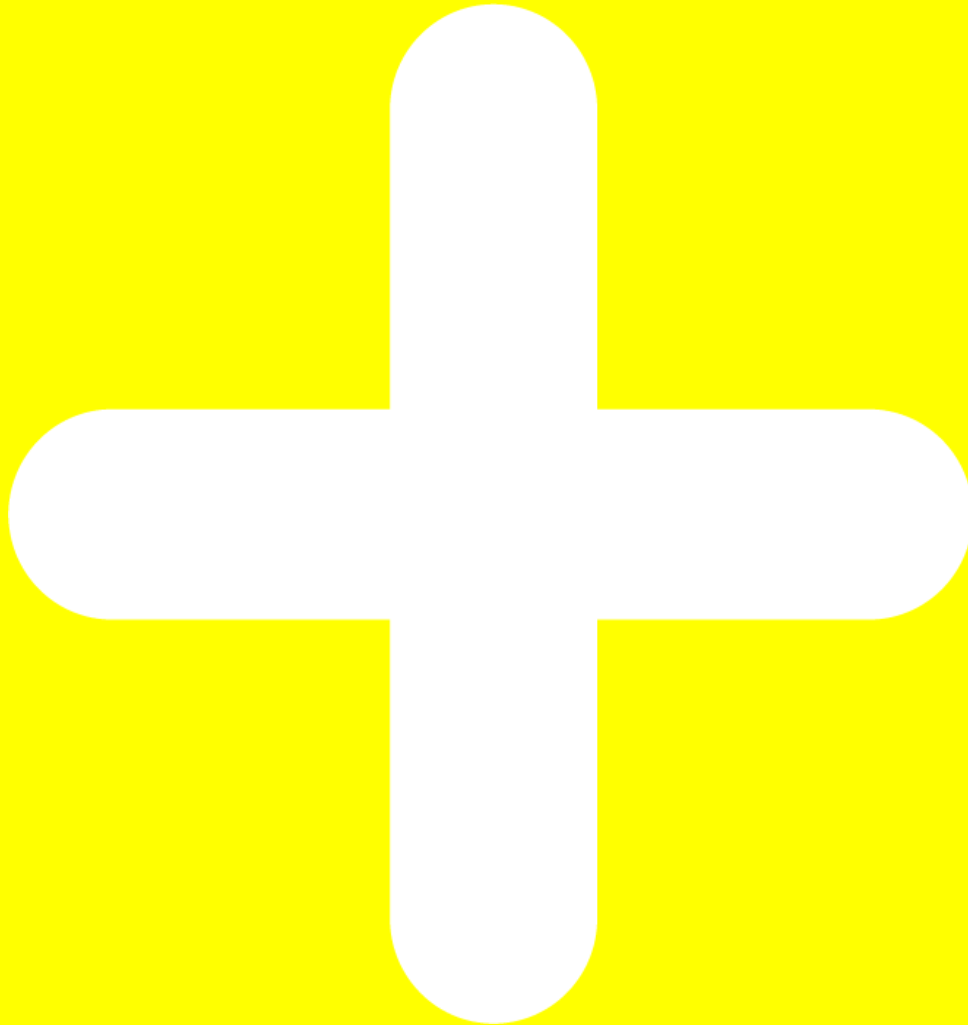




Operating Principles of Impact Management

Disclosure Statement October 2025

Palatine Private Equity is proud to be a signatory of the Operating Principles for Impact Management (the "Impact Principles") and had the policies and procedures in place to manage investments with accordance to the Impact Principles. This statement applies to Impact Fund I and Impact Fund II, total assets covered in alignment with the Impact Principles is £250m¹ as of August 2025.

Beth Houghton
Managing Partner, Impact Fund

1. Estimated USD equivalent of \$324m

Principle 1

Define strategic impact objective(s), consistent with the investment strategy.

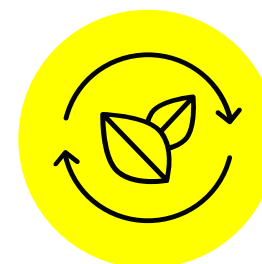
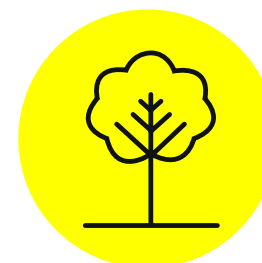
The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

Founded in 2005, Palatine Private Equity LLP (“Palatine”) is an independent private equity firm managed by the Partners that has raised c.£1 billion to date across five funds. Palatine is based in Manchester, a major financial centre in the North West of England and is one of a small number of established lower mid-market private equity houses with its head office located outside of London. Palatine also has offices in London and Birmingham, which are focused on originating and executing investments in the Southern and Midlands regions of England. Palatine has won several awards in recognition of its commitment to implementing and promoting ESG. Palatine has also been included in a number of industry publications on best practice in ESG, including the BVCA Responsible Investment Guide and the PRI guide to ESG monitoring, reporting and dialogue in Private Equity.

Following the success of Palatine’s ESG framework and through recognition of ESG creating value, Palatine raised a £100million impact fund.

Palatine’s Impact Fund invests in companies that make a difference to issues faced by society and the environment while delivering a market rate return. We do this by combining our returns focused active management approach with our impact strategy. Palatine is demonstrating that social and environmental change can go hand in hand with returns. We invest in companies that are tackling some of the biggest issues we face in society today such as inequalities in access to education, jobs and healthcare and climate change. Our companies are currently addressing 11 of the 17 Sustainable Development Goals (“SDGs”) and we are proud of the contributions our companies are making. We collect impact KPIs on all portfolio companies and report them to investors on a quarterly basis alongside financial metrics. We also produce an Annual ESG and Impact Report to track and communicate the sustainable outcomes achieved by the portfolio companies.

Palatine has identified four main investment themes informed by the trends and drivers we are seeing as a result of the social and environmental challenges we face. These themes provide an investment focus and strategic direction to maximise the positive impact from investments made by the Fund. In Impact Fund I Palatine has investments across all four themes and has experience of investing in companies that address inequalities by increasing job prospects in areas of deprivation, increased wellbeing and accelerate the transition to net zero. We have also highlighted the SDGs that are aligned to the sectors below.



Sustainable Communities



- + Children and young people
- + Skills and training
- + Sustainable, affordable housing

Reducing the inequalities we see in communities across the UK by increasing access to education, training, healthcare and other essential services.

Environment + Resources



- + Low carbon. Renewables and energy
- + Resource efficiency and circular economy

Encouraging healthy lifestyles to improve quality of life and reduce the risk of disease. Making sure that provision of healthcare is as efficient and effective as possible and accessible to those that need it most.

Healthy Living



- + Lifestyle and wellbeing
- + Ageing well
- + Access to healthcare

Supporting the enhancement of the natural environment through reducing environmental degradation and supporting net positive contributions to ensure a future of the planet and its ecosystems.

Sustainable Choices



- + Ethical consumerism
- + Ethical finance and fintech
- + Sustainable business services

Adapting to changing consumer spend and demand to provide goods and services in a sustainable and ethical way.



Principle 2

Manage strategic impact on a portfolio basis.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

For each company we define a bespoke set of KPIs that reflect the purpose of the company and the sustainability of outcomes. These KPIs are defined in conjunction with the management team, the in-house and external sustainability teams and the investment teams at the outset of the deal. At this time, we also set three-year targets for each impact KPI based on the company's three-year business plan. The sustainability of the impact is crucial, therefore we not only collect growth KPIs but KPIs that monitor the quality of impact and outcomes for individuals and/or the environment as well.

We track progression of these KPIs on a quarterly basis internally and at company board level so we can identify early if KPI targets are not being met. The KPIs are formally reported to investors on a quarterly basis alongside the financial performance of the business. They are also presented and reviewed in the annual Impact and ESG Report.

Performance against impact and ESG forms part of the appraisal process for the investment and sustainability teams.

Principle 3

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

Palatine Impact Fund seeks investments where there is a direct link between company growth and impact growth. We bring best in class private equity value creation capabilities to our businesses. Each company goes through a pre- and post-investment value enhancement process the output of which is a detailed road map for strategic growth and value creation throughout the investment lifecycle. In this process, Palatine also ensures that impact KPIs, human capital plans and operational plans are aligned and support each other

The initial strategic growth plan (SGP) is collaboratively prepared within the first three months of deal completion, but planning is iterative throughout the investment period. Progress against the SGP is reported on a regular basis and adjusted where necessary. Annual SGP days are held to reflect on the previous 12 months and recalibrate where necessary. Whilst the SGP process incorporates best practice project management, the approach is pragmatic and streamlined.

Two members of the investment team sit on each board and support the management teams throughout the life of the investment. Impact KPIs and progression to impact targets are reviewed on a quarterly basis and action is taken if the company is missing targets.

In addition we have three inhouse Sustainability experts to support in the implementation of ESG initiatives.

Principle 4

Assess the expected impact of each investment, based on a systematic approach.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment’s expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager’s strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

Palatine has developed a rigorous impact assessment and measurement strategy. Each investment goes through a sequence of assessment involving consultation with management, understanding of ambition, and context research to justify and frame the rationale for an investment that will scale the impact.

Details of the stages within this sequence are described further below and we have shown where they map on to the Impact Frontiers five dimensions of the measure of impact.



Impact Due Diligence paper

Our impact assessment on each company is captured in a pre-deal due diligence paper and presented at Investment Committee. The paper sets out:

- **Impact drivers for change:** this builds an analysis of why there is a need for intervention in the company’s sector and who the stakeholders are, e.g. to address unmet or growing need or respond to current and upcoming events, trends, legislation and social and environmental issues. The analysis is based on careful research, seeking verification from a range of relevant sources. References may include national Government statistics, trends and issues researched by expert or industry bodies and articles and papers in reputable journals, publications and media. This analysis enables us to create a robust Impact Investment Rationale.
- **The way the company makes a difference:** this analyses how the company is addressing the identified drivers to create tangible positive change, how well placed it is to maintain that position and, where applicable, become a leader in its field. This leads us to describe a meaningful Company Purpose.
- **The sustainability of the impact –** analyses how the company delivers impact and how strong and consistent it is.

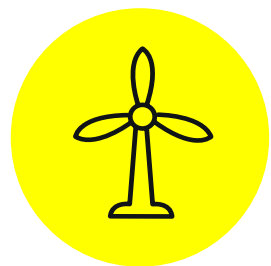
For each company we define a bespoke set of KPIs that are reported to investors on a quarterly and annual basis. We frame impact KPIs around impact sustainability metrics that have been developed by drawing on our team’s combined experience in growing businesses sustainably and on the ground solutions to social and environmental issues.

Principle 5

Assess, address, monitor, and manage potential negative impacts of each investment.

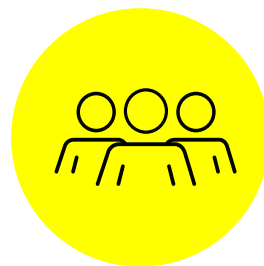
For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

Our ESG framework is based on 6 pillars of ESG This is applied across all our ESG integration processes throughout the investment lifecycle. Each pillar has a series of sub-themes that mean we can focus on material matters particular to any company or sector. We have used iterations of this framework since 2010, with updates as necessary to keep it relevant and resonant with management teams.



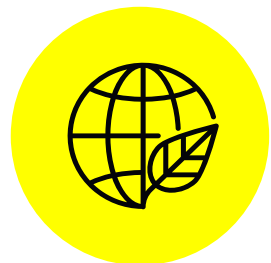
Climate

Strategies for climate resilience and the transition to Net Zero



People

Creating positive workspaces that promote safety and wellbeing, and nurture progression and inclusion to allow employees to flourish



One Planet

Reducing the impact of business inputs and outputs through redesign, re-use and recycling



Customers + Community

Meeting customers needs in the best, most responsible way possible and putting something back through purposeful community engagement



Supply Chain

Building ethics, sustainability and resilience into business supply chains



Leadership

Steering companies towards robust management of business ethics, risk and compliance and commitment to sustainable business practices

Palatine's ESG strategy includes

- Pre-deal, an ESG assessment is completed to understand the company's performance across the six pillars, identifying risk management requirements and value enhancement opportunities. These are reported and discussed at the Investment Committee;
- A focused action plan is developed to support companies on their sustainability journeys with in-house support and resources also made available;
- Engagement with senior management on the benefits of a proactive approach to ESG;
- Appointment of a board-level ESG ambassador from the existing executive team;
- Comprehensive annual Impact and ESG indicator surveys collected from each company for individual and portfolio wide analysis and reporting; and
- Summary annual reporting to investors on each company's Impact and ESG performance. Palatine's Impact and ESG Reports can be found in the data room.
- In 2025, we published our third Sustainability Report highlighting our successes from 2024, including setting our ambitious Science Based Target. The report can be found on Palatine's website.

Principle 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

Palatine will closely monitor investment performance by way of the following:



We track progression of impact KPIs on a quarterly basis internally and at company board level so we can identify early if KPI targets are not being met. The information is collected and presented by the management teams and checked and monitored by the investment and sustainability teams. The KPIs are formally reported to investors on a quarterly basis alongside the financial performance of the business this report includes a commentary on performance of the impact KPIs. Impact KPIs are also presented and reviewed in the annual Impact and ESG Report.

In addition, on an annual basis we collect over 40 ESG KPIs across our 6 Pillars of ESG. These KPIs are reported on an annual basis in our Impact and ESG Report. The ESG data is collected via an annual information request to all portfolio companies. It informs and assessment of performance over the last 12 months, documenting progress and identifying opportunities for improvements. An ESG score is assigned against each of the six pillars, which quantifies progress year on year. The data is also assessed at fund level to identify any gaps of knowledge or performance across all companies, which can then inform the ESG strategy for the fund over the next year.

Principle 7

Conduct exits considering the effect on sustained impact.

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

For any exit from the impact fund a formal exit paper is completed detailing financial and impact returns, timing of any exit and the ESG/Impact credentials of the company or private equity house acquiring the business. Taking all this into consideration the exit must be approved by the Investment Committee. We also create an exit paper for investors which outlines:

- The impact rationale of the business and why we thought the company was suitable for the impact fund;
- Delivery of the company purpose during the hold period;
- Sustainability of future impact – including impact credentials of the buyer;
- Impact KPI performance during investment;
- Value Creation drivers and initiatives during the investment period; and
- ESG Performance across the 6 pillars and in particular the material pillars.



Principle 8

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

As discussed under Principle 6 impact performance is reviewed throughout the investment period and on exit a report is produced with a detailed review of impact, ESG and value created during the investment period.

We continuously review our own impact and ESG strategies based on experience from investing our first impact fund. An example would be the introduction of impact KPIs targets from investment six onwards this was implemented following the experience of setting impact KPIs for our first five investments.

We are active in the impact investing community sitting on the BVCA Impact Investing Committee and participating on panels and roundtables to ensure we are incorporating best practice into our impact strategy.

Principle 9

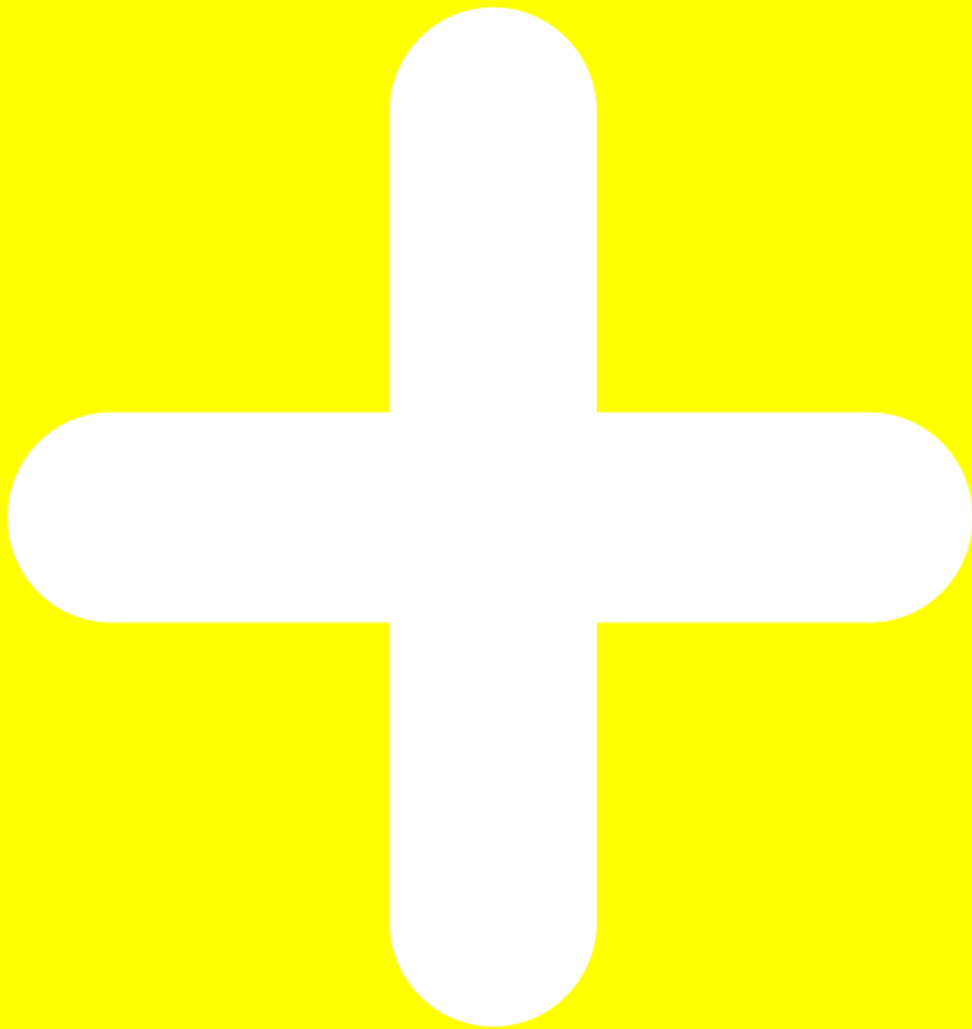
Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

This Disclosure Statement lays out the alignment of Palatine's impact management systems with the Impact Principles. The disclosure statement will be updated on an annual basis and, at regular intervals, we will arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed.

Palatine's most recent verification statement was prepared by The Good Economy¹ on 5th April 2023 and can be found [here](#). The next planned verification will be in 2026.

The Good Economy are AA1000 Assurance Standard Licenced Providers. The impact verification team at The Good Economy has a combined 60 years' experience in sustainable development, impact investing and impact measurement.



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