ESG Report

2023

CVC

Creating Sustainable Value

CVC believes the management of environmental, social and governance (ESG) factors is a critical part of ensuring the long-term success of any business, including our own.

ESG is a core part of our commitment to building better businesses and creating sustainable value for the companies we partner with, from their stakeholders, employees, shareholders and customers, to the wider communities and environment in which they operate.

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About this report

The aim of this ESG report is to provide transparency on our performance and management of ESG factors as they relate to both our investments under management and CVC's own operations. The report provides information on our overall approach to ESG as well as key areas of focus within ESG which are central to CVC's strategy. This report has been compiled primarily to provide transparency on our approach to CVC's investors. However, it has been drafted in a way to make it accessible to a broader range of CVC stakeholders. The report provides data[1] for the 12-month period ending 31 December 2022 unless otherwise stated.

This report has been produced with reference to the following standards:

» UN PRI – This report includes consideration of the activities and progress we have made in 2022 towards implementing the Six Principles of the United Nation's Principles for Responsible Investment ("PRI")

» TCFD – This report incorporates certain recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD). More detail about the extent to which we have incorporated the TCFD recommendations is set out in a separate TCFD index on page 52.

» GRI – Reference has been made to the Global Reporting Initiative (GRI) standards in disclosing CVC's own operational ESG data. The GRI index on page 53 of the Appendix provides more detail of the approach taken.

Any case studies referenced in this report are not representative of all investments and are shown solely for illustrative purposes. A more detailed disclaimer can be read at the end of this report.

1. ESG related data has been provided for all CVC entities, with the exception of Glendower with which CVC merged with in January 2022. An overview of Glendower's approach to ESG is provided on pages 30-31. Glendower's data will be included in future reporting.

Introduction

An introduction to CVC, our ESG journey and progress over 2022.

Letter from the Co-Chairs of the ESG Committee

CVC believes the management of environmental, social and governance factors is a critical part of ensuring the long-term success of any business, including our own.

Our commitment to creating sustainable value

By leveraging ESG considerations in our investment processes we are helping to create value for both our portfolio companies and our investors. Seeking to proactively manage ESG issues, which are often nascent and evolving, not only helps us to better foresee and manage risk, but also enables us and our investments to be more competitive and agile in a fast-changing world. We are also convinced that focusing on the ESG-related performance of CVC at the firm level makes a stronger and more resilient business, helping us to meet the high expectations of our investors and enabling us to attract and retain high quality talent.

Reflections on 2022

In 2022, our Funds proved to be resilient in the context of a challenging market environment. We benefitted from a prior strategic pivot to more defensive sector holdings and our decision to take a more active role in guiding value creation, including through engagement on ESG factors where relevant. We believe this will continue to help us to generate strong investment returns across economic, industry and market cycles. We continued to build out and enhance our ESG value creation, monitoring and engagement programmes, working with companies based on our Four Pillar Approach (see page 18). This starts with ensuring companies have the board and senior leadership buy-in and the right resources to enable them to prioritise the topics most material to them. We are also focused on high quality reporting to ensure companies can demonstrate and credibly communicate progress over time and to enable us to report transparently to our investors on the progress being made. As at the end of December 2022, 77%[2] of companies in our private equity portfolio had undertaken an EcoVadis rating or other external ESG assessment, an increase of 7% from December 2021.

Like many others, our business and investments continue to be affected by the tragic war in Ukraine, which has caused significant social, political and economic disruption. We have responded by providing philanthropic support to communities impacted by the war, and by supporting our companies in the region as they respond in a meaningful and compassionate way (see page 50). Importantly, the conflict has also highlighted the need for stronger energy security around the world. Increasing energy costs have led companies' to focus on energy and resource efficient plans, which we believe will accelerate the transition to renewable energy and low-carbon technologies in the medium term, complementing our climate action strategy (see page 33).

> **Proactively incorporating ESG will help future proof companies and meaningfully contribute to our objective of creating long-term sustainable value."**

Although a net-zero by 2050 scenario cannot be achieved without stronger policy commitments from governments, we are committed to helping accelerate the transition and proactively managing the impacts of the transition on our portfolio. Following the commitment we made to the Science Based Target initiative (SBTi) in 2022, we are pleased to confirm that our targets for CVC's own operations and our private equity portfolio were verified by the SBTi earlier this year (see page 33). As we work toward our SBTi targets, we are supporting our portfolio companies with greenhouse gas (GHG) emissions baselining and improving the quality of data so they can develop credible decarbonisation roadmaps. In 2022, we supported over 40 portfolio companies to comprehensively measure or improve the reporting of their GHG emissions.

Our success as a global alternative investment manager is dependent on attracting and developing the best talent and we recognise our employees are one of our greatest assets. In recognition of how fundamental a strong culture is to our ability to create long-term value we continue to invest in our people through comprehensive training, development and wellbeing programmes and are using the results of our, now annual, employee engagement surveys to inform our approach. Furthermore, we continue to enhance our approach to Diversity Equity & Inclusion (DEI) following the appointment of our Global Head of DEI last year. As part of this, we have set up local DEI Committees to help drive our key initiatives, including the launch of our Women's Network (see page 43).

We are committed to transparent reporting on our progress. In addition to this report, we look forward to participating in the UN PRI's updated and streamlined 2023 Reporting Framework. This will allow us to showcase the progress we are making in implementing the six Principles of Responsible Investing.

> **We continued to build out and enhance our ESG value creation, monitoring and engagement programmes..."**

Looking forward to the next 12 months

Clearly, the ESG regulatory landscape is evolving quickly and will continue to do so in the short to medium term. As a result, expectations on companies with respect to ESG performance and reporting will continue to grow and with it the opportunity for them to differentiate themselves from their competitors. This underlines the importance of a clear strategy, strong governance and high quality reporting. Integrating these factors into value creation plans will therefore continue to be a focus for us as we support our companies to develop their ESG programmes through 2023 and beyond.

Furthermore, as we look ahead to our first portfolio-level SBTi target in 2027, we will be focused on driving engagement on decarbonisation across the portfolio, progressively moving from working with companies on reporting to supporting them as they build their own decarbonisation road maps and set targets.

2. Excludes investments made in the last six months to December 2022.

At the macro-level, we anticipate continuing uncertainty over the coming months and years, and we remain committed to building a resilient portfolio that can withstand unexpected shocks. A core part of this strategy is improving the ESG performance of our portfolio companies.

Ultimately, we are convinced that proactively incorporating ESG will help future proof companies and meaningfully contribute to our objectives of building better businesses and creating long-term sustainable value.

Co-Chairs of the ESG Committee

Jean-Remy Roussel
Managing Partner

Chris Stadler
Managing Partner

About CVC[3]

CVC is a leading global alternative investment manager focused on private equity, credit and secondaries with a global network of 25 local offices and €140 billion of assets under management.

CVC has six complementary strategies across private equity, credit and secondaries. CVC's private equity platform manages €90 billion of assets and comprises four strategies: Europe/Americas, Asia, Strategic Opportunities and Growth. CVC's Credit platform has assets under management of €38 billion and the Secondaries business manages €12 billion. CVC's ability to bring to bear the full extent of its global resources on any situation gives it a competitive advantage when sourcing new investment opportunities and when creating value during CVC's ownership period.

CVC

Six complementary strategies

	Private equity					
	Europe/ Americas	**Asia**	**Strategic Opportunities**	**Growth**	**Credit**	**Secondaries**
Strategy	The Europe/Americas strategy focuses on control or co-control investments in market-leading businesses across these regions.	CVC has one of the largest and longest-established pan-regional office networks of any private equity business in Asia.	Strategic Opportunities invest in high-quality businesses that may not suit a traditional private equity mandate.	CVC Growth targets opportunities in high-growth technology-related companies.	CVC Credit invests in companies across the sub-investment grade corporate credit markets in Europe and North America.	A strategic partnership with Glendower Capital, a private equity firm focused on secondary markets globally.
Launch year	1996	1999	2014	2014	2006	2021
AUM	€64bn	€12bn	€11bn	€2bn	€38bn	€12bn
Active investments	77	28	15	12	–	–

6
complementary strategies

€140bn
assets under management

25
global office locations

800+
CVC employees

550,000+
Employees across PE portfolio

125+
Private Equity portfolio companies

3. Data is at March 31 2023. For information on how AUM is calculated, please see page 56.

Highlights from 2022

46%

Percentage of rated PE portfolio companies with top quartile EcoVadis scores

2021: 35% ↑

40+

Companies supported to measure GHG emissions

2021: 0 ↑

13

Planet & People Grants

2021: 11 ↑

SMI

Chaired the Biodiversity Working Group of the PE Taskforce for the SMI

85%

Employee engagement score

2021: N/A

23%

Female investment professionals

2021: 23% =

SBTi

Commitment made to the SBTi

61%

Percent of Direct Lending investments with ESG-linked margin ratchets

2021: 57% ↑

92%

Underlying GPs in our secondaries portfolio with an ESG policy

2021: 91% ↑

Our ESG journey

2010 / 2011
- Initiated first ESG engagement programme with Private Equity portfolio
- CVC Foundation established

2012
- Private Equity ESG Policy first introduced
- CVC Capital becomes a signatory to the Principles of Responsible Investment

2015 / 2016
- Joined Level20
- Diversity and Inclusion Strategy developed
- Credit ESG Policy introduced
- Founding member of the Alternative Credit Council

2017
- ESG Committee established

2018
- Ethics Committee established
- Joined Invest Europe's Responsible Investment Roundtable
- Joined Sponsors for Educational Opportunity (SEO)

2019
- Commenced compensating carbon in own operations
- Joined global sustainable business network BSR

2020
- Member of PRI Private Equity Advisory Committee through to 2022
- Joined Level 20's advisory board
- Received EcoVadis silver medal[4]
- Joined the ILPA 'Diversity in Action' initiative
- CVC Credit issues first ESG-linked loan
- CVC Credit launches ESG Working Group

2021
- Welcomed first interns through the 10,000 Black Interns initiative
- Joined initiative Climat International
- Joined the Private Equity Taskforce for the Sustainable Markets Initiative
- Founding member of the ESG Data Convergence Initiative and on Steering Committee
- CVC Credit issues first US CLO with ESG indenture

2022
- Cyber security engagement strategy updated
- First portfolio-level climate risk assessment
- Appointed Global Head of DEI
- Received EcoVadis gold medal[4]
- Committed to set science-based target with the SBTi
- CVC Credit launches proprietary ESG scorecard

2023
- Science-based targets validated by the SBTi

4. The entity assessed was CVC Advisers Limited.

Industry collaboration[5]

ESG

Principles of Responsible Investment

Business for Social Responsibility

initiative Climat International

Sustainable Markets Initiative

ESG Data Convergence Initiative

DEI

Level20

Sponsors for Educational Opportunity

Sponsors for Educational Opportunity (US)

10,000 Black Interns

ILPA Diversity in Action

Finance and Investment

Invest Europe

Alternative Investment Management Association

Alternative Credit Council

European Leveraged Finance Association

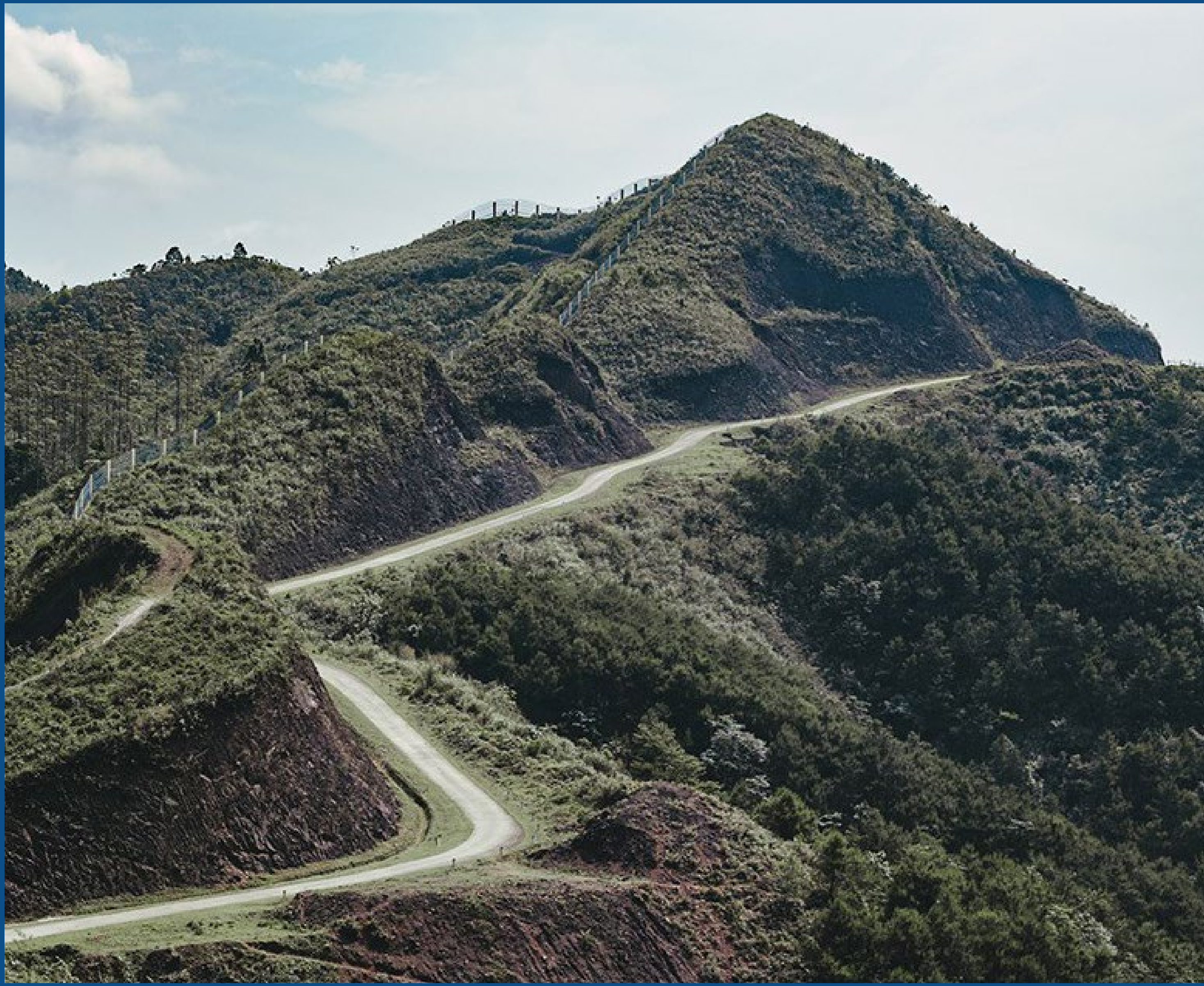
British Private Equity & Venture Capital Association

Institutional Limited Partners Association

5. There is no guarantee that CVC will remain a signatory, supporter or member of any ESG initiatives or other similar industry frameworks.

Our approach to ESG

CVC views the management of environmental, social and governance factors not as a cost, but as a critical part of ensuring the long-term success of any business, including our own.



Creating Sustainable Value: Progress update from our Head of ESG

2022 was another exciting year for CVC as we continue to develop our approach to proactively managing ESG factors. We further enhanced our approach to integrating ESG into investment processes, took practical steps to formalise and advance our ambitions on climate change, took an active role in industry initiatives and continued to grow our ESG capabilities within the network, including the hiring of senior subject matter experts.

"To support our broader objective of creating sustainable value through a repeatable approach to value creation and to help us consider relevant risk factors, we aim to integrate ESG in all of our investment strategies..."

To support our broader objective of creating sustainable value through a repeatable approach to value creation and to help us consider relevant risk factors, we aim to integrate ESG in all of our investment strategies, recognising that different asset classes require different approaches (see page 13 for detail). We see our private equity strategies as having the most opportunity for value creation through an ESG lens. In 2022, we worked to enhance our due diligence processes with the objective of increasing the consistency of approach on ESG topics across the four strategies. We also made progress on our Four Pillar Approach (see 18 for detail), which we introduced in 2021. For example, with respect to our third party ESG assessment programme (where typically portfolio companies use EcoVadis), not only did we see 77%[6] of companies undertaking external ESG assessments, we saw the percentage of companies achieving an EcoVadis silver medal or above rise from 35% to 46%. Furthermore, we saw an increase in key activity indicators such as "actions to promote diversity". More information can be found on page 22.

In Credit, we introduced a proprietary ESG scorecard which is being gradually rolled out across our different products and we are looking at ways to deploy ESG-linked margin ratchets more widely across the European Direct Lending portfolio. Finally, following our merger with Glendower Capital, a leader in the secondaries market, we are aligning our approach to ESG where it makes sense to do so.

This year's confirmation from the Science Based Target's initiative that our targets have been verified (see 33 for more detail) was a major milestone for us. It will catalyse tangible decarbonisation in our portfolio with a focus on our private equity investments where we have most influence. With a private equity portfolio of over 100 companies, more than half a million employees across the globe, and AUM of over €85bn, it's going to be a busy time ahead!

In 2022, we participated in the inaugural reporting year of the ESG Data Convergence Initiative (ESG DCI). As a member of the ESG DCI Steering Committee and in recognition of the need within the industry for decision-useful ESG metrics, we look forward to continued engagement on this important topic. Furthermore, we also contributed to the publication of three reports through the Private Equity Sustainable Markets Initiative, focused on valuing carbon, ESG metrics and biodiversity. I hope these resources will serve as useful guidance and tools for the private equity industry.

We grew our capabilities over the course of the year by increasing our resource to support ESG integration within the portfolio. The CVC Board also appointed our first Global Head of Diversity, Equity and Inclusion (DEI), Merary Soto-Saunders. She is focused primarily on accelerating efforts to improve our DEI performance within CVC. In addition to focusing on our gender diversity targets as we work towards our 2025 targets (see page 43), Merary has led on introducing race and ethnicity monitoring for the UK and Europe (where permissible) as well as targets for our US and UK offices. These valuable developments over the past year are vital for ensuring CVC more closely reflects the society in which we invest and operate in the years ahead.

Finally, we recently refreshed our materiality assessment to better understand and prioritise the topics that matter most to our business (page 12). This assessment will also help us proactively tackle emerging issues that may face us and our companies over the coming years.

Looking ahead to 2023 and beyond, we plan to refine our strategy in response to our recent materiality assessment and we will seek to further enhance our approach to ESG integration in the investment process. These enhancements will include the consideration of new and evolving ESG regulation where relevant, including the Corporate Sustainable Reporting Directive (CSRD) which is expected to impact a significant number of portfolio companies. In light of our SBTi commitment and the importance of future-proofing our portfolio we will also build on our 2022 foundational work by supporting our companies to measure their CO2 footprint, engaging further across the portfolio on the topic of managing climate risk and supporting companies to build SBTi aligned decarbonisation roadmaps as we work towards our 2027 target (see page 33). We believe that with a continued focus on these areas, our ESG programme will be well placed to support our objectives of building better businesses and creating sustainable value for our stakeholders.

6. Excludes investments made in the last six months to December 2022.

"With a private equity portfolio of over 100 companies, more than half a million employees across the globe, and AUM of over €85bn, it's going to be a busy time ahead!"

Chloë Sanders
Head of ESG

ESG Governance

At CVC, ESG is overseen at the highest levels in the organisation. The CVC Board is responsible for approving key strategic decisions regarding ESG, with day-to-day responsibility delegated to the ESG Committee and other relevant committees within CVC.

The ESG Committee is a sub-committee of the CVC Board. It is the main channel through which the CVC Board considers ESG topics at the portfolio level, including new and emerging issues. The ESG Committee is co-chaired by two Managing Partners, who are Directors of the CVC Board and includes an additional four Managing Partners as members. To ensure consistency of approach across CVC, the ESG Committee has oversight of CVC Credit's approach and its membership includes a representative of the senior team at Glendower. The ESG Committee draws upon expertise from a range of business functions to determine how best to achieve CVC's ESG objectives within the investment portfolio. The ESG Committee meets on a quarterly basis to provide strategic oversight, monitor the integration of ESG considerations within the investment processes of each strategy and consider whether investment teams and other employees have the training, tools and resources they require to implement the Responsible Investment and ESG policies.

CVC has separate Investment Committees (ICs) for each of its investment strategies. These ICs are ultimately responsible for making investment decisions. Each IC in the private equity strategies is represented by at least one member of the ESG Committee. In addition, CVC has separate committees for Group Risk, DEI, Ethics and Philanthropy.

The investment teams are ultimately responsible for the implementation of the Responsible Investment and ESG policies, with the support of other functions including, Operations, Capital Markets, ESG, Legal and Compliance teams. At the corporate level, the key functions that consider ESG topics material to CVC include: ESG; Human Resources; Diversity, Equity & Inclusion; Cyber; Investor Relations; Marketing and Communications; Philanthropy; Risk; Compliance; and Legal.

CVC Board of Directors

ESG Committee	DEI Committee	Group Risk Committee	Ethics Committee	Philanthropy Committee

Executive Committees

Europe/Americas	Asia	Strategic Opportunities	Growth	Credit	Secondaries	Business Operations

Investment teams and business operations[7]

Investment teams	ESG	HR	DEI	Risk and compliance	Philanthropy	Cyber security

7. Chart includes business operations teams closely involved in delivering the ESG strategy. It does not represent an exhaustive list of operational teams at CVC. Additional teams are consulted as necessary including for example, legal, communications, client & product solutions and finance.

Materiality assessment

This year, we refreshed our materiality assessment to ensure we remain focused on the ESG topics that are most important to our business and to our stakeholders.

Our materiality assessment involved multiple steps to gather insights from various perspectives and stakeholders.

» **Formed Long-List of ESG Topics**
In collaboration with external advisers and through a review of industry peers, we compiled a long-list of ESG topics relevant to our business. This process allowed us to gather a wide range of inputs and considerations.

» **Conducted Stakeholder Interviews**
To gain insights into ESG priorities and concerns within CVC, we conducted interviews with 17 senior stakeholders. This stakeholder group was curated to include representation across business units, sectors, geographies, and strategies. By engaging with these individuals, we captured a view of internal perspectives on ESG topics of significance to CVC.

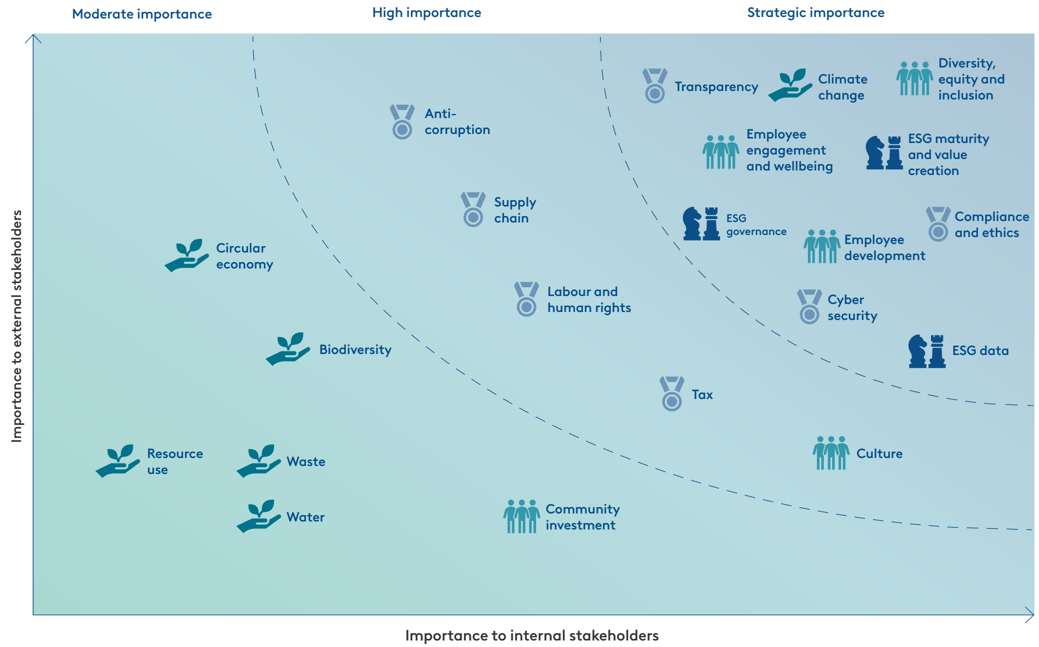
» **Gathered Investor Insights**
Recognizing the importance of external perspectives, we sought insights from a selection of key investors in CVC funds. These interactions provided valuable input regarding their expectations, concerns, and priorities related to ESG topics.

» **Conducted Desktop Research**
In addition to stakeholder interviews, we commissioned a third party to undertake desktop research to explore broader investor perspectives on ESG topics. This research encompassed the viewpoints and expectations of institutional investors, industry experts, and best practices prevalent in the investment community. This enabled us to gain a holistic understanding of industry trends and emerging ESG issues.

By following this process, we sought to ensure that our ESG materiality assessment was based on a well-rounded understanding of internal and external viewpoints. This approach allowed us to identify what our stakeholders view as the most relevant and significant ESG topics for CVC.

The topics identified as strategically important in the materiality assessment have been categorised under four headings, which have informed the structure of this report: integrating ESG into the investment process; supporting the transition to a low-carbon economy, attracting and developing talent; governance and accountability.

Topics identified as having high or moderate importance are still considered important to CVC and some of its stakeholders, but have not been deemed strategically material to our operations. For example, a number of these topics have been identified as being material to a sub-set of our investment portfolio but not to CVC at the operational level.



Integrating ESG into our investment process

Supporting the transition to a low-carbon economy

Attracting and developing talent

Governance and accountability

Integrating ESG into our investment process

CVC believes that proactively incorporating ESG will help future proof companies and meaningfully contribute to our objective of creating long-term sustainable value. By leveraging ESG considerations in our investment processes we are helping to create value for both our portfolio companies and our investors.

Integrating ESG into our investment process

CVC sees ESG as an important part of our value creation and risk management approach. We believe ESG is not a trade-off, but an important part of creating sustainable long-term value. Our view is that now, more than ever, embedding environmental and social responsibility into our investment processes and, where relevant, our value creation initiatives will help us to capitalise on the opportunities of the next decade and help our portfolio companies keep abreast of the rapidly evolving sustainability landscape.

We have developed frameworks for ESG integration across each of our investment strategies. As you will see in this report, we have been the most active in our private equity portfolio, where we can have the most influence over how our investments are managed.

Integrating ESG into our Value Creation Framework[8]

8. Value Creation Framework applied in Private Equity strategies only.

Private Equity

Our Private Equity platform comprises four investment strategies (Europe/Americas, Asia, Strategic Opportunities and Growth) and has investments in more than 125 companies worldwide.

Our ESG approach is broadly consistent across all of our private equity strategies and ESG is considered across the stages of the deal life cycle.

From initial screening and due diligence to exit, we integrate ESG to support decision-making at each stage, where relevant and appropriate. This involves integrating ESG considerations into our investment thesis, incorporating ESG factors into due diligence, and engaging with portfolio companies to drive ESG improvements during the holding period.

We recognise that each investment opportunity is unique. As such, we have a structured approach to help companies determine, and then focus on, what is most material to them. This allows us to address the diverse risks and opportunities that arise across the various industries and geographies in which we invest.

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ESG diagnostic

ESG due diligence

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Monitoring and engagement

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Four Pillar Approach

ESG maturity scorecard

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Exit

Regulatory readiness

Transparency and disclosure

Vendor due diligence

Due diligence

CVC considers material sustainability risks as part of due diligence on new deals. Typically, we start by conducting an outside-in materiality assessment in order to identify key topics to assess in the due diligence phase.

An in-house guidance tool is available to deal teams, although increasingly external advisors are consulted at the early stage of a deal to ensure relevant topics are incorporated into broader scoping of due diligence. Key topics are then covered, either in a standalone ESG due diligence or integrated into other diligence workstreams.

In order to understand the climate risk and opportunities of an investment, we also seek to incorporate climate change considerations into due diligence on new deals.[9]

Any material sustainability risks[10] identified during the due diligence process will typically be considered and CVC will seek to ensure they are appropriately mitigated or managed, either prior to investment or once an investment has been made.

If CVC concludes that the sustainability risks of a target company are material and cannot be appropriately mitigated in a reasonable timeframe, then no investment is made. For example, considerations such as inherent anti-bribery and corruption issues have previously factored into the investment committee's decision not to pursue certain deals.

Monitoring and engagement

During the holding period, we engage with portfolio companies and monitor their ESG performance with a view to identifying and responding to opportunities to drive further improvement.

We provide direct support to our portfolio companies through, for example, ongoing guidance and advice, advisory roles on ESG Committees, our ESG Spotlight conferences, and direct funding through Planet & People Grants.

Due diligence

ESG diagnostic

A rapid review of the target and sector to get a sense of material topics and the level of due diligence required

ESG due diligence

A deeper dive into the material topics identified in the diagnostic. Can be standalone or integrated

Investment committee

ESG findings must be included in the final investment review and presented to the investment committee

Monitoring and engagement

Value Creation Framework

Provides a systematic and repeatable approach to support our portfolio companies when assessing their priorities and how they operate

Four Pillar Approach

Monitors key outputs to evidence progress on ESG: external assessments, ESG metrics, sustainability reporting, and climate action

Maturity scorecard

A systematic approach to support companies integrate ESG into governance, strategy, risk management and reporting

9. Our approach to climate due diligence specifically is detailed on page 38 of this report.
10. Sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

Value Creation Framework

Within private equity, our ESG Value Creation Framework sets out the six overarching categories of ESG topics on which we seek to engage with our portfolio companies. Within each of these categories we generally identify a targeted range of key performance indicators (KPIs) to track performance and engage on material ESG topics.

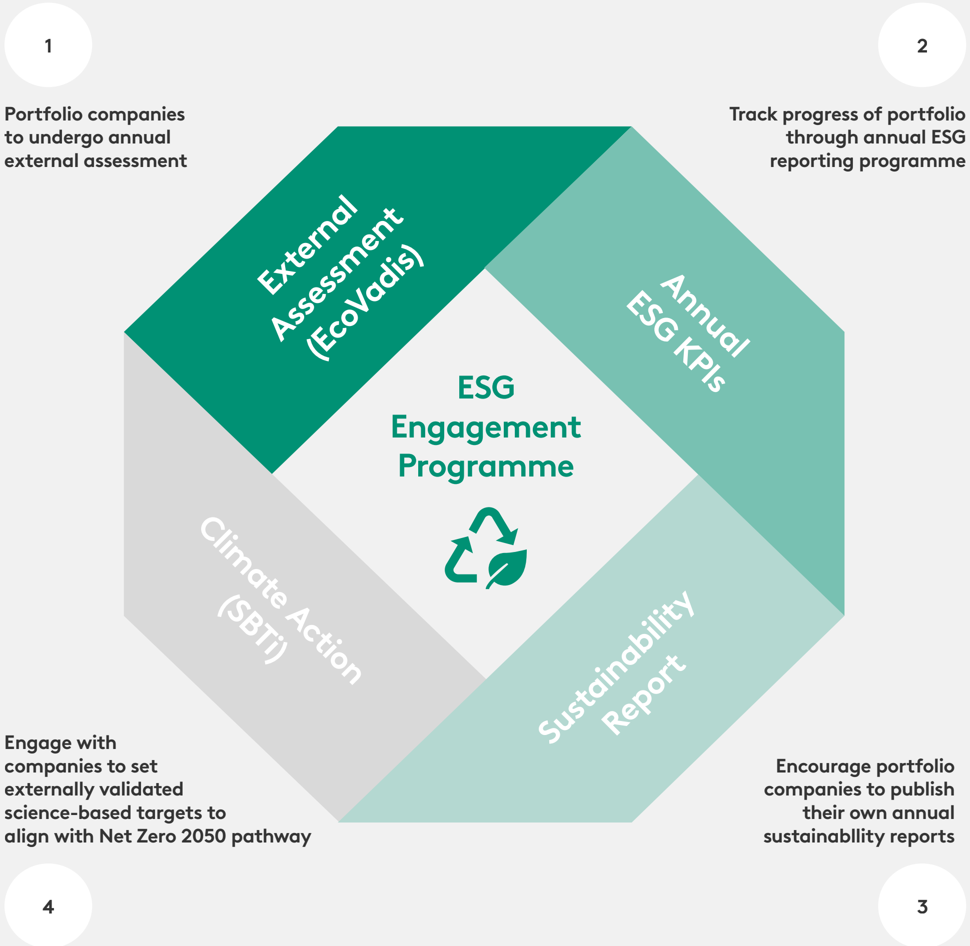
The diagram to the right shows the six dimensions of CVC's Value Creation Framework. The aim of the framework is to provide a consistent approach to support our work with portfolio companies in assessing their priorities and the way they operate, from recognising the importance of customers and employees, through to understanding how a company can make a positive contribution to its community and minimise its impact on the natural environment.

Our reporting programme aims to measure progress against each of these areas, focusing on what is most material for a particular business.

Customer Engagement	Sustainable Operations & Processes	Employee Engagement	Community Engagement	Environment & Planet	Government & Ethics
Customer engagement	Supply chain management	Employee engagement	Community investment	Climate resilience	ABC and business ethics
Customer satisfaction	Product lifecycle	Attracting and retaining talent	Community relations	Energy management	Cyber security
Product health and safety		Employee development		GHG emissions	ESG governance
Product labelling		Diversity, equity and inclusion		Water	Transparency and reporting
		Health and safety		Pollution and waste	Human rights
		Compensation, incentives and benefits			

Four Pillar Approach to monitoring and engagement

Our Four Pillar Approach



Our Four Pillar Approach enables us to monitor the key outputs we use to assess progress on ESG. These are:

1. **External assessments:** Portfolio companies are asked to undertake an assessment by an external ratings agency to provide an independent view of the progress being made by the company on their management of ESG issues and to identify further areas for improvement.

2. **Annual ESG KPIs:** CVC engages with portfolio companies on an annual basis to request data corresponding to the six categories of our Value Creation Framework. The data request includes the metrics set out by the ESG Data Convergence Initiative[11], as well as additional data that CVC deems material to its investments. Data is requested across the following categories: Environment & Planet; Governance & Ethics; Customer Engagement; Sustainable Operations & Processes; Employee Engagement; and Community Engagement.

3. **Sustainability reporting:** Portfolio companies are encouraged not only to report ESG data to CVC but also to their other stakeholders. CVC typically recommends that sustainability disclosures are produced in line with applicable internationally recognised standards such as the GRI, SASB, and TCFD, as well as upcoming regulatory requirements and industry best practice.

4. **Climate action:** CVC is committed to supporting its investments to decarbonise in line with the Paris Agreement. As such, CVC has set decarbonisation targets at the private equity portfolio level that have been validated by the Science Based Targets initiative[12].

11. ESG Data Convergence Initiative
12. Science Based Targets initiative

Four Pillar Approach to monitoring and engagement continued

CASE STUDY — CREATING SUSTAINABLE VALUE

Unily: Intranet platform provider

Growth

Unily has taken significant steps to develop its ESG strategy with the support of CVC.

Since CVC's initial investment in 2022, Unily has hired an ESG manager to drive initiatives at the operational level, and appointed the CFO as the executive sponsor for ESG. Unily has already conducted a high-level materiality assessment to help identify the most critical ESG issues for the company to address. With CVC's support, Unily is in the process of formalising its ESG strategy, identifying value creation initiatives and understanding the near-term reporting requirements. The company aims to align its activities with recognised frameworks and guidelines to enhance transparency and accountability in its ESG practices.

Unily has made a commitment to reducing GHG emissions in line with the Paris Agreement. Through its climate engagement programmes, CVC supported Unily to undertake its first GHG emissions baseline assessment and understand the data collection process. This assessment serves as a starting point for Unily to track and reduce its carbon footprint. Unily is now working with CVC and its advisors to develop a tangible decarbonisation roadmap.

In addition, CVC's cyber security team engaged with Unily on cyber security processes. This has enabled Unily to further enhance its data privacy and information security measures. External verification has confirmed that Unily has advanced processes in place to manage and protect sensitive data.

With support from CVC's expertise and resources, Unily is making significant progress in its ESG journey. With a dedicated ESG manager, executive sponsorship, materiality assessment, GHG emissions baseline, and cyber security enhancements, Unily is well-positioned to meet its sustainability goals and demonstrate responsible business practices.

"It's exciting to see Unily maturing rapidly on ESG, with support from CVC. We look forward to continuing our collaboration with CVC and other portfolio companies as we continue this important journey."

Jenny May
ESG Manager

Structured Implementation

In 2022 we introduced an ESG Maturity Scorecard, which provides a more transparent and structured approach for engaging with companies[13] as they develop their ESG programmes.

Our ESG Maturity Scorecard supports our portfolio companies with a typical blueprint for ESG integration and to develop their own roadmaps across the following areas:

Foundations

In the post-closing period, we focus on helping a company establish the foundations to support and drive ESG integration, if they do not already exist. A top priority is Board oversight of ESG. In addition, we recommend that a member of the Management Team or Executive Committee has accountability for ESG and that our companies have appropriate resource to identify and manage material ESG topics.

A common area of interest for portfolio companies is 'what to focus on' and 'what is material'. Therefore, we encourage our companies to undergo a materiality assessment early in the holding period in order for them to (i) identify the priority set of topics most relevant to each business, (ii) ensure there is awareness and accountability of the identified topics at the board and management level and (iii) there are processes in place to manage and measure progress on the identified topics, including key value-creation initiatives.

Integration and continuous improvement

ESG integration is a multi-year journey and one of continual improvement. We believe that having the right foundations in place tends to set up a company to create sustainable value, driven by a medium to long-term ESG strategy and integrating ESG initiatives into their value-creation plans. In addition, we encourage companies to review whether material ESG topics are integrated into its enterprise risk management and to identify if foundational ESG policies and practices need updating and/or improvement. The EcoVadis assessment helps monitor performance and improve these aspects year-on-year. Once the foundations are in place, companies are encouraged to build ESG into their medium to long-term strategies, key value creation initiatives, risk management procedures and policies and practices.

Reporting and disclosures

In line with our Four Pillar Approach, we encourage our companies to communicate performance on material ESG topics with external stakeholders though various channels including publicly available disclosures and reporting on key ESG factors. In particular, we encourage companies to strengthen their reporting practices, taking account of applicable regulatory requirements, listing requirements and stakeholder expectations. We also encourage each company to engage with a credible external rating agency to validate progress over time, typically EcoVadis.

We recognize that even with comprehensive programmes and policies in place, adverse ESG related incidents can still occur within the portfolio. We have processes in place to monitor for such incidents and disclose material incidents to our investors to the extent appropriate or permitted.

01

Foundations

- ESG governance structure
- ESG integration essentials
- Board/management engagement

02

Integration and continuous improvement

- ESG strategy and value-creation
- Risk management
- Policies and practices

03

Reporting and disclosures

- ESG ratings
- ESG disclosures
- Climate targets

13. This initiative is being prioritised for more recent investments.

Structured Implementation continued

CASE STUDY — CREATING SUSTAINABLE VALUE

Vivartia: Food production conglomerate

Europe/Americas

At the time of CVC's investment, the Vivartia Group had in place several commendable social and environmental initiatives.

Additionally, since 2016 companies within the Vivartia Group has reported its objectives and initiatives through its annual CSR reports, which have been prepared in alignment with the GRI standards.

Early on in the investment, CVC recognised the opportunity to enhance the Vivartia Group's approach to ESG through further integration of ESG into its broader business strategies. Within a short period of time, each of the largest Vivartia companies – namely DELTA, Barba Stathis, and Goody's-Everest – engaged with a wide range of stakeholders to identify material topics for each business. In collaboration with CVC and an external advisor, they devised a robust governance structure and a comprehensive ESG strategy. Each business conducted a series of workshops with the management teams to develop focused strategies, complemented by a select set of KPIs. These indicators now enable the management teams, the group board, and shareholders to effectively monitor performance over time.

Demonstrating a commitment to tackling climate change, all three Vivartia companies actively participated in CVC's Greenhouse Gas Foundation programme, collaborating with an external advisor to calculate their scope 1 and 2, emissions and estimate material scope 3 emissions in accordance with the GHG Protocol. As a result, these companies have become part of the inaugural cohort in CVC's Climate Action Accelerator programme. This innovative programme aims to equip portfolio companies with the necessary tools to establish science-based emissions reduction targets, positioning Vivartia as a proactive contributor to global climate action. See page 35 for more detail on CVC's climate action programmes.

The enhanced ESG approach, detailed in the updated ESG reports of each of DELTA, Barba Stathis, and Goody's-Everest, showcases their dedication to sustainable practices. Aspiring to industry-leading standards and leveraging the expertise of CVC and its external advisors is helping Vivartia to undergo a remarkable transformation, reinforcing its position as a responsible corporate citizen in the eyes of stakeholders and society at large.

> **For us, CVC has come to be a valuable window to the world of ESG."**

Panayiota Tsifourdari
Vivartia Group Corporate Affairs & ESG Director

EcoVadis portfolio company data

The EcoVadis assessment focuses on 21 sustainability criteria that are grouped into four themes:

1. Environment
2. Labour & Human Rights
3. Ethics
4. Sustainable Procurement

These criteria are based on international sustainability standards such as the Ten Principles of the UN Global Compact, the International Labour Organisation conventions, the GRI standards, the ISO 26000 standard, the CERES Roadmap, and the UN Guiding Principles on Business and Human Rights. Select data we have collected through the platform are set out on this page.

Whilst EcoVadis is the most commonly used ESG assessment provider in the portfolio, CVC does not mandate the use of EcoVadis and so not all companies are represented in this data.[14]

Over the past three years of engagement with portfolio companies through EcoVadis, we have seen an increase in the number of companies in a position to undertake an EcoVadis assessment and a year on year improvement in the cumulative EcoVadis scores of the participating portfolio.

Performance by activity KPIs

When determining whether a company has attained a certain activity KPI, EcoVadis will consider a short list of strengths that are relevant to a specific KPI (i.e. policies, actions or programmes in place to manage the specific issue).

If the company is deemed to have sufficient strengths in place to manage that issue, then EcoVadis will award them that activity KPI. Below is a selection of activity KPIs collected along with the percentage of CVC portfolio companies that were determined to have attained each activity KPI in accordance with the EcoVadis methodology.

14. 77% of portfolio companies are represented, excluding investments made in last six months to December 2022.

79%
Actions on energy consumption and GHGs
2021: 72% ↑

77%
Actions to promote diversity
2021: 47% ↑

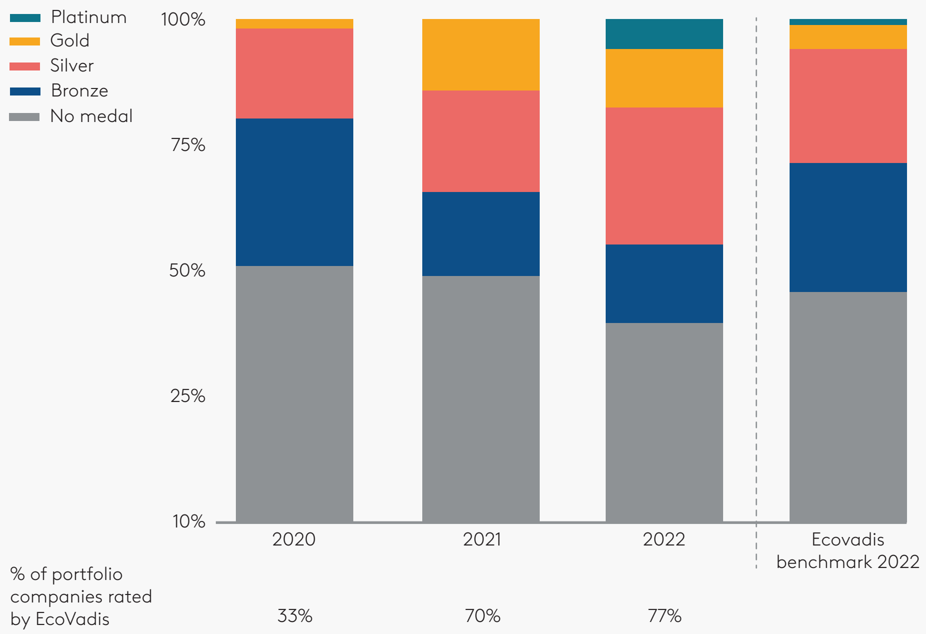
70%
Waste management measurements in place
2021: 60% ↑

86%
Policy on information security
2021: 81% ↑

78%
Actions to prevent discrimination and/or harassment
2021: 66% ↑

83%
Active whistleblowing procedure in place
2021: 82% ↑

EcoVadis performance distribution by medals awarded[15] (by count of portfolio companies)



15. Excludes investments made in last 6 months prior to relevant year end.

Further Support

Planet & People Grants

In 2022, CVC continued its EcoGrant programme, offering grants to portfolio companies to be used on select environmental projects. To widen the reach of the programme, at the end of 2022 the grant programme was expanded to include social and community projects and the EcoGrants became Planet & People Grants. Companies can now apply for grant funding for projects that help them reach both their environmental goals and create positive impacts for their employees or communities. The programme is a joint initiative between CVC's Philanthropy and ESG teams. See the box to the right for examples of projects to which the Planet & People Grants have contributed.

ESG Spotlight conferences

CVC hosts a bi-annual ESG Spotlight conference to bring portfolio companies together in a virtual forum to address collective ESG challenges and opportunities for value creation. Each conference covers topics that are relevant to a broad range of companies, and which are important for our companies to address as they mature their own approaches to ESG. Through this forum, portfolio companies can access shared learnings and best practice experiences from businesses within the CVC network, operating across a variety of sectors and markets.

In the last Spotlight conference of 2022 we focused on i) sustainability reporting frameworks and upcoming regulatory requirements and ii) how to engage authentically with customers on ESG. Each topic was supported by two case studies from portfolio companies to further enable knowledge sharing.

Sustainability-linked loans

Where appropriate and consistent with the company strategy, CVC supports its portfolio companies to access sustainability-linked loans that offer a downward margin ratchet in return for demonstrable progress against pre-defined ESG performance targets.

Through this financing, our companies receive a further financial incentive to demonstrate ambitious progress against material KPIs.

Plant & People Grants

D-Marin

D-Marin has used its grant to contribute to its investment in the Jellyfish robot, which was launched in late 2022 at its marina in Athens. The robot is designed to collect waste and oil spills, and support water decontamination.

Result: The robot presents an efficient and flexible solution to support water decontamination in D-Marin's Zea Marina of Pireaus. In addition to clearing water pollution, the robot can also perform bathymetric surveys to measure depth when equipped with a sonar.

DKV Mobility

DKV Mobility has used the grant to contribute to developing a carbon reporting tool to help their fleet customers track and manage their carbon emissions. With one click they can see the emissions related to their vehicle fleet in real time, categorised by whether carbon emissions have been avoided through electric vehicles, for example. DKV can also provide digital carbon offsetting options to customers through its partnership with myclimate.

Result: The carbon emission tracker tool is being used by 4,000 monthly users, enabling them to reduce emissions and monitor progress against targets.

FAST Logistics

To help lower its carbon footprint, FAST Logistics used the grant to help kickstart a solar energy initiative, starting with installing solar panels on its Cabuyao, Laguna warehouse.

Result: The solar energy system is expected to generate electricity to power office equipment, lighting, and MHE Batteries inside and outside the warehouse.

Rayner

Rayner's grant has been used to contribute to a project to reduce the amount of plastic packaging used in its Reign-1 project, the world's first injection system to offer intraocular lenses. Through the funding, Rayner has developed packaging for the product that not only uses less plastic but is also lighter, stronger, and requires fewer water clave cycles, leading to less overall energy and water use.

Result: The funding has helped save 20 tonnes per annum of plastic use, in addition to securing energy savings through increasing sterilisation process capacity.

Razer

CVC provided a grant to Razer to secure an Ecolabel Certification for its products through ECOLOGO®.

Result: Following a successful trial with its computer mice, Razer made the strategic decision to subject all its products to the rigorous ECOLOGO® independent certification process. UL Solution, a renowned testing, inspection, and certification company, was chosen to provide the certification. The ECOLOGO® Certified mark validates that Razer's products meet stringent environmental standards across various aspects, including materials, energy, manufacturing, repair and reuse, packaging, and waste disposal.

Tendam

The grant contributed towards the funding of three days of employee training, covering the importance of eco design and sustainability throughout the supply chain. This is a result of Tendam identifying that staff would benefit from a better understanding of sustainability topics relevant to the business and that this would help the company move effectively and faster to meet their corporate sustainability goals.

Result: 157 staff from all the functional areas of the business took part in the training. Feedback showed that 86 percent had increased their understanding of sustainability, 80 percent would recommend the training to colleagues and 100 percent wanted further training on sustainability.

Further Support continued

CASE STUDY — CREATING SUSTAINABLE VALUE

Rayner: Global ophthalmology business

Rayner

Europe/Americas

In 2022, CVC's capital markets team proposed the negotiation of an ESG margin ratchet with Rayner's lenders to create a direct financial incentive for demonstrating progress on material ESG topics.

The margin ratchet amendment established a mechanism whereby an improvement in Rayner's EcoVadis ESG score would result in a reduction in the applicable interest rate. Notably, Rayner's efforts in the first year of the loan resulted in a sufficient improvement of its ESG score to receive an EcoVadis Silver medal and trigger a saving on the applicable margin.

Rayner remains committed to further enhancing its rating year on year. This commitment entails prioritising sustainability across its operations and considering ESG impacts throughout its business and notably in its supply chain. Rayner has proactively embraced sustainable practices by focusing on improving energy efficiency, GHG emissions reductions and efficient water usage. CVC has also provided grant funding to Rayner to develop a new solution to reduce plastic usage in packaging.

With the whole organisation thinking about the benefits of ESG, we have created a band of advocates who promote ESG improvements throughout the business."

Geoff Allan,
Chief Financial Officer

ESG at exit

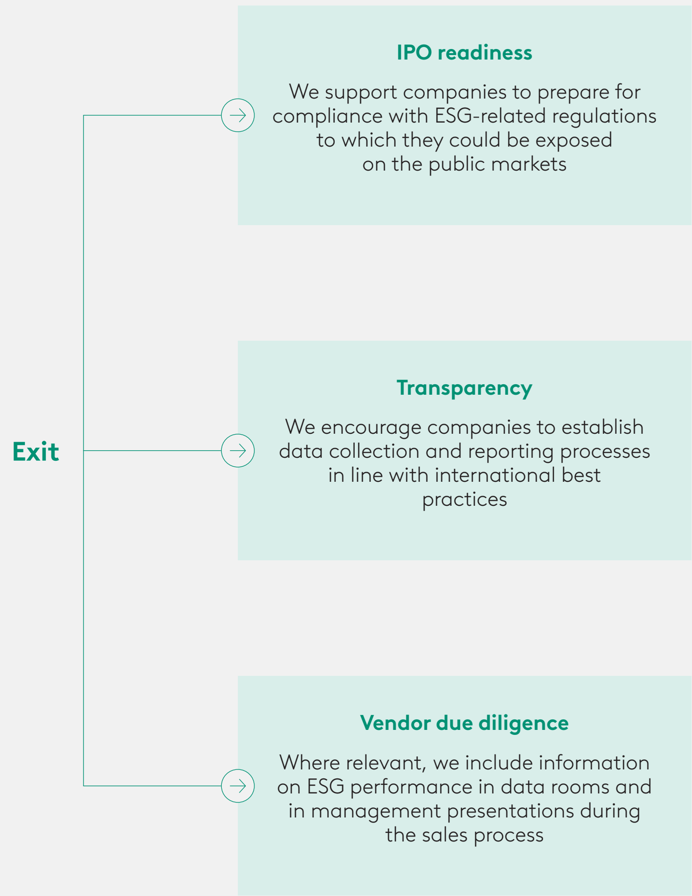
When relevant we are disclosing ESG information gathered through the CVC fund ownership periods to potential buyers at the exit stage. The extent to which ESG considerations are incorporated into exit preparations will depend on a number of factors including the anticipated method of exit.

IPO readiness

When preparing for an IPO there is an increased focus on ensuring a company can meet its reporting obligations which, regardless of the jurisdiction of the IPO, are likely to include reporting on material ESG issues and opportunities. Furthermore, public companies are also increasingly being scrutinised on their ESG management and governance. Therefore, ESG considerations are an important part of the scope for portfolio companies when preparing for an IPO.

Areas of particular focus leading up to an IPO include ensuring a company has strong ESG foundations and capabilities, particularly with respect to reporting and disclosures. This will put them in a better position to be able to clearly articulate how ESG is integrated into the business and provide credible evidence of how this is done. Furthermore, the EcoVadis assessment process, enables companies to prepare themselves for the scrutiny of public ESG ratings. EcoVadis can provide an indication of how markets will view the companies' ESG management capabilities and the EcoVadis score can be used when communicating with the markets.

Similar to the trajectory of the public markets, we expect that in future years ESG will become a more common diligence item in secondary and strategic sales and we are anticipating and preparing for increased demand for more vendor due diligence documents in the near future.



ESG at exit continued

CASE STUDY — CREATING SUSTAINABLE VALUE

Garudafood Indonesian food and beverage company

Asia

Since announcing its commitment to sustainability in 2020 and ahead of its recent exit from CVC's portfolio, Garudafood has made significant progress in a number of key areas. In its first EcoVadis assessment the company did not receive an award. Working with CVC, Garudafood focused on addressing the assessment feedback and in one year progressed to a silver award, raising the benchmark for its sustainability journey. The company has implemented an energy and emission data management system, focused on occupational health and safety programmes, introduced a sustainable procurement policy, and improved its whistleblower policy.

In the company's first sustainability report, Garudafood set ambitious goals for 2023 and beyond. For example, the company aims to reduce its carbon footprint and increase energy efficiency with specific initiatives such as transitioning to renewable energy, installing solar power plants, and utilising excess steam for a cold water-cooling system. The company is also committed to achieving zero solid waste, finding solutions for handling plastic waste through the 3R principles (reduce, recycle, return to earth), and strengthening its sustainable procurement policy.

Additionally, it is focused on promoting diversity and inclusion, non-discrimination, and anti-harassment policies internally.

Garudafood's sustainability and ESG strategy aligns with its vision for a more environmentally friendly and socially responsible future. By addressing key areas of improvement and setting ambitious goals, the company aims to create value not only for CVC and its future shareholders but also for the planet and society as a whole. Its commitment to sustainable governance further supports its overall sustainability efforts.

Key areas of focus for private equity portfolio engagement

In addition to encouraging portfolio companies to measure and manage ESG factors that are most material to their own businesses, CVC has identified key cross-cutting themes that we have deemed relevant to all companies in our private equity portfolio. Increasingly, we are formalising our approach to managing these issues across the portfolio. A summary of our work on these topics is set out on this page.

» **Climate change:** Climate-related risks are increasing globally and impacting businesses significantly. CVC acknowledges the risks posed to its current and future portfolio and is committed to proactively managing them in line with its fiduciary duty. Engaging with portfolio companies to reduce GHG emissions is a crucial part of our climate risk management strategy. More information on how we engage with our portfolio companies on this topic is provided on page 35 of this report.

» **Diversity, equity and inclusion:** CVC is increasingly seeking to promote DEI within its private equity portfolio, which employs more than 550,000 people globally. CVC recognises the significance of DEI to our stakeholders and those of portfolio companies. To date, we have focused on monitoring gender diversity in the portfolio. In addition, we have collaborated with some companies to establish measurable DEI goals. To further enhance our efforts, we have appointed a Global Head of DEI, whose role will increasingly include portfolio engagement, enabling us to take a more proactive approach. For example, in 2023, we are launching a DEI thought leadership programme to facilitate knowledge-sharing and best practices between companies, further empowering them to drive their own DEI agendas and make a positive impact.

» **Cyber:** Digitalisation is a key part of our value creation proposition. CVC recognises the importance of strengthening the digital readiness of our portfolio companies and continuing to evolve CVC's toolkit in order to meet the technological challenges of tomorrow. Recognising the additional and fast evolving risks for companies in an increasingly digital world, in 2022 we launched an updated private equity portfolio cyber security monitoring and engagement programme. Through this programme we have outlined our expectations of portfolio company cyber security governance. CVC expects to see portfolio company Board level accountability for cyber security, that critical cyber basic protections have been addressed, and that companies actively improve on a set of information security governance factors. Where these standards are not in evidence at a portfolio company, CVC will expect a company to engage resources, whether internally or externally, in order to help address the gaps.

» **Responding to material incidents:** Even when companies have comprehensive programmes in place to manage ESG and mitigate risks, adverse incidents can occur. We have processes in place to monitor and track such issues both from an outside-in perspective, through third-party tools and through direct communication and engagement with portfolio companies.

When material incidents occur we engage with companies to get sufficient comfort that they have the resources and management oversight to ensure they are appropriately addressing and remedying the underlying issues.

For example, in February 2023 both Lipton Teas and Infusions ("Lipton") and CVC were made aware of allegations of sexual misconduct and exploitation that took place during the previous ownership of Lipton by Unilever at one of the tea estates owned by ekaterra (now Lipton Teas and Infusions). In response, Lipton launched a thorough and independent investigation into the allegations and has since developed, and is in the process of implementing, a comprehensive plan to address key areas for improvement, which it has shared with CVC. More information about the investigation and the remediation plan that Lipton has put in place can be found on Lipton's website: www.liptonteas.com/.

Credit

CVC invests in companies across the sub-investment grade corporate credit markets in Europe and North America, with a strong focus on downside protection through active risk management including the integration of ESG factors into the due diligence process.

Credit provides investors with a broad range of opportunities to meet their investment criteria through dedicated vehicles and investment solutions. Within our Credit business we operate two investment platforms, Private Credit and Performing Credit, each of which have separate management teams and investment committees. The investment processes for our Private Credit and Performing Credit platforms are independent of one another. Nonetheless, the investment processes generally follow the same overall approach.

ESG is typically integrated into the Credit investment process as shown on the right.

Due diligence

In both investment platforms, when a new investment opportunity is reviewed, the investment teams carry out a due diligence process by referencing information provided by the borrower such as existing ESG due diligence, sustainability reports, and ESG questionnaires completed by the borrower. This process is supplemented by a review of publicly available information. In some cases, investment teams engage with management teams to further understand ESG topics that are deemed material to the company. Additionally, Performing Credit is often able to utilise market standardised data sets such as LSTA and ELFA questionnaires given the syndicated nature of the market. All Investment Committee memos contain an ESG section which outlines the key ESG considerations relevant to the specific company.

Monitoring

Following the initial investment, CVC analysts monitor ESG topics on a periodic basis. CVC uses a proprietary scorecard to systematically assess ESG performance across the portfolios. Scorecards are typically completed by CVC analysts, except for some Direct Lending investments where borrowers may be asked to complete the scorecard themselves. In both platforms, ESG forms part of quarterly portfolio reviews, and it is anticipated that the scorecards will be updated annually. In addition, investment teams use an external news aggregator to monitor ESG-related news relevant to the lending portfolio. Any material sustainability risks that are raised by this process are reviewed by the relevant investment committees. Given the more liquid nature of the Performing Credit business, material ESG concerns may influence decisions to divest a position.

Engagement (Private Credit)

The Private Credit business focuses on directly originating lending opportunities to high quality assets through the team's extensive relationships and by leveraging the sourcing power of the CVC network and its broader private equity insights. Within private credit, there are two investment platforms: Direct Lending and Capital Solutions.

Direct Lending targets medium-size European businesses looking for a single lender or small group of lenders to help its next phase of growth. In Direct Lending, CVC has greater access to the management team and the sponsor and can advise and guide them on their ESG journey, which is typically at its infancy due to the size of the company. When making Direct Lending investments, CVC may seek to improve borrowers' ESG performance by offering a margin reduction (typically 5-15 basis points) in return for demonstrable progress against pre-defined ESG performance targets. As of December 2022, more than €4.1bn of investment included an ESG margin ratchet in legal documents.

As part of its investment process, when a company confirms it wishes to enter into an ESG-linked loan, CVC will agree on one or more material ESG KPIs on which to base the margin ratchet and a sufficiently ambitious ESG performance target. Our ESG-linked loans are most commonly linked to an external ESG rating such as those provided by EcoVadis and B Corp, and also in certain instances, agreed upon KPIs.

In 2023, we intend to formalise out ESG-linked loans framework in alignment with the Sustainability Linked Loans Principles[16], a best-practice standard.

Capital Solutions provides subordinated instruments to large companies across the US and Europe. In these deals, CVC typically has less influence over the company's ESG strategy. Some of our recent deals within Capital Solutions have also included margin ratchets, but this is currently rare.

KPI	2020	2021	2022
Percentage of capital deployed with ESG-linked margin ratchets, EU Direct Lending Platform only	61%	57%	61%

01
Due diligence
Review of borrower documentation
Internal research and media review
Investment committee discussion

02
Monitoring
ESG scorecard and media monitoring
Quarterly reviews
Investment committee meetings

03
Engagement
ESG-linked loans
Engagement with industry associations

16. Sustainability Linked Loan Principles (SLLP), APLMA, LMA, LSTA, 2023.

Credit continued

CASE STUDY

Markerstudy: General insurance broker

EU Direct Lending

Markerstudy Group ("MSG"), a provider of personal lines insurance broking, underwriting and ancillary services, has been encouraged by CVC's ESG margin ratchet to improve the maturity of its entire organisation's approach to ESG.

As incentivised by the ratchet, MSG has used a 34-point action plan from EcoVadis as a guide to improve its ESG performance. It has since received a Bronze EcoVadis medal and aims to achieve Silver over the next year. Savings from the ratchet are also being used to recruit individuals to guide the company's future ESG activities.

"I can credit the team at CVC with putting ESG on our group agenda, via EcoVadis. We've benefitted from best practice and guidance, and the programme has been insightful and rewarding."

Lizzie Smith-Foreman
Director of Group Marketing, Communications and Sustainability

CASE STUDY — CREATING SUSTAINABLE VALUE

Theramex: Global specialty pharmaceuticals company dedicated to women's health

Capital Solutions

CVC and Theramex agreed an ESG-linked margin ratchet aimed at incentivising progress across three performance areas: access to treatment; diversity, equity and inclusion; and governance.

The ratchet includes both positive and punitive features. This has aligned incentives of both the company, as well as CVC.

Engagement (Performing Credit)

CVC's Performing Credit platform targets core income opportunities in both senior secured loans and bonds, aiming to achieve market-leading returns through a combination of current income yield and active portfolio management. This platform is operated across Europe and the US.

Given the syndicated nature of the Performing Credit strategy, our ability to directly influence companies on their ESG approach can often be constrained. Nonetheless, Performing Credit actively engages with industry groups as part of the wider industry's commitment to and implementation of ESG principles. We also seek to improve companies' ESG disclosure through our own engagement with invested companies. Where possible and deemed appropriate, we may leverage our access to management teams and shareholders to provide feedback on material ESG topics, and advocate for continued adoption of best practices in ESG.

Within the European market, representatives within the Performing Credit team have been active members of ELFA's ESG Committee since December 2020. This has allowed Credit to proactively advocate for enhanced disclosure from borrowers as well as market best practice with regards to ESG.

CVC Credit is also an active member of AIMA's ESG working group and a founding board member of AIMA's Alternative Credit Council (ACC). The ACC recently partnered with PRI and the Loan Syndications and Trading Association (LSTA) to launch the ESG Integrated Disclosure Project (ESG IDP) which aims to align lenders and private equity sponsors to support consistent ESG data disclosure within the credit markets. The ESG IDP is also supported by a coalition of market stakeholders including CDP, the ESG Data Convergence Initiative and the Loan Market Association.

Secondaries

In 2022, CVC merged with Glendower Capital, a private equity firm focused on secondary markets globally. We are actively seeking to align our ESG approach and integrate the business within the CVC's overall ESG strategy.

Glendower, which focuses solely on private equity secondaries, believes that investing responsibly is a core factor in achieving long-term success and value creation and is therefore committed to integrating strong ESG principles at an operational level and within its investments.

ESG at Glendower

Glendower is committed to ESG by engaging with its stakeholders and the wider community. The firm's approach to ESG and social responsibility is driven by its ESG Working Group, which draws together its approach to ESG.

At the investment level, Glendower's philosophy is based on the belief that the underlying value of investments is determined by their long-term fundamental prospects including their forward-looking attitude towards environmental, social and governance aspects. Glendower recognises its responsibilities to influence its underlying general partners and portfolio companies to act in a socially responsible manner, where possible.

Due Diligence

Glendower aims to incorporate ESG factors into its investment decision making process and during the ongoing ownership of funds and portfolio companies. As part of its due diligence process, the investment team screens each investment against a number of sources to determine if there are any ESG issues, in addition to checking how the general partner and portfolio company management (in the case of general partner-led and single assets investments) monitors and manages sustainability risks and opportunities. Ultimate ESG scrutiny and decision making, including identifying and evaluating the materiality of sustainability risks, is under the review of the relevant Glendower fund's investment committee.

Glendower's ESG Policy serves as a framework for screening and analysis, and the ESG Working Group regularly reviews its policies and procedures in order to continue developing its approach to ESG within the private equity secondaries space.

01
Due diligence
ESG screening
IC paper

02
Monitoring
ESG questionnaires

03
Engagement
GP engagement

Secondaries continued

Monitoring and GP engagement

Where relevant, Glendower engages with underlying managers and portfolio companies in which it invests to work towards establishing international ESG good practices over time. As part of the its monitoring programme, Glendower requests underlying managers to compete a comprehensive ESG questionnaire each year. The questionnaire examines both ESG topics at the portfolio level as well as what the underlying managers themselves are doing in terms of ESG, including diversity and inclusion, within their firm. In 2022 Glendower analysed the activity of 65 general partners globally in order to assess the progress and implementation of ESG considerations across the portfolio of the Glendower funds.

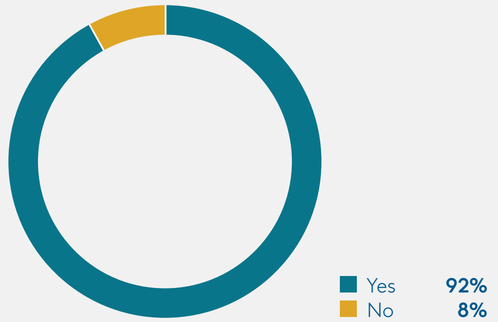
The data gathered for the year ending 2022 highlights a higher adoption of internationally recognised principles with the aim of trying to understand the investment implications of ESG factors.

This is reflected in:

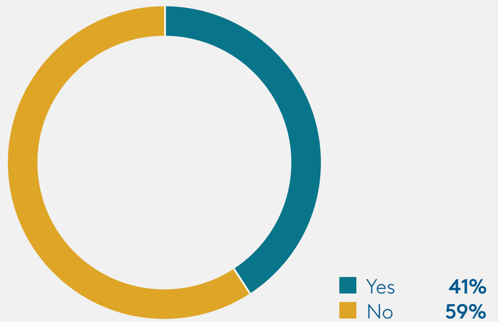
» The significant increase in UN PRI signatories, with over 85% of respondents as signatory firms. Glendower has seen a significant increase in signatories through its annual monitoring questionnaire, with 43% of signatories for the year ending 31 December 2020, and 66% signatories for the year ending 31 December 2021.

» In addition, the questionnaire responses received indicate an increased attention to ESG guidelines such as the ILPA Data Convergence Initiative, the UN Global Compact, the OECD Guidelines, ILPA Diversity in Action, Initiative Climate International, and the Sustainability Accounting Standards Board (SASB). Based on the data received by Glendower, there is widespread adoption of ESG engagement and policies across the private equity space, including at the firm and at the investment level.

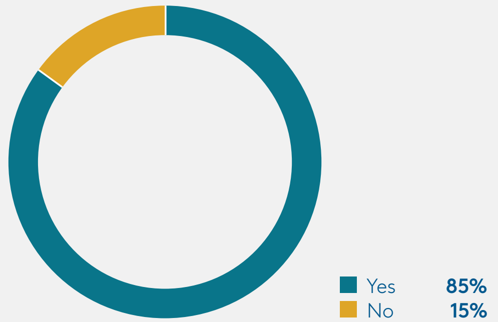
General partners with an ESG policy



General partners with a formal exclusion list of prohibited sectors and/or geographies

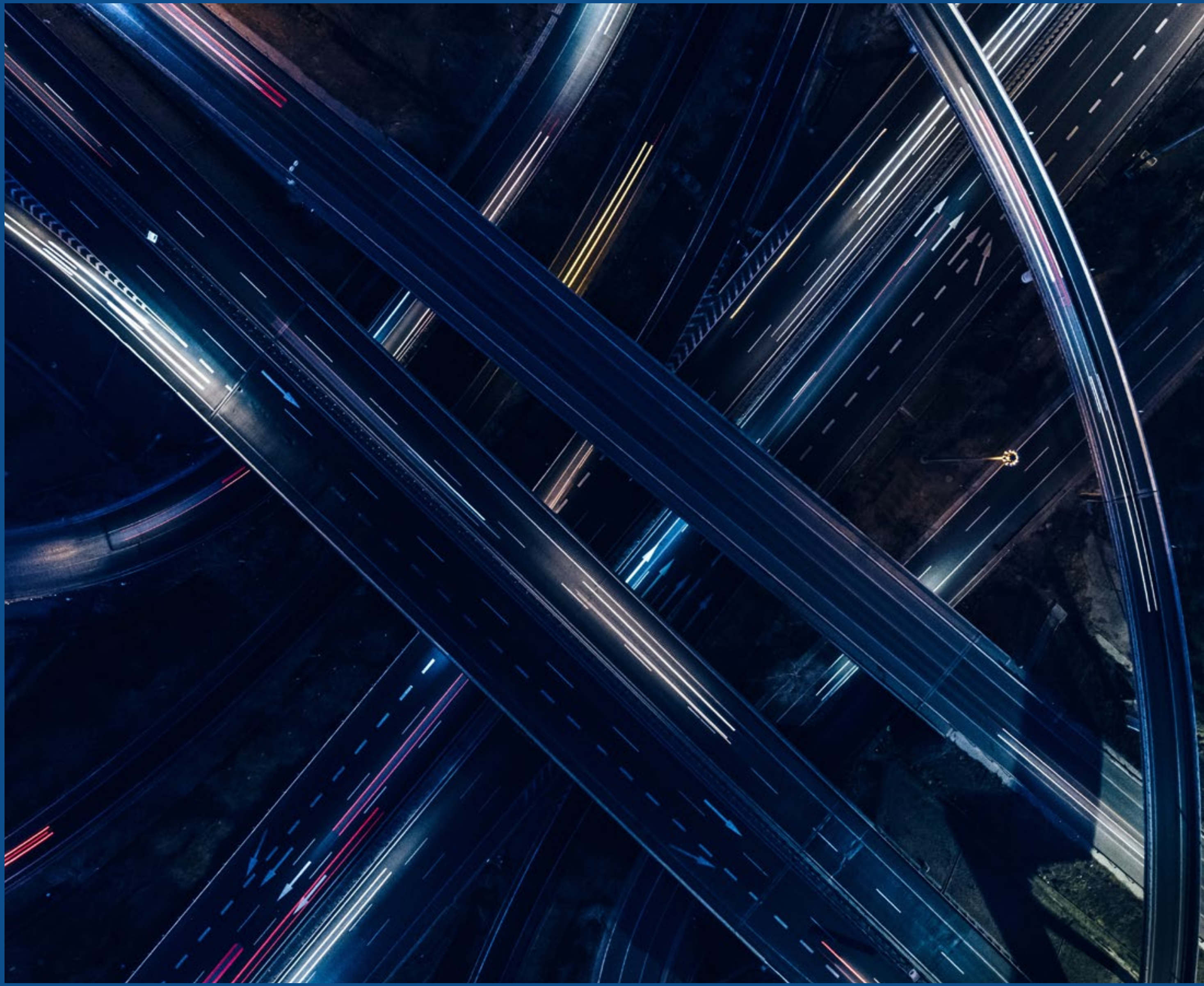


General partners who are a UN PRI Signatory



Supporting the transition to a low-carbon economy

CVC is committed to helping accelerate the energy transition and proactively managing the impacts of this on our portfolio. We believe that reducing our own GHG emissions footprint and engaging with our portfolio to do the same, is not only the right thing to do for society and the planet, but that it also creates long-term value for our companies and stakeholders.



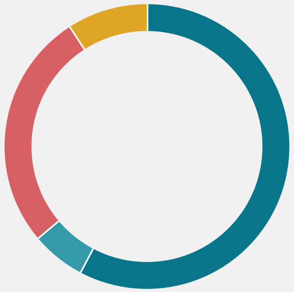
Strategy to transition to a low-carbon economy

Engaging with our companies to manage and ultimately reduce their GHG emissions is a key element of climate risk management and forms the basis of our climate strategy.

We believe that reducing our own GHG emissions footprint and engaging with the portfolio to do the same is not only the right thing to do for society and the planet, but that it also creates long-term value for our companies and stakeholders. In particular, reducing emissions can help build resilience to climate-related risks and reduce costs through energy efficiency, effective energy procurement and managing the impact of future carbon taxes.

To confirm this commitment, CVC has publicly set GHG emissions reductions targets with the SBTi. This target was approved by the Board of CVC and has been validated by the SBTi. We have a structured engagement programme to support our portfolio companies to measure emissions, develop tangible action plans to reduce their emissions and set their own science-based targets. The current guidance issued by the SBTi does not incorporate the private credit or secondaries asset classes.

SBTi target coverage of investment and lending activities



Eligible private and listed equity	58%
Remaining private equity (excluded)	6%
Credit (excluded)	27%
Secondaries (excluded)	9%

Metrics and targets — SBTi

Scope 1 and 2: CVC commits to reduce absolute scope 1 and 2 GHG emissions by 73% by 2030 from a 2019 base year.

Scope 3 Portfolio Targets[17]: CVC commits to 40% of its eligible private equity[18] and listed equity investments by invested capital setting SBTi validated targets by 2027, and 100% of its eligible private equity and listed equity investments by invested capital setting SBTi validated targets by 2035.

17. As of 2022, required activities made up 58% of CVC's total investment and lending activities by AUM while optional activities made up 42%.
18. Eligible private equity investments refer to investments in which CVC holds more than a 25% ownership stake, a Board seat, and at least 24 months have passed since the date of acquisition. Remaining private equity investments are excluded from the target.

Operational emissions

Our direct and indirect operational emissions (scope 1 and 2) are predominantly the result of the running of our offices. We aim to reduce these emissions by:

» Purchasing renewable energy
» Electrifying our vehicle fleet
» Considering energy efficiency in new leases

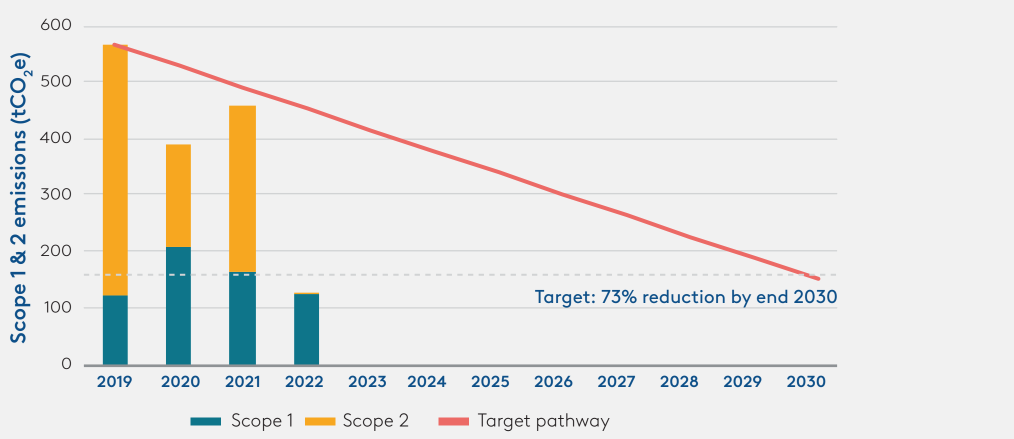
By purchasing renewable electricity, we have significantly reduced our scope 2 emissions and plan to do the same in future years. It should be noted that currently, for the majority of our electricity usage, we have done this by procuring Energy Attribute Certificates, which verify and redeem an amount of renewable electricity generated through a commodity market on behalf of CVC, rather than directly purchasing or generating renewable energy ourselves. This year, we have purchased RE100 Compliant Energy Attribute Certificates covering a total of 962 MWh of energy used. Our reported Scope 1 emissions are lower than in prior years due in part to a reduction in the use of natural gas and also improved reporting.

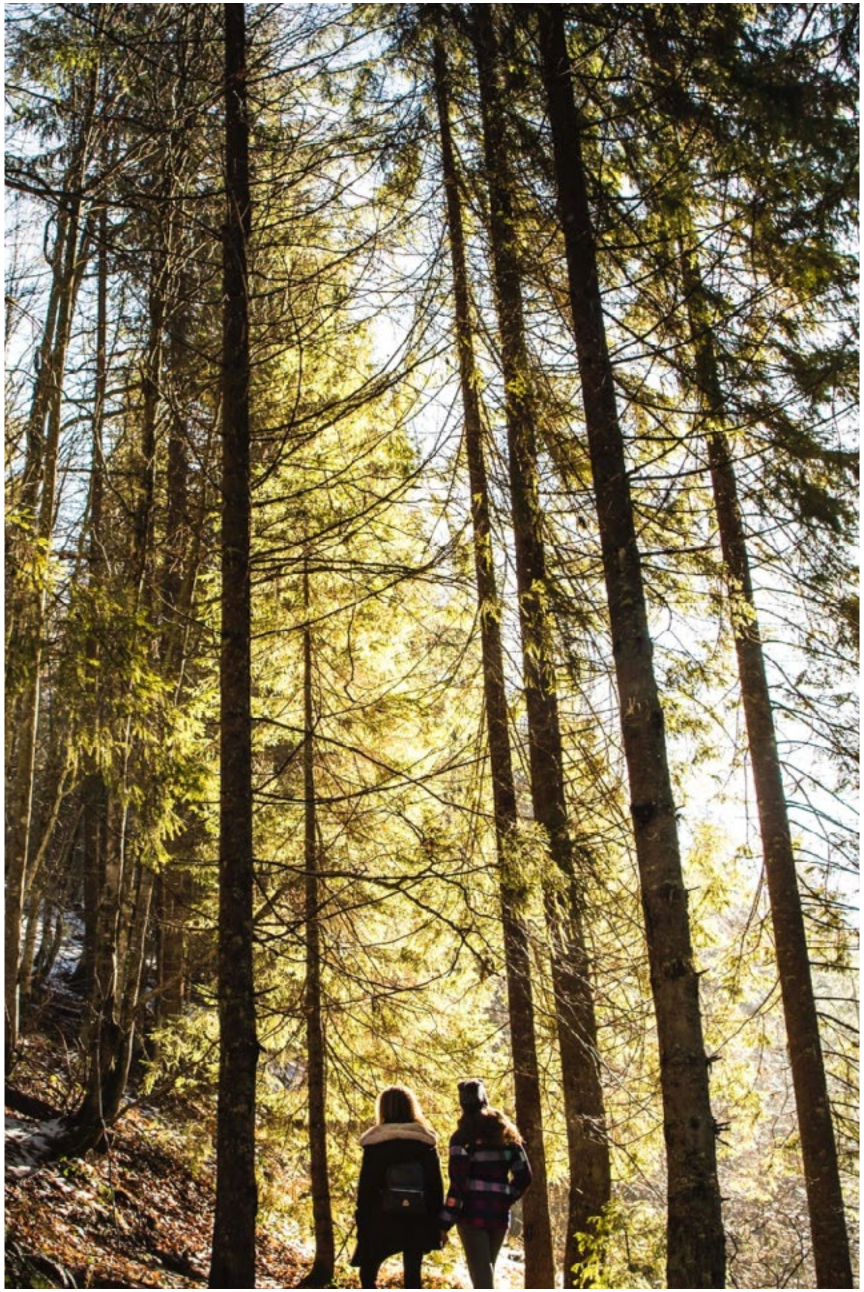
Although business travel is not part of our official target with the SBTi, we are taking action to address our emissions from travel and we are in the process of implementing measures to enable us to more closely monitor such emissions. We will also look for other ways to increase the efficiency of our business travel, including continuing to encourage and facilitate the use of the technological solutions that became integral to our way of working during COVID-19 related work from home mandates.

KPI[19]	2020	2021	2022
Scope 1 (tCO_2e)	212	168	127
Scope 2 (tCO_2e)	180	293	1
Scope 3 (tCO_2e)	1,645	760	5,544[20]
Total GHG emissions (tCO_2e)	2,037	1,221	5,672
Total electricity use (kWh)	2,512	2,718	1,777

19. Scope 2 emissions measured using the market-based methodology; Scope 3 emissions include category 6 and 7 only. Where data has been unavailable, estimates have been made. Reduction in overall electricity use is at least in part due to improved reporting and reduction in the use of estimated data.
20 Increase in Scope 3 emissions reflects increase in travel since covid restrictions lifted, but emissions remain below 2019 levels.

Target: reduce absolute scope 1 & 2 emissions by 73% by 2030 from a 2019 base year





Portfolio emissions

Emissions from our investment portfolio (scope 3, category 15) account for the vast majority of our GHG emissions footprint. We are therefore prioritising the decarbonisation of our portfolio, with a particular focus on our PE portfolio, which accounts for the largest proportion of our AUM and where we have the most influence. Efforts within the Credit and Secondaries businesses are at an earlier stage, with the primary focus currently on implementing processes to gather credible GHG emissions data.

We are engaging with our private equity portfolio companies to reduce emissions through two flagship projects.

1) The GHG Foundations Project

In this project, we engage with companies to encourage them to:

» Collect emissions data (scope 1, 2 and 3) and produce a GHG Protocol aligned baseline

» Develop an Inventory Management Plan to support ongoing data collection and reporting

» Prepare for best-practice carbon accounting for ongoing reporting

We have focused our efforts on more recent investments and those in which CVC funds hold a larger ownership stake (typically more than 25%).

We aim to continue to engage with the portfolio on carbon reporting in the coming years as we see this as a key foundational step towards better management of carbon emissions and enables companies to engage more meaningfully with their own stakeholders on this topic.

KPI	2020	2021	2022
Eligible private equity portfolio companies with decarbonisation targets validated by the SBTi	n/a	n/a	3%
Private equity portfolio companies rated by EcoVadis reporting actions on energy consumption and GHG emissions	n/a	72%	79%

2) The Climate Action Accelerator Project

Through this project, we are engaging with companies to:

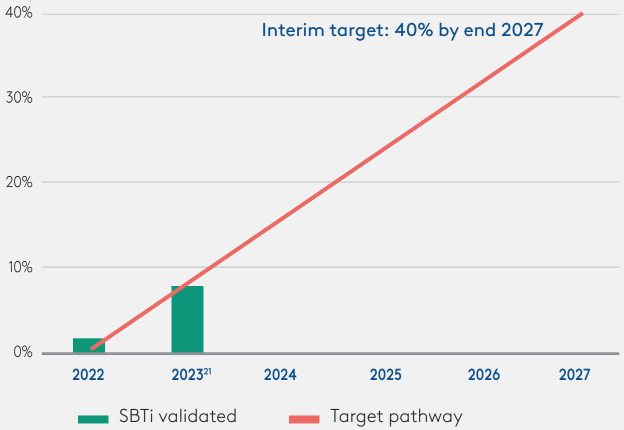
» Model emissions reductions in line with science-based targets

» Develop tangible action plans and a business case for decarbonisation

» Submit science-based targets to the SBTi

The first cohort of companies is currently engaged in the Climate Action Accelerator.

Eligible portfolio companies with validated science-based target



21. As at June 2023.

Portfolio emissions continued

CASE STUDY — CREATING SUSTAINABLE VALUE

Asplundh: Vegetation management and infrastructure services contractor

Strategic Opportunities

In 2022, Asplundh measured its GHG emissions baseline as part of the GHG Foundations Project (see prior page). Asplundh has since announced a commitment to reduce its GHG emissions in line with a 1.5°C pathway as set out by the Paris Agreement.

Asplundh is targeting fleet fuels as the primary focus of its emissions reduction strategy, thereby providing both environmental benefits and cost savings for the business. To reduce fuel use, Asplundh is innovating with fuel control, telematics, vehicle auxiliary systems, electric hand tools and other technologies. The company is examining alternative vehicles and has ordered its first set of electric vehicles.

Asplundh's climate initiative, with CVC's support, has produced important outcomes including putting the company on a path to meaningfully reduce emissions, establish a reputation as a preferred partner for environmentally conscious customers, and optimize costs.

"For all of us, climate change is a reality; in our business, the impacts of climate change are regularly encountered, and they are growing in pace, especially in recent years. CVC is truly our partner on the time-sensitive journey to proactively address these rising challenges, unarguably the biggest challenge of our time."

Megan Fielding
ESG Director

Other climate-related initiatives

Carbon credits

While the focus of our climate strategy is on emissions *reductions*, we recognise that, despite the challenges present in the voluntary carbon market, carbon credits have an important role to play in addressing residual or hard-to-abate emissions.

We have compensated for our 2022 residual emissions across scope 1,2 and scope 3 category 6 (business travel) and 7 (employee commuting), in partnership with Climate Impact Partners to support carbon reduction projects around the world. These include contributing to the Rimba Raya Biodiversity Reserve Project, which aims to reduce Indonesia's emissions by preserving some 64,000 hectares of tropical peat swamp forest; the Guanaré forest plantations on degraded grasslands under extensive grazing in Uruguay; and the Anhuang afforestation project in China, that aims to plant native species on barren lands for GHG removal while contributing to local sustainable development goals. These projects were chosen not only for their contribution to reducing emissions but also for the additional social benefits they deliver to local communities.

CVC has also provided grant funding to long-term projects aimed at furthering research and innovation in the field of carbon credits, recognising that financing new carbon projects, particularly those focusing on carbon removals, will be increasingly important over the coming years in order to keep up with demand. See the box on right hand side for examples of our work in this area.

Climate finance initiative

In addition to our efforts to decarbonise our own business and our investment portfolio, we have made investments in other opportunities that can support portfolio companies in their transition to a low-carbon economy. These investments have been made as part of a venture philanthropy strategy rather than as a core investment associated with any of the CVC funds.

Nature and biodiversity

We recognise that climate change is only one component of the broader crisis relating to the collapse of nature and biodiversity. As such, we believe we can play a role in raising awareness of the issues in the private equity industry as well as identifying solutions to manage risks and impacts relating to nature and biodiversity in our own portfolio.

By way of example, CVC is the Chair of the Biodiversity Working Group for the Private Equity Taskforce of the Sustainable Markets Initiative (PESMIT). In 2022, the working group collaborated to produce a report[22] outlining how biodiversity can be both value-accretive and risk-reducing when factored into a business plan and investment cycle, which was published in early 2023.

22. Nature Positive: The Next Horizon for Investors, Sustainable Markets Initiative, 2023 (link).

Supporting innovation in the carbon markets

Blue Marine Foundation: CVC is supporting a three-year project to develop high-quality marine nature-based solutions across the UK. Blue carbon ecosystems cover less than two percent of the total ocean area, but account for about half the carbon sequestered in ocean sediments. They also provide numerous positive benefits to biodiversity and socioeconomic impacts such as protection against flooding. Marine nature-based projects can help meet the growing need for emissions reductions and removals, while generating income to support coastal communities and precious marine habitats. Concentrating on seagrass, saltmarsh, kelp and innovative ways to quantify biodiversity, the project aims to accelerate the much-needed science for UK blue carbon projects. The project will identify blue carbon opportunities that achieve benefits for both marine environments and provide long-term carbon storage.

Lignaverda: To fight desertification in the African Sahel and increase resilience of the population facing climate change in this region, CVC is a cornerstone investor in a reforestation project which has, so far, reforested 2,000 ha. This equates to a carbon capture potential of 140,000 tCO_2. The project has multiple benefits for the local inhabitants who earn money from collecting seeds and planting and maintaining the trees. Other co-benefits of this project include improved biodiversity in the areas planted with native species and water conservation.

BLUE MARINE FOUNDATION

lignaverda

Management of climate risk and opportunity

The scale of climate opportunities and technology to support the transition to a low-carbon economy is growing but the landscape remains complex. Furthermore, we see that adverse climate-related events are growing in frequency and severity around the world.

Therefore, CVC recognises that climate change will increasingly cause disruption to businesses and, for certain sectors, this will be material. We recognise that climate change poses risks both to our current and future portfolio and we are considering how we can proactively manage these risks over the long term, in line with our fiduciary duty to investors. Furthermore, we are committed to developing an approach to the monitoring and disclosure of climate-related financial risks and opportunities to our portfolio in line with the recommendations of the TCFD. Recognising that we are at an early stage, we have taken the first steps in this report to align our disclosures with the recommendations of the TCFD.

Governance

The consideration of climate risk factors falls within the remit of the ESG Committee. In addition, CVC has a Group Risk Committee, which will increasingly play a complementary role in monitoring climate-related risks to the business.

The ESG Committee refers strategic decisions relating to climate to the CVC Board, where appropriate. In its quarterly meetings, the ESG Committee also monitors progress against CVC's decarbonisation plans and considers evolving climate-related risks and opportunities. See page 11 for more detail on ESG Governance at CVC.

Climate due diligence

Starting in 2021 and through 2022, we implemented processes to consider climate risk and opportunities in a more consistent way on new private equity deals. The depth of assessments depends on the sector and geographical exposure of the target, but will typically cover:

- The external regulatory environment
- The market implications of the energy transition
- Potential future reputational risks associated with climate change
- Potential technological opportunities and challenges
- Companies' ability to decarbonise in line with science-based targets

Physical risk assessments are also conducted on investments where the risk is perceived to be material.

Climate risk assessment

We have worked with external consultants to provide a third-party sector analysis of macro-level physical and transition climate risks across our equity portfolio and parts of our credit portfolio.

Through this process, we are aiming to better position the business to understand the nature, and extent, of the financial risks which climate change might pose to the portfolio. We plan to update this analysis on a periodic basis as the composition of the portfolio, and the risk presented by climate change, evolve over time.

This assessment found that the overall climate-related risk to the portfolio is generally low given the level of diversification and a weighting towards low-risk sectors.

Physical climate risks identified in the private equity portfolio were limited with only a small proportion of companies deemed likely to have exposures to material physical climate risks in the coming decades.

For the companies in sectors identified as medium or high risk, and where this risk is not already being proactively managed, we plan to engage with the companies to better understand how they plan to manage this risk.

Typical sectors of investment

Consumer and retail
Healthcare
Tech and telecommunications
Manufacturing
Utilities
Chemicals
Financial services
Business services
Building and construction
Sports, media and entertainment
Transportation and infrastructure
Energy

Risk assessment methodology

Transition risk:

- » Risks assessed:
  - Policy (Carbon Pricing, Subsidies, Regulatory Requirements)
  - Technology (R&D, Learning Rates, Breakthrough Technologies)
  - Consumer (Demand, Behavioural Change, Cost Focus)
  - Finance (Pricing, Availability, Regulatory)
- » Scenarios considered (IEA Word Energy Outlook):
  - The Net Zero Emissions by 2050 Scenario (NZE)
  - The Sustainable Development Scenario (SDS)
  - Baseline: Stated Policies Scenario (STEPS)

Physical risk:

- » Risks assessed:
  - Coastal and River Flooding
  - Tropical Cyclones
  - Wildfires
  - Heatwave
  - Drought
- » Scenarios considered (IPCC Representative Concentration Pathways):
  - RCP6.0
  - RCP8.5
  - Baseline: C02 and CH4 fixed at pre-industrial level

Attract and developing talent

Our success as a global alternative investment manager is dependent on attracting and developing the best talent. A strong culture and engaged employees are fundamental to our ability to create long-term value.

Our values

CVC is a global network of over 800 people, working in 25 office locations around the world. It is a diverse, team-based environment, with opportunities to expand knowledge and expertise by moving across investment strategies, markets and geographies.

CVC's unique history has a lot to do with the values we hold today. Our journey helped shape these values and they have been integral in creating the business we are all a part of. We encourage our employees to embrace CVC's values so that they understand the principles that underpin our business.

Entrepreneurial

We think like owners

We are personally accountable

We create our own success and reward

Inclusive

We do not tolerate any form of bias

We listen and make decisions by consensus

We treat colleagues with respect

Honest

We speak our minds

We challenge conventional wisdom

We are confident, without arrogance or complacency

Balanced

We take a cautious approach based on facts

We acknowledge mistakes and learn from them

We are interested in the world around us and our impact on it

Employee engagement

As a people-centric business, our success is dependent on attracting and retaining the best talent and we know our employees are one of our greatest assets.

By treating our people with respect, creating opportunities for learning and development, and showing consideration for health and wellbeing, we hope to create an environment in which our people can thrive.

Training and development

We have rolled out a range of training programmes for our employees to improve how they support our companies and how they deliver for our investors. The programmes are aligned with our scaled-up focus on learning and development and have been rated 4.1 out of 5 on average by employees.

We continue to build out our learning and development offering and we hope to see further enthusiasm and engagement from employees across the firm. In 2023, training opportunities will support employees as they grow in their careers, including through the Women's Development Programme, and help create new leaders through the INSEAD Leadership Programme.

Employee wellbeing

We are conscious of the need to look after our employees' wellbeing. Feedback from the annual employee engagement survey helps identify further ways to support colleagues, which includes introducing greater work flexibility and launching a global analyst and intern programme to provide additional junior resource whilst also creating opportunities for the participants in the programme.

Through our DEI and HR committees, we also promote wellbeing via a range of benefits. This includes launching a partnership with pregnancy, adoption, surrogacy, and fertility platform Maven in 2022 and running educational wellbeing events. We also provide employees with access to Headspace, the mindfulness app, MyndUp to support mental health, and Sama, an online coaching platform.

KPI	2020	2021[23]	2022
Employee engagement survey response rate	94%	–	85%
Employee engagement survey score	86%	–	85%

23. Employee engagement survey was not undertaken in all parts of the business in 2021. From 2022 it will be completed annually.

Diversity, equity and inclusion

Diversity, equity and inclusion (DEI) is a key focus of our employee engagement efforts. As testament to this, we appointed our first Global Head of DEI, Merary Soto-Saunders in 2022.

Our work on DEI is overseen at the highest level by the global DEI Committee, which is chaired by Managing Partner Cathrin Petty. In order to address local and regional nuances, the Committee is supported by seven local workstreams spanning all six of our investment strategies.

Over the past year, CVC has accelerated its efforts to create a more diverse, equitable and inclusive work environment with a focus on the following four work areas.

KPI	2020	2021	2022	2025 Target
Female investment professionals within CVC	21%	23%	23%	25%

1 Attracting

We collaborate with external organisations, such as SEO, MLT, and 10,000 Black Interns, to actively engage a diverse pool of talent and inspire individuals from various backgrounds to explore career opportunities at CVC. We remain committed to conducting market mapping and talent pipeline building at the team level.

2 Developing

We launched our Women's Network in 2022, CVC's first Employee Resource Group. The network formalises existing initiatives for women, including networking events, mentoring programmes, dedicated recruitment events and external partnerships. Our private equity employee mentoring programme had a 55% uptake last year, helping more of our colleagues receive valuable guidance in their careers at CVC. We have also implemented a global speaker's series that serves as a platform for amplifying the voices of underrepresented talent.

Through this initiative, we engage in both online and in-person events, including hosting renowned thought-leaders who share their expertise on critical topics such as neurodiversity, the role of diversity in sustainable investing, and broadening diversity beyond gender.

3 Monitoring

As a signatory of ILPA, we regularly benchmark our firm against industry metrics and other organisations to monitor and assess representation across various diversity dimensions, such as race and gender. Our DEI program undergoes frequent reviews by our Board, which evaluates a comprehensive set of KPIs related to mobility, progression, and our hiring pipeline. These evaluations help us stay on track and ensure that we are making progress towards our targets.

4 Retaining

We continue to offer industry competitive retention tools around family care, family planning and parental leave. This includes six months paid leave for primary care givers; full year bonus eligibility for employees on parental leave; parental coaching pre and post-leave, as well as access to emergency care support for children, adults, and elders. We also provide fertility benefits that include an allowance for IVF and for cryopreservation and are rolling out a fertility benefits platform globally to help employees identify relevant treatments, specialists, and facilities.

"We want our stakeholders to see CVC as a brand truly aligned with DEI. It is embedded in our values, and we hope this is evident for anyone who comes to work with us. We are a company that supports difference, provides equitable access and helps people grow their careers."

Merary Soto-Saunders
Global Head of Diversity, Equity & Inclusion at CVC

Governance and accountability

We are committed to transparently reporting on progress and recognise the importance of maintaining a high level of integrity and strong ethics in the conduct of our business.

Transparency

CVC is committed to communicating effectively with its limited partners, co-investors and other stakeholders. Our annual ESG Report is a key channel for sharing non-financial information in a public forum. More detailed financial and non-financial data is shared directly with our limited partners through annual and quarterly reports, roadshows, conferences, and other channels. Our website provides further information about the business as well as access to our ESG and Responsible Investment Policies. In addition, as a signatory we report to the PRI on an annual basis and our PRI transparency reports are publicly available.

We are supportive of the objectives of the European Union's Sustainable Finance Disclosure Regulation ("SFDR") and we communicated entity-level disclosures on a voluntary basis ahead of SFDR's introduction in March 2021. Our SFDR sustainability risk statement and further information on market specific disclosure regulation can be read on our website.

We continue to deepen our relationships with our global regulators and trade bodies and are committed to helping the development of financial services and corporate governance regulation. This includes the sharing of information and best practice and, where appropriate, providing guidance and advise on existing and proposed regulation. For example, we recognise that regulators are increasingly integrating TCFD into their approach to ESG and we are therefore integrating TCFD into our own processes including through disclosures in this report.

Compliance and ethics

Recognising the importance of maintaining a high level of integrity and strong ethics in the conduct of our business, our Code of Ethics is a guiding set of principles that outlines our obligation to stakeholders and the standards and behaviours that we expect CVC employees to uphold. The Code of Ethics is underpinned by a suite of global policies, which are applicable across our global network and which take into consideration local laws and regulations. The global policies cover a range of topics including, but not limited to, anti-bribery, corruption and political contributions, conflicts of interest, reporting and review of personal securities transactions and holdings, whistleblowing and tax. CVC's Compliance Team conducts periodic reviews and testing of its key compliance policies and procedures throughout the year both internally and using external advisers to ensure that the firm's policies and procedures remain appropriately designed to meet the ongoing needs of both our business and any new regulatory developments or best practices.

CVC has internal escalation and reporting procedures to ensure critical concerns are escalated to management and through relevant governance structures.

CVC is committed to the highest standards of openness, probity and accountability. An important aspect of accountability and transparency is a mechanism to enable staff and other members of CVC to voice concerns in an effective manner. CVC considers all forms of malpractice to be an extremely serious issue and actively encourages any concerns to be raised with the appropriate people within the organisation so the matter can be investigated and dealt within a rapid manner. CVC's policy and procedures with regards to whistleblowing are intended to conform to the legal requirement and regulatory guidance and rules issued by CVC's global regulators. CVC also has an independent and anonymous whistleblowing hotline made available to CVC employees.

All employees at CVC are provided with mandatory training on compliance topics upon joining the firm and then on a periodic basis thereafter, based on their role and responsibility at CVC. Training is also provided online and the Compliance Team regularly sends reminders to the business and engages with the business on these topics. CVC employees are subject to quarterly and annual attestations that require employees to confirm their ongoing compliance with CVC's global suite of compliance policies.

CVC has implemented an Anti-Bribery and Corruption Policy and provides induction and periodic training to employees on anti-corruption. Topics covered during the training include CVC's applicable anti-corruption policies and procedures.

CVC has a policy underpinned by procedures in relation to its anti-money laundering (AML) strategy, acceptance of new business, customer and relationship risk assessment, identification, verification of identity and due diligence, politically-exposed persons and AML / CFT ("Combating the Financing of Terrorism") record keeping. CVC's Global Head of Compliance is the Money Laundering Reporting Officer for the CVC group.

CVC also has policies and procedures to mitigate the risk of conflicts of interest including the requirement of employees to notify Compliance of potential conflicts of interest.

Cyber security

Our materiality assessment has reconfirmed the critical importance of cyber security to our operations and our stakeholders. In 2022, we continued to strengthen our approach to cyber security to ensure that we can respond to the increasingly sophisticated cyber security landscape and the new challenges we face in the context of increased remote working. In particular, an internal audit was undertaken in partnership with an external partner to review our cyber security controls, polices and other measures. CVC also ran its annual "Red Team Exercise" to assess our resilience to cyber-attacks from both a technical and social engineering perspective. CVC carries out quarterly phishing tests to assess our vulnerability to these common types of attack.

Furthermore, we are adopting a robust set of technologies and controls based on the ISO 27001:2022 framework and are engaging several third-parties to help manage the security of information assets. Specific action we have taken includes the development and roll-out of a cyber security awareness strategy to cover technical staff, third parties and executives to help maintain a strong culture of cyber security within CVC. We also conduct periodic cyber security training for all CVC staff.

Details of our approach to cyber security with portfolio companies in our private equity strategy can be read on page 27 of this report.

CVC Foundation

The CVC Foundation is dedicated to improving the lives and opportunities of disadvantaged individuals in the communities where we and our portfolio companies operate.

CVC Foundation

The CVC Foundation is dedicated to improving the lives and opportunities of disadvantaged individuals in the communities where we and our private equity portfolio companies operate.

Education

Enterprise

Employability

The CVC Foundation focuses its efforts on three key pillars: Education, Employability, and Entrepreneurship. Through these pillars, we aim to address socio-economic barriers by empowering individuals to secure meaningful and sustainable employment opportunities.

We collaborate with a range of charities and organisations across these pillars. By partnering with these entities, we leverage their expertise to expand the reach and impact of our initiatives.

Governance

The allocation of resources for our Foundation is an annual responsibility of the CVC Board. A dedicated budget is set, which is divided between grant-making activities and employee matching. This approach encourages active participation and engagement from our employees, fostering a sense of collective responsibility and shared purpose.

Our Philanthropy Committee comprises representatives from across the CVC group and plays a role in defining strategic objectives and monitoring the performance of the CVC Foundation.

Current Initiatives

We currently work with 30 charities across the globe that are aligned with our core priorities. They receive grant funding from CVC, volunteering, pro bono advice and access to the wider network. Grants to charities are made for general purposes or to fund specific projects, ranging in size from €25,000 to €225,000 typically for a two-year period, renewable thereafter.

In response to the steep rise in the cost of living in many countries where we do business, the philanthropy team has worked with the local offices to provide grants ranging from €50,000 to €113,000 to local organisations supplying communities with basic needs such as free breakfasts in schools and food vouchers. So far, €500,000 has been deployed by the CVC Foundation under this programme as indicated by the following charts.

CVC also supports employees' charitable donations through a generous matching programme. Giving by CVC employees has increased significantly during the past several years as a result of major humanitarian crises such as the pandemic and more recently, the war in Ukraine. We typically receive more than 400 matching requests a year, with a total of €5.8m paid out during 2022. We also encourage our staff to support portfolio companies' charitable efforts by giving the highest matching ratio at 5x. In 2022, over €2m of matching was to causes championed by portfolio companies.

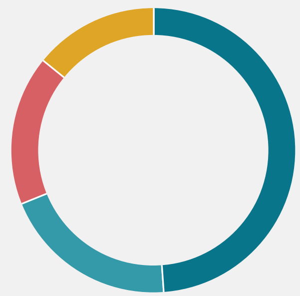
In addition to our grant-making and matching programmes, employees are encouraged to become involved through volunteering, providing pro bono assistance and taking part in fundraising events. Last year, 31 different volunteering activities and events took place across the CVC network. Activities ranged from helping at food banks over Christmas to running work experience weeks for students from disadvantaged backgrounds. From the 2022 assessment data (44% of total full time employees) reported they had been involved in CVC's philanthropic activities.

	2020	2021	2022
Organisations that received core grant funding from the CVC Foundation	30	30	31
CVC employees involved in at least one CVC-led volunteering initiative or activity	24%	75%	44%

CVC offices have also initiated several fundraisers that have become well-established annual events. In London, the Challenge Victory Cup, in aid of employability charity Street League, is a 5-a-side football tournament attended by many of CVC's banks, service providers and portfolio companies. This event regularly attracts over 250 people and has raised a total of over £1.5m over 10 years. This model has been replicated by the Paris office and New York offices, which launched their own soccer tournaments for youth charity Sport dans la Ville. The annual New York City bike ride was back last year, having been cancelled for the past two years due to COVID-19, and is an important team-building event for staff from CVC Capital, Credit and Glendower. Combined, CVC helped to raised €1.3m for charity during 2022.

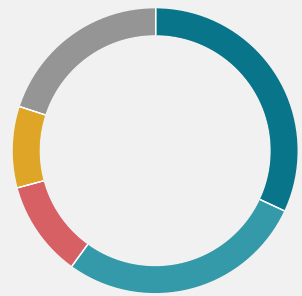
The CVC Foundation has a longstanding history of supporting our portfolio companies in their community-focused initiatives. We extend our assistance by co-funding projects, supporting their fundraising endeavours, facilitating connections with trusted charity partners through our philanthropy team's expertise and network, and sharing knowledge and best practices. This collaborative approach allows us to leverage our charitable efforts, maximize resources, and extend our reach to more communities. It also fosters a legacy of philanthropy within our portfolio companies that extends far beyond the period of our funds' ownership.

2022 Grants — by region



UK	49%
Americas	20%
Continental Europe	17%
Asia	14%

2022 Grants — by focus area



Employability	32%
Education	28%
Entrepreneurship	11%
Venture Philanthropy	9%
Other	20%

CVC Foundation continued

CASE STUDY

SquashSmarts:
CVC Foundation Partner

SquashSmarts is an intensive, year-round academic and athletic mentoring programme that provides underserved youth from Philadelphia with a safe, enriching place to learn and grow.

Thanks to funding from CVC's Foundation, SquashSmarts was able to expand its programme in 2022 from North to West Philadelphia through a new facility. Students in West Philadelphia have received daily academic tutoring, home and school meeting support, daily athletic coaching and training, and individualised social-emotional support to meet each child's needs.

During 2022 the programme achieved an impressive track record when positively impacting young people's lives including helping secure a 100% High School Graduation for all Alumni taking part in the programme for seven or more years. Additionally, 100% of Middle School students were accepted to at least one selective High School following SquashSmarts staff guidance.

The program is on track to reach 800+ students across both campuses by the end of the school year.

In addition to providing funding, CVC has also supported SquashSmarts through our volunteer programme. Volunteers from CVC and our portfolio company MedRisk participated in resume building workshops for students and also supported social events and seasonal fundraisers. A CVC employee also joined the non-profit as a board member in January 2022.

CVC Foundation continued

CASE STUDY

Stock Foundation: Alcoholic beverages company

Europe/Americas

The Stock Foundation was established by the Stock Spirits Group in 2022 to help Ukrainian refugees affected by the war. The CVC Foundation has supported the Stock Foundation since its inception and has donated a total of €250,000 to its relief efforts and vital assistance for Ukrainian refugees in Lublin, Poland. Stock Foundation's first project, "Spirit of Ukraine," helped refugees find employment and or education and provided psychological support for individuals who have suffered trauma.

To date, the Spirit of Ukraine project has helped over 3,000 refugees, of which 300 children are in schools and are receiving financial aid. 151 refugees are now in full-time employment, 44 have enrolled on vocational courses, and 61 have received psychological counselling.

CVC's funding also facilitated an Orthodox Christmas gathering which attracted around 200 refugees still living in collective accommodation, shelters and dormitories and who therefore did not have the means to organise their own event. All children received Christmas gift packs and the event received wide media coverage.

Appendix

TCFD index

Pillar	Recommendations	Location
Governance	Board oversight	Management of climate risk and opportunity, page 38
Governance	Management's role (Senior ESG and Investment professionals) in assessing and managing climate-related risks and opportunities	Management of climate risk and opportunity, page 38
Strategy	Description of the climate-related risks and opportunities identified over the short, medium, and long term	Climate risk assessment, page 39
Strategy	Description of the impact of climate-related risk and opportunities on a business, strategy and financial planning	Climate risk assessment, page 39
Strategy	Description of the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Climate risk assessment, page 39
Risk Management	Processes for identifying and assessing climate-related risks	Climate risk assessment, page 39
Risk Management	Processes and approach for mitigating climate-related risks	Strategy to transition to a low-carbon economy, page 33
Risk Management	Detail of how climate change is incorporated into overall risk management	Strategy to transition to a low-carbon economy, page 33
Metrics	Metrics used to assess climate-related risks and opportunities in line with strategy and risk management process	Strategy to transition to a low-carbon economy, page 33
Metrics	Scope 1, scope 2 and scope 3 greenhouse gas (GHG) emissions and the related risks	Strategy to transition to a low-carbon economy, page 33
Metrics	Targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Strategy to transition to a low-carbon economy, page 33

GRI index

Statement of use	CVC has reported the information cited in this GRI content index for the period 1 Jan 2022 to 31 Dec 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure		Location	Comment
GRI 2: General Disclosures 2021	2–1	Organisational details	About CVC, page 05 Corporate structure Our network	
	2–2	Entities included in the organisation's sustainability reporting	About this report, page 02 Corporate structure	
	2–3	Reporting period, frequency and contact point	–	Annual reporting, 1 January 2022 – 31 December 2022 CVC does not undertake publicly available annual financial reporting Chloë Sanders, Head of ESG
	2–4	Restatements of information	–	None
	2–5	External assurance		No external assurance has been provided on this report
	2–6	Activities, value chain and other business relationships	About CVC, page 05	No significant changes since last reporting period
	2–7	Employees	About CVC, page 05 Our values, page 41	
	2–8	Workers who are not employees		CVC does not materially rely on workers who are not employees to perform its work
	2–9	Governance structure and composition	ESG Governance, page 11	
	2–10	Nomination and selection of the highest governance body		N/A
	2–11	Chair of the highest governance body		N/A
	2–12	Role of the highest governance body in overseeing the management of impacts	ESG Governance, page 11	
	2–13	Delegation of responsibility for managing impacts	ESG Governance, page 11	
	2–14	Role of the highest governance body in sustainability reporting	ESG Governance, page 11	
	2–15	Conflicts of interest		N/A
	2–16	Communication of critical concerns	ESG Governance, page 11 Governance and accountability, page 46	

GRI index continued

GRI Standard	Disclosure		Location	Comment
GRI 2: General Disclosures 2021 continued	2–17	Collective knowledge of the highest governance body		
	2–22	Statement on sustainable development strategy	Leadership letter, page 04 Progress update from our Head of ESG, page 10	
	2–23	Policy commitments	Governance and accountability, page 46 CVC's Responsible Investment Policy Modern Slavery Statement	
	2-24	Embedding policy commitments	Governance and accountability, page 46	
	2–25	Processes to remediate negative impacts	Governance and accountability, page 46	
	2–26	Mechanisms for seeking advice and raising concerns	Governance and accountability, page 46	
	2–27	Compliance with laws and regulations	Governance and accountability, page 46	
	2–28	Membership associations	Industry collaboration, page 08	
	2–29	Approach to stakeholder engagement	Materiality assessment, page 12	
GRI 3: Material Topics 2021	3–1	Process to determine material topics	Materiality assessment, page 12	
	3–2	List of material topics	Materiality assessment, page 12	
	3–3	Management of material topics	Materiality assessment, page 12	
GRI 205: Anti-corruption 2016	205–1	Operations assessed for risks related to corruption	Governance and accountability, page 46	
	205–2	Communication and training about anti-corruption policies and procedures	Governance and accountability, page 46	
	205–3	Confirmed incidents of corruption and actions taken		No material incidents to report
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Operational emissions, page 34	Data provided for electricity consumption
GRI 305: Emissions 2016	305–1	Direct (scope 1) GHG emissions	Operational emissions, page 34	
	305–2	Energy indirect (scope 2) GHG emissions	Operational emissions, page 34	
	305–3	Other indirect (scope 3) GHG emissions	Operational emissions, page 34 Portfolio emissions, page 35	
	305–5	Reduction of GHG emissions	Strategy to transition to a low-carbon economy, page 33	
	305–6	Emissions of ozone-depleting substances (ODS)		Not measured
	305–7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Not measured

GRI index continued

GRI Standard	Disclosure		Location	Comment
GRI 401: Employment 2016	401–2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee engagement, page 42 Diversity, equity and inclusion, page 43	
	401–3	Parental leave	Employee engagement, page 42 Diversity, equity and inclusion, page 43	
GRI 404: Training and Education 2016	404–1	Average hours of training per year per employee	Employee engagement, page 42 Diversity, equity and inclusion, page 43	CVC tracks average training programme rating out of 5, which in 2022 was 4.1
	404–2	Programs for upgrading employee skills and transition assistance programs	Employee engagement, page 42 Diversity, equity and inclusion, page 43	A range of training programmes are available to all CVC employees, with specific programmes available for both investment and business professionals
GRI 405: Diversity and Equal Opportunity 2016	405–1	Diversity of governance bodies and employees	Diversity, equity and inclusion, page 43	
GRI 408: Child Labor 2016	408–1	Operations and suppliers at significant risk for incidents of child labor		No material incidents to report
GRI 409: Forced or Compulsory Labor 2016	409–1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		No material incidents to report
GRI 413: Local Communities 2016	413–1	Operations with local community engagement, impact assessments, and development programs	CVC Foundation, page 48	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	Transparency, page 45	
	417-2	Incidents of non-compliance concerning product and service information and labeling		No material incidents to report
	417-3	Incidents of non-compliance concerning marketing communications		No material incidents to report
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		No material incidents to report

Contacts and disclaimer

If you would like any further information on CVC's approach to ESG management, please feel free to contact:

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Disclaimers

There is no guarantee that CVC will successfully implement and make investments that create positive ESG impacts while enhancing long-term value and achieving financial returns. To the extent that CVC engages with portfolio companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial or ESG results or outcomes, or the market or society may not view any such changes as desirable. The act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by CVC will reflect the beliefs or values, internal policies or preferred practices of any particular limited partner or other asset managers or reflect market trends. Successful ESG engagement efforts will depend on CVC's and/or third party advisors' skill in properly identifying and analyzing material ESG and other factors and there can be no assurance that the strategy or techniques employed will be successful. Additionally, ESG factors are only some of the many factors that CVC expects to consider in making an investment. Although CVC considers the application of its Responsible Investment framework to be an opportunity to enhance or protect the performance of its investments over the long-term, while also potentially producing beneficial impacts for both society and the environment, CVC cannot guarantee that its ESG framework, which depends in part on qualitative judgments, will positively impact the financial, climate or ESG performance of any individual investment or CVC's funds as a whole.

There can be no assurance that the list of material ESG topics is exhaustive and additional topics may be identified as material on an investment-by-investment basis. There is no guarantee that any of the steps taken by CVC and/or third parties to mitigate, prevent or otherwise address material ESG topics will be successful, completed as expected or at all, or will apply to or continue to be implemented in the future.

Past performance should not be seen as an indication of current or future performance.
There is no guarantee that any ESG measures, targets, programmes, commitments, incentives, initiatives, or benefits will be implemented or applicable to the assets held by funds advised or managed by CVC and any implementation of such ESG measures, targets, programmes, commitments, incentives, initiatives, or benefits may be overridden or ignored at the sole discretion of CVC at any time and in accordance with relevant sectoral legislation unless otherwise specified in the relevant fund documentation or regulatory disclosures made pursuant to Regulation (EU) 2019/2088. Any ESG measures, targets, programmes, commitments, incentives, initiatives, or benefits referenced are not promoted to investors and do not bind any investment decisions or the management or stewardship of any funds advised or managed by CVC for the purpose of Regulation (EU) 2019/2088 unless otherwise specified in the relevant fund documentation or regulatory disclosures.

This document contains forward-looking statements which are based on CVC's current beliefs and expectations and are subject to substantial risks and uncertainties. Forward-looking statements speak only as of the date on which they are made, and CVC assumes no obligation to update or revise any forward-looking statements or other information contained herein, whether as a result of new information, future events or otherwise. Certain information contained herein relating to ESG goals, targets, intentions, or expectations, including with respect to SBTi targets and related timelines, is subject to change, and no assurance can be given that such goals, targets, intentions, or expectations will be met. Further, statistics and metrics relating to ESG matters may be estimates and subject to assumptions or developing standards (including CVC's internal standards and policies).

Case studies presented herein have been selected in order to provide illustrative examples of CVC's application of its ESG program. Descriptions of any ESG achievements or improved practices or outcomes are not necessarily intended to indicate that CVC has substantially contributed to such achievements, practices, or outcomes. For instance, CVC's ESG efforts may have been one of many factors—including such other factors as engagement by portfolio company management, advisors, and other third parties—contributing to the success described in each of the selected case studies. References to these particular portfolio companies should not be considered a recommendation of any particular security, investment, or portfolio company or be used as an indication of the current or future performance of CVC's investments.

In gathering and reporting upon the ESG information contained herein, CVC may depend on data, analysis, or recommendations provided by investments.

AUM figures are as at March 2023.
With respect to Credit: Commitment figure used for pooled-closed end funds and Separately Managed Accounts in ramping phase. Includes warehouse and drawn leverage facility figures for certain investment vehicles managed by CVC Credit. Underlying figures not in US Dollars are converted using a spot rate as at 31 March 2023. Includes Managed Funds, Securitization Vehicles, Listed Vehicles, Separately Managed Accounts and CLOs managed by CVC Credit Partners Investment Management Limited, CVC Credit Partners LLC, CVC Credit Partners European Investment Fund Management Limited, CVC Credit Partners European CLO Management LLP and CVC Credit Partners US CLO Management LLC, on a discretionary and non-discretionary basis.
With respect to Secondaries: Assets under management (AUM) is calculated in respect of each fund or investment vehicle that is managed or advised by Glendower Capital, LLP or Glendower Capital (U.S.), LLC (together, "Glendower") and aggregated in order to determine Glendower's total AUM. AUM is calculated as follows: (i) for each fund outside of its investment period with residual value, portfolio fair value, (ii) for each fund within the investment period, fund size less commitments drawn plus portfolio fair value, and (iii) for each fund that has not yet been activated yet, capital commitments closed to date.