PAI PARTNERS

Responsible growth, sustainable change

Sustainability Report

2024

Contents

PAI Partners at a glance*

Who we are

1872
Origins of the firm

c.190
Professionals in our team[1]

€26bn
Proceeds from over 60 exits

Buyouts completed by sector[2]

18
General Industrials

25
Business Services

13
Healthcare

39
Food & Consumer

Results[2]

400+
Add-ons since Fund V

2.6x
Realised MoC since inception

c.90%
Realised investments > 2.0x since Fund V

0%
Realised loss ratio since Fund V

€7bn+
Co-investment delivered since Fund V

* As of 31 December 2024.
Any past performance presented in this document is not necessarily indicative of future results and there can be no assurance that PAI Partners will achieve comparable results in the future.
1 Including support staff.
2 Including Flagship and MMF investments.

Where and with whom we operate

8
Offices[3]

4
Sectors

17
PAI Performance Group & ESG[4]

20
Nationalities

34
Investment Group

54
Compliance, HR, Corporate Operations[5], Communications

21
Partners

15
Client and Capital Group

3 Paris, London, Luxembourg, Madrid, Milan, Munich, New York, Stockholm.
4 Including support staff.
5 Corporate Operations comprises Finance, Legal and IT Support.

Management Committee editorial

Our Management Committee reflects on another year of progress with our sustainability strategy, as we continue to actively work with our portfolio companies to help future-proof their businesses

The Management Committee

Richard Howell

Frédéric Stévenin

PAI's purpose is to create value for all our stakeholders, including our investors, portfolio companies, and the communities in which we operate. We see Environmental, Social, and Governance (ESG) considerations as fundamental to our ability to create and protect this value over the long term.

The global conversation around sustainability's link to long-term value and business resilience has never been more prominent. As societal perceptions and regulations shift, we work hard to stay ahead and to adapt our sustainability strategy and priorities as needed. Consequently we can then implement practical, value-centric initiatives that enhance and future-proof both our own business and those of our portfolio companies. The Sustainability Committee we formed in 2023 has continued to prove invaluable in leading these efforts throughout 2024.

A key example of our approach to future-proofing is the commitment we made in 2024 to setting a science-based emissions reduction target (SBT) submitted to the Science Based Targets initiative (SBTi). This follows considerable work to develop our decarbonisation strategy, so that our portfolio companies are prepared for the transition to a low-carbon economy. We are delighted that the SBTi has since validated our target, which is to achieve 42% of invested capital aligned to science-based targets by 2029 and 100% by 2040. We are supporting our portfolio companies with setting their own SBTs and look forward to sharing our progress.

PAI is founded on a culture of partnership, which includes collaborating with organisations that align to our sustainability objectives. In April 2024, we further solidified our commitment to universal sustainability principles by joining the United Nations Global Compact (UNGC). This is a voluntary initiative that supports companies to do business responsibly and contribute towards achieving the UN Sustainable Development Goals. We intend to actively engage with its network of industry experts, peers, and the United Nations itself, to provide our portfolio companies with a wealth of resources and training on sustainability topics. To date, ten of our portfolio companies are also members of the UNGC.[6]

We thank you for your continued support and commitment to our shared vision.

This report details our progress in 2024[7] across our sustainability priorities, which align with the most pressing global issues. We are excited to make further progress in 2025 and continue to demonstrate that sustainability is a vital contributor to long-term financial value and business resilience.

6 As of 31 December 2024. (Amplitude, Angulas, Apave, Apleona, Armacell, ECF, Marcolin, Pasubio, SGD Pharma and Tendam).
7 Unless otherwise stated, all information refers to the 2024 calendar year (01 January – 31 December) and data is reflected as of 31 December 2024.

Letter from the Head of ESG & Sustainability

Esohe Denise Odaro
Head of ESG & Sustainability at PAI

We kicked off 2024 with a review of the lay of the land, to ensure that our sustainability strategy remains in lockstep with the global macro and socio-economic landscape. As a result of our assessment in January, we expanded our areas of focus from decarbonisation to climate change, as well as adding nature to our existing perspectives on biodiversity. We elevated our work on upholding responsible supply chains to support business continuity and human rights. We continue to promote diversity and inclusion to allow for enhanced creativity, innovation, and improved decision-making. The running thread across these topics is that they are crucial for preserving and enhancing value throughout our portfolio. This underpins why we are committed to ensuring that sustainability is an essential aspect of our investment process.

Over the two years since we enhanced our sustainability strategy, our journey has been a transformative one across all the strategic priorities we identified as material for us as a General Partner (GP) and for our portfolio companies. We are now in our second year of operating an Internal Carbon Pricing system as part of our due diligence process, which affords us a view of the potential carbon liability of target companies. We have doubled down on operational efficiency and it is with great pride that I share the progress we have made through improved energy efficiency initiatives, which have resulted in approximately €17 million in savings across our entire portfolio since 2022.

A major highlight this year has been the commitment we made as a firm to the SBTi, setting our intention to devise ambitious emissions reduction targets for validation in early 2025. Behind the scenes, we have been empowering our portfolio companies to follow suit, with six[8] having validated emission reduction targets and a further five either committed to or in the process of submitting their targets.

We have also taken significant strides in the area of nature and biodiversity. We embraced the recently launched Taskforce on Nature-related Financial Disclosures (TNFD), positioning ourselves as one of the first private equity firms to step forward as an Early Adopter.

As we look to the future, our strategic roadmap lays out a definitive course for our portfolio companies to manage nature-related risks and opportunities. An example of our capacity building efforts in this regard is our newly developed playbook, 'RIPPLE', which equips portfolio companies with an adaptable framework to improve water stewardship and operational efficiency.

Our commitment remains steadfast in encouraging the full potential across our diverse portfolio and within our organisation. In 2024, we proudly launched the inaugural session of the PAI Portfolio Women's Network, marking a significant milestone as the industry's first cross-portfolio initiative dedicated to fostering female leadership and professional development. By the end of the year, we celebrated the remarkable achievement of over 260 members joining this vital community. Our commitment to fostering female talent and creating a sense of belonging within our organisation is exemplified by the PAI Women network, an internal group hosted at GP level.

In parallel, we recognise that in today's world, responsible supply chain management is becoming ever more vital for the success of our business. We are committed to upholding internationally recognised human rights frameworks in our pre-acquisition screening process. This dedication enables us to effectively manage risks. In 2024, we took the laudable step of joining the United Nations Global Compact (UNGC). This commitment will guide us in aligning our business practices with the UNGC's Ten Principles, focusing on human rights, labour, environmental sustainability, and anti-corruption.

8 As of 31 December 2024. Includes Apleona (exit signed Q1 2025).

PAI's ESG milestones

2010
Signature of the UN-backed Principles for Responsible Investment

2011
First Sustainability Club, an annual gathering of all sustainability professionals within the PAI ecosystem

2012
Creation of the ESG & Sustainability Team

2015
Implementation of the ESG reporting system

2015
Launch of the IC20 – now iCI[9] – with PAI as a founding member

2016
First portfolio carbon footprint assessment

2019
ESG integrated into the PAI Performance Group

2020
Publication of PAI's Climate Policy and PAI's Supply Chain Guide

2021
Investment Teams received Climate Fresk training

2022
First virtual ESG Lab, an interactive workshop gathering investors, portfolio companies, and industry experts

2023
Launch of the Sustainability Committee, PAI's Sustainability Academy and PAI's Internal Carbon Pricing Mechanism

2024
Commitment to set science-based emission reduction targets

2025
Emission reduction targets validated by the SBTi[10]

9 Initiative Climat International (iCI)
10 Science Based Targets initiative (SBTi)

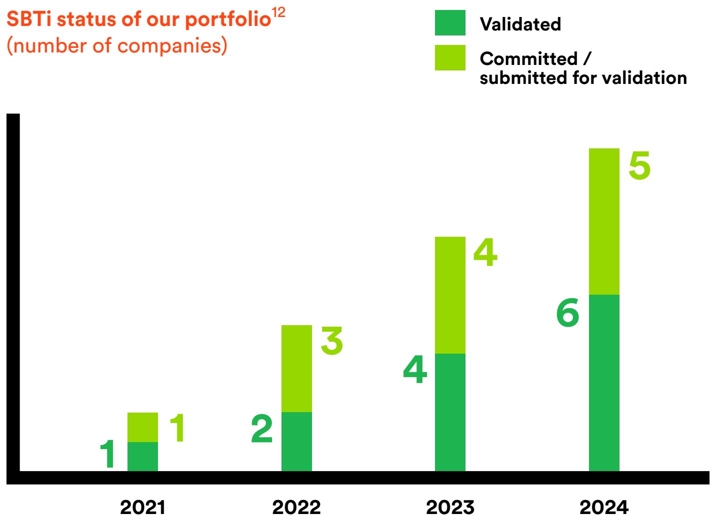
2024 highlights

Setting the standard for decarbonisation across our portfolio

PAI sets emissions reduction target with the SBTi

(committed in 2024, for validation in 2025)[11]

SBTi status of our portfolio[12]
(number of companies)



Building capacity for sustainability transformation

Sustainability resources and trainings shared with **236** portfolio company representatives

+20% more portfolio companies annually reporting on ESG in 2024 compared to the previous year

PAI joined the UN Global Compact in 2024, providing our portfolio with access to world-class sustainability resources

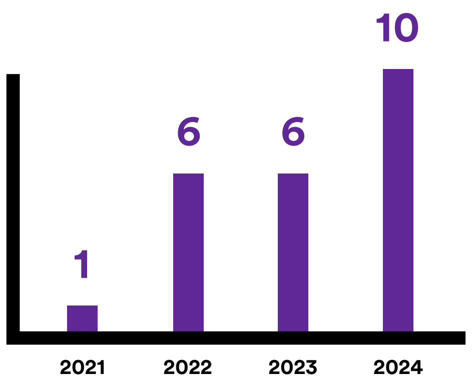
5 technical sustainability workshops held for portfolio companies

ESG value creation

100 100-day sustainability plan for all four 2024 acquisitions launched on closing

93% of portfolio company sustainability strategies reviewed/updated in 2024

€17m saved through energy efficiency initiatives from 2022-2024[13]



22% of portfolio companies have sustainability linked loans[13]

Valuing our people

30% of investment professionals are female

vs. 23% industry benchmark[14]

4,963	7,450	10,604
2022	2023	2024

Net new hires across the portfolio

= 1.5x the capacity of Roland-Garros Court Philippe Chartier[15]

11 See Climate change, page 18 for more information.
12 As of 31 December 2024.
13 Aggregate accross the entire portfolio.

14 Level 20 – European Gender Diversity Report 2024.
15 Roland-Garros.

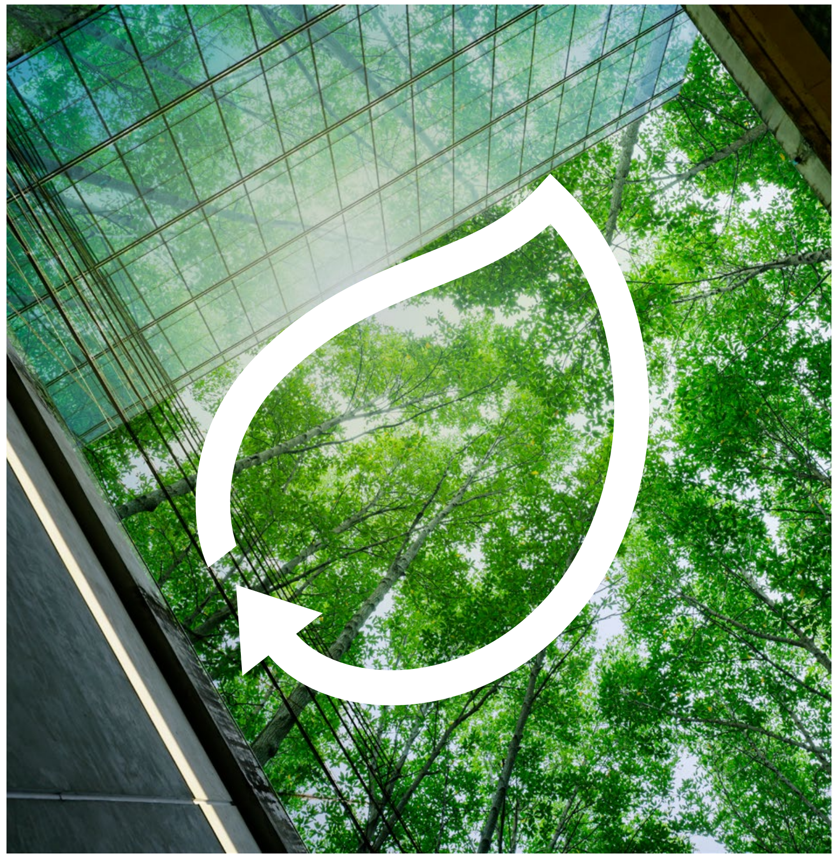
Climate change

1

Commitment to climate action

We recognise the critical importance of addressing climate change and its far-reaching impacts on the environment, society, and the economy. Proactive climate action can also create strategic advantages, as businesses that can operate more efficiently and contribute to global decarbonisation will be more resilient, driving long-term value creation for our investors and other stakeholders.

We are therefore committed to integrating climate considerations into our investment decisions, and are contributing to a sustainable future, including helping to limit global warming. As part of our commitment, we have aligned our climate strategy with the Science Based Targets initiative (SBTi), to ensure our actions are in line with the latest climate science.



42%

PAI has set an SBTi-validated target for 42% of investments (by invested capital) to have SBTi-validated science-based targets (SBTs) by 2029 and 100% by 2040[16]

+6

An additional six companies either committed, submitted, or received validation of their emission reduction targets from the SBTi in 2024

33%

of our invested capital is covered by a committed, submitted, or validated SBT[17]

-40%

Through our SBT, we have also committed to reducing our own operational Scope 1 and 2 emissions by 40% by 2029, from a 2022 baseline

15%

renewable energy consumed across the portfolio[18]

16 Covering 98% of PAI's total investment and lending by invested capital as of 31 December 2022. As of that year, required activities made up 98% of PAI Partners' total investment and lending by invested capital, while out of scope activities made up 2%. This portfolio coverage metric diverges from data previously published, due to a review that we have undergone in the process of preparing this report. During this process, we refined several methodological aspects to enhance consistency and accuracy. We will undertake a re-baselining of our targets once a materiality threshold has been met or other events requiring a target update materialise.

17 This refers to invested capital as of 31 December 2024, including Limited Partner (LP) co-investments and co-underwrite. Invested capital is defined as investment cost at entry, or remaining cost for partially realised investments. For positions in listed equity, invested capital is defined as the value of our part of the shares as of 31 December each year. Reporting includes a 24-month grace period, after which portfolio companies enter the reporting perimeter. This only applies to portfolio companies with no SBTi-validated targets. It includes our remaining position in Embracer Group, following the cash and share deal agreement to sell our portfolio company Asmodee to Embracer Group in 2022.

18 Calculated as the median value.

Our climate progress and key achievements

Since the beginning of our sustainability journey, identifying opportunities to mitigate climate change has been one of our priorities. Simultaneously, we believe that decarbonising and addressing climate change offer value creation potential, for example by:

- improving energy management and reducing waste, which have been shown to drive operational efficiency across our portfolio, while reducing environmental impact
- increasing resilience, by mitigating transition risks and adapting to increasing physical climate risks
- identifying and developing opportunities to provide low-carbon products and services, to help differentiate our portfolio companies in their markets, and create value from the transition to a low-carbon economy

▶ See case studies on pages 28

As early as 2019, we started to support our portfolio companies with aligning their decarbonisation pathways with the SBTi, with Tendam and Perstorp[19] being the first to take this step. Several other portfolio companies have since had their targets and decarbonisation pathways validated by the SBTi. We are proud to say that in 2024, an additional four companies committed to set SBTs or submitted their targets for validation and two had their targets validated. A total of 11 portfolio companies have now either committed to setting targets, submitted their targets for validation or have validated targets, representing 33%[20] of our invested capital as at 31 December 2024.

Our values guide our actions, so we established a Decarbonisation Taskforce in 2023, reporting to our Sustainability Committee. Its purpose was to review and guide the approach we should take towards managing climate change risks and opportunities, including decarbonisation across the firm and our portfolio. The Taskforce completed its work with the development of our decarbonisation roadmap.

In collaboration with the Management and Sustainability Committees, in 2024 the ESG & Sustainability Team worked to align our commitments with a 1.5°C pathway. This included modelling the implications of an SBT-aligned target for our current and future investments, considering both the potential benefits and impacts. Once we were comfortable with our model and strategy, we submitted our proposed targets to SBTi in November 2024, which were then validated in early 2025.

Moving forward, we aim to implement several developments to our procedures, both pre- and post-acquisition, to support our SBTi ambition:

- **Pre-acquisition:**
  where applicable, we will extend our assessment of a potential target's emissions inventory and the levers it could pull to achieve an SBT. This could include dedicated decarbonisation due diligence, to inform our analysis.
- **Post-acquisition:**
  we will discuss our decarbonisation and SBTi commitments with new portfolio companies, as part of our onboarding process. Following this, we will support the acceleration of SBT adoption across our portfolio, by providing resources and tailored guidance.

11

of our portfolio companies have committed to set or submitted SBTi GHG emission reduction targets

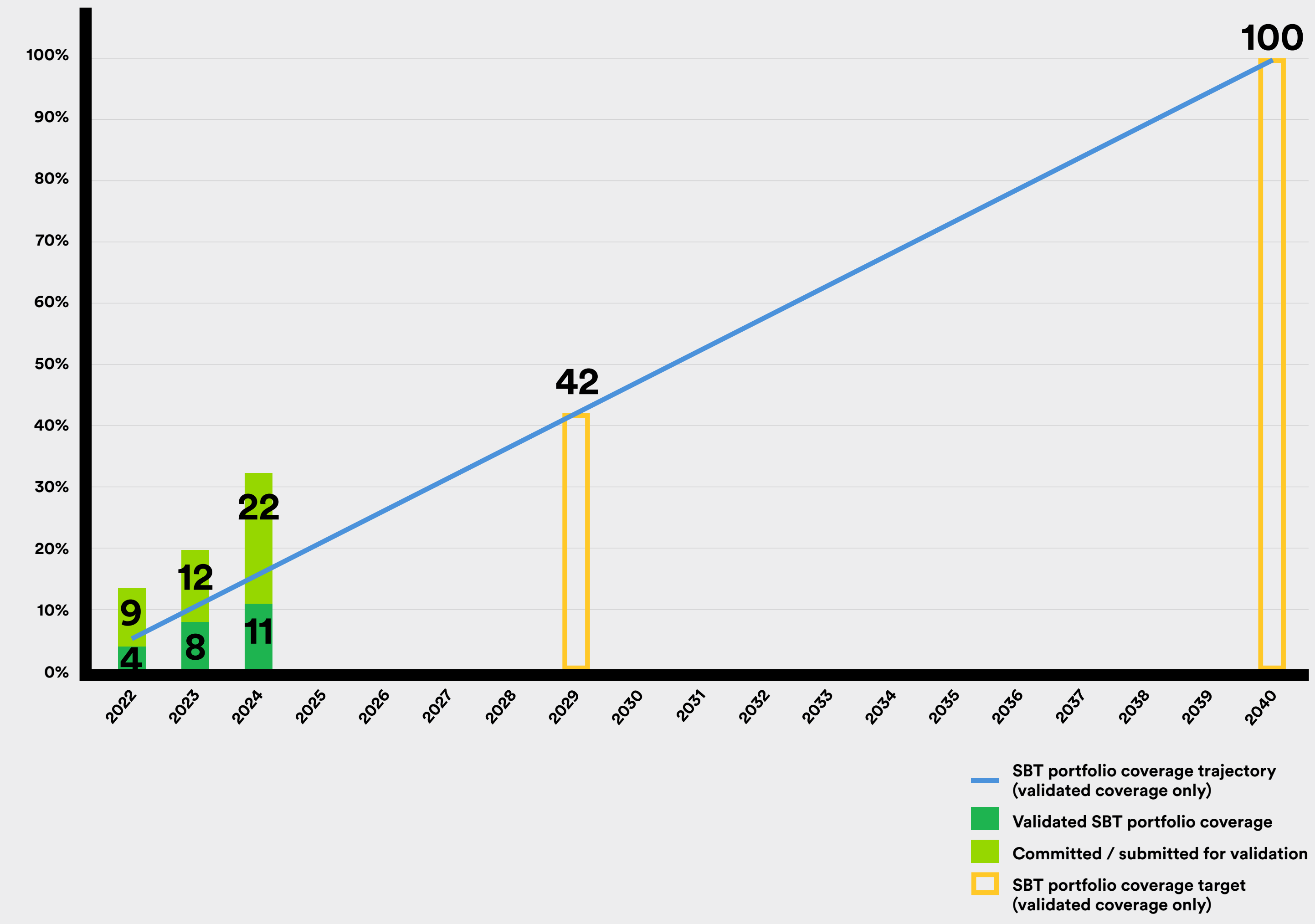
VI: Labeyrie Fine Foods, Tendam, Yonderland, Refresco

VII: The Compleat Food Group, SGD Pharma, Armacell, Ecotone, Pasubio, Apleona[21]

VIII: Infra Group

Target validated by SBTi

SBTi progress report
(% of invested capital)



19 Perstorp exited our portfolio in October 2022 and is therefore not part of our baseline, which is measured as at 31 December 2022.
20 This refers to invested capital as of 31 December each year, including Limited Partner (LP) co-investments and co-underwrites. Invested capital is defined as investment cost at entry, or remaining cost for partially realised investments. For positions in listed equity, invested capital is defined as the value of our part of the shares as of 31 December each year. Reporting includes a 24-month grace period, after which portfolio companies enter the reporting perimeter. This only applies to portfolio companies with no SBTi-validated targets. It includes our remaining position in Embracer Group, following the cash and share deal agreement to sell our portfolio company Asmodee to Embracer Group in 2022.
21 Exit signed Q1 2025.

Portfolio analysis

Highlights

75%

of portfolio companies measured their Scope 1 & 2[22] emissions in 2024
(vs. 74% in 2023)

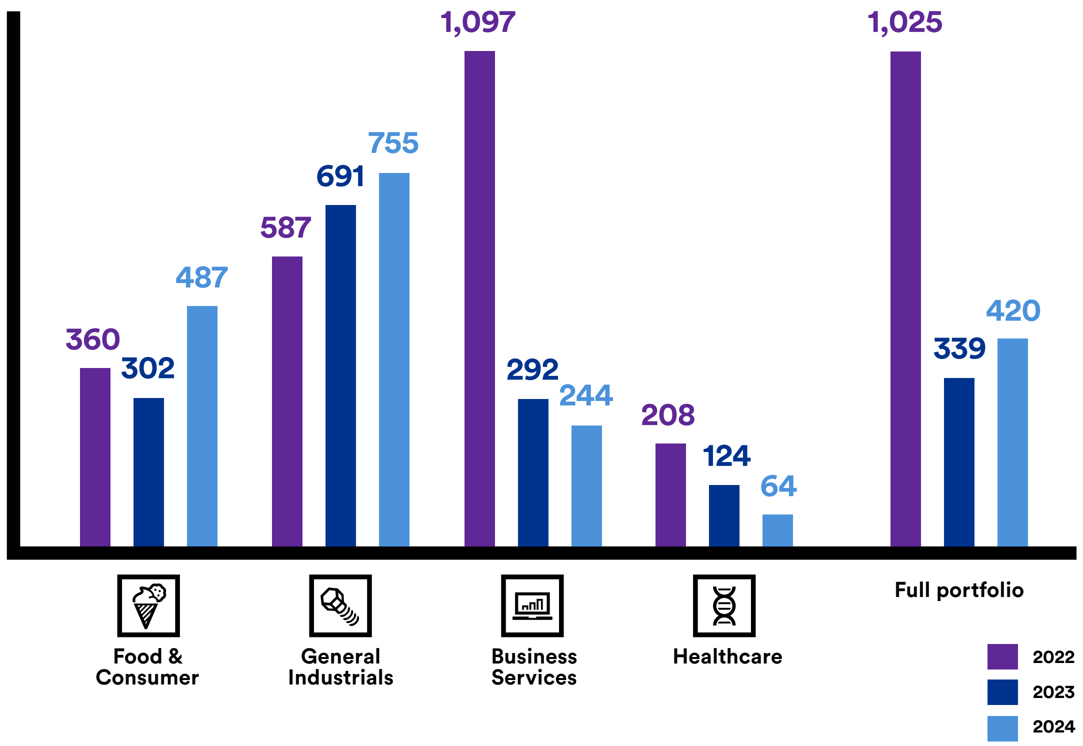
57%

of portfolio companies measured their Scope 1, 2 & 3[22] emissions in 2024
(vs. 62% in 2023)

Our portfolio carbon footprint

In 2024, we updated the way we collect carbon data across our portfolio. We now request more granular data, as well as methodological notes from all portfolio companies, to aid our analysis and increase the robustness of data received.

Scope 1, 2 & 3 weighted average carbon intensity (WACI)[23]
(tCO_2e/€m revenue)

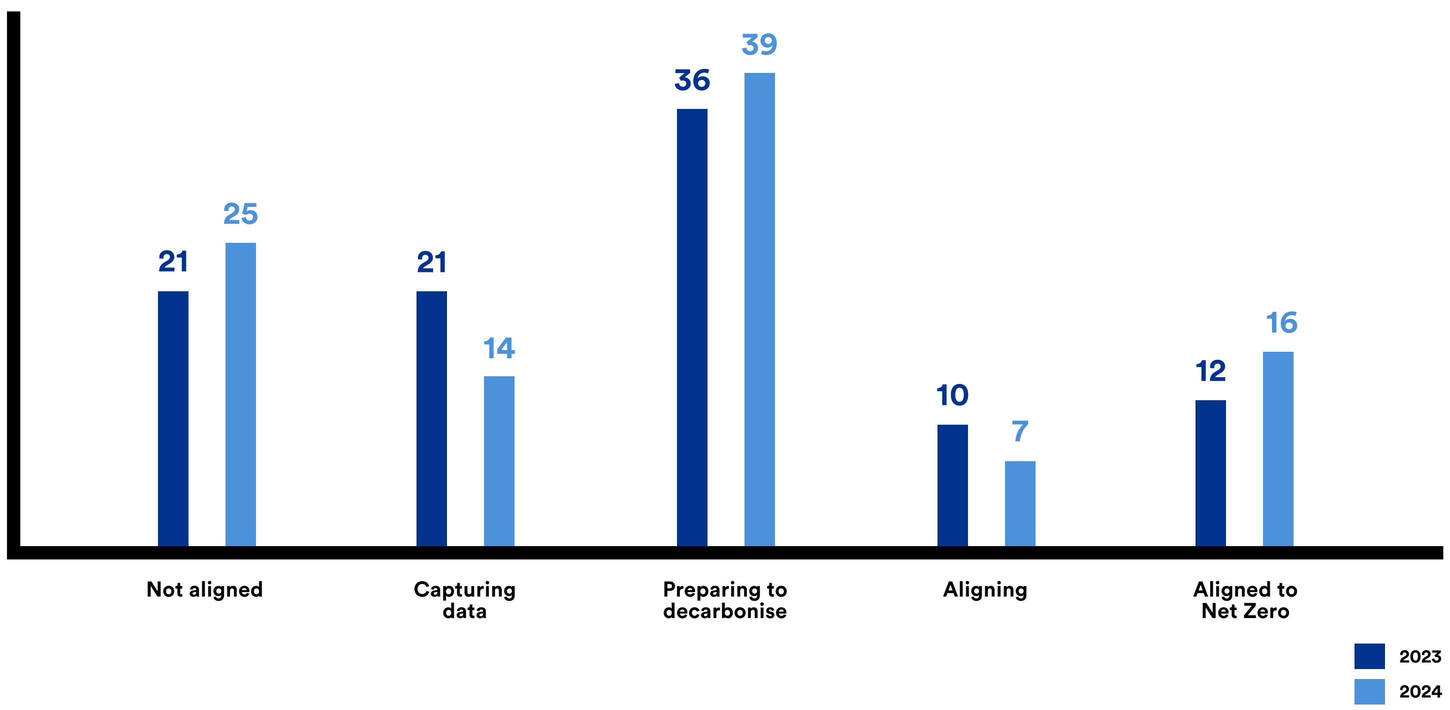


Overseeing our companies' decarbonisation journeys

In 2024, we adopted the Private Markets Decarbonisation Roadmap (PMDR), to support the monitoring of decarbonisation maturity across our portfolio over time, and to inform our engagement strategy with our portfolio companies. The PMDR is a tool developed in 2023 by Private Equity Sustainable Markets Initiative Taskforce (PESMIT), in collaboration with iCI and consultancy Bain & Co[24].

In 2024, 11 of our portfolio companies improved their PMDR status and moved upwards by one category, reflecting a growing decarbonisation maturity across our portfolio. An additional two portfolio companies moved into the "Aligned to Net Zero" category, reflecting their SBTi validation. We also saw five portfolio companies moving from the "Capturing data" to the "Preparing to decarbonise" category. The "Not aligned: Not started" category mostly increased due to a number of additional portfolio companies entering our portfolio in 2024, which are yet to begin their decarbonisation journey. We aim to support these companies in calculating their carbon footprint and developing a decarbonisation roadmap during our ownership period.

PMDR alignment across our portfolio[25]
(% of portfolio companies)



22 Includes portfolio companies that were part of the 2024 ESG reporting campaign.
23 Includes only companies that reported Scope 1, 2 & 3 emissions in the respective reporting periods. The calculation methodology follows TCFD recommendations, based on investment value as at the year end. Year-on-year variations primarily result from changes in the inclusion of portfolio companies based on data availability. For Scope 2 emissions, market-based data was used when available; otherwise, location-based data was applied. Numbers provided for 2022 and 2023 diverge from previous reports as we refined several methodological aspects to enhance consistency and accuracy in the process of preparing this report.

24 For further information on the framework's methodology, please refer to the Private Markets Decarbonisation Roadmap.
25 As of 31 December each year. As defined by the Private Markets Decarbonisation Roadmap. As part of the Private Equity Sustainable Markets Initiative Taskforce (PESMIT), PAI has helped to develop the Private Markets Decarbonisation Roadmap, a common language for private equity firms to disclose the position of their assets on their decarbonisation journeys. Although some portfolio companies may be eligible, no "Do No Significant Harm" test was conducted, which would be needed to classify them as "Decarbonisation enablers".

Engaging with our portfolio companies on climate action

Our engagement with our portfolio companies in 2024 focused in particular on their energy procurement, setting science-based targets, and their participation in CDP[26], the world's only independent environmental disclosure system.

We significantly expanded our engagement with portfolio companies on energy procurement in 2024. Our proactive approach focused on improving risk management, identifying cost-saving opportunities, and accelerating the sourcing of renewable electricity across our investments. As of 31 December 2024, 38% of electricity purchased across the portfolio came from renewable sources[27]. By working closely with companies to optimise their energy strategies, we have helped them become more resilient to volatile energy markets, while advancing their sustainability goals.

Building on this momentum, we plan to publish a comprehensive Energy Procurement Playbook, to equip our portfolio companies with practical guidance and best practices. This will support them in developing robust, future-proof energy strategies that create long-term value and drive the transition to a low-carbon economy.

In business-to-business markets, CDP scores are an increasingly important factor in winning business with key customers. During the year, our engagement with our portfolio companies on CDP included running a live webinar, to increase their understanding of the initiative. We followed this up by providing support to portfolio companies who responded to CDP. This contributed to three of the five portfolio companies who reported their environmental data to CDP improving their scores over the previous year, and another retaining its A- rating. This progress highlights their commitment to transparent and robust climate transition planning. It also reflects their ongoing efforts to advance decarbonisation and demonstrates strong leadership in managing climate risks and opportunities.

26 Formerly the Carbon Disclosure Project.
27 Calculated as the median value.

Driving climate awareness in our firm and in the industry

Engaging our colleagues on climate mitigation

In the belief that only carbon-efficient companies can bring the sort of value that we are looking for, it is our aim to create awareness among all PAI employees for the importance of mitigating climate change and the opportunities that open up when taking action.

The internal carbon pricing scheme we implemented in 2023 makes our investment committees aware of the potential carbon liability of acquisitions we are considering. We update our carbon price each year, and we are exploring the use of sector-specific internal carbon prices. Climate awareness is also integral to the onboarding training of new joiners and is part of the ESG onboarding programme that we upgraded and relaunched in 2024.

Collaborating with our industry peers to advance change

Mitigating climate change cannot be done in isolation; it requires industry collaboration and sharing best practices. We are therefore part of several industry-wide initiatives that aim to drive change across the private equity (PE) industry.

In relation to climate, we are:

initiative climat international
Private equity action on climate change

A founder member of iCI (Initiative Climat International), a practitioner-led industry initiative that aims to drive industry-wide standards for PE firms' climate action. In the past, we served on the steering committee, and we took part in the working groups that supported the PE SBTi guidance and developed guidance for Scope 3 data collection and reduction.

Terra Carta | Sustainable Markets Initiative

An active member of PESMIT's climate working group, supporting its dialogue on climate by piloting new guidance, such as the Private Markets Decarbonization Roadmap (PMDR).

Decarbonising our own operations

The bulk of our decarbonisation efforts are focused on the predominant source of our emissions: our portfolio. In comparison, our own emissions are considerably lower. Even so, it is important that we are a role model for our portfolio companies, and actively aim to reduce our operational emissions. In 2024, we therefore committed to reducing our operational emissions over time, alongside our portfolio coverage decarbonisation target. This includes reducing our Scope 1 and 2 emissions by 40% by 2029, from a 2022 baseline.

Each year, with the support of our internal Carbon Footprint Working Group (which includes office managers, Corporate Operations, the ESG & Sustainability team and IT departments), we analyse our operational greenhouse gas (GHG) emissions and disclose them in line with the GHG Protocol. We share the results with the Carbon Footprint Working Group, with new joiners as part of our ESG onboarding training, and firm-wide through our intranet. Our aim is to create awareness of our emissions, and show ways to reduce them in our daily operations.

In 2024, we further improved our data collection systems, and analysed large emission categories, such as purchased goods and services, on a more granular basis. This resulted in an overall increase in emissions in this category and our footprint globally. Furthermore, our Scope 1 emissions increased mainly due to cooling refrigerant leakages and refills in two of our offices. Maintenance teams are addressing this matter. The variation in our Scope 2 emissions results from a mix effect, based on office moves to larger spaces in Paris and improved data availability in our new New York office. Following our SBTi commitment in June 2024, we identified decarbonisation levers, which we intend to implement over the coming years.

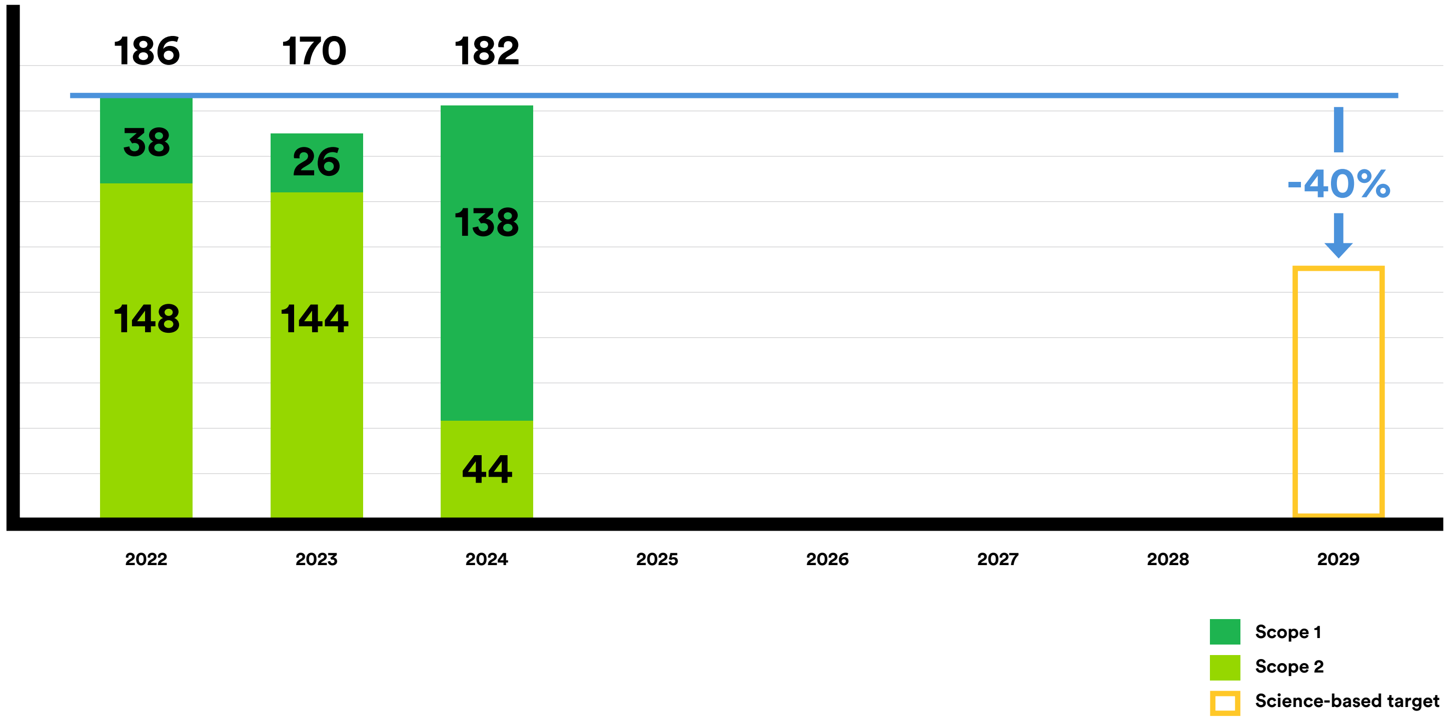
While our focus is on reducing our operational emissions, we see value in creating additionality by supporting verified carbon offset projects. A project is classed as additional if the emissions reductions would not have taken place without the project receiving income from carbon credits, which distinguishes it from emissions reductions that would have taken place regardless.

At the time of this report, we are in the process of finalising our offsetting programme for our 2024 emissions. For our 2023 offsetting programme, we supported the Davis Landfill Methane Project in Layton, UT, USA. We chose this as methane's global warming potential is 28x higher than carbon dioxide, making it particularly important to capture and reduce, and because the project is close to the production site of one of our portfolio companies. The project captures landfill gases and either sends them to a pipeline for offsite combustion for electricity production, or burns them on-site in an enclosed flare. The project is registered with the Climate Action Reserve (CAR) and passes the performance and legal requirement test to claim additionality.

PAI Partners' carbon footprint
(tCO_2e)

	2022[28]	2023[28]	2024
Scope 1	38	26	138
Scope 2 (market-based)	148	144	44
Scope 2 (location-based)	176	204	109
Scope 3[29]	4,749	6,382	7,198
Total (market-based)	4,935	6,552	7,380
Total (location-based)	4,963	6,612	7,444
PAI Partners employees at year end[30]	169	174	188
Emissions intensity (location-based, in tCO_2e/employee)	29	38	40

SBTi pathway
(tCO_2e)



28 The data presented diverges from previous reports due to a comprehensive review of our greenhouse gas (GHG) emission inventory, conducted in alignment with the development of our Science Based Targets initiative (SBTi) objectives and our 2024 carbon footprint assessment. During this process, we refined several methodological aspects to enhance consistency and accuracy.
29 Includes purchased goods and services, capital goods, fuel and energy related activities, upstream transportation and distribution, waste generated in operations, business travel, and employee commuting. Scope 3, category 15 (i.e. investments) is reported separately.
30 In previous reports, headcount was considered to be full-time equivalent employees. We will use headcount going forward.

Climate change

Case studies

Decarbonisation: Portfolio case study

Differentiation and leadership through decarbonisation

VII

SGD Pharma[31] designs and manufactures pharmaceutical glass packaging, producing 8 million vials and bottles per day that are used to protect and deliver a wide range of speciality drugs worldwide. Glass manufacturing is an energy intensive process, and the industry's historical process relied on fossil fuels, resulting in significant greenhouse gas (GHG) emissions.

With customers, end-consumers, and regulators increasingly concerned about environmental impacts, glass manufacturers that lead the way in sustainability and decarbonisation have an opportunity to differentiate themselves, align with global macrotrends, and enhance business prospects by attracting sustainability-conscious clients and investors.

> Our top priority is decarbonisation, and we aim to lead our industry by focusing on carbon levels and sustainability. We are making significant investments in decarbonising our industrial processes and collaborating with our customers and partners to address all emission scopes. We know that sustainability is a key factor in our customers' decision-making and we will continue to challenge ourselves to deliver a lower carbon footprint for them and a healthier environment for everyone.

Olivier Rousseau
CEO, SGD Pharma

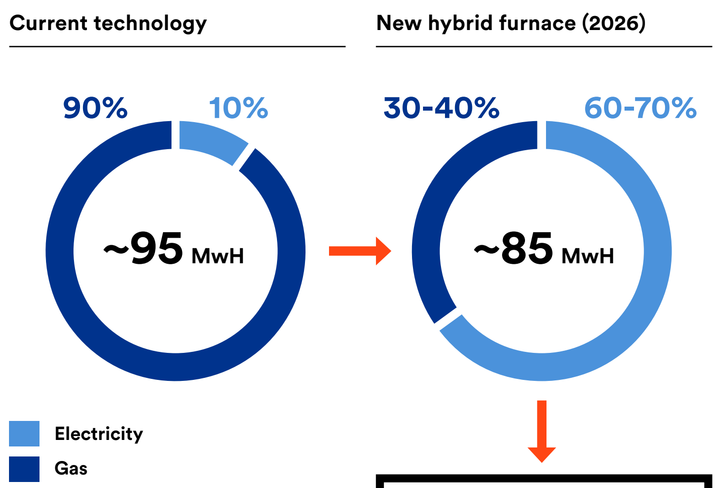
31 All company data is provided by SGD Pharma.

SGD Pharma's pathway to decarbonising

SGD Pharma has stated its ambition to lead the decarbonisation of the pharmaceutical glass packaging industry. It has set objectives to reduce its Scope 1 and 2 greenhouse gas emissions by 42% by 2030 and 65% by 2040, using 2022 as the baseline. This near-term target has been approved by the Science Based Targets initiative (SBTi), ensuring the company's plans are aligned to the goals of the Paris Agreement, which aims to limit global warming to 1.5°C.

To achieve its decarbonisation roadmap, SGD Pharma is investing in new furnace technologies – to pivot the energy mix towards green electricity – and energy efficiency initiatives, as well as developing innovative new products. Thanks to management actions and the active support from PAI Partners, the company will deliver significant short-term results (see Figure) while proving the feasibility of its mid-term trajectory.

Short-term milestones – Kipfenberg furnace rebuild



60%
lower CO_2 emissions

Competitive advantage expected to drive ability to capture green premium by creating tangible value for high-margin, sustainability-driven customers

Product innovation

The company's innovations in glass production enable it to offer sustainable alternatives without compromising on quality. For example, the NOVA lightweight bottles for cosmetics and beauty packaging achieve a 20% reduction in CO_2 emissions, while maintaining high functional and aesthetic standards.

Incorporating post-consumer recycled (PCR) glass in its vials reduces the need for virgin raw materials and requires less energy during the melting process.

On average, a 10% increase in waste glass in the furnace decreases its energy use by 3% and CO_2 emissions by 5% for soda-lime glass.[32]

SGD Pharma conducts extensive testing, so the resulting bottles maintain the same standards as conventional bottles. SGD Pharma invested in its furnace at its Zhanjiang plant to enable it to run with PCR waste, as well as improving the furnace's energy efficiency.

Increasing energy efficiency and adopting new technologies

SGD Pharma has several initiatives to decarbonise its value chain. These include:

1. New furnace technology

The company is investing in new hybrid technology furnaces to fundamentally change the mix of energy used. SGD Pharma will rebuild its German furnace in 2026, increasing the proportion of electricity from 10% to 60-70%, with a corresponding reduction in gas consumption. This will reduce CO_2 emissions by 60%[33], a significant step change that will come with higher glass quality – another compelling argument for quality-focused pharma customers.

2. Redesigning its industrial process

In addition to integrating more electric-powered technologies, the company is enhancing its energy efficiency through ISO 50001 and ISO 14001-certified systems. ISO 50001 helps organisations to design and implement effective energy management systems. ISO 14001 sets criteria for environmental management systems, helping to protect the environment, minimise pollution, and ensure compliance with environmental regulations.

3. Trialling hydrogen burners

SGD Pharma successfully collaborated with Air Liquide to trial hydrogen burners at its Saint-Quentin-Lamotte plant. These tests revealed that up to 50% of natural gas can be replaced with hydrogen, without compromising glass quality

4. Installing green electricity projects

Fitting solar panels at its Vemula plant in India has increased the company's production of renewable energy. The solar panels generate approximately 1.5 GWh of carbon-free energy annually, equivalent to powering around 950 homes in the EU. In addition, SGD Pharma deploys its progressive low-carbon electricity purchasing strategy, to procure renewable electricity for its sites in countries where electricity is highly carbonised.

5. Engaging suppliers on decarbonisation

SGD Pharma engaged with a collection of c.70 critical suppliers at its sustainable supplier day. 95% of all 400 critical suppliers have signed the new supplier code of conduct and 100% now have sustainability clauses in their contracts, supporting SGD Pharma with its aspirations to reduce Scope 3 emissions.

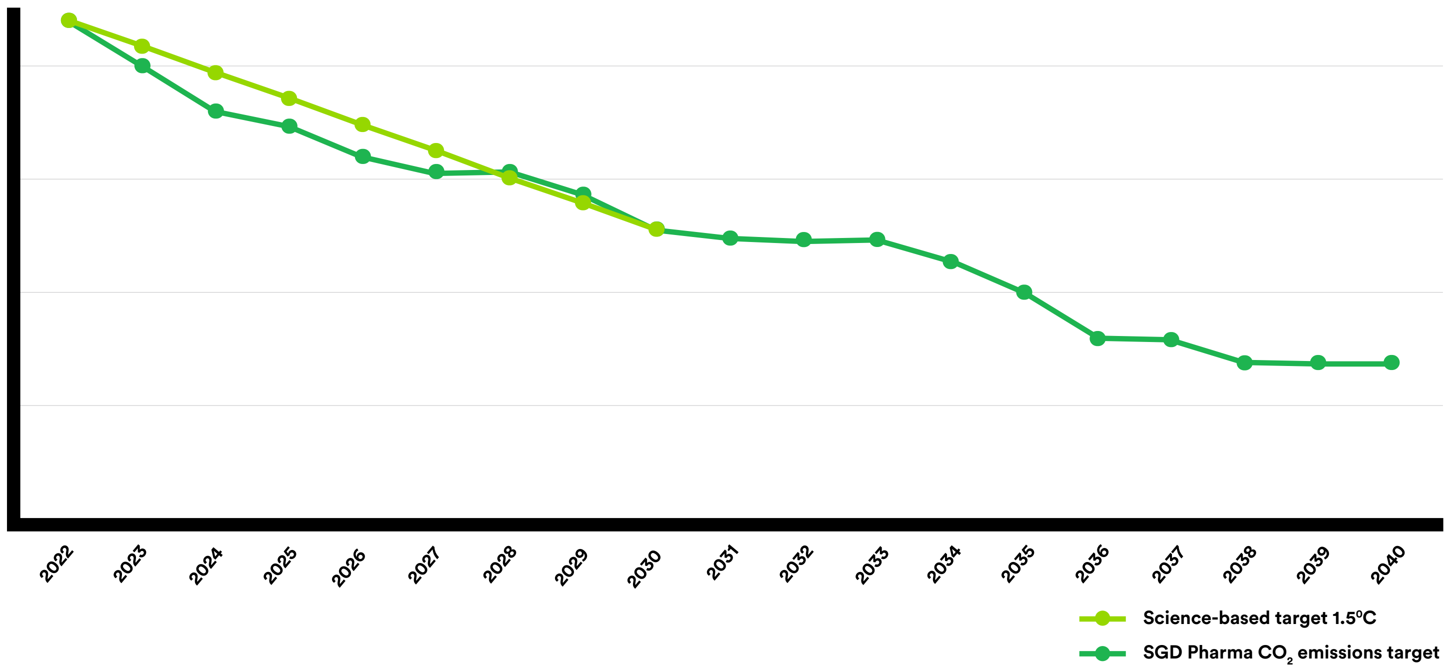
32 FEVE - the Federation of European manufacturers of glass containers.
33 When coupled with the purchase of renewable electricity.

Achievements and results

Compared with its 2022 baseline, SGD Pharma has reduced its CO_2 emissions by 17% as of 2024 in absolute terms and by 6.6% relative to production, putting it on track to meet its 2030 operational target[34] of a 42% reduction.

The company's commitment was also recognised with a Platinum rating from EcoVadis in 2025. This puts SGD Pharma in the top 1% of all companies rated by EcoVadis and in the 99th percentile for manufacturers of glass and glass products, showing it is performing strongly against its peers.

Long-term targeted CO_2 emissions reduction
(Scope 1 & 2, unit tCO_2)



> SGD Pharma is embracing the fourth industrial revolution, through its focus on decarbonisation and resource efficiency, creating value through building resilience, and becoming fit for the future. By reducing energy and carbon intensity, the company is reducing risk and differentiating itself through innovative, sustainable products, which in turn strengthens its competitiveness in a changing market.

Laurent Rivoire
Partner, Head of the
General Industrials Team at PAI

34 Scope 1 and 2.

Climate change: Portfolio case study

Proactively managing climate change impacts on its olive supply

VII

The Compleat Food Group[35] is a UK-based chilled food company. The UK as a whole imports nearly half of its food supply, therefore like many in the industry, the Group sources some ingredients from overseas. As part of continuous efforts to ensure the security and resilience of its supply chain, the Group conducted a physical climate risk assessment in 2024 to evaluate the potential impacts of climate change, with a focus on ingredients such as olives[36].

Olive cultivation is predominantly concentrated in Mediterranean Europe and North Africa, with Spain, Italy and Morocco among the major olive producers. Within these countries, in extreme circumstances olive production can be impacted by heat stress, water scarcity and disease pressure relating to climate change.

> By integrating ESG into the heart of an overall business objective, rather than having it as a parallel objective, we can really make a sustained difference. Through our purpose of creating Food to Feel Good, we are shaping the future of food for the better, and by integrating climate resilience into our operations, we are helping to reinforce our position as a leader in the chilled food industry.

Nick Field
CEO, The Compleat Food Group

35 All company data is provided by The Compleat Food Group.
36 The Compleat Food Group ESG Report 2023/2024

Integrating climate resilience into its strategic response

As is customary for the business, The Compleat Food Group is proactively integrating climate resilience into its sustainability strategy, to help ensure a secure and long-term supply of high-quality olives.

Its approach includes engaging with suppliers, and conducting risk assessments to enable it to take data-driven decisions. The Group's actions include:

- diversifying the Group's sourcing regions for olives
- a commitment to working with suppliers who meet high environmental standards
- supporting suppliers' transition to sustainable practices, such as regenerative agriculture (e.g. agroforestry, no-till farming, cover cropping, crop rotation, and organic)
- assisting suppliers with adapting to climate change, for example by using drought-resistant olive varieties, and controlled water abstraction
- conducting life cycle analyses on all of the Group's products, to identify and reduce environmental impacts, which will help address upstream risks such as those affecting olive production

The Group has also committed to addressing its own contribution to climate change. It aims to achieve net zero emissions for its operations by 2035 and across its value chain by 2040, aligning with science-based targets. Its life-cycle analyses will be key contributors to this work.

Conclusion

The Compleat Food Group's proactive assessment of climate risks is a key part of the Group's strategy and enables the business to build further resilience into its supply of ingredients, such as olives. By embedding sustainability principles and collaborating closely with suppliers, the Group is working to position itself to manage potential risks effectively and build competitive advantages, while contributing to a more resilient and sustainable business and wider food system.

"In the same way that the business is focused on customer service, quality, and health and safety, it is also focused on ESG because that is what successful businesses do. By addressing the pressing challenges of climate change, the Group is not only bolstering the future quality and reliability of its products but also helping to define a new standard in the food industry. We are proud to support The Compleat Food Group on this journey.

Colm O'Sullivan
Partner, Head of the UK Team at PAI

Nature & Biodiversity

2

Upskilling on nature and biodiversity

Human society depends on nature and biodiversity. The global investment industry has begun to acknowledge nature-related risks, and is increasingly aware of the urgent need to preserve and replenish biodiversity for a sustainable future.

Around 70%[37] of our invested capital is in sectors considered to have material nature-related impacts and dependencies (2023: 69%). We also recognise our responsibility to protect and restore biodiversity, in part because of our investment in Food & Consumer, where biodiversity is crucial for future resilience.

In this light, we are proud to be one of the first private equity 'early adopters' of the Taskforce for Nature-related Financial Disclosures (TNFD). We have integrated biodiversity and nature-related assessments throughout our investment cycle, reflecting our commitment to protecting and promoting nature and biodiversity.

Highlights

Assessed nature and biodiversity related impacts and dependencies across our portfolio, using a third-party screening tool

Supported our portfolio companies in managing nature and biodiversity related risks and opportunities, including water efficiency projects and preparing for compliance with the EU's deforestation-free products regulation

Provided TNFD disclosures in line with our commitment, and continued to contribute to industry advancement by engaging with the Private Equity Sustainable Markets Initiative Taskforce (PESMIT) biodiversity working group

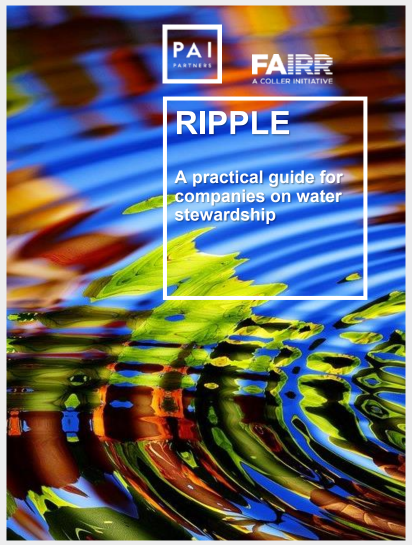
Continued to raise the profile of the topic internally, through training sessions and initiatives such as HoneyPai. In 2024, bees in PAI's three Paris-based hives produced 40 pots of honey (250 grams per pot), which were distributed to our employees

HoneyPai

37 As of 31 December 2024, excluding co-investments.

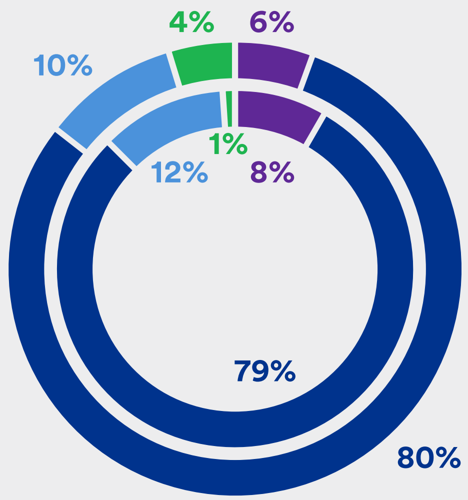
Deep dive into water

Freshwater is an invaluable resource, essential for human life, the preservation of ecosystems, and the continuity of business operations. Meanwhile, only 2.5% of Earth's water is freshwater, and less than 1% of that is easily accessible for direct human use and irrigation[38]. Businesses play a significant role in the water crisis, with corporate supply chains accounting for an estimated two thirds[39] of global water consumption. To support our portfolio companies in this endeavour, in 2024 we developed a practical guide to water stewardship (RIPPLE) and hosted an accompanying webinar in collaboration with the FAIRR Initiative, a collaborative investor network (representing over €75 trillion in combined assets[40]) that raises awareness of the material risks and opportunities in the global food sector.



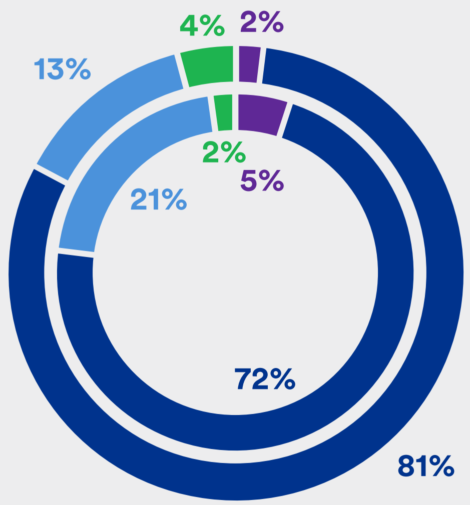
Total portfolio water usage

2024 **22** Mm³
2023 **19** Mm³



Total portfolio water usage intensity

2024 **38** '000 m³/€ revenue
2023 **25** '000 m³/€ revenue



Outer circle 2024
Inner circle 2023

Business Services
Food & Consumer
General Industrials
Healthcare

38 World Bank
39 UNESCO UN World Water Development Report 2024
40 FAIRR

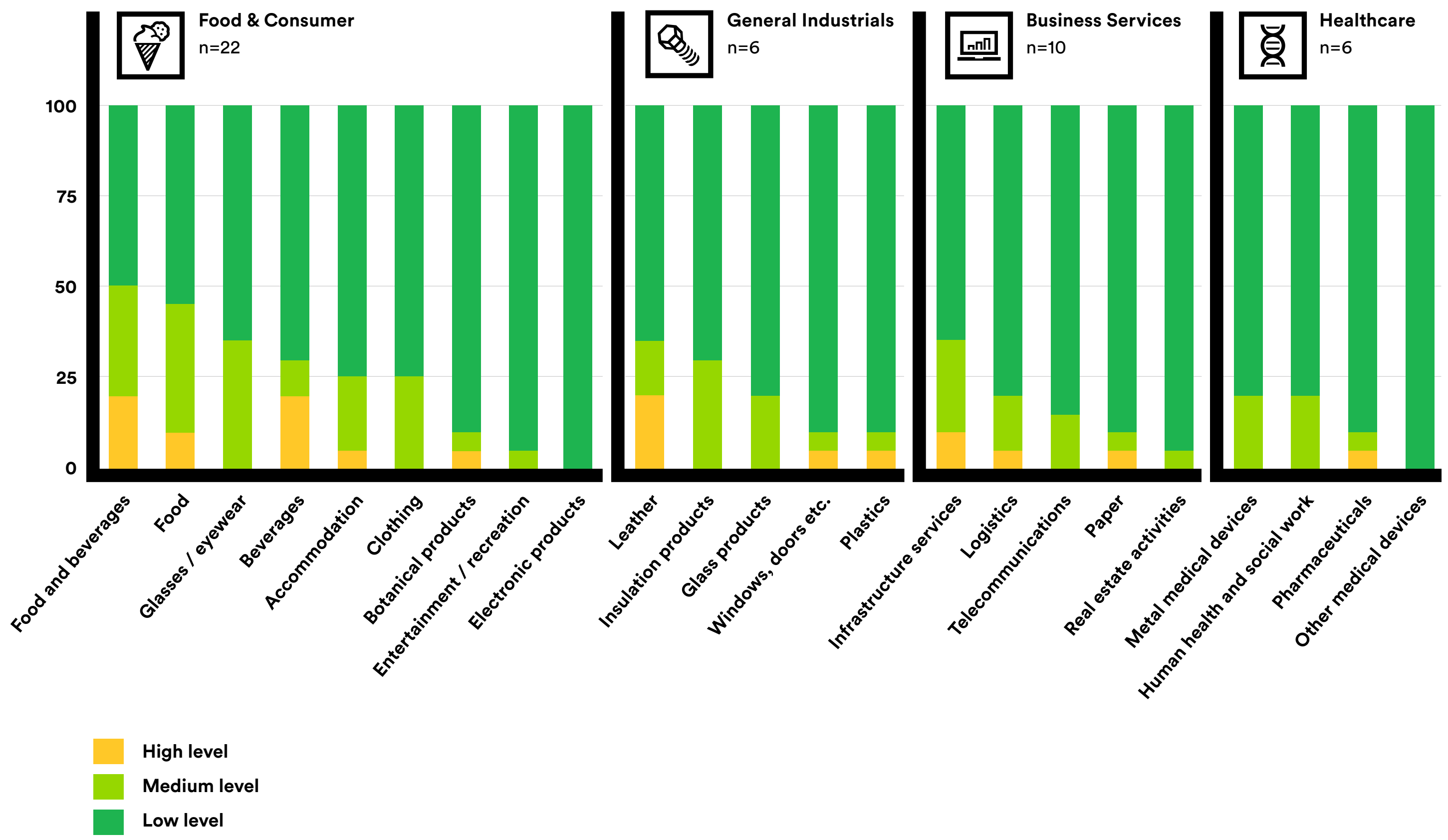
Impacts and dependencies across our portfolio

Given the importance of nature and biodiversity to our investments, we are focused on assessing and managing impacts and dependencies across our portfolio companies.

Portfolio analysis

We leverage a TNFD-aligned third-party tool for portfolio analysis and pre-acquisition due diligence. It provides us with risk ratings for nature and biodiversity impacts and dependencies, which supports our engagement with portfolio companies with higher ratings. We also monitor several nature and biodiversity-related metrics, such as water intensity, to help track performance and inform future strategies.

Extent of nature-dependency and impacts across PAI's investment sectors
(% of themes linked to each sub-sector)
n = Number of companies



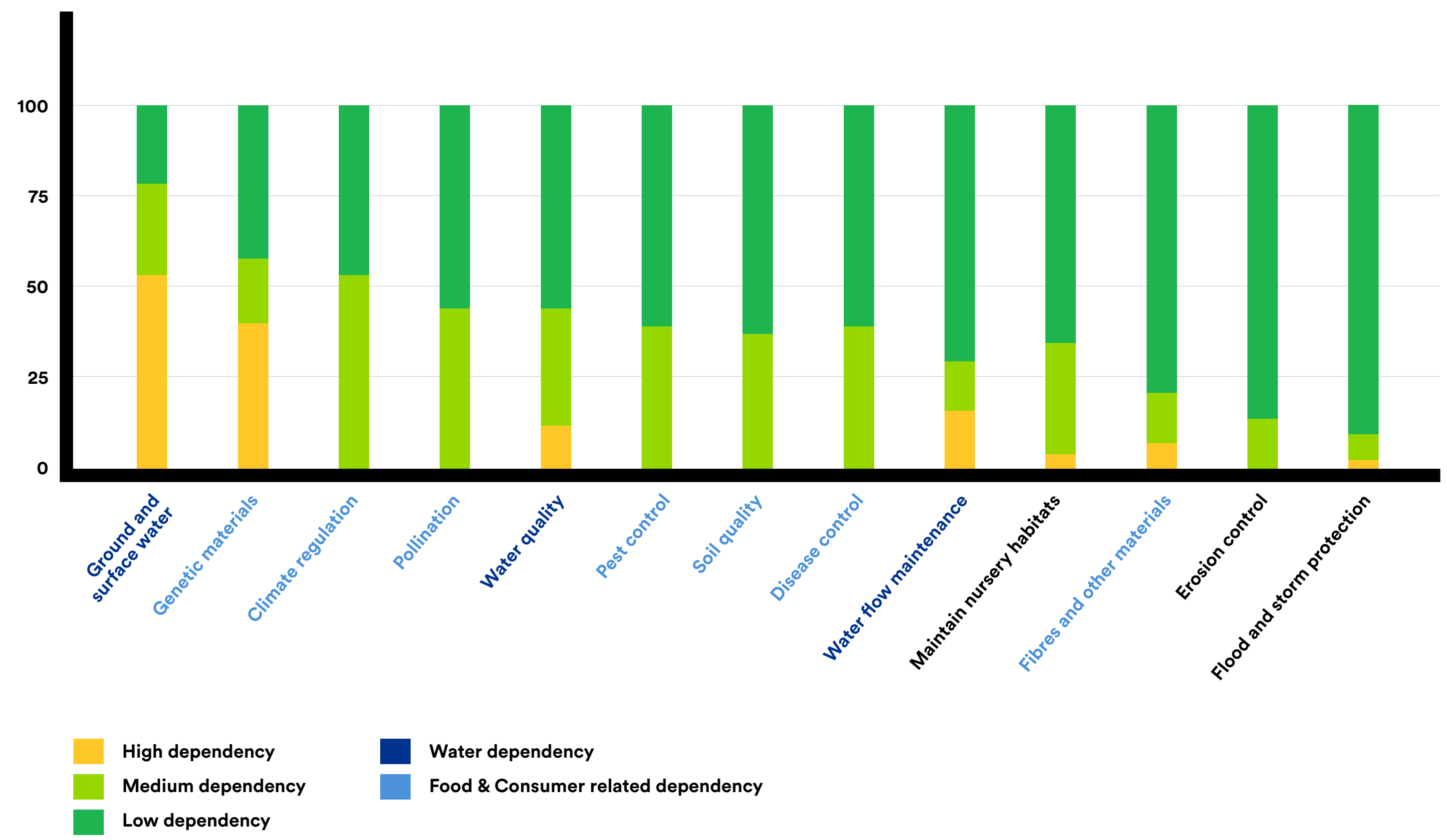
High dependency sectors

Food and beverage companies have the most medium/high dependencies within our portfolio, as shown below. Leather, glasses and eyewear, and insulation products also have numerous medium/high nature-related dependencies. Collectively, our portfolio companies are most dependent on ground and surface water; climate regulation; water flow maintenance; genetic materials; and fibres/other materials. This analysis allows us to take a thematic approach when addressing dependencies across our portfolio.

High-impact sectors

Food companies have the highest impact across our portfolio, followed by beverage companies and those using forestry products. In all three cases, this is largely because of associated land-use change.

Occurrence of nature-dependency themes across PAI's portfolio
(% of companies)




Nature & Biodiversity
Case study

Nature & Biodiversity: Portfolio case study

Pasubio's initiatives to protect nature and biodiversity

PASUBIO
LEATHER

VII

Pasubio Group[41] ("Pasubio") is a high-quality leather provider for the luxury and premium automotive industry in Europe. It is headquartered in Vicenza, Italy, with operations spanning Europe and North America.

"In line with our mission to create sustainable value, we work continuously to manage our impact on the environment and people. We believe this is fundamental to the long-term future of our business.

Luca Pretto
CEO, Pasubio Group

Importance of nature and biodiversity in the tannery sector

Pasubio contributes to a resource-efficient economy by creating natural leather from animal hides, which are a byproduct of the meat industry and would otherwise be incinerated. In 2024, the company committed to set science-based net zero targets with the SBTi.

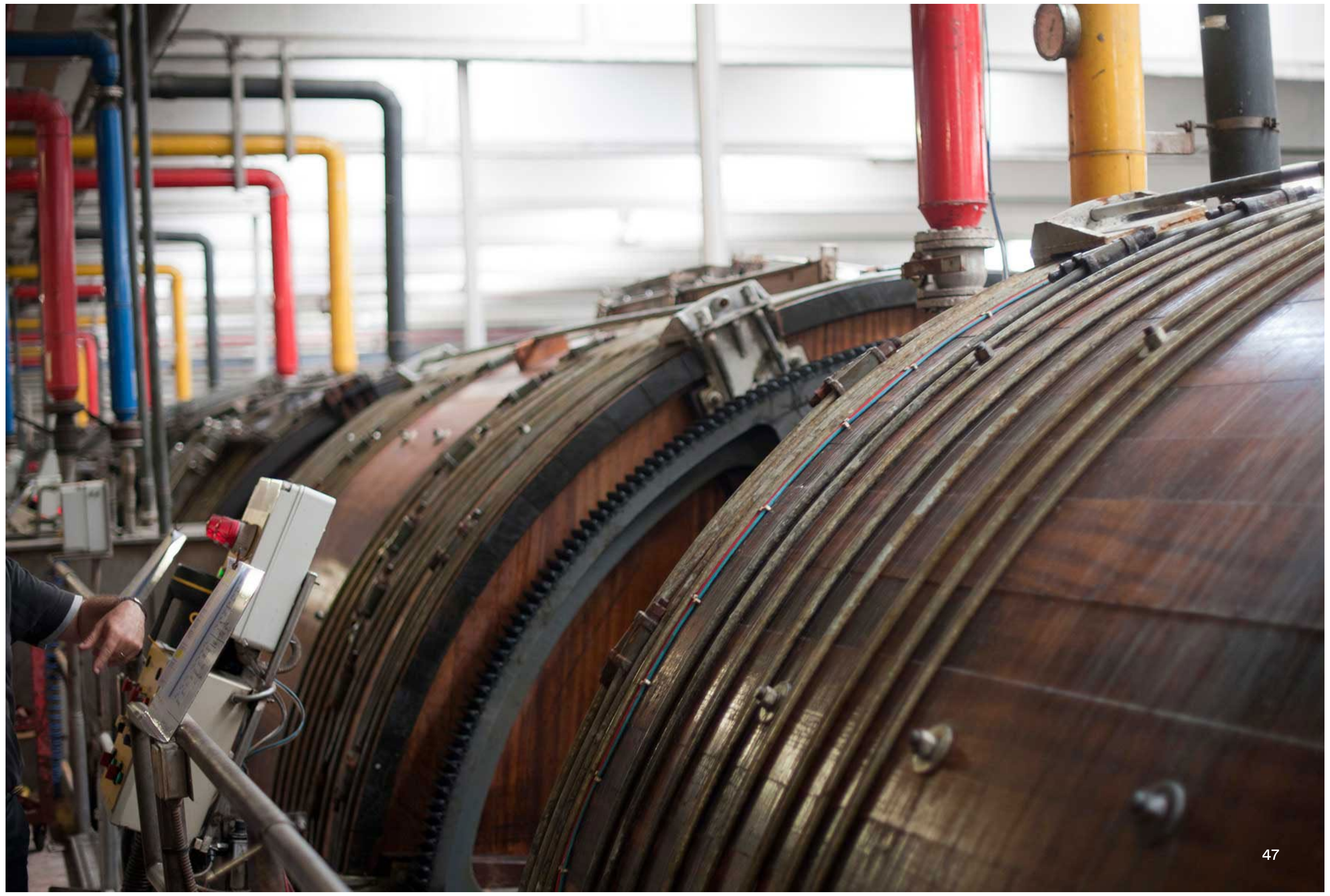
However, the tannery sector's dependence on natural resources, such as animal hides and water, means that nature and biodiversity is a key topic for the industry as a whole. Tanneries must manage these dependencies – for example through improved water efficiency – to reduce the risk of business disruption.

Tanneries also have important environmental and social obligations to mitigate their potential negative impacts on nature and biodiversity – for example by minimising their use of potentially harmful chemicals and sourcing hides from cows that have been raised on deforestation-free land. At the same time, the company's customers expect Pasubio's products to align to their own sustainability goals, while the company must also remain compliant with evolving regulations, such as the EU's deforestation-free products regulation (EUDR).

41 All company data is provided by Pasubio Group.

"Pasubio's approach to sustainability, including its focus on innovative new products, plays a key role in maintaining its position in its markets.

Laurent Rivoire
Partner, Head of the General Industrials Team at PAI



Examples of Pasubio's commitment to reducing its nature and biodiversity related dependencies and impacts

Pasubio's comprehensive and innovative approach to sustainability, encompassing both operational and supply chain initiatives, highlights its commitment to biodiversity and nature.

Dependencies

Pasubio's reliance on water is considerable, given increasing water scarcity globally. In November 2024, the company initiated a significant water recycling treatment (WRT) pilot project, with the aim of recovering 96% of processed water for reuse. Importantly, Pasubio plans to conduct quality checks on all product lines, before implementing WRT technology in its real-time operations. If successful, the project will both reduce Pasubio's dependence on water, and generate cost savings. The company has invested ~€1 million in the project to date[42].

In addition, Pasubio is committed to reusing materials in products where feasible, as it promotes the circular economy and works towards its goal of zero waste. Its Vitanova product uses leftover scraps from production, which are turned into usable fibres through mechanical processes, and then finished like regular leather. Pasubio's R&D team is continuously working to improve and develop this product, and recycling initiatives led to a 23% increase in waste recovery from 2022 to 2024.

“We have worked closely with Pasubio in recent years, supporting the development of its sustainability strategy, and monitoring the success of its initiatives. Pasubio is now extending its offering into establishing a wider luxury platform, and its sustainability approach will be an important driver of success in this new market.

Albin Louit
Partner at PAI

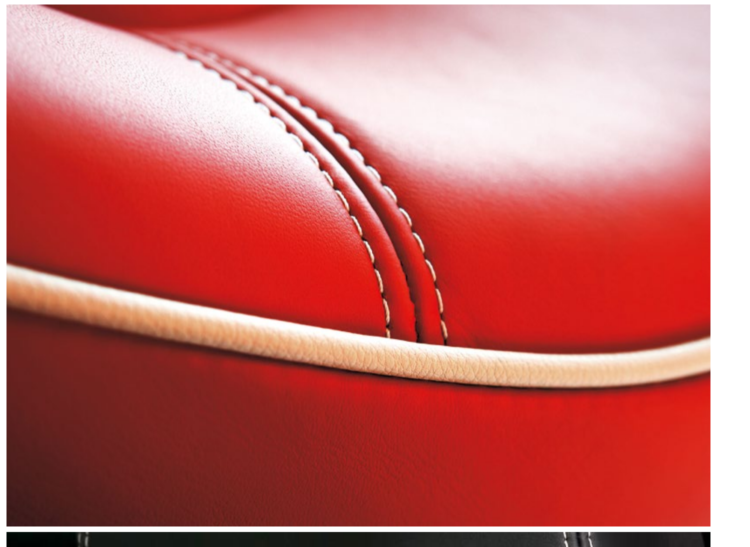
42 As of December 2024.

Impacts

To mitigate potential harmful impacts on nature and biodiversity through wastewater discharges, Pasubio is working with consultants to reduce the chemical intensity of its products. The WRT pilot will also support this effort. In addition, Pasubio continues to grow its suite of products that use alternative tanning methods, with biobased revenues reaching €100 million in 2024. For example, the company employs a tanning agent made from byproducts of the olive oil industry, rather than chromium. Pasubio also manufactures a plant-based polyurethane (PU) steering wheel, one of a wide array of premium-quality products available to customers.

Pasubio is firmly committed to sourcing hides from cows raised on deforestation-free land. This is demonstrated by the company's engagement with suppliers on traceability. In 2024, Pasubio conducted an extensive supplier questionnaire to gather information on supplier maturity, which will inform an audit programme during 2025. Furthermore, in December 2024, Pasubio partnered with Eurofins, using its advanced traceability tool to map supplier geolocation data down to farm level, to verify that land is deforestation-free. This partnership will aid Pasubio to comply with EUDR. Pasubio is also determined to uphold animal welfare standards for cows. In addition to providing hides from deforestation-free land, suppliers are contractually required to comply with Pasubio's Supplier Code of Conduct and Animal Welfare Policy.

Pasubio is also working to further strengthen its ESG commitment in terms of social topics, such as human rights. The Eurofins platform allows for monitoring and promotion of these aspects throughout the supply chain, referring to internationally relevant standards. In parallel, Pasubio was selected in 2024 to take part in a UN Global Compact sponsored six-month programme, “Business and Human Rights Accelerator”, focused on improvement around human rights commitments and due diligence processes. For Pasubio, this is an important step towards an increasingly aware and responsible approach to supply chain management.



People

3

Leveraging diverse human capital to enhance value

More than 24,000[43] people have been hired across PAI's flagship portfolio in the last three years. In recent years, companies and investors have increasingly focused on the social pillar of ESG and how this can help attract, develop, and retain the talent needed for success. They are also increasingly looking to ensure protection of the rights and wellbeing of both their own employees and the people in their value chains. Effectively managing these topics can drive economic opportunities.

We believe promoting a sense of belonging and inclusion plays an important part in creating an environment where employees can thrive, which in turn helps strengthen performance and competitive positioning. We value our employees' unique perspectives (our workforce includes 20 nationalities, for example). We are also proud that 30% of our investment professionals are female, outperforming the industry average of 23%. As a member of Level 20 (a not-for-profit working group to improve gender diversity in private equity) since 2018, we support its mission to increase the percentage of women in senior positions, and we have contributed to several initiatives, including its mentoring programme. The value we see in this diversity of thought resonates throughout our portfolio, where we actively engage with portfolio companies to drive impact on these topics. At the portfolio companies level, the PAI Portfolio Women's Network showcases how we equip women with the confidence, skills, and connections to navigate personal development and leadership.

In addition, businesses are increasingly taking action to reduce potential impacts on human rights, reflecting a growing availability of data, and the shift towards strengthened due diligence in this area. Our industry has an important role to play here. In 2023, the United Nations Working Group[44] on Business and Human Rights stated that financial actors have unique capacity to impact companies and improve the implementation of the UN Guiding Principles on Business and Human Rights (UNGPs). Under our Responsible Investment Policy[45], we will not invest in any company with a track record of human rights abuses. This commitment is reinforced by our membership of the UN Global Compact, which requires us to support and respect the protection of human rights throughout our portfolio companies and their value chains. This means we assess potential human rights risks pre-acquisition, and engage with portfolio companies to monitor such topics.

43 Includes both permanent and temporary jobs.

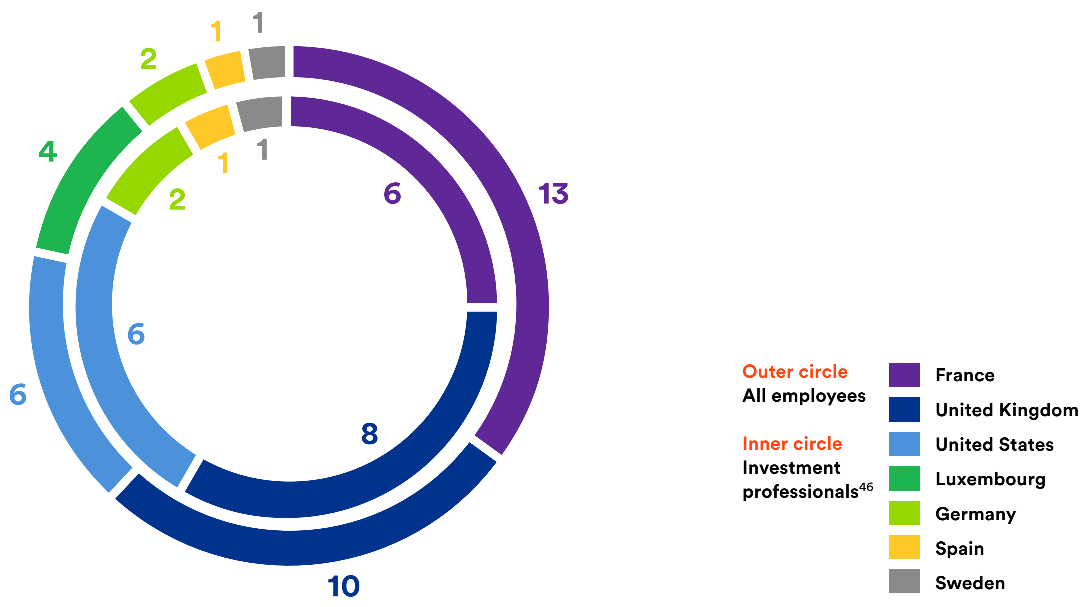
44 United Nations Working Group on Business and Human Rights, 2023
45 PAI Partners Responsible Investment Policy

Valuing our people

Across the firm

New joiners across PAI in 2024

Split by PAI offices

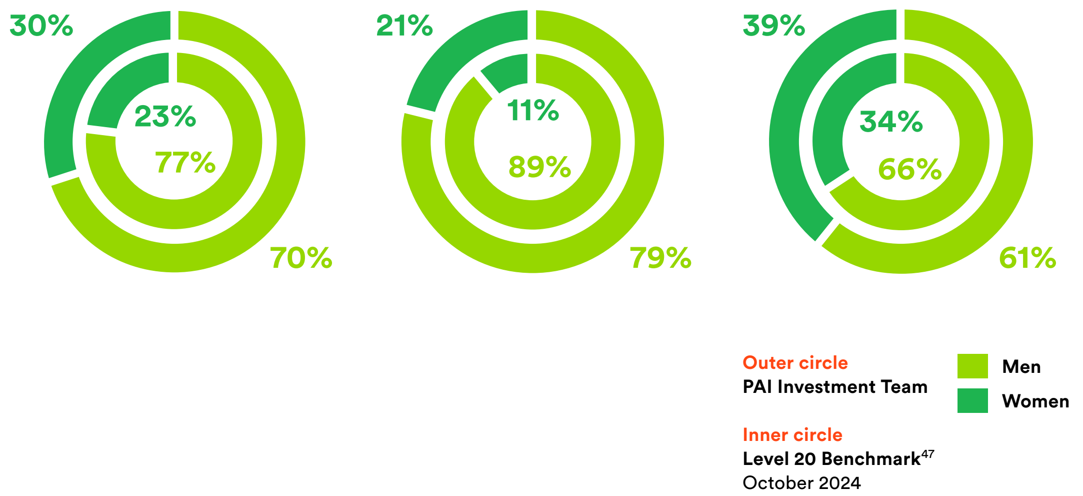


Continued diversification of our talent pool

PAI all investment professionals

PAI senior investment professionals

PAI junior investment professionals

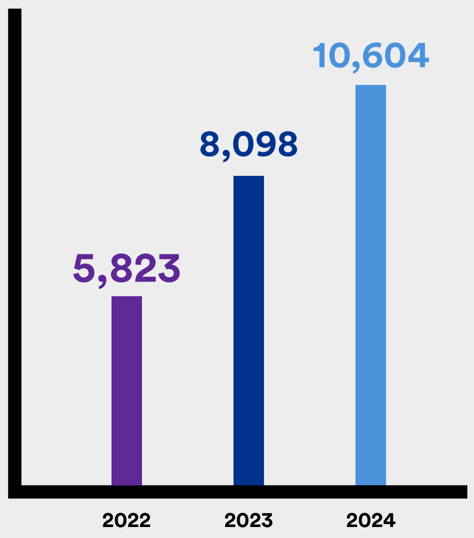


46 Investment professionals includes the Investment Team and the Client and Capital Group.
47 Level 20 – European Gender Diversity Report 2024.

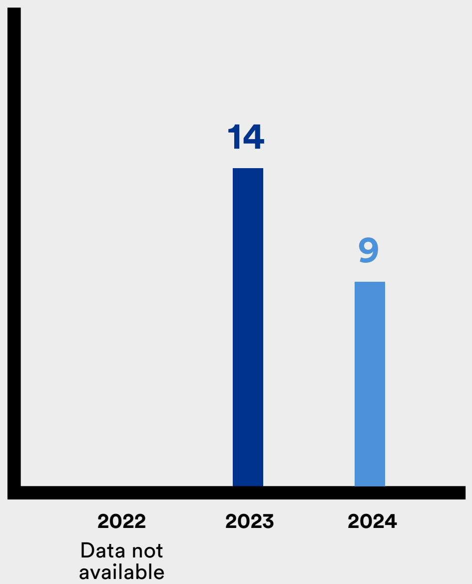
Across the portfolio

Growth of our portfolio companies' workforce and closing the gap on portfolio diversity

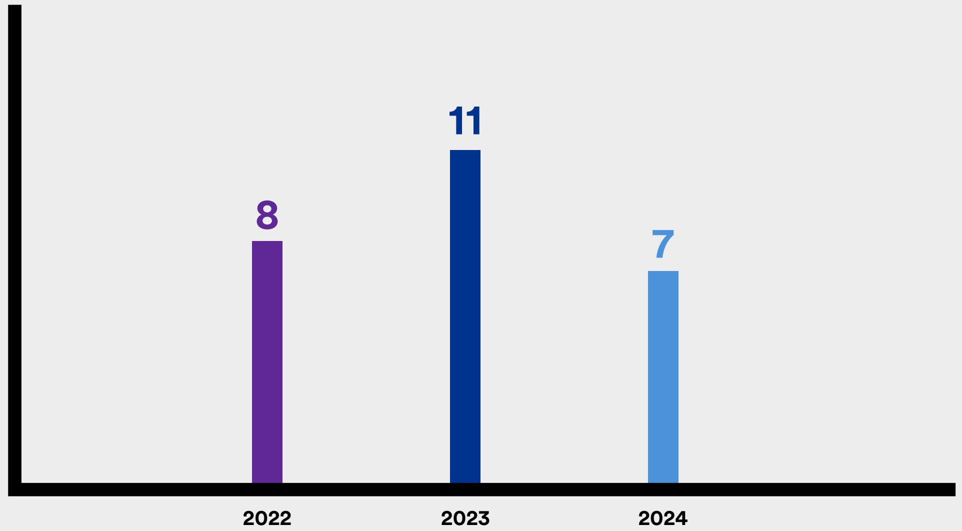
Total net new hires[48]
(Number of hires)



Median unadjusted gender pay gap[48]
(%)



Median injury frequency rate[48]
(Total work accidents resulting in lost days per 1,000,000 working hours)



48 Aggregate across the entire portfolio. For investments across multiple funds, these companies are included in the median calculation for all applicable funds.

Building success together

4

In their own words

A conversation on building sustainability success together across PAI

Management teams face growing demands to report, disclose, and better measure sustainability data. How can Artificial Intelligence (AI) tools support them?

This is an exciting time because AI tools are revolutionising this area. While it is important to balance ethical and environmental implications (such as inherent biases, energy consumption, and resource usage), these tools can process vast amounts of data from different sources in real-time, equipping management with quick yet deep insights that can allow for better-informed decisions.

Chief Information Officers (CIOs) and digital leaders are increasingly deploying AI across three strategic areas:

Marc Boullier
Managing Director, PAI Performance Group, Digital

1. AI tools (especially those integrating data, ERP[49] systems, suppliers and third-party databases) allow management to move from static, annual ESG reports to near-real-time dashboards. For example, natural language processing can extract emissions data buried in supplier reports or PDFs, improving visibility of hard-to-measure Scope 3 emissions.
2. Then, with AI, companies can keep pace with evolving regulations like the Corporate Sustainability Reporting Directive, SEC climate disclosures, or the Sustainable Finance Disclosure Regulation. Intelligent agents scan new policies, flag relevant changes, and assist in structuring compliant reports.
3. Lastly, advanced AI models are helping management teams simulate how various sustainability actions (such as switching to renewable energy, changing packaging, or altering supply chains) would impact carbon footprint, costs, and compliance risk. This predictive capability transforms sustainability from a compliance exercise to a lever for long-term value.

What is striking today is not just the technology; it is the mindset. Many CIOs and Chief Digital Officers (CDOs) are deeply committed to sustainability. They understand that data is not just about efficiency or governance – it is about enabling responsible business. We are seeing them take a proactive role in shaping ESG strategies, championing clean data architectures, moving to low-energy infrastructures, and ensuring that AI is used ethically and transparently to support sustainability goals.

At our firm, while we initially focused on the application of AI in deal sourcing, the real impact came in due diligence. Since 2022, we have deployed an in-house agent (“Alfred”) to combine secure search, summarisation, and document-level citation. Alfred is especially valuable for ESG diligence, where it can help surface climate litigation risks, greenwashing exposure, or gaps in environmental practices buried deep in data rooms.

In short, AI is becoming the connective tissue between sustainability ambition and execution. CIOs and CDOs who embed AI into data ecosystems – and who bring their genuine commitment to sustainability – are giving management teams the ability to act faster, disclose smarter, and drive measurable impact for business and society.

49 Enterprise Resource Planning

Maud Brown
Partner, Head of US Team

As a member of PAI’s Sustainability Committee, can you discuss the Committee’s role in shaping our sustainability strategy, especially in the light of changing political priorities?

We formed the Committee in January 2023. Since then, it has played an important role in making sure our sustainability strategy remains robust and forward-thinking, and that we adapt our strategy as global priorities and political landscapes change.

As a sample of senior perspectives (nine teams are represented), the Committee allows us to collate input and buy-in on pertinent sustainability topics across the firm. We can provide the ESG & Sustainability Team with valuable strategic inputs that help amplify PAI’s sustainability initiatives.

One of the Committee’s other responsibilities is to ensure we are abreast of key market and policy changes, and how they might affect our portfolio companies and investment strategies. We work to proactively adjust our sustainability strategy and priorities to stay ahead of the curve. By developing practical, value-driven initiatives, we aim to strengthen and future-proof our own business and that of our portfolio companies.

The Committee also fosters a sustainability culture inside PAI. We each aim to spotlight the firm’s ambitions and initiatives, as sustainability ambassadors. We encourage our teams to integrate sustainable practices into their day-to-day work and decision-making and help the ESG & Sustainability Team tailor their guidance and support.

Through the Sustainability Committee, we work to maintain PAI’s position as one of the leaders in responsible investing. By adapting our strategy to changing stakeholder interests and political requirements, we can drive positive environmental and social progress while delivering strong returns for our investors.

Aïchatou Diop
Head of Compliance

Can you discuss how standards for good governance are changing and how PAI is adapting?

Good governance is central to building a resilient and responsible organisation. As a cornerstone of our investment process, we adapt our approach as stakeholder expectations, regulations, and global best practices evolve.

Regulations are becoming stricter and more complex, so we continually update our compliance programmes. For example, our latest Flagship fund, PAI Partners VIII, is categorised under the EU Sustainable Finance Disclosure Regulation as promoting environmental and social characteristics (Article 8). This means we must have a policy to assess the governance practices of investee companies, including their management structures, employee relations, staff remuneration, and tax compliance.

There is also a growing emphasis on transparency. Stakeholders want more detailed and precise disclosures, so we have strengthened our governance frameworks to ensure our reporting is clear and robust.

The definition of good governance has also expanded. It increasingly includes the ethical and sustainable impact of investments, as well as privacy and data security, business ethics, anti-corruption and anti-bribery. We have integrated ESG considerations into our compliance approach and implemented comprehensive policies to safeguard information and maintain stakeholder trust. By embracing these changes in our governance practices, we can achieve long-term success and create value for all our stakeholders.

Mateo Pániker
Founding Partner, Mid-Market Fund

Can you explain how you are embedding ESG and sustainability within the mid-market investment strategy?

Integrating ESG considerations into our investment strategy is essential for responsible investing, and a key driver of financial performance and long-term value creation. Companies that prioritise sustainability are better positioned to mitigate risks, take opportunities, and achieve long-term growth, while adapting and contributing to a more sustainable future.

Meticulous due diligence is one of the key ways we embed ESG and sustainability into our investment process. Before making any investment, we assess the company's sustainability strategy and performance. By identifying the risks and opportunities at this stage, we can make informed decisions that align with our sustainability strategy.

Throughout ownership, the firm's sustainability expertise and resources are not only provided to our flagship funds but are also available to the mid-market portfolio. For companies at this stage of their growth, this provides invaluable support and perspective at a pivotal moment of strategy development. Hand-in-hand with the Deal Teams, our ESG & Sustainability Team provides these companies with a thought partnership to support the maturation of their sustainability programmes.

We also engage with our portfolio companies to promote sustainable practices that enhance their operations and positioning. For example, we support many of our mid-market companies in measuring and reducing their carbon footprints. Our goal is to foster a culture of sustainability that permeates the organisation as it continues to grow.

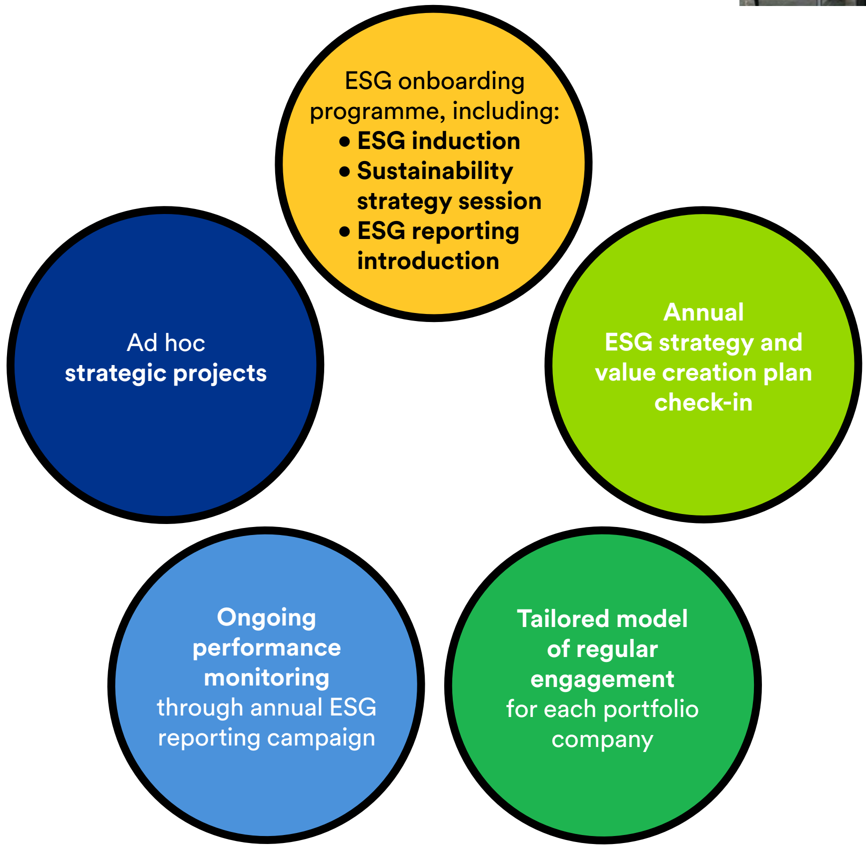
By embedding these principles into our investment strategy, we aim to equip our mid-market investments with the tools to future-proof their growth.

Building capacity for sustainability progress across our portfolio

Engagement model for progress

We provide bespoke support for all portfolio companies, according to their sustainability journey.

Our engagement model for progress is as follows:



17%

more portfolio companies engaged through PAI's Sustainability Club in 2024 (compared to 2023)

260+

talented female leaders and male allies have been enabled to connect with others across the portfolio

236

portfolio company representatives have been provided access to the PAI Sustainability Library

Connect

Transforming futures at PAI's Sustainability Club 2024

The PAI Sustainability Club is the cornerstone of our capacity-building engagement with portfolio companies. The 2024 edition took place in Spain, with the theme "Transforming Futures" speaking to our commitment to innovation, sustainability, and strategic growth. The agenda was informed by a survey of all ESG and sustainability representatives from across the portfolio, and built on earlier feedback to focus on fostering connections between companies, as well as encouraging active participation through workshop-style learning. This allowed the discussions to delve into key ESG issues that enable portfolio companies to improve performance, mitigate risk and create value.

In 2024, 17% more portfolio companies were engaged through PAI's Sustainability Club compared to the previous year.

PAI Portfolio Women's Network

The PAI Portfolio Women's Network (PPWN) was created as a strategic initiative to enhance the diversity of leadership within our portfolio. It has enabled over 260 talented female leaders and male allies to connect with others across the portfolio, helping them to hone their leadership and professional capabilities, and promote gender diversity in their companies. The PPWN held four sessions in 2024, covering prominent topics such as overcoming imposter syndrome, strategic networking, courageous conversations, and executive presence. Participants will now be supported in building on the PPWN's foundations by creating similar networks in their companies.

Learn

PAI Sustainability Library

To develop the capabilities of portfolio companies' sustainability professionals, we have curated a library of guidance and trainings on key topics. This ranges from regulatory updates to sustainability strategy, and includes guides on setting science-based emission reduction targets, how to approach nature and biodiversity, and water stewardship. Upcoming guides will cover energy efficiency, and diversity and inclusion, amongst other topics. In 2024, we hosted five training sessions.

This also fosters connections, allowing peers to engage in meaningful discussions and share their expertise, through virtual workshops on global and sector-specific sustainability issues. To support this, we launched an online portal and virtual forum in 2024, through which over 200 portfolio company representatives have been provided access to these resources.

PAI Community

Founded in 2012, PAI Community's goal is to support disadvantaged and vulnerable people into work.

In 2024, PAI Community continued to support our selected charities: ACTA VISTA, Ares, Beam, Bookmark Reading Charity, DEIN MÜNCHEN, Espérance banlieues, Fundación Prodis, Le Chemin des Fleurs, Microlab and Working Options.


Photo credit: DEIN MÜNCHEN

In 2024:

10	€425k
charities supported	donated

Industry recognition

Over the last reporting period, PAI received the following awards:

Actum Group:
Value Creation ESG Award 2024

Private Equity Exchange:
Bronze Award for Best ESG Private Equity Initiatives – GP

Real Deals ESG Awards:
Finalist for PE House of the Year: Large Cap


Building success together
Case studies

ESG at exit: Portfolio case study

Meeting client needs for sustainable services and achieving operational excellence in ESG

M GROUP

VI

In July 2018, PAI Partners completed the acquisition of M Group[50] (previously M Group Services). M Group is the UK's largest provider of essential infrastructure services and solutions. The company provides services to, and partners with, major essential infrastructure providers in the water, energy, transport, and telecommunications sectors. The business has over 100 years of heritage, employs more than 11,000 people and operates from over 216 locations nationwide.

"

Our partnership with PAI was hugely successful, as we grew rapidly and consolidated our position as a leader in sustainable infrastructure services. We have long recognised the importance of sustainability to all our stakeholders, which drives us to ensure our operations benefit the environment and the communities we serve. Our efforts are recognised as industry-leading, and we continue to identify ways to create more value through sustainability initiatives.

Andrew Findlay
Chief Executive, M Group

50 All company data is provided by M Group.

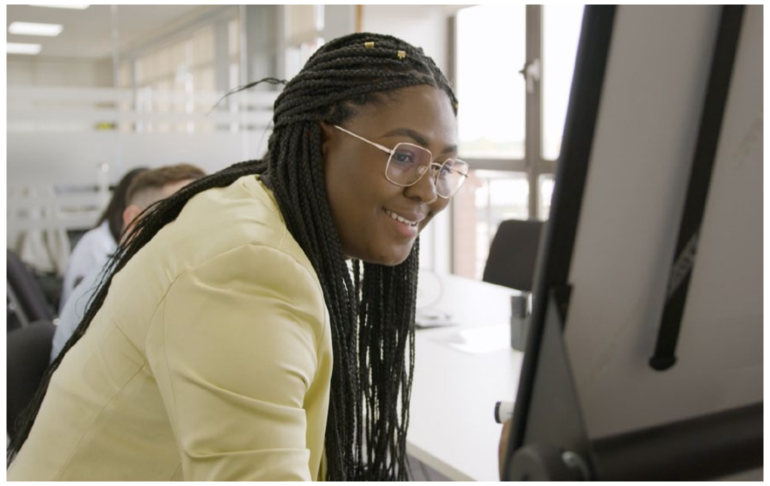
Developing sustainable services to meet client needs

From an ESG lens, under PAI ownership, M Group focused on innovation and building its suite of sustainable services across its core markets. This helped position M Group as a go-to provider for its clients, while contributing to the UN Sustainable Development Goals (SDGs).

Companies in the infrastructure sector, such as M Group, are well positioned to contribute to addressing global sustainability issues, such as climate change and the availability of clean water, and tackling broader environmental degradation. ESG is important in the sector, with robust safety standards and environmental compliance as a minimum requirement.

Across 2022-23, M Group supported the following SDGs through the services it provided:

SDG 9 **Industry, Innovation and Infrastructure** **Goal** Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	**Target 9.4** Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and processes	■ Deployed 15.1 million metres of fibre networks (7x more energy efficient than copper), enabling reliable connections to 606,195 premises (~2x increase vs. previous year) ■ Installed 439,222 smart meters (up 14.6% vs. previous year) enabling improved energy management ■ Reached cumulative deployment of 8,000 metres of innovative lining solutions across client waste and wastewater networks, across 2021-23. These solutions have a lower carbon footprint than traditional materials
SDG 11 **Sustainable Cities and Communities** **Goal** Make cities and human settlements inclusive, safe, resilient and sustainable	**Target 11.2** Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety	■ Grew provision of services to support sustainable transport, laying 486,730 tonnes of asphalt (up 5% vs. previous year), of which: • 13% was warm mix asphalt (15% lower carbon emissions) • 5.4% was cold lay asphalt (40% lower carbon footprint, made from 100% recycled waste) • 2.6% was graphene asphalt, which extends the pavement life, reducing carbon associated with maintenance and repairs



> We are delighted to have guided M Group's transformation into the UK's leading provider of essential infrastructure services. Its successful strategy – including broadening its suite of sustainable services and its rigorous focus on enhancing its own sustainability performance – has led to a more diversified and resilient business model, deeper client relationships, and a strong platform for further growth.

Colm O'Sullivan
Partner, Head of the UK Team at PAI

Other sustainable services that M Group provides include leak repair to conserve water, battery installation to support clients with decarbonisation and energy resilience, and home decarbonisation initiatives via its subsidiary Agility Eco, acquired under PAI's ownership.

The company's fleet initiatives were an important part of its broader decarbonisation strategy.

Examples of these initiatives include:

- its "ECO driving programme", using advanced route optimisation telematics, resulting in lower fuel consumption and emissions across the M Group fleet;
- increased use of electric and hydrogen-powered plants and equipment; and
- adopting non-virgin Hydrotreated Vegetable Oil (HVO) as a lower-carbon fuel alternative for the fleet.

M Group's decarbonisation strategy is underpinned by ambitious targets, which have been validated by the Science-Based Targets initiative (SBTi). By 2030, M Group aims to reduce:

- Scope 1 and 2 emissions by 42%[51]
- Scope 3 emissions (purchased goods and services) intensity by 52% per GBP of added value

51 Against a 2022 baseline year.

How M Group worked towards operational excellence in ESG

PAI supported the company with advancing its sustainability credentials, integrating ESG principles into the core of the business and positioning M Group as a sustainability transition enabler. In particular, PAI's ESG & Sustainability Team assisted M Group with developing its overall sustainability strategy, identifying its contribution to the UN SDGs and eligibility under the EU Green Taxonomy, monitoring performance, regulatory compliance, and initiating its sustainability reporting.

M Group has a commitment to excellence in operational sustainability topics, such as health and safety, employee development, wellbeing, and environmental compliance. Beyond this, it has focused on decarbonisation, as well as upskilling executives through training, to support its progress.

As a result of M Group's commitment to operational excellence in ESG, it received special recognition at the BVCA's 2023 Excellence in ESG Awards. M Group also achieved the #1 Sustainalytics ranking for its sub-sector from 2021 to 2023, improving its score year-on-year. Its Sustainalytics score ranks it in the top 1% globally for Business Support Services, which is widely considered to be best-in-class.

bvca Excellence in ESG 2023

SUSTAINALYTICS

PAI's successful exit of M Group

The sale of M Group to CVC completed in September 2024.

During PAI's ownership, M Group experienced significant growth across revenue, EBITDA and cash flow, with clear emphasis on enhancing the quality and scale of the order book.

The Group successfully delivered on its organic growth plan, diversifying and strengthening historically smaller divisions. The Group also accelerated its M&A strategy, acquiring and successfully integrating 14 complementary businesses in six years, focusing on more technical and higher-margin competencies to add real depth and breadth of capabilities.

With PAI's support, the company refreshed and strengthened its management team, with the appointment of a new CEO and CFO, and the establishment of a new COO role. These appointments were complemented by a more efficient organisational structure and operating model following extensive investment to strengthen M Group's platform and enhance its IT infrastructure.

When the company was sold to its new owners, M Group had become the leading provider of essential infrastructure services and solutions for clients across the transport, energy, water and telecom sectors in the UK and Ireland.

M Group's ability to meet and exceed the expectations of its clients in terms of sustainable services, and its market-leading position for operational excellence in ESG, helped position the company well for exit.

ESG in the Mid-Market: Portfolio case study

Developing a transformational sustainability strategy

MyFlower Group[52] is a European flower and gift digital intermediary platform, with its Interflora businesses in France, Denmark, Sweden, Italy, and Iberia each having 50%+ market share.

With the ongoing support of PAI's ESG & Sustainability Team, Interflora (the commercial name of MyFlower Group) embraced its first Group-wide sustainability strategy in 2024. This commits the company to leading the industry towards a more responsible and conscious future, while making its business stronger, more resilient and more profitable. To promote this transformation, the Group is prioritising initiatives to reduce its carbon footprint and the environmental impact of its bouquets, as well as promoting responsible sourcing, advancing towards a circular economy through sustainable packaging and transparent communication.

Developing our new sustainability strategy has allowed us to align the entire Group behind one vision, focused on the issues that matter most to our business and to our stakeholders. We are now taking meaningful actions to achieve our objectives under each of our sustainability pillars, which will help us deliver a stronger, more resilient and more profitable business, as well as a heathier environment.

Eric Ledroux
CEO, MyFlower Group

52 All company data is provided by MyFlower Group.

A unified vision and strengthened commitments

Prior to 2024, Interflora's sustainability efforts were decentralised across its geographies. However, the increasing international focus on sustainability, exemplified by the introduction of the Corporate Sustainability Reporting Directive, prompted Interflora to challenge its sustainability reporting and approaches, and integrate sustainability into its core strategy at Group level. With the support of external advisers, the company adopted the double materiality approach, allowing it to identify material sustainability topics by considering how they could affect the company's financial performance, and how its activities impact the environment and society, taking into account both risks and opportunities.

Extensive stakeholder engagement allowed Interflora to gather valuable insights, aligning its strategy with the expectations of consumers, employees, investors and environmental bodies. In addition to using surveys and consultations, Interflora harnessed the collective insights and experiences of its most prominent stakeholders through a series of workshops. These gatherings were instrumental in building a shared vision and a unified sustainability strategy for the Group, defined by a three-tier pyramid, starting with its new purpose, to "Take care of nature, one flower at a time".

MyFlower Group's three sustainability strategic pillars:

Encouraging sustainable bouquets, plants, and gifts.

Building a sustainable future for the florists' network, as the Group's main access to its customers is through its network of 6,000+ florists.

Fostering a sustainable culture, both internally and externally.

Each pillar is supported by objectives and action plans, to promote sustainable practices.

> This exercise was an opportunity to engage all of our stakeholders for the first time. This enabled us to benefit from a wide range of perspectives and expertise, understand the specific issues in each country, and develop our ambition for our new strategy. We are excited to work together across the Group to achieve our common goals.

Cecilia Thimerdal
Group Head of Sustainability, MyFlower Group

Achievements and results

Interflora's approach has begun to foster a culture of sustainability throughout the organisation. It has encouraged innovative thinking, promoted best practices across its operations, and increased accountability by establishing a robust sustainability project governance. All Interflora countries are now aligning to the common vision through regular communication, shared goals and joint initiatives.

Key achievements to date include:

- **Encouraging sustainable bouquets, plants, and gifts:** completing a carbon inventory, starting to define decarbonisation plans for each country by reducing emissions per bouquet, and continuing to reduce the use of pesticides in flower cultivation.
- **Building a sustainable future for the florists' network:** implementing a florist handbook for sustainability awareness, updating the supplier code of conduct supported by a whistleblowing function, and working to get to know growers better and increase transparency in the supply chain.
- **Fostering a sustainable culture:** deploying a performance management process and platform in each country, aligning the bonus scheme across the Group for more consistency, transparency and fairness, delivering training on cross-cultural collaboration, and starting an employee survey to define a common corporate culture framework.

Interflora has also stepped up its efforts to promote sustainability in the industry, including using its websites in each country to increase communication on sustainability to consumers and its network (launching in 2025).

Interflora's new strategy has resulted in a significant improvement in its EcoVadis Sustainability Rating, from its previous Bronze level to a **Gold Certification,** putting Interflora in the top 5% of all companies rated by EcoVadis. This underscores the Group's superior performance in environmental practices, labour and human rights, ethics, and sustainable procurement. MyFlower Group is currently rolling out its sustainability strategy and related objectives across all its countries, to enable it to make further progress in the years ahead.

> We are delighted to support MyFlower Group with its approach to sustainability. Its new strategy recognises the importance of bringing the Group together around a single purpose, with clearly communicated priorities and transformational actions that will both differentiate MyFlower from its peers and advance sustainability standards in its sector.

Stefano Drago
Founding Partner, Mid-Market Fund

Appendices

5

TCFD disclosures

Description of our physical climate risk and transition risk toolbox

- Since 2023 we have adopted a comprehensive approach to managing climate-related risks and opportunities, aligned with the Task Force on Climate-related Financial Disclosures framework (TCFD).
- In 2023 we introduced a third-party tool that helps us integrate climate risk assessments throughout the investment lifecycle. By doing so, we identify and address both physical climate risks – such as extreme weather events and long-term climate shifts – and transition risks arising from evolving carbon policies, market expectations and technological changes.
- We are using this tool to conduct site-by-site assessments across the near, medium (2030) and long-term (2050) time horizons. These time horizons correspond with those in the Intergovernmental Panel on Climate Change's RCP 2.6 (net zero), RCP 4.5 (slow transition) and RCP 8.5 (business as usual) scenarios. See the table for our TCFD scenario descriptions.
- We have integrated this analysis into our ESG due diligence processes. The results are presented to the Investment Committee as part of the ESG Memorandum for every prospective investment. If we identify specific risks, we discuss them with the portfolio company as part of the ESG 100-Day plan and integrate them into our overall sustainability value creation plan for the hold period.
- In 2024, we started to add our legacy portfolio companies to the tool, to create a portfolio-wide analysis (to be completed in 2025).
- In addition, we use our Internal Carbon Price (ICP) to assess the potential carbon liability arising from each prospective investment. This analysis is also performed during the ESG due diligence process and presented to the Investment Committee as part of the ESG Memorandum. We introduced the ICP in 2023 and update it annually, reflecting the overall market environment. We will be exploring the use of sector-adjusted ICPs in future, to better reflect the different emissions profiles of our investment sectors.

PAI's TCFD scenarios

Model scenarios (Transition risk)	**Model scenarios** (Physical risk)	**PAI temperature equivalent scenarios** (degree of warming by 2100 above pre-industrial levels)	**Scenario description**
Net zero	RCP 2.6	1.5–2.0° C	**Low emissions** Emissions peak in the 2020s and then start to decline
Slow transition	RCP 4.5	2.0–3.0° C	**Intermediate emissions** Emissions peak by 2045 and then start to decline
Business as usual	RCP 8.5	3.5–4.5° C	**High emissions** Emissions continue to rise throughout the 21st century at their current rate

Case study

The Compleat Food Group

In 2024, The Compleat Food Group, a UK manufacturer of chilled animal and plant-based food products, undertook a physical risk assessment of its operations and supply chain.

See the case study on page 34.

Taskforce on Climate-related Financial Disclosures (TCFD) summary

TCFD Pillar	TCFD recommended disclosures	Relevant pages
Governance	Describe the board's oversight of climate-related risks and opportunities.	14-27[53, 54]
	Describe management's role in assessing and managing climate-related risks and opportunities.	14-27[53, 54]
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Partially reported 14-27
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Partially reported 14-27
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Partially reported 14-27 78-79
Risk management	Describe the organisation's processes for identifying and assessing climate-related risks.	78-79
	Describe the organisation's processes for managing climate-related risks.	78-79
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	78-79
Metrics and targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities, in line with its strategy and risk management process.	14-27
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	26-27
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	14-27

53 www.paipartners.com/responsibility/esg-reports/
54 Please also refer to PAI's Responsible Investment Policy

Overview of new acquisitions

Investments closed in 2024

Company	Fund	Sector	Investment date	Main material topics	Initiatives since acquisition
Audiotonix	VIII		July 2024	– Responsible procurement – Health and safety – Environmental management – Eco-product development – Other workforce topics (e.g. retention / development)	Rolled out ESG 100-Day plan including an ESG induction, as well as in-person ESG strategy session and site visit. Annual ESG strategy / Value Creation Plan meeting to be held with management in 2025. Actions ongoing on the following topics: supplier risk assessment, ESG credentials, energy efficiency and DEI[55].
BEAUTYNOVA	MM		June 2024	– Carbon footprint – Energy and water management – Environmental management – Health and safety – Product safety and quality – Supply chain management – Responsible packaging	Rolled out ESG 100-Day plan including an ESG induction and in-person ESG strategy session and site visit.
VAMED care	MM		September 2024	– Carbon footprint – Energy and water management – Environmental management – Health and safety – Patient satisfaction – Employee well-being	Rolled out ESG 100-Day plan including an ESG induction and in-person ESG strategy session and site visit. Supported with identifying third-party to help with CSRD readiness assessment and DMA development.
NUTRIPURE	MM		September 2024	– Product safety and quality – Supply chain management – Carbon footprint – Employee well-being	Started to roll-out ESG 100-Day plan including an ESG induction session. Supported with identifying relevant KPIs for sustainability-linked loan.

55 Diversity, Equity, and Inclusion.

PAI contacts and offices

esg.team@paipartners.com

PAI's ESG & Sustainability Team

Esohe Denise Odaro
Head of ESG & Sustainability

Laurie Cameron
ESG Officer

Frederike Kress
ESG Officer

Anna Harvey
ESG Analyst

Cross-PAI Performance Group Analyst

Roméo Bricout-Soto
Analyst

Paris

PAI SAS
23 rue de la Paix
75002 Paris
France

T +33 1 43 16 63 00

Milan

PAI SAS – Italian Branch
Via Gaetano Negri 4
20123 Milano
Italy

T +39 02 85 45 1520

London

PAI Partners (UK) Limited
78 St James's Street
London SW1A 1JB
United Kingdom

T +44 207 297 4660

Munich

PAI SAS – German Branch
Lenbachplatz 5
80333 Munich
Germany

T +49 89 255 555 300

Luxembourg

PAI Partners S.à r.l.
53 Boulevard Royal
2449 Luxembourg
Luxembourg

T +352 26 26 97 71 78

New York

PAI Partners Inc.
730 Third Avenue – 27th Floor
New York, NY 10017
United States

T +1 212 887 1690

Madrid

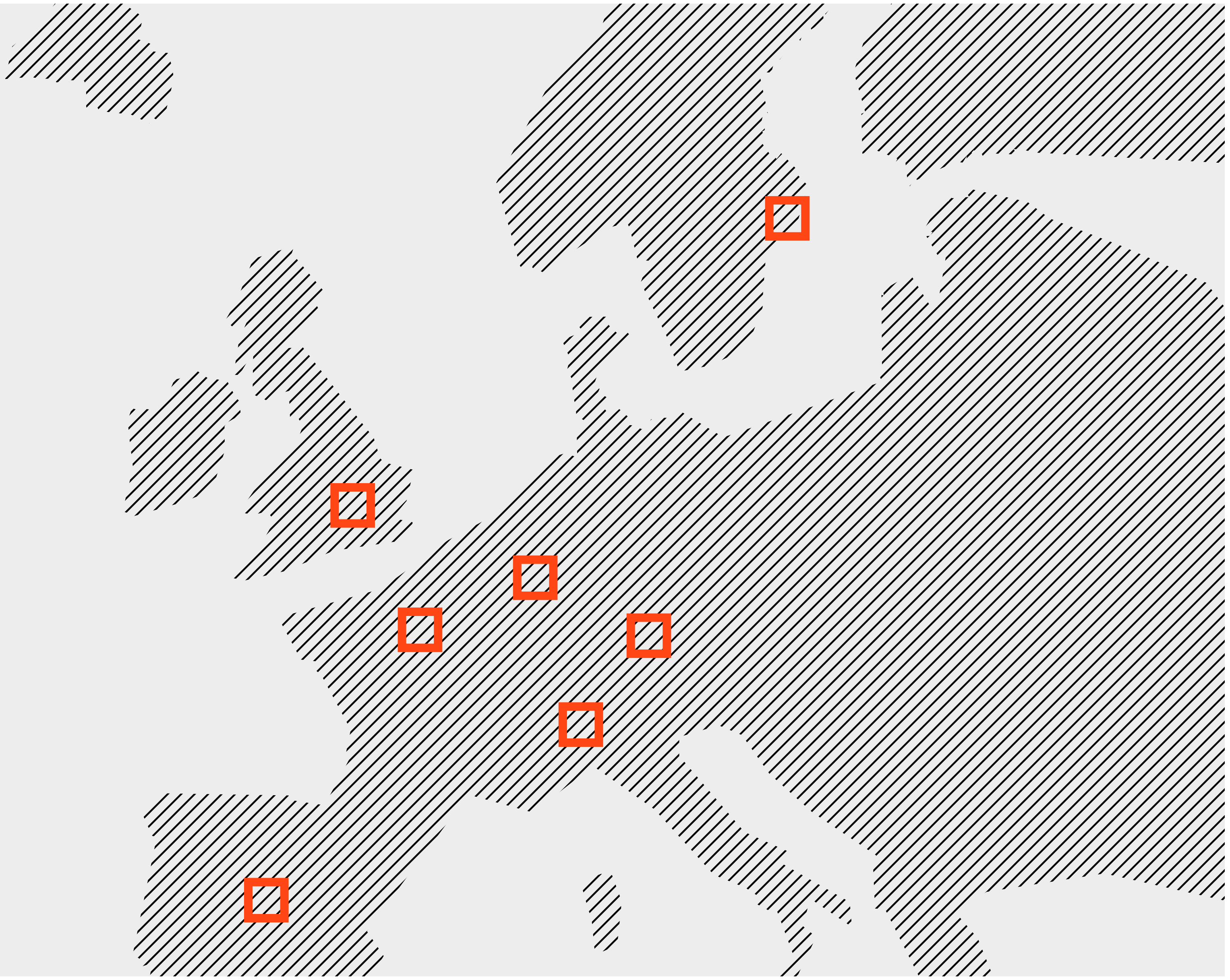
PAI SAS Sucursal en España
Paseo de la Castellana, 40 Bis
28046 Madrid
Spain

T +34 91 590 22 50

Stockholm

PAI Partners AB
Kungsträdgårdsgatan 12
111 47 Stockholm
Sweden

T +46 8 440 57 90



Photographic credits

PAI Partners
iStock
Freepik
Richard Horvarth (Unsplash)
Mohamed Nohassi (Unsplash)
Atsushi Tsubokura (Unsplash)
Mila Young (Unsplash)
Virginie Ribaut
DEIN MÜNCHEN

Case-study pictures
SGD Pharma
The Compleat Food Group
Freepik
Pasubio
M Group
MyFlower Group

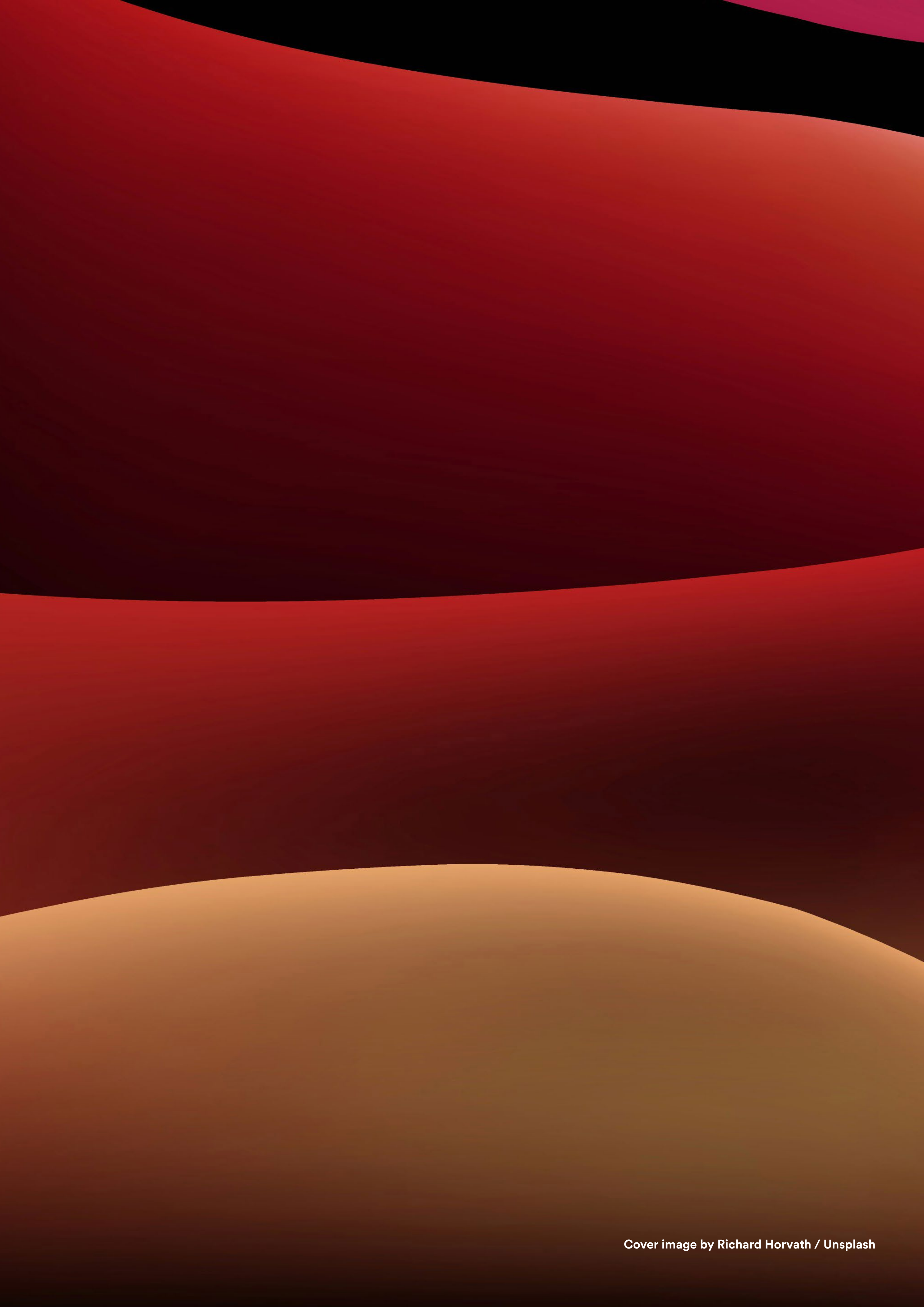
Divider spread pictures
Freepik
Pawel Czerwinski (Unsplash)
Marko Brecic (Unsplash)
Mariola Grobelska (Unsplash)

Portrait illustrations

Kim Roselier

Important notice

While PAI and its Portfolio companies make many efforts to ensure the accuracy and completeness of the ESG metrics presented in this report, certain limitations may remain. PAI works to improve data reliability and consistency on an ongoing process across reporting periods. Consequently, data related to previous financial years may be reviewed, adjusted or enhanced to reflect updated methodologies or newly available information. Such retrospective adjustments are made to ensure greater accuracy, comparability and transparency over time.



Cover image by Richard Horvath / Unsplash