Oakley Capital

Responsible Investment

ESG REPORT 2022

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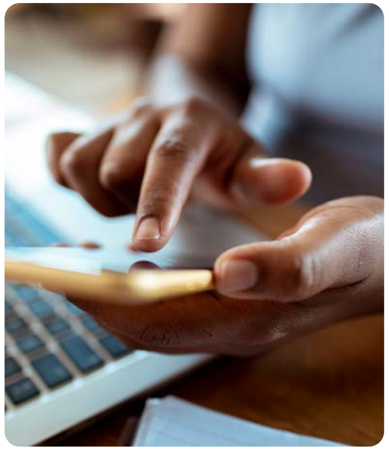

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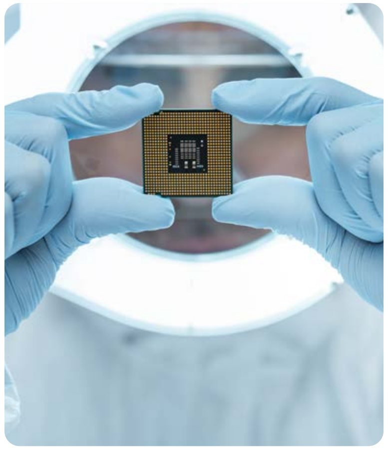

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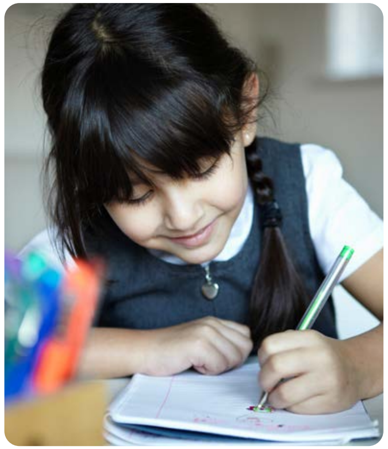

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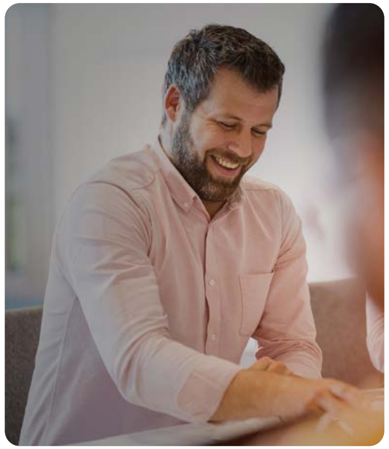


Our experience

Foreword

We are proud to introduce Oakley Capital's second environmental, social and governance (ESG) report, reflecting on our responsible investment progress in 2022.

With conflict in Europe and extreme weather across the globe, it was a turbulent year for both the economic and the environmental climate, making our goal – to support portfolio companies by future-proofing their business models and helping them grow sustainably – more relevant than ever.

Oakley has always taken a values-based approach to investment, but in the last few years we have recognised the need to build internal infrastructure that will allow us to best manage ESG risks and add value. The development of these internal structures and processes gathered pace in 2022.

We rolled out tools to help our portfolio companies better understand how they might be impacted by the changing climate and introduced initiatives to help them benefit from becoming more diverse organisations. We are proud to have successfully classified our latest fund as Article 8 under new EU sustainable finance rules.

We are seeing the benefits of these efforts on the ground and on the bottom line. Just a few examples are **Alessi**'s new solar investments to help reduce emissions and lower energy bills; **IU Group** attracting ever more students by opening up access to higher education; and **North Sails** winning new customers with its commitment to ocean conservation.

We recognise Oakley has a considerable way to go in its responsible investment journey. Ultimately, we will be judged on results. But our message is clear: we are deeply invested in working with portfolio companies to help them become more resilient in a fast-changing world – and indeed, ensuring that Oakley, as a firm, can achieve the same.

This Report aims to update you on our progress. It explains exactly what we are focusing on and why – namely energy and climate change, equity, diversity and inclusion (EDI) and cyber resilience. We explore how we approach our due diligence for new opportunities and how we work together with management teams to pursue sustainable growth.

A collaborative approach

Events such as last year's inaugural ESG Forum highlight the Oakley ethos – built around collaboration and partnership – in action. We want to grasp the opportunity to bring founders and management teams from across our portfolio together to network and share best practice on sustainability.

We believe we shouldn't ask our portfolio companies to do anything we're not prepared to do ourselves. So Oakley has made progress on measuring and mitigating our carbon footprint, strengthened our cyber resilience and taken steps to be more inclusive and diverse.

In 2022, we were also delighted to partner with initiatives such as Out Investors, and to continue collaborating with programs such as Level20 to help build a more accessible and diverse private equity sector.

I hope this Report gives useful insights into our ambition to drive positive changes across our firm and our portfolio to build sustainable value for all our stakeholders.

Peter Dubens, Managing Partner and Co-Founder

> **We are deeply invested in working with portfolio companies to become more resilient in a fast-changing world.**

Letter from the Head of Sustainability

The past year has seen Oakley make meaningful progress towards our goal of creating sustainable value for our investors, portfolio companies and society as a whole.

Our commitment to responsible investing is at the core of our strategy, and we recognise that integrating ESG factors into our investment decisions is a critical driver of long-term financial performance. We are proud to have made significant progress in advancing our ESG agenda, building on the foundations laid out in previous years and discussed publicly for the first time in last year's report.

In this year's report, we provide an overview of our ESG practices and achievements across our portfolio of companies. From due diligence to stewardship, we highlight our efforts to support sustainable business practices, promote social equity and inclusion, and enhance governance practices. We also share the perspectives of our portfolio company teams on the impact of our ESG initiatives and the value they have created for their businesses.

We continue to believe that transparency is a fundamental aspect of responsible investing, and we continue to make significant strides in this area. It is important to note that this Report focuses solely on self-reported data from portfolio companies in which we are a majority investor or have a control position. We have the biggest opportunity for impact with these 17 companies, and they are the ones who ask for our support. But we are striving to support all our investments, including our nine minority investments, where our relationship is developing, ranging from working with the lead sponsor to direct engagement. It is our aim to eventually better understand our minority investments, either through their primary sponsors or directly through engagement, and we are starting to make good progress in this regard.

Throughout 2022, we built upon the processes and practices established in the previous year, with three key objectives: (i) developing a strong and value-adding portfolio engagement programme; (ii) providing support to investment teams in assessing ESG during due diligence; and (iii) enhancing Oakley's own ESG practices.

We believe that our focus on portfolio stewardship, as discussed in Our stewardship, reflects an opportunity to add the most valuable ESG practices. By establishing trust and collaborating with the management teams of rapidly growing businesses, we can develop and integrate robust ESG practices during a pivotal stage of a company's growth. Our objective is to help companies understand how ESG can fit into their business strategy, formalise an approach and support implementation. The first step in this process is building trust, which begins during due diligence and continues during onboarding and regular engagement. Over the last year we have met with all our majority-owned portfolio companies, with 16 out of 17 annual meetings happening in person. During these meetings, we discuss all facets of the business through an ESG lens, emphasising partnership and the opportunity each company has to benefit from implementing good business practices through ESG integration.

To support our portfolio, we focus on three ESG themes: energy and climate change; equity, diversity and inclusion (EDI); and cybersecurity and data protection. We organised an ESG Forum in November, which brought together our management teams with external advisers to discuss these themes, along with ESG governance, to improve knowledge and understand resources available. As a result, we now provide our companies with resources and tools on each of these themes, including a carbon accounting and decarbonisation strategy platform, EDI and employee engagement survey and consultant, and annual cyber-maturity assessments.

In the past, we have emphasised the importance of helping companies integrate ESG to create long-term value beyond our investment period. In 2022, we witnessed the early signs of this becoming a reality with the partial exits of Seedtag, Contabo and the

> **To support our portfolio, we focus on three ESG themes: energy and climate change; equity, diversity and inclusion (EDI); and cybersecurity and data protection.**

> **We emphasise partnership, assess the unique position of each company and are sensitive to other business needs while discussing ESG.**

re-investment of Grupo Primavera, now part of Cegid. Our strong relationships with these companies laid the foundations for robust ESG integration, and they are continuing on that path with new owners. Even after our exit, companies like Grupo Primavera (now part of Cegid) continue to engage with us and join our events, demonstrating how they value our support.

While portfolio engagement and stewardship are crucial, they are only possible after the investment has been completed. The due diligence stage, discussed in Our approach, is essential in identifying ESG issues and we continue to integrate ESG into the due diligence process. In 2021, we developed checklists and guidance to support our Investment Teams in considering ESG factors during due diligence. In 2022, we observed significant progress in how the Investment Team considers ESG and interacts with the ESG Team, increasingly examining new opportunities through an ESG lens.

To support this progress, we updated several of the ESG templates, including the deal checklist and investment papers, and introduced climate training to the entire organisation. We assess materiality on new investments and discuss the best approach to ESG due diligence on a case-by-case basis. Sometimes, integrating material topics into existing due diligence workstreams, such as commercial, legal or tech, can accomplish this. Other times, it may be more appropriate to engage an independent ESG consultant, either a generalist or specific to a material topic, such as cybersecurity. On occasion, we have worked with two ESG advisers on a single transaction, one focused on the ESG proposition and strategy of a business, and another on what we consider the ESG operations of a business.

As our team grows, our sectors diversify and our operating geographies expand, our approach will continue to evolve.

Lastly, while we ask our portfolio companies to integrate ESG into their business strategy and operations, we as a firm are also doing the same. In Our experience, we discuss our progress in assessing our carbon footprint, developing our approach to EDI, and protecting our digital assets. As we strive to integrate ESG into our own business strategy and operations, we recognise that we can learn much from our portfolio companies, and our shared experience keeps us humble and open-minded.

Our efforts to promote ESG integration would not be possible without the support and leadership of industry organisations and initiatives. From Level20 to the Initiative Climat International (iCI), Out Investors and the ESG Data Convergence Initiatives (EDCI), these organisations provide communities and pathways for us and our portfolio companies to continue to make progress on ESG. We are grateful to be involved with many of them.

We recognise that the challenges we face in building a more sustainable future are complex and multifaceted. As such, we remain committed to collaborating with our stakeholders to identify and address the most pressing sustainability issues. We look forward to the year ahead and welcome your feedback on this Report and our ESG practices as we strive to improve and advance our sustainability efforts.

Aga Siemiginowska, Head of Sustainability

About Oakley

We manage a pan-European portfolio across core sectors: consumer, education and technology.

We partner with ambitious founders and management teams to build companies that can succeed in a changing world.

$8bn
assets under management

130+
add-on investments

26
high-growth investments across 3 sectors:

Consumer
(11 investments)

Technology
(9 investments)

Education
(6 investments)

6
funds raised

4
offices: United Kingdom, Luxembourg, Germany, Italy

90%
primary deals

2022 in numbers *(as of April 2023)*

88%

of portfolio companies now have insights into their carbon footprint and its drivers

+14,500 jobs

supported by our portfolio companies

€2.85bn

raised for our sixth fund, a record level, with fund classified by the Sustainable Finance Disclosure Regulation (SFDR) as promoting environmental and social characteristics (Article 8)

100%

of portfolio companies have an ESG Action Plan in place

First

in-person ESG Forum held in November 2022, set to become an annual event

2

portfolio companies (Alessi and North Sails Apparel) certified as B Corps, showing leadership in social and environmental performance

Certified B Corporation

65%

measuring EDI data[1]

6

majority-owned portfolio companies used Oakley's cybersecurity programme in 2022, of which 2 companies had their initial assessment in 2022

[1] Using either their own processes or an Oakley-supported programme.

Milestones

2016

Became signatory to UN-supported Principles for Responsible Investment (PRI)

2017

Responsible Investment Policy implemented

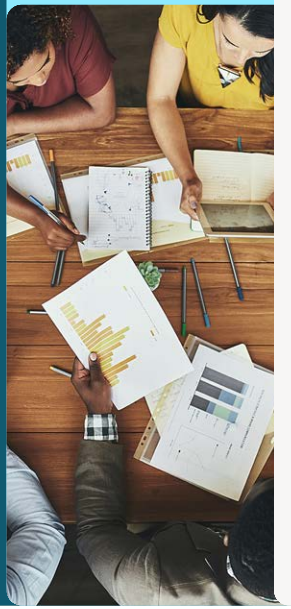
2018

Joined Level20 to support women within the private equity industry

2020

Head of Sustainability hired

ESG Committee established



2021

First ESG data collected from portfolio companies

First firm-wide carbon footprint assessment (Scope 1, 2 and limited Scope 3)

2022

First ESG report published

Second permanent staff member joins ESG Team

Oakley EDI and Philanthropy Committees established

Portfolio engagement programme formalised

New climate and EDI tools distributed to portfolio companies

Climate Risk Assessments completed, and climate training for all Oakley staff

First ESG Forum held for all portfolio companies

In the spotlight: examples of ESG in action

Environment

North Sails: Harnessing ESG tailwinds

Alessi: Solar savings

Social

WebPros: Short-term steps for long-term value

IU Group: The value of education

Contabo: Building ESG progress into the Contabo sale

Bright Stars: Engagement in action: talking diversity with Bright Stars

Governance

Cegid: Building corporate governance in Iberia

Phenna Group: Exploring a wide range of potential ESG issues in the run-up to a deal

ACE Education: Grading green

Spotlight: North Sails

Harnessing ESG tailwinds

North Sails is building on rich heritage to put purpose at the heart of its business model.

In 1957, Olympic gold medal-winning sailing champion Lowell North decided to leave the aerospace sector to become a sailmaker. Over 65 years later, his company, North Sails, now designs the world's most sought-after sails for race boats and superyachts, including the winners of the America's Cup. It also sells sailing apparel, rigging and innovations such as thin-ply carbon to, among other markets, the aerospace sector.

Oakley invested in North Sails in 2014 and has actively supported its management team in its strategy to put the protection of oceans at the heart of its brand and business objectives.

The group's clothing entity is a great demonstration of this strategy in action. North Sails Apparel is a registered B Corp, a badge that certifies it as a company committed to respecting the highest standards of social and environmental performance. Sustainability shows up across many touchpoints in the manufacturing and distribution of their products – from using predominantly recycled fibres (in 2022, 96% of the synthetic fibres used were recycled) and organically grown natural fibres (93% of the cotton used in 2022 was organic), to phasing out single-use plastic in their e-commerce and retail packaging.

This has helped the firm grow to around $68 million of revenue last year, partnering with over 700 chain and independent retailers across Europe and Asia.

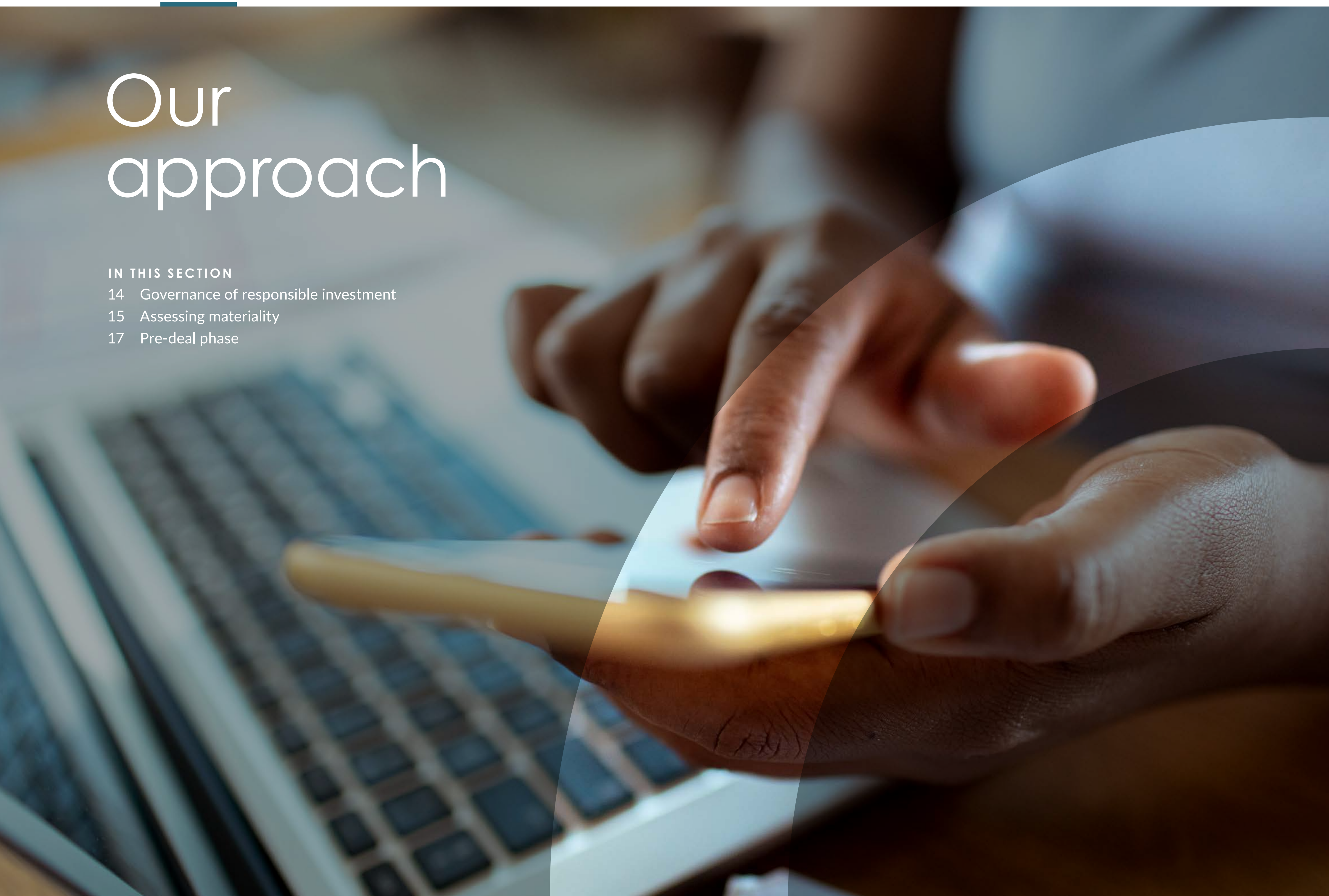
The bigger sailmaking business is following this lead, with the North Sails management team steering through an ambitious but attainable sustainability strategy this year that puts a purpose of being 'ocean positive' at the heart of its approach.

This includes support for local ocean conservation projects and empowering employees to participate in initiatives such as its Beach Clean Up programme. The wider group is also in the process of applying for B Corp certification.

Its sustainability strategy also commits the company to reducing its emissions, with a plan to transition to at least 80% renewable electricity at all sites by 2030. It aims to become a leader in responsible product innovation, including developing recycling solutions for its products, using alternative fibres and conducting life-cycle analyses of its manufacturing processes.

With a detailed and ambitious strategy, the firm is building on its heritage as an innovator and leader to guide a sustainable and committed revolution towards the seas.

By Hugo Pettit / barba.no



Our approach

IN THIS SECTION

Our approach

Oakley focuses on fast-growing firms in three asset-light sectors – consumer, education and technology.

Our investments are in dynamic companies covering a wide range of goods and services from cloud hosting to childcare, legal information to luxury luggage.

Our guiding principle is collaboration, as we believe working in partnership with management can improve company resilience and support their next phase of growth. Sustainability plays a crucial role, and we offer our experience and expertise on ESG topics, such as energy and climate change; EDI; and cybersecurity and data protection.

We value the comprehensive and in-depth knowledge each management team has of their own industry and company, and we aim to combine our strengths when joining forces. Our approach is tailored and we remain mindful of the other pressures faced by each business.

Two sides of the same coin

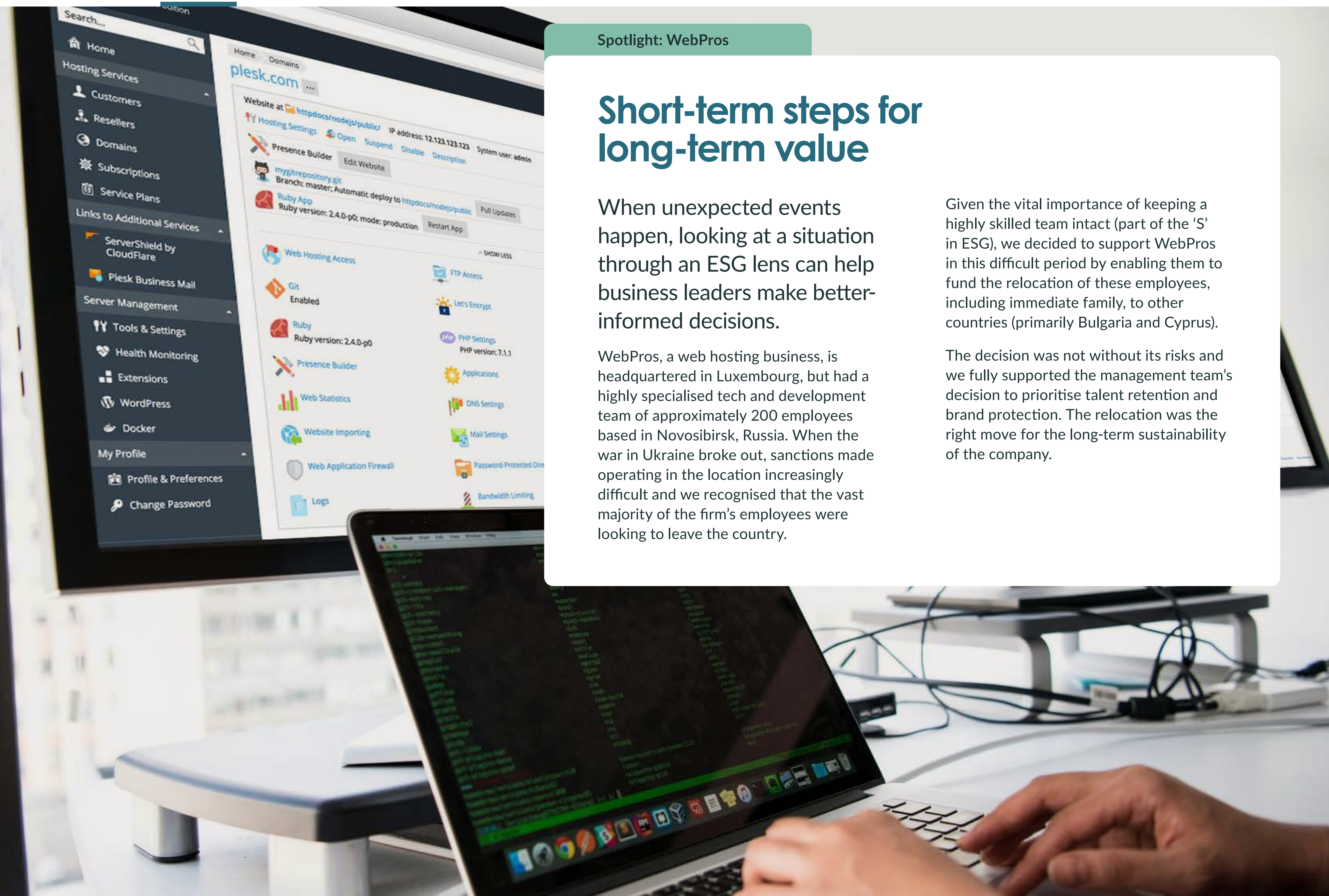
We strongly believe, and have seen, that good management of ESG topics is essential to value creation.

Effective ESG management can help manage risks, such as costs and liabilities related to complex supply chains, high employee turnover due to poor employee engagement and protecting brand value. Additionally, it brings significant value creation potential as stakeholders drive increased transparency and as a factor in attracting and retaining talent.

For Oakley, responsible investment is an essential aspect that runs through the entire investment cycle, starting from identifying investment opportunities to supporting companies in preparing for their next phase after our ownership. We integrate ESG considerations into every step of the process and aim to build robust ESG structures and practices within each company that will endure beyond our investment period.

As a responsible steward, we offer advice and practical tools to help entrepreneurial and agile leadership teams build an effective and robust ESG strategy that works for their business.

Aga Siemiginowska, Head of Sustainability



Spotlight: WebPros

Short-term steps for long-term value

When unexpected events happen, looking at a situation through an ESG lens can help business leaders make better-informed decisions.

WebPros, a web hosting business, is headquartered in Luxembourg, but had a highly specialised tech and development team of approximately 200 employees based in Novosibirsk, Russia. When the war in Ukraine broke out, sanctions made operating in the location increasingly difficult and we recognised that the vast majority of the firm's employees were looking to leave the country.

Given the vital importance of keeping a highly skilled team intact (part of the 'S' in ESG), we decided to support WebPros in this difficult period by enabling them to fund the relocation of these employees, including immediate family, to other countries (primarily Bulgaria and Cyprus).

The decision was not without its risks and we fully supported the management team's decision to prioritise talent retention and brand protection. The relocation was the right move for the long-term sustainability of the company.

Governance of responsible investment

Over the last two years, we have focused on developing the necessary internal infrastructure to effectively govern our responsible investment efforts.

Our Responsible Investment Policy is regularly updated, publicly available and applicable across our portfolio. The policy affirms our commitment to incorporating ESG considerations throughout the investment process – from identification and assessment to management of ESG factors.

The Board of the Investment Adviser bears ultimate responsibility for the policy and it is implemented with the support of the Oakley Partners and wider Oakley team. Our ESG Committee convenes monthly to monitor progress and drives the implementation of the Responsible Investment Policy. The ESG Committee regularly reports to the Board of the Investment Adviser, providing relevant ESG advice and recommendations to the Oakley funds.

Our ESG Team, led by our Head of Sustainability, collaborates closely with the Investment Team to facilitate the day-to-day implementation of responsible investment. Our governance structure is designed to ensure ESG considerations are integrated at all stages of the investment cycle. It aims to ensure both Oakley employees and portfolio teams have the tools they require to achieve the goals of our policy, including training.

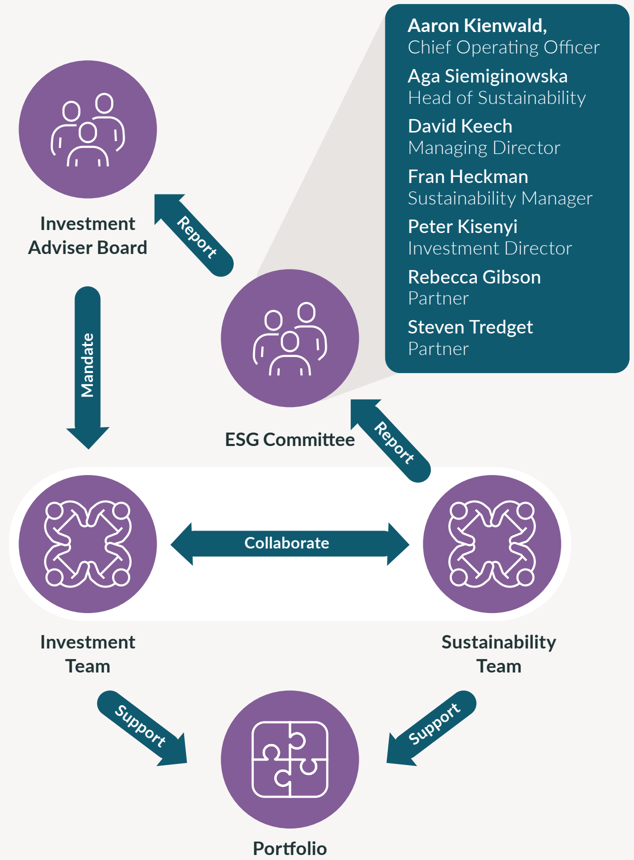
In 2022, the entire Oakley team received training on climate and carbon fundamentals, as well as deal-specific ESG training, such as cybersecurity considerations during due diligence.

We have also taken steps to incorporate ESG activities in our employee appraisal system and related remuneration packages for all employees by including it as a component of our 'firm building' category.

Regular reporting and disclosure on our ESG activities, including at our annual LP Day in May, is a key element of our commitment to transparency and accountability.

> **We have put dedicated resources in place to build an effective and accountable ESG framework that bridges our internal firm-level practices with our investment process and portfolio stewardship. It is driven by the Senior Management Team and helps meet the increasing ESG-related needs of our stakeholders, from LPs to portfolio companies.**
>
> **Aaron Kienwald,**
> Chief Operating Officer

Our governance of responsible investment



Assessing materiality

Understanding the ESG materiality of our investments is vital to good portfolio engagement and creating value.

Oakley uses the guidance of the Sustainability Accounting Standards Board (SASB), which has been developed to help businesses and investors gain a shared understanding of business risk and value. The Standards help guide disclosure of financially material ESG information by companies to external stakeholders.

In the first instance, Oakley uses the sector-specific guidance to help identify ESG issues that are most likely to impact the financial performance of each business within our portfolio. We then overlay deep sector knowledge and understanding of each business to further refine the materiality assessment. The assessment is used as a guide in our portfolio engagement and ESG review process.

Our most material ESG factors encompass the 12 ESG themes most relevant to our current portfolio and potential new investments. They serve as a starting point to assess materiality, foster discussions on performance and guide the development of ESG Action Plans (further discussed in Our stewardship).

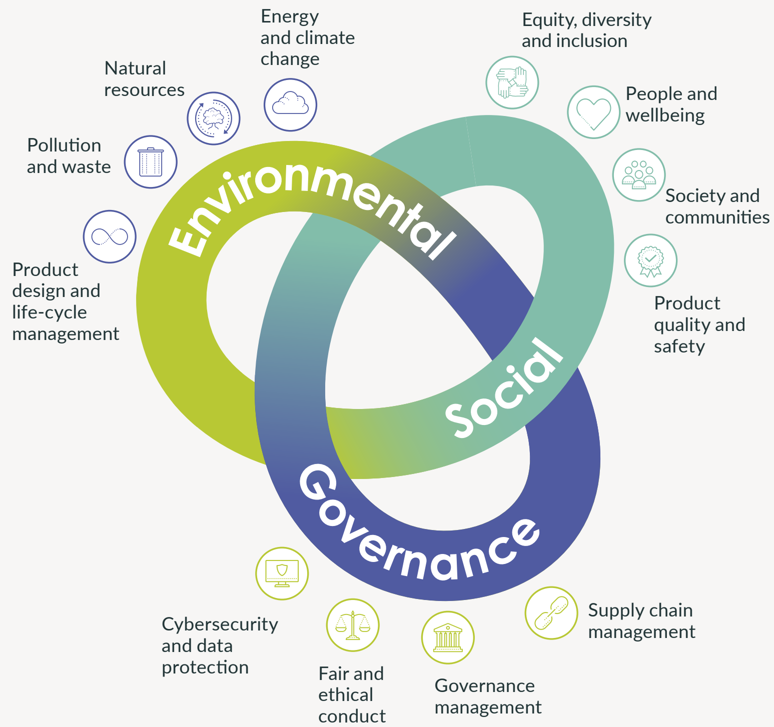
We keep this assessment of our most material issues under regular review and are conscious these may change year-on-year depending on internal as well as external macro and micro events. Our most material ESG factors reflect the outcome of materiality (re-)assessment conducted as part of the 2022 monitoring and engagement cycle.

Portfolio-wide focus

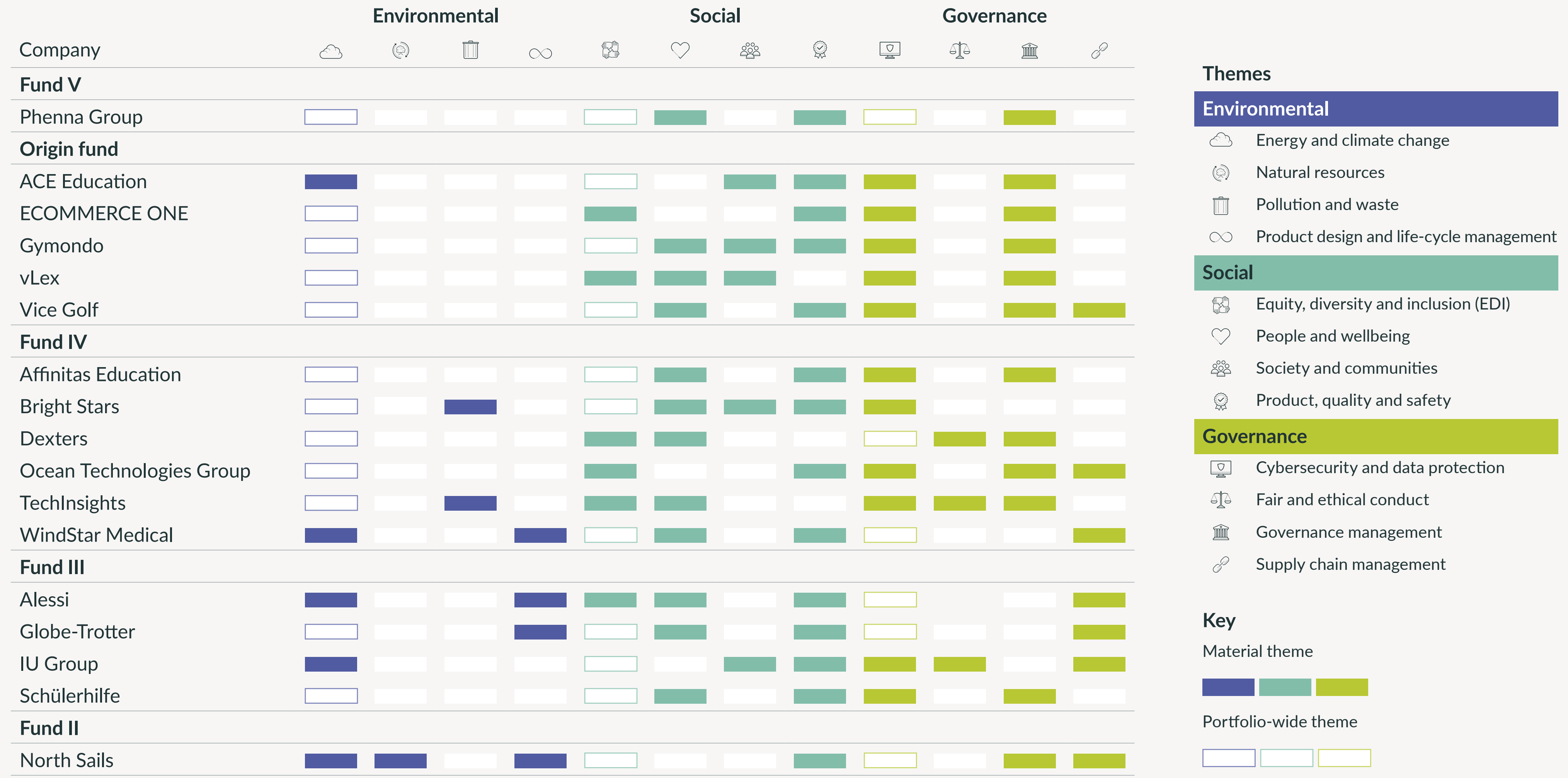
The company-specific ESG themes are complemented by Oakley's portfolio-wide ESG themes, discussed in further detail in Our focus. We see these themes as crucial to conducting good business, mitigating risks and becoming 'future-proof':

- **Energy and climate change:** Helping portfolio companies to understand their environmental impact and take action to reduce it over time
- **Equity, diversity and inclusion (EDI):** Helping portfolio companies better understand their workforce, develop diverse teams to make better decisions and generate better results
- **Cybersecurity and data protection:** Helping portfolio companies to protect their intellectual property (IP) and handle customer and consumer data responsibly

Our key ESG factors



Portfolio materiality heat map



Pre-deal phase

Assessing ESG risks and opportunities is a crucial part of our investment process, starting from the earliest stages of evaluating a potential investment.

Firstly, we screen out companies whose primary business is in tobacco, controversial weapons or pornography, as we do not invest in these sectors. Additionally, we identify whether the entity operates in sectors or geographies new to Oakley, where our understanding of ESG topics may be less developed than for our core sectors and geographies. In such cases, the Investment Team and ESG Team initiate discussions to determine how best to approach ESG due diligence, potentially bringing in external specialist advisers to conduct further assessments.

When conducting ESG due diligence on a potential investment, the Investment Team and ESG Team collaborate, and may engage external advisers, to identify ESG risks and opportunities and determine the extent to which they can be managed or mitigated with our support post-investment. This early stage also provides the opportunity to assess the management team's approach and determine how well relevant ESG themes are managed, leveraging our sector experience and industry frameworks (e.g. SASB).

The due diligence stage marks the beginning of our collaboration with the management team. Oakley's core ethos of partnering and supporting entrepreneurs is fundamental as we lay the foundations for a trusting and collaborative partnership for the years ahead. In many ways, the due diligence stage is a two-way street, with the management team assessing whether we are the right fit for them. We use this opportunity to demonstrate our commitment to supporting them on their ESG journey, whether they are just starting out or well on their way.

The findings from the ESG due diligence process, including risks and opportunities, are integrated into the investment memorandum alongside a materiality assessment. This is presented to the Investment Committee for discussion and scrutiny as part of their decision-making process.

If an investment is successful, the findings of our due diligence are incorporated into a 100-day plan, which includes an ESG onboarding session with the management team. During this session, the ESG Team introduces Oakley's ESG processes, discusses due diligence findings and agrees on an ESG Action Plan for the remainder of the year before the annual ESG monitoring and reporting cycle. We remain sensitive to each company's individual challenges and develop an approach to ESG that takes other considerations, including the investment thesis, into account.

Spotlight: Phenna Group

Exploring a wide range of potential ESG issues in the run-up to a deal

Phenna Group, Oakley's largest-ever platform investment, is composed of a diverse range of 42 businesses in the testing, inspection, compliance and certification (TICC) space, ranging from food to aeroplane engines to soils and nearly everything in between.

Our due diligence had to consider a wide range of ESG issues – from health and safety risks to the potential for air and water pollution and labour practices in supply chains. Where detailed knowledge was required, for example in reviewing industrial sites for risk of historical environmental impact, we worked with specialist consultants to support the due diligence process.

It was a complex process that saw a successful close in December 2022, our first majority investment in Fund V.

"It is a vital part of our due diligence on any potential investment that we deeply consider ESG risks and opportunities to understand if the business aligns with Oakley's values, goals and ambitions."

David Keech, Managing Director

Our responsible investment process

The Sustainability Team collaborates with the Investment Team and provides support to company management throughout this process.

Due diligence

- Due diligence carried out using internal resources, or external consultants as appropriate, including:
  - Red flag assessment
  - Materiality assessment – identification of (company-specific) ESG risks and opportunities

Monitoring programme

- Active stewardship, including engagement with company management on ESG topics
- Annual ESG monitoring and review of progress
- Company key performance indicator (KPI) reporting to Oakley
- ESG topics and progress discussed at board meetings

Initial screening

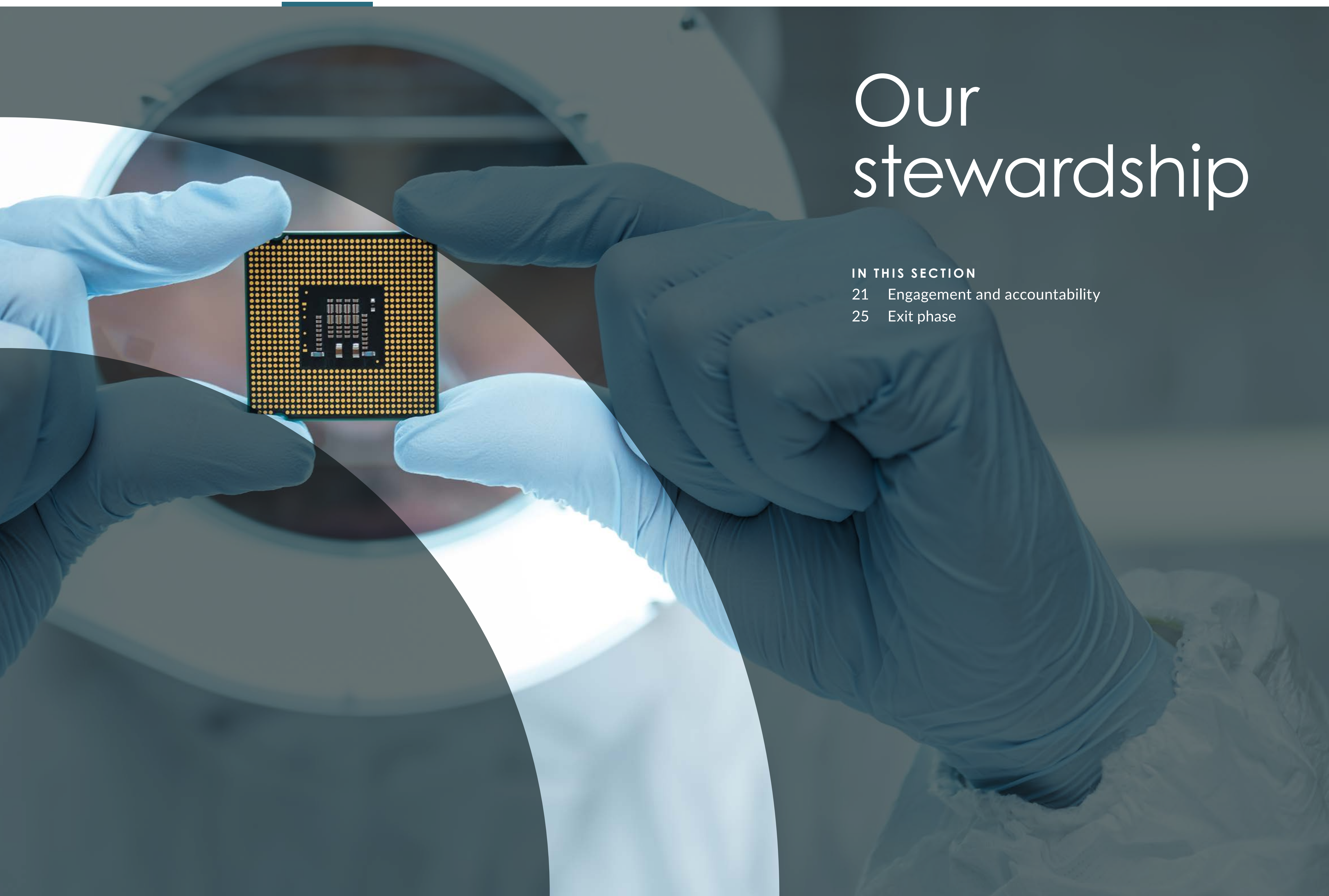
Preliminary assessment of ESG risks and opportunities

Exit support

- Support in preparing for ESG due diligence from prospective investors
- ESG vendor due diligence as appropriate

Onboarding programme

- ESG onboarding with Oakley team
- Addressing urgent issues identified as part of due diligence



Our stewardship

IN THIS SECTION

Our stewardship

Our aim is to empower management teams during our ownership phase, providing them with the knowledge and tools they need to identify and manage ESG risks and opportunities in their sector.

As we continued to emerge from the pandemic in 2022, our ESG Team seized the opportunity to engage face-to-face with our majority-owned portfolio companies, visiting their offices and operations. During these visits, the team discusses ESG Action Plans and shares details of our climate, EDI and cyber tools, while also gaining a deeper understanding of their business and developments.

In addition to these on-site meetings, we host events and webinars to foster collaboration, knowledge sharing and best practices. These touchpoints enable discussions and debates on common ESG issues and provide a platform to learn and hear from leading speakers. Through these efforts, we strive to advance ESG practices and build stronger partnerships with our portfolio companies.

While operating as Grupo Primavera, we worked closely with Oakley's ESG Team. They were amazing in terms of connecting us with other investee companies, introducing us to innovative service providers on hot topics such as carbon footprint and EDI, and providing information related to B Corp certification. They were really helpful giving us advice on how to boost our ESG culture and create green ambassadors across the company.

Silvia Baschwitz,
Chief of Communication, Institutional Relations and ESG at Cegid Iberia, LatAm and Africa

A new forum to share ESG knowledge in-person and online

There are many different ESG challenges – and solutions – that sustainability champions in our portfolio companies are facing and finding. In 2022, an idea to ask these professionals to share insights and best practices with each other blossomed into our inaugural in-person ESG Forum.

Held as a carbon-neutral event in London, the day brought almost 50 ESG practitioners together, including portfolio company representatives, investment teams and external speakers.

Together we shared best practices and heard insights on areas such as carbon accounting, good governance and ESG regulations. To lead the discussion with our portfolio companies, we invited subject matter experts (SMEs) on topics ranging from ESG regulatory developments to decarbonisation, and introduced our EDI programme.

After the forum, Oakley set up an ESG Extranet that all the sustainability practitioners in our portfolio companies have access to, where recordings and template policies can be downloaded, guidance and contact details uploaded, and discussions continue.

The event was a success and we have been encouraged by portfolio companies to make it an annual part of our engagement.

Watch our ESG Forum video online

Engagement and accountability

We continue to adapt and evolve a methodical process to help companies understand how ESG relates to them and embed it in day-to-day practices.

It starts with our ESG onboarding programme, addressing the most material issues identified during due diligence and integrating this into an ESG Action Plan. This was exemplified by **Vice Golf**, a German digitally native golf brand acquired in 2022, who are now taking steps to understand and manage their supply chain as part of their ESG Action Plan.

ESG Action Plans are developed and driven by each individual management team. We hope to be a valuable sounding board, providing guidance, advice and input as required, but the plan is very much a tailored creation unique to each company.

What these ESG Action Plans share are clearly delineated targets, initiatives and typically about a dozen short- and longer-term actions. Just some of the short-term activities to exemplify these actions last year were healthcare platform **WindStar** completing an assessment of their Scope 1 and 2 emissions for the first time, and education provider IU Group publishing its first ESG report.

In total, 100% of the portfolio companies in which Oakley is a majority investor had an ESG Action Plan as of April 2023.

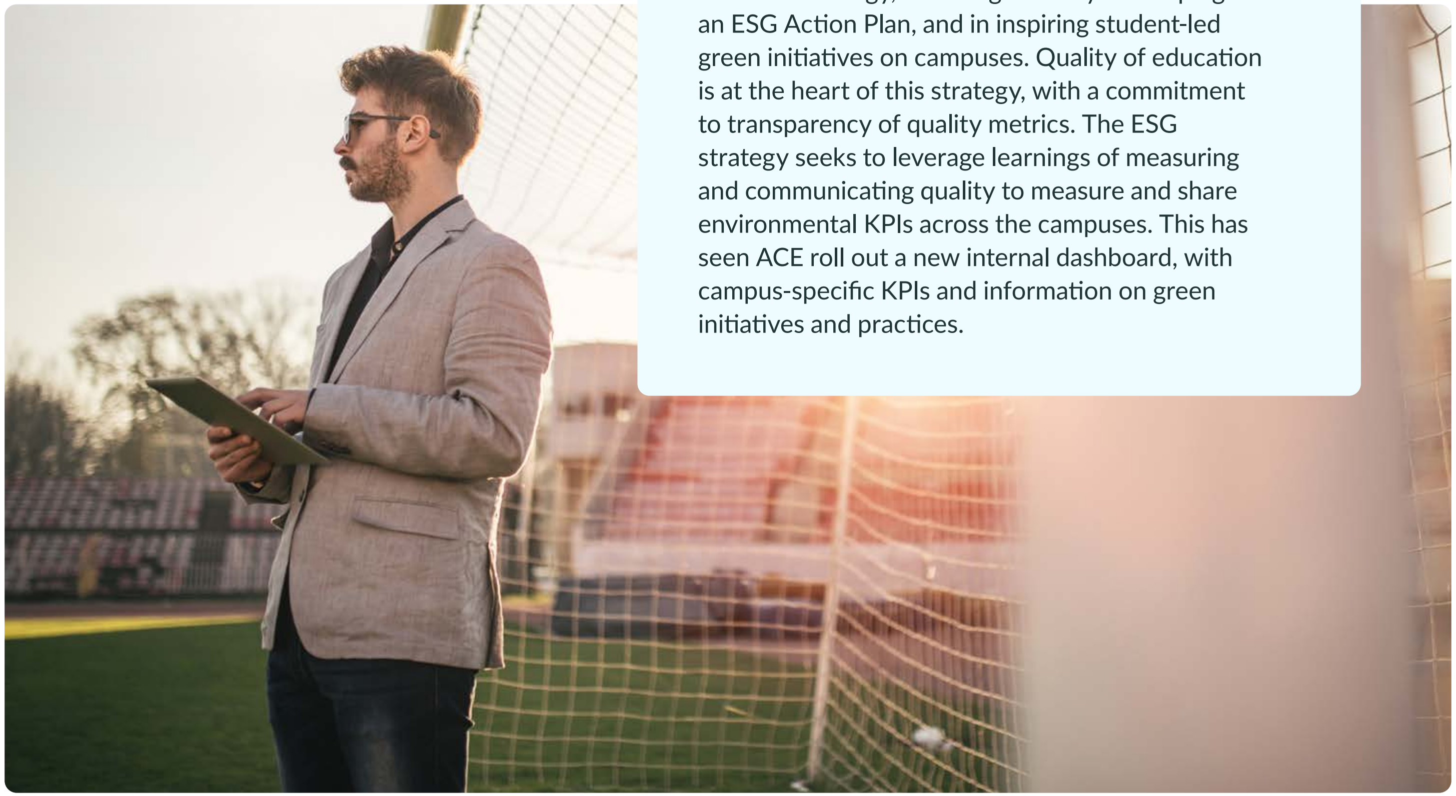
Throughout the implementation of the plan, our ESG Team is readily available to provide support and guidance, as well as the necessary tools to facilitate progress on key initiatives (as discussed in Our focus).

Spotlight: ACE Education

Grading Green

ACE Education is a leading European higher education platform focused on sports management, design, fashion and hospitality. With over 30 campuses in France and abroad and over 5,500 students, the business has an opportunity to leverage ESG as a way to engage students and contribute to a sustainable society.

In 2022, Oakley supported ACE in developing its first ESG strategy, including formally developing an ESG Action Plan, and in inspiring student-led green initiatives on campuses. Quality of education is at the heart of this strategy, with a commitment to transparency of quality metrics. The ESG strategy seeks to leverage learnings of measuring and communicating quality to measure and share environmental KPIs across the campuses. This has seen ACE roll out a new internal dashboard, with campus-specific KPIs and information on green initiatives and practices.



Monitoring and reporting

Monitoring and reporting is a key part of our ownership phase. It is through this monitoring programme that we can assess progress and identify areas for development and improvement either across each fund or at portfolio company level. When we first launched our monitoring programme in 2021, it was the first time many of our portfolio companies were asked ESG-related questions beyond those asked in due diligence. The questions were detailed and the companies, in hindsight, were underprepared and under-resourced to be able to provide robust answers.

Over the last two years, however, we have seen a significant improvement in the quality and confidence of data being reported. The questions are no longer overwhelming, and companies are recognising how these KPIs and related qualitative questions impact their operations and, occasionally, strategy. We have seen that now that the companies are asked to regularly measure and report on ESG data points, they are starting to manage these elements of their operations.

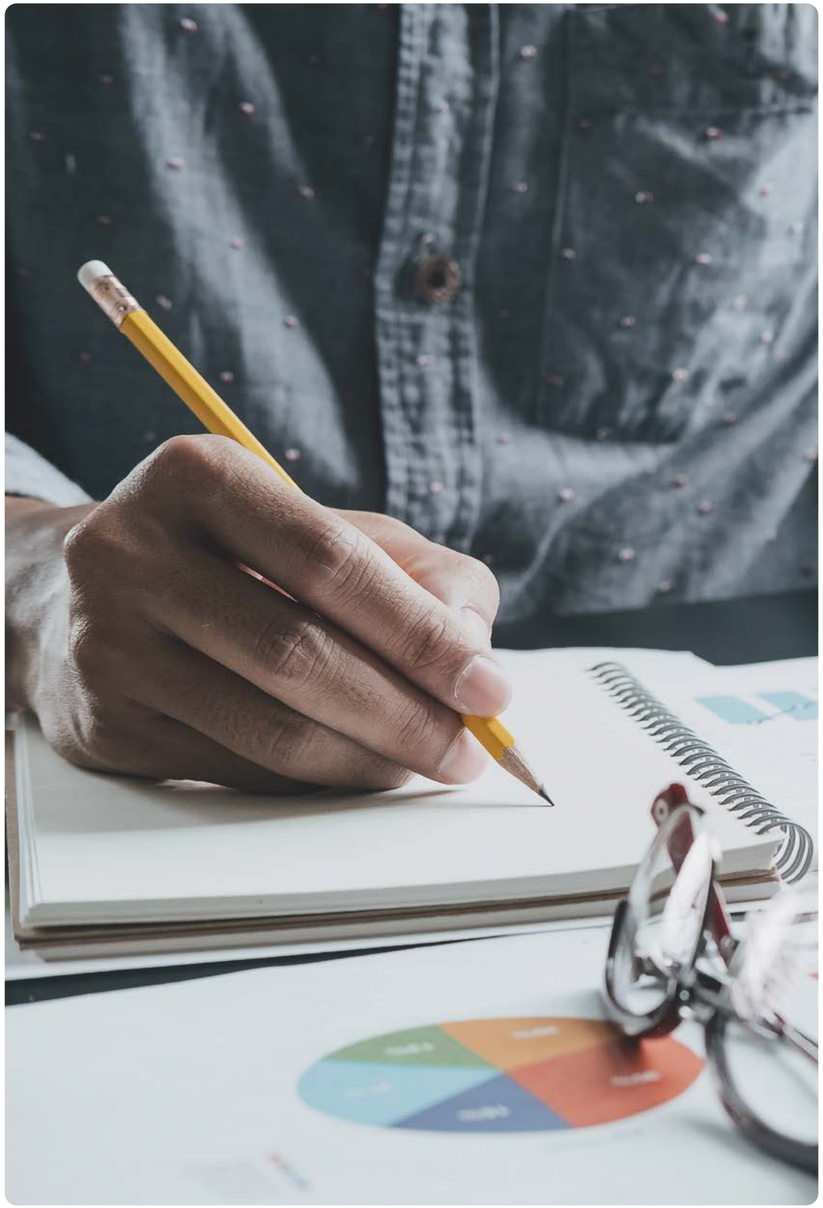
We ask portfolio companies to report annually on ESG progress and KPIs for the previous calendar year. The KPIs and questions we ask have been developed based on the SASB industry guidelines, the EU SFDR Principle Adverse Impacts, the ESG Data Convergence Initiative's metrics and knowledge of the sectors we invest in. All companies are asked, at a bare minimum, to report on Oakley's Core ESG KPIs, which have been developed with the previously mentioned frameworks in mind.

Once the reporting is completed, we meet with each portfolio company to discuss and validate what has been reported. This discussion is crucial to better understand progress and priorities, and to agree the ESG Action Plan for the year ahead.

Aside from the major post-reporting touchpoint with the ESG Team mentioned above, usually at the end of Q1, the Investment Team regularly discusses ESG topics with portfolio management during the year, and provides updates on a quarterly basis, including on ESG, as part of the Quarterly Portfolio Reviews.

It is important to Oakley, and to our companies, that this data is not just filed away. Monitoring and transparency is intimately linked to ESG strategy, and each company's ESG performance is discussed at board level and, where necessary, will inspire further engagement led by our ESG Team.

This feeds into our own transparency and reporting values and helps us measure portfolio-wide progress on our key themes, discussed in Our focus. We were delighted to produce our first ESG report for 2021, published in 2022, and participate in regular reporting on ESG performance to our investors.



Core ESG KPIs

Oakley has defined a set of core KPIs that are requested from portfolio companies as part of the monitoring process, regardless of sector, geography and size.

These KPIs form the foundations of ESG management, are aligned with the forming market standards and are key to developing ESG management programmes at portfolio companies. They are the start of our transparency exercise and subsequent ESG strategy development. The portfolio-wide themes – energy and climate change; EDI; and cybersecurity and data protection – have associated KPIs that are reflected in the core ESG KPIs. These core ESG KPIs are complemented by company-specific KPIs that are linked to the identified material themes.

Issue	Metric
Environmental	
Greenhouse gas emissions	Scope 1, 2 and 3 (business travel) emissions
Energy consumption	Total # MWh directly consumed energy, including purchased and self-produced Total # MWh of renewable energy consumed from geothermal, solar, sustainably sourced biomass (including biogas), hydropower and wind energy sources
Waste	Total # tonnes of waste produced Total # tonnes of hazardous waste produced
Social	
EDI	# of women on board # of board members who self-identify as belonging to an under-represented group # of women across entire workforce # of people who self-identify as belonging to an under-represented group across the entire workforce
Employees	Full-time employees at year-end % of employees voluntarily leaving the business # of newly created roles Employee engagement survey
Health and safety	# of work-related injuries # of work-related fatalities Total # of days lost due to work-related injury
Governance	
Governance	% of employees receiving training on anti-corruption and bribery, and whistle-blowing # of material ESG incidents, defined as any incident that is reportable to the regulators, or has a significant reputational impact or financial fine
Cybersecurity	# of attempted data breaches or hacks # of successful data breaches or hacks

Spotlight: IU Group

The value of education

Oakley Capital is one of the leading investors in the education sector in Europe and we take an explicitly values-led approach to investing in this market.

We invest for the long term, prioritising quality of education and social impact, because we believe that education businesses can only succeed at scale if they provide a great return to their students and have a positive impact on their communities.

Education is fundamental to solving all the great challenges facing our world – from climate change to social mobility, reducing conflict to promoting prosperity. It is also a huge part of the global economy – the third largest industry after healthcare and food and beverage. But despite being such a vital and large sector, there are still relatively few education businesses of global scale and reach.

At Oakley, we want to help outstanding education businesses to have a greater impact at scale – leveraging new technology, expanding internationally, or deepening their presence in existing markets – so that they can provide premium quality education to even more people.

Over the last 10 years we have made eight platform investments in the education sector, investing in nurseries, K-12 schools, universities, corporate training, after-school tutoring and education technology businesses. To date we have only sold one of our investments, and that only after seven years, reflecting our very long-term investment approach in this market. Taking a long-term approach is critical because, while there may be trade-offs between investing in impact and profitability, in the long term we are convinced that social impact and shareholder returns are aligned.

IU Group provides a good example of how social impact and long-term value are aligned in this sector. IU has set out to democratise higher education with a high-quality degree offering, which is a more accessible and more scalable product than traditional universities – 70% of IU students are from non-academic households. In the six years of our support for IU, we have supported massive investment into the quality of the product offering, which has resulted in the business now being ranked as the top university for applied sciences in Germany. And that investment has resulted in the business growing very rapidly, so that today it provides training to over 100,000 students a year, across over 30 countries – with students on average seeing a 20% uplift in their income after completing a degree with us.

Online education is also a significantly greener solution than normal university, reducing carbon dioxide (CO_2) emissions by a factor of 10 by removing the need for travel and textbooks. IU Group is one of Europe's first carbon-neutral universities and the first online learning institution to be TÜV-certified for its CO_2 neutrality. It is also on a path to achieve B Corp certification for its commitment to an inclusive and equitable society.

Across the board, we want to support ambitious education businesses that will continue to succeed long after today's students have graduated.

Sam Fenton-Whittet,
Partner

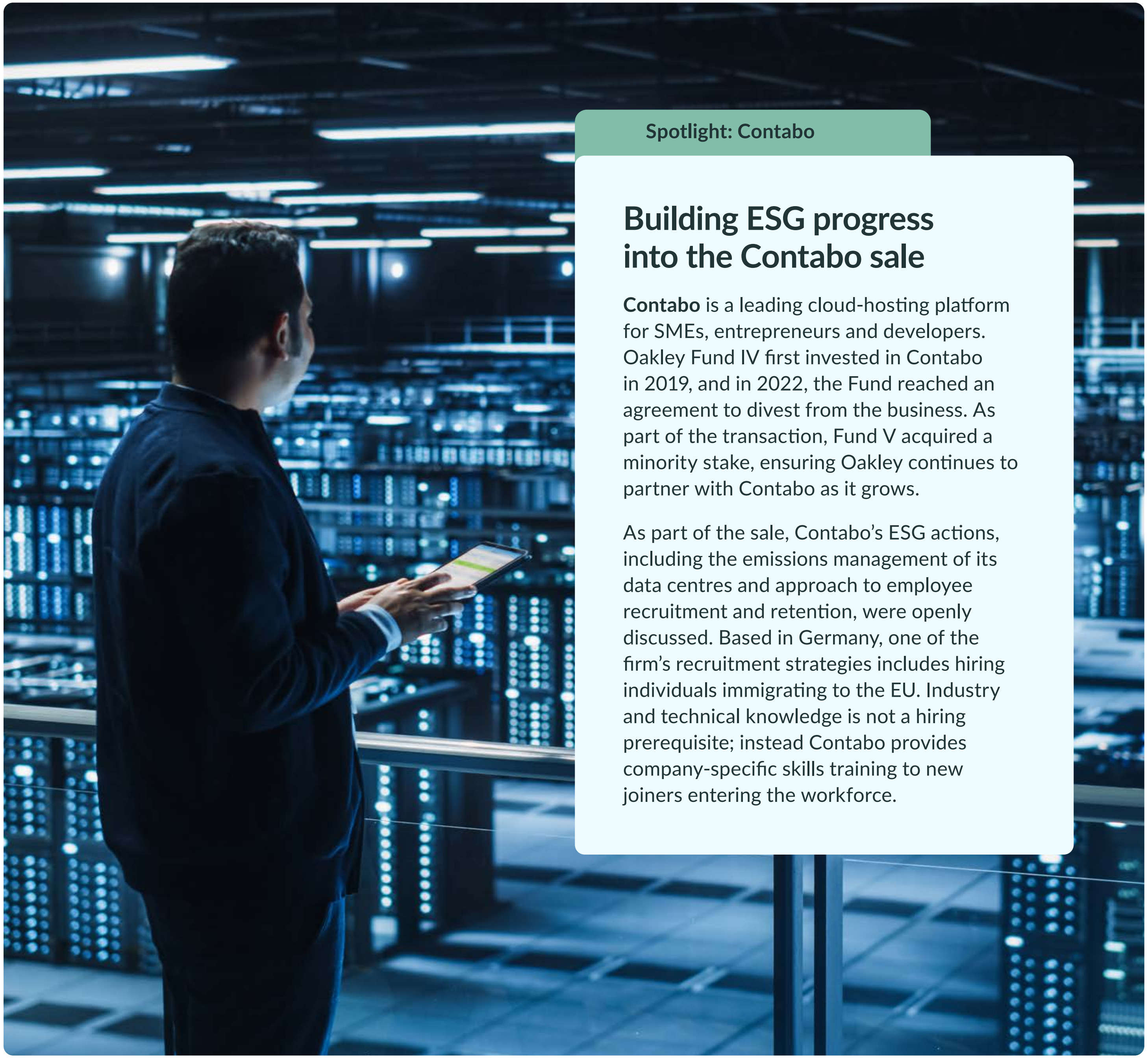
Exit phase

As a responsible investor, we prioritise ESG factors not only during our ownership phase, but also during the exit process where we see showcasing areas of sound ESG management as an essential part of a business's exit strategy.

To achieve this, we remain transparent about ESG risks and opportunities throughout the exit process. We reflect on how the business has progressed against its ESG Action Plan and related KPIs, and measure the value creation resulting from ESG initiatives and risk mitigation practices.

During the exit phase, we assist the business in preparing for ESG-related questions from prospective buyers and undertake ESG-related due diligence on the business as appropriate. We take a pragmatic approach and consider the level of ESG due diligence we would expect on the business if we were investing in it now.

Our recent exits from businesses such as **Contabo** and **Seedtag** provide examples of our commitment to ESG during the exit process. For instance, in the case of contextual advertising business **Seedtag**, which uses artificial intelligence to help place adverts online, we supported the implementation of robust data privacy and cybersecurity processes, which were crucial parts of the information required by the Investment Team.



Spotlight: Contabo

Building ESG progress into the Contabo sale

Contabo is a leading cloud-hosting platform for SMEs, entrepreneurs and developers. Oakley Fund IV first invested in Contabo in 2019, and in 2022, the Fund reached an agreement to divest from the business. As part of the transaction, Fund V acquired a minority stake, ensuring Oakley continues to partner with Contabo as it grows.

As part of the sale, Contabo's ESG actions, including the emissions management of its data centres and approach to employee recruitment and retention, were openly discussed. Based in Germany, one of the firm's recruitment strategies includes hiring individuals immigrating to the EU. Industry and technical knowledge is not a hiring prerequisite; instead Contabo provides company-specific skills training to new joiners entering the workforce.

Spotlight: Cegid

Building corporate governance in Iberia

Strong and harmonised corporate governance in areas such as ESG helped bring together Grupo Primavera for a successful exit to Cegid.

In 2019, Oakley led an intensive buy and build strategy, bringing together 11 smaller companies to form business software provider **Grupo Primavera**. The firm provides SMEs with technology for a range of services from accounting to invoicing, business analytics to cloud storage and has become the largest independent provider of business management software in Iberia.

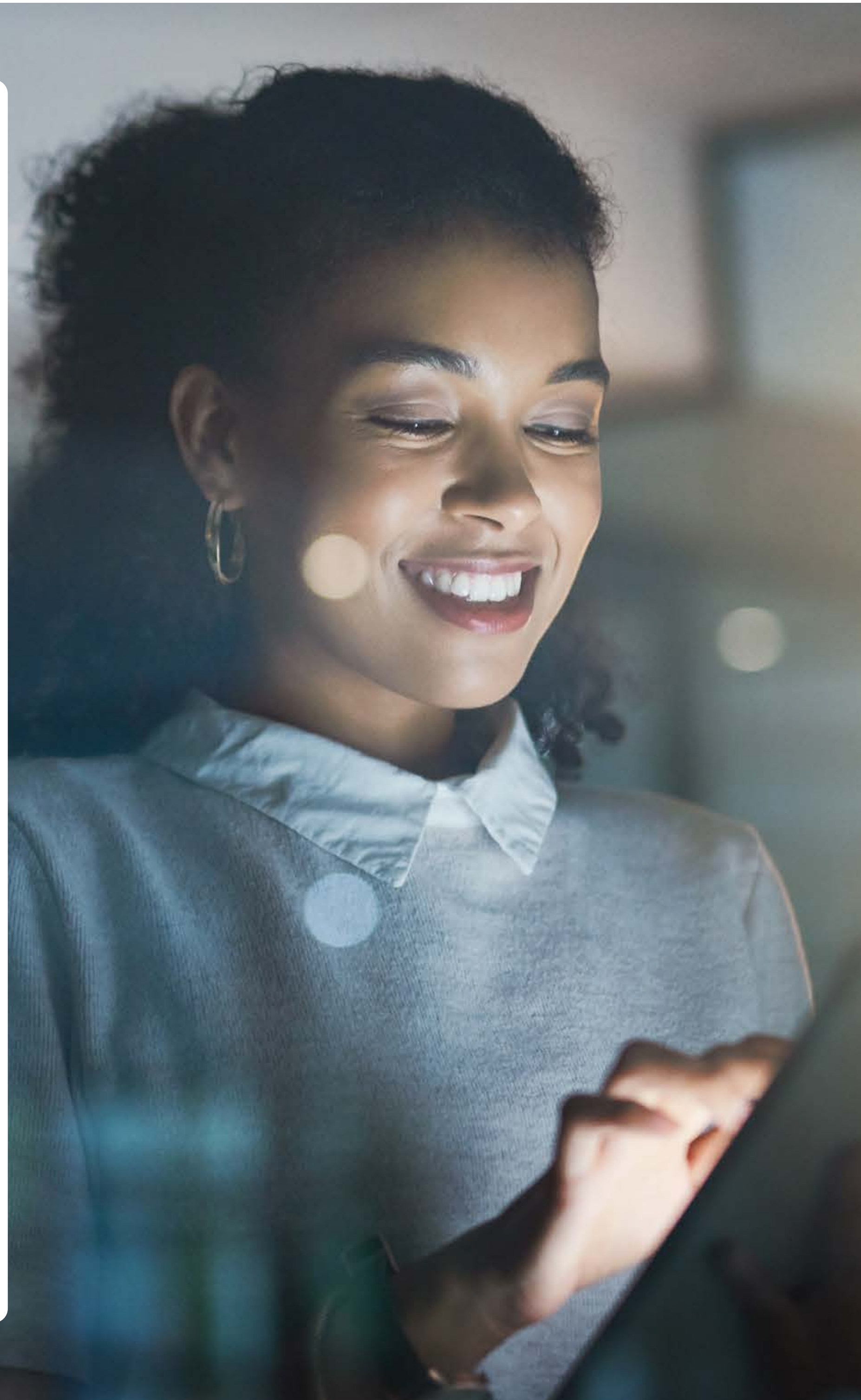
Last year, Oakley focused on preparing Grupo Primavera for a strategic combination with **Cegid** – a European leader in the sector and based in France.

As part of this journey, Oakley supported Grupo Primavera's development and implementation of an ESG strategy, including the creation of an ESG Committee to make sure all companies of the group understood the risk mitigation measures and policies required. Oakley supported in the identification and development of codes and policies, including a code of conduct, cybersecurity policy, diversity policy, and anti-corruption, anti-money laundering and whistle-blowing procedures. A Compliance Committee was also formed that still holds monthly meetings today.

In some instances, Oakley provided guidance with templates of documents and references of providers that could help the firm comply with privacy and security standards. However, arguably the biggest impact came from a collaborative partnership, where the Oakley team nudged and guided the Primavera team into thinking of ESG as a strategic opportunity.

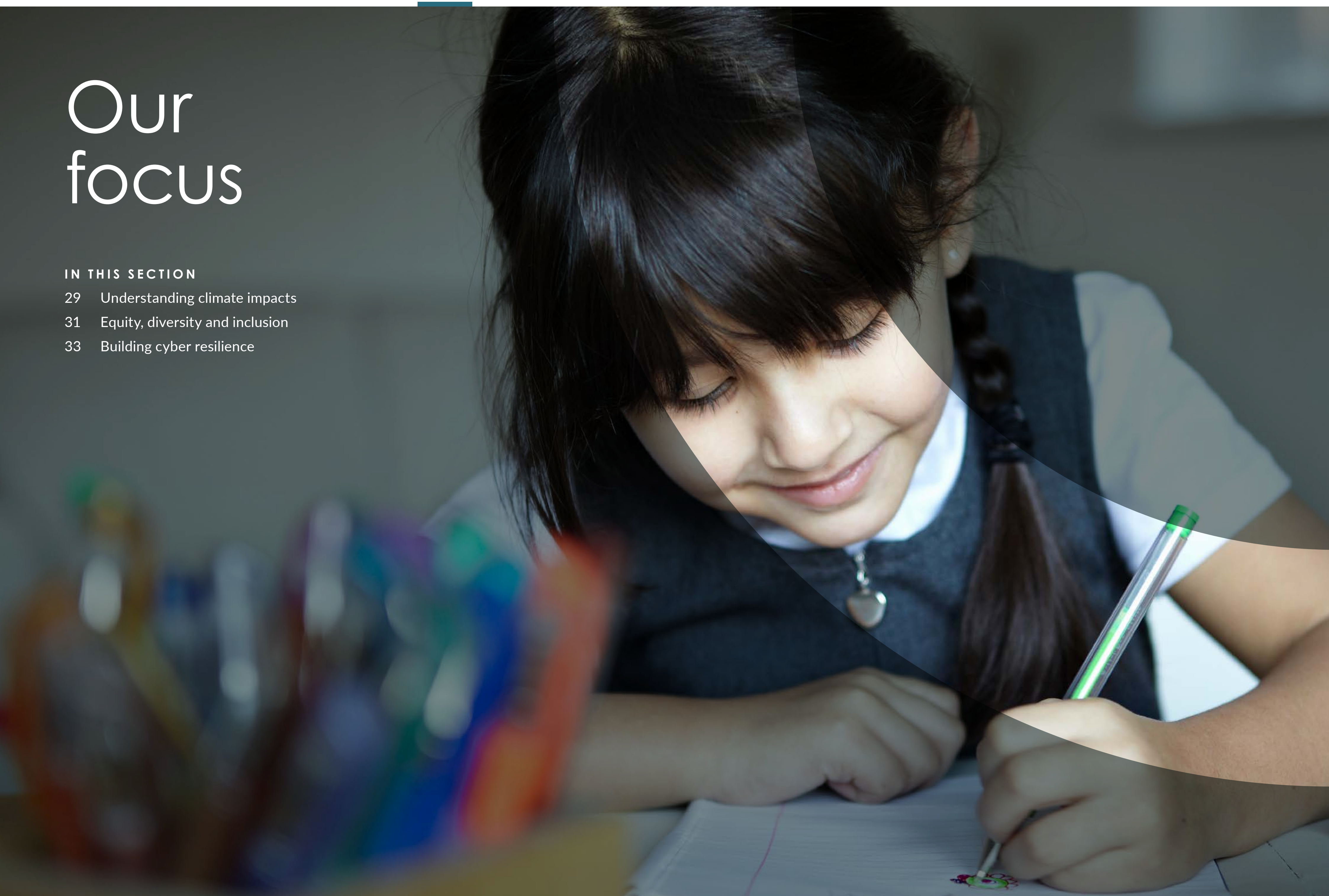
Given its history as a set of separate smaller companies, there was particular focus on harmonising approaches across the group, with the motto *Together We Grow* used to tie together multiple ESG initiatives including governance improvements.

Now under the stewardship of a highly experienced management team and committed shareholders, Cegid is poised to accelerate a global growth strategy with a focus on market expansion. Oakley is now a minority investor in Cegid.



Our focus

IN THIS SECTION



Our focus

At the heart of our ESG programme is a focus on the three themes of:

- Energy and climate change
- Equity, diversity and inclusion (EDI)
- Cybersecurity and data protection

These areas of ESG are important for every business to manage, regardless of sector, geography or size. In the last year, we have set out to further improve the support we can provide to our portfolio companies on these themes.

We have developed relationships with specialist advisers and developed our own proprietary tools in order to help provide portfolio companies with the resources to better understand how climate, diversity and cyber issues might affect their business. Working together, Oakley supports each business in defining what threshold of standards needs to be met to manage these topics and to gain the expertise to drive progress.

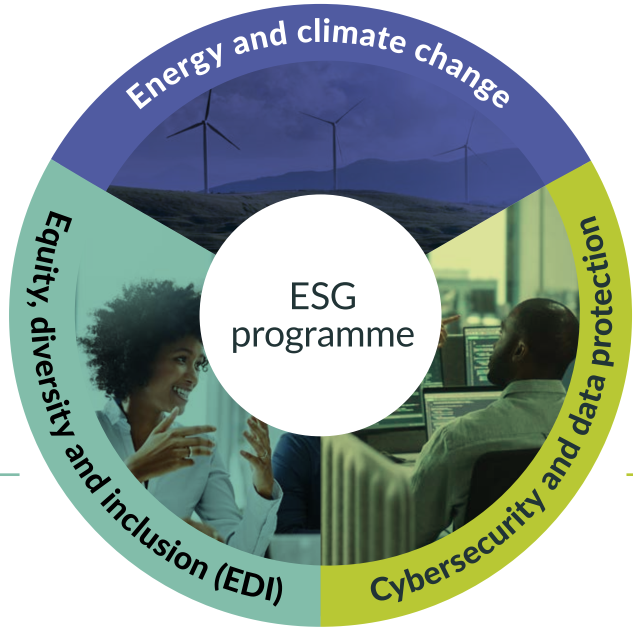
Significant work was done on cybersecurity in 2021, which continued and evolved last year. However, the most significant breakthroughs in 2022 related to the tools we piloted in the areas of climate and EDI management.

We believe that, in today's world, a responsible company understands its environmental impact and takes action to reduce it over time.

Oakley support: Climate Risk Assessment and annual carbon footprint assessment

We believe diverse teams can make better decisions and generate better results.

Oakley support: Three-year EDI engagement programme



We believe in protecting the IP of our companies and the responsible handling of customer and consumer data.

Oakley support: Three-year cybersecurity assessment programme

Understanding climate impacts

As a partner, Oakley aims to help our portfolio companies understand and manage climate-related risks and opportunities that may impact them in the future, whichever sector or region they work in.

To begin this process, in 2022 we undertook a Climate Risk Assessment (CRA) programme, which included a significant portion of our current portfolio, working with a large management sustainability and accountancy firm. The CRA programme looked at the operations and supply chains of 12 portfolio companies, of which we are majority shareholders, and analysed how each would be affected in a 2°C and 4°C global warming scenario. Both physical climate risks (e.g. potential damage to assets from acute weather or chronic changes, such as flooding or drought) and transition-related climate risks (e.g. potential risks from the realignment of economic systems, which may impose reputational or regulatory changes or dissolve markets a company currently sells in) were assessed.

Our CRA programme demonstrated that climate-related risk across our portfolio is relatively low, with the highest pockets of 'medium' threats concentrated in the transition risk related to supply chains. This is in line with our assessment of ESG relevance in the sectors we work in.

Our ESG programme is at the core of our commitment to driving positive change and sustainable success for our portfolio companies. It specifically focuses on understanding the interface between operations and climate, EDI and cyber. Designed to provide comprehensive support, it enables our portfolio companies to effectively embed the fundamental principles of good business practices across these three priority topics.

Aga Siemiginowska,
Head of Sustainability

88%

of portfolio companies now have insights into their carbon footprint and its drivers

Step 1

Structuring our climate programme and developing an approach

Step 2

Conducting portfolio Climate Risk Assessments

Step 3

Assessing portfolio carbon footprint

Step 4

Engaging and developing decarbonisation paths

Carbon within our portfolio

At the start of 2022, we set ourselves a goal to help portfolio companies understand their carbon emissions by measuring their Scope 1 and 2 emissions. During our previous monitoring and engagement cycle, we noticed that portfolio companies required support in this area.

To achieve this goal, we expanded the questions we asked during our annual monitoring exercise to include the needed data points that impact Scope 1 and 2 emissions, such as fleet characteristics, refrigerant use and energy tariffs.

We then adopted a two-pronged approach to use this data: firstly, through a proprietary tool we developed to calculate these emissions ourselves, and secondly by using a carbon accounting platform that Oakley partnered with earlier in the year. This approach has provided us with a comprehensive view on our portfolio's Scope 1 and 2 emissions and a high-level estimate of Scope 3 emissions. The outcome of this assessment is a heatmap of our portfolio, providing insight into high emitters and carbon drivers across the portfolio.

This means all companies that don't have their own carbon accounting system in place are now able to obtain at least an estimate measurement of their emissions. Within the portfolio, there are already a handful of firms who work with independent advisers to undertake annual carbon emissions reporting, such as IU Group.

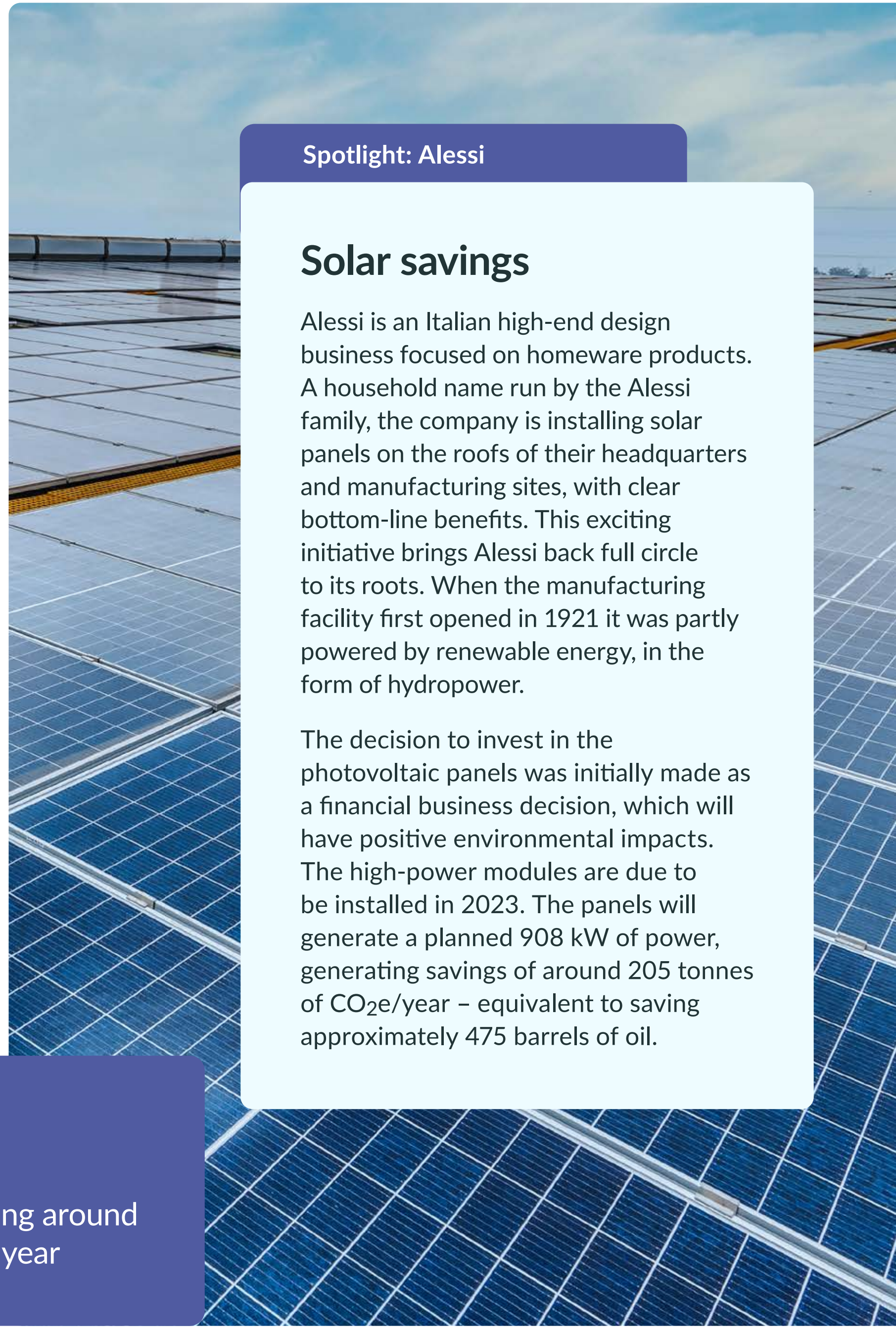
We are excited to see Alessi's and North Sail's detailed assessments in the coming months.

By the end of our engagement cycle, 88% of majority-owned portfolio companies had at least an estimated carbon footprint for their 2022 Scope 1 and 2 emissions. Now that measurement is complete, we can begin working with companies to manage their emissions and encourage them to consider developing a decarbonisation pathway. It is heartening to see that during our conversations with companies, many are already thinking about this and we eagerly look forward to seeing how this develops over the next few years.

We are also encouraged that this approach, combined with insights and best practice sharing through Oakley's ESG Forum and Extranet, is already catalysing energy-saving measures. Both **Alessi** (see profile to right) and **Schülerhilfe** are switching to or already have renewable energy sources to power their headquarters and, in Germany, we see **ECOMMERCE ONE** working with data centre providers that have optimised the facility for energy efficiency.

908 kW

of power generated, saving around 205 tonnes of CO_2e per year



Spotlight: Alessi

Solar savings

Alessi is an Italian high-end design business focused on homeware products. A household name run by the Alessi family, the company is installing solar panels on the roofs of their headquarters and manufacturing sites, with clear bottom-line benefits. This exciting initiative brings Alessi back full circle to its roots. When the manufacturing facility first opened in 1921 it was partly powered by renewable energy, in the form of hydropower.

The decision to invest in the photovoltaic panels was initially made as a financial business decision, which will have positive environmental impacts. The high-power modules are due to be installed in 2023. The panels will generate a planned 908 kW of power, generating savings of around 205 tonnes of CO_2e/year – equivalent to saving approximately 475 barrels of oil.

Equity, diversity and inclusion

EDI is a key focus theme for Oakley as we believe the most successful teams are those with a diverse range of experience, backgrounds and problem-solving skills.

This year, Oakley introduced our portfolio companies to a programme run by external EDI measurement experts who have extensive experience with companies working across Oakley's key sectors.

The external adviser provides a survey to our portfolio companies that helps them collect detailed EDI data from across their workforce and summarises the results in a dashboard. It helps assess employee experience, measure the feeling of inclusion of a workforce and consider whether recruitment and management practices are truly fair. Participation in this programme is entirely optional, but we have quickly seen almost 50% of our investees sign up to use it at time of publication.

There are several benefits to this programme.

First, it helps companies understand whether employees feel they work in an inclusive company, whether they have a sense of belonging and whether one department has more challenges than another.

Second, it goes beyond data collection. It helps foster a culture of inclusion, demonstrating a caring employer and allowing for a confidential space for employees to give feedback. This helps the company to make improvements. As part of the programme, portfolio companies gain access to a repository of over 1,000 solutions – offering ideas from mentorship programmes to fair recruitment and retention methods, or dedicated EDI committees – which can help them address any problems that are identified.

Third, on a portfolio-wide level it gives Oakley, as an investor, valuable data to understand any EDI areas of concern that might be emerging across our holdings.

65%

of majority-owned portfolio companies measure EDI data using either their own processes or an Oakley-supported programme

We believe that a diverse workforce leads to better financial performance, more engaged and satisfied employees, and is just good business. We encourage companies to explore any tools at their disposal to understand their EDI, engage employees and develop strong company culture.

Arthur Mornington, Partner

Spotlight: Bright Stars

Engagement in action: talking diversity with Bright Stars

Bright Stars is one of the largest nursery operators in the UK, serving nearly 9,000 children.

Our Head of Sustainability Aga Siemiginowska sat down with Bright Stars' CFO Clare Wilson to reflect on the past 18 months of partnership. Since Oakley's investment in 2021, Bright Stars has developed a sustainability action plan, participated in a range of initiatives related to climate, EDI and cyber, and increased its local nurseries from 44 to over 90.

Aga: The past 18 months have flown by, and in that time Bright Stars has taken significant strides on sustainability topics. How have you experienced our partnership?

Clare: It has been a busy period indeed. One of the things that attracted us to work with Oakley in the first place was that you present yourselves as a genuine partner to your portfolio companies – offering advice and support on the nuts and bolts of good management information, whether that be forecasting or ESG factors such as climate and diversity.

Aga: Partnership is really the core of our investment philosophy. We focus on how we can support ambitious founders and entrepreneurs in growing their business; seeking to maintain the unique elements of each business while scaling.

Clare: We share that philosophy at Bright Stars – we are very passionate about the autonomy of each local nursery, focusing on individual nurseries embedded in the local community, providing high-quality care. The foundation of our business model is a framework to give each nursery the independence to represent their own local community. That is also what puts diversity and inclusion very much centre stage with us. In any one day, across our 90 facilities, there may be Polish lessons, games based on African history, or arts and crafts for a British holiday being made. Giving space to that diversity is a big part of what makes outstanding childcare.

Aga: It is great seeing the individuality of each nursery being embraced. How have you found the EDI survey and platform we're providing this year? Has that been useful?

Clare: It will be. We just finished our first survey and levels of employee participation were lower than hoped – mainly because most of our staff are not near a computer in their workday, so there is an opportunity to improve that next year. But we certainly agree that we can't get better if we have limited insight into what our employees are experiencing every day. We're hopeful the EDI platform, in time, will give us that granular data and insight to tell us both what we do well and where we can do better.

Aga: It's the first year of a three-year programme; it's exciting for all of us to be at the start of it together. To see where it leads and what benefits it might bring… to Bright Stars and to the companies we partner with.

Building cyber resilience

In the modern world, we believe it is critical for our portfolio companies to protect their IP and to handle customer and consumer data responsibly. It is not just good ESG management, it is good operational practice.

Oakley began our significant cybersecurity engagement with portfolio companies in 2021 – to assess company cybermaturity and whether adequate measures are in place to mitigate the outcome of any cyberattack. Once a cybermaturity assessment was complete, companies were provided with improvement roadmaps to close gaps identified and move towards target maturity.

This work continued to progress in 2022.

We continued to engage a leading adviser of cyber and technology risk to assess the cybersecurity maturity of each portfolio company. Companies that participated in 2021 are reassessed annually to measure progress. Those new to the portfolio, or who didn't participate in 2021, were given the opportunity to join the cohort in 2022. Our assessment measures the maturity level of multiple cybersecurity domains and controls against specific actionable and measurable minimum maturity requirements. Where controls are lacking, each company is given a cybersecurity action plan to close gaps.

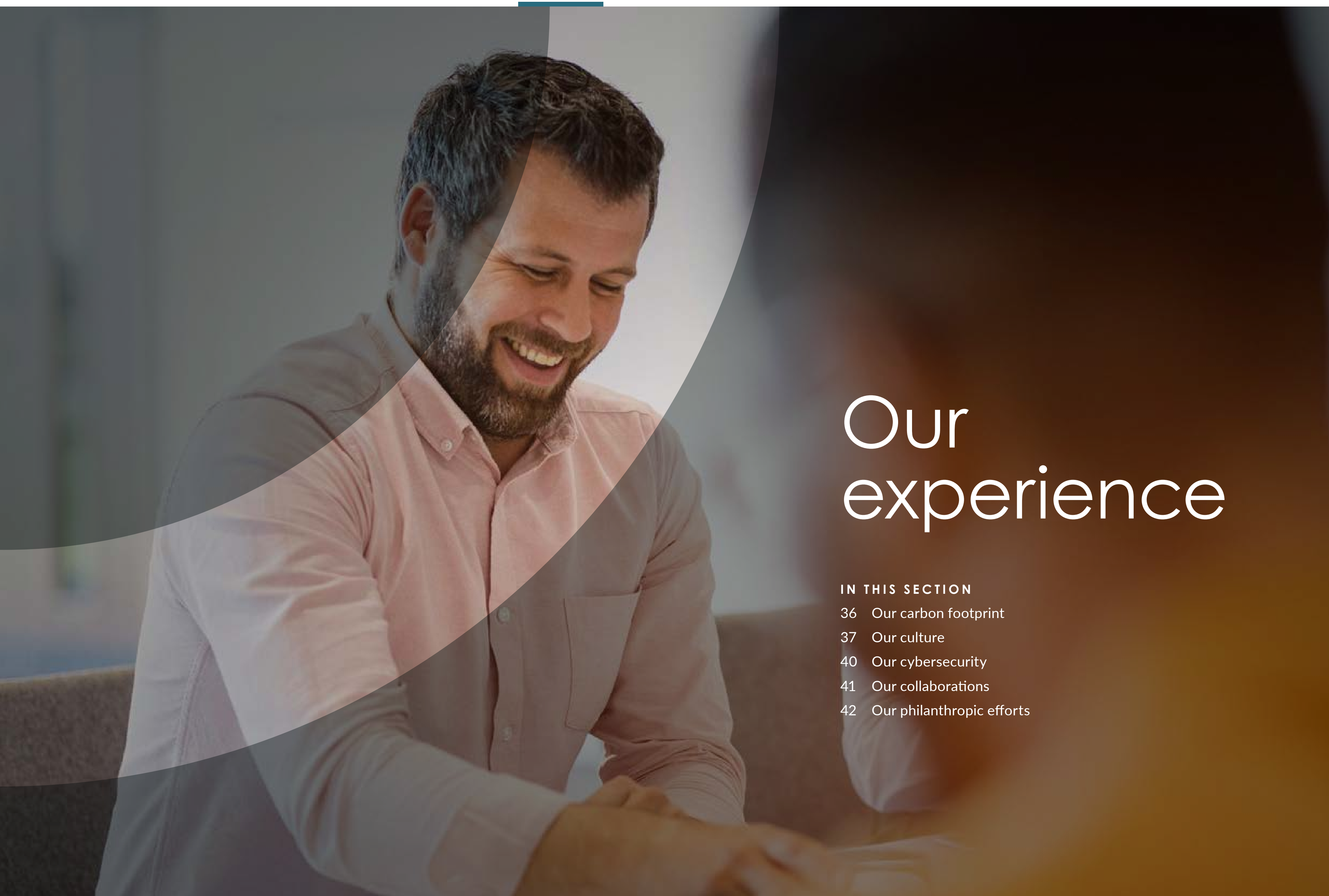
We saw year-on-year improvement. Of the five companies that undertook the cyber assessment in 2021, all now have mature cyber processes in place and manage those risks accordingly. In 2022, a total of six companies participated in the cyber assessment and formed their action plan.

As part of our ongoing work on cybersecurity, Oakley also led an additional training session for relevant employees across the portfolio and for our own Investment Team. This is helping raise general standards of understanding on cyber risks and best practices for their management.

6

majority-owned portfolio companies used Oakley's cybersecurity programme in 2022, of which 2 companies had their initial assessment in 2022

> **It is not just the tech sector that needs to manage cybersecurity. From schools to shops, there is a clear case to invest now to mitigate the risk of a data breach, associated costs and reputational damage.**
>
> **Steven Tredget,** Partner



Our experience

IN THIS SECTION

Our experience

We recognise that part of being a great partner to our portfolio companies on sustainability is to walk the walk as well as talk the talk across our own firm. We also believe that makes Oakley a stronger and more valuable partner for both our investors and our investee companies.

Since our commitment to the UN-supported Principles for Responsible Investment in 2016, we have actively invested in our own in-house sustainability initiatives. Last year, we prioritized the same three themes that we encourage our portfolio companies to focus on: energy and climate, EDI, and cybersecurity and data protection.

In 2022, substantial progress was achieved in each of these focal areas, establishing a solid groundwork for effective management in the years to come.

In terms of energy and climate change, we expanded our carbon footprint assessment to encompass Scope 3 (categories 1–14). While our assessment excluded investments (category 15), engaging with our portfolio companies has provided additional insights. Moreover, we conducted a comprehensive high-level Climate Risk Assessment, assessing the physical and transitional risks our company faces.

Regarding EDI, notable strides were made in further formalising our approach to promoting equity, diversity and inclusion, as well as engaging our team on these critical subjects. The employee engagement survey launched in 2023 has offered invaluable insights into the drivers of EDI within our organization.

With respect to cybersecurity, we conducted a baseline assessment and formulated an action plan for improvement. A strong emphasis has been placed on the educational aspect, ensuring the entire team is involved and engaged in our journey.

By focusing on these three core themes, we have made considerable progress in our sustainability efforts both from an operational and an investment perspective, leveraging our experience in our engagement with portfolio companies. These achievements underscore our commitment to responsible investing and our determination to address the environmental, social and governance challenges of our time.

> **As a partner for the entrepreneurs and businesses in our portfolio, we know it is more effective to experience and demonstrate good ESG management than to simply talk about it. Leading by example on ESG is not only the right thing to do – it creates an opportunity for closer engagement across our team and with our investees.**
>
> **Rebecca Gibson,** Partner

2021 Scope 3 emissions include only Category 6 (business travel); 2022 Scope 3 emissions include Categories 1 to 14[2]

Our carbon footprint

As a firm of over 100 people, we believe it is intrinsically important to monitor and, in time, reduce our own carbon footprint. We aim to set a positive example for our portfolio companies. That is why, in 2021, Oakley undertook its first assessment of our own carbon footprint, which included 2019, 2020 and 2021 data for a Scope 1, 2 and limited Scope 3 (business travel) assessment.

In 2022, this exercise was extended to include a full assessment of all our emissions, including all Scope 3 categories except portfolio emissions using a spend-based approach supplemented with actual data where possible. This gives us a credible baseline on which to create a decarbonisation pathway in the future.

As shown in our carbon footprint breakdown, our 2022 Scope 1 and 2 emissions remained consistent with 2021. The increase in Scope 1 was due to a faulty air conditioning unit at our London office. However, we did experience a significant increase in Scope 3 emissions, primarily due to the more comprehensive assessment of our value chain carbon impacts, although some categories also saw increases. In particular, business travel emissions increased due to team growth and return of travel to pre-pandemic levels. Refurbishment and fit-out projects in our European offices also contributed significantly to our Scope 3 emissions. We expect similar figures in 2023 as we relocate our London base.

Following the assessment of our carbon footprint, we are developing a strategy to decarbonise our operations while also exploring how carbon offsets can be integrated. We intend to offset our 2022 emissions once our strategy has been defined and our due diligence on projects is complete. Our intention is to look at the most appropriate approach to reducing impacts, to assess the various potential initiatives and target-setting protocols that exist for our sector and, in time, to understand what an achievable commitment for a net-zero pathway may look like for Oakley.

[2] https://ghgprotocol.org/

Oakley's carbon footprint (tonnes of CO_2e) methodology

Oakley's 2022 carbon footprint assessment was completed in line with the Greenhouse Gas Protocol and comprises Oakley's Scope 1, 2 and 3 (excluding Category 15) emissions in tonnes of CO_2e.

	2020	2021**	2022	% change 2021 to 2022
Scope 1	36	58**	83	+43%
Scope 2	109	175**	172	-2%
Scope 3	295*	429*	4,627***	-
Total	**431**	**662**	**4,882**	-

* Scope 3 emissions are limited to business travel and employee commuting. Category 15 (direct investments) of the Greenhouse Gas Protocol is currently excluded from Oakley's Scope 3 emissions.
** Location-based approach, including Munich and Luxembourg office emissions for the first time.
*** Includes all Scope 3 categories, except Category 15 – investments.

Emissions for 2022

Scope 1
83 tCO_2e

Scope 2
172 tCO_2e

Scope 3
4,627 tCO_2e

Scope 1 –
Direct emissions

Scope 2 –
Indirect emissions (purchased electricity and heating)

Scope 3 –
Value chain (limited to business travel and staff commuting)

Our culture

At Oakley, we are committed to fostering an open, diverse and inclusive workplace, where everyone has an equal chance to achieve the same outcome. We make this commitment to EDI because we believe it adds real value to the way we work, invest and collaborate.

Oakley has a history of welcoming individuals with differing backgrounds and lived experiences, and we believe this melting pot of perspectives is part of what gives us an edge in our industry.

EDI Vision

We will continue to drive meaningful change at Oakley and across our wider industry through the way we recruit and nurture our employees, manage our portfolio companies and engage with our network.

EDI Mission

We want to build an inclusive and meritocratic team with a supportive and fun culture, where everyone can be themselves. Achieving this will help us attract the best talent, make better decisions and deliver better results for our investors.

EDI Values

Empowerment | Humility | Meritocracy | Collaboration | Respect

44%

of the Oakley global team are women, a significant jump from 30% in 2021

40%

of Investment Team hires were women in 2022

60%

of overall hires were women in 2022

Our culture

Our EDI journey started in 2021 when we formed an EDI Steering Committee that brought together our corporate mission, vision and values on this topic.

The Steering Committee is composed of a high-level SteerCo spearheaded by four senior members of the firm, plus the EDI Working Group, which comprises seven individuals from across the firm. The EDI Working Group meets monthly, and its members head up and lead several individual workstreams.

We are proud of the progress we are making but know there is much work still to be done to improve our processes, policies and communications in this area. We embrace the diversity and foster the inclusion that will provide us with the solutions a world-class investment house requires to succeed.

Oakley EDI governance

EDI Steering Committee

Senior-level sponsorship, advocacy and strategic guidance

EDI Working Group

Strategy setting, oversight and co-ordination of execution, monitoring progress

EDI Workstreams

Development and execution of sections of strategy

Recruitment and onboarding: Removing unconscious bias in our recruitment, including a company-wide conscious inclusion training and an EDI mandate for recruitment consultancies to sign up to, as well as inclusive language in materials.

Process and policies: Producing a new employee handbook that demonstrates our commitment to EDI through inclusive policies such as parental leave, neurodiversity, transgender equity and menopause.

Promotion and development: Including equal opportunity for all employees and removing unconscious bias from paths to promotion.

Internal communications: Celebrating diversity in communications, including marking festivals such as Diwali and Eid.

External partners: Including initiatives such as Out Investors and Level20 (see Our collaborations).

Our culture

The EDI journey so far...

2021

- Independent consultant The Equality Group appointed Q3 to conduct an in-depth qualitative and quantitative survey of our current demographic and working environment
- EDI Committee and Working Group established
- EDI mission, vision and values defined
- Delivered Conscious Inclusion workshop to over 80% of Oakley team

2022

- Established individual workstreams to create concrete recommendations
- EDI principles – mission, vision, values communicated
- Family Support Pilot (The Tall Wall)
- External partnerships – Level20, Out Investors
- Signed up to **Diversio** for continued measurement and metrics
- Manager recruitment workshops (interview training for hiring Managers)

Our cybersecurity

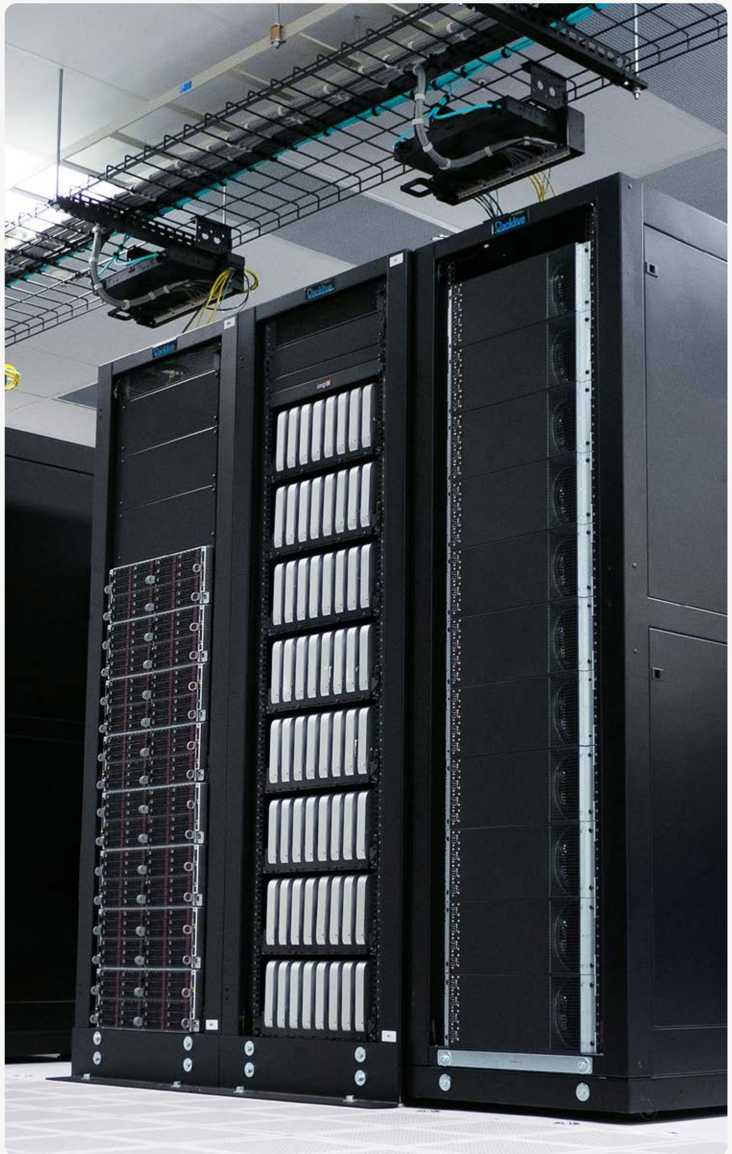
The use of cutting-edge technology to deliver enhanced performance is part of the Oakley DNA. A technology footprint also comes with the responsibility to ensure the business and its customers are protected from an increasingly sophisticated and hostile environment that is constantly evolving. Cybersecurity, data privacy and data protection is a key focus and priority for Oakley.

Recognising the significance of cybersecurity, we have partnered with a global compliance advisory firm that specialises in the private equity space and has an experienced cybersecurity team. This partnership enables us to stay proactive in addressing cybersecurity risks and enhancing our overall resilience. In line with our commitment, the advisory team has conducted a comprehensive cybersecurity maturity assessment, similar to the assessments we conduct for our portfolio companies soon after completing an investment.

Through this assessment, we have gained valuable insights into the inherent risks within our operations and developed a roadmap to bridge the gap between our current maturity level and our desired target maturity. Additionally, our progress against the action plan will be assessed annually, and our maturity level updated accordingly.

Building on the insights gained from the cybersecurity maturity assessment, we are actively implementing measures to further strengthen our cybersecurity framework. These include enhancing our infrastructure, implementing advanced threat detection and prevention systems, and continuously updating our policies and procedures to adapt to evolving cyber threats. We are also investing in regular training and awareness programmes to ensure that the entire Oakley team remains equipped with the necessary knowledge to identify and respond to potential risks.

As an organisation, we understand the importance of staying at the forefront of cybersecurity practices, and we are committed to prioritising the safety and security of our digital ecosystem.



Our collaborations

We see collaboration as a catalyst to make progress on complex global issues like climate change and driving sustainable change within the private equity industry.

That's why we work proactively and enthusiastically with like-minded industry peers to share knowledge and experiences, participate in thought leadership and more. Some of these initiatives include:

Out Investors

A network aiming to make the investment industry more welcoming to LGBT+ people, which we joined in 2022.

ESG Data Convergence Initiative (EDCI)

An open partnership of private equity stakeholders committed to streamlining ESG data collection in the sector. We joined the initiative in 2022.

Principles for Responsible Investment (PRI)

A UN-supported network to advance responsible investment. We are committed to its six Principles, as outlined below, and report annually on how we are implementing them.

1. Incorporating ESG issues into investment analysis and decision-making processes;
2. Being active owners and incorporating ESG issues into ownership policies and practices;
3. Seeking appropriate disclosure on ESG issues by the entities in which investments are completed;
4. Promoting acceptance and implementation of the Principles within the investment industry;
5. Working together to enhance effectiveness in implementing the Principles; and
6. Reporting on our activities and progress towards implementing the Principles.

Initiative Climat International (iCI)

A collaborative network of private equity firms working together to tackle climate change within our industry. We have been a member since August 2021 and sit on bodies such as its Regulatory Working Group, which aims to help provide clarity and guidance to private equity firms on related climate regulations.

Invest Europe

The world's largest association of private capital providers. Oakley is a long-standing member and sits on its Responsible Investment Roundtable, a permanent forum dedicated to responsible investment and ESG within the sector.

Level20

A not-for-profit dedicated to improving gender diversity in the European private equity industry. Oakley has been a member since 2018, and is supportive of its ambition for women to hold 20% of senior positions in the sector. Oakley works with Level20 on mentoring and development programmes, events and research.

Our philanthropic efforts

Oakley is committed to supporting communities in need and empowering our employees to engage in charitable and volunteering activities.

In 2022, we established the Philanthropy Working Group, drawing representatives from across the firm to develop a corporate social responsibility programme. The Working Group has identified suitable charities to support across Oakley, as well as within each of our offices (London, Munich, Milan and Luxembourg), through a range of initiatives, including block grants, volunteering, fundraising support and pro bono work.

In addition to supporting important causes, the programme seeks to promote collaboration across the firm and provide employees in different teams with opportunities to work together on causes that reflect Oakley's values, such as inclusion, sustainability and entrepreneurship. Oakley's philanthropy programme dates back to our inception. We are now formalising our approach, and have already seen some notable initiatives, including the 'Kilometres in March' Oakley challenge, where the entire firm cycled, ran, hiked and swam a collective 15,000 kilometres in a month to help raise money for charity. The Working Group intends to roll out further fundraising initiatives throughout the year across our offices.

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