

Unleashing Potential

Sustainability Report
2021 - 2022

ik

Welcome

Our 2021/2022 Sustainability Report

We at IK Partners have developed this report to communicate our progress on actively applying environmental, social and governance (“ESG”) factors within IK Partners (“IK”, “the Company” or “the Firm”) investment decision-making and engagement activities with our portfolio companies (“PCs”) and the wider investment community. We understand the materiality of sustainability issues and we continuously strive to evolve and refine our approach to ensure that we are protecting our assets and creating value for everyone we partner with.

About this Report

Our Sustainability Report is organised into seven sections and begins with an overview of our approach to ESG integration across all stages of our investment process. Following this, we delve deeper into each aspect of ESG, highlighting the progress made to date, key projects and initiatives, alongside case studies to bring it all to life. Finally, we summarise the key impacts of our venture philanthropic initiative and some of the local charity initiatives in place across our offices.

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“At IK, we are proud to have been among the earliest adopters of incorporating ESG in the investment process and I strongly believe that this has contributed to the continued success of the Firm, but more importantly, the businesses we partner with. This naturally helps us to continue delivering superior returns to our investors.”

Christopher Masek
CEO



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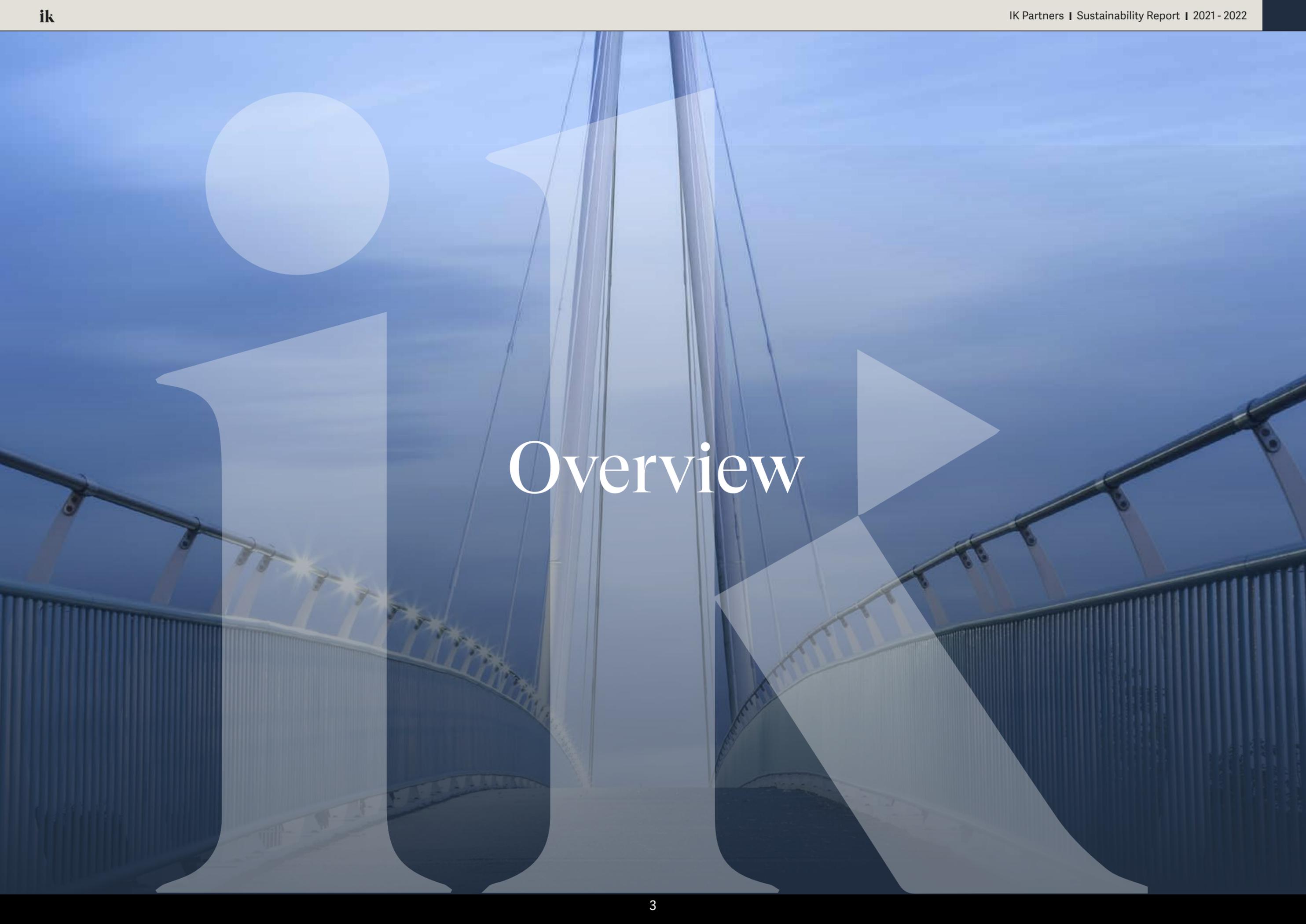
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Overview

About Us

We are a European private equity ("PE") firm focused on investments in the Benelux, DACH, France, Nordics and the UK. Since 1989, we have raised more than €14 billion of capital and invested in over 170 European companies. We support companies with strong underlying potential, partnering with management teams and investors to create robust, well-positioned businesses with excellent long-term prospects.

Our multi-strategy offering creates a comprehensive platform which allows us to make majority, minority and partnership equity investments in a range of businesses across our core sectors: Business Services, Healthcare, Consumer and Industrials. With the integration of our in-house Capital Markets, Operations and ESG teams throughout the investment lifecycle, we are able to support management teams in accelerating the growth of their companies.

Figure 1. Map of all IK Offices



IK in Numbers

30+ Year Track Record	180+ Employees ¹⁾	170+ Investments ¹⁾
60+ Portfolio Companies	ik	€8.0bn Assets under Management
4 Strategies Mid Cap Small Cap Development Capital Partnership Fund	4 Sectors Business Services Healthcare Consumer Industrials	

2021 – 2022: In Review

€1.5bn Raised	30 Investments	€2.2bn+ Invested
€2.5bn+ Realised	Development Capital Strategy Launched	16 Exits

1) As of November 2022.

<h3>Our Purpose</h3> <p>To unleash the potential we see in people, businesses and communities.</p>	<h3>Our Vision</h3> <p>To achieve success for our partners, their businesses and the wider community through collaboration and professional excellence.</p>	<h3>Winners</h3> <p>Pan-European House of the Year Real Deals Private Equity Awards 2022</p>
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Introduction from our CEO: A Strategic Priority

While 2021 saw another year of performance records for IK, it was also one in which we took decisive steps to reinforce our strategic focus on sustainability. Broader macro events, such as geopolitical pressures, supply chain pressures, the continued impact of the Coronavirus pandemic ("COVID-19"), as well as an increasing urgency to tackle sustainability-related challenges (namely climate change) have materially increased the need to prioritise responsible practices.

With the invasion of Ukraine on one hand and the successive increases in interest rates by central banks seeking to curb high inflation on the other, the overall geopolitical and economic environment has developed significant headwinds during the course of 2022. While our Firm addresses the ramifications of these challenges, we remain resolute in our commitment to continued focus on ESG as the concerns, particularly with respect to climate, will only become more acute.

In the reporting period, we saw a rising demand for ESG data from financial market participants who are keen to accurately price sustainability-related risks and opportunities. We have also experienced an increased requirement for greater

transparency and accountability from regulators and a broadening investor base.

It is our belief that successful funds will be measured on their ability to achieve objectives beyond solid traditional financial performance criteria in the field of ESG metrics. At IK, we are proud to have been among the earliest adopters of incorporating ESG in the investment process and we strongly believe that this has contributed to the continued success of the Firm, but more importantly, the businesses we partner with. This naturally helps us to continue delivering superior returns to our investors.

We focused on further enhancing this incorporation at each stage of our investment process by: systematically engaging with external ESG due diligence ("DD") advisors in the pre-investment stage; improving our monitoring and reporting during active ownership with the development of clear and relevant key performance indicators ("KPIs"); and finally, increasing the visibility of ESG data to buyers on exit. The success of this process relies upon the efforts of our Investment, Capital Markets and Operations teams, who are ably supported by our ESG team. We further

enhanced internal ESG governance oversight through its inclusion in our monthly Finance and Administration Steering Committee ("F&A SC") meetings and the integration of sustainability in our Firm-wide Remuneration Policy.

As a global financial risk, climate change has become one of our most prioritised areas of focus. We supported our PCs in the measurement of their greenhouse gas ("GHG") emissions for 2021 and we will be systematically continuing this on an annual basis. As a Firm, we defined our science-based targets ("SBTs") across our own operations as well as for our portfolio coverage and these have recently been approved by the Science-Based Targets initiative ("SBTi") in 2022. In the months ahead, this commitment will be further enhanced through the development of our governance and strategic approach to climate change, aligning our reporting with the Task Force on Climate-Related Financial Disclosures ("TCFD") framework.

Our people are at the heart of our business and in pursuit of our "People-First Private Equity" strategy, we see diversity as a key value driver. We firmly believe that companies can only flourish with the collective contributions of a variety of

unique individuals and it is for this reason that we continuously strive to increase diversity – both at IK and within our PCs.

Outside of our approach to ESG, we are keen to carry on engaging with the wider community, having endeavoured to put this into action through participation across the Firm's different offices in assisting local communities covering a range of different areas, including homelessness and education.

We are aware that, in an ever-evolving landscape, there will be further sustainability-related challenges. Nevertheless, we continue to advance our response to be prepared and succeed in the journey ahead.

With best wishes,



Christopher Masek
CEO

Our ESG Team

Our ESG team supports the integration of sustainability risks throughout the Firm’s decision-making processes and all stages of the investment lifecycle to contribute to the sustainability-related value protection and value creation within IK and its PCs. The team is also in charge of strengthening IK’s ESG policies, evolving IK’s monitoring and reporting approach and ensuring early adoption of leading ESG standards.

“Developing a leading ESG approach is a strategic priority for IK. We believe ESG factors are an important consideration in making the right investment decisions and future-proofing our PCs. We, therefore, monitor meaningful and reliable decision-useful data allowing both us and our investors to fully integrate sustainability into the investment process. Finally, we believe that collective industry efforts are necessary to address sustainability challenges.”




Jovana Stopic
ESG Manager
London

“Our awareness of both the fragility of the world in which we live and businesses’ responsibility towards people and environment is growing. In the wider PE industry, we are discussing these issues to an increasing extent and collaborating to contribute to effective solutions to some of the most pressing global sustainability challenges.”




Mads Ryum Larsen
Managing Partner
Investor Relations and ESG
Copenhagen

“Our stakeholders’ objectives now go beyond superior financial performance, emphasising the importance of a firm’s ethos, employee wellbeing, environmental goals and many other factors. We are continuously working to increase the transparency of ESG metrics within IK and our PCs to enable our broad investor base to integrate these throughout their own decision-making and reporting processes.”




Alice Langley
Partner
Investor Relations and ESG
London



Albina Stukalkina
ESG Coordinator
London

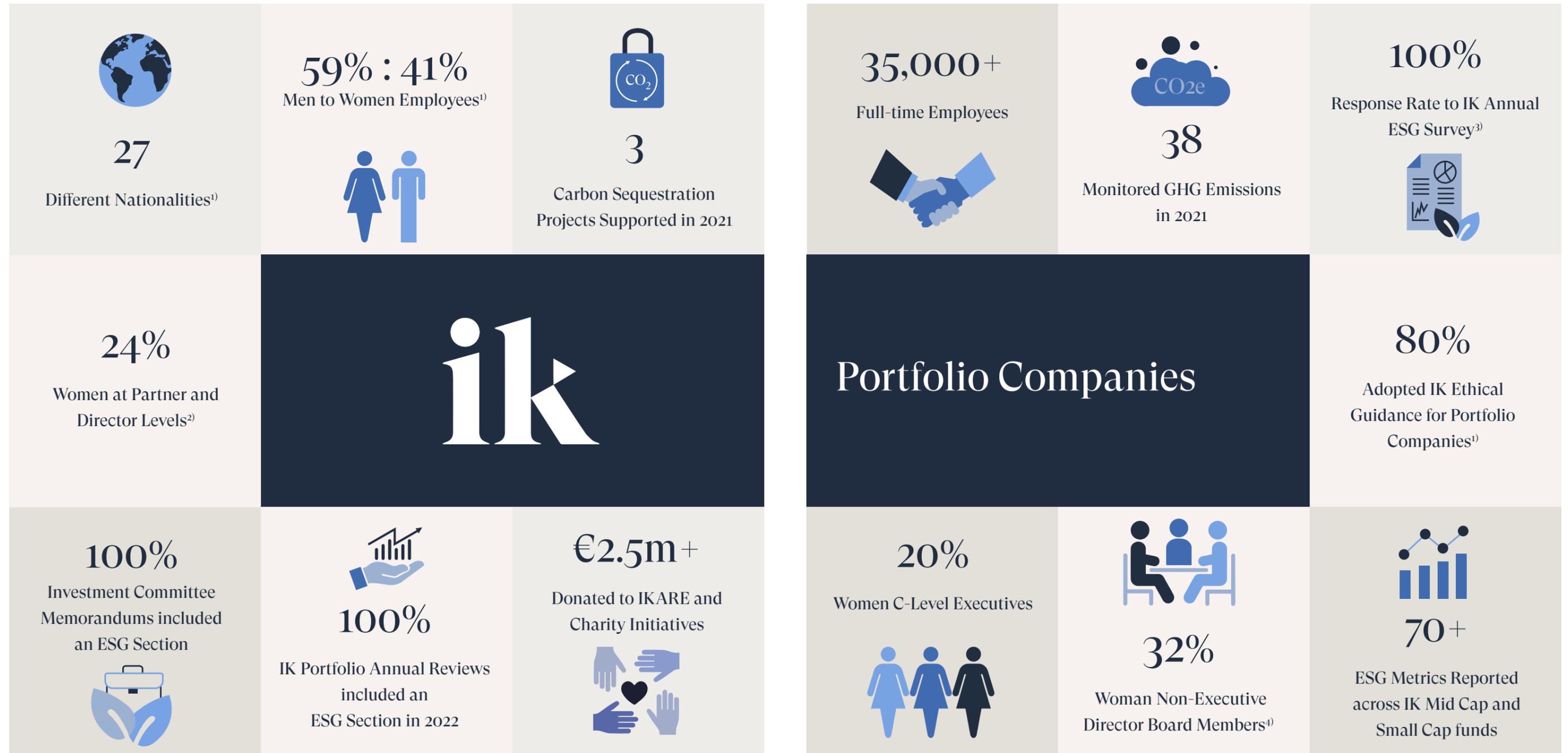


Ulysse Hahang
ESG Analyst
Paris



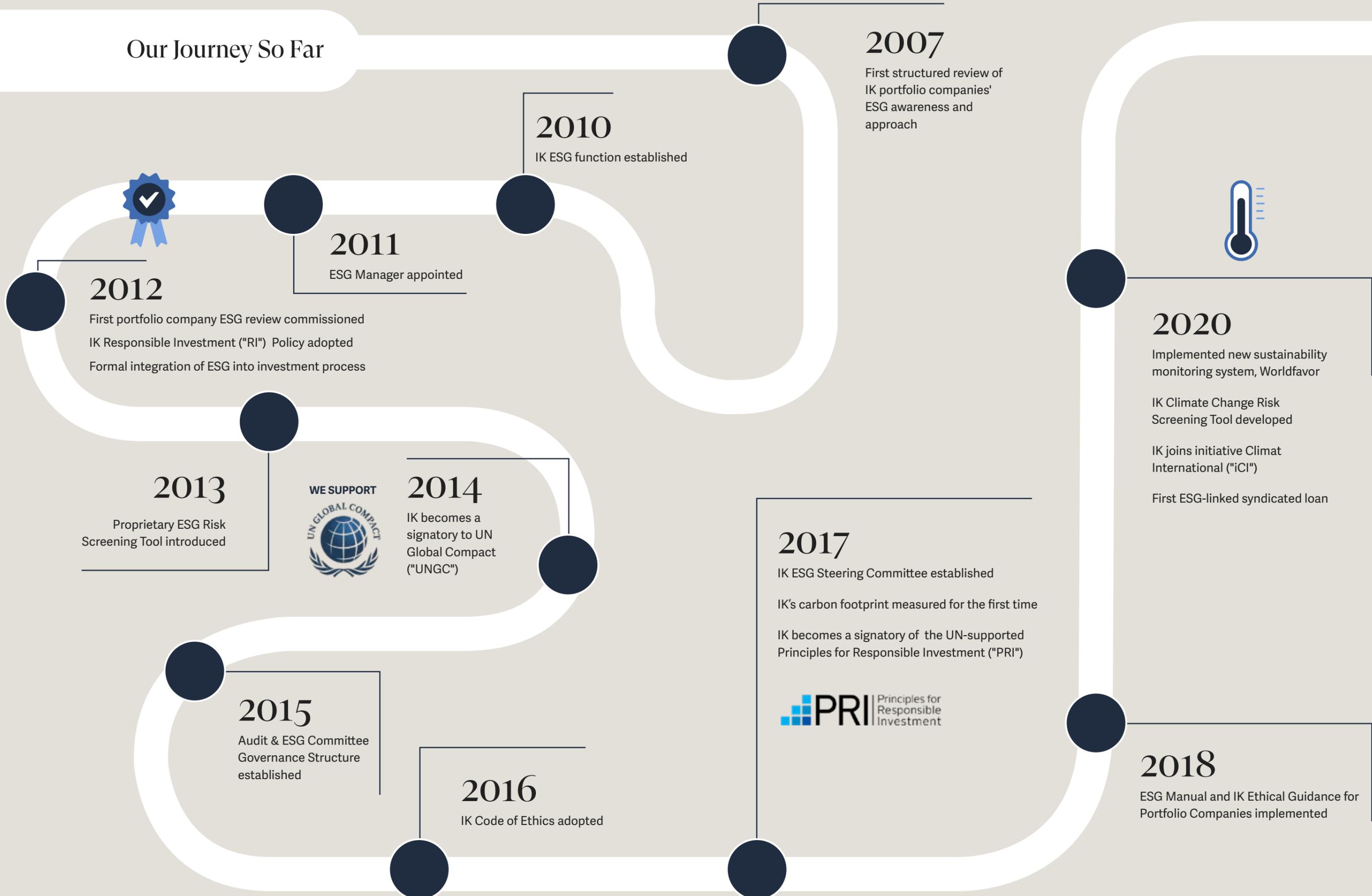
ESG at IK

ESG Highlights



1) As of 1 December 2022.
 2) Based on promotions awarded in November 2022, effective January 2023.
 3) Figures disclosed based on the companies that were in scope for the 2021 Annual ESG Survey.
 4) As of 1 December 2022, excluding two PCs where the Board of Directors is being formed.

Our Journey So Far



2007

First structured review of IK portfolio companies' ESG awareness and approach

2010

IK ESG function established

2011

ESG Manager appointed

2012

First portfolio company ESG review commissioned
IK Responsible Investment ("RI") Policy adopted
Formal integration of ESG into investment process

2013

Proprietary ESG Risk Screening Tool introduced



2014

IK becomes a signatory to UN Global Compact ("UNGC")

2017

IK ESG Steering Committee established
IK's carbon footprint measured for the first time
IK becomes a signatory of the UN-supported Principles for Responsible Investment ("PRI")



2015

Audit & ESG Committee Governance Structure established

2016

IK Code of Ethics adopted

2020

Implemented new sustainability monitoring system, Worldfavor
IK Climate Change Risk Screening Tool developed
IK joins initiative Climat International ("iCI")
First ESG-linked syndicated loan

2018

ESG Manual and IK Ethical Guidance for Portfolio Companies implemented

2021 – 2022



1

Embedding ESG in the Investment Process

- IK ESG Policy and KPIs implemented
- ESG Roadmap for 2021 – 2023 created
- Sustainability integrated in IK Remuneration Policy
- ESG margin ratchets made available for every new deal
- IK Diversity and Inclusion ("D&I") Policy adopted
- Monthly ESG meetings with F&A SC
- IK Anti-Bribery and Corruption ("ABC") Model Policy and Risk Assessment template for PCs developed
- Bespoke climate change training created for investment professionals



2

Strengthening Compliance and Reporting

- Public disclosures as per Sustainable Finance Disclosure Regulation ("SFDR")
- IK becomes a signatory to ESG Data Convergence Initiative ("EDCI")
- Introduced Carbon Footprint Project for PCs
- IK SBTs verified by SBTi
- SDG dashboard implemented
- IK joined UNGC's Early Adopters Programme
- Formally supporting Task Force on Climate-Related Financial Disclosures ("TCFD")



3

Enhancing our External Engagement

- IK joined Institutional Limited Partners Association ("ILPA") Diversity in Action ("DiA") initiative, Out Investors ("OI") LGBT+ Network and 10,000 Black Interns
- Throughout 2021 and 2022 members of the ESG team participated in various panel discussions at a range of industry conferences

Looking Ahead

Going forward, we will continue to review our ESG strategy as per the three pillars. Our focus areas for the next 12 months, include:

- Climate Change
- D&I
- Biodiversity
- Supply Chain
- Human Rights

The Role of ESG in our Investment Process



Pre-Investment

Sourcing

- General ESG trends strategically considered
- IK ESG Team contributes to Business Development Meetings

Screening

- All potential investments screened against the exclusions list as per IK RI Policy
- Material ESG topics scoped using proprietary IK Environmental and Social Tool and industry-recognised materiality mapping standards
- Physical and transition risks scoped using proprietary [IK Climate Change Risk Tool](#)

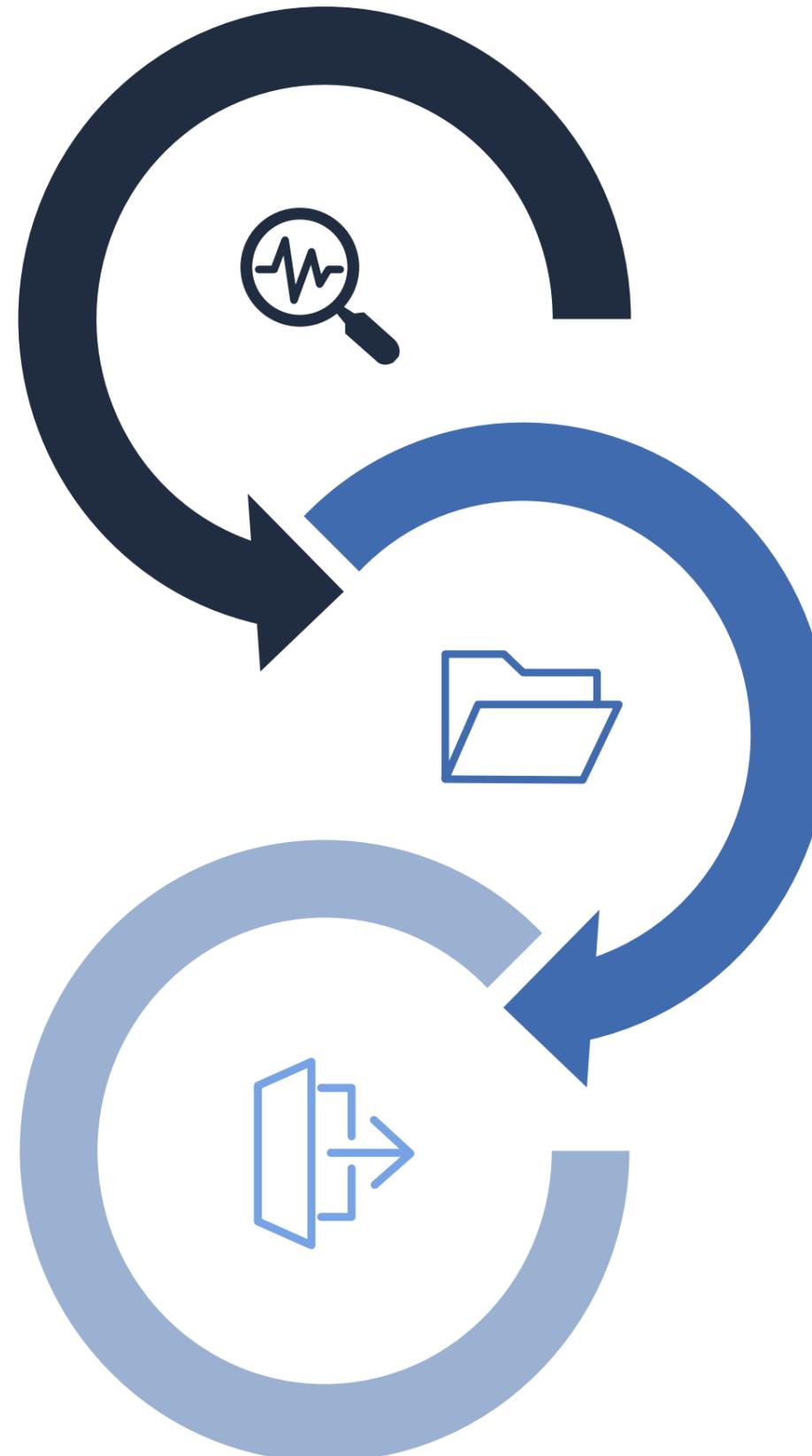
Due Diligence

- Relevant ESG risks and opportunities of potential target investments analysed by Investment teams, supported by ESG team and external specialists

Investment Decision

- A detailed assessment of any potential investment's financial and non-financial information, including ESG, is presented to the Investment Committee and considered when making a decision

100% IC Memos included an ESG Section



Active Ownership

Strategic and Operational Focus

- Implementation of independent ESG Review / ESG Strategy
- Recommendations fed into a Full Potential Plan
- Ad-hoc engagement and support to implement ESG initiatives provided
- Annual discussions of ESG matters by the Audit and ESG Committees or Boards of Directors¹⁾ at PCs

Monitoring and Reporting

- Annual ESG Update Survey covers seven thematic areas:
 - Anti-Bribery, Anti-Corruption and Business Ethics
 - Corporate Social Responsibility
 - Data Privacy and Cybersecurity
 - Diversity and Labour Relations
 - Environment and Climate Change
 - Occupational Health and Safety
 - Supply Chain Management, Modern Slavery and Human Rights
- ESG part of an in-depth PC annual performance review
- Progress reported to limited partners ("LPs")

75% Companies have ESG Review²⁾

100% Annual Reviews included ESG in 2022



Exit

Assessment

- ESG included in IK Exit Presentations
- ESG VDD conducted (If appropriate, depending on the structure of the exit process and the nature of the investment)

1) Where appropriate due to the structure of the board; encouraged for minority investments.
 2) Completed or commissioned a third-party review as of 1 December 2022.

Case Study

SCHOCK



www.schock.de



Focus: ESG in the Investment Process

Designer and manufacturer of a wide range of kitchen sinks, mixer taps and accessories

Background

Headquartered in Regen, Germany, SCHOCK designs and manufactures a wide range of kitchen sinks, mixer taps and accessories. As the original inventor of the manufacturing technology commonly used in the production of granite sinks, SCHOCK has gained a reputation for innovation, quality and technological excellence.

The IK VIII Fund acquired SCHOCK from HQ Equita in December 2016 and sold it to Triton in March 2021.



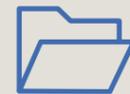
Pre-Investment

Screening and Due Diligence

The ESG screening relied on findings from external expert reports, provided by both the vendor and commissioned by IK.

Investment Decision

ESG findings were incorporated into the IC Memo to enable consideration of ESG risks in the investment decision-making process.



Active Ownership

PwC conducted an independent ESG review for SCHOCK and provided recommendations and the performance of the company was monitored as part of the PC Annual Reviews and Annual ESG Surveys.

Sustainable Material Sourcing

A substantial part of SCHOCK's indirect GHG emissions came from the sourcing of petroleum based polymer resins, such as polymethyl methacrylate (acrylic resin). With its "SINK GREEN" strategy, SCHOCK introduced the goal of substituting conventional sources of resin with alternative sources, such as recycled resin, repurposing production rejects by converting them to raw material granules.

Sustainable Product Lines

SCHOCK launched the "CRISTADUR® Green Line" of products in September 2020, using these recycled raw material granules to produce new sinks. More than 99% of the materials used in this new product line are from natural, renewable and recycled sources.

Energy Management

In December 2019, SCHOCK launched its sustainability strategy with the goal of achieving carbon neutrality. A dedicated energy management system, certified according to the ISO 50001:2018 standard, was implemented in June 2020. Implementing energy management activities, such as installing a 750-kilowatt peak solar panel system covering up to 10% of the company's energy needs helped to reduce natural gas consumption and achieve 58.2% renewable electricity consumption as of November 2020.



Exit

EY conducted ESG VDD, providing relevant information to potential buyers.



Status
Realised
(2016 – 2021)

Strategy
Mid Cap

Fund
IK VIII

Sector
Consumer

Investment Page
ikpartners.com/
investments/schock/

Materiality Mapping: IK Mid Cap Funds¹⁾

We continuously monitor the ESG performance of our PCs and expect them to complete our Annual ESG Update Survey, whilst encouraging them to focus on material ESG topics. We use the Worldfavor Sustainability Platform to collect, aggregate and analyse the ESG data from our PCs.

70+ ESG KPIs and Metric tracked
100% PCs completed Annual ESG Survey

Mid Cap IK Funds VII – IX



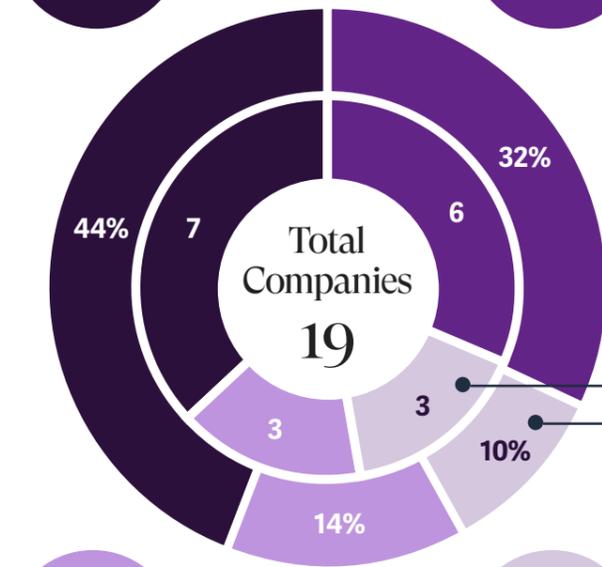
Business Services

Data Protection and Privacy / Cybersecurity	100% Data Protection Policy implemented 100% Cybersecurity Policy implemented
Business Ethics and Fraud	100% Code of Conduct implemented 86% Whistleblowing Facility in place
Anti-Bribery and Corruption Practices	100% ABC Policy implemented 100% ABC Training in place



Healthcare

Occupational Health and Safety	100% Measure H&S KPIs 100% H&S Policy implemented
Business Ethics / Fraud	67% Code of Conduct implemented 67% Whistleblowing Facility in place 83% ABC Policy implemented 50% ABC Training in place



Number of Companies
Proportion of Invested Capital²⁾

Consumer

Occupational Health and Safety	100% Measure H&S KPIs 100% H&S Policy implemented
Supply Chain Management (Food-related PCs Only)	100% Responsible Supply Chain Policy implemented 100% Assessed ESG performance of suppliers
Environmental Impact (Food-related PCs Only)	100% Environmental Policy implemented 100% Waste reduction tracked and targetted
Data Protection & Privacy (Education-related PCs Only)	100% Data Protection Policy implemented 100% Cybersecurity Policy implemented
Consumer Welfare (Education-related PCs Only)	100% Consumer Satisfaction Survey in place



Industrials

Product Quality and Safety	100% ISO Certification achieved
Supply Chain Management	67% Responsible Supply Chain Policy implemented 33% Assessed ESG performance of suppliers
Environmental Impact	67% Environmental Policy implemented 100% Green product line established
Occupational Health and Safety	100% Measure H&S KPIs 100% H&S Improvement Plan in place



84% Measure scope 1 + 2 emissions

Financed Emissions (scope 1 + 2): 8,891 tCO₂e

10% of PCs have set SBTs



28% Women C-Suite Managers

18,346 FTEs

56% Measure employee satisfaction



63% ESG Public Disclosure

95% Data Privacy and Protection Policy

79% Cybersecurity Policy

1) Figures disclosed based on the companies that were in scope for the 2021 Annual ESG Survey.
 2) Invested capital as of 1 December 2021.

“Reporting of material ESG risks and opportunities also allows us to simultaneously mitigate the impact of threats and create value. When reporting, we endeavour to provide concrete data to ensure the validity of results and gain confidence from our stakeholders. Finally, as with anything, paying close attention to the reporting of ESG-related matters allows us to benchmark the progress of both IK and our PCs against peers, further motivating us to evolve and remain successful in a highly competitive environment.”

Albina Stukalkina
ESG Coordinator
London



Small Cap IK Funds SC I – III



Materiality Mapping: IK Small Cap Funds¹⁾

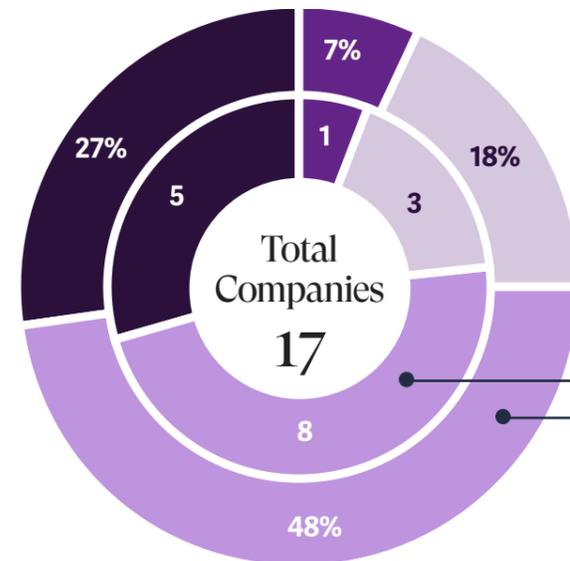
Business Services

Data Protection and Privacy / Cybersecurity	80% Data Protection Policy implemented 40% Cybersecurity Policy implemented
Business Ethics and Fraud	40% Code of Conduct implemented 20% Whistleblowing Facility in place



Healthcare

HR / Labour Practices	100% HR Policy / Handbook in place 100% Measure employee satisfaction
Product Compliance	100% ISO 9001:2008 and ISO 13485:2012
Business Ethics / ABC	100% Code of Conduct implemented 100% Whistleblowing Facility in place 100% ABC Policy implemented 100% ABC Training in place



Number of Companies
Proportion of Invested Capital²⁾

Consumer

Data Protection & Privacy / Cybersecurity	100% Data Protection Policy implemented 75% Cybersecurity Policy implemented
Business Ethics / Fraud	50% Code of Conduct implemented 63% Whistleblowing Facility in place
Occupational Health & Safety	75% Measure H&S KPIs 88% H&S Policy implemented 38% H&S Improvement Plan in place



Industrials

GHG Emissions	100% Scope 1 + 2 Emissions measured 33% Average renewable energy procurement (as % of total)
Occupational Health & Safety	67% Measure H&S KPIs 100% H&S Policy implemented 67% H&S Improvement Plan in place
Business Ethics / Fraud	0% Code of Conduct implemented 0% Whistleblowing Facility in place



100% Measuring scope 1 + 2 emissions

Financed Emissions (scope 1 + 2): 4,176 tCO₂e



20% Women C-Suite Managers

3,842 FTEs

47% Measure employee satisfaction



53% ABC Policy

41% ABC Training

1) Figures disclosed based on the companies that were in scope for the 2021 Annual ESG Survey.
2) Invested capital as of 1 December 2021.

Enhancing Transparency

We believe that ESG is an integral component of both value creation and preservation and we are therefore committed to continuously enhancing transparency with our stakeholders to ensure that relevant metrics are captured and communicated in a way that supports their integration into effective decision-making.

In 2021, we published information on our website with regards to how we integrate sustainability risks into decision-making processes, as well as other related disclosures in accordance with SFDR. To find out more, click [here](#).

“With ESG becoming more important to LPs, many have developed their own ESG scorecard to assess each individual GP’s performance and exposure to ESG risks – at both a PE firm level and when it comes to underlying PCs. Not only is commitment to ESG in the investment process important, but LPs also expect to see GPs in a position whereby they proactively and regularly report on progress with relevant KPIs. We are continuously working to increase the transparency of ESG metrics at both levels to enable LPs to integrate these throughout their own decision-making and reporting processes.”

Amine Habiballah
Director – Investor Relations
Paris



PRI – Transparency Report

We submitted our [PRI Transparency Report](#) and were awarded four out of five stars, significantly outperforming the median in both the Investment and Stewardship Policy module as well as the Private Equity one.

GHG Emissions Report

With regards to climate action, we recently shared the latest [IK GHG Emissions Report](#), which includes emissions generated by IK and, for the first time, financed emissions from PCs.



ILPA Diversity Metrics Reporting Template

To provide a high level of transparency for our investors, we prepare and report on gender-related metrics in accordance with the [ILPA](#) Diversity Metrics reporting template.



UNGC – Early Adopter Programme

Since 2015, IK has been a signatory of the [UNGC](#) and in 2022, we joined the UNGC "Early Adopter Programme" and submitted our [Communication on Progress Report](#) using the new reporting platform. Our report is available for public consumption on this platform also.



ESG Data Convergence Initiative

Historically, the collection and comparability of reported ESG data in the private sector has been fragmented when compared to the publicly reported data from listed companies. In 2022 however, leading general partners ("GPs") and LPs partnered to align on a comparative approach to ESG reporting and benchmark development through the EDCI, coordinated by ILPA and supported by the BCG. This initiative aims to create a critical mass of meaningful, performance based and comparable ESG data from private companies. The EDCI enables benchmarking of performance to encourage progress toward ESG improvements whilst creating transparency and more comparable portfolio information for LPs.

Having signed up to the EDCI in January 2022, joining over 120 GPs, we have contributed to the first round of ESG data, based on a standardised set of ESG metrics collected across our Mid Cap and Small Cap funds.

Our Use of ESG Data: UN Sustainable Development Goals

As a responsible investor, we see it imperative to understand and measure our portfolio’s contribution to the UN Sustainable Development Goals (“SDGs”), a blueprint designed to coordinate the actions of the UN to achieve a “better and more sustainable future for all”. Using tangible targets across different developmental areas, the aim of the SDGs is to elevate global actions and put an end to poverty and ensure equality and prosperity for people and the planet by 2030.

We participated in the six-month SDG Ambition, developed by the UNGC in partnership with Accenture, designed to empower, challenge and support companies like us in developing a roadmap to set targets aligned with the SDG Ambition Benchmark. Looking ahead, we will be able to utilise the knowledge gained during the programme to integrate the SDGs into our ESG strategy. As highlighted in *Figure 2*, we identified the following sustainability goals as focus areas for us:

SDG 5: To promote gender balance at all levels of management

SDG 13: To implement SBTs and reduce GHG emissions in line with a 1.5°C pathway

SDG 16: To ensure zero incidents of bribery throughout the organisation

In a dashboard created within the online sustainability reporting platform, Worldfavor, we were able to map selected ESG metrics collected from our portfolio against relevant sustainability targets. We developed our own methodology to score PCs based on the availability of their sustainability-related metrics, company policies and ESG KPIs. These scores reflect a potential positive or negative contribution to the corresponding SDGs.

Going forward, we will continue to examine and advance our methodology to improve our understanding of the links between our PCs’ operations and SDGs, with particular emphasis on the downstream impacts of their products and services.

Figure 2. Results of our Portfolio SDGs Mapping

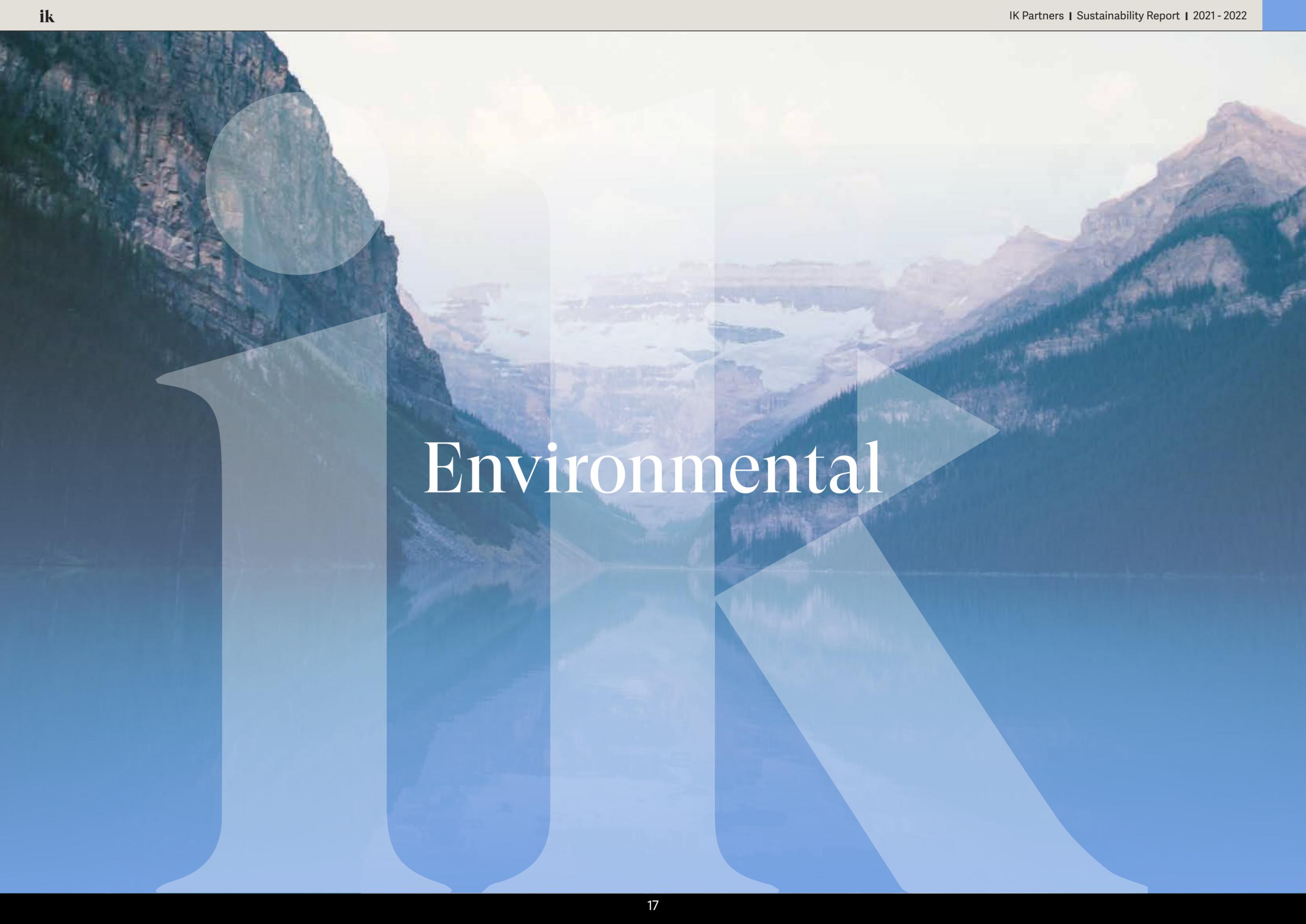
The shaded areas in *Figure 2* represent the aggregated portfolio scores from 0 to 100; based on the data reported as part of the 2021 IK ESG Survey, for companies that were in an adjusted scope. The highest positive portfolio contribution was to SDG 3, reflecting strong health and safety management practices in place across our PCs. At the same time, we also recognise the potential for improvement on gender diversity (SDG 5).



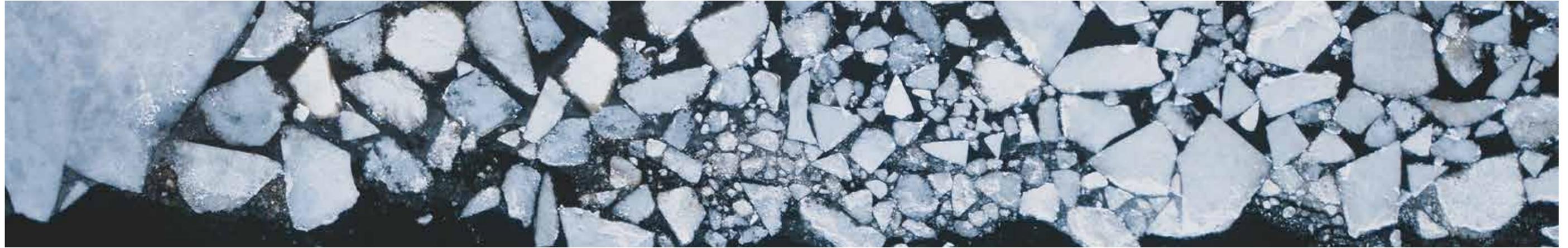
“As investors, we tend to review businesses based on the sustainability of their business model – a natural and logical extension of it is to view the businesses from a much broader perspective. For me, the term ESG translates to ‘good’ behaviour – which then contributes positively to a better society.”

Ozan Demir
Associate Director
Development Capital
Stockholm





Environmental



Environmental

At IK, we recognise the interrelation and dependencies between business operations and the environment.

As per our RI Policy, we do not invest in companies engaged in a pattern of non-compliance with environmental regulations or those that have an unacceptably high GHG footprint and have failed to take reasonable steps to reduce their emissions (each as determined by IK).

Our definition of ESG spans a wide range of environmental issues which are, where material, considered in the investment process. Our environmental focus areas include:

- **Climate Change**
- **Pollution and Contamination of Land, Air and Water**
- **Eco-Efficiency and Resource Efficiency**
- **Waste Management**
- **Natural Resource Scarcity**
- **Biodiversity**

Climate change is a global threat that poses serious financial risks and therefore has been a key focus area of our ESG approach. Going forward, we will be looking to place more emphasis on other relevant environmental topics, such as biodiversity, highlighted on our [ESG Roadmap](#).

Climate Action

We are committed to constantly evolving our approach to risk management and reporting to ensure the integration of climate change risk throughout the investment process and to further enhance transparency over material climate-related factors.

Operational and Portfolio Coverage Science-Based Targets

This year, we took a further step towards managing climate-related risks, preparing for the business challenges and opportunities related to decarbonisation and helping to contribute towards

climate change mitigation by setting SBTs which have been validated by the SBTi. The targets were set using guidance for the PE industry, developed jointly by SBTi and the ICI. The targets cover both IK's operations and our majority investments and aim to achieve GHG emissions reductions aligned with a pathway to limit global warming to 1.5°C.

IK has committed to achieving the following targets:

- 1.** Reducing absolute scope 1 and 2 GHG emissions by 54% by 2030 from a 2019 base year; and
- 2.** In scope 3 (portfolio target) achieving 26% of its eligible PE investments by invested capital setting SBTi-validated targets by 2026 and 100% by 2040 from a 2021 base year.

To achieve our goals and align with the Paris Agreement, we will implement an effective strategy focused on:

- Encouraging our PCs to measure their carbon footprint, identifying emission-reduction opportunities and setting their own approved SBTs; and
- Identifying and switching to low-carbon energy sources for IK's own operations.



Supporting Task Force on Climate-Related Financial Disclosures



We now formally support the TCFD, which is recognised as one of the key climate-related risk reporting frameworks for the financial industry. Created by the Financial Stability Board, the TCFD provides a clear set of recommendations on the types of disclosures and assessment practices required by companies to account for climate change risks in asset valuations to ensure efficient capital allocation. Whilst still preparing for future TCFD-aligned reporting, we have organised key information on our current practices against the four TCFD pillars below.



Governance

The organisation's governance around climate-related risks and opportunities.

Climate change is embedded in IK's ESG definition and our approach to related risks and opportunities is laid out in our ESG and RI policies; both of which are owned and overseen by the CEO and the Partner Group.

All our investment professionals have a responsibility to integrate ESG factors, including climate change, within the investment process. They are supported by the ESG team and provided with both relevant training on climate change risk impacts as well as regulatory updates to make informed decisions.

The ESG team also provides regular updates, which includes climate-related topics as appropriate, to the Firm's Partner Group and our Funds' Board. More information on our governance approach can be found in the [Governance](#) section of this report.

We also engage in leading industry initiatives such as iCI, supporting efforts to align and advance the PE industry's approach to climate change risk management. We actively participate in net zero and training materials working groups. As a co-leader of the regulatory working group, we were involved in producing the report on [TCFD Implementation Considerations for PE](#) which was prepared by KPMG LLP for the initiative Climat International and the British Private Equity and Venture Capital Association.



Strategy

The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses where such information is material.

Climate change is an area of focus within our ESG Roadmap and we are planning to develop a standalone climate action policy. In the future, we will start using scenario analysis at both fund and PC levels to assess our exposure to climate-related risks across different time periods.

At present, during the sourcing and screening stages, we apply the relevant exclusions as per our RI Policy and take into consideration the most materially relevant risks and opportunities in the four core sectors we invest in.

We are keenly aware of the impacts that the green transition will have on the global economy and where appropriate, we support our PCs in their efforts to measure their own GHG emissions and help them understand what a decarbonisation pathway might look like for them.



Risk Management

Identification, assessment and management of climate-related risks.

As per our ESG Policy, sustainability risks and opportunities are considered and managed throughout each step of the [investment process](#). Potential investments are screened for physical and transition climate change risks based on the sector and geographic location. This is carried out using the [IK Climate Change Risk Screening Tool](#) and the findings are fed into the IC memo.

As part of our annual monitoring process, we collect carbon footprint and energy consumption data from our PCs.



Metrics and Targets

Metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

The following metrics are used to assess climate-related risks and opportunities:

- **Scope 1, 2 and 3 (where available) GHG emissions;**
- **Emissions intensity per employee, per revenue and per capital invested; and**
- **Energy consumption and percentage share of renewable energy**

To manage related risks and opportunities, we have set [emissions reduction targets](#) that have been approved by the SBTi.



SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. It is focused on accelerating companies across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.



iCI is a global community of private markets investors who seek to display leadership in improving the industry's understanding and management of the risks and opportunities associated with climate change.

Our Climate Change Risk Screening Tool

Since 2021, our Climate Change Risk Screening Tool has been used in the pre-investment stage to screen potential investments.

The tool explores physical and transition risks across a range of industries based on our sector focus areas in the context of two scenarios: "Global Green Transition"¹⁾ and "Business as Usual"²⁾. The difference between the two scenarios is the expected degree of global warming in 2100 compared to pre-industrial levels and subsequent actions that need to be taken in either case to limit or adapt to a changing climate.

Based on an investment's sector and location, we are able to use the tool to scope climate risks throughout the value chain and to help our investment teams make a decision on whether it is necessary to conduct a further climate risk investigation during the DD process or post-acquisition.

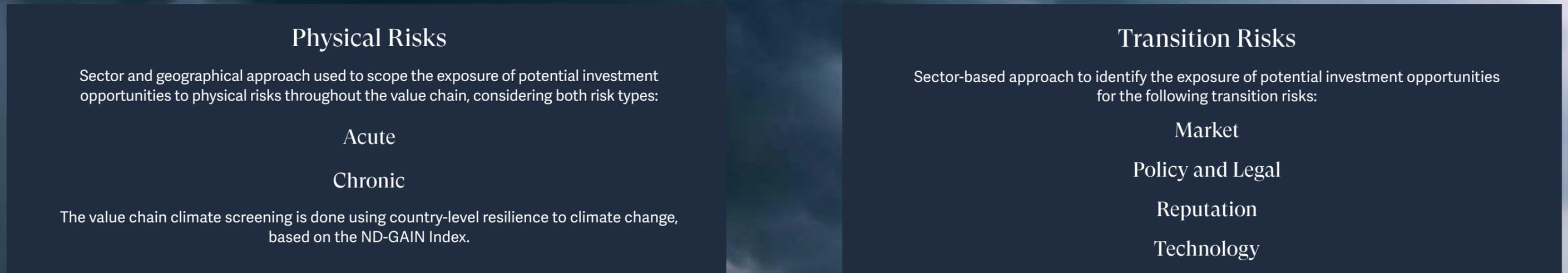
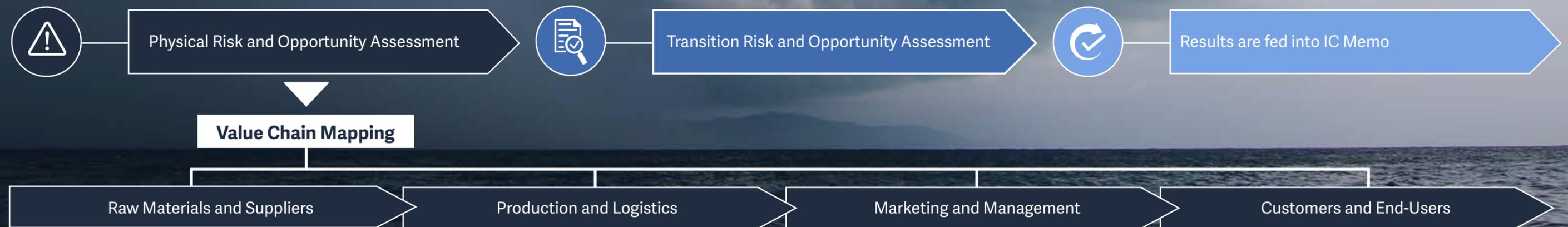


Figure 3. Climate Change Risk Screening Tool



1) 1.5°C global warming by 2100 (IPCC 2.6) IEA World Energy Outlook: Net Zero Emissions by 2050. 2) 4°C global warming by 2100 (IPCC 6.0) IEA World Energy Outlook: Stated Policies Scenario.

GHG Emissions Monitoring and Reporting

IK

At IK, we are committed to measuring, reducing and communicating our own operational GHG emissions annually, as part of our approach to address climate change. We have been measuring our operational GHG emissions since 2016.

Following the GHG Protocol, we measure GHG emissions across all our offices, covering scope 2 and 3 emissions (categories 1-14) generated from purchased electricity, business travel, purchased paper and waste disposal. In 2021, we initiated a project to extend our scope 3 coverage to include emissions from our investments (category 15). Scope 1 emissions were not identified and therefore not reported.

In 2021, IK's total GHG emissions across all offices amounted to 369 tCO₂e, a 26% increase from 2020. The rise in emissions was expected, given that business travel forms the biggest share of our total emissions and restrictions for travel were lifted. However, the total emissions were still 76% lower than in 2019 suggesting that, similar to 2020, we are not back to our 'business-as-usual' travel frequency scenarios. In 2021, two IK offices, London and Amsterdam, procured 100% of their energy from renewable sources, accounting for 30% of the Firm's total energy consumption. This helped us avoid 50% of our total electricity emissions.

Further details can be found in our [2021 GHG Emissions Report](#).

Portfolio Companies

A number of our PCs have an existing history of measuring and reducing their emissions. For those at the start of their journey, we initiated a project to help them identify sources of their emissions and measure their carbon footprint.

This project was carried out in partnership with an independent expert consultancy, CO2logic (part of the South Pole Group), who supported 29 of our companies in calculating their scope 1 and 2 emissions from operations in 2021. This project was designed to help companies understand how to calculate the carbon footprint for their specific operations as well as identify and collect the data required. Real data obtained from companies across all their locations was used in most cases and conservative proxies were used where necessary.

All participating companies were provided with the following results:

- **Scope 1 and 2 GHG emissions calculations;**
- **Carbon intensity metrics;**
- **Percentage share of renewable energy used;**
- **Individual reports with emissions-reduction opportunities; and**
- **An overview of the requirements to align with 1.5°C climate change scenario and SBTi requirements.**

In 2021, IK's portfolio financed emissions amounted to 14,358 tCO₂e, representing 73% of total invested capital across 38 of our PCs. Most emissions across the portfolio came from grey electricity consumption in scope 2 and natural gas in scope 1 and were concentrated in the Consumer sector.

Figure 4. Scope 1 and 2 Emissions Breakdown per Source¹⁾

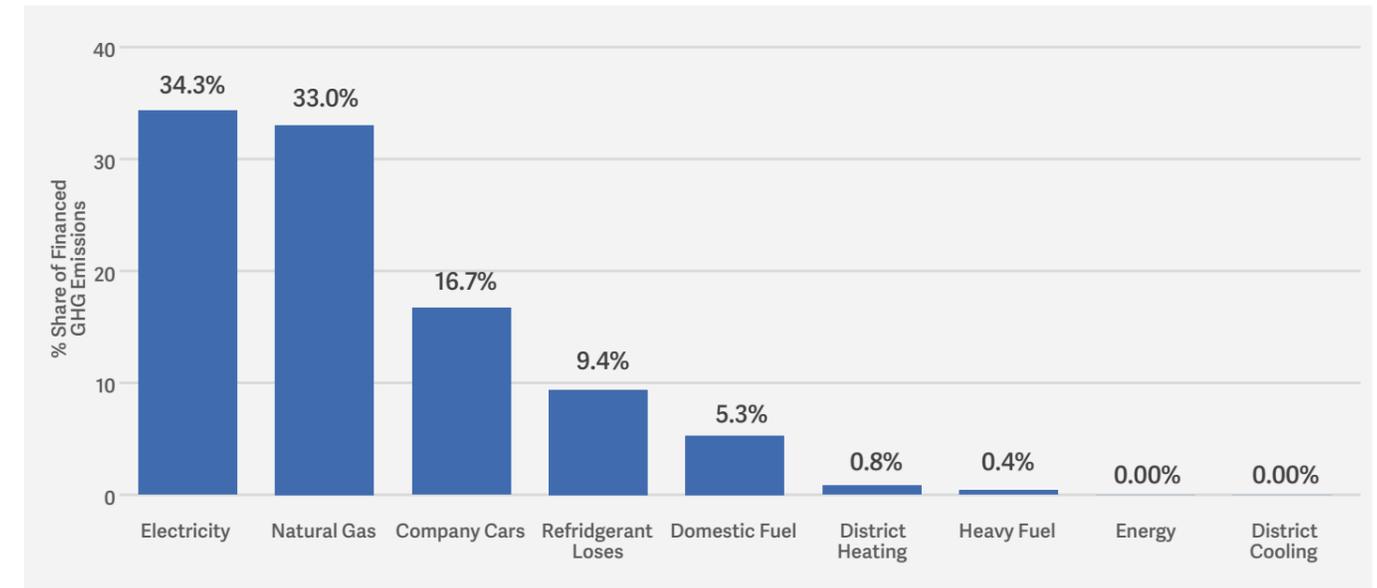
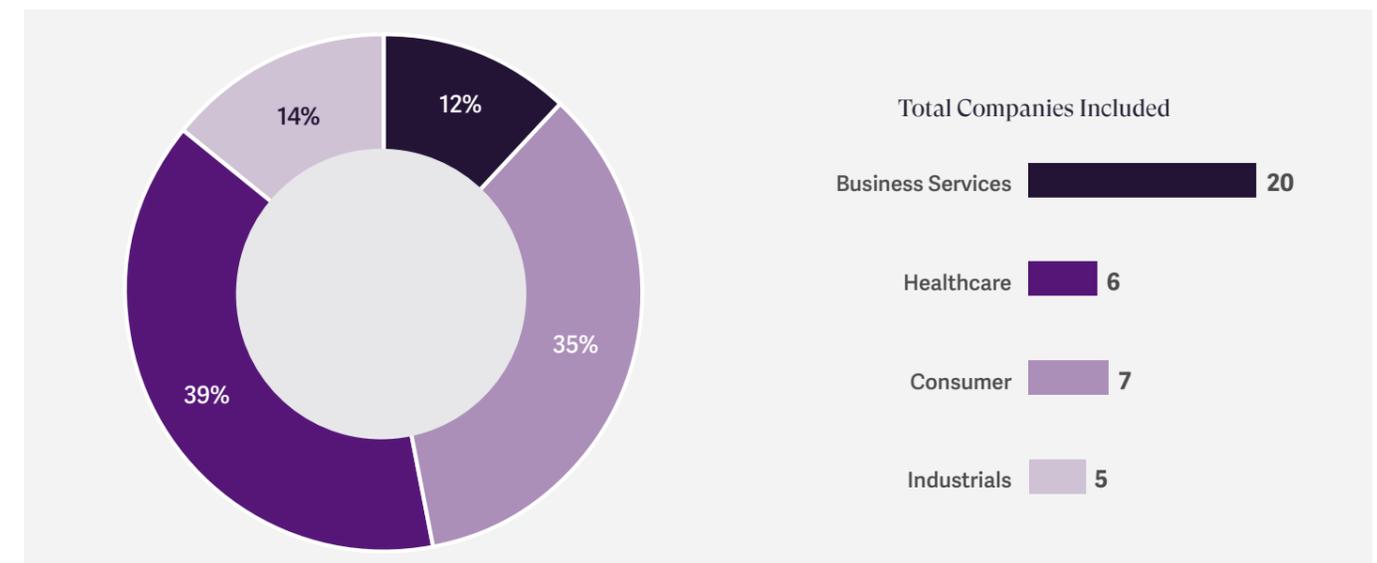


Figure 5. The Key Sources of Scope 1 and 2 Emissions in IK Portfolio in 2021



Moving forward, we will continue to encourage our companies to monitor and report their carbon footprint annually, look to extend portfolio coverage and consider including scope 3 emissions in the following years.

We are also committed to improving the level of uncertainty of the results with the data collection quality as this exercise becomes an annual routine for our companies.

1) Figures disclosed are based on the 35 companies that reported their sources of emissions.

Carbon Removal Projects

We continue to monitor our emissions on an annual basis and work to improve our approach when it comes to reducing emissions from our operations. In addition, we have purchased carbon credits which support projects engaged in ocean and soil carbon sequestration.

We believe that carbon dioxide removal will play an important role in the future when it comes to balancing out carbon emissions and meeting net zero targets. According to the latest report by the Intergovernmental Panel on Climate Change, removing CO₂ from the atmosphere is deemed essential to meet Paris Agreement targets. This is especially crucial when it comes to dealing with industrial hard-to-avoid emissions due to the lack of low-carbon alternatives currently.

Fortunately, many effective carbon removal mechanisms already exist in nature, which, if utilised in innovative ways, can help significantly absorb excess carbon emissions from the atmosphere.

Oceans represent two-thirds of the Earth's surface and are the main mitigant when it comes to climate change and even more so than forests, especially with regard to sinking carbon. From acidification to pollution to temperature rise, human activity has altered the ocean's chemistry in potentially irreversible ways even if we were to reduce CO₂ emissions from land-based sources. Seaweed proliferates quickly – at rates more than 30 times than those of land-based plants. By drawing CO₂ out of the ocean waters, thereby allowing the oceans to absorb more from the atmosphere, seaweed farming represents a more scalable alternative to land-based sequestration approaches to fight climate change.

Soil is another source for carbon absorption. By changing to more sustainable agricultural techniques, carbon can be sequestered in domesticated soils, serving as a significant tool to mitigate climate change.



Overview of Projects



Blue Carbon 1: Phykos

One such project is the Blue Carbon Project 1 ("Phykos"). Phykos is an ocean CO₂ removal company which creates floating "micro-farms" of cultivated seaweed developed in international waters and sinks it to the bottom of the deep ocean, safely and durably, storing excess CO₂ for 1,000 years.



Blue Carbon 2: Running Tide

Blue Carbon Project 2 ("Running Tide") uses kelp seeds grown in a hatchery which, when matured, are placed into biodegradable buoys. As it grows, the plant eventually becomes too heavy for the buoy and sinks to the bottom of the ocean where the increase in water pressure pushes it into the sea floor. After the kelp grows, the biodegradable buoy dissolves and loses its buoyancy, allowing everything to sink to the ocean floor.

Impacts

- Both contribute to carbon sequestration and ocean de-acidification which can improve water quality and marine biodiversity.
- The impacts of large-scale seaweed cultivation in oceans are yet to be explored in detail as the project expands beyond its pilot stage.



Soil Project: Nori

Soil Project ("Nori") is a carbon removal marketplace focused on soil carbon projects. Nori helps create incentives for farmers in the US to adopt regenerative agricultural practices such as minimum tilling, and/or planting cover crop on land and compost use, to help increase organic carbon in soils. US farmers, supported by Nori, have begun by switching from conventional tillage practices to no-till farming and have adopted practices that improve the health of the soil and sequester more carbon – for example, through drip line irrigation, switching from synthetic fertilisers to compost and manure and the selection of improved hybrids and genetics.

Impacts

- Increases carbon sequestration.
- Increases water holding capacity of cropland soils and resilience to droughts.
- Increases nutrient cycling of soil.
- Reduces emissions linked to synthetic fertilisers.

Case Study



www.optimumgroup.nl

Leading Northern European printer of self-adhesive labels, banding and shrink sleeves

Background

Headquartered in Alkmaar, the Netherlands, Optimum Group ("Optimum") is a leading label manufacturing platform focused on self-adhesive, speciality and sustainable labels for small to medium-sized companies. It produces its labels using digital, flexographic and other printing technology together with a complete range of finishing technology and serves a highly diverse range of customers in the food, retail, home and personal care, logistics and industrial sectors.

Optimum has production locations across the Benelux, Germany and Denmark and is one of the most active consolidators of the European label market, with 13 add-on acquisitions closed during our ownership.

The IK VIII Fund acquired Optimum from the founders and Mentha Capital in 2018. Sustainability is important to Optimum and this is reflected in its business activities and operations.



Status
Current
(2018 – Present)

Strategy
Mid Cap

Fund
IK VIII

Sector
Industrials

Investment Page
ikpartners.com/investments/
optimum-group/

Environmental Highlights and 2021 Progress

Resources

- The "Sustainable Raw Materials Policy" in place ensures that raw materials used have environmental labels, such as the one provided by the Forest Stewardship Council. The wood used to produce the paper comes exclusively from responsibly-managed forests across Northern Europe.
- To enhance resource efficiency and minimise waste from its products, the group continuously innovates to develop alternative materials. Their thinner labels alone enable the company to reduce paper roll changes by 13% and produce 25% less waste.

Products

- Under the "Greenliner" segment, the group offers a broad range of labels using either less material, recycled and/or recyclable materials and compostable materials. This line was developed to help its customers make the sustainability transition and constantly evolves with the addition of new materials and products. For example, the eco-branding range allows the group's customers to choose products that are made solely using FSC-certified paper provided with an eco-seal and wash off labels which means that their PET packaging can be 100% recycled to make RPET. Optimum has also partnered with Bio4Life to further innovate and increase the use of compostable and sustainable materials. In addition, the company provides its customers with an opportunity to recycle their used release paper liner waste.

Energy Efficiency

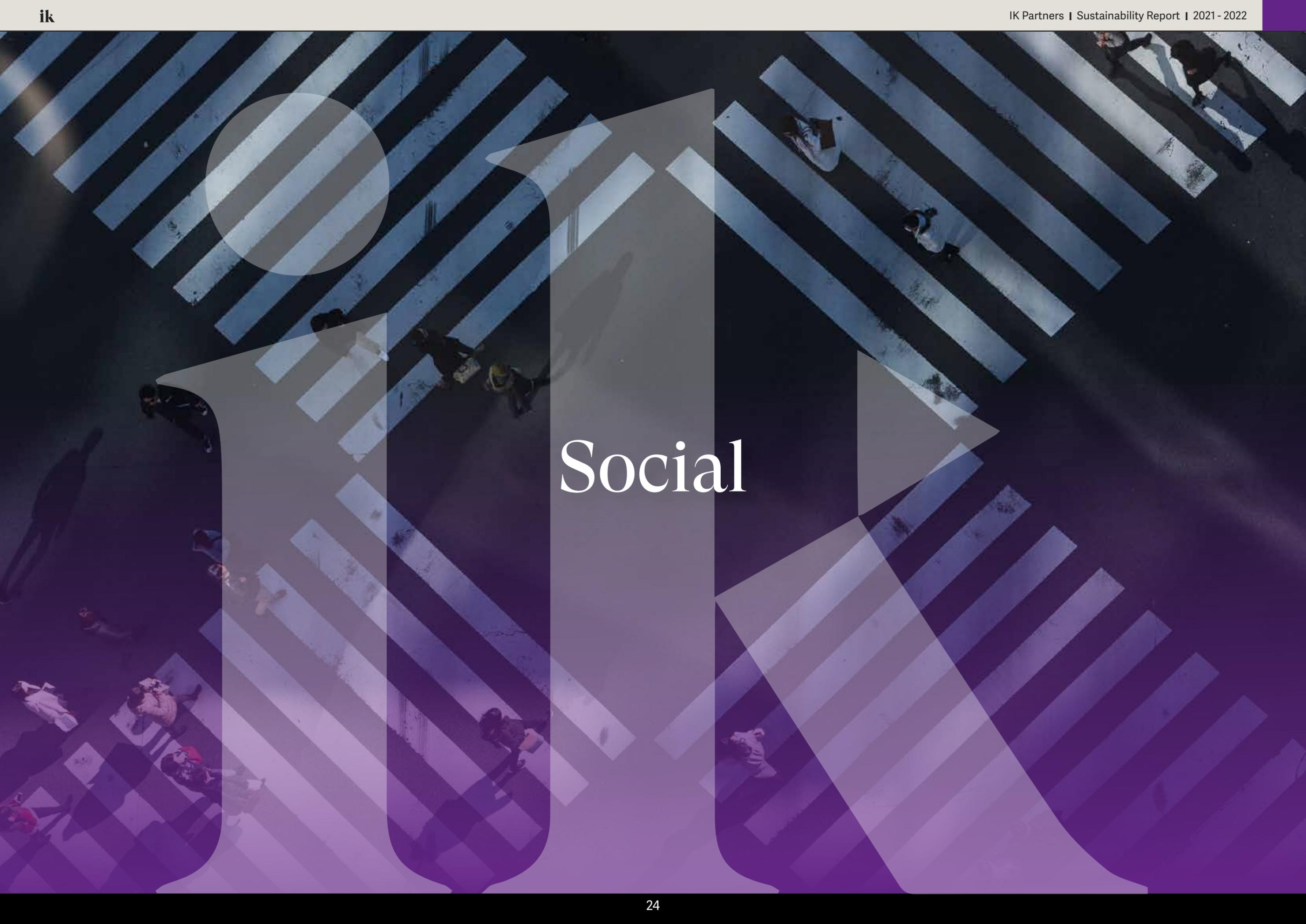
- To increase energy efficiency and lower its environmental impact, Optimum continuously looks to improve its operations. Aiming to increase the use of renewable energy, the group has solar panels already installed on its premises in Breda and Alkmaar and LED installed on its sites in Germany.
- To reduce emissions from transportation, they are adding more electric cars to their fleet.
- The energy captured from their printing presses are used to heat the premises.
- The group continuously invests in upgrading their machinery in order to further improve their operational and resource efficiency.
- To offset its environmental impacts, the group replants trees and plants, creating a 100-square-metre natural green buffer between its operations and the nature nearby. It is a platinum partner of the United Packaging Forest, an initiative set up with the aim of fighting illegal deforestation in the packaging industry.

2025 Targets and Progress

Optimum's progress towards achieving its ambitious targets can be found below:

Figure 6. Environmental Targets Progress





Social

Social

Diversity and Inclusion

At IK, we understand that our colleagues are our best assets. By thinking and living 'People-First', we find new ways to grow, together. We find better ways to build on success. When we partner with people and businesses we believe in, our purpose is to realise potential. We understand that continued success can only be achieved through the collective efforts of a range of diverse individuals and we aim to embed a culture which fosters this. We have clearly defined values which are promoted internally: Integrity, Transparency, Respect, Collaboration and Fun.

Colleague wellbeing and engagement is another key area of focus for us. We aim to build and promote a working environment that is positive, with supportive parental policies, a flexible approach to working patterns and good benefits available; covering both physical and mental health. Our work setting is warm, collaborative and welcoming.

Having continued to make progress with regards to D&I at IK, we believe it will remain an important part in ensuring success for companies in the years to come, as it leads to better decision-making through increased productivity and innovation. Creating an inclusive culture allows colleagues to bring their most authentic selves to work each day and provides the benefits of a diverse team to build a more dynamic and resilient workplace. Therefore, in 2021, our HR team introduced a new D&I Policy for all employees, including temporary workers, further emphasising our conviction to address this topic in the workplace.

We also recognise that both our Firm and the wider PE industry have a long journey ahead and we actively engage in a number of initiatives to help drive positive change. We support employees who wish to have more involvement in such initiatives and who choose to actively promote diversity at IK and more broadly. For example, many of them volunteer to become mentors and mentees as part of Level20, a non-profit organisation set up to improve gender diversity in the PE industry by inspiring women to join and succeed in the industry.

“I’ve been both a mentee and a mentor and am now part of the Level20 committee in the Netherlands and am currently responsible for the mentoring programmes. It was nice to have had a mentor that wasn’t my boss, but who could relate to my thinking. It was helpful to reflect on various situations and different perspectives with him and rewarding to see that my stories and experiences helped him understand how to empower the women in his firm.”

Frances Houweling
Director
Development Capital
Amsterdam



“ESG is an extensive topic, but there are elements that are relevant for all companies, including D&I. D&I can foster a healthy work environment, encourage a range of perspectives and promote equality in business. As someone who is responsible for a diverse team, everyone has a unique point of view and I recognise first-hand the value that this brings.”

Paula Savage
Director
Operations
London



Diversity and Inclusion Highlights



24%

Women at
Partner and
Director Levels¹⁾

4

Women
Promoted to the
Partner Group²⁾

75% : 25%

Men to Women
Investment
Professionals³⁾

Portfolio Companies⁴⁾

57%
of Mid Cap
and
50%

Small Cap companies
have D&I Policies

90%
of Mid Cap
and
80%

companies have Health
and Safety policies

55%
of Mid Cap
and
55%

companies measure
Gender Pay Gap

43%

Women full-time
equivalents
across the portfolio
in 2021

1) Based on promotions awarded in November 2022, effective January 2023.
2) Total number of women promoted to partnership in November 2021 and November 2022; the latter effective January 2023.
3) As of 1 December 2022.
4) Figures disclosed based on the companies that were in adjusted scope for the 2021 Annual ESG Survey.

Participation in Diversity and Inclusion Initiatives



ILPA Diversity in Action Initiative

In 2021, IK joined the ILPA DiA initiative which was set up with the aim of motivating LPs and GPs to engage in the journey towards becoming more diverse and inclusive and to build momentum around specific actions which will advance related progress over time. Participants, like us, have committed to four essential actions and two additional actions which will help to further our progress with regards to in D&I at both a company level and within the industry more broadly. Recommended activities span talent management, investment management and industry engagement.



Out Investors LGBT+ Network

In 2021, IK joined OI, a global organisation which focuses on making the direct investing industry more inclusive of LGBTQ+ individuals. They do this by running events and programs involving LGBTQ+ investment professionals and individuals in investment adjacent roles such as portfolio value creation, fund management and investor relations. They operate through major financial cities and hold networking events which help to facilitate mentorship in the industry.



France Invest Gender Charter

Having been signatory of France Invest's Gender Charter since 2020, we are committed to promoting gender equality within IK and across our PCs. The initiative works towards increasing gender parity, providing a better representation of society. Increasing the pool of talent in this way which in turn allows for a diverse range of ideas and behaviours helps to improve performance and growth.



10,000 Black Interns

10,000 Black Interns is an initiative that has been set up with the aim of offering 2,000 internships each year for five consecutive years, offering transformational prospects when it comes to combining work experience and training. We are one of the many firms partaking in this programme in the UK, and to date, we have recruited two individuals as part of this initiative.

In Conversation with...

Diki Korniloff
Partner
Mid Cap
Paris



In this short interview, Diki gives us her thoughts on gender diversity, observations of this in the French PE market and describes what being promoted to the Leadership team at IK means to her.

What are your thoughts on gender diversity in our industry and how do you see this evolving in the future?

"I firmly believe that diversity, not just gender, is important for the success of any company. Having a diverse range of employees in a workforce can help to: reduce employee turnover; improve a company's recruitment process through access to a wider talent pool; and improve decision-making due to a range of different perspectives being considered. Driven by increasing evidence of the link between diversity and company performance that results in increased innovation, we are seeing more and more LPs placing greater importance on diversity when it comes to deciding who to invest with. They are looking at GPs that best align with their own values and ethos. I hope that this shift will reshape the industry in the coming years by placing diversity high up on leadership agendas."

What have been your observations of gender diversity in the PE industry, but specifically, the French market?

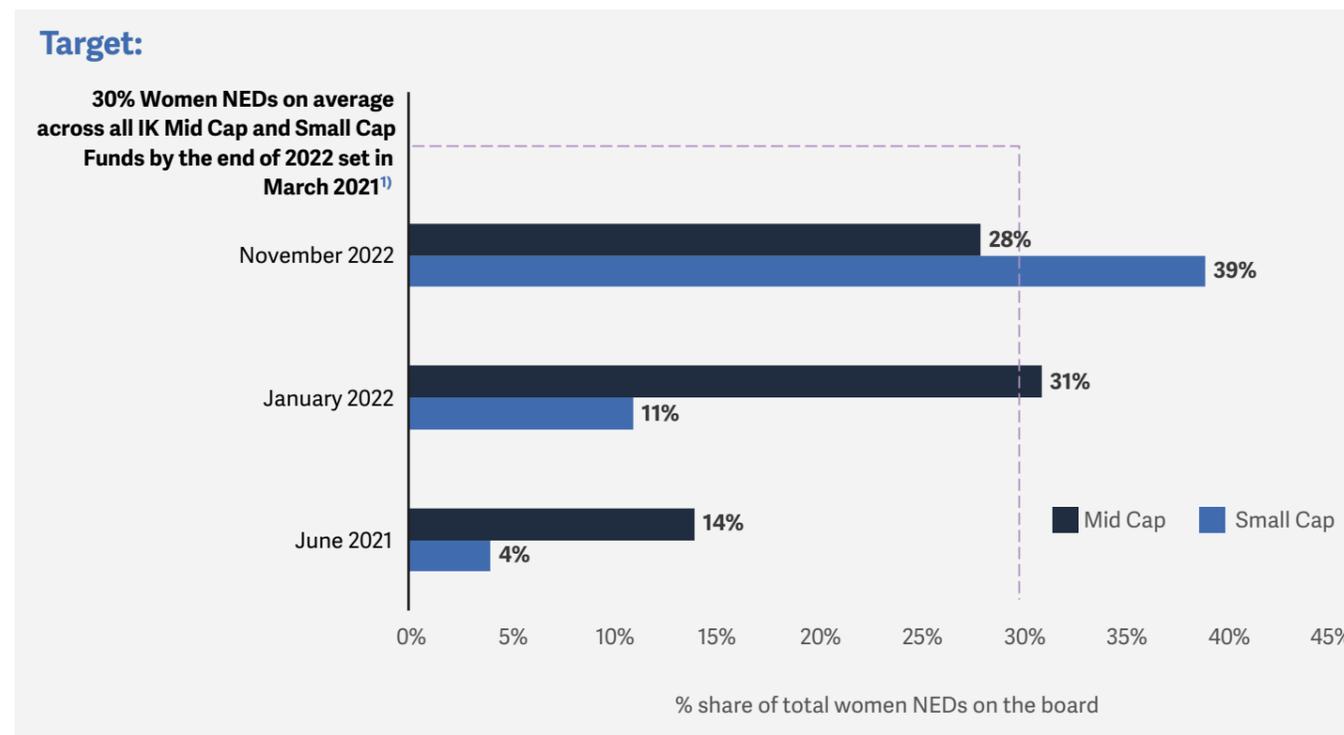
"The focus on gender diversity in our industry, specifically in France, has been increasing over the course of the last five years. I have seen a significant rise in the number of coaching and networking events taking place which are dedicated solely to this cause. This is really important as it helps raise awareness of the very real challenges women in the industry face, bringing it to the fore."

1) As the IK Partnership funds acquire minority stakes only, the targets set do not apply. However, we encourage all portfolio companies within this strategy to achieve greater gender diversity of NEDs and we regularly monitor and report the gender split of the board in each of these investments.

Finally, as a young professional who has been recently promoted to Partner, what does this mean to you?

"I began my journey at IK in 2012 as an Associate and over the years, I've been lucky enough to be supported by amazing colleagues who have helped me grow and develop. In a male-dominated industry, I truly hope that my recent promotion to Partner will motivate younger women to work in PE, without seeing their gender as a hinderance in any way. I'm proof that progressing in this industry does not come at the expense of other important aspects of life, such as friends and family."

Figure 7. Gender Diversity Targets and Progress



Maria Brunow
Partner
Mid Cap
Stockholm

In this short interview, Maria provides us with her views on increasing diversity within teams both at IK and PCs, supported by real-life examples.

The Mid Cap Investment team based in Stockholm has a gender-balanced team of employees. How have you achieved this?

"We recognise the importance of diversity and the value it can bring to a team like ours. In our Stockholm office, I am grateful to have the opportunity to work with a diverse range of individuals who bring their passion, opinions and ideas to work every day. This fosters creativity and better decision-making which, in turn, has a positive multiplier effect on innovation and growth. To achieve this, Alireza Etemad and myself, consciously consider D&I when recruiting. At the moment, we are proud to have a good gender balance within the team. Throughout IK, we pride ourselves on having a culture that is respectful, transparent and collaborative. It is this that enables us to create an environment that promotes equal opportunity for all. With leadership buy-in, this allows us as employees to feel engaged whilst raising awareness of the importance of D&I."

You have talked about your team, IK as a firm and the benefits this brings. But we'd like to know how you carry these values into the PCs you work with.

"We are continuously evolving our approach when it comes to D&I within IK and the companies we invest in and are signed up to a few projects and initiatives that provide us with guidance when it comes to setting targets and measuring progress. We are signatories of the ILPA DiA initiative whose aim is to motivate GPs and LPs to engage in the journey towards becoming more diverse and inclusive and to build momentum around the adoption of specific actions that advance DEI over time. This helps to raise awareness of the importance of D&I and we work closely with the boards of our PCs to drive this point home."

In our PCs, we actively measure key metrics pertaining to background and gender, including, but are not limited to, board split (IK members, Non-Executive Directors ["NEDs"]), management teams and others such as the founder or chairperson), senior executives and full-time employees. Through our commitment to this as well as "ILPA Data Convergence Project", contributes to our goal of being transparent on these topics with our LPs."

Can you give us examples of investments you're working with that demonstrate this?

"Of course. Truesec, a cybersecurity specialist, is a good example where we have a woman CEO and the board has equal men/women representation. Generally, we have a good gender balance across our Nordic PC boards and management teams. On average, 57% of NEDs in our Nordic PCs are women. Whilst we are proud of the progress we have made to date, there is still a lot we want to achieve and the success of this is reliant on continuously evolving our approach in this area."

Case Study



www.questel.com

Global intellectual property information management software and tech-enabled services company

Background

Established in 1978, Questel is a major intellectual property solutions provider that operates worldwide, developing software as a service products and providing tech-enabled services, including filing, translation and payments. Headquartered in France, Questel employs over 1,500 individuals across four continents who work with a broad range of clients.

The IK VIII Fund first invested in Questel in July 2018 alongside the company's founders and management team, Capzantine and RAISE. In December 2020, the company was sold to Eurazeo and IK reinvested in Questel from the IK IX Fund, alongside RAISE and the founders.

Since the beginning of our initial investment, Questel has consistently strived to improve its ESG practices. The company has clearly defined its mission and developed an ESG strategy with measurable ESG objectives.

Social Practices

Diversity and Inclusion Highlights

The company's extensive geographic footprint across the Americas, EMEA and APAC regions, combined with its broad product portfolio, nurtures innovation by employing staff from a variety of countries, industries, genders and backgrounds.

As part of its [2021 UNGC Communication on Progress Report](#), the company was pleased to report that:

- It had women accounting for 57% of the workforce, in addition to more than 10 different nationalities;
- 42% of management positions were occupied by women, in addition to three women board members;
- Its French entity, Questel SAS, achieved a gender equality score of 76/100 in 2022;
- It has 15 well-integrated people with disabilities in the workforce; and
- More than 300 employees became shareholders.

The impact of diversity is further improved through participative leadership behaviour, openness to cognitive diversity and frequent interpersonal communication amongst staff. In effect, this means giving employees a voice – a concept echoed by CEO Charles Besson, who has previously stated that, "At Questel, management embraces collaborative leadership to support and facilitate employee initiative and autonomy."

Supplier Diversity

The company's translation subsidiary has implemented a Diversity Policy for the recruitment of translators around the world and applies ethical, diversity and non-discrimination standards. Questel believes diversity amongst its suppliers is not only good business practice, but is vital to its ongoing success.

2021 Highlights

- Signatory of the **UNGC**
- Questel Translation Service: **EcoVadis Silver 2021**
- Questel SAS: **EcoVadis Gold 2021**
- Achieving **ISO 27001** certification

2025 Corporate Social Responsibility Targets

- 50%** Women Managers
- 100%** Employees Trained and Involved in CSR Strategy
- 50%** Strategic Suppliers have signed CSR Policy and Code of Conduct
- 10%** University Partnerships
- 50%** of Offices and Servers run on electricity
- 50%** CO₂ Travel Emission Reduction per Employee
- 20%** New Electronics reconditioned
- 100%** Implementation of Sustainable Hardware Waste Solutions
- EcoVadis assessment deployed across Group



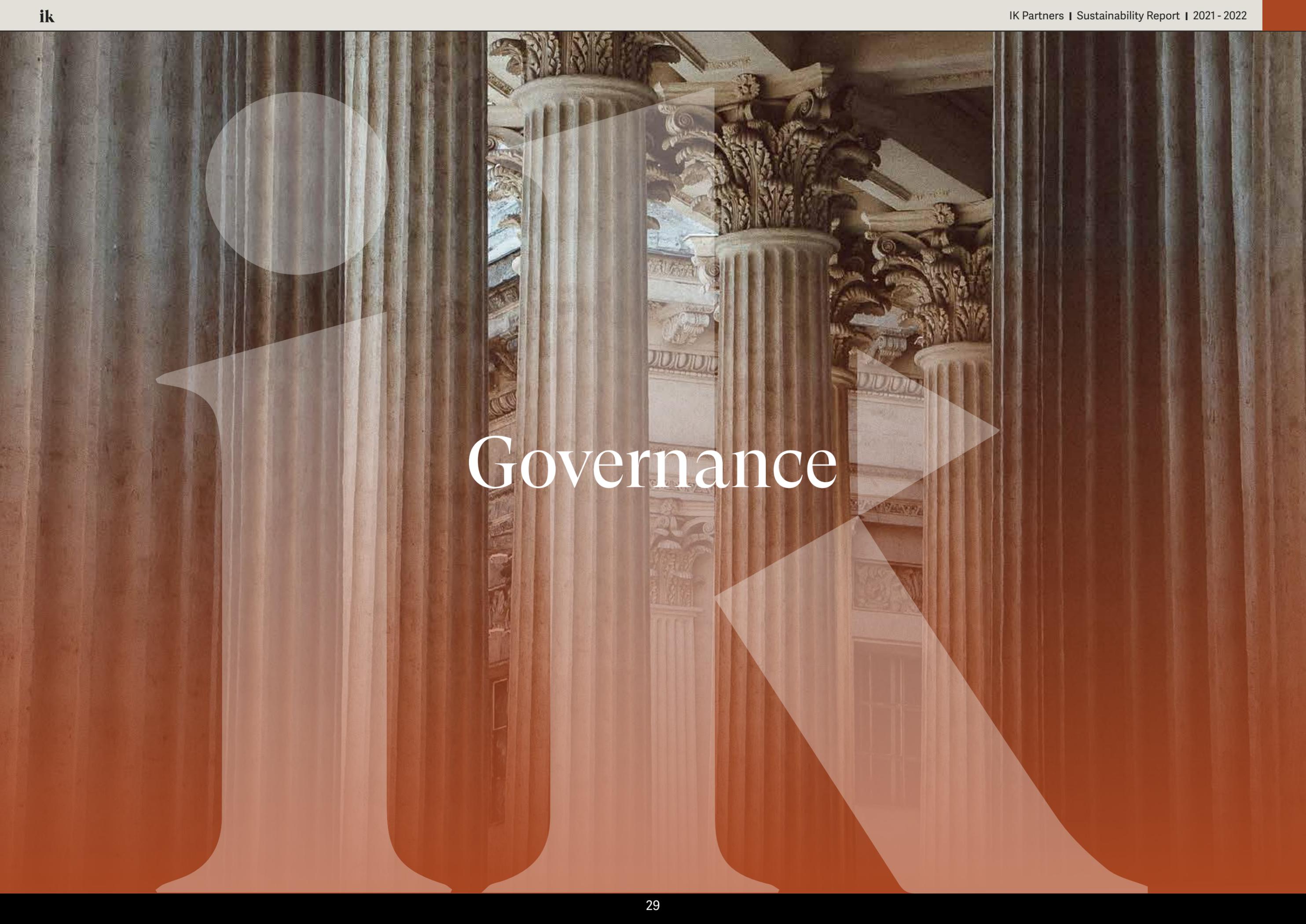
Status
Current

Strategy
Mid Cap

Fund
IK VIII Fund (July 2018 to December 2020) and IK IX Fund (December 2020 to present)

Sector
Business Services

Investment Page
ikpartners.com/investments/questel-2/



Governance

Governance

At IK, we strive to preserve and create value for all stakeholders by instituting and maintaining high standards of governance and business ethics within the Firm, IK Funds and PCs. We are continuously improving our governance practices to reflect the developments within IK and in the industry.

IK Responsible Investment and ESG Policies

Our RI and ESG policies apply to all our funds and all PCs currently held by the IK funds, as well as all our activities throughout the investment cycle.

The RI Policy, established in 2012 and last updated in 2021, sets out our RI principles, commitments and the referrals criteria. The ESG policy, first implemented in 2021 and last updated in July 2022, sets out our approach to the management of material sustainability risks in investment activities.

IK will not invest in companies that:

- Have demonstrated a systematic denial of basic human rights
- Participate in child labour or forced labour
- Are engaged in a pattern of non-compliance with environmental regulations
- Have an unacceptably high GHG footprint and have failed to take reasonable steps to reduce these emissions (each as determined by IK)

Furthermore, the following sectors listed below are considered potentially sensitive from an RI viewpoint and are not areas in which IK would contemplate a direct investment:

- Gambling
- Tobacco
- Alcoholic Spirits
- Pornography
- Armaments and Firearms

The list is not exhaustive and is qualified by the legal documentation governing IK Funds (including any applicable side letters) and investments therein and judgment must be applied for activities not on the list, but which carry similar risks.

ESG Governance

Our CEO, with the support of our Partner Group, is responsible for overseeing the implementation of the RI and ESG Policies.

All our investment professionals have a personal responsibility to ensure that decisions are made after careful examination of relevant ESG factors, all material ESG risks and opportunities are considered in the DD process as well as during the holding period of investments in PCs held by our funds.

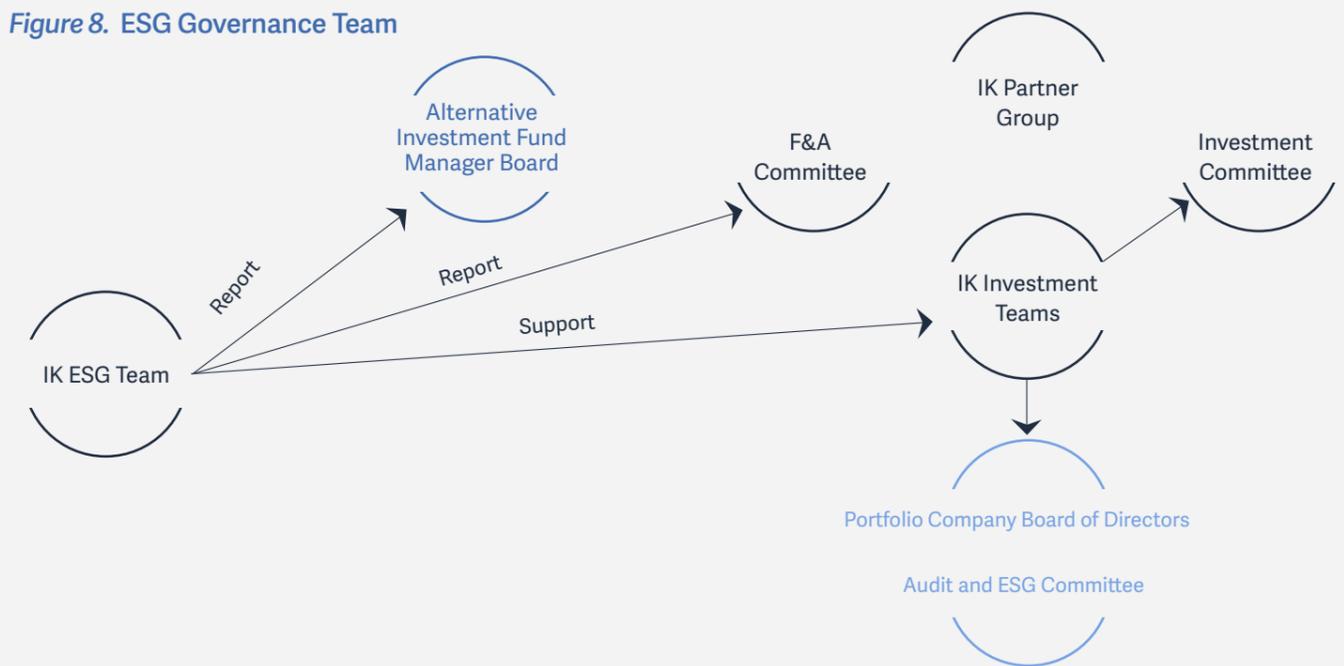
The IK ESG team provides ongoing support to all teams in implementing the RI and policies. The ESG team provides monthly updates to the IK F&A SC's ESG division on the progress of the policies implementation and strategy development.

“I fundamentally believe that investing responsibly with a clear framework around ESG leads to better returns. To achieve this successfully requires embedding a culture and mindset into investment and portfolio decisions, seeing ESG as part of the normal process rather than as a separate workstream.”



Pete Wilson
Partner
Mid Cap
London

Figure 8. ESG Governance Team



IK Remuneration Policy

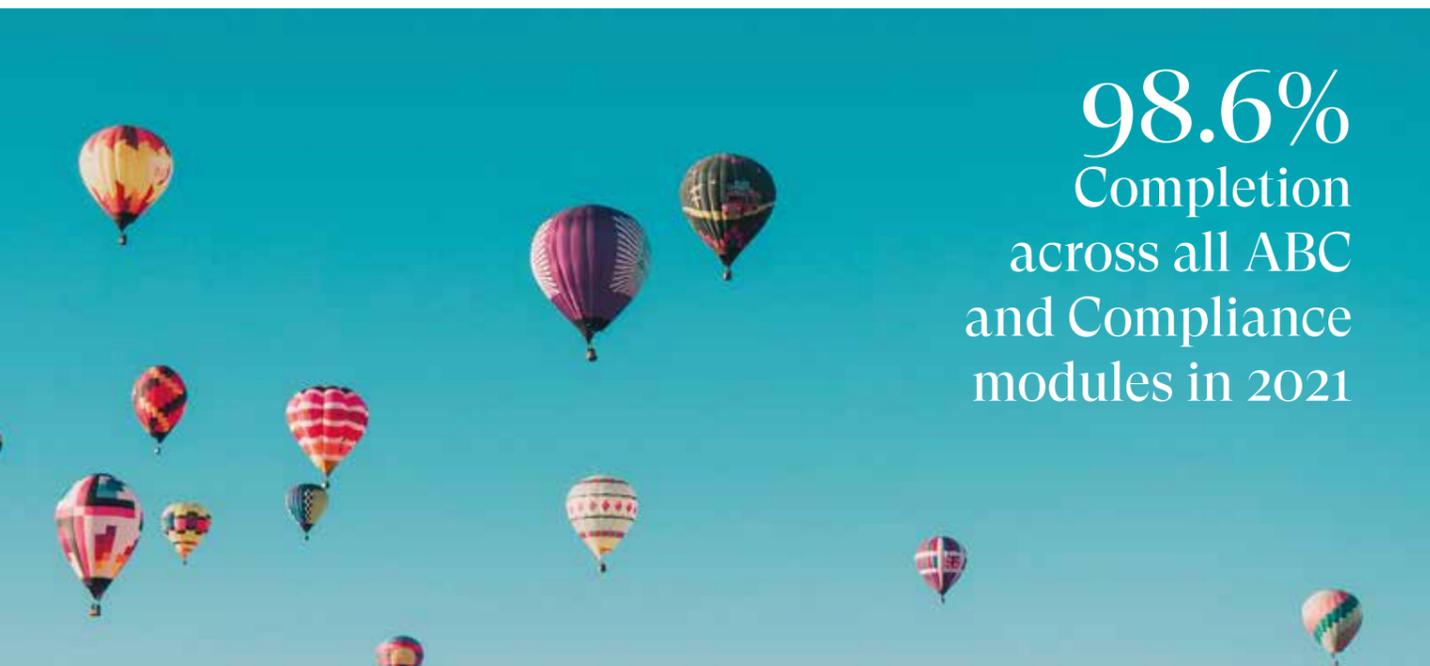
To encourage positive action, in our 2021 Remuneration Policy and during Annual Performance Reviews, we included ESG risk management and implementation of ESG efforts in promoting and monitoring sustainability in the investment process, in variable remuneration considerations. We publicly communicate on this as part of [our SFDR disclosures](#), which are available on our website.

IK Code of Ethics

Our Code of Ethics, updated in 2021, serves as high-level guidance regarding our core policies and principles and is applicable to all employees at IK. Each employee is responsible for their compliance with this code as well as any related policies and procedures. This helps us institute and uphold high standards of governance and business ethics across the Firm.

IK Compliance Programme

IK is committed to complying with the laws and regulations of each country we operate in, including compliance with the UK Bribery Act and we do not participate in corruption, bribery or extortion. Our compliance programme is managed by our Compliance Officer and includes Anti-Corruption, Whistleblowing and Conflicts of Interest policies, induction training for all new joiners and mandatory e-learning training for all our staff annually on money laundering, anti-bribery and corruption, conflicts of interest, conduct rules and tax evasion. IK does not make any political contributions and more details on our engagement with industry initiatives is available in the overview of our [stakeholder engagements](#).



Audit and ESG Committees at Portfolio Companies

Each PC where IK has a majority control position is expected to form an "Audit and ESG Committee", which reports to the Board of Directors of that company. For investments made through an IK Partnership Fund, IK encourages the Company to form an Audit and ESG Committee. This committee is responsible for reviewing the company's key ESG activities at least once a year. For some companies, due to their size and structure, the entire Board of Directors acts as the Audit and ESG Committee.



1) Excluding two PCs where the Board of Directors is being formed, as of 1 December 2022.

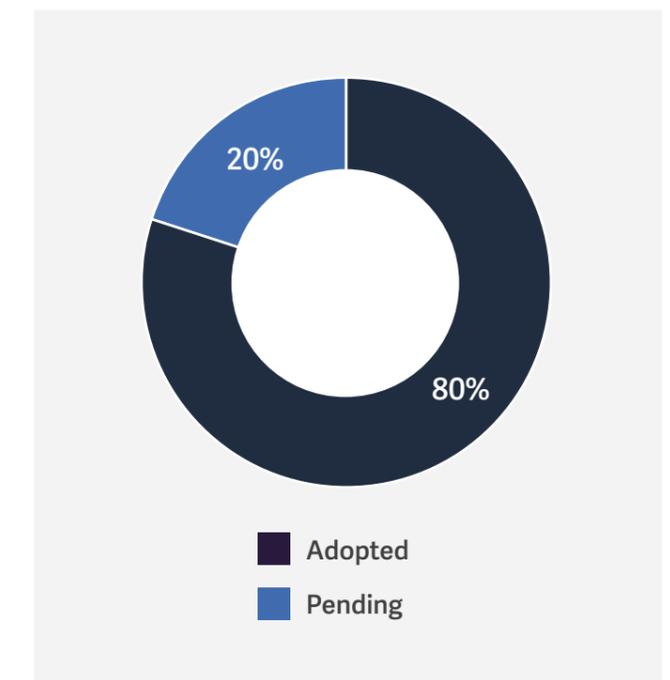
Anti-Bribery and Corruption Policy for Portfolio Companies

During 2021, we worked with external experts to develop a Model ABC Policy and a Risk Assessment Template, with guidance on what ABC risks are and suggestions on how to identify potential risks based on the company's operations. A pilot adoption process is taking place at two of our PCs – held by a fund in the IK Mid Cap strategy and IK Small Cap strategy.

Ethical Guidance for Portfolio Companies

Our Ethical Guidance for PCs emphasises our expectation of PCs when it comes to operating good governance practices, including in relation to bribery and corruption as well as conflicts of interest, and we are encouraging all of our PCs to adopt them.

Figure 9. Implementation of Ethical Guidance within our PCs as of 1 December 2022



ESG-Linked Financing

We are focused on systemically implementing PC-level financing linked to ESG-related targets. Together with the PC management teams and lenders, our Capital Markets, ESG and Investment teams work together to define material ESG targets; the fulfilment of these in a timely manner being linked to specific margin ratchets.

ESG-linked margin ratchets are a mechanism designed to provide a financial incentive for borrowers to achieve ESG-related initiatives or Sustainability Performance Targets. They take the form of a discount (and/or premium) on the cost of the debt, depending on borrower compliance with these criteria.

“When implementing ESG-linked margin ratchets, the objective for IK is to identify tangible and relevant SPTs based on discussions with management, our ESG team and our lending partners. For instance, whilst businesses with a manufacturing footprint lend themselves more to environmental-type triggers (reduction of CO₂ emissions, increase of recycled raw materials used or reduction of water consumption in production processes for example), companies in the Business Services sector tend to focus more on equal opportunities and governance initiatives.”

Pauline Lloret
Associate Director
Capital Markets
London



Kersia

Focus: ESG-Linked Financing in Practice

Founded in 1985 as a subsidiary of Groupe Roullier, Kersia is a European co-leader in biosecurity, disinfection and hygiene solutions for the Food and Beverage and Farming industries.

The company designs, produces and distributes a large product range encompassing everything from cleaning solutions to innovative disinfectants.

IK acquired a majority stake in 2020 that was financed through a sustainability-linked syndicated Term Loan B placed with institutional investors in the European leveraged loan markets, representing the first of its kind in France.

In this context, Kersia agreed to adhere to three KPIs which are tracked, monitored and externally verified. Firstly, the company is required to implement systems to collect and recycle customers' packaging. Secondly, Kersia will continue to increase its share of green products within its portfolio. Finally, it will maintain and expand its employee shareholding scheme. The implementation of an ESG-linked margin ratchet is particularly relevant for the company as it has an existing and far-reaching sustainability strategy in place which is centred around its "Act for Positive Impact" programme, embracing the need to establish a fully circular economy and in the long term, to mitigate the negative impact companies can have on communities and the environment.

18 PCs have
ESG-Linked Ratchets
with 36 KPIs defined

Case Study



www.advania.com

Leading IT service provider in the Nordics

Background

Headquartered in Stockholm, Sweden, Advania Group ("Advania") caters to both the public and private sector within IT Solutions, IT Infrastructure, Managed Services and Professional Services. It offers its customers a one-stop shop for integrated IT solutions and operate over 25 offices across the Nordics.

Advania prides itself on providing its customers with a diverse and integrated range of solutions and services and its operations are certified by the internal quality and security standard ISO 27001.

The IK IX Fund invested in Advania in September 2021 in connection with the successful exit and combination with Visolit. They operate clear sustainable practices through their ambitious targets.

Status

Current
(2021 – Current)

Strategy

Mid Cap

Fund

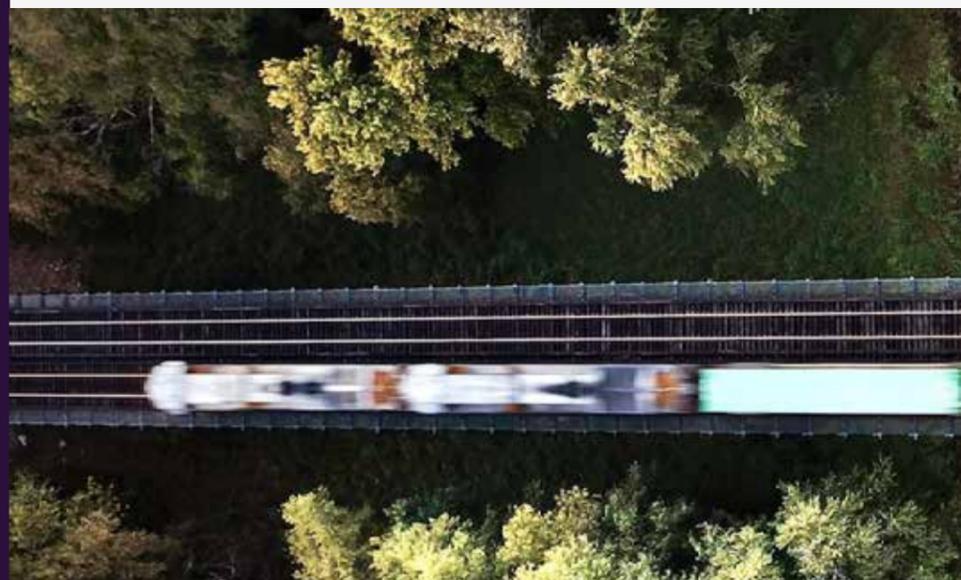
IK IX Fund

Sector

Business Services

Investment Page

ikpartners.com/investments/
advania/



Governance Practices

Advania has a dedicated corporate social responsibility ("CSR") team, led by the Group Head of Sustainability, who oversees the development of three main focus areas: Sustainable Advania; Sustainable Supply Chain; and Sustainable Offerings and ensures alignment with their Sustainability Policy.

Advania works towards a range of environmental and social objectives to become a better employer, business partner and corporate citizen.

Sustainable Supply Chains

Advania is committed to supporting human rights, improving working conditions, protecting the environment and combating corruption in its supply chain. Through its membership with the Responsible Business Alliance ("RBA"), the world's largest industry coalition dedicated to CSR in global supply chains, Advania is able to assess and influence suppliers. Over 200 RBA members share their knowledge and experience, collaborating to create a more sustainable supply chain. Upon joining the RBA, Advania carried out a review of its suppliers and adapted its supplier monitoring programme accordingly.

A working group with representatives from each region the company is present in, headed by Advania Sweden's sustainability specialist, is responsible for coordinating Advania Group's supplier dialogue and follow-up.

In 2021, Advania carried out the supplier assessment of 19 of its biggest suppliers who are responsible for over 80% of their product spend and held meetings with 15 of them. No supplier or distributor was identified as high risk. Going forward, Advania aims to assess all major suppliers' compliance with the RBA Code of Conduct.

2021 Highlights

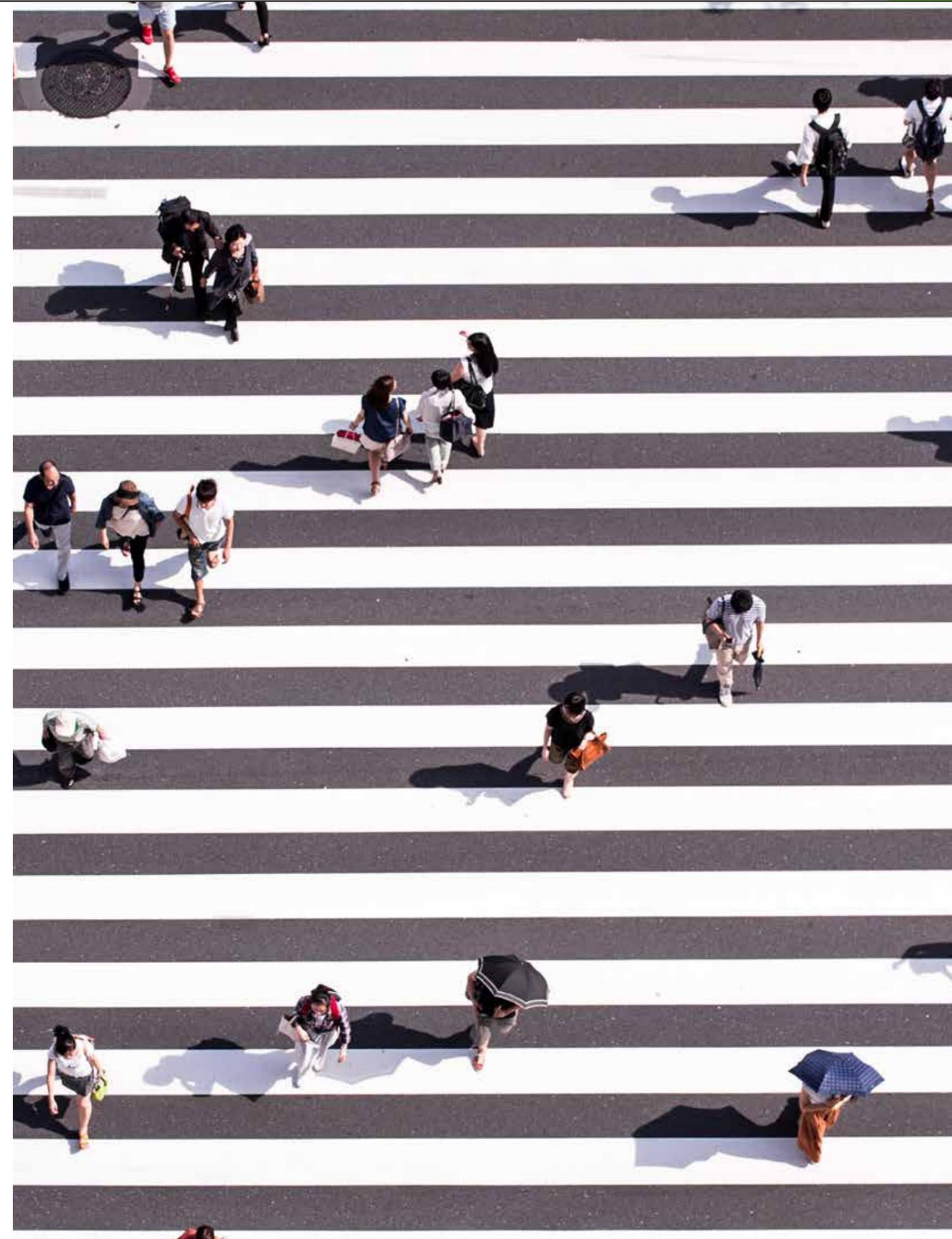
- The Advania 2021 Sustainability Report is publicly available [here](#).
- A new Head of Group Compliance and Corporate Responsibility was appointed.
- Signatory of UNGC since 2019.
- Developed, updated and harmonised the following policies and associated procedures: Internal Code of Conduct; Supplier Code of Conduct; Anti-Bribery, Anti-Corruption and Anti-Money Laundering; Sanctions and Trade Control; Antitrust and Competition; and GDPR.
- **93% – 100%** of employees received Code of Conduct training.
 - **92% – 100%** of employees received Anti-Corruption Training.
- Third-party managed whistleblowing channel.

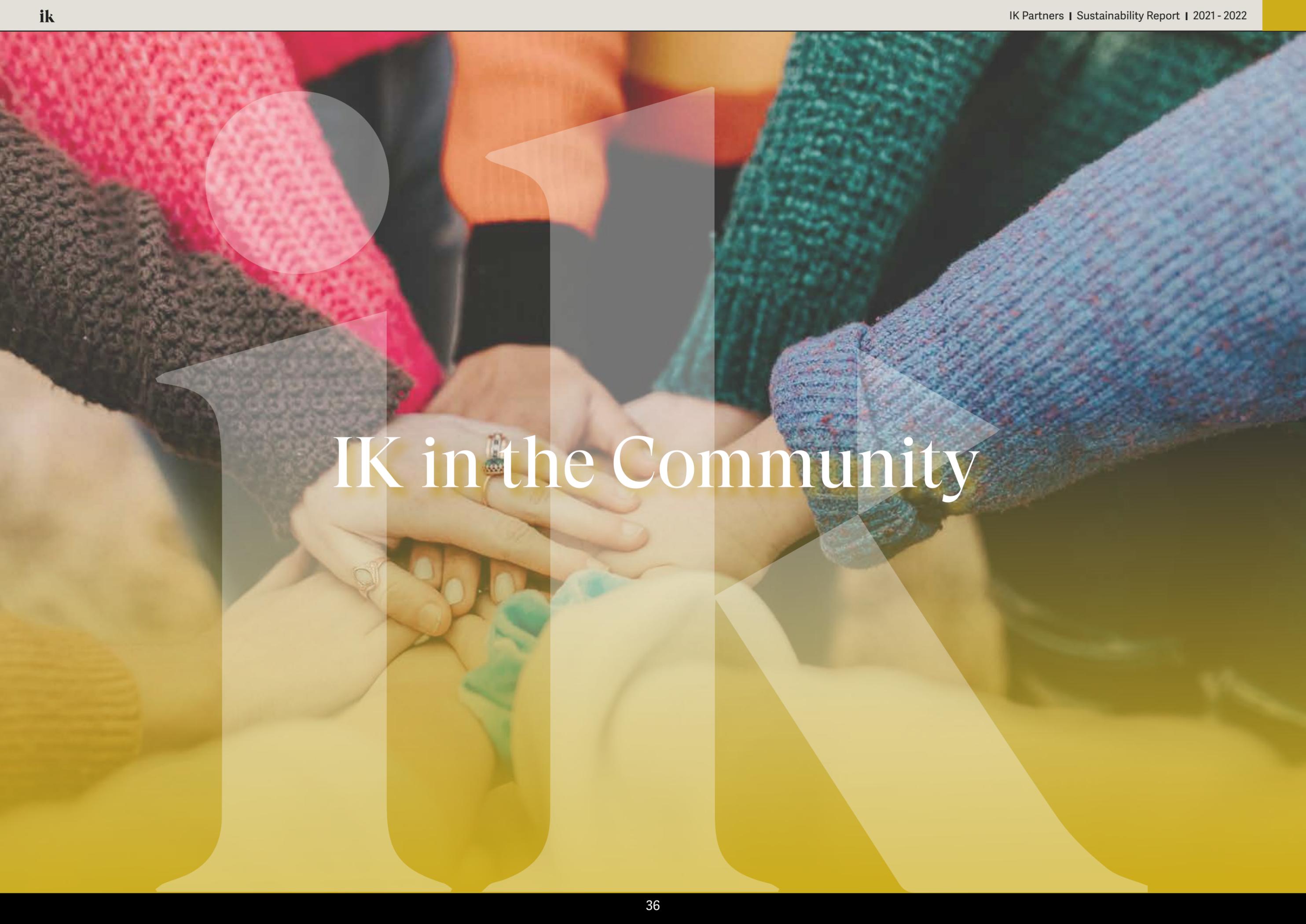
An aerial photograph of a modern building's interior, showing a large, open-plan space with a polished floor. Several people are visible, some standing and some walking. A large, semi-transparent green graphic, resembling a stylized '1' or a large number, is overlaid on the image. The text 'Our Stakeholder Engagements' is centered in white serif font over the graphic.

Our Stakeholder Engagements

Our Stakeholder Engagements

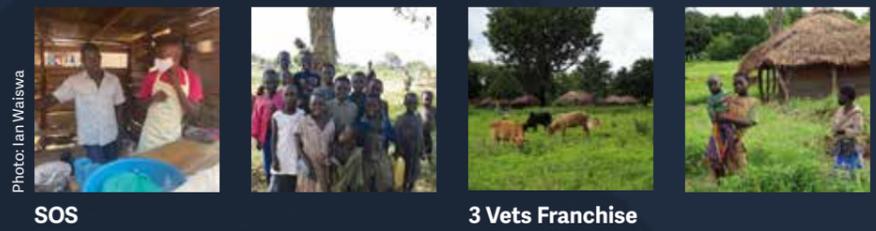
Stakeholder	Description of Engagement
Investors	<ul style="list-style-type: none"> • ESG included in regular investor updates • Ad-hoc engagement
Employees	<ul style="list-style-type: none"> • Employee Engagement Survey • ESG induction training for all new joiners • E-learning courses on compliance and DE&I topics for all employees • Climate change training for investment professionals • Regular ESG updates with IK Operations and Funds Compliance teams
Sustainability Initiatives and Industry Bodies	<p>The UN Global Compact: UK Network Member and participant of:</p> <ul style="list-style-type: none"> • TCFD Working Group 2021 • SDG Ambition Accelerator Programme 2021 • The Diversity, Equity & Inclusion Working Group of the UK Global Compact Network <p>UN Principles for Responsible Investment</p> <ul style="list-style-type: none"> • Annual Transparency Report <p>ILPA Data Convergence Initiative</p> <ul style="list-style-type: none"> • Data for 2021 submitted • Participated in the external engagement working group in 2022 <p>initiative Climate International</p> <ul style="list-style-type: none"> • Co-leading the Regulatory Working Group in the UK • Supporting iCI working groups on net zero and training materials in the UK <p>Invest Europe</p> <ul style="list-style-type: none"> • Invest Europe Responsible Investing Roundtable (Affiliate Member) <p>European Data Collective</p> <ul style="list-style-type: none"> • Data for 2021 submitted
Speaking in Industry Forums	<ul style="list-style-type: none"> • Speaking on ESG and D&I panels in industry conferences and webinars – for example, SuperInvestor 2021, SuperReturn CFO/COO 2021, Private Equity European ESG Summit 2022, Real Deals Value Creation Summit 2022 and TCFD & Climate Risk Reporting 2022
Suppliers	<ul style="list-style-type: none"> • Reaching out to suppliers of IK Investment Partners Ltd. in preparation for the UK Modern Slavery Act Statement





IK in the Community

IKARE: Catalyst for Change



IK Aid and Relief Enterprise (“IKARE” or “IKARE Ltd”) is the venture philanthropy operated charity founded and supported by the partners at IK. IKARE uses venture philanthropy principles to make a positive long-term impact.

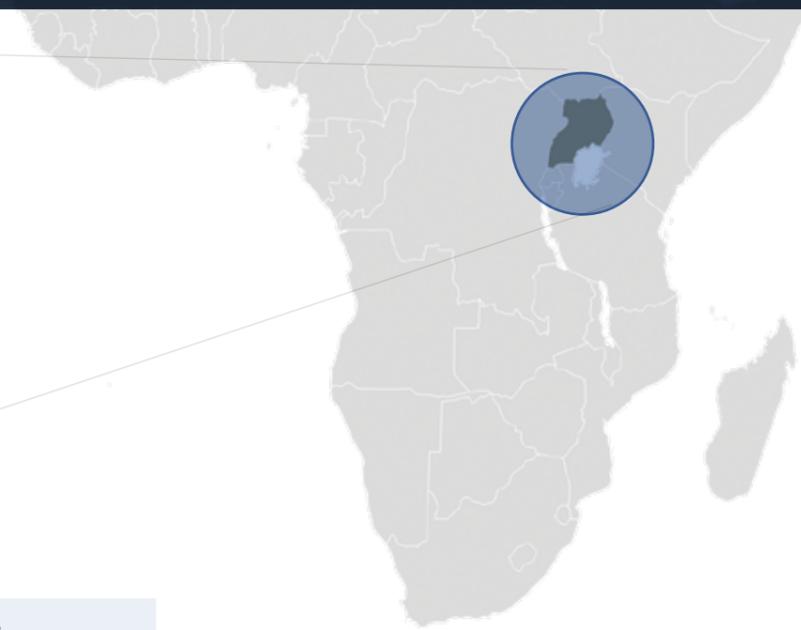
Introduction

Kick-started by SOS Uganda, IKARE was founded in 2006, with the view of taking a more strategic approach to IK’s philanthropic activities.

Independently operated and in accordance with the [venture philanthropy principles](#) as outlined by the European Venture Philanthropy Association, IKARE sees its role as a catalyst, daring to test and pilot innovative solutions which aim to address root causes, rather than symptoms only. In doing so, IKARE works closely with its engagement partners, providing multi-year financial and non-financial support. This helps de-risk new solutions and provides a platform for other, more traditional, funders to come on board and scale these, enabling systemic change and sustainability of impact.



3 Vets Franchise



SOS Uganda / 3 V Vets Franchise

Issue: Lack of veterinary services infrastructures in Northern Uganda leaves communities vulnerable to zoonotic diseases, for example, the 2006 sleeping sickness epidemic. It also hinders development of animal husbandry, which is critical for food security and leaves suffering families in poverty.

Pilot: Mass treatment of 250,000 cattle through a public-private partnership in 2006.

Sustainability achieved through: Start-up funding and mentoring of graduate veterinarians, during 2009 – 2014, to set up community-based practices, providing access to information and products for the communities served.

Impact: From **257 cases** of sleeping sickness in 2005, to **zero cases** reported in the area for 2020 and 2021 (as of October 2021).

Shifo Foundation / SPT Solutions

Issue: More than four million children per year die of preventable or easily curable diseases. The lack of qualitative and quantitative data, at all levels of health service delivery in many low-to-middle-income countries, hinders informed decision-making and targeted follow-up.

Solution: Smart Paper Technology (“SPT”) solutions (hybrid paper / digital) piloted in the Gambia and Mukono, Uganda. Reducing time health workers spend on administrative tasks, SPT significantly increases data availability and quality.

Sustainability achieved through: Efficiency and affordability. SPT implies same or lower costs for Ministries of Health, allowing for systemic change.

Impact: As at March 2022, **514,548 children registered** and **163,636 fully immunised**.

SSPP / Community-led WASH Programmes

Issue: In vulnerable communities, where thousands of people live in congested settlements that lack access to clean water and proper sanitation, water-borne diseases are a common feature of everyday life. COVID-19 added stress to these communities.

Solution: Improved WASH awareness through community-led programmes. Provision of access to clean and warm water through distribution of solar powered Solvatten units to most vulnerable families (single mothers with many children). In addition to existing WASH messaging, further guidance was provided when COVID-19 hit.

Impact: The 200 families in Bwaise settlement of Kampala dramatically **reduced the occurrence of diarrheal diseases by approximately 70% and suffered no COVID-19 casualties**; all self-reported.

Lessons Learnt and Vision for the Future

Change takes time. Effecting positive sustainable systemic change takes even longer. Complex challenges, such as improved access to health and poverty reduction, require holistic approaches. Building on the experience gained and networks established, IKARE will continue to use its limited resources catalytically where it can add most value – typically by venturing into adjacent areas, working closely with the organisations supported and continuing to address root causes.

Local Initiatives

In 2021, IK Partners decided to allocate €300,000 per annum to support local charity initiatives chosen by our staff across all offices. The level of involvement varies depending on region and activities include donation of time and money and where possible, blood donations. Chosen charities tackle various issues in local communities where our offices are based, including homelessness, disease, foodbanks, education and child poverty. In total, we are involved in 10 charity initiatives.

A Spotlight On...



Since the beginning of 2021, members of our London office have volunteered with The Connection at St Martin's, a charity which helps homeless people in London recover and find housing and work. Our staff have offered their time and skills to individuals using the centre and have really enjoyed the experience which has ranged from serving in the kitchen, to decorating the Christmas tree and helping to set up Facebook accounts. The charity is extremely local and only a short minute walk from the office.

Following a very positive interaction in the IT room, Joeman described how he helped a gentleman re-connect with his family:

“It was a great experience which I thoroughly enjoyed. A Portuguese gentlemen came in and wanted help in connecting to his email and setting up a Facebook account. I helped him to create an account and once it was logged in, Facebook gave him the option of exploring a list of people he might know. As he went through a lengthy offering, he found his dad and his sister which made him very happy. He asked to be their friend and was a bit annoyed that he couldn't chat to them straightaway. After 20 mins or so, his sister accepted his friend request and they started chatting online. He was so excited and thrilled to be speaking to his sister after so many years that we gave him headphones as the conversation was quite loud. Seeing the joy on his face and the emotion that was present was so fulfilling.

He was so happy and was extremely grateful because I was able to communicate with him using Apple Siri translate using our work phones.”



Joeman Joseph
IT Service Delivery Manager
London



Over the last few years, members of the Paris office have continued to support three local initiatives. One such initiative is Les Restos du Cœur, one of France's most well-established charities who work to alleviate hunger and aid those living in poverty.

Following an extremely rewarding experience, Rebecca shares her thoughts on what it means to be a part of this initiative:

“Since Autumn 2020, our involvement with this association has been split into two different activities; the first involves sending a small team of volunteers to one of their sorting warehouses to help organise and prepare meals to be delivered to their distribution hubs and the second, sees our team assisting with stocking of pantries within their food banks, ahead of their annual food drive. Being responsible for our participation in this initiative, I was proud to count 11 IK employees in March 2022, who helped to gather and sort donations in a large grocery store in Paris.

In 2021, Les Restos du Cœur served 142 million meals to those in need and so it is a great feeling to be part of the volunteer effort that enables them to carry out such vital work. Hauling sacks of potatoes or sorting donated food to ensure that it gets to people who are in a daily struggle with food insecurity is unglamorous, but necessary work. When volunteering with my colleagues in the warehouse, it is very rewarding to look around and see everyone pitching in with such enthusiasm and vigor. They bring as much zeal to sorting food and moving pallets as they do to their day-to-day job work at IK, which means that we all leave the warehouse exhausted but also a sense of gratitude and pride for being in a team which takes the time to help others.”

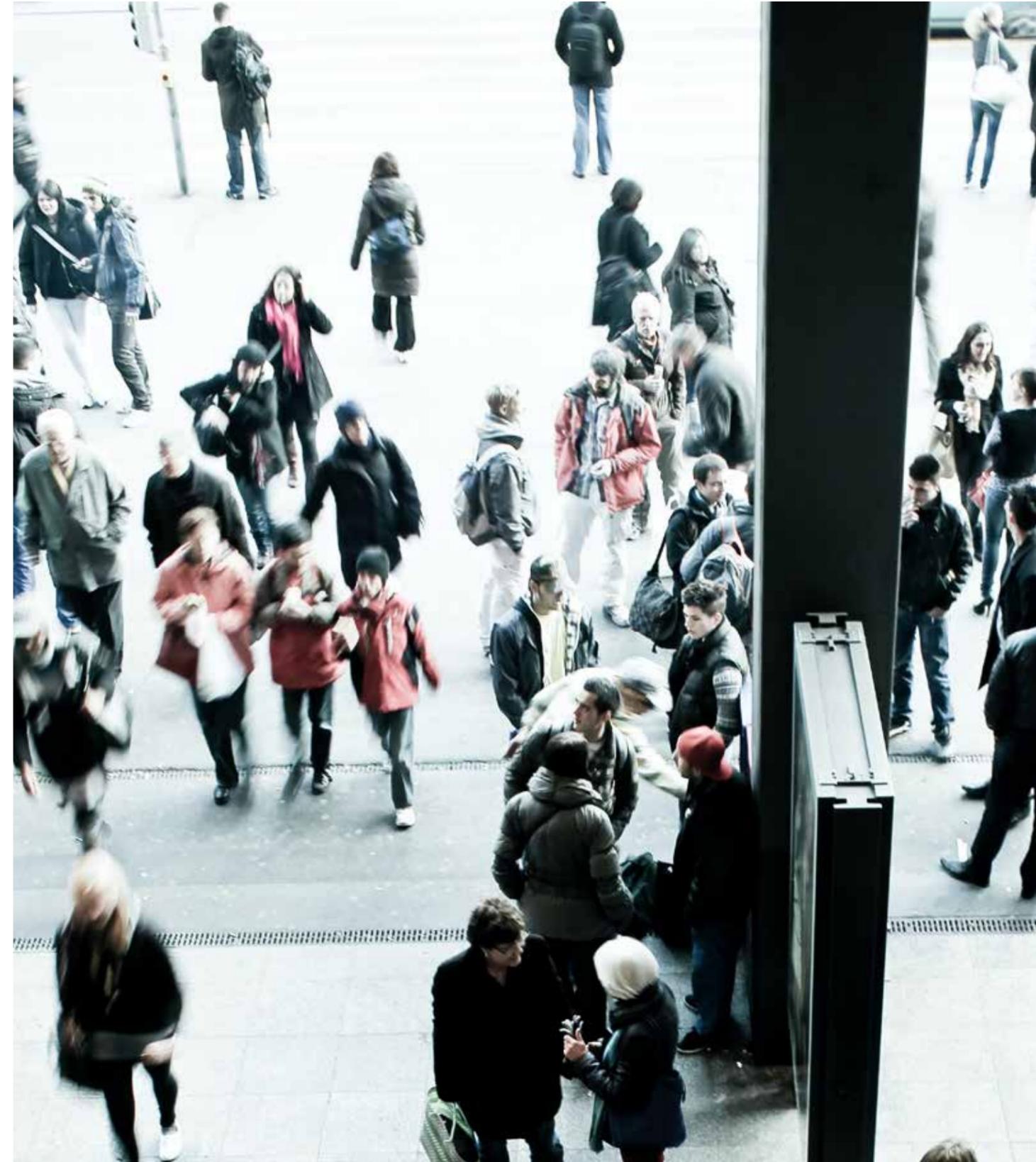


Rebecca Miller
Senior Office Manager and Assistant
Paris



Summary of Terms and Abbreviations

ABC Anti-Bribery and Corruption	KPIs Key Performance Indicators
B Corp B Corporation	LP Limited Partner
CO₂ Carbon Dioxide	OI Out Investors
COVID-19 Coronavirus Pandemic	PC Portfolio Company
CSR Corporate Social Responsibility	PE Private Equity
DD Due Diligence	PRI UN-supported Principles for Responsible Investment
D&I Diversity and Inclusion	VDD Vendor Due Diligence
DEI Diversity, Equity and Inclusion	RBA Responsible Business Alliance
EDCI ESG Data Convergence Initiative	RI Responsible Investment
ESG Environmental, Social and Governance	SBTi Science-Based Targets initiative
F&A SC Finance and Administration Steering Committee	SBTs Science-Based Targets
GP General Partner	SDG Sustainable Development Goal
GHG Greenhouse Gas	SDG Ambition SDG Ambition Accelerator
IC Investment Committee	SFDR Sustainable Finance Disclosure Regulation
iCI initiative Climat International	SPTs Sustainability Performance Targets
IK, the Company or the Firm IK Partners	TCFD Task Force on Climate-Related Financial Disclosures
ILPA Institutional Limited Partners Association	tCO_{2e} tonnes of carbon dioxide equivalent
ILPA DiA Diversity in Action	UNGC United Nations Global Compact
ILPA EDCI ESG Data Convergence Initiative	



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