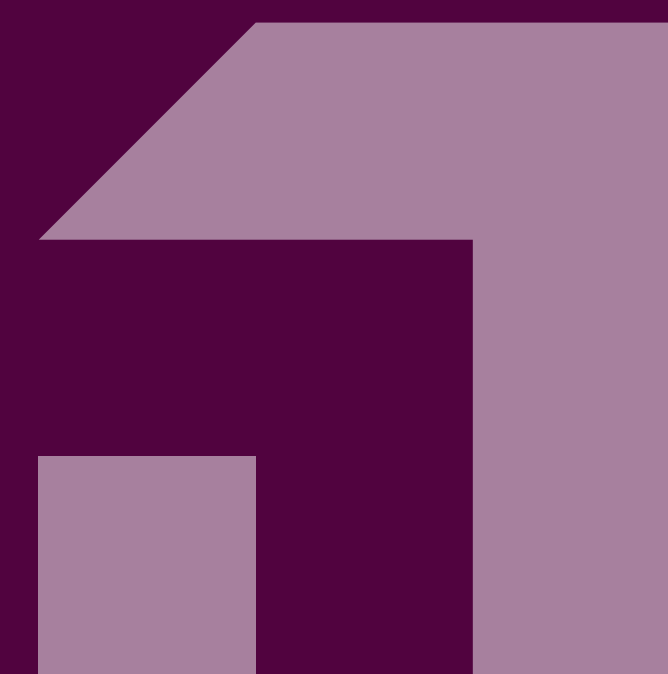




# Responsibility Report 2023





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# 1 Overview

Foreword

Our ESG journey

Montagu at a glance

Our portfolio at a glance

# CEO foreword

In 2023, Montagu continued to drive progress across our ESG strategy, improving portfolio monitoring and support, progressing carbon reduction targets, and enhancing governance and risk management.



For over five decades, Montagu has continuously invested in private markets with a focus on finding and growing businesses that make the world work. We invest in companies that improve health outcomes or use new technology to improve the delivery of must-have products or services. We fundamentally believe that we have a part to play in addressing the challenges

of our time, of which ESG is one of the most critical. Whether that is through improving governance, reducing climate impacts, or creating product innovations to drive growth and ESG benefits in tandem, Montagu can play a major role in supporting its portfolio companies to identify and manage ESG risks and opportunities to drive long-lasting value.

We have continued to progress on our climate strategy, both within Montagu and across the portfolio. In addition to supporting our companies to commit to science-based targets and decarbonisation plans, we have completed a climate scenario analysis to better understand the physical and transition risks our companies may face under different warming scenarios. We continue to work with companies to ensure that the risks they may face are understood and that they are well-equipped to manage these.

We understand that robust data is crucial to adequately assessing portfolio performance across ESG issues and identifying opportunities for improvement. We have reviewed and refined our annual ESG questionnaire to ensure that our questions allow us to better understand the risks our companies may be facing as well as the opportunities they have for maturing their ESG performance. A new scoring, benchmarking and feedback methodology has been developed to communicate these learnings to our companies and to help them to better prioritise their ESG action plans.

Developing a data-based understanding of the common areas of risk and opportunity across the

portfolio allows us to effectively tailor our support to fill these gaps. We have continued to build out our Montagu Connect communities, with the introduction of Governance, Risk and Compliance Connect and Technology Leaders Connect in 2023.

These communities provide a valuable communication channel between our portfolio companies, our ESG team and external experts, as well as facilitating knowledge sharing directly between companies. This year, we have run more than 30 events and created over 150 assets to support our companies on areas ranging from climate and gender pay gap reporting to geopolitical risk and responsible supply chain issues.

Although great progress has been made over the past 12 months, we recognise that there is always more we can do to evolve our ESG practices. We continue to provide training across Montagu on ESG topic areas, with a particular focus on key decision-makers, including the Investment team and our Montagu Board. We expanded our library of tools and resources to include a playbook for ESG integration in carve-out deals, an updated ESG diagnostic methodology, and tailored guidance on ESG due diligence in M&A. We actively participate in external networks and initiatives to build out industry knowledge, training, and resources, including co-chairing the iCI working group on 'Scope 3 Accounting and Reporting for the Software and Services Sector' and contributing to the Invest Europe due diligence guidance updates.

Whilst our most material impact is through our portfolio, we also continue to work to drive improvements in our environmental impact and employee engagement practices within Montagu. For example, our new Frankfurt office building, "Marienturm", has been awarded the highest level of recognition for sustainable buildings, the LEED "Platinum" certificate.

This annual responsibility report provides an opportunity for us to share the progress we made in 2023 towards meeting our ongoing and longstanding ambitions.

# Our values

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

## Honesty

How we behave should stand the test of changing times.

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

Clear, bold and understandable decision making.

**A responsible owner.**

## Excellence

Preserve & build on our combined experiences.

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

We are a meritocracy attracting, developing and retaining talent.

**A dynamic meritocracy.**

## Humility

Assume we may be wrong rather than always right.

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

Everything can always be improved.

**A learning organisation.**

## Courage

Have conviction and confidence in our actions.

There will always be imperfect information and perceived risk.

We can be bold, backed by our shared learnings and shared responsibility.

**A decisive partnership.**



Over the past year, Montagu has made fantastic progress against our science-based target within our portfolio, embedded ESG across the investment lifecycle, enabled the portfolio through communities, guidance and tools and driven overall ESG progress. As CEO, I am proud that the expansion of our programme of ESG activity is driven by our values, supports the objectives of our stakeholders, and drives better business.

Ed Shuckburgh,  
Managing Partner - CEO



# Our ESG journey

In 2023, Montagu continued to embed ESG into our investment practices and across the Portfolio, improving monitoring and support, making progress against our portfolio science-based target ambition and enhancing governance and risk management.

## 2015-2019

### 2015

- Became a PRI signatory.

### 2016

- Developed and integrated Montagu's responsible investing framework 'CORRGI'.

### 2017

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

### 2018

- First dedicated responsibility report for investors.

### 2019

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

## 2020-2021

### 2020

- Significant reworking of Montagu's ESG framework to focus on material topics and climate.
- Established Montagu's environmental working group.
- Joined the Initiative Climat International UK network.
- Delivered a diversity and inclusion (D&I) roundtable and established a D&I working group with representation across the portfolio.
- Joined the ESG Data Convergence Initiative.
- Are an active member in iCI working groups developing climate training for investment teams and guidance for greenhouse gas accounting and reporting for private equity.

### 2021

- Expanded our ESG team.
- Committed to setting a science-based target.
- Launched Montagu Connect, an online collaboration platform for portfolio companies.

## 2022

- Won the Private Equity Manager of the Year Award in the 2022 Environmental Finance Sustainable Investment Awards.
- Further ESG team growth, including the additions of deep governance and risk management experience.
- Embedded our ESG approach into our broader 'Full Potential Plan'.
- Received validation from the Science Based Target initiative (SBTi) for our carbon reduction target.
- Co-chaired two iCI working groups.
- Launched Sustainability Connect, a community on Montagu Connect for individuals at portfolio companies working on sustainability initiatives.
- Supported the first sustainability-linked loan in the portfolio (three total in 2022).
- Updated Montagu's ESG due diligence guidance for the investment team.
- Received a SKA Gold rating for Montagu's new London office, the highest SKA accolade recognising a sustainable fit-out.

## 2023

- Supported five portfolio companies to validate their science-based targets. An additional six companies have made commitments to set targets (either formally through SBTi or through a Board commitment).
- Completed climate scenario analysis across the portfolio to better understand physical and transition climate risks.
- Launched a new ESG data collection tool for portfolio companies to simplify the reporting process and enable Scope 3 emissions reporting across all companies.
- Launched the Governance, Risk and Compliance community with over 60 members across the portfolio, supporting each other to share practices and drive progress.
- Published over 150 assets across our Montagu Connect communities to support ESG implementation throughout the portfolio, including 20 playbooks supported by 125+ tools and templates.
- Held 30 ESG-related events across the Montagu Connect community to share knowledge from external experts and support cross portfolio improvements.
- Created a bespoke internal scoring and benchmarking methodology to assess the ESG maturity of all companies, and used this to identify new opportunities for company ESG action plans.
- Reviewed company risk registers and supported companies to continue to improve their risk management approaches and capabilities.
- Created internal ESG guidance to support carve-outs and mergers & acquisitions and revised the diagnostics and due diligence guidance and tools.
- Used the new communities and assets to diagnose opportunities and implement company specific ESG policies, processes, and tools for the two new carve-out companies in the portfolio.
- Continued to engage externally, actively participating in the Invest Europe Due Diligence working group, the iCI Scope 3 guidance and iCI training working groups.

# Montagu at a glance

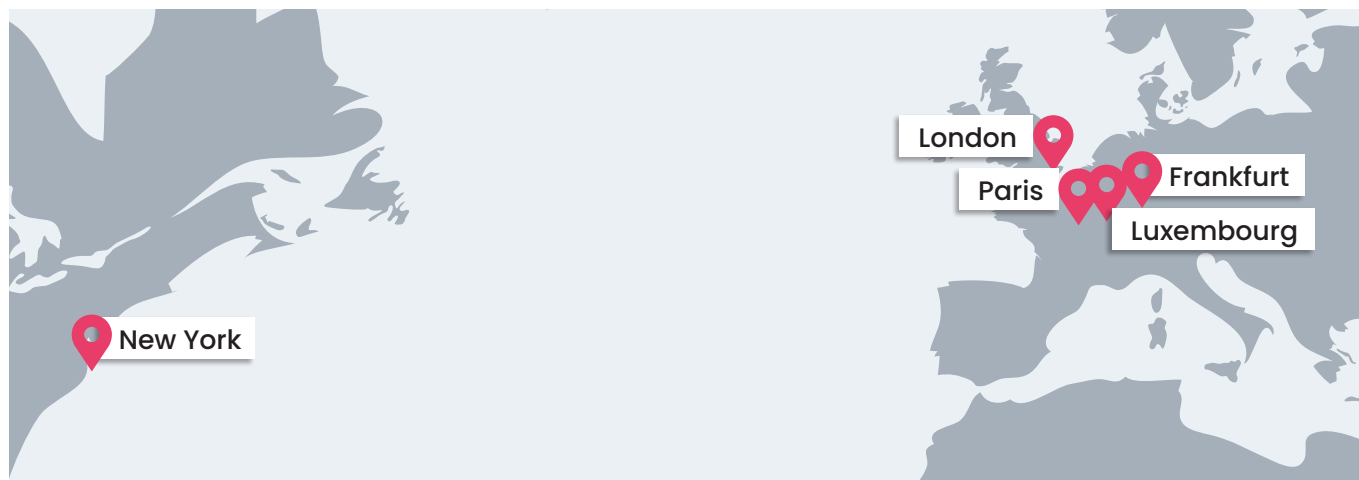
Montagu is a leading mid-market private equity firm, committed to finding and growing businesses that make the world work.

Focussing on businesses with a must-have product or service in a structurally growing marketplace, Montagu brings proven growth capabilities to help companies achieve their ambitions and unlock their full potential.

We have a shared belief that doing the right thing is consistent with creating long-lasting value. Our commitment to responsibility is embedded into the way we invest and manage our portfolio, as well as in how we operate as a business.

## OUR OFFICES

Montagu is headquartered in London, with 3 further European offices and one in the United States. This geographical reach enables us to originate deals through deep market knowledge, and actively support portfolio companies in their value creation throughout our ownership period.



## OUR INVESTMENTS

**€11bn**  
AUM across  
4 active funds

**50+**  
years in private  
markets

**>100**  
investors

**>30**  
carve-outs  
since 2002

## OUR PEOPLE

**150+**  
people

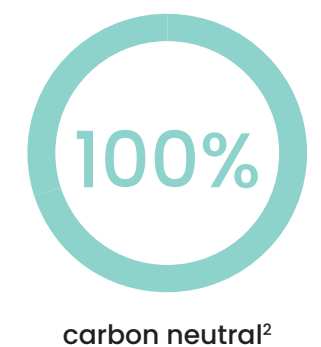
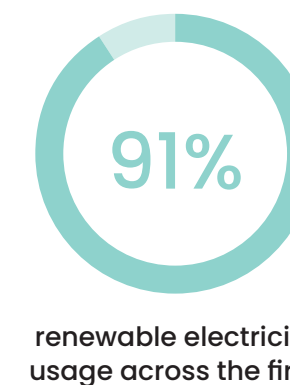
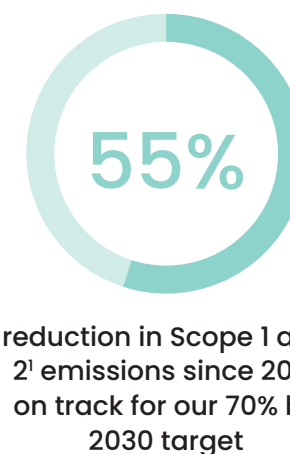
**5**  
offices

**3**  
ESG team  
members

**20**  
nationalities  
across the firm



## CLIMATE IMPACT



<sup>1</sup>The data on this page refers to the calendar year 2023.

<sup>2</sup>The carbon footprint numbers cover both the Montagu Private Equity LLP and Montagu 'Full Potential Partners' entities. Scope 2 emissions refer to market-based Scope 2 emissions.

<sup>3</sup>excludes financed emissions.

# Our portfolio at a glance

Montagu specialises in carve-outs and other first time buyout investments and has deep expertise in five priority sectors: Healthcare, Financial Sector Services, Critical Data, Digital Infrastructure, and Education.

## OVERVIEW



This report covers 23 portfolio companies, unless otherwise stated.  
 Data refers to the calendar year 2023 performance.  
 Portfolio-level statistics rely on self-reported data by portfolio companies.  
 Detailed information on the performance of each fund and portfolio company will be disclosed to investors.

## RESPONSIBLE INVESTING HIGHLIGHTS



<sup>1</sup>either through a formal SBTi commitment or through a Board commitment.



# 2 Our responsible investment approach

ESG throughout the investment lifecycle

Our ESG topics framework

Governance of ESG

Collaboration as an accelerator of change



# ESG throughout the investment lifecycle

Responsible investment principles are at the core of Montagu's investment philosophy and are set out in our Responsible Investment Policy.

We recognise the role that ESG factors can have on the success of our investments, both positive and negative. Therefore, we identify and manage material ESG factors across the investment lifecycle and implement responsible investment practices throughout the ownership period to deliver value at exit and enhanced returns for our investors. Throughout the ownership period, we build collaborative relationships with management teams to support them in meeting industry-relevant best-practice ESG standards and their stakeholder and Montagu expectations.

## PRE-INVESTMENT

### Identifying ESG risks and opportunities

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

- Screen against Montagu's exclusion list of prohibited sectors.
- Identify material ESG risks, opportunities and red flags using Montagu's materiality matrix and due diligence guidance.
- Complete the "Montagu ESG Grid" in the Investment Committee (IC) papers, setting out how the relevant risks will be addressed during further due diligence.
- Support appropriate ESG due diligence conducted by third-party experts (when deemed appropriate).
- Consider material ESG risk and opportunities, and the results of relevant due diligence, at the Investment Committee as part of the overall decision-making progress.
- Depending on the materiality of the ESG risks identified, either develop a list of actions required to address post-acquisition or pass on the opportunity.

## OWNERSHIP

### Managing and monitoring ESG

Company ESG performance is supported by Montagu's 'Full Potential Partners' team as part of Montagu's active ownership approach. The initial focus will differ depending on the deal type, with specific guidance applied if the deal is a carve-out.

- Complete an ESG diagnostic, building on the due diligence findings with a policy implementation maturity assessment; risk register review; climate assessment; and ESG upside assessment.
- Discuss the diagnostic output with the management team of the company and document priority topics and actions in an ESG action plan, agreed at company Board level.
- Include in the action plan (where relevant) completion of Foundations for Good Governance, and in line with Montagu's science-based target (SBT) commitment, required actions to receive validation of an SBT.
- Provide ongoing support from the Montagu ESG team to help deliver action plans through the Montagu Connect communities and in company-specific interventions.
- Explore potential upsides, including opportunities in products and markets, and consider whether to implement sustainability-linked loans.
- Ensure portfolio companies complete the annual ESG questionnaire, cyber and policy implementation maturity review, reporting on standardised metrics (including carbon emissions) and progress against their ESG action plan.
- Review the company ESG action plan and risk register and feed back on the questionnaire results in this context, benchmarking and identifying areas for potential improvement and inclusion in the following year's ESG action plan. This review process makes the support a cyclical improvement programme, designed to build stronger responses in areas potentially material to the company.

## EXIT

### Continuing the ESG journey

In preparation for exit, we assess the ESG performance and progress made during Montagu's ownership.

- Support venter due diligence and demonstrate improvements in ESG performance to buyers/future shareholders during the exit process.
- Encourage established good practice to continue under the future owner.
- Draft case studies, which include a summary of ESG progress made during the ownership period, to enable the sharing of best-practice and knowledge within the Montagu network.

# Our ESG topic framework



We understand that clarity is essential for good decision-making. We therefore use the same ESG Topic Framework across our ESG activities to ensure that we can track progress throughout the lifecycle of an investment.

We embed the ESG Topic Framework into our set of policies, templates, tools, guidance and reporting for the management of ESG in the context of Montagu’s investment strategy.

The ESG Topic Framework, created as a set of categories of the risks and opportunities most material to Montagu’s five priority sectors, drives consistency and repeatability, ensuring that we can report clearly and use those reports to improve our approach and inform portfolio company priorities.

In 2023, we further enhanced Montagu’s ESG due diligence guidance and materiality matrix based on the ESG Topic Framework and used them to embed the resulting ESG due diligence assessments into Investment Committee papers. The resulting matrix report helped to guide the investment team in conducting early assessments of potentially material risks and opportunities, and to scope further due diligence.

We have also used the ESG Topic Framework, and associated processes and tools, to guide the creation of a playbook for ESG integration in carve-out deals, an updated ESG diagnostic methodology, and to create tailored guidance on ESG due diligence in M&A deals. We continue to look for ways to improve the effectiveness of our tools, data sources and processes. The ESG Topic Framework is reviewed at least annually and governed by the ESG committee.

	TOPIC AREAS	KEY AREAS
<b>Environment</b> 	<b>Environmental Matters</b>	<ul style="list-style-type: none"> <li>GHG emissions</li> <li>Physical and transitional climate risks</li> <li>Energy management</li> <li>Waste management</li> <li>Water management</li> <li>Ecological impact</li> </ul>
	<b>Social</b> 	<b>People-related Matters</b>
<b>Value Chain</b>		<ul style="list-style-type: none"> <li>Human rights risks</li> <li>Animal welfare</li> <li>Supply chain management</li> <li>Responsible sales and marketing</li> <li>Product &amp; service quality, safety and access</li> <li>Product design and lifecycle</li> <li>Raw material sourcing and efficiency</li> </ul>
<b>Governance</b> 	<b>Governance &amp; Business Practices</b>	<ul style="list-style-type: none"> <li>Corporate culture and leadership</li> <li>Risk management</li> <li>Business ethics</li> <li>Research practices</li> <li>Cyber security and data protection</li> <li>Business continuity &amp; disaster recovery</li> <li>Community relations and social licence to operate</li> </ul>
	<b>Law and Regulation</b>	<ul style="list-style-type: none"> <li>Regulation, tax and legal compliance</li> <li>Anti-bribery and -corruption</li> <li>Anti-competitive behaviour</li> <li>Sanctions and export control</li> <li>Intellectual property rights</li> </ul>



# Governance of ESG

The governance of ESG is embedded into Montagu’s overarching governance structure, providing oversight of ESG implementation at a firm and portfolio-company level.

Critically, Montagu has both an ESG committee, established in 2019, and has embedded ESG into other formal decision-making processes and forums. Montagu’s Board has ultimate responsibility for delivering against our ESG strategy. Tim Cochrane, Head of the ‘Full Potential Partners’ team, is the designated Partner responsible for the ESG programme and has responsibility for ensuring ESG matters are appropriately considered.



*As chair of the Montagu ESG Committee, I support both Montagu and Portfolio Company ESG strategies as they develop. The consistency of approach and governance enables us to address opportunities thematically and add value across multiple topic areas and companies simultaneously.*

— Tim Cochrane,  
Partner – Head of FPP



## Responsible Investment Policy

Our Responsible Investment Policy outlines how we integrate the identification and management of key risks and opportunities across the investment lifecycle. It applies to all Montagu funds.

The policy was last updated in December 2023 and sets out the activities required to identify, deliver, and report on ESG risks and opportunities across the lifecycle of investments and how governance is applied. The policy can be found on the Montagu website.

## ESG objectives in performance reviews

Remuneration for Montagu’s staff is based on an annual appraisal process considering a variety of factors, including ESG where appropriate, which aligns the interest of investment teams with our investors and incentivises consideration of longer-term risk reduction and value-creation ESG factors alongside financial performance.

## Training

We provide ESG training in several different ways as part of our Montagu Academy programme.

- All new joiners at Montagu attend an ‘Introduction to ESG at Montagu’ session, with a further deep dive for new members in the Investment and ‘Full Potential Partners’ team.
- Additional training is provided throughout the year, including updates on new or revised requirements, commitments, and guidance, and on specific topics to enhance knowledge and skills. In 2023, we delivered Investment Team and Montagu Board training on climate, health and safety, and ESG due diligence.
- In addition, the ESG team share regular updates on relevant topics and have established a shared library that contains guidance/playbooks, resources, templates and company examples, training and documentation.

## GOVERNANCE STRUCTURE: MONTAGU BOARD AND COMMITTEES

### Montagu Board

A summary of ESG characteristics and external commitments, risks and incidents material to Montagu or the funds are discussed at every meeting of the LLP Board.

### Portfolio Committee

Every portfolio company is discussed individually at least two times a year at the portfolio committee. A discussion of ESG issues, such as any incidents, risks, opportunities, and progress against the ESG Action Plan, forms part of the standard agenda.

### Investment Committee

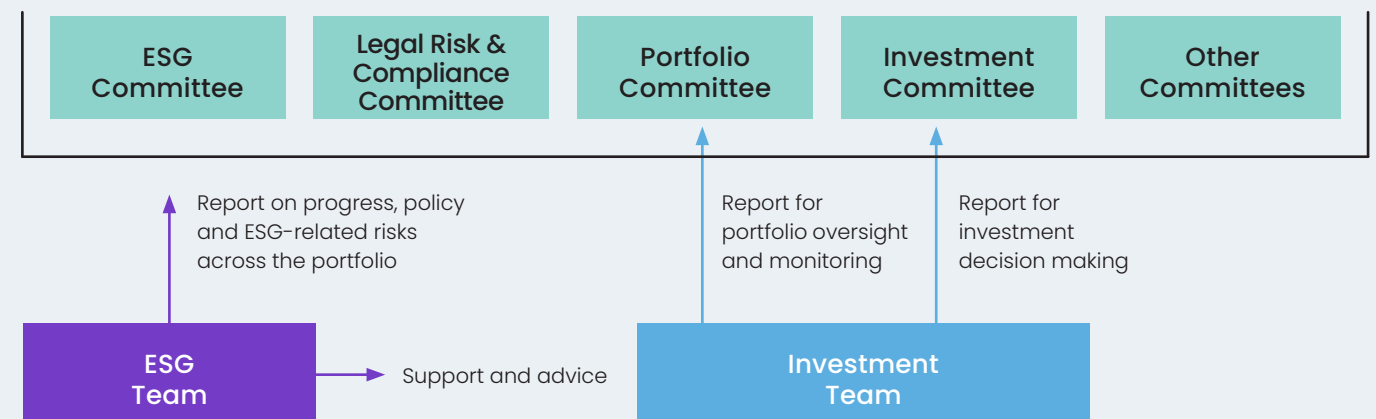
Before making any investment, the ESG considerations relevant to that investment and the results of due diligence, as set out in the Montagu ESG Grid, are considered by the Investment Committee as part of their overall deliberations as to whether an investment is made. The committee also reviews the investment’s ability to enable Montagu to meet company-wide and Fund-level commitments.

### ESG Committee

Responsible for ESG policy and governance as well as the identification, management and support of material portfolio-wide ESG risks and opportunities. The ESG Committee meets at least quarterly.

### Legal, Risk and Compliance Committee

Oversight of material risks and incidents, including ESG risks, for Montagu or the portfolio companies in which its funds invest, meeting at least twice a year.





# Collaboration as an accelerator of change

We believe that for lasting change to happen, we must work together. We therefore actively participate in key industry initiatives and engage with others to drive best practice, action, and transparency. We believe that collaboration and outreach inform and accelerates our progress, as well as that of our peers, investors and the industry.

## Industry collaboration

We are contributors to industry working groups, including:

- Co-Chair of the iCI working group – Scope 3 Accounting and Reporting for the Software and Services Sector (guidance published in July 2023).
- Member of the iCI working group – Training Materials.
- Contributor to the Invest Europe Due Diligence guidelines working group.
- Led a British Venture Capital Association (BVCA) training session on developing and delivering on carbon reduction plans in portfolio companies.

In addition, we have presented at industry events and attended industry roundtables on ESG topics, including due diligence, driving value through ESG, risk trends and diversity & inclusion.

## Collaboration with co-investors

We believe that collaboration and alignment as co-investors is a powerful engagement tool to drive meaningful change at portfolio companies. We strive to build open, transparent, and collaborative relationships with co-investors. After determining the engagement lead, we seek to agree on the priority topics and align on data requirements as part of annual reporting. This means that we often combine data requirements into one questionnaire to reduce the reporting burden on companies.

Once an action plan has been agreed with the portfolio company and with the support of the engagement lead, as co-investors, we have the opportunity to help accelerate progress through the shared Board positions and the support that we can provide. Whether we are the engagement lead or not, we seek to implement the ESG standards that Montagu has defined for its portfolio.

## Working with investors

Our investors have their own ESG commitments and obligations, and we actively support them through our reporting, using standards such as EDCI and ILPA to make the transfer of ESG data easier and enabling cross-industry analysis and improvement. Where we can, we actively engage with investors for feedback, to better understand their expectations and strive to build partnerships through which we can drive progress.

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



### Signatory of the UNPRI

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



### UN Global Compact

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



### Initiative Climat International

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



### Responsible Investment Roundtable

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



### ESG Data Convergence Initiative

The ESG Data Convergence Initiative is an open partnership of private equity stakeholders committed to streamlining the private investment industry's historically fragmented approach to collecting and reporting ESG data. Its mission is to create a critical mass of meaningful, performance-based, and comparable ESG data from private companies. Montagu joined the EDCI in 2021, which as of April 2024 has more than 250 General and Limited Partner members.



### Task Force on Climate-related Financial Disclosures

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



### ILPA Diversity in Action

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



### Science Based Targets initiative

The Science Based Targets initiative (SBTi) is a global organisation that provides a framework for businesses to set ambitious carbon emission reduction targets, consistent with limiting global temperature rise to 1.5°C.

Please see [page 20](#) for further information about Montagu's climate change commitments and targets.

# 3

## Responsibility in the portfolio

Driving responsibility in our portfolio

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Our focus areas for engagement

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Our portfolio communities:  
Montagu Connect

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# Driving responsibility in our portfolio

At Montagu, we consider it our responsibility to help our portfolio companies mature their ESG programmes, which we believe will in turn support business growth.

We are committed to active engagement with management teams on ESG topics, to deliver long-lasting value for all stakeholders: customers, employees, suppliers, partners, investors, local communities, and society at large.

We recognise the role that ESG factors can have on the success of our investments, both positive and negative. We therefore identify and support the management of material ESG factors across the investment lifecycle, implementing responsible investment practices throughout the ownership period to deliver value at exit and better returns for our investors.

## OUR PORTFOLIO ENGAGEMENT APPROACH

### 1 Foundations for Good Governance (FfGGs)

We believe that successful and value-creating businesses are built on solid governance practices. Conducting a gap assessment against our FfGGs and addressing any shortcomings is considered a priority post-investment.

### 2 ESG diagnostic & action plan

An ESG diagnostic helps us understand the priority topics for the company and to define its ambition and strategy. Based on the diagnostic, an ESG action plan is developed, including detailed initiatives and targets over the short and medium terms. Carbon reduction initiatives, including setting science-based targets where appropriate, is a key ESG consideration for all companies.

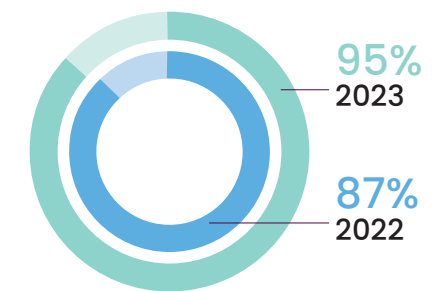
### 3 Reporting and improvements

We engage regularly with portfolio companies throughout the year to help them develop and progress against their ESG action plans. Our annual ESG questionnaire process includes a review of ESG action plans and allows us to formally monitor progress against ESG initiatives and targets and provide feedback and performance benchmarking to companies.

# 1. Foundations for Good Governance

We understand that robust governance forums, policies and practices will both protect and enable our portfolio companies. We continue to develop our Foundations for Good Governance (FfGG) based on our cumulative experience and best practice, and governed by the ESG Committee.

The Foundations for Good Governance are assessed during diagnosis, embedded in each company's 'Full Potential Plan' and represent the minimum standard that we expect our companies to achieve within twelve months of acquisition. The FfGGs in this report apply to all investments made since December 2023, prior to this date previous versions would have applied. During ownership, we help the companies to identify areas of the FfGGs for further growth or improvement and support them in doing so.



Portfolio compliance with Montagu's FfGGs

#### GOVERNANCE MODEL

**Audit, tax, compliance, risk, and nominations and remuneration are addressed by the Board or a Board committee**

**Board member responsible for ESG**

**Sustainability working group**

**Named person(s) responsible for compliance**

#### POLICIES

**Code of Conduct**

**Human rights & Modern Slavery policy/statement**

**Anti-bribery & corruption policy**

**Cyber security policy**

**Privacy policy**

**Sustainability policy covering climate**

**Diversity and inclusion policy**

**Health and safety policy or statement**

**Business specific regulatory requirements**

#### PROCESSES

**Whistleblowing capability**

**Governed risk register**

**Procedure for confirmation of regulatory compliance, including:**

- Sanctions screening procedure
- Conflicts of interest reporting process
- Gifts and hospitality log
- Documented process for investigations and discipline

**Employee engagement questionnaire**



## 2. ESG diagnostic & action plan

ESG is a key component of our post-investment 'Full Potential Plan' diagnostic, conducted in the first year of ownership.

### Standardised approach

Our ESG diagnostic builds on the due diligence findings for each new investment and consists of a deeper analysis of potentially material ESG risks and opportunities. In 2023, we reviewed and refined our ESG diagnostic approach, creating a standardised methodology which closely aligns with our annual ESG questionnaire. This ensures that we have a consistent framework for the assessment of ESG performance and maturity throughout the investment period. Additional components of the diagnostic include a policy implementation maturity assessment, risk register review, climate assessment, and ESG upside assessment.

### Management accountability

Based on the outputs of the diagnostic, we work with management teams to develop ESG action plans, signed off by the company Boards. The action plans will cover any missing governance procedures and policies, as well as a set of initiatives and related KPIs to address the ESG topics most material to the company operations. These plans are owned by the management team and are updated and reported to Montagu on an annual basis. We provide active support to portfolio companies throughout this process by sharing relevant templates and resources, delivering training and webinars on prominent areas and connecting companies with a network of trusted advisors, as well as with other companies through our Montagu Connect communities.

### Montagu review

We monitor ESG performance through our Portfolio Committee review system, in which each portfolio company is reviewed at least twice a year. The review includes ESG compliance, implementation status of Montagu's Foundations for Good Governance, ESG action plans (including science-based targets where applicable), risk management, and cyber security.

## 3. Reporting & improvements

Transparent reporting and an effective feedback process are critical for identifying key areas of risk and opportunity across our portfolio and driving progress where it really matters.

To ensure effective mechanisms are in place across our companies to drive internal progress, Montagu's Foundations for Good Governance require companies to nominate a Board member accountable for ESG matters and to establish a sustainability working group. The working group oversees progress against the company's ESG action plan, identifies priority initiatives, and reports regular progress against the company's action plan to the Board.

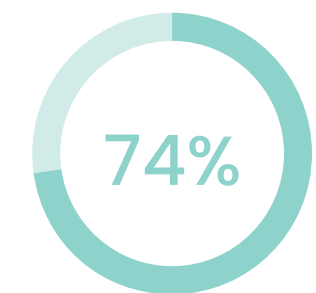
To support the creation of the ESG action plans and meet our own reporting requirements, Montagu requests that all portfolio companies complete an annual questionnaire (either directly or through our co-investors). The questionnaire covers indicators and KPIs across topics including, but not limited to: climate and environmental matters, diversity and inclusion, workforce training, governance and policy maturity, cyber risk management, and litigation.

In 2023, we partnered with an ESG data platform provider to simplify our questionnaire and provide our companies with more visibility over their ESG metrics through online dashboards and reporting functionality. As well as this, we developed a scoring and benchmarking methodology and tool to provide companies with structured feedback on their ESG

performance and with relevant, actionable inputs into their ESG action plans. We issued each company with a report which summarised their performance across environmental, social, governance, policy, and cyber indicators; showed their relative performance within their sector; and identified key activities to prioritise in their ESG action plans for the upcoming year. As part of the feedback process, we also compared their policy implementation maturity across specific risk areas to the contents of their internal risk register, to identify any discrepancies between their assessment of residual risk and the mitigation activities and plans in place. The ESG questionnaire analysis provides us with a strong understanding of the common areas of risk and opportunity across the portfolio, allowing us to provide tailored resources and the support to address these. Through our Montagu Connect communities, we provide companies with templates, playbooks, and access to external experts to help them improve their ESG performance across priority areas.



of companies respond to Montagu's annual ESG survey



of companies discuss progress against ESG action plan regularly at the Board

# Embedding Foundations for Good Governance in carve-outs

Montagu has significant experience managing carve-outs and ensures that the ESG support on offer is suitable for companies who are moving away from a corporate parent structure.

In Q4 2022, Montagu acquired Lloyd's List Intelligence (LLI) and EPFR from the same parent company, Informa, along with core policies and capabilities to ensure continued compliance during the carve-out period.

**>30**  
carve-outs  
completed since 2002

## Lloyd's List Intelligence

Lloyd's List Intelligence uses advanced analytics, artificial intelligence, and industry expertise to transform unparalleled data into powerful insight. They provide coverage and expert commentary across the maritime and insurance industries to keep professionals well informed of developments, and comprehensive legal resources across maritime and other specialist practice areas of law so that professionals can quickly and confidently research cases. Their unique data and analytics services, news and commentary, and publications help professionals in operations, risk, and compliance make confident decisions.

**1734**  
Established

**>60k**  
active users

**>3000**  
data sources

## EPFR

As a market-leading data provider of funds flows across global capital markets, EPFR provides mission-critical datasets for players across the value chain, allowing financial professionals access to granular information to identify investable trends and support better investment decision-making.

**50+**  
year history

**>350**  
clients

**>\$50trn**  
assets tracked

### Governance model

The initial priority with any newly acquired company is to ensure good governance, and for a carve-out this often means starting afresh, as old corporate structures are no longer available. Montagu therefore shared template Terms of Reference for the governance forums and agreed on the timing and attendees of initial meetings with both companies. In the first meetings, the subject of science-based targets was raised, and both Boards committed to setting a science-based target and submitting it for validation within 24 months.

### Policies

The focus then quickly moved to policy and process requirements, assessing the needs of each company individually and creating FfGG implementation plans, embedded into each 'Full Potential Plan' and monitored through regular ESG implementation status meetings.

In LLI, the focus was on the creation of FfGG policies and processes. In two days of face-to-face meetings between the Montagu 'Full Potential Partners' team and the company's General Counsel, LLI policies were created to complete a set of FfGGs that met the needs of the company. The draft policies were then shared internally within LLI for cross functional verification and Board approval.

Through the risk review, EPFR identified editorial risk as an additional policy focus area and a workstream was created within the company. The editorial processes were reviewed and formalised to ensure feedback loops were in place and issue management was strengthened. The company then engaged external experts and led a 4-hour training session for the editing staff where guidance was provided and rich discussions gave the team a clear understanding of editorial risks, red flags and required risk mitigation steps.

In the meantime, the Montagu 'Full Potential Partners' team had used the LLI policies to improve FfGG templates and EPFR, as a company of a similar size and risk profile, utilised these, shortening their policy creation timeline and reducing effort. Their new policies were reviewed internally and approved by the EPFR Board.

### Processes

While policies go some way to managing risk, the implementation of processes and controls is an essential element of an effective risk management programme. Both companies required additional tools to support their new policies. The initial focus was on Whistleblowing and policy management, then on the management of employee and third-party compliance processes. The Montagu 'Full Potential Partners' team assisted in the identification and implementation of these tools and met with the CFOs and ERP deployment leads, discussing the financial controls that would further reduce the risk of fraud, phishing, bribery and corruption and human error.

### Supporting to maturity

Throughout this time, the Montagu 'Full Potential Partners' team supported the companies to identify inherent and residual risks within their sector, business model and operations and reviewed their initial risk registers, feeding back with areas for potential improvement and further mitigation opportunities.

Within 12 months of acquisition, both companies had the governance, policies and procedures and an actively managed risk register in place and were embedding improvement plans into their ESG annual plans.

CASE STUDY

# Janes



Janes is the leading provider of open-source and proprietary intelligence to governments, intelligence agencies and commercial customers in the aerospace and defence industry.

The company has over 120 years of experience in delivering assured foundational military intelligence that is produced by almost 300 in-house analysts and approximately 300 contributing experts. Montagu completed the carve-out of Janes from IHS Markit in December 2019.

With an unmatched legacy of almost 130 years, Janes has adapted, expanded, and developed its unique tradecraft whilst transitioning from a traditional military publisher to the leading global agency for open-source intelligence. Today, Janes' Graph data model has over 101 million statements, over 82,000 equipment profiles, and almost 400,000 "events". Janes also provide essential foundational reporting on countries' politics, economics, societies, etc., for 160 countries with a further 36 covered by Country Overviews.

>450

employees

17%

female board members

27%

female c-suite members

## Developing an ESG strategy

ESG considerations are core to Janes' Purpose: improving global security through trusted defence intelligence. In 2023, driven by the strong ESG ambition of the senior leadership team and feedback from the Montagu ESG questionnaire, Janes formalised their ESG strategy. They distilled this Purpose into three environmental, social and governance objectives. Each objective is underpinned by a concrete action plan based on priority initiatives to further strengthen the company's ESG performance. The ESG strategy and objectives were communicated throughout the company by senior leadership, as well as externally on their website.



### Environment

Janes is an environmentally conscious business – we manage and measure CO2 and greenhouse gas emissions, optimise the energy efficiency of our offices, and facilitate greener choices by our colleagues.

**Tie-in to Our Purpose:**  
We understand that sustainability and the mitigation of climate change reduce the drivers of threats to global security.



### Social

In order for Janes to be a truly great place to work, we maintain a continuous, practical and transparent approach to Diversity, Equity, and Inclusion. We also actively support the armed forces communities.

**Tie-in to Our Purpose:**  
If Janes is to be a great place to work, it must be an environment where all colleagues have a voice and must reflect the geographies and markets we serve. This enables us to deliver high-quality products and services to our customers, supporting our purpose.



### Governance

Janes is an ethical and accountable business – we develop, implement, and regularly review our policies and processes on business ethics, decision-making, and transparency.

**Tie-in to Our Purpose:**  
An ethical, accountable organisation can contribute to global security by avoiding contributors to insecurity such as corruption and slavery, and by investing in its communities.



## CASE STUDY

## Janes

## Implementing the ESG strategy

The ESG action plan is overseen and managed by Janes' ESG committee, formed of key individuals across the organisation, including finance, human resources and compliance. They have created a structured, cross-functional approach to the identification, implementation and monitoring of ESG activities to ensure accountability, and work with trusted third parties where required.

## KEY FOCUS AREAS FOR 2023

- Establishing a robust GHG emissions reporting process and receiving validation of Janes' science-based target (validated in October 2023).
- Progressing Janes' D&I strategy, including completion of a gender pay gap assessment throughout the global organisation.
- Improvement of the internal and third-party risk management processes
- Driving progress in their cyber and privacy postures.

These actions reflect part of their three-year ESG action plan, which outlines their commitment to ESG as a long-term strategic programme. This programme puts Janes' Purpose into action, engages their employees, and supports their stakeholders.

## ESG in their service offering

Janes have also used their growing ESG knowledge and maturity to highlight how Janes' data can support their customers in addressing ESG concerns. In particular, Janes' Country Intelligence and events content can be used to highlight threats of terrorism and insurgency, serious and organised crime, impacts of climate change on security and other issues pertinent to customers' progress on meeting the UN Sustainable Development Goals.



*Implementing a robust ESG strategy at Janes not only enhances business resilience and long-term sustainability, but also strengthens our reputation and fosters innovation. With the support of Montagu, we have been able to leverage our expertise and resources to maximise the positive impact of our ESG strategy, while driving profitable growth.*



— Blake Bartlett,  
Chief Executive Officer – Janes

## Spotlight:

## Diversity and inclusion

A key area of opportunity identified from the 2022 Montagu ESG questionnaire was to progress Janes' D&I activity, in particular through measurement of their gender pay gap across the organisation.

They created a D&I working group and outlined an objective to improve the gender balance at Janes to better represent the clients and markets that they service. This was underpinned by quantitative, timebound targets for gender diversity at all levels, with a commitment to transparently communicate progress against this.

In 2023 they took the following actions to meet these objectives:

- Created a gender pay analysis sheet with every role at every grade level with average and mean salaries including bonus payments.
- Worked with key executive group members/functional heads to go through the pay groups and identify any anomalies.
- Made some immediate salary changes as a result of this work.
- Communicated clearer salary bands to both hiring managers and the talent acquisition team so that incoming hires would be paid in line with existing team members.
- Communicated the work through a global all hands presentation on actions being taken, including:
  - 2022 ESG achievements.
  - 2023 and 2024 action plans.
  - Gender balance by level in 2022, 2023 and in new hires.
  - The gender pay gap data split into 4 equal pay quartiles.
  - Educating employees on what the gender pay gap data indicated.
  - Next steps, including diverse interview panels, focusing on career progression and development and improving paternity leave and wellbeing support.

# Our focus areas for engagement

We strive to help all our companies understand their ESG risks and opportunities based on their sector, geography, the nature of their business model, risk reviews and ESG diagnostics, and work with them to address these topics.

We have identified four topic areas across environment, social and governance that we believe are relevant to all companies, regardless of the nature of their operations, and we work with our portfolio to ensure that these topics are adequately managed within their organisations. The following pages explain our approach and progress in these topic areas.

## CLIMATE



- We are committed to supporting the transition to a net zero economy.
- We engage with portfolio companies to set science-based carbon reduction targets.
- We encourage carbon reduction initiatives in ESG action plans and the assessment of physical and transition climate risks.
- We assist in embedding ESG commitments and expectations internally and within supply chain management.

## DIVERSITY AND INCLUSION AND EMPLOYMENT PRACTICES



- We recognise the value that a diverse workforce can bring and the importance of fostering a respectful, safe and inclusive work environment.
- We are committed to enhancing D&I performance and employee wellbeing across our portfolio.
- We support businesses to consider D&I in their talent management practices and to educate on unconscious bias.

## CYBER SECURITY



- We understand that cyber incidents can adversely impact the operating performance of a company, and a poor or insufficient cyber security posture can create significant financial and reputational risk.
- We are committed to working with portfolio companies to assess, implement and mature cyber security programmes.

## GOVERNANCE, RISK AND COMPLIANCE



- We understand that well-governed companies grow more sustainably and have fewer issues.
- We support companies to assess their governance and risk management capability and policy implementation maturity and actively support them to improve across the Montagu ESG Topic areas.

# Climate

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

The changing climate poses risks to the environment and people in communities across the world, as well as to the operations and value chains of organisations. Companies need to adapt to changing operational risks and enhanced expectations and scrutiny from stakeholders, including customers and regulators. Those companies that commit to credible decarbonisation plans can benefit from enhanced operational resilience and reduced reputational risk. Introducing initiatives to reduce emissions can also improve efficiency, reduce waste, or highlight new product and market opportunities.

Montagu is committed to our pledge to support the transition to a net zero economy, both in our own work and in the work of our portfolio companies. Montagu has demonstrated this commitment by being one of the first private equity firms to receive validation of our science-based target (SBT), supporting our portfolio companies to set their own targets, publishing voluntary TCFD reports, investing in new carbon reporting software for our companies, and aiming to promote portfolio company science-based targets as a characteristic of our future fund, Montagu VII, for the purposes of disclosures made in accordance with Article 8 of the EU SFDR.

Our engagement with portfolio companies on climate action and carbon reduction targets has led to five portfolio companies (32% of invested capital) receiving validation for their science-based targets, with a further six companies (23% of invested capital) committed to setting science-based targets (either through Board commitments or a formal SBTi commitment). We will continue to work with the management teams of portfolio companies to measure carbon emission across the value chain and to help them set science-based targets backed by credible decarbonisation plans, and to identify opportunities where their products and services may help their customers decarbonise.

### Our science-based target

Montagu has committed to<sup>2</sup>:

- 55% of its eligible private equity investments by invested capital setting SBTi validated targets by 2026, and 100% of its eligible private equity investments by invested capital setting SBTi validated targets by 2030.
- Reduce absolute Scope 1 and 2 GHG emissions by 70% by 2030 from a 2019 base year. Increase annual sourcing of renewable electricity from 4% in 2019 to 100% by 2030.

**5**  
portfolio companies have validated science-based targets (2022: 0)

A further **6**  
portfolio companies have a Board commitment to set an SBT within 24 months

**84,300**  
tCO<sub>2</sub>e  
portfolio operational carbon emissions<sup>1</sup>

**100%**  
of portfolio companies calculate scope 1 and 2 emissions

**78%**  
of companies calculated Scope 3: purchased goods and services emissions

**78%**  
of companies calculated Scope 3: business travel emissions

**2019**

- Measured the carbon footprint of Montagu's portfolio for the first time.

**2021**

- Became a TCFD supporter.
- Submitted SBT for validation by the Science Based Targets initiative (SBTi).
- Delivered training to the deal and FPP team on science-based targets.



**2023**

- Supported 5 portfolio companies to validate their SBTs.
- Completed climate risk scenario analysis exercise across our portfolio with an external provider.
- Delivered climate training for portfolio companies, covering GHG emissions accounting methodologies and rationales, and carbon reduction targets.
- Delivered climate training for the Montagu Investment Team and Board, focused on climate regulation, Montagu commitments and ESG due diligence processes.
- Ran training for the BVCA on 'Developing and Delivering on Carbon Reduction Plans'.
- Co-chaired ICI working group which published guidance on 'Scope 3 Accounting for the Software and Services sector'.
- Implemented a new GHG emissions reporting solution for Montagu and portfolio companies.

**2020**

- Became an iCI member and joined two working groups (GHG Accounting and Reporting, and Training).



**2022**

- Delivered carbon accounting training to portfolio companies.
- Published the first TCFD report (as part of 2021 Responsibly Report).
- Received validation of our SBT from the SBTi.
- Following engagement with portfolio companies, 10 companies made a formal Board commitment to set an SBT within 24 months.

<sup>1</sup>Calculated based on Scope 1 and 2 (location-based) emissions. Prepared in line with the iCI and ERM Greenhouse Gas Accounting and Reporting Guide for the Private Equity Sector (2022).

<sup>2</sup>Montagu's portfolio targets cover 95% of its total investment and lending activities by invested capital as of November 2021.



CASE STUDY

# Wireless Logic



Its award-winning network infrastructure platform helps customers connect, control and secure over 11 million devices across 165 countries on more than 750 global networks.

>600  
employees

>25,000+  
customers

>11m  
connections



*Embracing ESG is not just a commitment; it's the cornerstone of our ethos. In every action we take, ESG principles guide our path, fostering a sustainable and responsible approach. Our customers and suppliers resonate positively with the steps we're taking, recognizing that our dedication to ESG isn't just a promise but a tangible reality. As proud members of the SBTi, we are not merely adapting to change; we are driving transformative progress toward a more sustainable and resilient future, inspiring a collective movement towards responsible business practices.*



Matthew Tate,  
Chief Operating Officer - Wireless Logic

## Our science-based target

Wireless Logic received validation of their net zero target from the SBTi in December 2023.

- Wireless Logic Ltd commits to reach net-zero by 2030. As part of this, Wireless Logic Ltd commits to reduce Scope 1, 2 and 3 emissions 90% by 2030 from a 2021 base year.

The decarbonisation plan focuses on the following key activities:

- Energy efficiency and renewables:** Implement Internet of Things (IoT)-driven energy management systems across Wireless Logic operations and facilities to enhance efficiency, and transition to renewable energy sources, addressing Scope 1 and 2 emissions.
- Sustainable supply chains:** Harness IoT to streamline the supply chain, optimising routes and logistics to significantly reduce Scope 3 emissions.
- Innovation in product design:** Design products and services with sustainability in mind, reducing energy consumption and extending lifecycles to minimise environmental impact.
- Employee engagement:** Foster a culture of sustainability among the workforce, encouraging practices that contribute to net zero goals, such as remote work and sustainable commuting.
- Collaboration and advocacy:** Work alongside partners, customers, and industry peers to collectively advance sustainability efforts, amplifying impact.

The ambitious net zero goal and decarbonisation activities are driven by the following objectives and underlying drivers:

- Innovation leadership:** Wireless Logic's pioneering role in the IoT space compels the company to leverage cutting-edge technology not just for business growth, but also for environmental stewardship.
- Economic and environmental synergy:** Wireless Logic recognise the alignment between sustainable practices and long-term economic resilience, driving efficiency while mitigating environmental risks.
- Stakeholder expectations:** The company's commitment to decarbonisation reflects the growing expectations of customers, investors, and regulators for businesses to take tangible actions against climate change.
- Social responsibility:** Wireless Logic understand their sense of duty to future generations, striving to leave a healthier planet for those who follow.
- Scientific urgency:** The validation of our science-based target underscores the urgent need for action in line with global climate science.

By integrating these actions and drivers into core strategy, Wireless Logic is not just committing to a sustainable future but actively paving the way for transformative change in the IoT industry and beyond, aligning their technological innovations with environmental aspirations.

CASE STUDY

# Miraclon



**miraclon**

Miraclon is one of the world's leading providers of imaging technologies for the graphics customisation of printed packaging materials.

Miraclon's flagship flexographic plate imaging system, FLEXCEL NX, has received industry-wide acclaim for its leading image resolution quality, since debuting on the market in 2008. Flexography is the most common form of packaging printing and can apply images on almost any substrate, with a speciality in flexible packaging.

In April 2019, Montagu agreed to carve-out the flexographics division of Kodak. In doing so it created a standalone company with a mission to maintain a constant stream of innovation for its customers and continue its journey of transforming flexo into the premium print process of choice for packaging. Flexography is a method of printing using a flexible printing plate. These flexographic plates play a small, but crucial, role in the larger flexographic printing press and enable printing across multiple material types.

**70+**

countries

**350+**

employees

**c.400**

customers

Montagu believes that acting in line with our values and progressing our ESG focus areas is not only the right thing to do, it is also good business. We encourage portfolio companies to identify opportunities where their products and services may help their customers decarbonise.

### Strategic ESG planning

Miraclon completed an ESG review in 2023, looking at the impact of Miraclon products on customer ESG requirements. It concluded that ESG is shaping the future of the packaging industry in the medium to long term and represents a critical topic from the economic, environmental, and regulatory perspectives as well as a key factor shaping consumer behaviour. It also concluded that good ESG practices help printers reduce print production waste, increase print production efficiencies, and print optimally with more sustainable materials. The impacts are potentially multi-dimensional and include not only environmental improvements but also economic benefits.

Miraclon is therefore investing in multiple product enhancements to develop their overall offering.

### Innovation with ESG in mind

Shine LED lamp kits, innovated by Miraclon and launched in 2023, offer customers the sustainability benefits of LED technology as an upgrade to their existing exposure equipment. LED lamps experience minimal degradation and last up to 6 times longer than UV fluorescent tubes. They provide 20% faster exposure, reduce energy consumption, reduce waste through achieving consistently high-quality results, extend the life of the current machine and eliminate the need for an additional machine in an estimated 90% of cases. Because LED lamps last longer, customers eliminate the frequent investment in new tubes and can avoid the hazardous waste associated with fluorescent bulbs. Practical adoption is key to changes in technology, and the new Shine LED lamp kits are a fraction of the cost of a new purpose-built system and take just a few hours to install.

Miraclon is also investing for the long term in the FLEXCEL NX Ultra programme, which enables water-based plate processing. Ultimately, the goal is to enable customers to achieve quality and efficiency with a user- and environmentally-friendly plate-making process without adverse cost impacts. Miraclon have made great technical advances in this area through the launch of their first-generation products and are well placed to achieve a step change in printing technology.



# D&I and employment practices

## Diversity and inclusion

We recognise the importance and value of a diverse workforce and leadership, including its potential to boost innovation, improve decision-making and positively impact financial performance. Therefore, we are committed to enhancing D&I not only at Montagu, but across our portfolio companies.

In 2023, 26% of our permanent C-level hires were female, up from 16% in 2022. For D&I to become part of the culture, it needs to be actively managed throughout a company. We therefore continued to engage with portfolio companies on diversity and inclusion at all levels of the organisation, including:

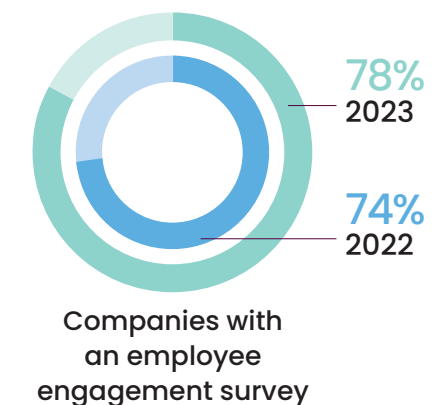
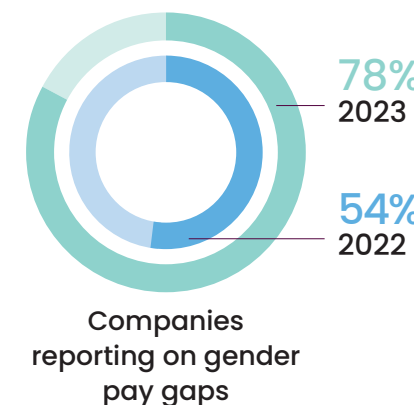
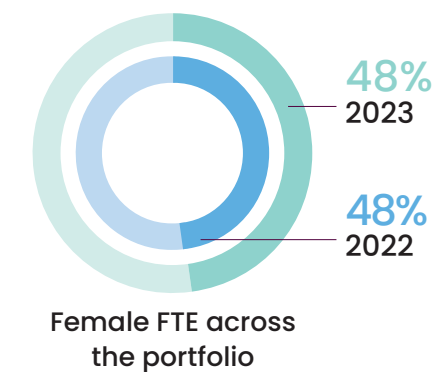
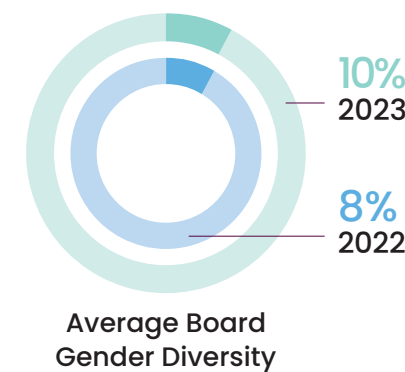
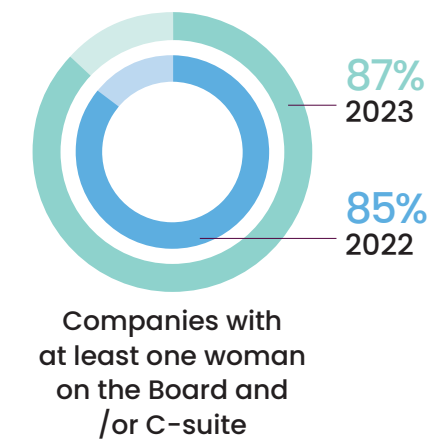
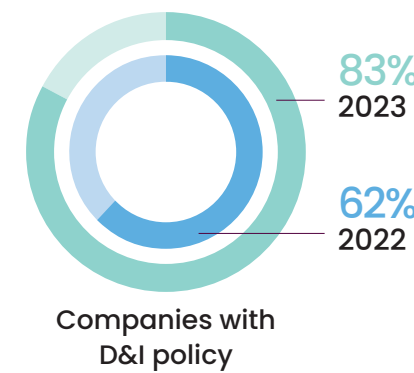
- Creation of a 'D&I and gender pay gap reporting' playbook, which provides guidance on the measurement and reduction of gender pay gaps. This covers topics from recruitment to development and promotion, and changes in working culture.
- Updates to our 'Talent Toolkit', a document providing best practice guidance on topics covering the lifecycle of talent, from talent attraction and acquisition through to talent retention and development, to better address D&I considerations. This will be published in Q1 2024.
- Sharing resources and materials through our Sustainability Connect community, including a template for D&I questionnaires, webinars on neurodiversity and inclusive leadership, and a value creation playbook, covering D&I.

## Talent and employment practices

Our businesses depend on attracting and retaining high quality talent, and we are committed to achieving equity and creating opportunities for all people to realise their potential. In 2023, we continued to drive progress on talent and employee management throughout our portfolio, including:

- Continued to host our series of HR Roundtables through Human Capital Connect. Topics for 2023 included 'Finding and Hiring Top Commercial Talent in Today's Market' and 'Generative AI – Exploring the Art of the Possible for Talent'. The sessions are led by guest expert speakers and are open to all relevant Montagu Connect communities.
- Held a 'Health, Safety, and Wellbeing' training session, focusing on the various components of Health and Safety and the impact of culture and wellbeing on personal and organisational resilience.
- Hosted our annual Future Leaders' Forum on the 4<sup>th</sup> and 5<sup>th</sup> October (please see [page 27](#) for further details).
- Invited a female CFO to present on her career journey at our Future Leaders' Virtual Townhall, a series of virtual events for alumni of the Future Leaders' Forum which enabled continued learning and networking opportunities.

## D&I across the portfolio



# Governance, risk and compliance

We recognise that good governance, and the policies and processes that enable it, is key to supporting company growth. For this reason, the first step in any acquisition is to diagnose and manage any gaps in the Foundations for Good Governance. However, these are foundational elements common to all companies and are unlikely to meet all the risk and compliance needs of a company.

We therefore recruited a governance and risk expert in 2022 and have spent 2023 improving our understanding and support of company risk and compliance in four significant and portfolio-wide initiatives:

- We have introduced a policy implementation maturity assessment, enabling us to review over 20 core policy areas from a compliance perspective and identify where improvements may be beneficial.
- We have reviewed company risk registers against the ESG Topic Framework and identified areas of potential improvement, areas in risk management processes and specific areas of additional potential risk. We have fed this analysis back to the companies and assisted them in their improvement projects.
- We have combined this portfolio implementation maturity and risk analysis information to understand where there are individual and thematic opportunities for improvement in the portfolio.
- We have created the Governance, Risk and Compliance Connect community to build and deploy 10 playbooks and over 80 supporting assets to help drive improvements. We have held 17 events including monthly virtual Compliance Coffees to encourage cross company engagement and support.

In addition to this portfolio-focused work, we also actively prepare ourselves and our portfolio companies for changes in ESG regulations and associated requirements. We believe that this reduces the risk of business disruption and increases stakeholder confidence in our capability, and the capability of our companies, to meet the increasing expectations.



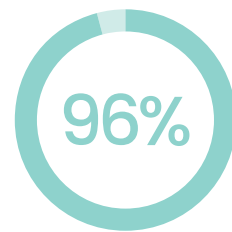
of companies have a whistleblowing procedure



of companies cover audit, tax, nomination and remuneration and compliance at Board level

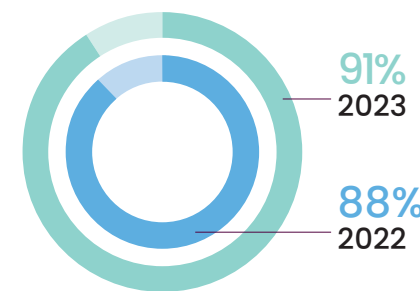


of companies have their policy implementation maturity reviewed by the GRC team

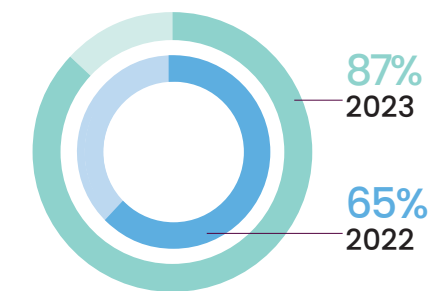


companies had their risk register reviewed by the GRC team in 2023

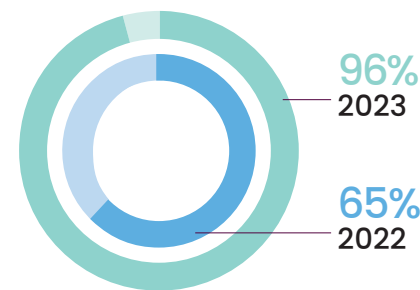
## Driving continuous improvement



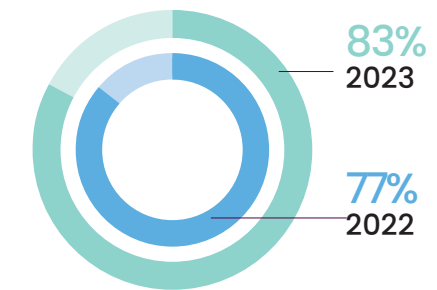
of companies have a Code of Conduct



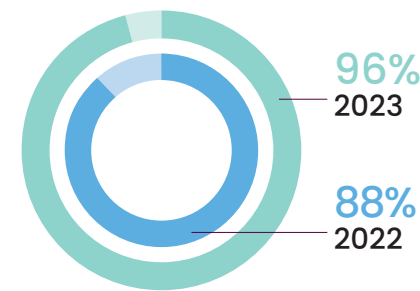
of companies have a Board member responsible for ESG



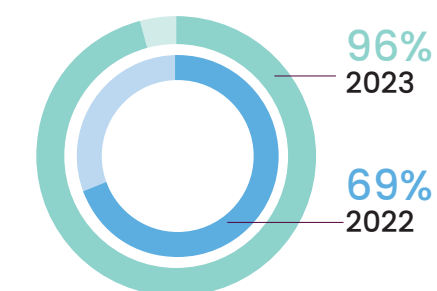
of companies have a formal risk register in place



of companies have a Sustainability Policy



of companies have an anti-bribery and corruption policy



of companies have a human rights policy or statement

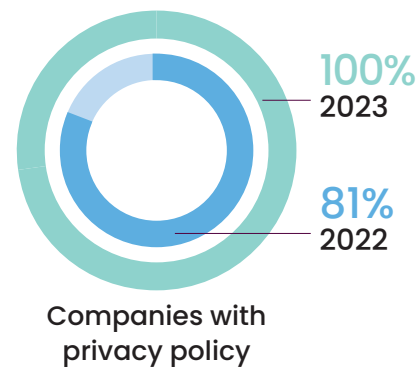
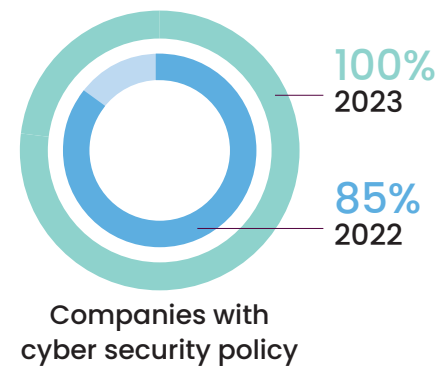


# Cyber security

**Cyber security continues to be a focus area for Montagu due to the prevalence and potential impact of cybercrime, and we have continued to broaden our Technology Leaders Forum and its Connect community support in this area during 2023.**

Good cyber security is vital in safeguarding personal and organisational information, protecting the ability to function, and ensuring that our portfolio companies can make the most of the opportunities that come with tech enablement.

For our software companies, we take the responsibility they have towards their customers and partners seriously and are committed to working with them to build software and solutions that are secure by design and that protect the privacy of the data that they handle.



## MONTAGU'S CYBER SECURITY PROGRAMME

In 2023, we expanded the scope of our Cyber Security Programme. The first portfolio company cyber questionnaire, carried out in 2022, queried companies across a set of areas pertinent to having a core cyber security baseline. Our expanded programme is broader and more systematic and enables us to assess and score cyber security maturity across eight distinct areas, with additional areas being applicable for those companies who build software. These are:

1. Policy and process
2. Network and infrastructure vulnerability
3. Application vulnerability
4. Endpoint and perimeter security
5. Process and access controls
6. People awareness and knowledge
7. Incident response and recovery
8. Governance and leadership

For software companies this is also further bolstered with:

9. Secure software design and architecture
10. 3rd party technology risk detection and mitigation
11. Automated secure software engineering (SecOps) and Site Reliability Engineering (SRE)

We consider each business' unique risk profile and propensity for cyber threats. The program, and its scoring/rating methodology, has been reviewed and updated again for 2024, in recognition that cyber security best practices continue to evolve given the changing threat landscape, and that standing still in this space is not viable.

During Q2 2023, we analysed all our portfolio companies' cyber security posture and discussed our findings and recommendations for improvement with each company. The scores, risks and opportunities for improvement are also reported to Portfolio Committees within Montagu and discussed at company Boards. The reports highlight any gaps to be addressed to achieve a baseline of maturity across each of these areas, in line with industry best practices and in awareness of a company's particular risk profile. These also drive investment and action plans which remediate and strengthen cyber security posture.

Our programme has improved awareness and understanding and has driven activities which we believe have reduced risk at several portfolio companies. We see this as complementary to specialist assessments and audits, and we encourage cyber table-top simulations, periodic internal and external pen-testing of both infrastructure and software applications, testing of ransomware recovery, IT continuity and business continuity plans, and the attainment of formal certifications such as Cyber Security Essentials Plus, ISO/IEC 27001/27002, or other regional alternatives.



*Cybersecurity is an area of importance and focus for us portfolio-wide, with 2023 seeing us host and champion initiatives aimed at improving education, assessment of existing posture, awareness of best practices and improvement opportunities, and provision of proactive expert support across the five essential pillars of prevention, defence, detection, incident handling and recovery. In multiple portfolio companies we have seen CISOs hired, employees trained, tools and systems deployed, and a keen willingness by Management teams and Boards to improve overall cyber security posture, where applicable, to meet Montagu's ambitious target standard. Carve-out processes have been leveraged as a unique opportunity to upgrade to a strong posture from the get-go, and our pre-deal diligence activity covers and highlights cyber security and associated risks. I look forward to strengthening our stance even further in 2024.*

Dr Mark Spiteri,  
Partner, Portfolio CTO



# Our portfolio communities: Montagu Connect



The GRC and Sustainability communities have been an invaluable source of networking and support to OASIS Group. The offering has been vast, varied and engaging, from conferences to webinars with expert speakers, one-to-one support and comprehensive playbooks, templates and resources. It's been especially helpful to network and share ideas with other portfolio companies, each time we meet there are always a few golden nuggets to take away from the community to help us improve.

Nicola Simpson,  
Group Compliance and Audit Director, OASIS Group



Our use of communities in 2022 proved to us how positively impactful we can be when we engage across the portfolio and drive collaborative activity and learning.

We embraced this further in 2023 through the launch of Governance, Risk and Compliance Connect; Technology Leaders Connect; and Commercial Leaders Connect.

from portfolio companies themselves. This community engagement provision is continuing to reap rewards, both in terms of driving knowledge, capability and appetite for change across our companies, and crucially in enabling those in senior, expert-based roles to have a group of like-minded individuals for support and assistance.

The Montagu Connect community tool allows us to share resources, deliver online and in-person events, publish news, and enable cross portfolio collaboration and networking. The events, which include forums, training, and webinars, are delivered through a mix of Montagu and external speakers, and presentations

## OUR COMMUNITY EVENTS

We know that getting people together to talk and share their experiences is key to generating a sense of community. Examples of events that we hosted in 2023 include:

- The Governance, Risk and Compliance community launched with an in-person event in April, which provided external expert-led sessions on health, safety and wellbeing; insider risk; competition law; ransomware; and managing GRC in mergers and acquisitions. We also shared good practice on risk governance and monitoring, and identified the areas that the community wanted to prioritise in the year ahead.
- The Sustainability community had its first face-to-face event in May 2023, with expert-led sessions on materiality assessments; climate and emissions reduction; and effective ESG communication, and agreed to focus on Climate, D&I and cross-functional working with other communities on GRC, cyber and talent-related areas.
- The Technology Leaders community held their first session in London in 2023 and covered both IT-strategy topics as well as cyber risk and protection, following up with further assets and events to help companies progress their cyber protection, and business continuity capabilities.
- The Sustainability and GRC Connect communities held a joint virtual end-of-year event with an expert-led session on responsible supply chains, followed by parallel carousels of presentations by portfolio companies, sharing their progress and tips on subjects such as building an ESG strategy, implementing science-based targets, managing risk when working with third-party intermediaries, and improving data privacy programmes.

7

active communities supporting portfolio companies

30+

ESG-related events across the communities

150+

assets including 20 playbooks

### Montagu Connect Communities

SUSTAINABILITY CONNECT	HUMAN CAPITAL CONNECT	TALENT CONNECT	FUTURE LEADERS' CONNECT	GOVERNANCE, RISK & COMPLIANCE	TECHNOLOGY LEADERS' CONNECT	COMMERCIAL LEADERS' CONNECT
Brings together individuals who lead on ESG-related topics within their organisations, sharing and driving progress across the sustainability agenda.	Group of HR leaders across the portfolio who focus on people-related matters, including D&I.	Group of Talent and People Leaders who collaborate on a Talent toolkit for use in our portfolio companies. The first version of the toolkit was launched at the end of 2022, but this will continue to be updated in line with best practice.	A forum established each year for those who are nominated as future leaders within their organisations and who attend our annual Future Leaders event. The forum remains open to allow attendees to stay connected.	This community will provide a forum for those responsible for Governance, Risk and Compliance to share and drive improvements in governance and risk management, specific risk areas and compliance frameworks within the portfolio.	This community will bring together CTOs, CIOs and CISOs to discuss and support each other on topics like innovation, software engineering best practices, technology enablement, cloud migration and cyber security.	This community will bring together Commercial Leaders across the portfolio to leverage learnings related to growth within our sectors.

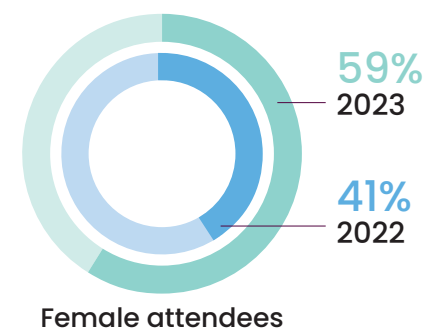


# The Future Leaders' Forum

Responsibility is at the heart of the way Montagu invests. We are deeply committed to creating long-term, sustainable value in the companies in which we invest, including creating a culture where people can thrive and achieve their full potential.

The Future Leaders' Forum (FLF) was conceived to inspire and develop those who have been identified as high potential talent across the portfolio. The two-day conference provides participants with a unique opportunity to learn, share experiences and create an international network with fellow Future Leaders across the portfolio. In addition, participants hear from C-Level guest speakers from the portfolio and take part in interactive case study discussions and presentations.

In October 2023, Montagu hosted its third Future Leaders' Forum, on the topic of 'Operating for Today, Transforming for Tomorrow'. We were delighted to welcome 44 attendees representing 22 Montagu portfolio companies. The group was truly diverse: the percentage of female Future Leaders in attendance increased by over a third on the previous year, and participants joined us from 11 different countries across Europe, the USA, Mexico, Brazil, and India.



Participants explored the ways in which effective leadership can balance the competing demands of short-term day-to-day operations and long-term transformation. The cohort heard from 11 portfolio company Chief Executive Officers and Chief People Officers, all of whom who have successfully led businesses through significant transformation. Sessions included case studies on different portfolio companies, investor and portfolio company perspectives on M&A, and how to manage organisational health during a transformation. The group also participated in interactive breakout sessions facilitated by Montagu Partners.

The event was well received: in a post-event survey, over 90% of respondents agreed that the opportunity to learn about the experience and leadership lessons of portfolio CEOs was particularly valuable, and 89% appreciated the chance to network with other portfolio companies.

To continue to inspire and develop attendees following the event, this year marks the second anniversary of the Future Leaders' Forum network. With 103 FLF alumni, network members are given access to a dedicated online community hosted on our collaboration platform, Montagu Connect, providing a forum for exchanging ideas. Alumni are also invited to quarterly Townhall talks with senior leaders from across the portfolio, to continue to learn about leading through change. In February 2024, we hosted our first Townhall of the year (and third Townhall to date) with a portfolio CEO speaker, and welcomed over 90 participants from the FLF alumni network. Participants learnt about the portfolio company's journey of growth and transformation and the leadership lessons learned along the way. We look forward to further events this year.



*It was great to hear the experience of the senior management. Really inspiring to have access to their stories and challenges. Amazing networking opportunity to talk with other colleagues that face the same issues in other industries or countries. All in all, an inspiring experience to become a better professional.*

Participant,  
Future Leaders' Forum 2023



*I thought the summit was a great experience from a cultural standpoint. Interaction amongst multiple organizations was interesting to see firsthand. Listening to the journey from multiple perspectives and being able to relate to it was fascinating.*

Participant,  
Future Leaders' Forum 2023



# 103

Alumni in the  
FLF community



The Montagu plan: driving responsibility in our operations

# 4 Responsibility at Montagu

The Montagu plan:  
driving responsibility in our operations



The Montagu plan: driving responsibility in our operations

# The Montagu plan: driving responsibility in our operations

Our commitment to responsibility extends beyond our portfolio companies, to the way that we operate as a business.

Montagu’s core values of honesty, humility, excellence, and courage create a culture that propels us to champion responsibility throughout the organisation, fostering an environment where accountability and ethical conduct thrive.

The Montagu plan, as set out on the in the following pages, captures our key focus areas, as agreed by and updated through our ESG committee. We focus on the reduction of carbon emissions and minimising our environmental footprint; promoting diversity and inclusion; supporting our employees in their learning, development and wellbeing; and positively impacting our local communities.



## ENVIRONMENT

We are committed to reducing the environmental impact of our operations.

### Our impact on the environment

**Objective:**

Reduce Montagu’s carbon footprint, including increasing recycling, reducing waste and developing awareness of ‘green’ solutions.



## LIFE AT MONTAGU

We are committed to attracting fantastic talent, and supporting every team member with tailored professional growth and development to enable everyone to achieve success and fulfilment in their careers.

### Diversity & inclusion

**Objective:**

Promote diversity and inclusion across Montagu.

### Learning & development

**Objective:**

Provide opportunities for employees to develop and advance their careers.

### Community engagement

**Objective:**

Positively impact our community and enable its development.

### Employee wellbeing

**Objective:**

To maximise our employees’ wellbeing.

The Montagu plan: driving responsibility in our operations



# Our impact on the environment

Montagu’s environmental impact is relatively small compared to the portfolio, but we want to demonstrate best practice.

We therefore continuously review our own practices to identify opportunities to reduce the environmental impact from our operations and supply chain, including our GHG emissions. From our own experience, we can also share knowledge and resources with portfolio companies that are working on reducing office-based emissions.

## KEY HIGHLIGHTS FROM 2023

### Frankfurt office move

In 2023, we relocated our Frankfurt operations to a new office space, which is better able to accommodate our growing team, meet their well-being needs, and reflect our Montagu brand.

As was the case for the London office in 2022, sustainability was a paramount consideration throughout the entire design and relocation process. In recognition of our commitment to sustainability, the Frankfurt office building, “Marienturm”, has been awarded the highest level of recognition for sustainable buildings, the LEED “Platinum” certificate. The architectural design of the Marienturm guarantees thermal comfort and optimal energy efficiency. Eco-friendly materials and low-emission products have been chosen to contribute to a healthy indoor environment.

During the office move, wherever possible, furniture and electronics from our previous office were either reused or donated to local charities, to minimise waste.

### Sustainable events

We continue to maintain our principles for Montagu-led events, which provide guidance on how to limit the environmental impact of any events we organise. These include guidance on choices relating to venues, transport, catering and event resources. We are committed to implementing these principles, wherever possible.

For example, in 2023 our all-staff meetings were facilitated by the European rail networks and group coaches unless under exceptional circumstances, significantly reducing the climate impact of such events.

### Mayor’s Business Climate Challenge (BCC)

In January 2023, we were accepted to participate in the Mayor of London’s Business Climate Challenge, a programme aimed at reducing energy consumption in offices, cutting energy costs and lowering emissions in the city.

As part of the challenge, an independent audit of the London Office’s energy usage was conducted. The findings and recommendations of the audit were implemented and a 10% year-on-year reduction in energy consumption was realised. We continue to work with the building’s landlord to further reduce our overall energy consumption, working towards the Mayor of London’s commitment to make London net zero carbon by 2030.

## GHG emissions

In 2023, we continued to work towards our operational science-based target of reducing absolute Scope 1 and 2 GHG emissions by 70% by 2030 (from a 2019 baseline) and increasing renewable energy usage to 100%.

To date, we have reduced our operational emissions by 55% across our offices (from a 2019 baseline) and use 100% renewable electricity in our offices in London and Luxembourg, which accounts for approximately 91% of our total firm electricity usage.

INDICATOR	2023
Scope 1 emissions, tCO <sub>2</sub> e	36
Scope 2 emissions (market-based), tCO <sub>2</sub> e	43
Scope 3: categories 3.1 <sup>1</sup> , 3.2 <sup>1</sup> , 3.3, 3.5, 3.6 <sup>2</sup>	2,407
<b>Total carbon emissions, tCO<sub>2</sub>e (excluding investments)</b>	<b>2,253</b>
<b>Total carbon emissions, tCO<sub>2</sub>e per full-time employee<sup>1</sup></b>	<b>14</b>
Scope 3: investments, tCO <sub>2</sub> e <sup>2</sup> (Scope 1 & 2)	31,600
Scope 3: investments, tCO <sub>2</sub> e <sup>2</sup> (Scope 1 & 2 & 3)	145,900

We have been carbon neutral since 2019 and, while our primary focus remains on reducing our emissions, we continue to offset any residual emissions.



<sup>1</sup>Number of employees includes permanent employees and contractors.  
<sup>2</sup>Location-based financed emissions. Prepared in line with the iCI and ERM Greenhouse Gas Accounting and Reporting Guide for the Private Equity Sector (2022).

## PLANS FOR 2024

In 2024, we will continue to evaluate our environmental action plan, exploring avenues to enhance the sustainability of our offices and events, emphasizing energy efficiency. We will participate in the Southwark Climate Collective – supply chain stream, which will include an independent audit to review our supply chain and further reduce our carbon emissions.

The Montagu plan: driving responsibility in our operations

# LIFE AT MONTAGU Diversity and inclusion

Montagu recognises the importance of diversity and inclusion, and we appreciate the value and creative potential that individuals of different backgrounds bring.

We work hard to ensure equitable treatment in all aspects of working life, and an inclusive and supportive culture where differing views and experiences are respected. We firmly believe that such a culture significantly enhances our ability to provide quality to our investors.

## KEY HIGHLIGHTS FROM 2023

We continue to mature our annual training on maintaining a respectful work environment “Dignity at work”, incorporate inclusive leadership training within our people leadership development programme and offer relocation-based growth opportunities to develop talent. In addition, in 2023 we:

- Partnered with Investing in Ethnicity to conduct a review of Montagu’s current practices against their maturity matrix.
- Further improved accessibility to enhanced paid parental leave by reducing length of service eligibility criteria.
- Partnered with recruitment agency Dartmouth Partners and with Level 20 to engage in a female talent recruitment event, with the aim of diversifying our Associate talent pipeline.

## EXTERNAL D&I PARTNERS

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



### ILPA Diversity in Action

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



### Investing in Ethnicity

In 2022, Montagu became a member of Investing in Ethnicity, an organisation supporting businesses in progressing the Ethnicity Agenda in their workforce and beyond.



### Level 20

A not-for-profit organisation set up in 2015, to inspire more women to join and to succeed in the private equity industry.



### Out Investors

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

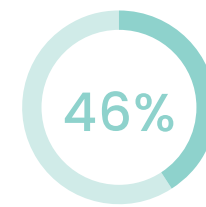


Montagu’s extended paternity leave policy was an invaluable benefit for me and my family. It meant not having to trade-off between my professional commitments and my role as a father.

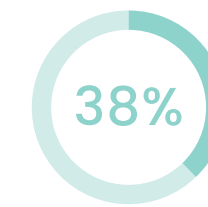
— Christophe Maitrier, Partner



## GENDER DIVERSITY AT MONTAGU<sup>1</sup>



Female professionals across the firm



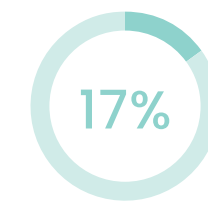
Female investment professionals<sup>2</sup> (excluding c-suite)



Female new hires in investment team<sup>2</sup>



Female new hires



Females across firm leadership (Partners and C-level)

## PLANS FOR 2024

- Assess and enhance our approach to recruitment processes and interview training for both hiring managers and interviewers.
- Review of annual leave policy regarding public holidays and feasibility of flexible leave for religious and culturally significant dates.
- Continue Dignity at Work programme including addressing unconscious bias.
- Further leverage “Investing in Ethnicity” resources to continue strengthening our D&I approach.
- Partner with EY Foundation on Private Equity Smart Futures Programme, to continue our efforts on improving social mobility.
- Expand the current Parental Coaching services available.

<sup>1</sup>This includes Montagu Private Equity LLP and Montagu ‘Full Potential Partners’ (MFPP).

<sup>2</sup> Excludes C-suite investment team members.





# Learning and development

We pride ourselves on being a results-oriented learning institution, prioritising the growth and advancement of our team members.

Our goal is to foster a perpetual learning environment that champions excellence and inclusivity, empowering all individuals throughout Montagu to realize their utmost capabilities.

## KEY HIGHLIGHTS FROM 2023

We delivered team-, subject- and level-specific training courses, ensuring that training was relevant and applicable to recipients, and continued to drive ESG topics into training to further embed it into the culture of the organisation. For example, each new hire joining Montagu received an average of more than 10 hours of company-specific training, including on ESG and climate. Investment team members received an average of 10 hours of training during the year, including on climate and upcoming ESG regulations, health and safety, and ESG due diligence.

Specifically, during 2023, we provided the following:

- **Compliance and controls training**, focussing on areas applicable to the different job roles.
- **Investment team training modules on ESG**, optimising board effectiveness, assisting portfolio companies in addressing inflation challenges, and fostering the refinement of interpersonal skills.
- **An expanded Montagu Academy** to deliver a behavioural learning option for our non-investment teams, offering tailor-made training modules for our FPP team and support teams.
- **People leadership training for Line Managers** within support teams, and an introductory management training program for Investment Managers.
- **Improvements in the Associate Programme** by incorporating extra training modules and broadening the scope of job rotations for international Associates.
- **Expanded coaching services throughout the organisation** and implemented an online platform to enhance the accessibility of coaching services.

## PLANS FOR 2024

- Continue to mature the Associate hiring and learning program.
- Conduct analysis of our coaching offering and recommend further improvements
- Proceed with providing our leadership training initiative for Line Managers within support teams and extend its implementation to additional members of our Investment teams.
- Continue to develop through learning needs analysis and introduce additional courses to address identified gaps within the business.



# Employee wellbeing

Montagu is dedicated to creating a workplace where every team member receives acknowledgment, appreciation, and the opportunity to realise their full potential while making the most significant possible contribution to the business.

We continue to invest in our commitment to actively foster the physical, mental, and financial wellbeing of our employees.

## KEY HIGHLIGHTS FROM 2023

We continue to support our employees with benefits including access to private medical insurance, GP services, and health checks; enhanced maternity and paternity leave; family care support, including backup childcare, tuition and study support for dependent children, and carer cover; life assurance and income protection; and an employee assistance programme, including a dedicated wellbeing app.

In addition to our current wellbeing provision, we have advanced our programme in 2023 through:

- **Completion of a review** of benefits for our European offices.
- **Expansion of Private Medical Insurance** to include Dental Cover and provide eyesight tests and glasses.
- **Introduction of the employee discount scheme.**
- **Increased frequency of Chair Massages** in the wellbeing room.
- **Expanded availability of virtual yoga classes** to all locations.
- **Improved accessibility to enhanced paid parental leave** by reducing length of service eligibility criteria.

## PLANS FOR 2024

- Roll out a new mental health course, to further increase awareness and support for all.
- Implement recommendations following the review of our European benefits with the aim of enhancing our current offering.
- Enhanced payroll giving "GAYE" scheme via set up of Charities Aid Foundation's online portal.



The Montagu plan: driving responsibility in our operations

## LIFE AT MONTAGU

# Community engagement

We aim to invest in businesses that are embraced by the communities in which they operate, and we hold ourselves to that same expectation.

We are actively contributing to our local communities, directing our time and resources where they can generate the most meaningful outcomes and exploring additional opportunities to participate in important causes and support charitable initiatives.

## KEY HIGHLIGHTS FROM 2023

In 2023, we:

- Supported St Thomas the Apostle College (STAC) with over 500 hours of student engagement through weekly enrichment projects, a day long business exposure event for 25 students, annual work experience workshops and two 4-week summer internships.
- Supported One Southwark's week of purpose with 30 hours of student engagement, by leading a skills development session for their first cohort, to further develop their knowledge around collaboration and self-discovery.
- Continued to back community organisations and fundraising initiatives, including:
  - Sponsoring Samuel Montagu football club's kit for 9 children's teams.
  - Taking part in events like the Great Ormond Street "Thames Trek," the Muscular Dystrophy "Paddle, Paddle, Peak" Challenge, and the Hackney Half Marathon, in support of South London Cares.
  - Enhanced payroll giving "GAYE" scheme via set up of Charities Aid Foundation's online portal.

## PLANS FOR 2024

- Continue current activities with STAC, One Southwark and Samuel Montagu football sponsorship.
- Continue to work directly with local charities and via Team London Bridge to support fundraising activities.
- Further develop our Charity donations strategy to provide all employees with an opportunity to nominate their chosen charity.
- Further promote employee awareness of payroll giving opportunities via Charities Aid Foundation's via payroll giving "GAYE" scheme.



# 5

## Appendix

UN Global Compact 2023 progress

Montagu's performance

# UN Global Compact 2023 progress

## Montagu supports the Ten Principles of the UN Global Compact on human rights, labour, environment and anti-corruption.

We are committed to making the principles a part of the culture and operations of our business, although we understand that our impact across these areas is driven largely by that of our investments. Therefore, in addition to Montagu's own activities, Montagu drives commitment to and progress across the UNGC principles within our portfolio companies. This is systematically embedded through the implementation of our Foundations for Good Governance, risk register reviews and Board-level ownership of ESG action plans within portfolio companies. A summary of key progress made in 2023 is below. More information can be found throughout the Responsibility Report.

### Human Rights and Labour

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour; and
6. The elimination of discrimination in respect of employment and occupation.

#### In Montagu:

Montagu stays committed to ensuring that slavery or human trafficking is not taking place in Montagu's own supply chain and has assessed the risk to be low. Montagu continues to adhere to the UK Modern Slavery Act and has published a Modern Slavery statement.

Montagu has a dedicated HR team responsible for managing all employment and people related matters. The employee handbook and code of conduct

are regularly reviewed to ensure compliance with employment and labour laws. These documents set out the regulations and professional standards applicable to staff to ensure the smooth running of the business and maintenance of the highest ethical, personal and professional standards.

Montagu requests diverse candidate shortlists and candidate searches across a wide range of non-traditional talent pools. Montagu also delivered training on inclusive leadership for all line managers, as well as its annual 'Dignity At Work' training, which is mandatory for all employees and directors. For more information on Montagu's commitment to diversity and inclusion, please see section '[Responsibility at Montagu](#)'.

#### Within the Portfolio:

Montagu stays committed to ensuring that slavery or human trafficking is not taking place in Montagu's portfolio companies and their supply chains. Montagu will continue to support best practices in terms of labour and employment within its portfolio.

In 2023, Montagu continued to engage with our portfolio to encourage and enable them to conduct risk assessments for human rights abuses and encourage more rigorous supply chain management. We provided expert-led training to the Montagu Connect Governance, Risk and Compliance (GRC) and Sustainability communities on implementing and enhancing responsible supply chain processes. We also created tools to assist companies in their assessment of supply chain risk and annual reporting of the risk assessment to the board.

#### On a portfolio level,

- 96% have human rights statement / policy.
- 87% of the companies have a designated individual responsible for health and safety.
- 83% have a diversity and inclusion policy.
- 91% have an investigation and discipline policy.

In 2023, Montagu added Modern Slavery and Human Rights to the Foundations for Good Governance. In addition, Montagu published a playbook on Gender Pay Gap and a tool to assist companies in assessing their culture against their company values.

### Environment

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

#### In Montagu:

Montagu's environmental impact is relatively small compared to the portfolio, but we want to demonstrate best practice. We therefore regularly review our own practices to identify opportunities to reduce the environmental impact from our operations and supply chain, including our GHG emissions. From our own experience, we can also share knowledge and resources with portfolio companies that are working on reducing office-based emissions.

In 2023 we opened a new office in Frankfurt, which has been awarded the highest level of recognition for sustainable buildings, the LEED "Platinum" certificate. We also have guidance on limiting the environmental impact of travel and events. In 2023, our all-staff meetings were facilitated by the European rail networks and group coaches unless under exceptional circumstances, significantly reducing the climate impact of such events.

#### Within the Portfolio:

Montagu expects every portfolio company to have a sustainability policy and assess environmental risks when reviewing their risk register. As such, material risks are identified and managed through ESG action plans and company risk registers, both of which are visible to and governed by the portfolio company boards.

Montagu requires all companies to measure and report GHG emissions data annually and uses this as an opportunity to improve company data collection and management capability, and to assist portfolio companies in identifying GHG emission reduction initiatives, where appropriate.

In 2023, Montagu also completed a physical and transition climate risk assessment across the portfolio and confirmed that all potentially material risks had already been identified in risk registers and were being actively managed.

### Anticorruption

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

#### In Montagu:

Montagu prohibits any corrupt activity and has processes and monitoring in place through the Montagu Compliance function. In 2023, all employees had training on anti-corruption, which was role-based, in order to ensure that the appropriate focus was given to areas of greater risk for each individual.

#### Within the Portfolio:

Montagu also continued to support corruption prevention policies and procedures in the portfolio. In 2023, 96% of the portfolio had an anti-bribery policy.

Montagu published anticorruption content to the Montagu Connect GCR community. These included an anti-bribery and corruption playbook, policy, risk assessment tool and Board risk report template, and guidance and tools to assist in the management of conflicts of interest, gifts and hospitality, and the management and monitoring of third-party intermediaries. Practical guidance and expert advice were shared to improve knowledge of insider risks, and to manage key controls such as bank callbacks, which can be very effective in minimising and identifying corruption risks.

# Appendix: Montagu's Performance

## Our Impact on the Environment

INDICATOR	2019	2020	2021	2022	2023	% CHANGE 2023 VS 2022
Scope 1 emissions, tCO <sub>2</sub> e	11	4	11	16	36	125%
Scope 2 emissions (market-based), tCO <sub>2</sub> e	165	108	92	35	43	23%
Scope 3: categories 3.1 <sup>1</sup> , 3.2 <sup>1</sup> , 3.3, 3.5, 3.6 <sup>2</sup>	937	42	213	978	2,407	146%
<b>Total carbon emissions, tCO<sub>2</sub>e (excluding investments)</b>	<b>1,113</b>	<b>154</b>	<b>317</b>	<b>1,021</b>	<b>2,453</b>	<b>140%</b>
Total carbon emissions, kgCO <sub>2</sub> e per full-time employee <sup>3</sup>	10,600	1,280	2,380	6,310	13,920	121%
Scope 3: investments, tCO <sub>2</sub> e (Scope 1&2) <sup>4</sup>	59,700	37,100	53,200	33,200 <sup>5</sup>	31,900	-5%
Scope 3: investments, tCO <sub>2</sub> e (Scope 1&2&3) <sup>4</sup>	-	-	-	-	146,500	-

<sup>1</sup>Prior to 2023, only electrical goods were included in these categories. This is now expanded to cover material categories of spend.

<sup>2</sup>In 2023, the calculation methodology for emissions from flights was amended to cover radiative forcing, leading to an increase in emissions.

<sup>3</sup>Number of employees includes permanent employees and contractors.

<sup>4</sup>Location-based financed emissions. Prepared in line with the iCI and ERM Greenhouse Gas Accounting and Reporting Guide for the Private Equity Sector (2022).

<sup>5</sup>This figure includes minor corrections from last year.

## Diversity and Inclusion<sup>1</sup>

INDICATOR	2020	2021	2022	2023	% CHANGE 2023 VS 2022
% females in firm and investment leadership (Partners and C-Level Executives)	9%	9%	14%	17%	3%
% females of senior investment professionals	13%	13%	15%	23%	8%
% females of other investment professionals	43%	40%	44%	46%	2%
% females of senior operations professionals	33%	31%	50%	56%	6%
% females of other operations and administration professionals	69%	65%	65%	64%	-1%
<b>% females of all professionals</b>	<b>42%</b>	<b>39%</b>	<b>43%</b>	<b>46%</b>	<b>3%</b>
% females of new hires	35%	35%	56%	53%	-4%
% females in manager promotions	22%	41%	41%	47%	6%

<sup>1</sup>The Diversity and Inclusion data is based on number of permanent employees and has been restated for previous years to align to the latest ILPA categorisation and definitions.



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**Responsibility Report  
2023**