EQUISTONE

Unlocking value creation through sustainability

ESG REVIEW 2024

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Photo: BUKO Group

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Cover image: **Sicame**

Photo by Sander Weeteling on Unsplash

OVERVIEW

Photo: SF-Filter

Foreword

Since adopting our first formal ESG policies almost 15 years ago, the management of environmental, social and governance issues has been fundamental to how we do business at Equistone.

Co-Managing Partners Grégoire Châtillon (left) and Steve O'Hare (right).

There is no denying that 2024 was a challenging year, with ongoing macroeconomic uncertainty, geopolitical upheaval, and continuing shifts in ESG regulation in the EU.

But we continued to progress sustainability across our firm and portfolio because we believe it remains a powerful way to create and preserve value – for our investors, our companies and employees, and for our wider stakeholders, the economy and society.

How has your focus on sustainability shifted, given the increased scrutiny facing ESG?
GC: Our commitment has not changed because we believe the broad momentum behind sustainability remains strong. Consumers are demanding more transparency, accountability, and sustainable products and services. And with ESG initiatives under scrutiny, businesses are having to demonstrate that their sustainability initiatives go beyond compliance to create genuine value for investors and other stakeholders. On the regulatory front, companies in our own portfolio continue to develop their ESG plans and work towards greater transparency, despite the EU delaying implementation of the Corporate Sustainability Reporting Directive (CSRD).

What does continued commitment to ESG mean in practice at Equistone?
SOH: We recognise that private capital is a powerful lever for positive change. As investors, we have the responsibility – and the opportunity – to shape the future through the companies we invest in and help to build. This means actively and pragmatically integrating ESG considerations into every stage of the investment process. Not just because it is the right thing to do, but because it creates value, makes businesses more resilient, and drives long-term performance. Over the last year, we have spent time onboarding our newest investments into our ESG programme.

[1] Includes signed exit Heras, completed in H1 2025.

How is the firm adapting, given the evolving global landscape?
GC: We believe that Equistone thrives under headwinds. We have returned over €1.1 billion to our investors in 2024[1], despite extremely difficult market conditions. And while it is a challenging time to be delivering sustainability programmes, it is driving us to take an even more pragmatic approach. One that is focused on value creation and business transformation, instead of what can be perceived purely as compliance or 'nice to do'.

What are your proudest ESG achievements of 2024?
SOH: The firm and portfolio have made real progress in recent years, supported by our ESG managers and local management teams. In 2024, we have focused on consolidating this progress – strengthening our processes and embedding ESG into our culture and ways of working to ensure our efforts create value long into the future. We provide more details throughout this report and look forward to sharing further updates with you next year.

About us

Investing responsibly

AT A GLANCE // EQUISTONE

40+ years
Track record

58
Employees

8
Nationalities represented across the firm[1]

41%
Proportion of women across the firm

7
Offices across the UK, Benelux, France, Switzerland and Germany

€4.2bn
Assets under management

€1.1bn
Proceeds generated in 2024[2]

184
Platform investments since 2002[3]

★★★★☆

Direct – Private Equity

2024 United Nations Principles for Responsible Investment (UNPRI) Rating

PRI Principles for Responsible Investment

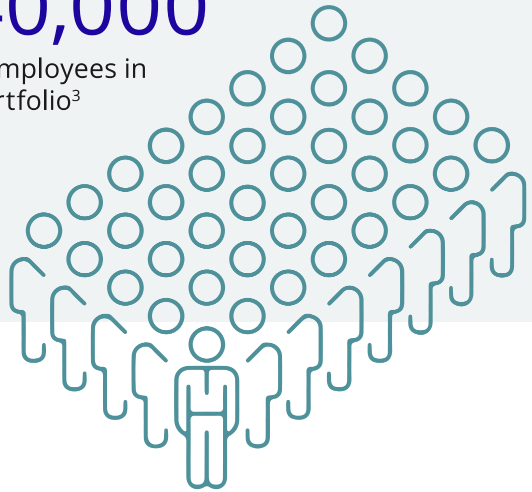
AT A GLANCE // PORTFOLIO

42
Companies in portfolio

2 / 12
New investments / Exits in 2024[2]

62%
Cross-border add-ons in 2024

+40,000
Total employees in the portfolio[3]



For more than four decades, Equistone has been investing in European mid-market companies. We support them with our capital and use our expertise to help them grow.

In recent years, we have increasingly focused on implementing responsible investment practices across our portfolio. We believe that evaluating and managing ESG issues throughout the investment lifecycle enables us to create and preserve value and mitigate risk.

We also believe that aligning our investors' and portfolio companies' interests with those of wider society can enhance returns for all our stakeholders and strengthen business resilience.

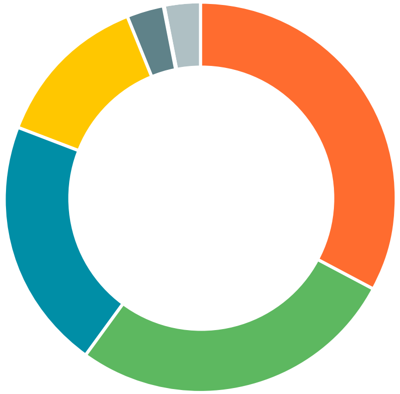
For us, investing responsibly means considering ESG factors when we make investment decisions and engaging portfolio companies on the most material issues through active stewardship.

1 Based on where each colleague holds citizenship.
2 Includes signed exit Heras, completed in H1 2025.
Note: All figures represent available data as at 31 December 2024.

About us continued

Sector focus

Through our core investment focus on change of ownership deals, we have built a diverse portfolio of growing companies across six key sectors.



Sector breakdown of the current portfolio companies (AuM)

Industrials	33%
Business Services	27%
TMT	21%
Consumer	13%
Financial Services	3%
Healthcare	3%

Business Services

Consumer

Financial Services

Healthcare

Industrials

TMT

Note: Unrealised deals as at 31 December 2024.

Equistone reinvested in a minority position through its dedicated Reinvestment Fund in Amadys (Netceed), Andra Tech Group, Bruneau, Charles & Alice and Team ITG.

About us continued

Photo: RENA Technologies

ESG focus areas

In recent years, we have made real progress in developing our ESG strategy and the processes to deliver it at both firm and portfolio level. In 2024, we focused on strengthening these foundations and further embedding our approach into our ways of working and culture.

We concentrated on:

- **Further integrating ESG into core processes**
  To ensure we incorporate sustainability considerations appropriately at every stage of the investment lifecycle, we focused on developing and fine tuning our ESG processes in 2024. We provided training and tools for everyone in the investment team to make sure we take a consistent approach to assessing and managing ESG effectively.

- **Portfolio value creation**
  Our portfolio companies face significant ESG risks and opportunities. Our role is to support them to identify, mitigate and manage these effectively in order to create value. In 2024, we worked on more than 20 projects, from helping businesses to create ESG strategies, to assessing their carbon footprint, and developing lifecycle analysis tools to evaluate the environmental impact of their products and services.

- **Monitoring and adapting to sustainability trends**
  The regulatory and wider ESG landscape continued to shift at pace in 2024. We monitored the latest changes and supported our portfolio to prepare for and meet new requirements, including the EU's now-delayed Corporate Sustainability Reporting Directive (CSRD). Beyond compliance, CSRD enabled these companies to focus more on integrating ESG into core business strategy. We also worked on our first portfolio-wide biodiversity screening (see page 12 for details).

As the ESG arena continues to evolve, so do our investors' and broader stakeholders' expectations of Equistone. We continue to learn and improve how we manage ESG risks and opportunities effectively. We remain committed to transparently communicating our progress, including through the publication of this fourth ESG Review.

ESG framework

Our most material issues

Our ESG framework guides both our assessment of portfolio companies' material topics and the maturity of their management of associated risks and opportunities. It also helps us to support our businesses to set improvement plans.

SOCIAL

- Employee engagement
- Diversity and inclusion (D&I)
- Health and safety (H&S)

ENVIRONMENT

- Greenhouse Gas (GHG) emissions
- Energy consumption
- Climate-related risk
- Impact and dependencies on natural capital

GOVERNANCE

- Business conduct
- ESG management
- Product and service quality
- Cybersecurity
- Supply chain management

The framework is based on a number of core components:

- The Sustainability Accounting Standards Board's (SASB) materiality guidance for the sectors we invest in;
- Our firm-wide commitments determined by our Responsible Investing and Stewardship policy;
- Our alignment to external initiatives; and
- Regulatory considerations.

In reality, the framework provides us with a starting point because material ESG topics vary by investment and over time, and our assessment of each portfolio company may include additional issues not initially covered by the components set out above.

We review the framework every year to ensure it captures emerging ESG topics and sustainability regulation, and is aligned with the firm's overall strategy.

ESG framework continued

At a glance

Here we set out the material topics covered by the framework and examples of supporting initiatives that portfolio companies undertake. These topics and initiatives may be broadened to cover additional ESG issues identified during due diligence and to reflect any business model or competitor considerations that may also affect materiality.

ENVIRONMENT

Material topics	Example portfolio company initiatives
Greenhouse Gas (GHG) emissions › Short- and long-term strategy or plan to manage and reduce Scope 1-3 emissions, including targets and performance against those targets	› Improving data quality and accuracy for Scope 1-2 emissions, conducting Scope 3 hot spotting and baselining, raising awareness of decarbonisation strategies and science-based targets
Energy consumption › Environmental impacts associated with energy consumption	› Identifying opportunities to reduce energy consumption, generate on-site renewable energy and/or move to more renewable sources
Climate risk › Strategy to manage risks and opportunities associated with direct exposure of owned or controlled assets and operations to actual or potential physical impacts of climate change	› Introducing portfolio companies to the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations and educating them on climate-related risks and opportunities
Impact and dependencies on natural capital › Strategy to manage risks and opportunities linked to impacts and dependencies on ecosystem services	› Conducting initial biodiversity screening to assess links between companies' business and natural capital

SOCIAL

Material topics	Example portfolio company initiatives
Employee engagement › Creating and maintaining a workplace environment that fosters strong employee engagement, performance and retention	› Tracking workforce satisfaction and employee Net Promoter Score (eNPS) through colleague engagement surveys and action planning to retain talent
Diversity & inclusion (D&I) › Ensuring that company culture, hiring and promotion practices support the building of a diverse and inclusive workforce	› Developing employee retention and hiring initiatives to improve diversity at all levels. Tracking and improving gender pay gap
Health and safety (H&S) › Safe and healthy workplace environments that are free of fatalities, injuries and illness	› Developing health and safety management systems and tracking key performance indicators (KPIs) and action plans to reduce/prevent incidents

GOVERNANCE

Material topics	Example portfolio company initiatives
Business conduct › Surrounding ethical business conduct, including › Anti-bribery and corruption	› Implementing policies and processes, such as code of conduct, anti-bribery and corruption policy, and whistleblowing process
ESG Management › Approach and strategy to manage material ESG risks and opportunities	› Conducting (double) materiality assessments and using findings to inform ESG strategies and roadmaps
Product and service quality › Issues involving unintended characteristics of products or services that may create risks to end-users	› Analysing positive and negative impacts of products and services on environment and society
Cybersecurity › Sound management of proprietary customer or user data, as well as IT infrastructure strategy, policies and practices	› Developing and implementing cybersecurity and data protection policies. Conducting portfolio scans
Supply chain management › Management of ESG risks within a company's supply chain	› Developing supplier codes of conduct and processes for risk assessments in the supply chain

Our ESG journey

Our progress through the years

2011
- Adopted first formal ESG policies

2012
- Consolidated ESG policies under one Responsible Investing policy

2016
- Developed ESG due diligence and monitoring tool
- Included first dedicated ESG section in Annual Investors' Meeting

2018
- Began sponsoring the Level20 initiative
- Committed to the Initiative Climat International (iCI)

2019
- Signed internationally-recognised Principles for Responsible Investment (PRI)

2020
- Expanded industry engagement through membership of Out Investors

2021
- Created Equistone's ESG Committee
- Launched the firm's D&I Committee
- Participated in inaugural ESG Data Convergence Initiative (EDCI) submission
- Introduced first Equistone-wide ESG training

2022
- Recruited three ESG managers into investment team
- Formalised new responsible investment governance structure
- Expanded ESG data collection across portfolio
- Applied ESG strategy maturity assessment to portfolio companies

2023
- Became supporter of UN Global Compact
- Launched first Article 8 product, committing to promotion of designated environmental and social characteristics across investments
- Convened first annual ESG session at Management Board

2024
- Published first TCFD report
- Conducted portfolio-wide biodiversity screening

ESG highlights

A year of progress

In focus: Building ESG capability across the portfolio

We help portfolio companies to improve their sustainability performance by supporting them to develop ESG knowledge and capability.

In May 2024, we organised an in-person UK sustainability seminar with the firm's three ESG managers and ESG leads from our UK portfolio businesses.

The aim was to kick-start the development of a learning community, explore ESG as a way to create value, and present insights and best practice case studies from across the portfolio on a range of topics. These included approaches to decarbonisation, developing employee engagement propositions, and how to report ESG progress with impact.

Around 20 people gathered for the seminar and heard speakers from Boston Consulting Group and Ever Sustainable. Our ESG managers also shared their experience and good practice.

In focus: Our new investment in QuestGates

In 2024, Equistone invested in QuestGates, a UK loss adjusting and claims solutions group. This is one of our first Article 8 Fund investments.

During the due diligence process, we received support from an external advisor to assess key ESG issues, including QuestGates' ability to decarbonise, employee engagement, and governance and compliance considerations.

Following acquisition, our ESG managers worked with the company's leadership team to discuss an ESG roadmap, taking into consideration the maturity of the business, material issues and stakeholders' expectations. We established ongoing contact with QuestGates to monitor its implementation of the roadmap and provide support when needed.

QuestGates

93%
completion rate of our annual ESG questionnaire by portfolio companies

61%
of portfolio companies with greenhouse gas (GHG) emissions reduction targets in place

3
portfolio companies with emissions reduction targets validated by the Science Based Targets Initiative (SBTi)

16
ESG workstreams across the portfolio

4
ESG committee meetings held

3
non-profit organisations and initiatives supported by volunteering and donations from Equistone

Note: All figures represent available data as at 31 December 2024.

ESG highlights continued

In focus: Portfolio-wide biodiversity screening

Biodiversity loss is an urgent sustainability issue. It is essential that businesses understand both the extent to which their success depends on nature and how their operations impact it.

In its simplest terms, biodiversity is the variety of all living things, including animals, plants, fungi and microorganisms, and the ecosystems they inhabit. It faces five major threats: land use changes, over-exploitation of natural resources, climate change, pollution and invasive species.

A thriving natural world is essential to the provision of critical resources, from food and water to clean air. So-called 'ecosystem services' are the direct and indirect contributions that nature provides for human wellbeing and quality of life. These services are also vital to business performance and the global economy – the **OECD estimates** that 55% of the world's GDP is dependent on them.

Understanding and managing nature-related risks

Similar to climate change, businesses face multiple risks because of biodiversity loss. For example, overexploitation of natural resources and changes in rain patterns can affect the number of fish in rivers and lakes, affecting the volume and quality available to fisheries and the food industry. Another example is changes in rain and weather patterns affecting freshwater supply, which could negatively impact the ability of companies to run water-intense production processes.

Biodiversity loss also creates regulatory, market and reputational risks, and can reduce access to capital where investors turn away from companies not managing their impacts and dependencies appropriately.

In 2024, Equistone performed its first portfolio-wide biodiversity screening, taking a double materiality approach to understand how our businesses both depend on and impact nature.

We used the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool – an open source database launched in 2018 for financial institutions and companies. It is maintained and developed by Global Canopy, the United Nations Environment Programme Finance Initiative (UNEP FI), and the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC).

Our analysis

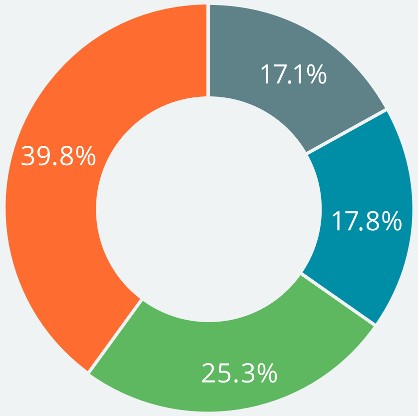
ENCORE sets out how the economy – based on sectors, subsectors and production processes – depends on and impacts nature.

Dependency and impact pathways are based on literature, including scientific journals, peer-reviewed papers and key document searches, all reviewed by industry experts. A materiality rating is assigned to each dependency/impact link.

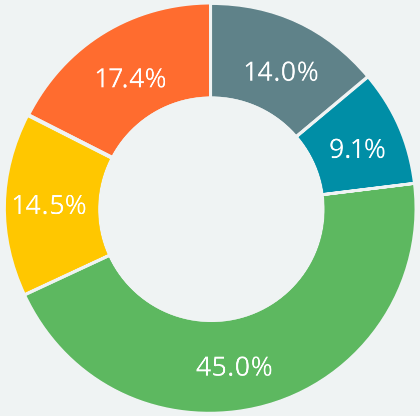
We matched each of our portfolio companies with their sector classification, identifying their impacts and dependencies on nature, and the materiality of these factors, using a scale from 0 (none) to 5 (very high).

The charts above show the extent to which our portfolio is dependent on 25 ecosystem services and impacts 13 ecosystem services using the ENCORE database. Using the 0-5 scale, we based our analysis on the maximum level of materiality of at least one ecosystem service for each company. On this basis, we found that 39.8% of our businesses depend very highly (materiality level 5) on at least one ecosystem service. We also discovered that 45% of our portfolio impacts at least one ecosystem service with medium materiality (materiality level 3).

Share of portfolio dependent on biodiversity (as % of portfolio value)



Share of portfolio placing pressures on biodiversity (as % of portfolio value)



0 1 2 3 4 5 (0 = none and 5 = very high)

Next steps

The ENCORE tool is based on sector classification, so provides a high-level, global indication of pressures and dependency on ecosystem services. The materiality ratings indicate typical levels of materiality at a global level – the actual levels are likely to vary significantly, depending on the context, company and location that is assessed.

However, this analysis was an important first step in us understanding and quantifying potential risks to the portfolio linked to declining biodiversity. Going forward, we will continue to monitor exposure to these risks – and opportunities – and use the insights we gather to engage with portfolio companies.

In addition to our screening work using ENCORE, many of our portfolio companies had to conduct a double materiality assessment in 2024 aligned with the EU's CSRD requirements, including biodiversity. Their work will also help us to refine our own analysis and identify appropriate next steps for companies where biodiversity is the most material.

Stakeholder engagement

Throughout 2024, we engaged in new and existing industry initiatives to contribute to wider collaborative dialogue on change within private equity, as well as inform our ESG strategy.

WE SUPPORT

Signatory of:

UN Global Compact

We are participants in the UN Global Compact, the world's largest voluntary corporate sustainability initiative of over 25,000 members in more than 160 countries. We remain committed to incorporating the Global Compact's Ten Principles into our strategies, policies and procedures, and encouraging our portfolio companies to do the same.

Principles for Responsible Investment (PRI)

Equistone has been a signatory to the PRI's six principles since 2019, committing us to integrating ESG factors into investment decision-making and ownership practices. We report annually against the PRI framework and our performance is assessed each year. In 2024, we achieved the following ratings:

- Policy, Governance and Strategy: 88%
- Direct – Private Equity: 82%
- Confidence-building measures: 80%

Initiative Climat International (iCI)

Since 2018, we have been a member of iCI, the first private equity initiative to support the reduction and management of GHG emissions by portfolio companies.

It is a global, practitioner-led community of private markets investors, and seeks to better understand and manage the risks associated with climate change. The iCI has over 290 members globally, representing USD 4 trillion, as of January 2025.

ESG Data Convergence Initiative (EDCI)

The EDCI aims to streamline private equity's approach to collecting ESG data and produce meaningful, performance- based, comparable insights. Equistone has collected and submitted selected ESG metrics across our whole portfolio for the last three years.

France Invest

This association brings together private equity firms in France. Equistone has been a participant in its ESG Commission since 2019 and Talents & Diversity Commission since early 2023. Diane Vignalou is a member of the Outreach Working Group, organising roundtables at universities to introduce and promote private equity to students, targeting a diverse audience.

Level20

Throughout 2024, we continued to support this not-for-profit dedicated to attracting and retaining more women in the European private equity industry. Our employees participated in initiatives including the mentoring programme as mentees and mentors.

Out Investors

We also maintained our support for this global organisation, founded to make the direct investing industry more welcoming for LGBT+ professionals.

ESG through the investment lifecycle

Integrating ESG

We continue to embed ESG factors across the entire investment lifecycle – from deal screening and due diligence, to the holding period, through to exit.

1

Sourcing

- We screen potential acquisitions against exclusionary criteria (detailed in our Responsible Investment policy) that reference international standards and involvement in specific sectors.
- We identify early material risks by conducting research into ESG critical incidents.
- In early dialogue, the Investment Committee considers the risks of serious adverse impacts on the environment and the exploitation of vulnerable groups in society. It also assesses alignment of the potential investment with our overall ESG strategy and programme, and how we might be able to advance the company's sustainability performance.

2

Due diligence

- Our initial ESG assessment provides a broad review of ESG risks and opportunities, based on our ESG framework, detailed on page 8.
- We complete further reviews of material ESG risks and opportunities, including deep dives on specific issues, as more information becomes available.
- Where relevant, external advisors support us to carry out detailed ESG due diligence.
- Findings are included in Investment Committee papers.

3

Stewardship during holding period

- Portfolio companies complete a baseline assessment of their ESG performance once a deal is finalised.
- We use this assessment, along with wider findings from the due diligence phase and further work including a customer/competitor ESG analysis, to inform the development of an ESG roadmap. This is updated on a regular basis.
- Where applicable, we use our board seat-level influence to drive ESG integration at portfolio level.
- Industry and internal benchmarking, ongoing collaboration with Equistone's ESG managers, and nurturing a learning community across the portfolio supports each business to progress ESG roadmap initiatives and outcomes. See page 15 for full details of our stewardship approach.

4

Exit

- We support portfolio companies to demonstrate ESG milestones and progress accomplished during the holding period, as well as articulating value created or risks mitigated.
- This may include the integration of an ESG narrative within the Investment Memorandum; a standalone ESG vendor due diligence report; and/or a standalone sustainability or ESG report. It may also include case studies and KPIs.

ESG value creation across our portfolio

Effectively managing ESG issues creates and preserves value in the businesses we invest in. We collaborate with local management teams, engaging in ongoing dialogue and advising them on the best ways to achieve this. A respect for local context and culture is at the heart of our stewardship approach.

Throughout the life of an investment, we support each portfolio company to address specific risks and opportunities material to their business, as well as those that we believe are material across all sectors, identified during due diligence.

Given local adaptation, precisely how we engage is determined on a case-by-case basis.

Our overall stewardship objectives are to help our companies to:

- Reduce GHG emissions, develop credible decarbonisation and net zero plans, and adopt science-based targets where appropriate;
- Foster strong employee engagement through retention, diversity and inclusion initiatives, and reduce staff attrition;
- Improve practices, processes and policies for safeguarding human rights;
- Develop strong ESG policies and approaches, including ensuring board accountability; and
- Build internal expertise and capability to progress ESG strategies and performance.

An insight-led approach

Our data collection cycle informs and guides how our three ESG managers, supported by the wider investment team, work with portfolio companies.

ESG data collection

We launch our ESG data collection in January for the preceding calendar year, with all companies asked to report. Our questionnaire covers approximately 90 metrics across a number of dimensions. See page 24 for further information.

Preparation of portfolio benchmark

The data we collect is used to evaluate companies and benchmark them against one another, based on:

ESG strategy maturity

- Based on the eight building blocks we have identified as being key to a strong ESG strategy. These are ESG vision and narrative, material topics, ambition and targets, initiatives and measures, organisation and processes, KPIs and performance management, communications and reporting, and systems and tools.

ESG compliance

- Presence of foundational policies and processes, and minimum compliance requirements. This represents best practice and reflects what most parties will request as part of basic ESG due diligence.

ESG performance

- Assessment of development of ESG KPIs at portfolio company level from 2023 to 2024
- Benchmarking of performance against EDCI benchmark data

We obtain a score for each company that helps to identify where improvements have been realised year on year, as well as gaps that need to be closed through ESG roadmaps.

Debriefing portfolio companies and defining next steps

We then allocate time with each company to review our benchmarking findings, both for their business and the entire portfolio. Trends, key takeaways and major changes are highlighted. As part of this, we develop an ESG roadmap, based on the data, and emphasise the improvements that can be made. Associated targets are defined for the upcoming years.

Ongoing monitoring and support across the portfolio

We continue to work with businesses on the implementation of their ESG roadmaps, sharing regular updates with them and across Equistone to exchange knowledge and continually improve how the firm manages ESG throughout the investment process.

ESG AT EQUISTONE

Photo: BUKO Group

ESG at Equistone

Environment

As a responsible business, we recognise the need to decarbonise and mitigate against increasing levels of climate risk.

Compared to our portfolio, our direct environmental impact remains small. However, we are still committed to managing and reducing our own carbon footprint and leading by example to support the companies we invest in to reduce theirs.

Over the last four years, we have measured Equistone's Scope 1 and 2 carbon emissions. These relate mainly to electricity consumption, natural gas heating of some of our offices and our company cars' fuel consumption.

In 2024, we changed the way we calculate our carbon footprint, moving from an external consultancy to in-house calculation using our data collection tool. We took this approach to take greater ownership of the process.

As a result of this change, our carbon footprint for 2024 was not fully comparable with the calculation in last year's report. We therefore recalculated 2023's figure using our new methodology to ensure comparability.

In 2024, we made good progress on reducing emissions from our heating consumption. However, this gain was offset by our car fleet emissions. We expect the latter to reduce over time as we switch to plug-in hybrid and electric vehicles continues.

This year, we also made further progress on estimating our Scope 3 emissions (besides financed emissions). However, we believe the data remains too fragmented and of insufficient quality to disclose at this stage.

INDICATOR	2023	2024	Evolution
Scope 1 emissions	47.91	49.21	2.7%
Scope 2 emissions	2.40	1.14	-52.4%
Total Scope 1 & 2 emissions	50.31	50.35	0.09%
Renewable electricity	100%	100%	0%

ESG at Equistone

Environment continued

Photo: BOAL Group

Management of climate-related risks and opportunities

In 2024, Equistone published its first TCFD report. This detailed the firm's climate-related financial disclosures in line with the four pillars recommended by the Task Force on Climate-related Financial Disclosures (TCFD): Governance, Strategy, Risk Management, and Metrics and Targets. Here we provide a summary. The full TCFD report is available on our website here.

Governance

The Management Board oversees aspects of Equistone's approach to climate matters as part of its formal oversight of and accountability for the firm's responsible investment strategies and objectives.

The Board receives regular updates from a number of sources, including our ESG Managers, ESG Committee and deal team. Our ESG Team is responsible for the development and day-to-day implementation of our ESG programme, which includes the firm's approach to managing climate risks and opportunities.

Strategy

In conducting our first TCFD analysis, we aligned with our investment strategy and mapped key climate-related risks by each of our six primary sectors: Industrials, Business Services, Consumer, TMT, Financial Services, and Healthcare. We then used the climate scenarios framework developed by the Network for Greening the Financial System (NGFS) to inform our own scenario analysis.

Over time, we expect to enhance our ability to understand risks and opportunities at a level that is bespoke to each of our investments to produce more tailored insights. We recognise that our largest opportunity to mitigate climate risk is promoting the adoption of decarbonation targets to our portfolio companies.

Risk management

Equistone's assessment of climate-related risks is fully integrated across the investment lifecycle. At each stage, we have identified appropriate processes that enable us to generate useful climate risk insights throughout the holding period. Prior to investment, our ESG Team leads on the analysis of material physical and transition risks, and the impact these may have on financial performance.

If the target is in a high-risk sector (for example, manufacturing), we complete more detailed technical analysis that provides a deeper dive into the company's compliance performance and reputation. Deal team members are involved in reviewing the findings, which are included in Investment Committee materials for discussion by the Committee.

We update our understanding of climate-related financial risks and opportunities on at least a yearly basis following acquisition. As part of our annual ESG questionnaire, we collect data covering a number of climate-related metrics and indicators.

Climate-related risks and opportunities, under the umbrella of ESG, are integrated into Equistone's overall risk management approach through several channels. At the portfolio level, the ESG team, embedded in the deal team, is in continuous conversation with deal team members and Equistone Board representatives about the status of companies in addressing and mitigating climate-related risks. The ESG Managers provide updates on portfolio companies' progress at regular deal team meetings.

Metrics and targets

We began collecting climate-related metrics from portfolio companies when we launched our annual ESG questionnaire in 2022. Since then, we have expanded the data we collect to better capture and understand climate risks across the portfolio, including Principle Adverse Impact indicators as specified under the SFDR. Together, these metrics help us to track and assess climate-related risks and opportunities. In terms of targets, we have committed to set a credible decarbonisation plan for each new investment.

ESG at Equistone

Social

Our ambition is to have a positive impact in the communities in which we operate – and we focus our efforts in two main areas. We aim to foster a diverse, inclusive workplace where people are supported to do their best work. And we continue our strong tradition of charitable giving and volunteering.

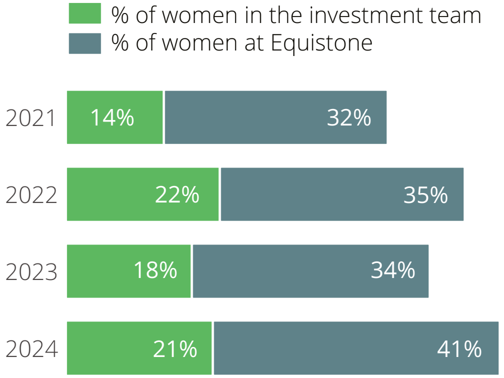
Diversity and Inclusion (D&I)

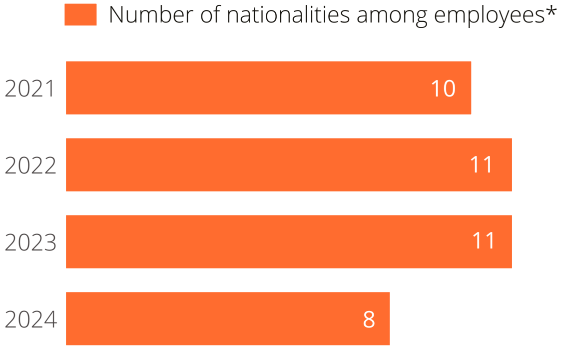
We believe that diverse, inclusive teams perform better and achieve greater results. We therefore aim to provide employment opportunities for people from all backgrounds, widening our talent searches across different communities to appoint the best possible candidates.

Our D&I Committee has helped to support this by developing recruitment principles that set out our commitments to diversity in hiring. Decisions should be based on objective, job-related criteria and ensure best practice and compliance with all applicable laws. In recent years, we have also taken steps to broaden our talent pools and make sure our job descriptions are free from bias.

We continued to monitor the proportion of women in the investment team and at Equistone overall this year, as well as the number of nationalities represented in our workforce. As the data illustrates, we achieved an increase in female representation at Equistone and in the investment team during 2024.


Equistone's ESG managers Diane Vignalou, Jessica Clavette and Sophia Nicol





* The country of which a person is considered to hold citizenship

Case Study: Supporting D&I progress in our industry

As well as our D&I focus across the firm and portfolio, we also support initiatives to help make private equity more diverse and inclusive.

For example, our ESG Manager for France, Diane Vignalou, participates in France Invest's Talents & Diversity Commission.

As part of her Commission involvement in 2024, Diane organised a roundtable at IESEG, a business school near Paris, gathering members of its alumni now working in private markets to share their experiences and advice with current students. More than 70 attended, with a good balance of men and women.

ESG at Equistone

Social continued

Community Engagement

Our business model is based on a pan-European approach that is adapted locally – and we take this same approach to our community engagement work, tailoring what we do to have the greatest impact in each geography.

Every year, we support a range of charities and encourage our team members to volunteer and raise money for causes that matter to them, with match funding sometimes provided.

In France, we directed our donations to two charities in 2024. **Fédération des Malades et Handicapés** has been working nationally to help the most vulnerable in society since 1945, championing people with illnesses and disabilities. Beyond campaigning for appropriate health policy, the organisation works to combat social problems caused by illness and disability, and enables sick and disabled people on low incomes to benefit from personalised support to assert their rights.

We also supported **Réseau Paris Entreprendre** this year, a national network of business associations supporting people who are setting up or taking over companies with job creation potential. It does this by passing on the expertise and know-how of experienced and successful business leaders.

UK Charity of the Year: City Harvest

Food poverty is one of the biggest challenges facing families struggling to make ends meet – and the UK's voluntary sector provides a lifeline to many.

One charity making a difference is London's City Harvest – Equistone's UK Charity of the Year 2024. It rescues nutritious surplus food from manufacturers, suppliers and retailers, delivering it to 375+ charities in the capital that feed those in need. City Harvest also helps to reduce GHG emissions from food waste.

Equistone colleagues supported the organisation, raising funds by completing the gruelling Yorkshire Three Peaks challenge. This 24-mile round trip, including 1,585m of ascent, saw the team take on Pen-y-Ghent (694 metres), Whernside (736 metres) and Ingleborough (723 metres) in under 12 hours.

Other fund-raising activities included a quiz night, plus staff from the firm rolling up their sleeves to spend a day volunteering at City Harvest, sorting donations and packing boxes of fresh produce.

Overall, Equistone's efforts raised more than £35,000 for City Harvest throughout the year.

ESG at Equistone

Governance

Good governance remains fundamental to Equistone fulfilling its role as a responsible investor. We have robust arrangements in place that support effective ESG risk management, decision-making, accountability and reporting.

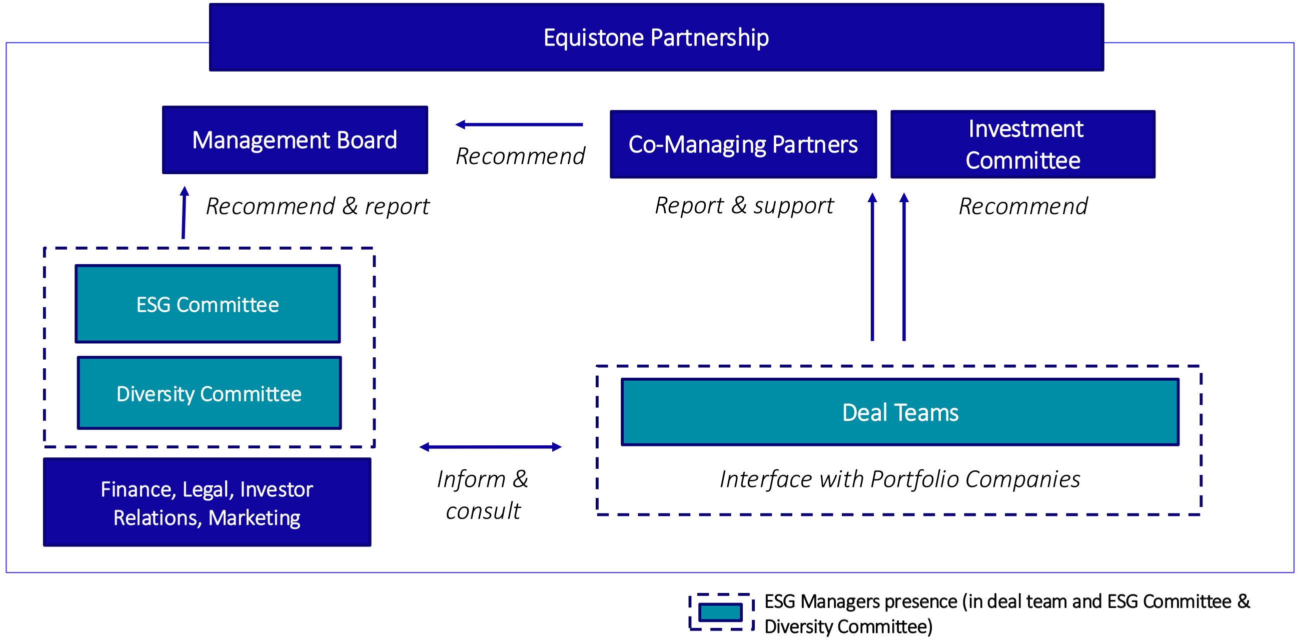
Our Management Board has ultimate responsibility for our Responsible Investment programme, ESG strategy and approval of policies, including the Responsible Investing and Stewardship policy. In addition to regular interaction with our three dedicated ESG managers and ongoing reporting, it receives recommendations from the ESG and Diversity and Inclusion (D&I) Committees on the development and implementation of our approach.

The Investment Committee (IC) is accountable for the management of ESG factors throughout the investment process, as defined in the Responsible Investing and Stewardship policy. The IC is supported by our investment team and ESG managers. Together, they assist with appropriate ESG due diligence at the deal-screening stage; linking ESG to risk mitigation and value creation plans during holding; and accounting for ESG milestones in the exit process.

The investment team and ESG managers are also responsible for adherence to the Responsible Investment policy, reporting on this to Management Board, and monitoring portfolio companies' progress on material sustainability issues.

Our ESG and D&I Committees

These two committees continue to guide the evolution of our Responsible Investment Policy and our ESG and D&I strategies. Together they maintain active involvement in our programme and make recommendations to Management Board to support our continued progress.



ESG IN THE PORTFOLIO

Photo: Ligentia

ESG in the portfolio

Performance

In 2024, we continued to take a data-driven approach to supporting portfolio companies to improve their ESG performance. We use data to benchmark their sustainability maturity and progress, review and strengthen their ESG roadmaps, and help them to deliver tangible initiatives that create value. Full details of our stewardship approach are set out on page 15.

We use dedicated ESG software to collect the data and this helps to streamline the process. It also supports us to improve data accuracy, analysis and reporting, which means we can more deeply explore insights from historical trends. In recent years, we have introduced third-party data reviews and verification to improve reliability and resolve discrepancies between years.

In practice, portfolio companies submit their ESG data by using the platform to complete an annual questionnaire covering approximately 90 quantitative and qualitative data points. These include standard measures from EDCI (see page 15 for more information); principal adverse impact (PAI) indicators, which have been designed under the EU's Sustainable Finance Disclosure Regulation (SFDR) to assess the negative impact of investment activity on sustainability factors; and other metrics to help us gauge companies' ESG maturity.

Topics covered span a wide range of issues material to our businesses and stakeholders, such as GHG emissions and other environmental aspects, workforce composition, health & safety and diversity & inclusion, as well as business conduct, ESG management and supply chain management.

In 2024, the questionnaire remained broadly similar to 2023's to maximise comparability. However, we changed our rating system to take into consideration increasing expectations from our stakeholders, particularly concerning portfolio companies' ESG maturity.

ESG in the portfolio

Environment

As climate risks increase, one of our key priorities continues to be working with portfolio companies to reduce their GHG emissions.

We commit to supporting all new investments to develop a credible decarbonisation plan. In 2024, engagement with our portfolio on environmental matters focused on:

- Measuring companies' carbon footprints and improving data quality and Scope 3 coverage over time;
- Reducing their GHG emissions through the creation of the decarbonisation plans and setting associated targets; and
- Identifying and managing climate-related risks and opportunities.

Measuring carbon footprint

With our input – and by connecting them to trusted climate advisors – we again supported portfolio businesses to measure and refine their Scope 1 & 2 GHG emissions, and conduct Scope 3 baselining.

Between 2023 and 2024, more portfolio companies were able to provide Scope 1 & 2 data, with a 4ppt increase in the proportion of those reporting it. Some are currently updating their data, so we expect this upward trend to increase when final figures become available later in the year.

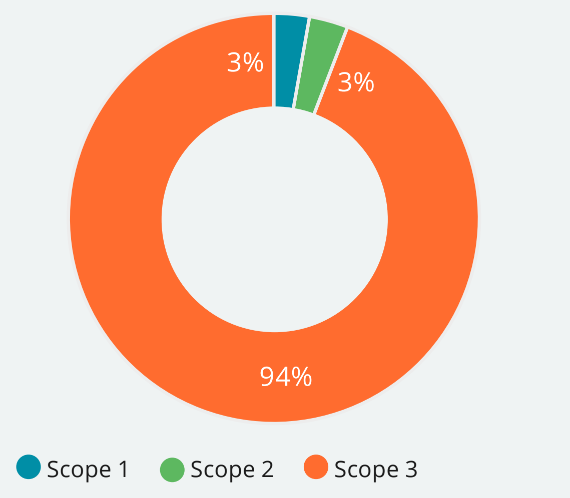
Significantly, the share of portfolio companies with a GHG reduction target in place grew from 60% in 2023 to 61% in 2024. This year, our investment Camusat – a market leader in telecom infrastructure – had its GHG emissions reduction targets validated by SBTi.

Reducing emissions intensity

Unfortunately, our 2024 data shows we did not make the progress we hoped to in reducing our portfolio's Scope 1 & 2 emissions intensity.

We identified two main reasons for this: first, Equistone exited several portfolio companies in 2024 that were in the lower range of carbon intensity. Second, the portfolio's biggest GHG emitter increased its emissions during the year. However, the company also set an emissions reduction target.

Our portfolio's carbon footprint*



* Aggregated GHG emissions of 82% of our portfolio companies which provided the data.

ENVIRONMENT	2022 Equistone Portfolio	2022 Data availability	2023 Equistone Portfolio	2023 Data availability	2024 Equistone Portfolio	2024 Data availability
Average scope 1&2 emission intensity (tCO_2e/m€ revenue)	36	74%	26	78%	35	82%
Average share of renewable energy	26%	72%	34%	71%	24%	71%
Share of PCs with a GHG reduction target	57%	94%	60%	94%	61%	93%

Managing climate-related risks and opportunities

In 2024, we again worked with portfolio companies to help them identify and manage climate-related risks and opportunities. Our work here was in line with requirements in the EU's now-delayed Corporate Sustainability Reporting Directive (CSRD) and with the Taskforce on Climate-Related Financial Disclosures (TCFD). See page 18 for details of the firm's first TCFD Report.

ESG in action

Cutting emissions with innovative tech

QuestGates is reducing carbon emissions in insurance – and positioning itself as an innovative supplier to the industry – by developing and deploying novel technology.

QuestGates

Country	**UK**
Sector	**Financial Services**
Investment	**Sep 2024**

With the expected growth in physical risk exposures and insurance claims due to climate change, sustainability is a key issue for the insurance sector.

Large insurance companies have ambitious ESG commitments which suppliers are increasingly expected to meet if they want to win and retain business. In fact, sustainability criteria can account for as much as 25% in tender scoring.

QuestGates is the UK's largest owner-managed loss-adjusting and claims solutions group, providing outsourced services to insurance and corporate customers, with a focus on high value claims.

The company is committed to reaching Net Zero emissions by 2040, while supporting its clients and their customers to reduce their own emissions (QuestGates' Scope 3) too.

Introducing the Carbon Calculator

Reinstatement works – for example in the aftermath of an environmental incident, flood or fire – can generate considerable carbon emissions.

When QuestGates looked into existing solutions to help tackle this, none were tailored to the remediation and reinstatement of damaged or contaminated sites.

So, the company worked with specialist consultants Blue Marble to develop innovative technology to measure and reduce the carbon cost of claims.

The result was QuestGates' Carbon Calculator, a specialist tool with two aims:

- To monitor Scope 3 emissions linked to repair and restoration works; and
- Identify more sustainable options to reduce the CO_2 emissions they generate.

ESG in action

QuestGates

"QuestGates' Carbon Calculator is having a significant impact on the measurement and reduction of the carbon cost of insurance claims, promoting a more sustainable approach to projects and helping our clients and their customers work towards Net Zero."

Greg Laker
Director, QuestGates

How it works

The calculator uses information about the carbon footprint of materials and fuel to be used in the works, transport, deliveries and travel, plant to be operated, and waste.

Its calculations then help loss adjusters, surveyors and contractors to consider more sustainable alternatives with a lower carbon footprint.

The tool has been updated over time, using more detailed and robust information, and it now incorporates data from Environmental Product Disclosures (EPDs).

Environmental and commercial benefits

When the calculator was first rolled out, more sustainable options for remediation and reinstatement works tended to be more expensive. The Carbon Calculator has helped exploring other options and quantify both their financial and carbon costs, eventually leading to the most efficient solution.

For example, if a piece of land were contaminated, the standard approach used to be to dig it out through mass excavation and transfer the waste to landfill. Now, with technology improvement and Carbon Calculator insights, it is treated in situ, which is more sustainable and cost-effective.

In one case, involving pollution caused by the escape of 15,000 litres of Kerosene oil, QuestGates successfully used the calculator to inform a sustainable remediation plan that involved onsite treatment. It reduced carbon emissions by 72% and saved over 20 tonnes of CO_2e.

High-tech alternative to travel

As part of its Net Zero strategy, QuestGates is also working on reducing emissions from transport, including vehicle sharing and using more electric models.

Its acquisition of SurveyorTech software in 2022 has also been a gamechanger. The technology was designed by a leading UK consultancy to make site surveying and inspection quicker and easier, while reducing costs and carbon impact.

The cloud-based tech allows QuestGates and its clients to create and access digital surveys, including visual walk-throughs of the interior and exterior of sites. Images can either be captured onsite by a QuestGates surveyor, using a 360° camera and app, or via a livestream with the customer who only needs a smartphone.

The result: fewer site visits and journeys, resulting in fewer emissions and reduced fuel costs.

As well as supporting its customers and their end clients to decarbonise, SurveyorTech and Carbon Calculator are playing critical roles in reducing QuestGates' emissions.

In 2023, its Net Zero goals were validated by the Science Based Targets Initiative (SBTi). This year, it is rebaselining those targets to account for companies acquired since Equistone invested in QuestGates in 2024.

ESG in the portfolio

Social

At Equistone, we are committed to supporting our investments to make a positive contribution to society. By working as a strategic partner to portfolio companies' management teams, we help them to provide quality employment to more than 40,000 people.


Photo: Vertbaudet

We also work with them to focus their ESG efforts on key social aspects, driving business performance and value creation. While employee engagement and diversity and inclusion (D&I) are material across most businesses, our ESG programme also tackles health and safety as well as supply chain management when it is material.

Employee engagement

We know from experience that employee engagement is fundamental to creating and protecting long-term value.

Engaged colleagues who feel a sense of belonging and are motivated to do great work are more likely to be productive, innovative, resilient and remain with their employer.

When assessing engagement levels at portfolio companies, we consider staff turnover rate, employee Net Promoter Score (eNPS), and the proportion of team members completing an employee engagement survey. These quantitative indicators are paired with qualitative analysis gathered through the regular exchanges with our portfolio companies.

We continue to highlight the value to portfolio companies of surveying employees about their experiences at work to help inform initiatives that will drive engagement. In recent years, we have introduced a third-party software provider upon whose platform our businesses can run surveys, analyse the results, and gather insights to shape HR strategies. This partnership allows them to quickly deploy an employee survey and customise it to their needs.

Our efforts have continued to be effective. The proportion of portfolio companies running an engagement survey has grown significantly over the last two years – and it increased from 68% in 2023 to 82% in 2024.

In portfolio debriefing discussions, we are continuing to explore how our businesses can increase survey participation rates, strengthen colleague satisfaction and engagement, and increase eNPS, which measures how likely people are to recommend a company as a place to work.

Portfolio companies' performance on diversity and inclusion (D&I) also continues to be an important part of our ESG focus. Building a diverse and inclusive culture means providing equal opportunities for people from all backgrounds to succeed in environments free from harassment and discrimination.

It is linked directly to employee engagement and wellbeing, and compliance with relevant legislation. We also know it drives commercial performance because D&I creates value for businesses through diversity of thought, skill and background.

We track several metrics to measure the portfolio's D&I progress, including: The percentage of female board members, the percentage of women in C-suites, and the proportion of our businesses with a D&I policy.

This year, we continued to engage with the portfolio on the importance of having a policy in place, resulting in more developing a D&I policy (78% in 2024, up from 68% in 2023 – a significant improvement for the second year running).

However, we have again seen this year that it takes time to translate ambition into progress in some important areas. Female representation at board and C-suite levels businesses has only slightly increased between 2022 and 2024. We will continue to focus on improving performance here.

In focus: From awareness to action

In late 2024, Equistone organised a webinar for all our portfolio companies' HR representatives and ESG managers. Run by Equality Group, a consultancy specialising in culture, leadership and inclusion, it was entitled "From awareness to action" and offered a mixture of theory and practical tools to help those attending to drive progress in their own organisations.

SOCIAL	2022 Equistone Portfolio	2022 Data availability	2023 Equistone Portfolio	2023 Data availability	2024 Equistone Portfolio	2024 Data availability
Average share of women at the Board	6%	100%	6%	100%	6%	100%
Average share of women C-suite employees	13%	92%	13%	96%	15%	93%
Share of PCs with a diversity & inclusion policy	54%	92%	68%	92%	78%	93%
Share of PCs with an employee survey	49%	94%	68%	92%	82%	93%

ESG in action

BUKO. GROUP

Country **Netherlands**
Sector **Business Services**
Investment **Feb 2023**

Fostering a safe working environment

A multi-year action plan led from the top, creative communication, and a commitment to continuous improvement is putting employee and public safety at the heart of BUKO's business.

BUKO provides customers in the utilities, civil engineering and events sectors with design, planning and permit services, along with signage and safety equipment for roadworks. It also offers digital solutions that update drivers' navigation systems and tell people via social media that traffic management projects are happening.

Equistone invested in BUKO in 2023 to help it realise its international ambitions. The company already led the Dutch market in temporary traffic management and, over the last two years, has continued to grow strongly in the Netherlands. It has also taken the first steps towards achieving its global goals, entering new markets through key acquisitions in Germany, Sweden and the UK.

Building a safety-first culture

At BUKO, safety is not just about rules and processes, it is part of the culture. The company's teams work in challenging conditions and are exposed to health and safety risks, from bad weather and collision hazards to physical injury.

In response, BUKO has built a strong safety culture, through a multi-year action plan, board and management involvement, and creative internal communication in the form of digital avatar 'Vera', introduced back in 2018.

Since then, Vera has become the visible face of safety to remind colleagues of their daily goal: to get everyone home safely. She brought to life 12 behaviours, launched through a 15-month internal campaign. By the end of 2023, these had been translated into four safety rules to create greater focus, increase employee engagement and improve compliance.

Today, Vera encourages all colleagues to set a positive example, take immediate action when they see a hazardous situation, talk to people about unsafe behaviour, and report every incident and near-accident.

Driving safety progress in 2024

BUKO completed more than 2,600 workplace inspections this year, aimed at preventing accidents and ensuring teams work compliantly. The findings are being used to

ESG in action

BUKO. GROUP

Vera, BUKO's digital safety' avatar.

continuously update and improve safety processes. As a result:

- Traffic management plans are more robustly checked when materials are taken out to site, reducing the risk of errors and potentially unsafe solutions being installed;
- Controls are also in place when equipment is returned to avoid items being left at project sites that could cause safety hazards in public areas;
- Safety walks – a form of inspection – have been revised to put greater focus on keeping people safe when designing, installing, maintaining and removing traffic measures;
- The BUKO Academy has been launched, providing education and training to every employee to ensure they have the right qualifications to do their job safely; and
- A new portal and code of conduct has been introduced for subcontractors – the company's first steps towards safer collaboration with its partners.

A strong monitoring and reporting culture is also continuing to play an important role as the business strives for an accident-free workplace.

All incidents and near-accidents are thoroughly investigated and the findings used to prevent reoccurrences. All colleagues working in the Quality, Health, Safety and Environment (QHSE) department are trained to conduct these investigations. They result in targeted work to raise teams' awareness of important safety issues and the introduction of other control measures needed.

The company's focused efforts over more than seven years have resulted in external validation of its safety culture and commitment to employee wellbeing. In 2024, BUKO reached Level 4 on the Royal Netherlands Standardisation Institute's Safety Culture Ladder – just one rung from the top – and this confirms that safety is a high priority and is improved continuously.

Next steps

BUKO will further embed its safety culture in 2025, improving safety policy, linking the four behaviours to Vera's name for extra clarity, and running an ongoing colleague engagement campaign. This will include toolbox meetings, workplace talks and digital training to raise awareness, increase knowledge and drive behaviour change.

Moreover, the business is preparing to integrate incident reporting into its new management system, allowing leaders to more effectively monitor control measures introduced following accident investigations. And the incident reporting process itself will be improved, based on feedback from colleagues.

"Our business is to keep road workers and users safe. So, it is only right that our ESG strategy includes focusing on the safety and wellbeing of our teams. Our progress in recent years has been validated externally – and we are determined to do more to achieve our daily common goal of getting everyone home safely."

Chantal Boertje
ESG Manager at BUKO

ESG in the portfolio

Governance


Photo: BFT Mastclimbers

Good governance remains fundamental to driving ESG performance – and we continue to support our portfolio to develop and implement policies and processes to meet the highest standards.


Photo: Andra Tech Group

We mainly focus on two key areas: their ESG strategy, function and oversight, and sound business practices and compliance.

In 2024, most portfolio companies – at least those based in the EU or with significant EU operations – benefited from momentum created by the CSRD, even though its introduction has now been delayed. Indeed, 43% of our businesses conducted a double materiality assessment, which is a key CSRD requirement, bringing together cross-functional teams to do so (see ESG in action page 31).

We also continued to support the portfolio to develop core policies and processes to ensure compliance with minimum business ethics standards.

Most companies have now established the foundations of good governance and are becoming more mature in this area. For example, 88% now have a code of conduct in place, and many are increasingly aware of cybersecurity risks, developing policies to manage these. A growing number organise company-wide training on cybersecurity as breaches are often caused by human error. Equistone also provides an expert adviser to support the portfolio to conduct vulnerability scanning.

Many of our businesses are now moving towards more advanced ESG practices. In 2024, several developed or renewed their ESG objectives, setting quantitative targets against which they can track performance. We have seen significant commitment from these companies' management and sustainability teams.

As a firm, we track progress by reporting on the share of our businesses that have core ESG compliance components in place. These include, but are not limited to, a company code of conduct, whistleblowing procedure and supporting grievance mechanism, cybersecurity policy, and supplier code of conduct.

	2022		2023		2024	
GOVERNANCE	Equistone Portfolio	Data availability	Equistone Portfolio	Data availability	Equistone Portfolio	Data availability
Share of PCs with a code of conduct	83%	94%	88%	94%	88%	100%
Share of PCs with a whistleblowing system	68%	94%	94%	98%	93%	98%
Share of PCs with a cybersecurity policy	70%	94%	78%	98%	87%	93%
Share of PCs with a supplier code of conduct	60%	94%	65%	94%	71%	98%
Share of PCs having conducted a materiality analysis	n.a.	n.a.	n.a.	n.a.	43%	67%

ESG in action

Unlocking strategic value through double materiality assessment

Before the European Commission decided to postpone implementation of the Corporate Sustainability Reporting Directive (CSRD), many of our EU portfolio companies had already begun work to comply with it.

And as part of our commitment to sustainable investment, we supported them – gathering input from trusted advisors and setting up a portfolio-wide webinar to build knowledge and capability.

The first step in CSRD readiness is for businesses affected by the regulation to conduct a double-materiality assessment, using the European Sustainability Reporting Standards (ESRS). This means analysing both the impacts of the company's operations on people and the environment, and the financial effects of sustainability matters on the company.

Initial challenges: Complexity meets capacity

During the first phase of the process, several challenges emerged. Firstly, conducting a double materiality assessment requires mapping a wide range of sustainability matters – from climate change and biodiversity to social inclusion and business ethics – and evaluating both their impact materiality and financial materiality.

Secondly, engaging the necessary range of internal and external stakeholders, as well as finding appropriate surveying techniques, was challenging. Furthermore, many companies found it difficult to navigate the technical requirements, as the ESRS guidelines provide structure but leave room for interpretation.

"For sure, conducting a double materiality assessment compliant with the ESRS guidelines is complex and demanding," reflected Elodie Perrigot, Group Chief HR, CSR & EHS Officer at portfolio company and telecoms specialist Camusat.

"From the very beginning, Camusat saw this as an opportunity for collective ownership of ESG issues and fast upskilling. It quickly became clear that it was more than a compliance exercise; it was also key to our strategic thinking and planning."

ESG in action continued

vertbaudet

Emerging benefits: From compliance to strategic insight

Despite the challenges, assessing double materiality yielded clear strategic benefits across the portfolio.

By mapping and ranking sustainability topics based on both impact and financial relevance, companies gained a more nuanced understanding of their material issues, which has informed the development of focused ESG roadmaps and KPIs.

"The process gave us some important insights, especially around issues that could have been considered minor but are actually fundamental for the future resilience of the Group," Elodie continued. "It helped strengthen the links between ESG factors and operational decisions such as investment, risk management and the development of new solutions for our customers."

It also brought quantitative clarity to issues that had previously been managed using qualitative information and intuition. As a result, companies were better able to identify potential revenue impacts, cost drivers, and risk exposure linked to sustainability topics, providing a foundation for scenario analysis and stronger ESG risk management.

"This was the most challenging and yet the most interesting part of the double materiality assessment" said Severine Mareels, ESG manager at Vertbaudet, a leading European e-commerce distributor of children's products.

"Using data to support our ESG strategy – while examining business resilience and emerging risks – helped to engage more colleagues across the organisation. It also plays a key role in building sustainability-related skills more professionally."

For Elodie Perrigot, even though the deadline for CSRD implementation has moved, assessing double materiality now has already proved valuable.

"The quantitative approach imposed by CSRD allowed us to move on from qualitative methods which often remained generic and subjective. It means we can identify ESG priorities with measurable indicators, such as calculating our GHG emissions (tCO_2e) and assessing the proportion of our production sites exposed to climate-related risks.

"Moreover, it helped us to compare impacts, risks and opportunities between activities, geographies and business operations, and integrate this into our risk management, business strategy and monitoring tools – ultimately informing our decision-making."

The assessments also improved internal alignment and transparency, with cross-functional collaboration – especially between finance, operations, and ESG teams – proving critical. Several companies used the assessment process to begin training executive committees on ESG-related financial disclosures, which will be hugely beneficial for future reporting.

"We set up dedicated governance arrangements for CSRD, involving the company's chairman, CFO and head of HR," explained Valentin Gadowski, CSR Manager at portfolio company Sicame Group, a global manufacturer of equipment and service solutions for electrical networks.

"Many workshops were organised with functions across the company, including procurement and legal, to identify and assess impacts, risks and opportunities. The results of our double materiality assessment were presented to the executive committee, as well as the gap analysis against ESRS disclosures. This highlighted the road that still lies ahead for us."

Looking ahead: A valuable exercise despite the delay

Although the European Commission adopted the Stop-the-Clock mechanism and extended reporting timelines for some companies, the momentum for double materiality assessments has not slowed. Most of our portfolio businesses are still finalising their analyses, and many have expressed appreciation for having started early.

At Vertbaudet, Severine Mareels says the company is glad it used the impetus created by CSRD to better understand its ESG risks and opportunities, and strengthen key sustainability initiatives, including those to reduce carbon emissions. Even though Vertbaudet will not be mandated to produce a CSRD report in 2026, it will proactively work towards disclosures aligned with the VSME voluntary sustainability reporting standard.

For Valentin Gadowski, although Sicame Group already had an ESG strategy in place, the double materiality assessment informed and helped to better structure its associated roadmap which was being updated.

Overall, assessing double materiality is no longer seen as a regulatory burden, but as an enabler of more resilient and purpose-driven business. While the journey has required significant time and resources, the insights gathered have already started to shape strategy, foster greater transparency, and enhance stakeholder confidence.

sicame GROUP

LOOKING FORWARD

Photo: Nexus

Looking forward

Looking ahead to 2025

As we look to the year ahead, we will maintain a steady course and continue to implement our ESG programme across the firm and portfolio. We focus on consolidating the progress we have made and ensuring our ESG efforts remain consistent and effective.

We will continue to work closely with portfolio companies to help them strengthen their ESG approaches in ways that are practical and aligned with their operational realities. Our goal remains unchanged: to support them to create long-term, sustainable value. We will do so through targeted improvements in areas such as governance, environmental performance, and social impact, and we believe incremental progress can make a meaningful difference over time.

Internally at Equistone, we will focus on reinforcing our ESG processes and improving the quality and consistency of our data. This will help us better track outcomes and identify areas where we can refine our approach. Ensuring that ESG considerations remain embedded in our investment thinking and day-to-day decision-making will remain a priority.

We also intend to maintain our active engagement with private equity and responsible investment organisations and initiatives, contributing to shared learning and the advancement of responsible investment standards. These partnerships continue to be an important part of how we increase our impact beyond our own portfolio.

In the coming year, our approach will be measured but committed and our direction remains clear: to build on our foundation, support our companies in their ESG journeys, and contribute to broader progress within our industry.

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