Sustainability report 2025



palatine



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Welcome to Palatine's 2025 ESG Report

At Palatine, we believe sustainability and building great businesses go hand in hand. It's a core part of good business and our approach to Positive Equity, managing risk, building resilience, and enhancing reputation. As we share our 2025 ESG Report, covering our Buyout, Impact, and Growth Credit Funds, the sustainability landscape continues to grow more complex, but also more important. For us, ESG isn't siloed; it's built into how we invest, enhance value, and grow resilient businesses across all our strategies.

2025 was a milestone year for Palatine. Against a backdrop of persistent inflation, elevated interest rates and geopolitical instability, we closed our largest-ever Buyout Fund, completed a strong run of new investments across the group, completed two exits, and continued to deepen our ESG credentials across the portfolio.



What we're seeing

The sustainability landscape has grown more contested. In the United States, the return of the Trump administration has accelerated an anti-ESG trend, with policy rollbacks on climate, diversity and environmental regulation emboldening a wider "greenhushing" trend in some markets.

Despite this, the institutional case for ESG-driven value enhancement remains robust. A BNP Paribas survey of investors representing over $33 trillion in assets found that 87% said their ESG and sustainability objectives were unchanged, and 84% expected progress to continue or accelerate to 2030. Our view is straightforward: done well, ESG drives efficiencies, strengthens resilience against regulatory, reputational and operational risk, and creates genuine commercial opportunity. Efficiency, security and growth - that's the lens through which we work with our portfolio companies, and it's why the conversation lands.

A strong year across all three funds

In April 2025 we closed Buyout Fund V at £254 million, our largest-ever fund, raised above target despite a challenging fundraising environment. The Buyout Fund completed two new investments during the year, backing Atombit, a pan-European leader in experience intelligence, and fulfilmentcrowd, a fast-growing global fulfilment provider.

Our Impact Fund portfolio continued to deliver, with bolt-on acquisitions strengthening several of our businesses, including Cura Terrae and Papilo, and B2W Group's rebrand to Leep Group reflecting its evolution into a diversified skills and workforce development organisation.

Our Growth Credit Fund had an active year, completing six new deals. We're pleased to see three portfolio companies hit the ESG ratchet, with a fourth in progress, a strong signal of the value our approach is helping to unlock.

Across the wider Buyout portfolio, bk plus and Bluprintx both continued active strategic M&A, strengthening their national and international footprints respectively.

Our continued commitment to sustainability

In 2025 we successfully recertified as a B Corporation, improving our overall score to 119.7 from 111.3, an 8% uplift placing us amongst the highest-scoring private equity firms in Europe, and we achieved the Inclusive Employers Standard Foundation accreditation. The introduction of Flotilla, our ESG and carbon reporting platform, will enable more rigorous and robust ESG and carbon data capture across the portfolio. As the first private equity firm to become a Carbon Literate Organisation, we've now educated over 300 individuals across our team, portfolio companies and investor network.

Our SBTi ambitions remain unchanged: a 42% reduction in our own emissions by 2030, and 100% of in-scope portfolio companies with validated science-based targets by 2032, eight years ahead of the SBTi's own deadline. In 2025 we also published our TCFD-aligned report, building on our inaugural publication.

Is ESG dead?

Elsewhere in this report, we tackle one of the biggest questions of the moment head-on. You'll find our take on whether the anti-ESG noise reflects a genuine shift, or a narrower, more mature phase for an agenda that isn't going anywhere.

Looking ahead

We're halfway through what remains a decisive decade for climate action and sustainable development. The political noise around ESG in some markets hasn't altered our approach or our conviction. We remain focused on building stronger, more resilient businesses that generate great returns while making a positive contribution to the places in which they operate.

Gary Tipper, Group Managing Partner

"For us, ESG isn't siloed; it's built into how we invest, enhance value, and grow resilient businesses across all our strategies"

What we believe in



“

We are committed to having a positive impact in all that we do. A positivity born of generating returns in the right way. We strive for sustainable growth by building on solid foundations with a commitment to the environment and society. We work with our partners, on equal footing, towards the same goal. Together, we shape businesses that prosper, even after our stewardship.

It’s simple: do the right thing, with the right people, and success will follow.

We invest from two private equity funds, with a strategy focused around ESG, value enhancement and building strong relationships. We also have a Growth Credit offering, which shares our mission of being a force for good and enhances our ability to support an increasingly important part of the economy.

buyout

Sustainable Returns

Our Buyout Fund invests in dynamic and visionary management teams looking to drive their business through their next phase of sustainable growth.

impact

Returns with Purpose

Our pioneering Impact Fund invests in commercially driven businesses with a mission to positively impact society or the environment.

growth credit

Regional Focus

Our Growth Credit Fund seeks to level-up the growth credit market across the UK by supporting maturing, high-growth tech companies in the regions.

There is an increasing amount of peer collaboration to help effect change in the industry. The associations we have joined forces with include:

Certified B Corporation · Carbon Literacy Project · Committed Member of Inclusive Employers · ilpa Institutional Limited Partners Association · Investing in Women Code · Science Based Targets · initiative climat international · PRI Principles for Responsible Investment · bvca Member Firm · Inclusive Employers Standard Foundation

Is ESG dead?

Here's what I'm hearing from the businesses actually doing the work

Two years ago, you couldn't open a business publication without reading about ESG. Today, the conversation has shifted. You're more likely to read about ESG fatigue, political backlash, or another fund quietly dropping the three letters from its website.

So, let me ask it plainly: is ESG dead?

I work with management teams in lower mid-market businesses every day, trying to make ESG practical and useful to the people actually running the business, not just reportable. And the more of those conversations I have had, the clearer something has become.

What businesses are rejecting is a version of ESG that never really worked for them in the first place.



Steph Wall,
Senior Sustainability Director

+ The conversation changed. The fundamentals didn't.

Political pushback, reporting overload, frameworks multiplying faster than anyone can use them. I understand why management teams, already stretched, already juggling a dozen competing priorities, looked at ESG and wondered whether it was actually moving the needle on anything that mattered to their business.

But here is what I keep seeing on the ground. The underlying pressures that ESG is designed to help businesses manage have not gone away. Customers are still asking hard questions about supply chains and climate commitments. Insurers are pricing risk differently. Regulators haven't stepped back. And the talent market, particularly for the skilled people that growth businesses depend on, hasn't stopped caring about where they work and why.

The businesses that stepped back from ESG didn't make those pressures disappear. They just stopped having a framework for managing them.

This is not just a Palatine view. Sustainability leaders meeting at the World Business Council for Sustainable Development's annual conference earlier this year arrived at a similar conclusion: in the wake of the backlash, sustainability has been reframed into an argument for resilience and investibility. As one delegate observed, today's negative externalities are tomorrow's risks, and the day after tomorrow's portfolio losses. The businesses ignoring ESG pressures today are not making them disappear, they are just storing them up.

Gary Tipper, our Group Managing Partner, puts it plainly: "I've been in private equity for over 30 years. The businesses that manage these things well - their energy costs, their governance, their people - are just better businesses."

+ A simpler frame

In the last year, we have changed how we talk about ESG with management teams. We have stopped leading with the acronym and started asking three questions instead. How can this business run more efficiently? Where is it exposed to risk it hasn't fully mapped? And where can the way it operates unlock new opportunities for growth?

+ Efficiency. Security. Growth.

Strip away the jargon and that is what ESG is actually about. Efficiency shows up in energy costs, waste, and how resources are used. Security covers governance, supply chain integrity, cyber risk, and the licence to operate. Growth is about whether the business can win customers, attract talent, enter new markets, and ultimately exit well.

We now use this as a practical diagnostic when we start working with a management team, identifying the two or three factors that could genuinely affect whether their business grows, stalls, or sells well, and building a plan around those. Not a generic checklist. Instead of talking about a materiality matrix nobody looks at again after year one, we use a focused set of questions that connect directly to the commercial plan.

The shift in language matters more than it sounds. Talking about scope three emissions in a board meeting for an SME is not useful. Talking about what their top three customers are about to start asking in procurement reviews, that gets attention.

+ Where the value shows up

The honest answer is that ESG value is not always easy to isolate as a single line item. But in my experience, it shows up consistently across three parts of a business's life. Operating costs come down when energy, waste, and resource efficiency are taken seriously. Revenue becomes more defensible and in some cases actively grows, when a business can answer ESG questions in tenders and procurement processes credibly. We have portfolio companies that have won contracts specifically because they could demonstrate strong governance, supply chain transparency, or a credible climate plan. One of our portfolio companies recently set a science-based target in direct response to a requirement from their largest customer - without it, they risked losing the contract entirely. This is not an isolated case. As large enterprises respond to their own reporting obligations and net zero commitments, they are increasingly passing ESG requirements down their supply chains and for many SMEs, their biggest customer is now their most significant source of ESG pressure.

> "I've been in private equity for over 30 years. The businesses that manage these things well - their energy costs, their governance, their people - are just better businesses.
>
> Gary Tipper
> Group Managing Partner

At exit this becomes even more visible. Buyers are running ESG due diligence as standard. A business that has left governance gaps, climate data, or people risks unaddressed ends up answering difficult questions under time pressure at exactly the wrong moment. The numbers bear this out. Research by the PRI, Bain and NYU Stern, drawing on more than 400 investors globally, found that firms effectively integrating sustainability into their strategies achieve up to a 6-7% uplift in exit multiples alongside a 6% increase in portfolio company revenue. That is not a marginal difference.

As Gary puts it: “Every buyer we speak to is asking these questions now. The businesses that can answer them confidently are in a completely different conversation to the ones that can’t.”

+ So, is ESG dead?

Not even close. But the version that deserved to be challenged – abstract, compliance-driven, disconnected from how businesses actually operate – I’m happy for that version to be left behind.

What I see replacing it, in the management teams I work with who are getting this right, is something more grounded, more focused and more commercial. ESG is a way of asking whether a business is running efficiently, whether it is exposed in ways it hasn’t noticed yet, and whether it is positioned to grow. These questions are not new, but ESG, done well, just helps you answer them with clarity, and earlier.

That is not a values conversation. It is a business one. And after a decade of having used it with management teams across the UK lower mid-market, I think it is one of the most useful conversations we have.

“

Research by the PRI, Bain and NYU Stern, drawing on more than 400 investors globally, found that firms effectively integrating sustainability into their strategies achieve up to:

↗ 6–7% Exit multiple uplift

↗ +6% Portfolio company revenue



What we have achieved

2010

- Committed to be leaders in ESG and to take a value driven approach to sustainability.
- Created a policy and 6 Pillar Framework, both of which we continue to evolve.
- Trained our entire team to drive the ESG system.

2011

- Implemented the ESG framework across the full investment lifecycle.
- Adopted an ESG KPI set and annual update process.

2018

- Built our own in-house ESG and Impact team from 2018 onwards.

2020

- Joined the Initiative Climat International (iCI) to engage in cross-sector collaboration on climate action.

2021

- Became the world's first Carbon Literate private equity house.
- Became signatories of the Operating Principles of Impact Management.
- Launched our Positive Equity brand placing sustainability at the heart of Palatine's purpose.

2022

- Became a B Corp. After years of being leaders, we gained external verification and scored in the top four PE houses in Europe.
- Launched our internal Inclusion and Diversity committee.
- Joined the ESG Data Convergence Initiative (EDCI).

2023

- Raised our second Impact Fund that is labelled as Article 9 under the EU SFDR.
- Became a signatory to the Investing in Women Code.

2024

- Set ambitious science-based targets (SBT), validated by the global Science Based Targets initiative (SBTi).
- Raised our first Growth Credit Fund, with an ESG ratchet to encourage sustainability achievements.

2025

- Executed three ESG margin ratchets in the Growth Credit fund.
- Re-certified as a B Corp with an 8% uplift in our original score to 119.7.
- Three companies with validated SBTs and a further four planned.
- Raised our fifth Buyout Fund.
- Achieved the Inclusive Employers Standard Foundation accreditation.
- Partnered with Flotilla to enhance ESG reporting across our operations and the portfolio.

2026

- Recertified as a Carbon Literate Organisation at the Silver level.
- Invested in a fellow B Corp, bringing the number of B Corp-certified businesses in our portfolio to three.

These milestones show our foundational commitment in 2010 and key achievements over the past eight years. We recognise many important milestones occurred in the interim. For a complete history, please refer to our previous reports.

A year in numbers

1 new recruit

Michael Ginn



2 exits

8 investments

4 promotions

1 fund raised

21 acquisitions

62:38 male to female gender split at Palatine

£86,540 donated in cash and kind to charities reducing inequalities across the UK

33% of the Growth Credit Fund achieved the ESG ratchet

35 companies in the portfolio

319 people trained in Carbon Literacy across Palatine, our portfolio + our network

7,941 jobs supported in the current portfolio

Governance of sustainability

Board and Managing Partners

Sustainability is embedded within Palatine's investment philosophy and governance structures. The Impact Managing Partner sits on the board with direct oversight of ESG matters, supported by regular updates from the Senior Sustainability Director. Key ESG policies are reviewed annually by the board and signed off by senior leadership to ensure alignment with internal priorities and global standards. The board also approves an annual ESG budget, including sustainability initiatives.

Investment Committee

The Senior Sustainability Director attends all Investment Committee meetings, ensuring ESG considerations are included in all investment papers and discussed with the relevant Managing Partners.

Portfolio & Investment Teams

The Investment and Portfolio teams work closely with the Sustainability Team to assess ESG risks and opportunities from due diligence through to exit. ESG factors are incorporated into decision making and are discussed at board meetings quarterly to ensure alignment with Palatine's sustainability strategy.

Sustainability Team

The Sustainability Team supports ESG integration across the full investment lifecycle and serves as a dedicated resource for both Palatine and its portfolio companies. Led by the Senior Sustainability Director, the team comprises a Sustainability Manager and Sustainability Executive, providing due diligence, carbon footprinting, annual reporting, and monitoring sustainability performance. The team also works to build ESG capability across internal teams and portfolio companies through ongoing engagement and support, including setting and achieving sustainability targets.

Portfolio Management Team

Portfolio companies are encouraged to appoint a board level ESG lead and mirror Palatine's own governance structure and commitment to sustainability. ESG updates are regular board agenda items, helping ensure alignment with Palatine's sustainability goals and allowing ESG matters to be promptly addressed and supporting continuous improvement across the portfolio.

This relates to our equity funds only

Sustainability strategy

Our vision for the future

Emmeline Pankhurst, the Manchester born and most influential British suffrage leader, was the inspiration for our sustainability strategy, recognising that we can draw inspiration from Pankhurst; to be innovative, transformative, sincere, and dedicated to delivering positive outcomes. With this, we built the essence of our sustainability strategy, with the guiding principles being influenced by her movement.

To deliver our vision, we've implemented a sustainability strategy to provide a framework to achieve performance improvements in three areas that we have deemed materially important to Palatine. Here we report the progress we have made in the last year.

Deeds not words

We will maintain our leadership position through the delivery of ESG improvements and outcomes within Palatine. We will lead by example.

Rally the portfolio

We will support and facilitate our portfolio companies to improve their sustainability performance; realise efficiencies, gain competitive advantage and future proof value.

Achieving together

We will build the capability of our team through ongoing learning and collaboration with our network to achieve our vision together.

Rise up industry

We know that we cannot do this alone. We will use our platform to influence the industry and invite them on this journey to achieve a common goal of sustainable investment.



"This is the place that has helped shape the world

And this is the place where a Manchester girl

Name of Emmeline Pankhurst from the streets of Moss Side

Led a Suffragette City with sisterhood pride

'This is the Place'
by Tony Walsh

Climate + nature

1

Embed nature-positive principles across the investment lifecycle and fully align with the TNFD framework by 2030

In progress

Each portfolio company is asked to assess its nature-related dependencies and risks on an annual basis and is encouraged to develop a management plan to address those risks where applicable. Due to the profile of our investments, nature-based risks are low for the majority of our portfolio companies, therefore we are developing an approach that is commensurate and meaningful.

2

Achieve net zero operations by 2028

Progress: 97%

We are still working on this. In 2025, 97% of electricity used in our offices was renewable[1], up from 95% in 2024.

3

100% of portfolio companies to have set SBTs by 2032

Progress: 11%

We aim for 60% invested capital coverage by 2028. To support wider adoption, we launched the Palatine SBTi Playbook in 2025, offering practical guidance for setting validated decarbonisation targets.

[1]Defined as being backed by a renewable energy certificate or REGO.

Inclusion + diversity

1

Gain accreditation to the Inclusive Employers Standard by 2025

Progress: 100%

We achieved the Inclusive Employers Standard Foundation accreditation, following a robust assessment of our inclusion activities and culture.

2

100% of portfolio companies to have an Inclusion Policy in place within 12 months of investment

Progress: 95%

All but one company in the portfolio has a policy in place. We have worked with Inclusive Employers to develop an Inclusion Policy Toolkit to support the current and future portfolio implement a meaningful inclusion and engagement policy.

3

Progress all companies to advance at least one stage on the Inclusion and Diversity (I&D) maturity scale within three years of joining the portfolio

In progress

We have developed our I&D maturity scale, according to best practice, and plan to do an assessment of the portfolio baseline.



Wellness + engagement

1

Annual delivery of ESG training for all Palatine employees

Progress: 100%

An ongoing commitment to deliver training for all Palatine employees. Training in 2025 included upskilling on our SBTi decarbonisation target, the shifting role and importance of sustainability, neurodiversity inclusion training, Carbon Literacy training and wellness in the workplace.

2

100% of portfolio companies to have completed Mental Health First Aiders (MHFA) needs assessment within 12 months

Progress: 100%

Our internal processes have been updated to ensure that each company discusses their approach to mental health first aid at investment, and the needs assessment has been shared with all new investee companies.

3

Deliver an annual Wellbeing Plan with a minimum of four targeted initiatives, achieving a participation rate of >50%

In progress

A wellbeing calendar is developed annually. In 2025 our team marked Brew Monday, held a social walk and team padel day during Mental Health Awareness Week, escaped the office during our team away trip and got together at numerous team socials throughout the year. In 2026 we also developed a method for measuring participation rates.



How we do it in our equity funds

ESG is a crucial part of value enhancement. Through our considered approach to ESG, not only do we achieve sustainable outcomes for people and the planet, but we also add value, build better businesses, and generate sustainable returns.

Palatine's proprietary Six Pillar Framework is applied consistently across all funds and all deals. It frames ESG activities and ensures a rigorous and robust approach to ESG that is consistent and replicable. It allows for the identification of risks as well as having a strategic application to take advantage of the opportunities that ESG brings.

OUR SIX ESG PILLARS

Climate

Strategies for climate resilience and the transition to Net Zero.

One planet

Reducing the impact of business inputs and outputs through redesign, reuse and recycling.

Supply chain

Building ethics, sustainability and resilience into business supply chains.

People

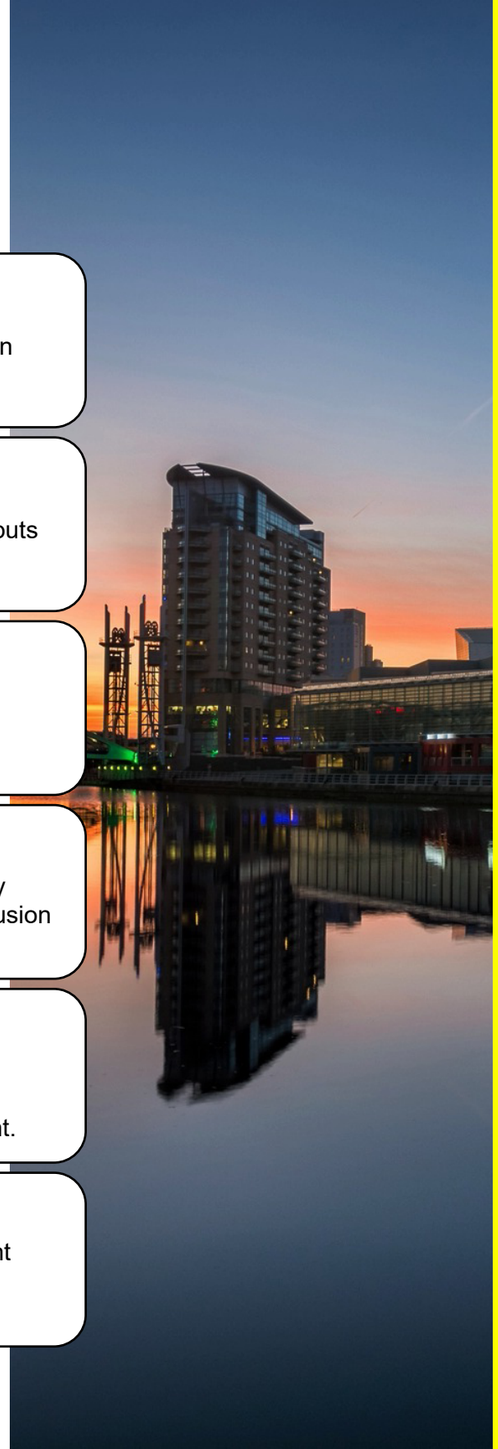
Creating positive workplaces that promote safety and wellbeing, and nurture progression and inclusion to allow employees to flourish.

Customers + community

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

Leadership

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





STEWARDSHIP

Pre-deal

- Assess potential deal for material ESG risks and opportunities.
- Commence management team engagement on ESG topics.
- Complete ESG assessment across the Six Pillar Framework and ESG due diligence.
- ESG performance summarised within the investment paper and discussed at the Investment Committee.

Capacity building

- Assign Board level responsibility for ESG.
- Issue ESG report to portfolio company.
- Deliver ESG strategy workshop with the company to shape the ESG action plan.
- Deliver ESG training, networking and events.
- Calculate carbon footprint.
- Drive commitment to setting an SBTi-validated target.

Monitoring

- Quarterly reporting on ESG at the Board.
- Quarterly portfolio ESG progress meetings.
- Annual ESG data request.
- Annual carbon footprint and target progress.

Reporting

- Annual performance update and summary report.
- 12 month action planning.
- Internal review on ambition and progress.

Exit

- ESG journey explained within exit documentation.
- Case study development.

B Corp: A Movement

B Corp is more than a certification; it is 11,000+ organisations, across 105 countries and over 1.1 million individuals believing that there is a better way to do business. And proving it.

Private equity is a great place to test this hypothesis. Our spheres of influence extend from our own operations to the companies that we support, and to those that are seeking investment. As momentum behind the B Corp certification continues to grow, we are beginning to see this movement take shape, and to see the return on our own commitment to it.

We are a B Corp because acting sustainably manages risk, resilience and reputation. Climate risk, transitional and physical, is ramping up and as 'ESG' undergoes further scrutiny, operating ethically and looking after suppliers and customers remains imperative. Being a B Corp demonstrates that we are acting where it counts. There is a clear correlation between companies with mature sustainability practices and strong financial performance. Our own experience over the last decade has shown us first-hand that improved sustainability outcomes contribute to sales growth, talent retention, brand value and strong returns.

Internal

Progress against B Corp:

Certification is not the end game; it is the continuous improvement that comes with it.

111.3 → 119.7

2022 score | 2025 score

Revenue generation

In 2025, we recertified as a higher-performing B Corp and raised our largest ever fund, above target, at £254 million. Investors increasingly expect sustainable growth, and our maturing approach to ESG continues to support that confidence.

Standout improvements since our first certification:

- **Governance:** We published our sustainability strategy in 2023, centred around climate and nature, inclusion and diversity, and wellbeing and engagement at Palatine and across our portfolio. We have measurable ESG objectives, targets and KPIs, and annual reporting against this strategy.
- **Community:** We have worked hard on our inclusive culture with an active inclusion and engagement strategy and improved recruitment processes, which has resulted in improved gender balance, achieving 62:38 M:F. We work collaboratively with organisations like the initiative Climat International (iCI), Investing in Women Code and Operating Principles for Impact Management. We have supported charities with a focus on social mobility and raised £86,540 and spent 166.5 hours volunteering.
- **Workers:** We are committed to investing in our people. We have continued to 'promote our own' and invest in professional qualifications for our team. We experience very high levels of employee engagement with an eNPS of +65 (classed as excellent). Our benefits and policies have continued to evolve providing greater support for our team and their families.
- **Customers:** In April 2025 we closed Buyout Fund V, above target, at £254 million and have since started to invest from our largest ever-fund. Our Impact Fund II continues to be deployed and exits continue to prove our returns with purpose thesis. Our Growth Credit Fund I made its first returns to investors in 2026 with its maiden exit and our ESG ratchet has been achieved by three companies with another company pursuing it. In all our investments, sustainability remains a key value enhancement lever, and our approach has continued to mature.
- **Environment:** Our science-based carbon reduction target has been verified by the SBTi, and we are making measurable gains, achieving a 5.2% reduction in scope 1 and 2 emissions across the portfolio in 2025. We remain focused on reducing our financed emissions, with 11% of our invested capital covered by an SBTi-validated decarbonisation target, and a projected 31% coverage by the end of 2026.

External

Investment in OryxAlign

Tech Services | **July 2026**

We have invested in OryxAlign, a specialist provider of mission-critical network design, build and managed IT services, to accelerate OryxAlign's growth across its core markets, including the fast-growing data centre and built environment sectors.

We're both certified B Corporations - and for OryxAlign, that shared status was one of the defining factors in selecting us as their partner. Shared values and a commitment to responsible business practice were as important as commercial credentials. It is also a market differentiator: OryxAlign is the only B Corp-certified provider operating across both the data centre and construction sectors, a distinction that strengthens client relationships and competitive positioning.

> "The fact that Palatine is also B Corp certified was a decisive factor. It confirmed our values were aligned and that this is a partner who understands that sustainable, responsible growth and strong commercial performance are not in conflict. We are excited about what we will build together."
>
> Carl Henriksen, Founder and CEO of OryxAlign

Strengthening our culture and belonging

We conducted our second diversity survey in 2025, achieving a 94% completion rate and providing a strong evidence base to inform action across the business. Insights from the survey guided tangible actions, including the introduction of improved neo-natal and paternity policies, as well as the delivery of neurodiversity inclusion training to all employees in collaboration with Inclusive Employers.

Our work on improving culture and belonging across our business culminated in achieving the Inclusive Employers Standard Foundation accreditation following a robust assessment of our inclusion activities and the evidence of culture behind them. This is a significant milestone, recognising the depth and consistency of our approach to building an inclusive culture.

Recognising that there is always more to do, we will use the **feedback report** and action plan from Inclusive Employers to inform our next steps.

Inclusive Employers Standard Foundation

Strengths identified

Data and disclosure

Exceptional disclosure rates for an organisation of our size that reflect trust and engagement from our people.

Inclusion and sustainability

We see inclusion as part of the bigger picture, connecting it to how we think about sustainability and responsible business more broadly.

Internal communications

Regular communication underpins how we drive our inclusion agenda forward.

Policies

Clear, consistent attention to inclusive language, reinforcing the culture we want to build across the business.

Training

Investment in developing our people's understanding of inclusion, helping to build a culture where everyone feels equipped to contribute.

Events and campaigns

Beyond raising awareness, with action focused initiatives spanning volunteering, career development, and social value.

Building on our momentum

Looking ahead, we have identified some clear priority areas, including:

Conducting a biennial diversity survey + Sharing our work on improving culture and belonging more widely with employees, investors, and the wider industry + Tracking progress and benchmarking consistently against objectives

> "Achieving this accreditation is an important milestone in our inclusion journey. The process has helped us understand our current position and identify key areas for future development. We feel energised about our inclusion work and committed to boosting the positive impact of belonging throughout our organisation and the wider industry."
>
> Andy Strickland, Partner and Head of the Inclusion and Diversity Committee at Palatine

Cutting Waste, Cutting Carbon: Inside Morro's SBTi Commitment

Matt Moore, Group CEO at affordable homes developer, Morro Partnerships, talks to us about the culture shift behind the business's science-based emissions target, the practical changes already paying off on site, and the difference that having Palatine's support has made along the way.



Matt Moore,
Group CEO

MORRO

+ 42% reduction in scope 1 and 2 emissions by 2030

+ Can you tell us a bit about Morro: what you do, the nature of your emissions footprint and what prompted you to start looking seriously at setting a decarbonisation target aligned with science and validated by the SBTi?

It's fair to say this business has been on quite a journey, especially since Palatine became the investor. When I arrived, it was a very traditional West Midlands-based contracting business. Traditional in how it approached its work, traditional in how it approached its people. The culture was deeply embedded and changing it was a huge undertaking.

Morro came about because we wanted to set a new tone, new aspirations, a new feel. We couldn't do that under the old name. So we engaged a marketing company, told them we wanted a name that captured our purpose – being better tomorrow, making things better for everyone we build for, for our industry. And so Morro was born.

Today we have two main offices, just under 150 staff, turning over around £140 million across at least 25 different construction projects, working with probably 40 to 50 different housing associations and local authorities at any one time.

Because of the nature of what we do, building homes, we have a significant emissions footprint, but we also have a lot of opportunity to show real, tangible change. That made decarbonisation an obvious direction for us. Huge credit to Palatine, and to Nikhita, Steph and Gary, for introducing this thinking to us and for also recognising that we had a huge operational job at the same time. They understood both the opportunity and the challenge.

+ What did setting a science-based target actually require Morro to do, and why did it feel like the right commitment to make?

On a practical level, it required us to start capturing data in a way the business had never done before. We started with the obvious, easy wins, electric cars, green energy tariffs, that kind of thing. But unless people understand the real reason they're doing something, those changes are hard to implement and sustain.

What helped was that some of this work was already underway. A few years ago, well ahead of the SBTi commitment, we had embarked on a mission to change how our construction sites think about waste. We had a culture of general waste skips – everything thrown in together, no segregation, no control. It was costing us money, and it was the wrong thing to do. So, we turned that on its head. We empowered site teams to challenge their supply chains and subcontractors to introduce full on-site waste segregation. Timber offcuts into timber skips. It sounds obvious now, but at the time it was a genuine culture shift. We have since had one site that has not used a single general waste skip, something a lot of people said would be impossible.

That kind of progress made the SBTi commitment feel like the natural next step. When you look at everything the business was already doing, it felt achievable. A 42% reduction in scope 1 and 2 emissions by 2030 is a serious target, but beyond the numbers, it is simply the right thing to do. It makes us a better business. It makes us more attractive to the people we want to recruit. And it gives the whole team a genuine sense of purpose.



How has it changed the way your team operates, and has it had any impact commercially or changed conversations with partners and customers?

Operationally, the shift has been massive.
The biggest single change has probably been energy use on site. Historically, you brought in a generator, ran it on diesel, and that was just what happened. Now the business defaults to solar first. We are using PV panels on construction sites and in some cases not needing a generator at all for periods of time. Commercially, it is paying for itself.

The waste piece has also saved us a significant amount of money. Using segregated, specialist skips rather than general waste skips is cheaper, and we have developed some genuinely creative reuse partnerships. We now work with prisons.
For example, timber offcuts from the prison are made into benches, bird boxes, and drain covers, and then returned to the site. It sounds modest, but it is commercially beneficial, and it is exactly what we mean when we say we want to make our industry better tomorrow than it is today.

In terms of conversations with partners, our clients, councils, registered providers, and housing associations are becoming much more interested in how we build and what we can report back to them. They want to see what decarbonisation initiatives we have introduced on their sites. That reporting relationship has changed significantly. And we are now being approached by local and combined authorities who want to pilot new schemes with us because they see a genuinely innovative business willing to try things.

With recruitment, too, new people coming into the business regularly say they like what we are doing for the environment. It is becoming part of who we are.

Nikhita was seconded from Palatine to work at Morro. What did that make possible that you don't think you would have managed otherwise, and how did the secondment work in practice?

Honestly, if Nikhita had not been here, we would not have got to where we are anywhere near as quickly or as well. She made it happen.

She spent the time doing the research that nobody in the business really had the capacity or the expertise to do. She helped us capture data and put in place systems and ways of thinking that suited the specific nature of our business. And our business is not easy. We are not all in one office under one roof. We are spread across dozens of active construction sites. Capturing data in that environment is genuinely complicated, and Nikhita worked through that with us.

She also created something that I would describe as a sustainability team within the business, about half a dozen people who, before this, were not used to thinking in these terms or producing this kind of data. She worked with them, she brought them along, and now they all understand why it matters.

What I will also say is that she was passionate about it, and that passion came through. We are a business full of builders. Walking into a room and talking about Scope 1 and 2 emissions is not a natural conversation in our world. But the way Nikhita approached it, embedded herself with the teams, built real relationships, it worked. Some of those team members are genuinely good friends with her now. That says everything.

More broadly, what has the support from Palatine looked like throughout this, and would you have got to where you are now without it?

I do not think we would. I will be straight about that.

The SBTi commitment has given the business a clear mission and purpose. But getting there required Palatine, and specifically Steph and Nikhita, to hold our hands a bit, to keep pushing this forward, to make sure we did not just get to a certain point and stop.

We are now twice the size we were a few years ago. The initiatives we run and the systems we use look very different. And through all of that growth and change, Palatine brought the understanding, the relevance, and the expertise to the business. They helped us embed a culture and an approach to actually make this happen.

I said at our all-staff event last Friday. I stood in front of assistant site managers, and we talked about SBTi. Some of them look at you a bit sideways at first. But then you explain why the business is doing this, what it means for our ability to win new work, what it says about the kind of business we are becoming, and they get it. That shift would not have happened without the support we had from Palatine.

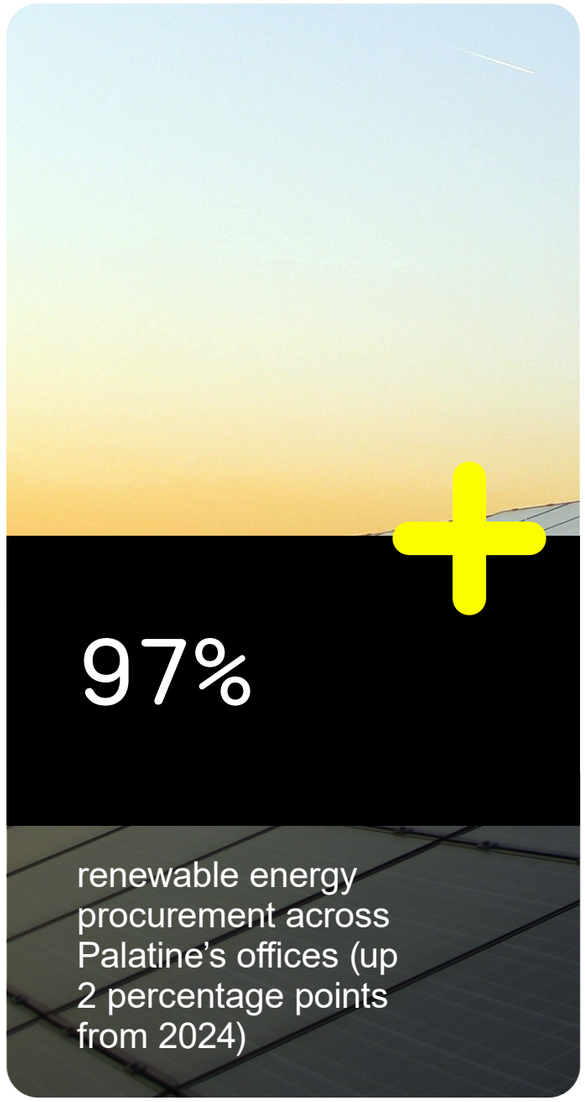


> "The SBTi commitment has given the business a clear mission and purpose. But getting there required Palatine, and specifically Steph and Nikhita, to hold our hands a bit, to keep pushing this forward, to make sure we did not just get to a certain point and stop.
>
> Matt Moore, Group CEO at Morro Parterships

Environment

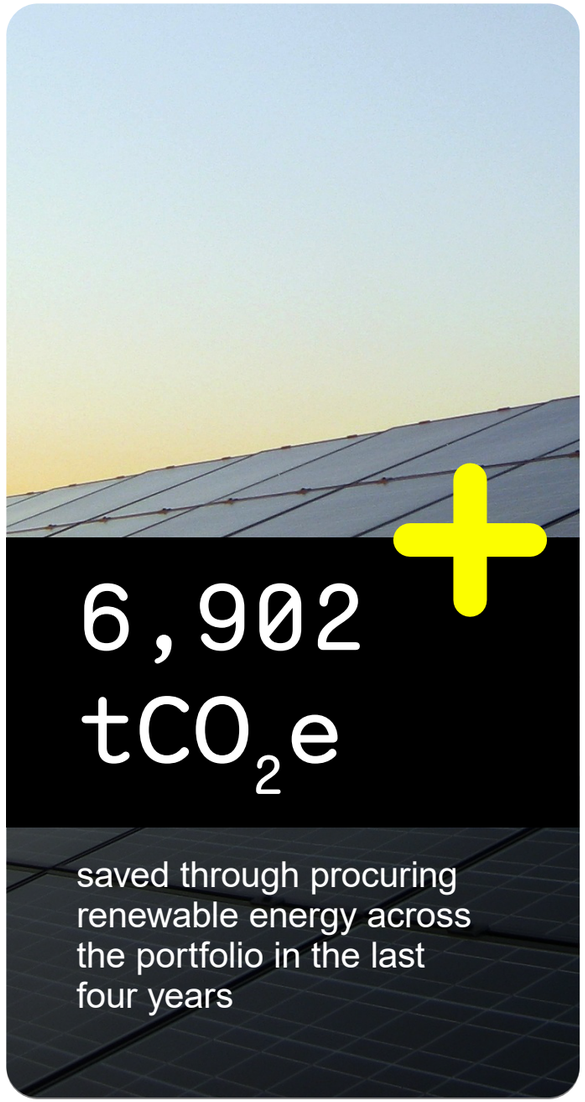


Climate action



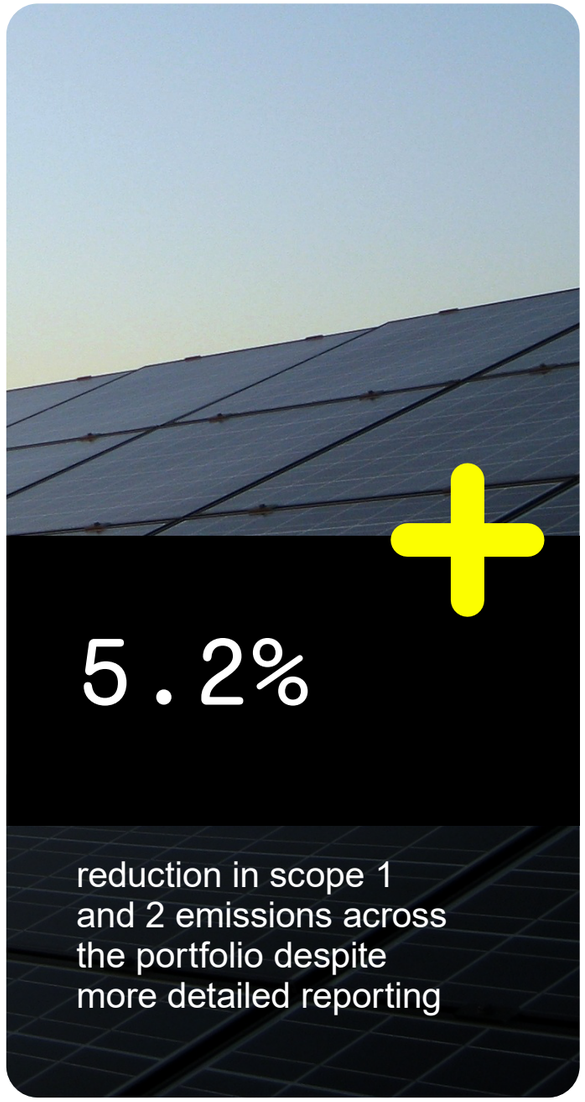
97%

renewable energy procurement across Palatine's offices (up 2 percentage points from 2024)



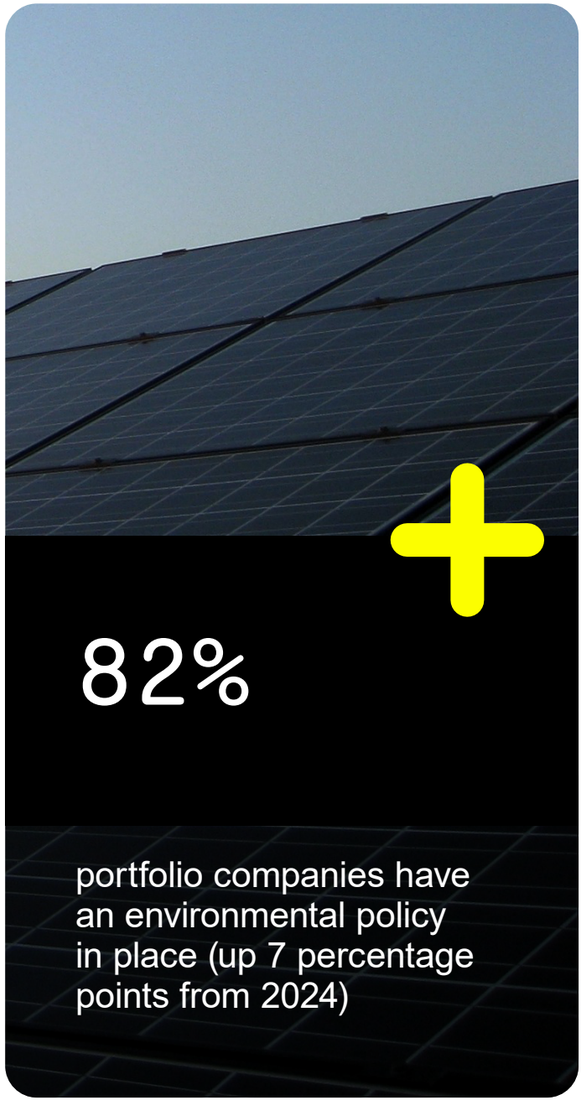
6,902 tCO_2e

saved through procuring renewable energy across the portfolio in the last four years



5.2%

reduction in scope 1 and 2 emissions across the portfolio despite more detailed reporting



82%

portfolio companies have an environmental policy in place (up 7 percentage points from 2024)

Expanding the coverage of our footprint

In 2025, we partnered with Flotilla, a sustainability technology platform specialising in the private equity sector, to strengthen ESG and carbon management across our portfolio. For the first time, we have measured and reported scope 1, 2, and all material scope 3 emissions for Palatine and our private equity[1] portfolio. This has resulted in a greater total footprint reported, which reflects greater transparency and stronger foundations from which we can strategically plan decarbonisation and embed sustainability into decision-making.

This update reflects an ongoing history of iteratively improving the data we report. The timeline shows how this has changed over time, and how the new footprint differs from the data reported historically.



2018

- The Palatine Sustainability Team first engages portfolio companies on carbon emissions.
- Emissions are calculated using the GHG protocol calculation methodology.

2021

- We report the Impact Fund portfolio-level carbon footprint to investors for the first time.
- Emissions reported include scope 1, scope 2 and business miles (a subsection of C6: Business travel).

2022–2024

- We consistently report scope 1, scope 2 and business miles for all companies in the portfolio.
- Individual company emissions are reported in each ESG update.

2025

- We report portfolio-level financed emissions for the first time, using the GHG protocol, scope 3 C15: Investments guidelines.
- We partner with Flotilla.

2026

- Palatine and our entire portfolio measures scope 1, 2 and all material scope 3 emissions for the 2025 calendar year through Flotilla.
- Financed emissions reported as per the PCAF guidelines.

[1]Data covers Palatine Buyout Funds III, IV and V and Palatine Impact Funds I and II.

Our operational carbon footprint

Palatine delivered another year of measurable carbon reductions across its operations in 2025. Emissions from our direct operations remain negligible, while those associated with energy use have decreased further from 2024, supported by renewable energy now covering 97% of consumption across our offices.

2021

C6: Business travel

2022

C3: Fuel and energy related activities (FERA)
C6: Business travel

2023

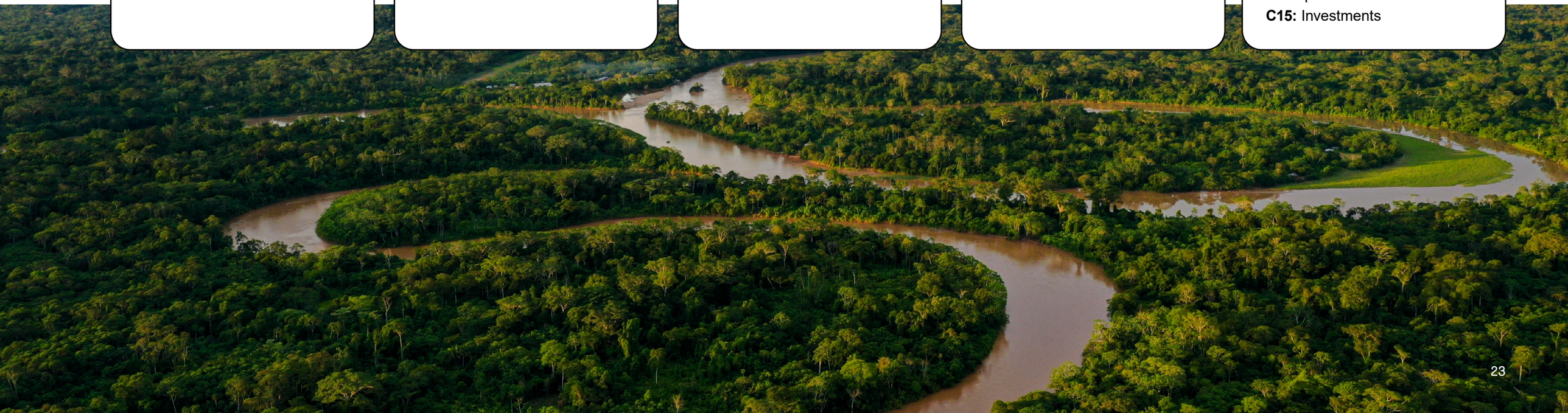
C3: FERA
C6: Business travel
C8: Upstream leased assets

2024

C3: FERA
C6: Business travel
C7: Employee commuting
C8: Upstream leased assets

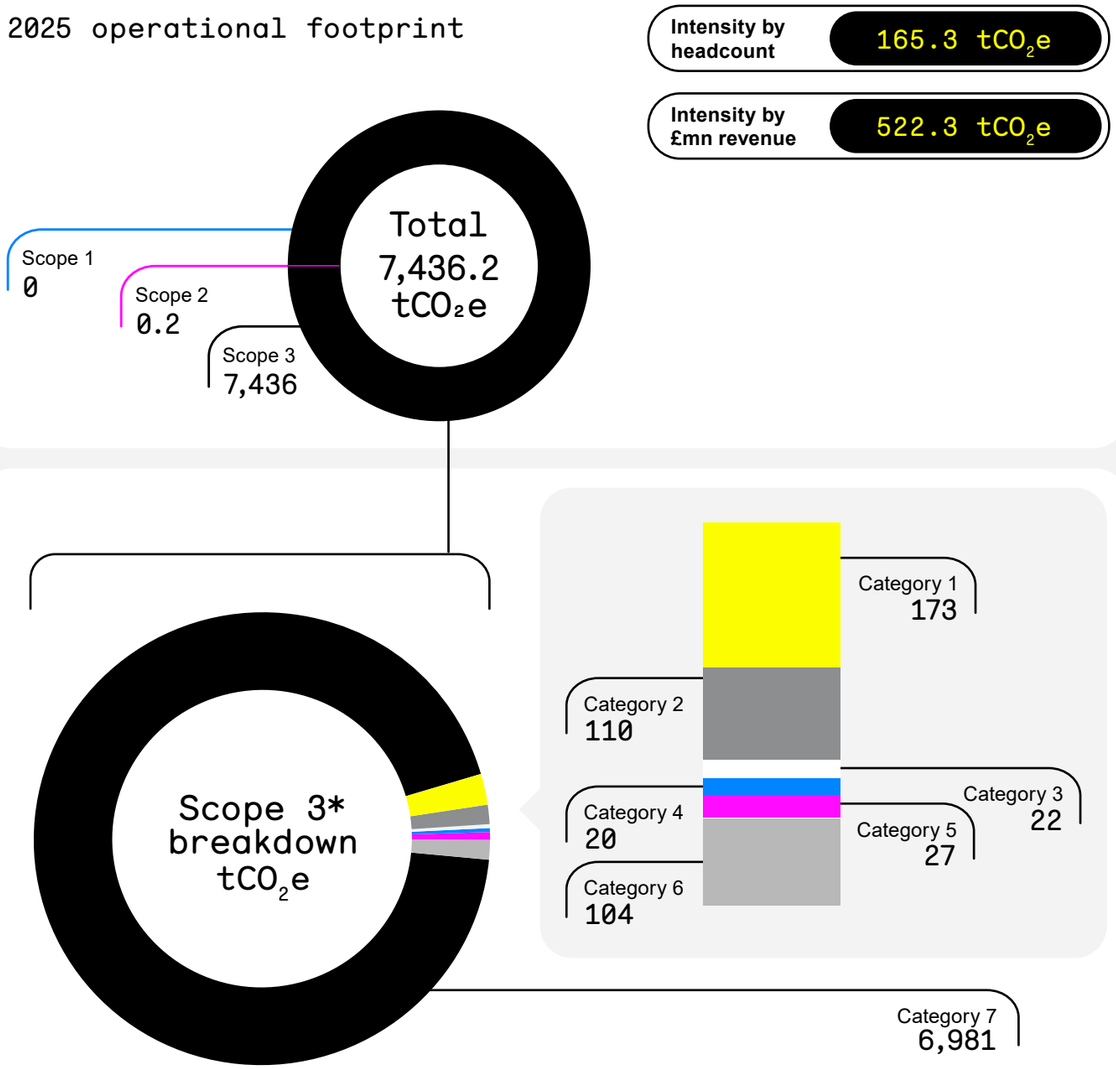
2025

C1: Purchased goods and services
C2: Capital goods
C3: FERA
C6: Business travel
C7: Employee commuting
C8: Upstream leased assets
C15: Investments

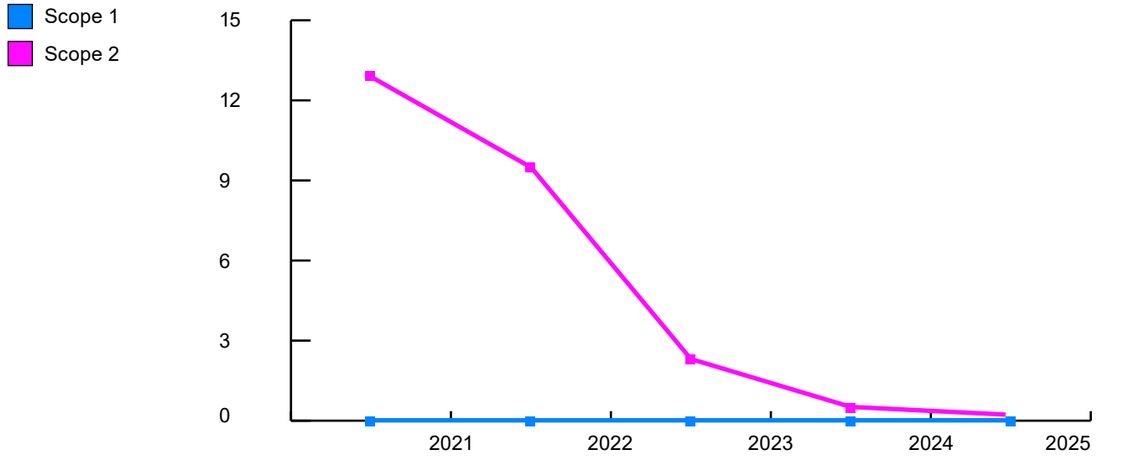


As set out above, our scope 3 boundary has widened considerably this year following the roll-out of Flotilla. This is reflected in the breakdown below, where category 15 (investments) accounts for the great majority of our scope 3 footprint.

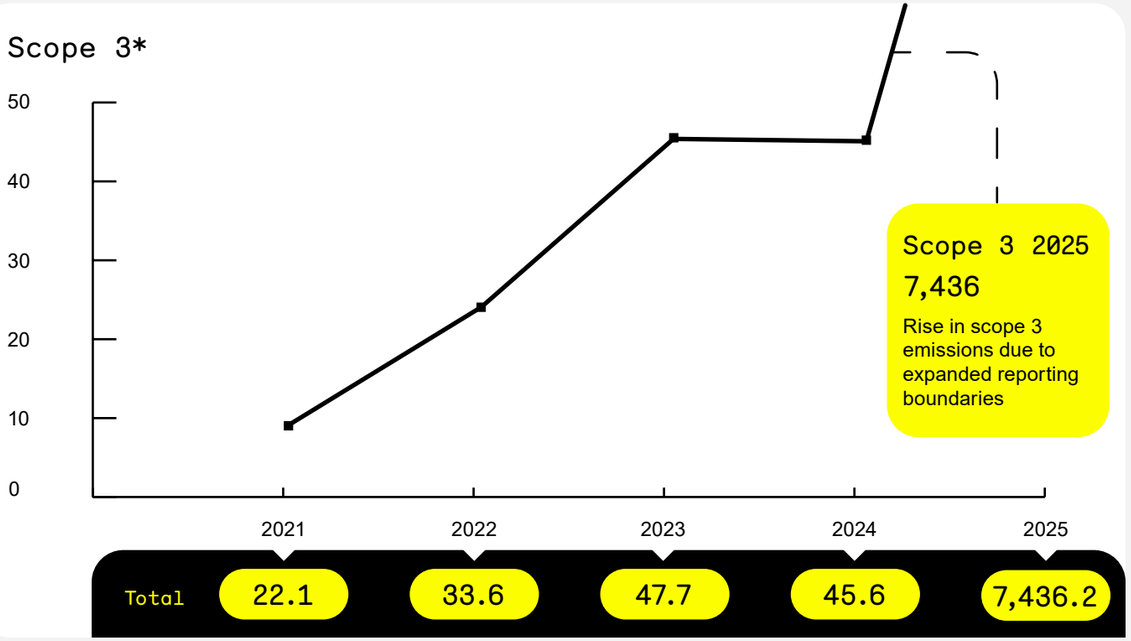
2025 operational footprint



Palatine's operational footprint



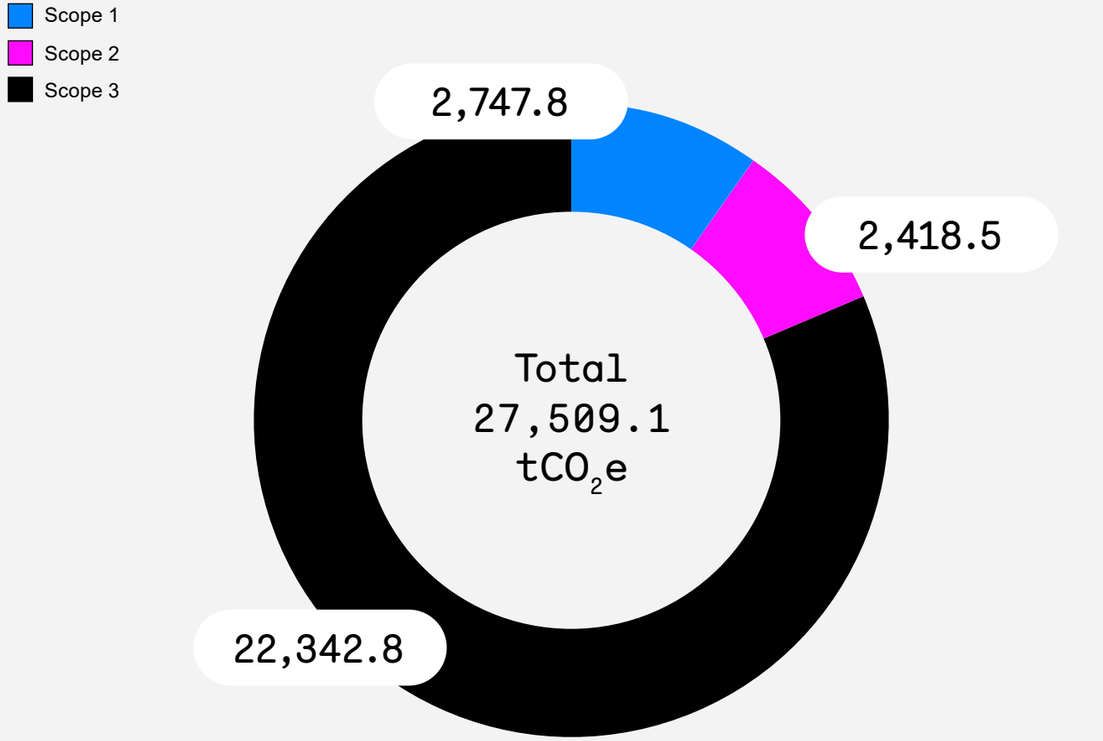
Scope 3*



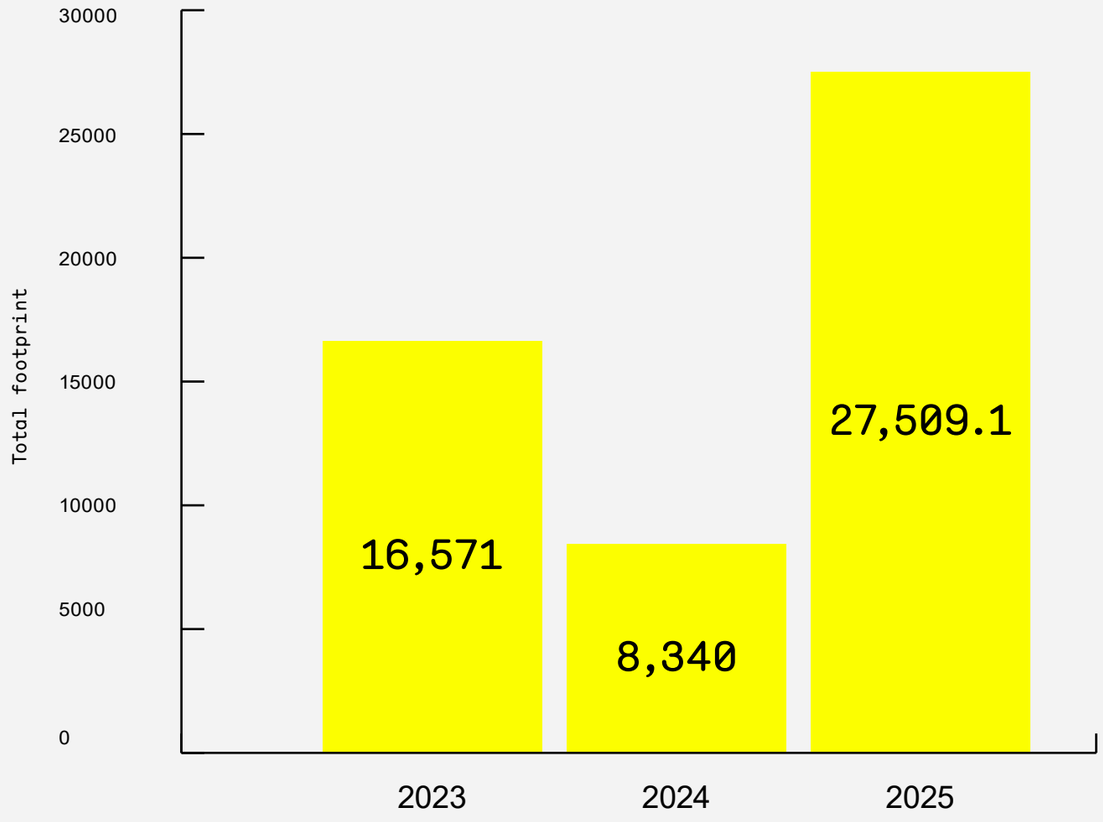
*Rise in scope 3 emissions due to expanded reporting boundaries

Accounting for carbon in our portfolio

The increase in the portfolio carbon footprint was largely driven by the expansion of our scope 3 reporting boundaries.



Intensity by headcount	4.5 tCO_2e
Intensity by £mn revenue	76.8 tCO_2e



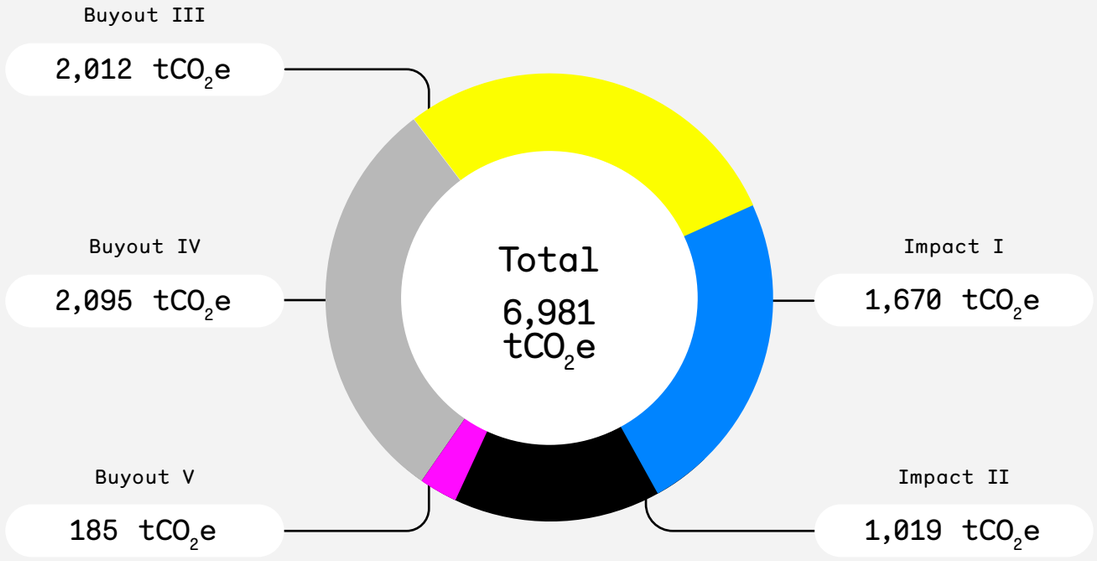
	2023	2024	2025
No. of portfolio companies	22	26	22
Intensity by £mn revenue	19.99	10.30	76.80
Intensity by headcount	1.85	1.07	4.50

Our financed emissions

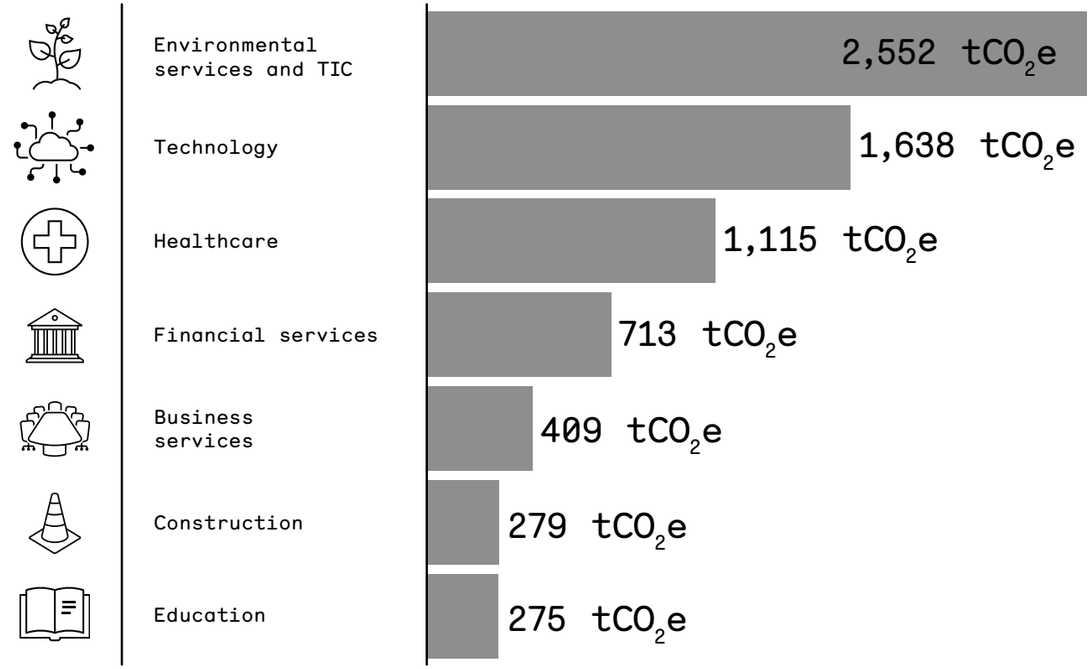
Our financed emissions across the portfolio totalled 6,981 tCO_2e in 2025. Through our partnership with Flotilla, we have updated the financed emissions calculation methodology to align with the PCAF standards, giving us a more robust and consistent basis for reporting going forward.

Financed emissions by fund

Within our funds, Buyout III and IV each contribute a similar, larger share and Buyout V contributes considerably less, reflecting fewer portfolio companies. Impact I carries a larger share of financed emissions than Impact II, reflecting the nature of the businesses within each fund: Impact I includes one company with significant business mileage as part of its core operations, while Impact II is weighted more towards service-based businesses with a lighter operational footprint.



Financed emissions by investment area:



Our financed emissions sit majorly with businesses in the Environmental Services and Testing, Inspection and Certification (TIC) sector, reflecting the vehicle fleets and materials testing facilities these businesses rely on to deliver their services. Fleet decarbonisation remains a strategic priority for those companies responsible for the biggest portion of the footprint. Technology and Healthcare businesses make up the next largest share, driven by data centre and equipment use. Meanwhile Financial Services, Business Services, and Education sectors contribute a comparatively modest proportion of the total, in line with their less carbon-intensive, largely service-based operating models. The construction sector is comprised of one business, undertaking active decarbonisation, meaning the sector's contribution to the overall footprint is relatively small, despite energy intensive operations. This concentration in a small number of sectors gives us a clearer picture of where to focus our decarbonisation support across the portfolio for the greatest impact.

Emissions management

Focused decarbonisation efforts

Our decarbonisation strategy targets the full portfolio, with a particular focus on the highest emitters where we can drive the most meaningful change. We continue to engage, educate and work directly with portfolio companies on emissions management and reduction. Our strategy involves the roll-out of Flotilla (as outlined above); annual Carbon Literacy training, energy savings opportunities action planning for each portfolio company aligned with the Energy Savings Opportunity Scheme (ESOS) – a mandatory energy assessment and energy saving scheme for organisations in the UK that meet the qualification criteria; and delivery of our proprietary science-based targets playbook. We are seeing this work improve carbon management maturity and drive reductions across the portfolio.

Progress against our SBT

In May 2024, Palatine set a SBTi-validated science-based decarbonisation target:

OUR TARGETS

Scope 1 and 2

↓42% by 2030

We commit to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year.

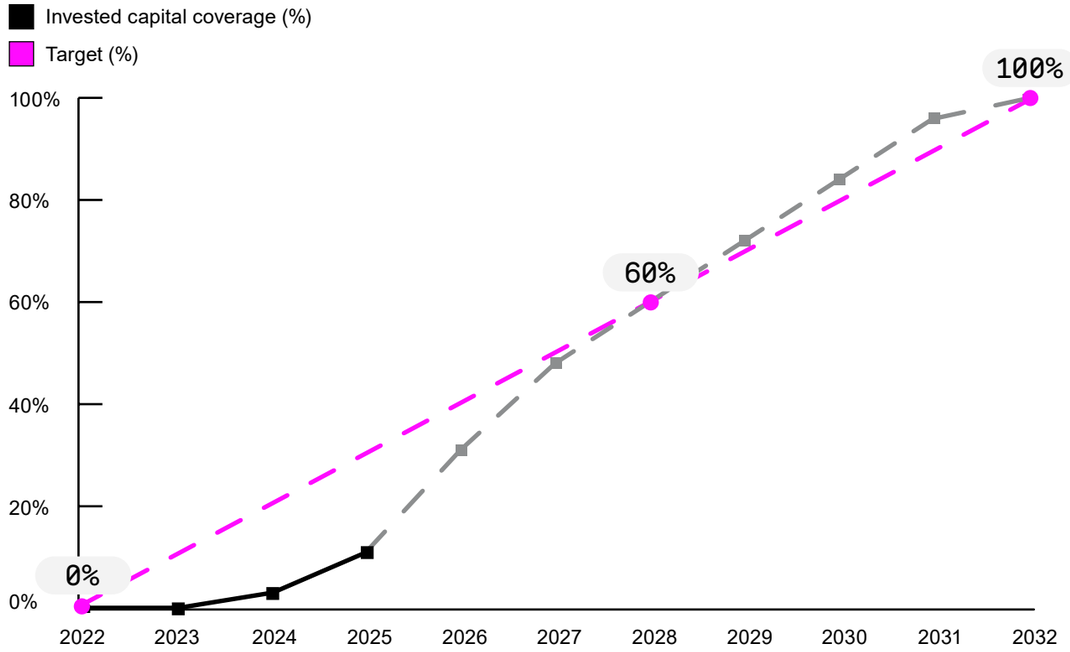
Scope 3

↑100% by 2032

We commit to 60% of our eligible private equity portfolio by invested capital setting SBTi-validated targets by 2028, and 100% by 2032, from a 2022 base year.

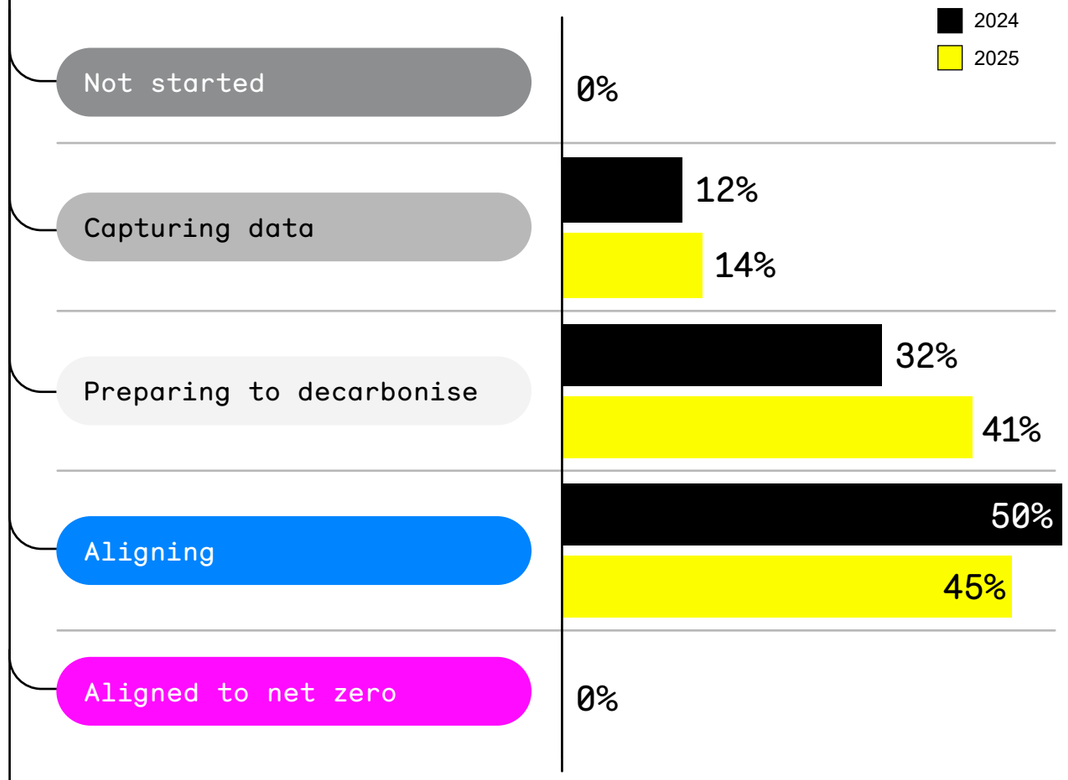
To date we have achieved a 98% reduction against our scope 1 and 2 baseline emissions, driven primarily by the shift to renewable energy in two of our offices.

By the end of 2025, we achieved 11% coverage of invested capital with a validated science-based target, up from 3.1% in 2024, making meaningful progress against our interim portfolio target of 60% coverage by 2028. This target is set across the entire private equity portfolio. We have also engaged a further four portfolio companies to set their SBT in 2026, which will result in a projected coverage of 31% of our invested capital.



To continue with this momentum, we are deploying our proprietary SBT Playbook, aligned with the Private Markets Decarbonisation Roadmap (PMDR). The PMDR provides a common language across private equity to disclose decarbonisation progress of portfolios. Our step-by-step framework is designed to guide companies from an early stage, where they have limited understanding of their climate impacts, through to measuring and reporting a carbon footprint and setting validated science-based targets.

We also use the PMDR to track decarbonisation progress across the portfolio. Due to our ESG governance, all companies entering the portfolio automatically achieve ‘capturing data’ stage. We aspire to increase the percentage of companies at higher levels of maturity in terms of carbon management. This year, we’ve seen that ambition start to pay off: the proportion of companies still at ‘capturing data’ has fallen from 50% to 45%, while those ‘preparing to decarbonise’ has grown from 32% to 41%, and those ‘aligning’ from 12% to 14%. This shift shows our SBT Playbook is doing its job, moving companies beyond simply measuring their footprint towards actively planning and delivering reductions.



Climate education

All businesses share a responsibility to lead in the global effort to decarbonise, which is why carbon education is a core focus of our sustainability strategy.

Palatine was the world’s first private equity firm to become a Carbon Literate Organisation

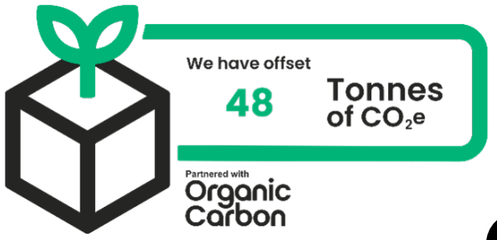
319 people trained since 2021 across Palatine, our portfolio, investors, and wider network

Annual sessions ongoing to maintain a Carbon Literate portfolio

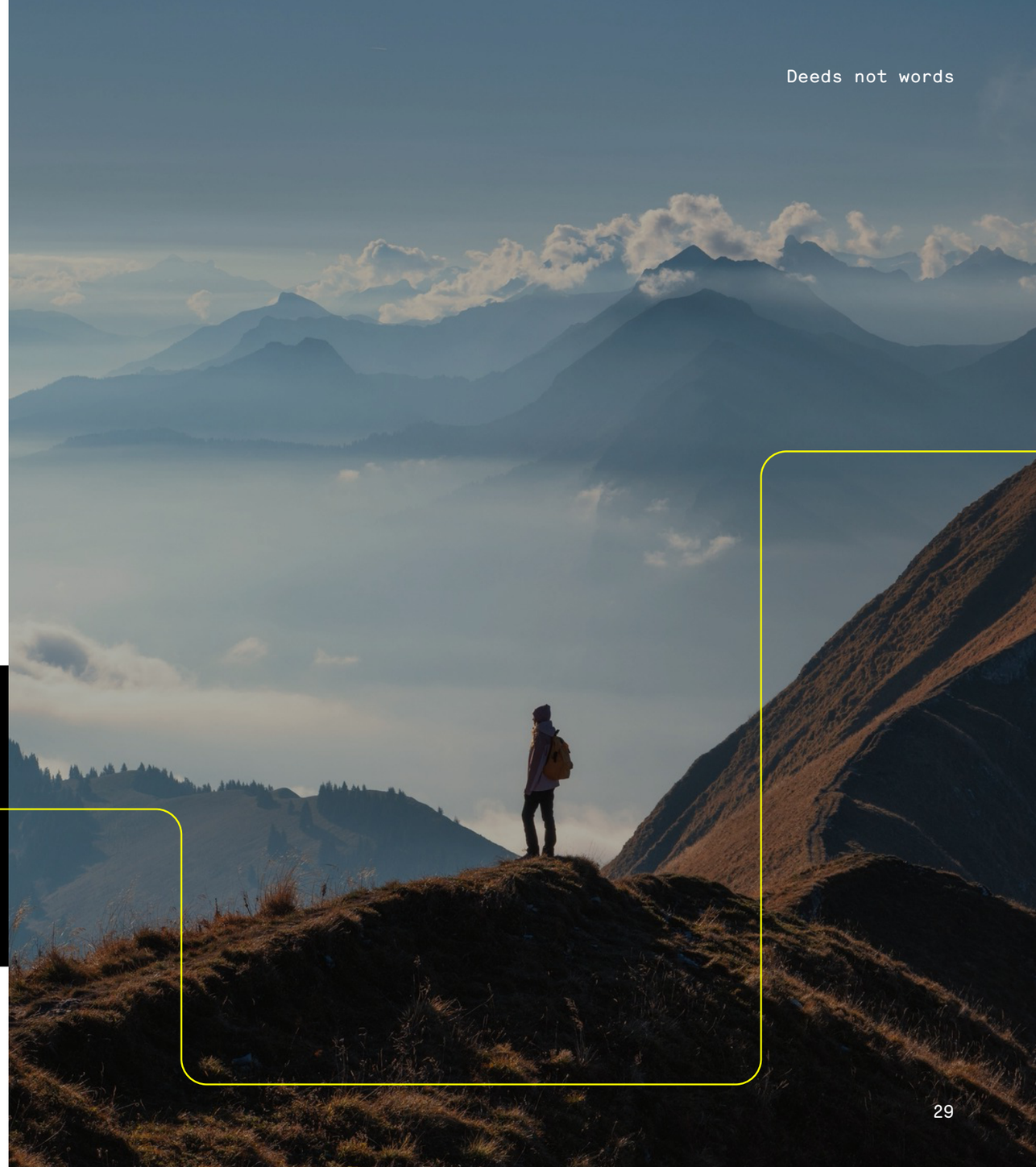
Offsetting with purpose

Reducing emissions remains our priority but offsetting also plays a critical role in the transition to net zero. We continued to support Organic Carbon, a UK-based initiative generating carbon credits through regenerative organic farming to offset our 2025 scope 1, scope 2, and scope 3 (business travel and employee commuting) footprint. This approach sequesters carbon over the long term, along with enhancing soil health, reducing chemical use, and improving water quality – delivering environmental and social co-benefits beyond carbon.

Our priority remains on driving absolute emission reductions across the portfolio, with offsets used selectively to strengthen resilience and support nature-based solutions. Our offsets align with the requirements of ISO 14068-1:2023 under sections 11.1 and 11.2, with full compliance under section 11.3 expected in 2026. Reflecting this, we chose not to make additional carbon neutrality claims in 2025, signalling our focus on reducing emissions at source rather than over-relying on offsets.



> “Our priority remains on driving absolute emission reductions across the portfolio, with offsets used selectively to strengthen resilience and support nature-based solutions.



From learning to leading

Papilo’s Carbon Literacy journey

Carbon Literacy has been a core part of Palatine’s approach to building long term resilience across its portfolio since 2021. Established by the Manchester-headquartered Carbon Literacy Project, Carbon Literacy training provides organisations with an understanding of the climate impacts of their activities, and the knowledge and motivation to take meaningful action to reduce greenhouse gas emissions.

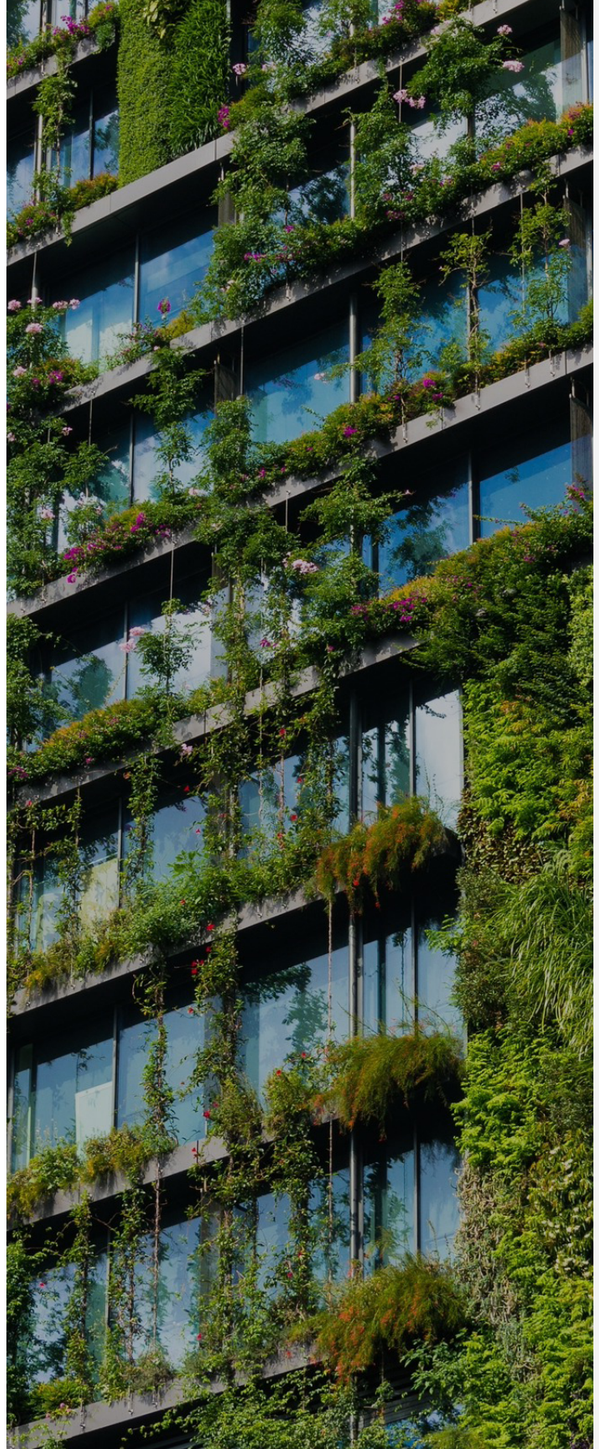
We were the first UK private equity firm to train our entire portfolio of companies, supporting businesses to move beyond awareness and embed climate considerations into decision making at all levels. Nearly 70% of the Palatine team is now carbon literate, and we are committed to having a 100% carbon literate portfolio. As a minimum, at least one Board member in every portfolio company must be trained, which means Carbon Literacy training is embedded into our onboarding of new investments.

Papilo, a leading sustainable waste management solutions provider, joined our portfolio in 2023 and first engaged with Carbon Literacy through Palatine’s Carbon Literacy training programme. Following participation in this training, Papilo, recognising the meaningful outcomes that the training can deliver, developed internal capability to deliver Carbon Literacy training itself. In 2025, Papilo trained 18 employees to become Carbon Literate, marking a shift from participation to ownership and making sure that Carbon Literacy is embedded within the organisation.



This approach supports long-term capability building and aligns with Palatine’s ambition to create self-sustaining, climate-literate businesses across its portfolio and deliver sustainability outcomes beyond our investment.

Ashleigh Duke, ESG Lead at Papilo, reflects on what enabled this transition and how Papilo plans to sustain Carbon Literacy going forward.



What inspired Papilo to move beyond participation and take ownership of delivering Carbon Literacy internally?

Papilo has always seen the power of engaging its staff and customers in the importance of sustainability. The decision to move beyond participation was that we understood the need to embed the idea of climate responsibility more deeply across the business and its employees.

One of our main drivers was to build the idea of accountability. By developing our own Carbon Literacy Training, Papilo could ensure that the messaging was consistent and we could align with our own sustainability goals and those of our clients. We also wanted to empower our employees to contribute something meaningful through effectively reducing their emissions.

What we really wanted to do was help shift mindset; we wanted to move away from seeing Carbon Literacy training as simply a ‘learning exercise’ and present it as a way to continue to be innovative, to promote leadership, and employ it as a tool to create cultural change. Taking ownership signalled a clear commitment to climate action and positioned the business as an active contributor to the transition to a low-carbon future, rather than a passive participant.

What did Carbon Literacy change in how Papilo thinks about its role in the low-carbon transition?

Although Papilo considers itself to be at the forefront of innovation in supporting customers with effective waste management solutions, we also recognise that we can always do more, especially when it comes to regulation, climate science and

the evolution of the waste industry. This was really what drove the decision to develop our own Carbon Literacy training.

Carbon Literacy training provides both employees and customers with an opportunity to look further at the waste sector and understand its individual and group role in the wider climate challenge. What Papilo wanted to do was get its delegates to look beyond just operational compliance and get them to understand what their environmental impact from everyday activities is at work, and at home. This would then help them in making better and more informed choices.

The training reinforces Papilo's commitment to leadership in sustainability moving beyond innovation in services alone to building deeper understanding, accountability, and long-term behavioural change that supports the transition to a lower-carbon future.

How did you approach delivering Carbon Literacy at Papilo?

When I initially took part in the training, it was delivered entirely online, which worked well in bringing together participants from different industries and locations. For Papilo, an office-based business with the majority of people in one location, we were able to deliver the training in person over two days, which we thought would better support open dialogue, collaboration, and deeper discussion, helping to strengthen understanding and connections across different teams in the business.

As a waste management business, we are already highly innovative in how we handle waste streams and resource recovery. Because of this, some candidates initially struggled to see where their individual or team actions could make a meaningful difference. To address this, I encouraged participants to focus on what they could change, rather than what felt out of their control, and to identify actions that were both realistic and significant enough to deliver tangible impact.

Once people started to look at what was achievable for them in their roles within the business and their own personal life, the training seemed to click and become more accessible. Bringing different departments together in one room has helped spark interdepartmental ideas, encouraged practical solutions and created change that felt realistic and sustainable.

Where has Carbon Literacy had the greatest influence on day-to-day behaviour, rather than policy or strategy?

The largest influence of the training has been the way that people are now talking about climate change, not just in the workplace but at home and in their wider communities. Where people may have felt that making any sort of tangible change was impossible and out of reach, employees now feel that they are better equipped to share ideas, start conversations and challenge misconceptions in a much more constructive way. Taking something that can feel incredibly overwhelming and making it feel more relevant and achievable.

Whilst policy and regulatory change play a critical role, their effectiveness ultimately depends on meaningful engagement across the organisation. The only way we can make real progress is if everyone understands why change is important and how they can be a part of that solution. By empowering our employees to take ownership of their role within the business and at home, they can make a real behavioural change that is much more impactful and sustainable.

As a direct result of our Carbon Literacy training, there have been several actions taken by the business that have contributed to carbon reduction. We worked with Lowry Mill to help them with their Simpler Recycling waste management, informing them about the legislation and helping them where we could. Lowry Mill now sort its waste out into 5 different bins – food waste, general waste, paper & cardboard, dry mixed recycling, and glass. As a business we also work hard on holding each other accountable and use internal platforms to remind each other the correct way to recycle.

We have also seen an increase in uptake of the EV salary sacrifice scheme, especially amongst employees that conduct a majority of our business travel. Additionally, one of the staff's group action as part of the training was to raise more awareness around food and the power of going vegan/vegetarian. As part of our pay day brunches, we ran a sustainability lunch with all vegan/vegetarian food. These will continue to be done throughout the year to help raise awareness about the impact of various foods carbon footprint.

How does Papilo plan to embed and build on Carbon Literacy over time?

Papilo plans to continue strengthening its Carbon Literacy knowledge and ensuring that everyone within the business becomes Carbon Literate. Embedding Carbon Literacy throughout the organisation supports informed decision-making at every level. We also aim to achieve Carbon Literate Organisation status, reinforcing our commitment to climate awareness in our work culture and long-term strategy.

We also recognise the importance of extending our impact beyond our own business by working closely with our customers and supply chain. Through extending the delivery of our Carbon Literacy training, we can support our customers and supply chain to better understand how they can reduce emissions and contribute to addressing climate change, we aim to foster open dialogue and collaboration. We hope to help drive meaningful and lasting change across the sector.



> "The largest influence of the training has been the way that people are now talking about climate change, not just in the workplace but at home and in their wider communities.

Social



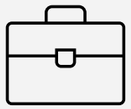
Supporting good jobs across our portfolio

Good jobs are the foundation of resilient businesses and resilient regions. The way our portfolio companies treat, train and reward their people has a direct bearing on retention, productivity and ultimately, commercial performance, so we track these with rigour.

As the first Manchester-headquartered private equity firm, our regional footprint continues to shape where we invest.

As at the end of 2025, we supported:

7,941 jobs across our portfolio of **35** companies, with **77%** headquartered outside London.



Job satisfaction

86%

of companies completed an employee engagement survey within the last 2 years

Up from 78% in 2024

75%

of companies with an employee satisfaction score of good to excellent

In 2024, 70% of our portfolio had >50% employees highly or very highly satisfied at work



Inclusive leadership

95%

of companies operated an EDI policy by the end of 2025

We have engaged with our new investments to develop and operate an EDI policy in 2026 to align with our target of 100% portfolio with an EDI policy

82%

of companies have at least 1 female board member, and 23% of board seats across the portfolio are held by women



Community wealth building

91%

of companies pay at least 75% of staff the Real Living Wage or higher

Up from 65% in 2024

£1.1m

contributed to community and good causes (cash or in kind)



Improved access to skills

73%[1]

of the portfolio workforce completed formal training

1,130

apprenticeship opportunities created across our portfolio in 2025[2]

Up from 870 in 2024

[1]Weighted by headcount
[2]Figures for apprenticeship opportunities include the training contribution created by the services that Leep Group provides

Building skills across our portfolio

The UK's skills shortage has become one of the clearest constraints on growth for SMEs. Research from CIMA and Opinium conducted in 2025 found that 79% of SME employers identified skills gaps in their business over the previous year, and 2/3 of SME employees received no training beyond the statutory minimum in the same period. Technology, AI, and job-specific skills were the gaps most commonly cited.

At a national level, the investment landscape has declined for over a decade. Skills England's 2026 annual report found that the UK private sector's funding for training has fallen by £10.6bn since 2011, a decline roughly equivalent to around three-quarters of the government's annual skills budget. A gap of this scale cannot be closed through public investment alone, underlining the role private capital and active stewardship can play in addressing it.

For the businesses in our portfolio, this challenge presents itself differently than it does for large corporations. Larger employers can often offset a skills shortfall through recruitment budgets and specialist hires. Our portfolio companies are more often required to build capability from within, making structured training and apprenticeships a strategic lever rather than simply a discretionary benefit.

Across our private equity portfolio, 73% of the workforce completed formal training in 2025, weighted by headcount. 68% of our companies delivered training to at least 75% of their staff. This was mainly led by businesses in regulated and frontline sectors, such as healthcare, financial services and environmental services, where structured training is embedded into day-to-day operations rather than treated as discretionary.

1,130 apprenticeship opportunities were created across our PE portfolio in 2025. Nationally, employer appetite for apprenticeships is rising fast, with enrolment among school and college leavers growing from 67% to 84% between 2023 and 2024. Despite this, employers draw down only around 42% of their available apprenticeship levy each year on average, a figure that has barely moved in recent years. Structured entry routes across our portfolio, particularly in sectors with well-established apprenticeship pathways such as care, accountancy and construction trades, put us in a stronger position than that national average to make full use of the funding available.

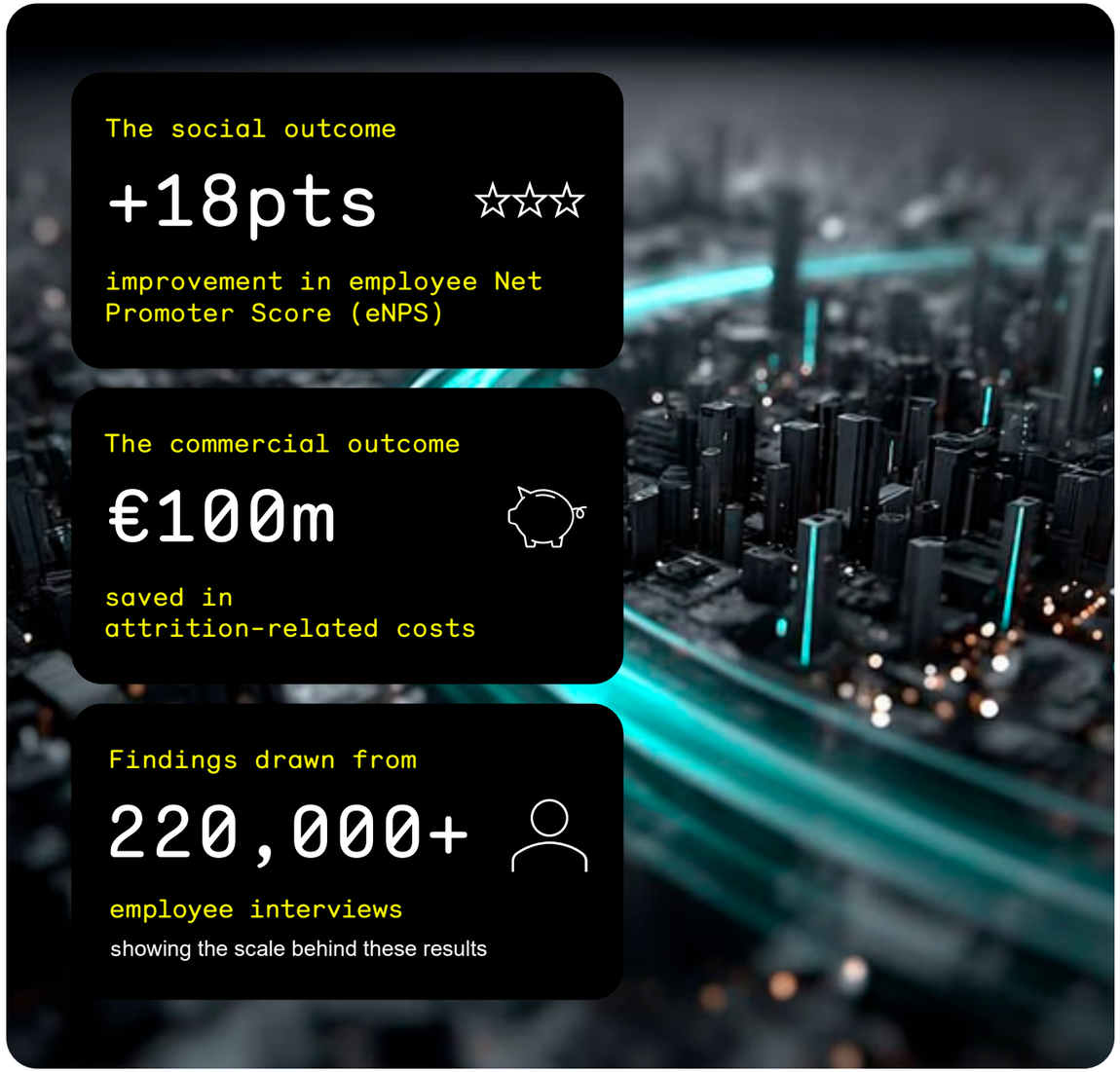
From April 2026, the Apprenticeship Levy is being replaced by the Growth and Skills Levy, and the mechanics of this change matter more for our portfolio than they might for larger employers. Levy funds will now expire after 12 months rather than 24, employers face 25% co-investment once their levy pot is exhausted, and up to half of remaining funds can be redirected towards shorter, modular apprenticeship units rather than only full multi-year apprenticeships.

For SMEs with modest, unevenly used levy pots, our experience across the portfolio is that funds can go unclaimed simply because a full apprenticeship didn't fit the specific gap a business needed to close. The shift towards shorter, targeted training removes that friction, and alongside 100% government-funded training for under-25 apprentices at smaller employers, gives portfolio companies a genuine opportunity to close skills gaps faster than the traditional apprenticeship route allowed.

> "Across both training and apprenticeships, the portfolio's performance in 2025 outpaces the national average, reflecting the structured, sector-led approach many of our businesses have built into their operations. As the funding landscape shifts with the Growth and Skills Levy, this is an area we expect to keep evolving across the portfolio.



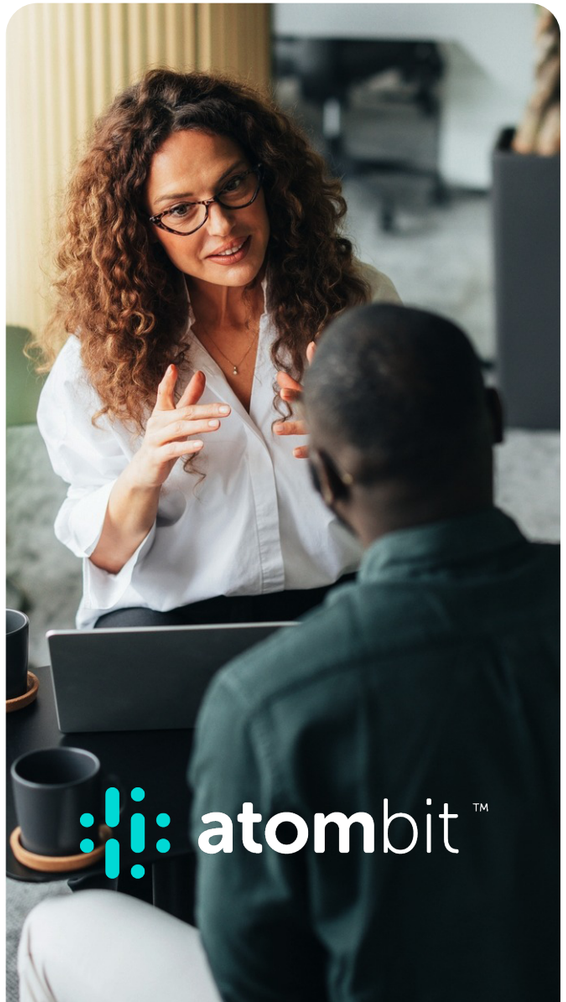
Turning employee feedback into retention



Employee attrition and disengagement are among the most persistent, and costly, workforce challenges, particularly in labour-intensive sectors like business process outsourcing. Atombit, a Palatine portfolio company built around uniting human and artificial intelligence to improve customer and employee experience, helps organisations tackle this by turning continuous employee feedback into action. One business process outsourcing (BPO) client was experiencing high attrition and disengagement, which was undermining both service quality and financial performance.

Atombit built a continuous listening model around the client's workforce, drawing on surveys and focus groups, "Moments of Truth" checkpoints, real-time sentiment surveys with closed-loop actions, eNPS/NPS tracking and external benchmarking (GPTW), all on a single AI-powered data platform. That steady stream of feedback fed directly into action: strengthening commitment, catching attrition risks early, and removing the barriers stopping people from performing at their best through predictive recruitment, attrition prevention and wellness initiatives. Underpinning all of this was a redesign of customer experience (CX) and employee experience (EX) operations around the friction points customers and employees shared, so that improvements in the employee experience translated into better service quality and stronger operational and financial performance.

The result was both a social and a commercial win. Employee satisfaction rose, reflected in an 18-point improvement in eNPS, while attrition-related costs fell by €100 million, showing how a better employee experience and stronger business performance can reinforce each other. Continuous listening was embedded across the employee lifecycle for more than 220,000 employees, with gains linked directly to service quality, customer experience and financial performance.



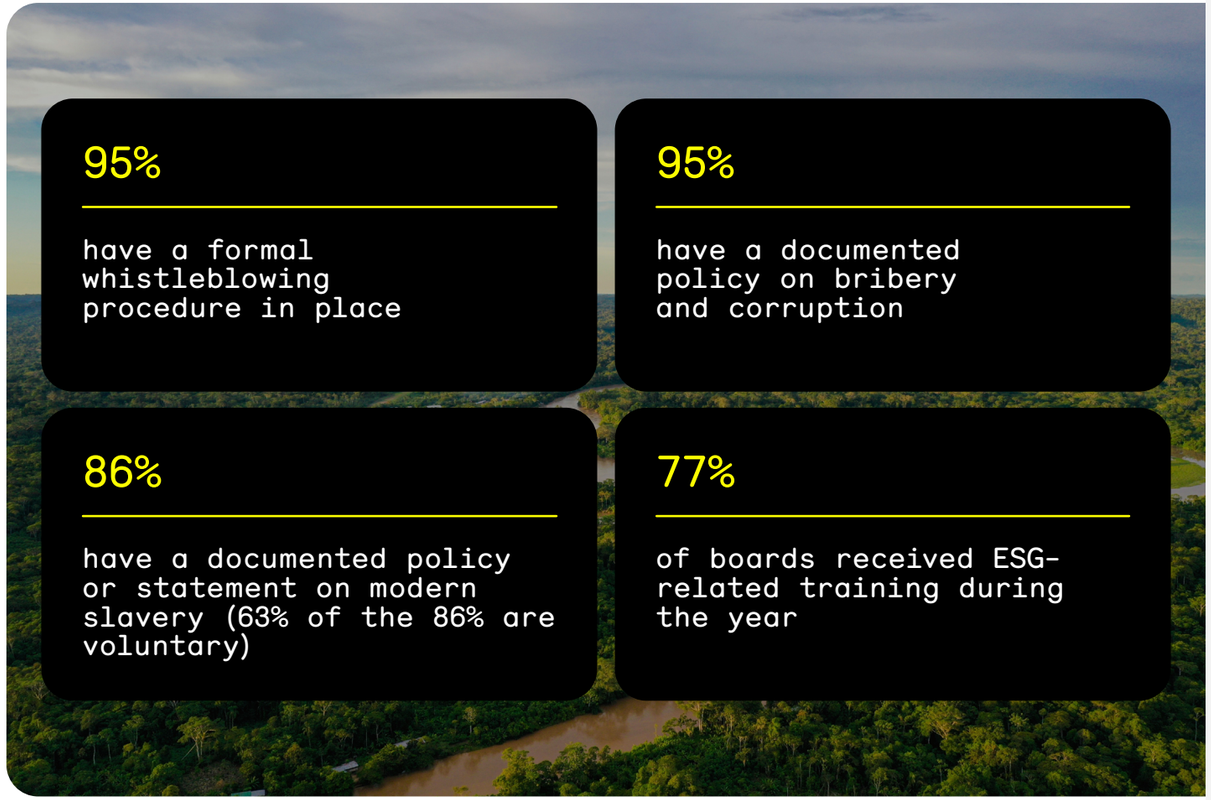
Governance



Governance

Strong governance is the foundation of long-term value enhancement and resilient growth, which is why it underpins our ESG framework. It builds accountability, trust and ethical leadership across the portfolio.

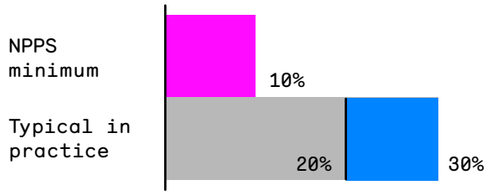
Our focus on governance has always covered board effectiveness and data and cyber security, alongside how that governance is recognised externally. This year, we're spotlighting that external dimension, because we're seeing real value come from it. Across the portfolio, clients are asking more questions about how businesses are run, and the businesses with the right answers are winning work because of it.



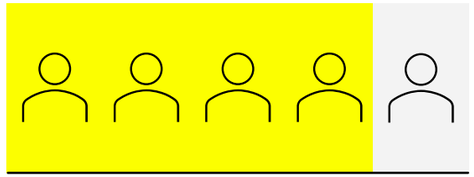
ESG frameworks and standards: the language of trust

Strong governance shows up externally as well as internally. It's what gives the people who matter most to a business (their clients, lenders and future acquirers) confidence that a business is well run and backed by frameworks and standards that have been independently verified rather than just claimed.

We've seen that in some of our businesses clients might not be asking for 'ESG' by name. What they ask for is proof that a supplier is secure, that it manages risk properly, and that it will be a dependable, sustainable (in more ways than one) partner. Formal certifications and standards, from ISO management systems through to B Corp, translate that proof into something a procurement team can score, cite and rely on. Because they are independently assessed and regularly re-audited, they carry a credibility that a company's own claims about itself cannot.



Contracting authorities increasingly weight combined ESG criteria at 20 to 30% or more of the total tender score, well above the 10% minimum set out in the National Procurement Policy Statement[1]



Around four in five procurement professionals now say ESG is an important consideration within their organisation[2]

For some portfolio companies (depending on the sector it operates in) that hold few or no formal accreditations, this is a genuine commercial gap, not just a compliance one. Certification is also a credible growth story in its own right. UK small and medium sized B Corps grew turnover by 23.2% in 2023 to 2024, well ahead of the 16.8% national average, while growing headcount by 9.6% against a small national decline.[3]

[1] mytender.io, ESG Requirements in UK Tenders: Complete Compliance Guide for 2026 (2026).
[2] Planet Mark, ESG in tenders: the questions buyers ask most in 2025 (2025).
[3] B Lab UK, B Corps outperforming ordinary businesses, new data shows (2025).

OryxAlign: turning credentials into a commercial story

OryxAlign is a managed IT and cyber services business, providing IT infrastructure and cyber security services to clients in the data centre, construction and public sector markets, sectors where a single lapse in security or reliability can cost a client its own licence to operate. Its accreditations are a genuine commercial asset.

OryxAlign currently holds:

Quality management

ISO 9001

Security

ISO 27001 and Cyber Essentials Plus, for data security and cyber resilience

Health & safety

Achilles Gold, for health, safety and supply chain assurance in construction and data centre environments

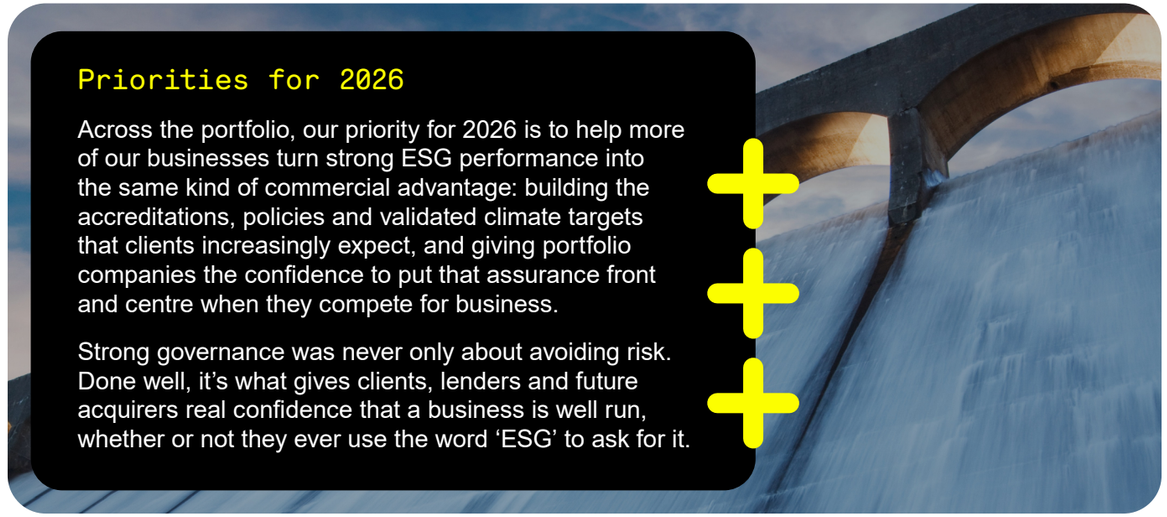
Growth

- B Corp certification, achieved in 2025, making OryxAlign the only B Corp certified provider in its competitor set across the managed service provider and co-location data centre markets
- Carbon Reduction Plan
- Commitment to achieving Net Zero by 2050
- Commitment to the Science Based Targets initiative (SBTi) SME target
- A voluntary Modern Slavery Statement

None of these credentials were built to win business on their own. But together they answer the questions OryxAlign's clients are actually asking, about resilience, security and whether OryxAlign is a dependable partner, even if 'ESG' is not asked for explicitly.

We've found that some companies might not necessarily ask for "ESG" or "Sustainability". What they ask for is what ESG underpins: operational resilience, supply chain assurance, data security and governance maturity. In that context, ISO 27001 and Cyber Essentials Plus are entry requirements for public sector and data centre clients, Achilles Gold protects OryxAlign's licence to operate in construction and data centre procurement frameworks, a Net Zero commitment positions it to meet tightening client and investor requirements, and a validated Carbon Reduction Plan supports the scope 3 reporting obligations of clients that have set their own science-based targets with firm supplier deadlines.

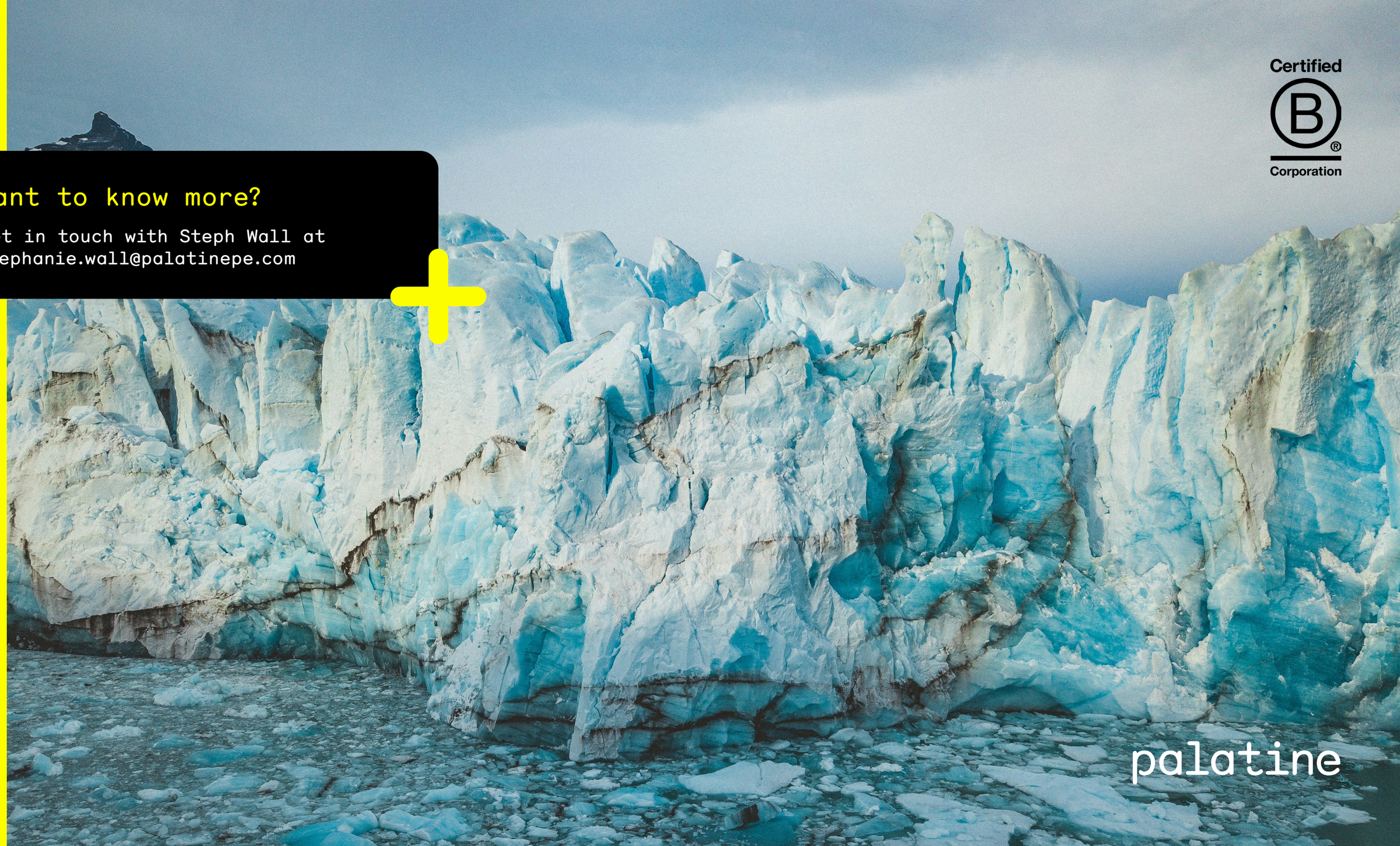
This is where strong ESG performance turns into commercial advantage. OryxAlign's accreditations set it apart from its peers, helping it win new clients who need this assurance from day one, and deepen relationships with existing clients as their own sustainability requirements grow.



Priorities for 2026

Across the portfolio, our priority for 2026 is to help more of our businesses turn strong ESG performance into the same kind of commercial advantage: building the accreditations, policies and validated climate targets that clients increasingly expect, and giving portfolio companies the confidence to put that assurance front and centre when they compete for business.

Strong governance was never only about avoiding risk. Done well, it's what gives clients, lenders and future acquirers real confidence that a business is well run, whether or not they ever use the word 'ESG' to ask for it.


Certified
B
Corporation
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