streams to identify the composition of the 2% sent to landfill and successfully reduced that to 1% with a further assessment of opportunities to reduce, reuse and recycle the remaining 1% of plastic waste that has historically gone to landfill. Additionally, Sharps has increased its focus on managing waste generated at customer sites.

Managing waste well – Diamorph

Diamorph has already achieved Zero to Landfill in respect to waste streams at two of its manufacturing sites, in Manchester, UK and Pilsen, Czech Republic. In 2022, it turned its attention at these two sites to increasing the proportion of waste that is recycled rather than incinerated. It has identified an opportunity to improve the segregation of items such as wax paper, cardboard, and polythene and thus to increase the proportion of waste that is recycled by around 5% to around 55%.

Managing waste well – The Club Company



The Club Company diverts more than 99% of waste from landfill. The 1% of waste that is sent to landfill is contaminated food waste, and the company is examining opportunities to prevent such contamination to enable it to achieve Zero to Landfill.



CASE STUDY

Inchcape Shipping Services

ISS is the world's leading port agent, dealing with port and customs authorities, suppliers, and service providers to meet ships' operational and regulatory requirements when they call at a port. ISS is the global leader in a resilient market experiencing long-term growth, driven by ship owners' and operators' focus on cost effectiveness, sustainability, and compliance.

The transparency required to satisfy this focus that ISS's customers have exists in symbiosis with the company's own focus on sustainability. For example, ISS is building on its existing global vendor management programme to measure suppliers' carbon emissions and to manage these down, initially through operational and process efficiencies. Giving customers visibility on operational performance is a key plank of the company's technology strategy.



PILLAR 3

People

A healthy, diverse and engaged workforce



Aspiration: World-class workforces

Epiris and its portfolio companies should:

- Be employers of choice, able to attract and retain the very best candidates for each role
- Offer an open and inclusive working environment populated by a diverse workforce and which encourages and recognises contributions from and collaboration between every member of staff
- Recognise the importance of their workforce's physical and mental health and safety



People are paramount to our success and that of our portfolio companies. We believe that organisations that encourage and recognise their staff will outperform those that fail to do so. We are therefore committed to creating and maintaining a culture, both in our own firm and in our portfolio companies, that attracts talented people, that develops and harnesses their talents, and that protects and retains them.

Attracting talent – Bonhams



Bonhams has made tremendous progress in improving its recruitment capacity since we invested in 2018 and in particular since we professionalised and upgraded the human resources leadership. The business is an equal opportunity employer and trained a hiring manager with a toolkit to open recruitment channels to a wider candidate pool. This includes a graduate scheme which in 2022 received 300 applications for five places. Bonhams has launched numerous initiatives to make it an attractive place to work, including leadership development programmes, with the most recent summit taking place in Paris in July; a mentoring programme that is now in its second year; an approach to diversity that means that two-thirds of Bonhams' new auctioneers are women; and town halls and engagement surveys to bind staff into the Bonhams strategy.

Attracting talent – Epiris



We are strong advocates of diversity in the private equity industry. We gladly contribute time and money as a sponsor of Level 20, an organisation dedicated to improving gender diversity in the European private equity industry. Members of our team participate in Level 20's mentoring programmes as mentors or mentees, as well as directly contributing to Level 20's sponsor advocacy activities. We also participated again in #10000blackinterns, offering a paid summer internship as part of an initiative to create opportunities for underrepresented talent in the finance industry.

Developing and harnessing talents – The Big Table

Nowhere has the importance of successfully developing and harnessing talent been more self-evident over recent years than in the hospitality sector. The team at The Big Table has been working hard to engage staff, to establish what is important to them, and to develop their careers through training, development, and promotion. We are delighted that this has ensured above-industry performance in key areas of staff recruitment and retention.

Protecting and retaining staff – Diamorph



Protecting and retaining staff – Sharps



In line with our People Pillar, Sharps has taken fresh steps to manage health and safety across the business. It has been collecting data in respect of near misses and accidents to establish a management baseline. It has run projects to reduce slips, trips and falls, and set new targets for providing the manufacturing team with occupational health assessments.

Diamorph has made several acquisitions in the UK since we first invested in 2019, and this year brought together its work to ensure that all the acquired UK sites are operating to the same high standards of health and safety. This has involved launching a Safety First programme at the end of the summer, comprising risk reviews and training to ensure a safety-first culture across the group.



PILLAR 4

Ethics

A strong moral compass



Aspiration: We want to be proud

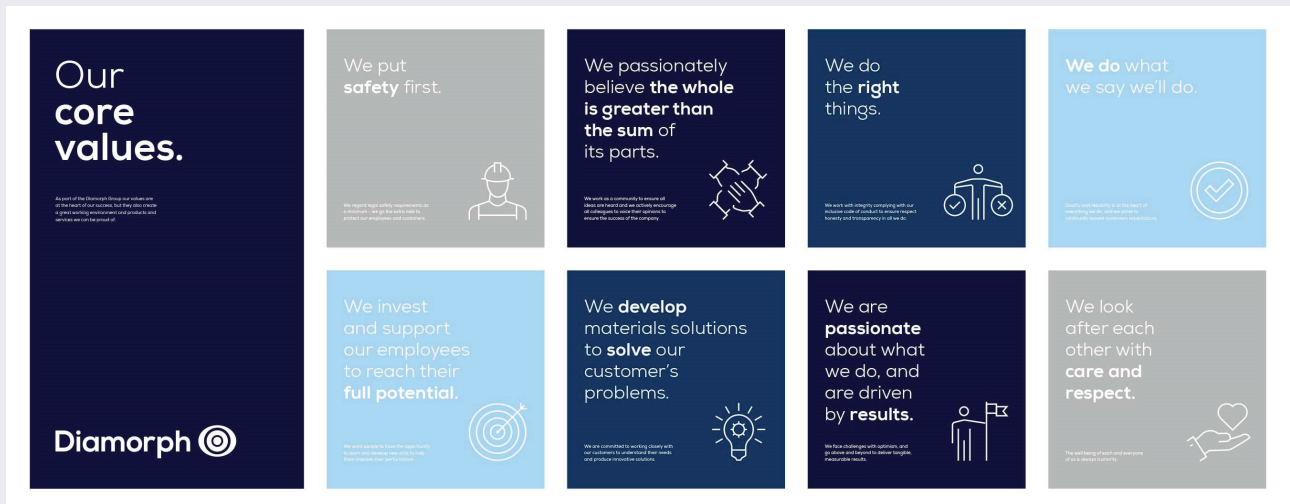
Of the businesses we invest in, of what they do and of how they treat their people, their customers and suppliers, and the world around them. This attitude should be led from the top and engrained in the culture of the business.

Companies that behave with integrity and professionalism earn their licence to operate. Trust is the foundation of our relationships with investors and stakeholders who only want to

work with companies they can trust and that operate with ethically and transparently.

We work hard to ensure that both we and our portfolio companies have strong governance structures in place supported by training on key issues.





Diamorph

Diamorph has refreshed and relaunched its group values. To embed them in the business it has translated these values into local language and designed a set of paper, desktop, and wall-mounted materials to give them appropriate prominence; and built an introduction to the group's values into the staff onboarding process.

Bonhams

Bonhams has made four add-on acquisitions during 2022. Since completing those deals, the company has focused on homogenising compliance processes, policies and training across the group, with a particular focus on data privacy, anti-money laundering, sanctions, and anti-bribery and corruption. Policies and training, where possible, are provided in local languages. An induction to compliance for all new joiners is now in place and in-person training is being rolled out. The Code of Conduct has been rolled out across acquired businesses.

Inchcape Shipping Services

ISS has been on a journey to drive a strong culture of ethical behaviour and compliance throughout the business. This started with the strengthening of the compliance leadership and the introduction of a comprehensive ethics and compliance programme built around a new code of conduct. This culture is also driven into the supply chain, with all vendors required to sign ISS's Supplier and Partner Agent Code of Conduct and subject to regular auditing.

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The Epiris logo is located in the bottom right corner of the page. It features the word "epiris" in a white, lowercase, sans-serif font. The logo is set against a dark blue background that has a diagonal white line running from the top left to the bottom right. The background also features a subtle gradient from dark blue to a lighter blue and orange at the top right corner.

epiris