



# Responsible Investing

ESG Report 2024

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## Foreword from the Managing Partners



**Andy Gray**  
Managing Partner



**Markus Golser**  
Managing Partner and Head  
of Graphite's ESG Committee

Over the course of the past year, increased regulatory pressure coupled with heightened stakeholder demand has seen the corporate world's focus on ESG continuously rise. The private equity sector is realising that investment in ESG across a portfolio, while an upfront cost, increasingly ends up yielding higher returns and improved investment opportunities.

At Graphite, we like to be ahead of the curve, with ESG being no exception. Our ESG journey began many years ago when, not only did we realise the potential of ESG to create upside to investment returns, but we committed to being a company that acted in support of people and the planet. We are proud to hold ourselves, as well as our portfolio companies, to a high ESG standard and continuously work to support our portfolio companies in their ESG pursuits.

We are delighted to present the ESG report for 2024, which shines a spotlight on many of our own achievements along with the initiatives which our portfolio companies have undertaken. We are proud to support them in these ESG pursuits and we hope you enjoy reading this report.

### Who We Are

Graphite is a leading UK mid-market private equity firm, home to a team of passionate and dedicated professionals with a range of skills and experience. Many of our team members have dedicated the majority of their professional life to Graphite. Our corporate ethos promotes teamwork, which enables us to generate strong returns for our investors and provide consistent support to our investments.

We are backed by a group of leading investors from across the globe, including well-known pension funds, insurance companies and endowment funds. Approximately 40% of the investors in our latest fund are from the UK, 45% from Europe and the balance from the rest of the world.

## Overview of Graphite Capital

**£1.1bn** current assets under management

**£180m** current portfolio EBITDA

**73** investments made since 1999

**55** investments realised since 1999

**£2.8bn** proceeds received since 1999

**36** Graphite personnel

**47%** of Graphite's personnel are female

**32%** of Graphite's personnel are from minority backgrounds

## Overview of our Portfolio

**18** current portfolio companies

**14,880** employees across our portfolio

**98%** increase in employment across the last three funds

**28%** of board members are female or from minority backgrounds

**41%** of senior leadership team are female or from minority backgrounds

**161** countries served by our current portfolio

**143** acquisitions supported by Graphite over the past 20 years

**63%** of revenues generated outside the UK\*

## Our ESG Investment Strategy

Graphite invests in companies with strong growth potential, with our responsibilities to our stakeholders and ESG objectives at the heart of our investment process, driving long-term value and reducing risk.

A commitment to ESG has become a requirement for all private equity firms, underpinning comprehensive risk mitigation as well as long-term value creation.

Our ESG work creates **tangible and measurable financial benefits** by:

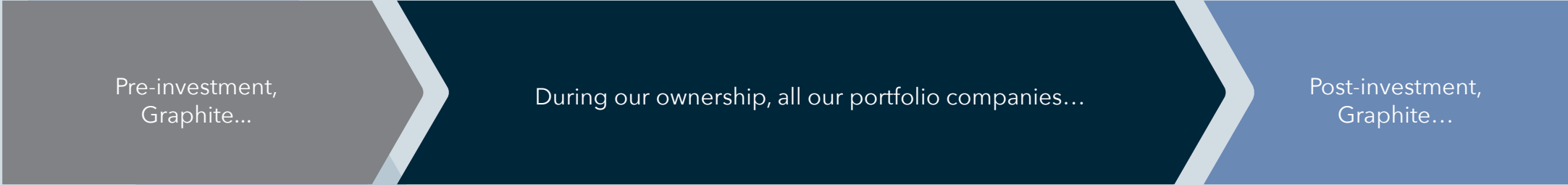
- Increasing staff retention
- Lowering the cost of staff attraction
- Driving brand strength and customer loyalty
- Raising competitiveness in bids and tenders
- Reducing energy consumption and utility costs
- Reducing the cost of compliance with legislation and standards

We consider these value drivers during our investment selection process and pursue them throughout our period of ownership.

We passionately believe that ESG should be embedded in every aspect of our business, rather than being a separate area of focus. This belief is reflected in our investment strategy, which is aimed at generating strong returns, while also creating opportunities for scalable societal impact.

Our investment cycle begins with Graphite conducting a pre-investment ESG Due Diligence review on a potential investment, which flags any ESG risks in the company. After investing, we work alongside the management team throughout our ownership to improve their ESG activity. At realisation, we illustrate the value ESG has added to the company by conducting a comprehensive exit review.

# Graphite Maximises it's Engagement with Portfolio Companies



...profiles ESG risks and opportunities through our ESG Due Diligence process



...conducts a detailed exit review, highlighting and measuring achievements



## Our ESG Investment Strategy (continued)

### An Improvement to our Pre-Investment Due Diligence Process

In 2023, we refreshed our pre-investment ESG Due Diligence process. Previously, Graphite completed manual due diligence questionnaires to highlight ESG risks. We now utilise a web-based portal specifically configured to analyse ESG risks of potential investments. Companies performing Graphite's pre-investment ESG Due Diligence process must answer a series of questions on the portal, which then produces a clear report for Graphite, outlining ESG risks and opportunities.

### Sustainable Investment Policy

At Graphite, ESG assessment has been part of the investment process for over a decade. We have developed a Sustainable Investment policy, which reflects our ESG principles, objectives, adherence to legislative requirements and our commitment to holding our portfolio companies to account in relation to sustainability and ESG.

### Exclusions Policy

Graphite's exclusions policy ensures we never work with companies which cause damage to the planet or the people that call it home. The policy prohibits Graphite from working with companies that derive any of their turnover from the following sectors:

- Tobacco, vaping or other nicotine products
- Opiates and opioids or other illegal drugs
- Pornography or the sex industry
- Conventional weapons, armaments or ammunition
- Nuclear, biological or chemical weapons
- Gambling
- Oil and gas exploration or production
- Mining

During the Due Diligence process, we are particularly interested in ESG-related risks as we tend to invest in smaller companies that are usually at the beginning of their ESG journeys.

## ESG at Graphite

Alongside embedding positive ESG practices into the investment process, Graphite has worked hard to promote ESG initiatives in its daily business operations. Our ESG journey began over 15 years ago, when our now Managing Partner and head of ESG, Markus Golser, attended his first ESG workshop.

The changing regulatory landscape, as well as demand from investors and other stakeholders, require private equity firms to evidence and demonstrate compliance with ESG legislation. Graphite's commitment to its ESG journey has kept pace with, and often exceeded ESG best practice in the sector. Our dedicated work within this space means that we and our portfolio companies operate at best-practice level, winning awards that recognise our commitment to the environment and society.

### Engagement with our Portfolio Companies

Graphite regularly engages with each of its portfolio companies, receiving updates on a regular basis and reviewing all updates at Board level. In addition, CEOs present their annual ESG updates to Graphite's Board. Graphite collects portfolio company KPIs and hosts portfolio-wide webinars that have focused on ESG topics such as SBTi, B Corp, the UN SDGs and the UN Global Compact.

We regularly share ESG best practice and techniques between our portfolio companies.

**Graphite's commitment to its ESG journey has kept pace with, and often exceeded ESG best practice in the sector.**



## An Interview with Markus Golser

Markus recently sat down with the British Private Equity and Venture Capital Association (BVCA) to discuss his experience of utilising sustainable business practices to underpin strong returns to investors.<sup>1</sup> Below is an excerpt from the conversation.



### Why is ESG important to Graphite Capital?

"Our ESG journey started over 15 years ago and gradually evolved, as did the industry as a whole. Many of our investors have dedicated ESG teams and highly sophisticated due diligence methods. We have been guided by them to stay on top of ESG developments, whilst also considering ESG within our own firm. Collecting and analysing sustainability data has helped us to pinpoint concrete benefits we've been able to deliver across our portfolio over the last 15 years. With time, we have increasingly been able to tie value creation with ESG objectives. Prior to making an investment, we identify the areas in which a company is already focusing on ESG topics. We can then use our understanding of best practice for their sector to create tailored objectives. By identifying these early on, we can correctly assess what

data we need and demonstrate the qualitative and quantitative improvements portfolio companies have made, which is what our investors want to see."

### What are the main opportunities/benefits you have noticed from integrating ESG considerations into your investment decision process?

"When we present our ESG work to a company we want to invest in as part of our pre-deal marketing, we are able to provide examples of how the implementation of ESG principles has made a positive impact on the financial performance of our existing portfolio businesses. We also see other tangible benefits from taking ESG seriously, ultimately leading to stronger financial metrics, for example, staff attraction and retention, and being able to stand out as an employer brand in competitive

industries. Our portfolio company Hawksmoor, which recently won the BVCA Excellence in ESG award, is a great example of that. By building a strong corporate culture and sustainability ethos, we have created a like-mindedness among staff which is really powerful."

### Which tools or initiatives have you found to be most useful with onboarding ESG into your organisation and your investments?

"We are not re-inventing the wheel at Graphite Capital. We started our ESG journey with questionnaires like many of our peers and have now moved to much more rigorous data collection through dedicated ESG portals. The most important thing for us is choice. We don't apply one singular approach for all investee businesses to comply with. We have two main advisors that help us with data collection and also

work with specialist advisors to discuss specific areas within the environmental or social sphere. We see our portfolio as a community. We use webinars and other tools to educate them on ESG and demystify some of the associated challenges. We recently ran one on the Science Based Targets Initiative, which was very well received by the portfolio. I see Graphite Capital as a facilitator of these conversations; bringing businesses together to become proactive on their ESG journey. Whilst ESG must be measurable to reach sustainability targets, these qualitative narratives are valuable and cannot be disassociated from the quantitative data."

### What do you think the ESG landscape will look like for the industry in the next 10 years? What are your wishes?

"I think the ESG landscape is very noisy, people get overwhelmed and

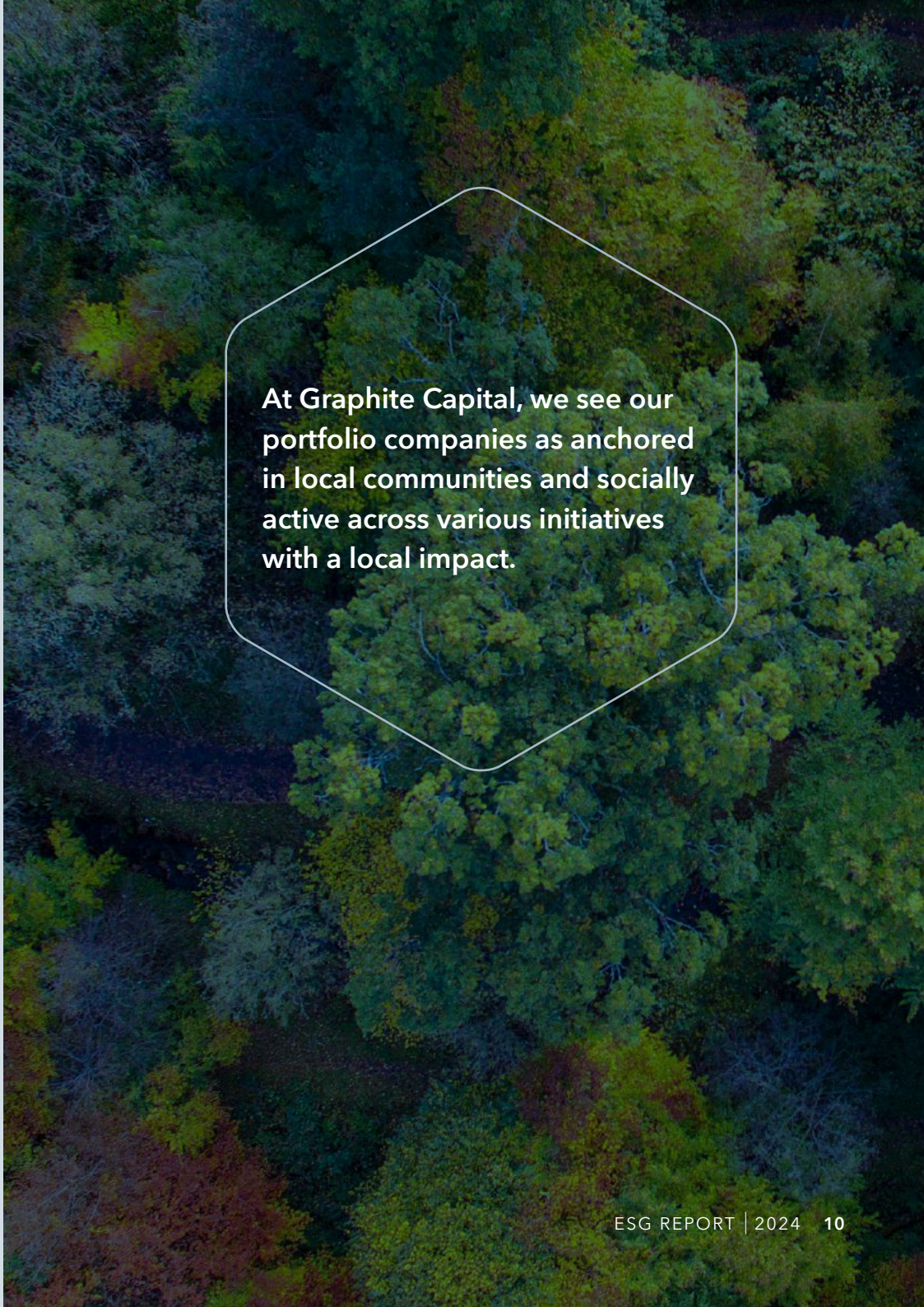
(Interview continued)

don't know where to start. Therefore, I would wish for two things.

Firstly, I would like the industry as a whole to be able to determine with accuracy that ESG leads to better investment performance. To corroborate this with academic studies and provide solid evidence of strong positive correlation between ESG engagement and better financial returns. This would rebut the criticism that ESG is primarily an administrative burden or window dressing.

Secondly, I would be keen for us all to move beyond simple data collection and aim towards actions that make a tangible difference. For example, we should focus on how we can successfully help sequester carbon and increase biodiversity, rather than fall into the trap of simplistic offsetting. We must make a difference on the ground and I know some firms are already engaging in this thinking, as are we.

At Graphite Capital, we see our portfolio companies as anchored in local communities and socially active across various initiatives with a local impact. These could include prioritising staff engagement and welfare in multisite operations, addressing poverty and education deficiencies in local communities, or increasing intracommunity engagement. Our portfolio includes social care businesses, operators of training academies, tuition centres and schools, all of which work very much within their local communities. It is important to understand that these businesses are not just being run from a far-away head office but are an integral part of the areas they operate in. I hope the industry becomes better at tapping into these opportunities over the next 5-10 years, clearly demonstrating positive impact and reaping other benefits alongside financial returns."



**At Graphite Capital, we see our portfolio companies as anchored in local communities and socially active across various initiatives with a local impact.**

## Special Recognitions: BVCA Awards

The BVCA recognises outstanding contributions to ESG principles within the PE and venture capital sector at its annual Excellence in ESG Awards.



WINNER 2023

### Hawksmoor - BVCA Excellence in ESG Award, Portfolio Company Category - Winner

We are thrilled that Hawksmoor took home the win in the 'Portfolio Company' category. This category recognises portfolio companies that have demonstrated good practice in embedding the management of ESG issues into their day-to-day commercial activity and have been supported by their investors to do so.

The BVCA noted the following reasons for Hawksmoor's success: *"The judges praised its waste and recycling programme, its carbon neutral status, and its engagement across the supply chain to drive ESG and value improvements. Hawksmoor now engages its management and staff on continuous improvement objectives and provides quarterly progress reports to the Board."*<sup>2</sup>

This award, along with Hawksmoor's B Corp status, underlines the hard work Hawksmoor has undertaken to be a leader within the ESG space while also being recognised as one of the world's best steak restaurants!

<sup>2</sup><https://www.bvca.co.uk/insights/bvca-news/details/BVCA-recognises-leading-firms-across-private-capital-for-Excellence-in-ESG>

### Graphite Capital - BVCA Excellence in ESG Award, GP Category (above £1bn AUM) - Special Recognition

Graphite was also recognised at the BVCA's Excellence in ESG Awards with a 'special recognition' award. The 'GP with AUMs of £1bn+' category celebrates evidence of best practice in ESG integration and engagement over the last 12 months.

SPECIAL RECOGNITION

### A noteworthy visit

The Treasury Minister, Baroness Charlotte Vere of Norbiton, recently paid a visit to our portfolio company, Hawksmoor. Having previously served as a Parliamentary Under Secretary of State at the Department for Transport until 2023, Baroness Vere was very much involved in net zero discussions at government level. Organised by the BVCA, the Baroness met with Hawksmoor's CEO, Will Beckett, as well as representatives from the BVCA and Graphite to discuss sustainable business practices, following Hawksmoor's recognition at the awards.

Baroness Vere gained a deeper understanding of the work Hawksmoor has undertaken to become the ESG leader that it is. Additionally, the group engaged in a conversation around the work the government, as well as investors and the private business sector, need to undertake to support the United Kingdom's transition to Net Zero.



Left to right: Denise Bartolo (Director of Investor Relations at Graphite), Will Beckett (Hawksmoor Founder and CEO), Baroness Charlotte Vere of Norbiton (Treasury Minister) and Omar Kayat (Senior Partner at Graphite)

# Our Sustainability Journey

Early adopters of ESG practices which are at the core of Graphite's business model



# Environment at Graphite and within our Portfolio

From our purchasing practices to calculating our GHG emissions, as a business, we are always looking for ways to understand and improve our environmental impact.



## Sustainable Initiatives within our Office

- ✓ Committing to using green cleaning products
- ✓ Launching various initiatives to encourage proper recycling and waste reduction, including workshops, fewer waste bins, encouraging reusables and monitoring waste and recycling volumes
- ✓ Encouraging business travel by train, rather than plane or car, whenever possible
- ✓ Encouraging emission-free commuting through the Cycle to Work scheme
- ✓ Stocking our office with locally sourced milk in glass bottles and locally sourced bread
- ✓ Purchasing fair trade tea and coffee
- ✓ Calculating and monitoring Scope 1,2 and 3 emissions for Graphite



## Graphite Building Environmental Specs

- ✓ EPC rating of A and BREEAM 'Outstanding' certified
- ✓ LED lights installed throughout the building switched on and off by motion sensors
- ✓ Highly efficient and environmentally friendly technology is used to generate cooling, heating and power
- ✓ Building uses 100% renewable energy sources
- ✓ Heating and cooling systems are powered down during holiday periods
- ✓ Office building boasts a 'green' roof that serves as a home to a wide variety of plants and animal species such as wildflowers, birds and various insects. The roof is designed to attract endangered species and improve and promote biodiversity
- ✓ Photovoltaic panels are part of the green roof design. 23KW of PV panels provide a maximum carbon saving of circa 12%\*
- ✓ Wall insulation reduces heat loss through walls by 65%\*

\*Estimated by building Services Engineers AECOM

Coastal ecosystems sequester up to **20x** more carbon per acre than land forests<sup>3</sup>

## Graphite's Work in Kelp Rewilding



Graphite has chosen to encourage environmental initiatives through supporting the Conservation Collective. The Conservation Collective has recently partnered with the Devon Environment Foundation (DEF) Kelp Rewilding project, which we have specifically chosen to support.

### The Kelp Rewilding Project:

- Works to rewild kelp forests along the southern coast of Britain
- Encourages volunteers to assist in the planting of the kelp, both from a boat and by hand

### Why Conservation Collective?

- It takes place within the UK and aligns with Graphite's investment strategy
- We were making a meaningful difference by providing two-thirds of the grant for the DEF Kelp Rewilding project

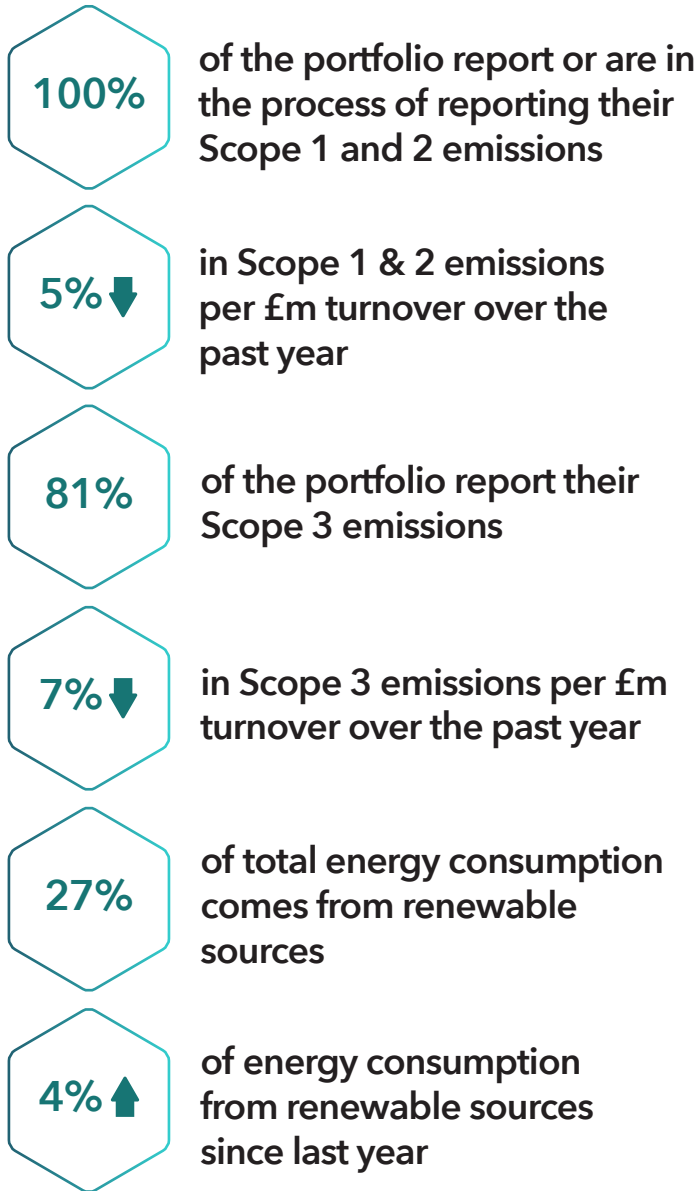
The Kelp Rewilding project is just one of many projects supported under the umbrella of the Conservation Collective. Graphite plans to continue its work with the Collective and, in the future:

- Plans to earmark an annual budget for the Collective and determine, on a yearly basis, which projects to support
- Plans to guide its portfolio companies to choose one or multiple Conservation Collective project/s to support in order to become more directly involved in environmental stewardship



Source: [www.devonenvironment.org](http://www.devonenvironment.org)

# Environment within our Portfolio



We encourage our portfolio companies to understand and reduce their environmental impact by monitoring environmental data benchmarks, which include energy and waste consumption, recycling statistics and GHG emissions. Each company is on its own ESG journey, and many have identified specific material KPIs. We empower our companies to manage and improve their environmental data via projects and initiatives on an annual basis.

Our portfolio companies have engaged in noteworthy environmental work throughout the past year, contributing to their continued progress within the environmental space.

- **Hawksmoor** creates Green Gas from all its food waste
- **Explore Learning** has implemented energy conservation measures within their IT department and via their lighting and HVAC systems
- **Babble** has begun to measure its waste consumption and uses environmentally friendly cleaning products within its office
- **Storal's** waste management company, Divert, publicly states that all waste is diverted away from landfill and they have a 'zero waste to landfill' policy
- **ICR** partnered with SeekOps to develop a methane emission detection technology for use in oil and gas facilities
- **Ten10** has written a climate change mitigation and adaptation policy and programme for the business, setting out how it plans to adapt to any physical, financial or regulatory risks associated with climate change





## Environmental Training

Bringing together its own research with information from ESG Impact Reports and Net Zero Reports, the Learning and Development team at Compass Community wrote and designed the 'Think Sustainable, Act Responsible' training course.

This brand-new training module was made available to all employees to educate them on how to improve their personal carbon footprints.

By design, the course is short but relatable. Compass wanted to provide high-level information that would inspire participants and provide them with clear, achievable personal targets.

## “Think Sustainable, Act Responsible”

### About the *Think Sustainable, Act Responsible* course

- The optional course is short and held in-person, which really increases engagement
- So far, the course has been offered over 20 times
- Information is shared via discussion, activities, quizzes and lectures
- A key part of the training revolves around supplying participants with examples of changes, both large and small, they can make in their own work and home environments to be more sustainable
- The course is relevant to all employees
- The course provides participants access to a personal carbon footprint calculator and asks participants to calculate their own carbon footprint



## Product Design

### Improving branded product design (Functional Equipment)

NRS uses branded and non-branded products. Branded products are designed and created within the company, so NRS has the agency to make sustainable manufacturing improvements. The NRS product development team regularly analyses the whole branded product range. This year's analysis highlighted improvement in three key areas:

#### Changing product size

Small redesigns applied to the shape of certain products allow these products to be condensed in size when shipped, lowering the cost and the transport emissions, since fewer containers are required.

#### Increasing product modularity

NRS collects data around product life and recycling, which the product design team uses to determine where redesigns can improve product modularity. Improvements to product modularity have helped extend product life. Worn-down parts of products can be replaced while other parts of the product are still operable.

#### Investigating alternative materials

NRS conducted an extensive investigation into the benefit of switching some of the materials used in branded products. This resulted in:

- A 45% reduction in plastic usage in branded products
- A 30% increase in use of recycled plastics in branded products when plastic was necessary





Hanson Wade creates and organises life science conference and summit events. Recently, Hanson Wade developed three ESG and sustainability-focused conferences:



**ESG in Life Sciences Summit** - The conference promoted life science organisations which are developing sustainable business strategies to deliver on (science based) targets and commitments, balancing profitability with ESG responsibility.



**ESG in Manufacturing Summit** - Aimed at professionals within the manufacturing sector, this conference sought to empower delegates to establish high-performing, value-adding ESG functions to their businesses.



**EHS for Biopharma Summit** - The summit brought together EHS (Environment, Health, Safety) leaders from biotech and pharma to address the rapidly changing environments of research, development and manufacturing.

## Creating a sustainable event

Hanson Wade wanted the conferences to be sustainable, mirroring the conference themes. The company is proud of the initiatives it has taken and plans to take additional steps in the future. Sustainable initiatives include:

- Planting a tree for every ticket bought through a partnership with Treeapp
- Partnering with local suppliers to use biodegradable/eco-friendly signage
- Using a QR code or App instead of printing paper agendas for events
- Asking attendees to return their lanyard and badge for recycling



What started out as a necessity has become a passion for Digital Space. In autumn 2021, Digital Space was informed by its largest client that it would now penalise its suppliers for purchasing supplies from unsustainable sources. To retain its biggest customer, Digital Space was keen to demonstrate its ESG commitment.

Tim Lancaster, Digital Space's Sustainability Officer and passionate supporter of all things sustainable, embraced the ownership of the sustainability transformation. Under Tim's direction, Digital Space has seen improvements in its ESG habits and practices, all of which have been documented by the company's journey with EcoVadis.

## EcoVadis scores companies on four subject areas:

Environment, Labour and Human Rights, Ethics and Sustainable Procurement, contributing to an overall company score.

With Tim's help, Digital Space has improved from a Bronze-level EcoVadis accreditation to moving **within one percentile of Gold-level.**

Digital Space's current scores place the company **in the top 94th percentile of EcoVadis** assessed companies.

# Social at Graphite and within our Portfolio

Graphite's investment in our people is fundamental to remaining a competitive and high-performing firm. Providing benefits which exceed industry standards, coupled with an open and supportive office culture, is just as important to us as ensuring positive returns for our investors.

## Graphite's Social Initiatives for Employees:

- ✓ Annual 3-day team bonding event
- ✓ Medical cover
- ✓ Gym membership allowance
- ✓ Tax-efficient nursery voucher scheme
- ✓ Informal mentorship
- ✓ Cycle to Work Scheme
- ✓ Generous pension contributions
- ✓ DE&I: unconscious bias training and recruitment initiatives



We also support charities in the social sector (see following pages) with which staff are encouraged to get involved.



Beyond the office confines, Graphite seeks to give back to the community. Our policy is to donate 3% of profits to charity each year, focusing on three areas:

- Disadvantaged young people in the UK, primarily through our work with Buttle UK
- Charities that provide relief for significant humanitarian crises around the globe
- Environmental projects that work to restore and preserve natural habitats, particularly those which act as natural carbon sinks, and other projects related to climate change



In 2014, Graphite Capital established a £1 million charitable fund in association with Buttle UK, a children and youth charity.

The target of our funding was the provision of grants for estranged young people. Buttle UK is one of very few organisations that works to support estranged young people as a distinct group. This group is often overlooked, despite their experiences and needs being very similar to young people leaving the care system.

Over the past ten years, Buttle has used Graphite's funding contribution to award £950,000 to 1,022 estranged young people, helping them advance in their lives. With additional funds provided by Graphite since then, as well as growth in the value of the original donation, the bursary now totals nearly £1.4 million.

In 2023, the Graphite Fund awarded grants totalling over £110,000, which funded 487 items or services. These included 52 laptops, 67 clothing grants, 68 sets of college course materials and resources, amongst other requirements.

“  
**Graphite has been a fantastic long-term supporter of Buttle UK. To date, Graphite's funding has enabled us to provide life-changing help to well over 1,000 young people through our 'Chances for Children' grants. Graphite has committed to give us further support over the next few years allowing us to continue giving vital grants to estranged young people across the UK.**

” Joseph Howes, CEO



Fairfield is a charity formed only a few years ago, which aims to improve social mobility in finance. It works intensively with talented students aged 18-24 from disadvantaged backgrounds to help them build high-level careers that match their ability. It uses an extended network of senior industry professionals to mentor candidates, providing the best chance of securing roles that match their ability and ambition.

Graphite has recently started supporting Fairfield, with both engagement of our personnel and financial support. We have attended Fairfield-run events for their mentees and hope that a number of them will attend our summer internship week. We are looking forward to building a strong and long-term partnership with Fairfield.



**Graphite has been a supporter of The Tommy Salisbury Fund since its inception, contributing in part to over £700,000 being raised towards vital research.**

Emma Salisbury, Graphite's marketing and events PA, has been fundraising for Fight for Sight since 2005, when she learnt the life-changing news that Tommy, her eldest son, would lose his sight due to a rare eye condition called choroideremia. The Salisbury family set up 'The Tommy Salisbury Fund' within the Fight for Sight charity to support medical research into finding a future treatment.

Graphite has been a supporter of The Tommy Salisbury Fund since its inception, contributing in part to over £700,000 being raised towards vital research. The Fund enabled the world's first clinical trial of gene therapy for choroideremia, which Tommy was eligible to take part in. Every year, a team from Graphite runs the London Landmarks Half Marathon to raise money for the Fund. This year, seven of the Graphite team ran with Tommy, raising money which will help unlock the next stage of a clinical trial. The team was made up of members of every team at Graphite, from Finance, Secretarial, Investment and Investor Relations, and is a great example of how important it is at Graphite to support each other, pursue important causes, and take our team ethos beyond the office walls. Graphite's support of The Tommy Salisbury Fund demonstrates our considered approach in seeking to elevate causes which have a tangible impact in our community.

## Graphite's Internship Programme

Graphite hosts an annual week-long internship programme, open to university students from all subject areas. The internship is an opportunity for students to gain first-hand experience and engage in all aspects of the world of private equity.

### Internship Statistics:

16

Students per year

£

Paid opportunity

33%

Places reserved for students from disadvantaged backgrounds recommended by our charity partners



## Ayani's Experience

Ayani, a 22-year-old Aston University MSc student studying stem cell and regenerative medicine participated in our June 2023 internship. Ayani's family receives support from Buttle, and it was through them that she first learned of our internship programme.

While Ayani did not have a background in finance, she was interested in the sector and believed the internship experience was a valuable next step.

*"I wanted to learn more about finance. Internships are good points of entry into business, and I wanted to open my mind, gain new experiences and connect with like-minded individuals."*

*"I knew it was an opportunity of a lifetime."*

During her time at Graphite, Ayani attended talks and presentations led by members of Graphite's management team as well as outside experts. Interns learned what was required throughout each stage of the investment process.

*"I never knew all of the roles that existed until the presenters talked about their roles within a private equity firm. The presentations inspired me to pursue career opportunities that could combine both finance and science."*

*"Graphite gave me a really nice entry point of understanding and knowledge of finance and the PE world. I know it is up to me to build upon it. I think as a student, you don't really know exactly what you want to do, but after this internship, I have an idea. I think being young and having that knowledge, it's invaluable. Graphite gave that to me."*

*"Someone from my background, we don't always get the opportunity to have experiences like this or be given the same experiences as other people. I think to have this opportunity to be connected to people with a different background as me, see why they think something and connect... It was so amazing."*

# Social within our Portfolio

28%

of board members are female or from an ethnic minority background

41%

of senior leadership teams are female or from an ethnic minority background

58%

of the workforce across the portfolio is female

84%

of portfolio companies conduct employee surveys

79%

of companies conduct pay gap analysis

Graphite's management methods reflect the fact that no business functions in a bubble. The actions of companies have a direct impact on the communities in which they operate. We encourage our portfolio companies to ensure the wellbeing of their people, not only because this adds value, but because it is the right thing to do. Equally important to managing the welfare of employees is acting in a responsible manner that contributes to the overall wellbeing of the community.

We are proud of the work our portfolio has accomplished throughout the past year to support employees and the community.

- **Horizon Care** conducted an employee skills gap analysis and created a talent matrix
- **ICR** introduced a formal Employee Engagement Survey and Action Plan as well as delivered over 300 courses covering a wide range of ESG topics
- **Storal** offered mental health first-aid training to its employees three times during the year
- **Explore Learning** developed 35 new staff & member diversity and inclusion resources such as a guide to Ramadan, Black History Month paper doll puppets and a panel discussion for both Children's Mental Health Week and Pride Month
- **Babble** has worked alongside the Sedulo Foundation to run the Colour Ball, which raised £125,000 for charities including The Toy Appeal, The Back to School Appeal and The Period Poverty Campaign
- **Ten10** has continued the company's partnership with a local charity that provides meals to vulnerable individuals and families





Explore Learning provides high-quality, individualised mathematics and English tuition twice a week to its members as a complement to schooling.

Additionally, Explore Learning is committed to contributing to social value within the communities it operates via two assistance programmes.

**Children helped through the Big Dreams and scholarship programmes represented over 10% of Explore's 2023 membership.**



**Big Dreams Programme** - Families pay nothing for their children's tutoring. Tuition is fully funded by Explore Learning and its charity partners, which include philanthropic partners, trusts and two new charity partners - the Buttle UK Chances for Children Grant (established by Graphite Capital) and Refugee Education UK.

**280 children** were helped through the Big Dreams programme in 2023.

**Membership Scholarship Programme** - The scholarship programme provides clients with a one-third discount on tuition. This programme is available for families on free school meals or with low incomes. The scholarship programme is a key differentiator within the private tuition sector and will likely continue to grow as Explore's membership grows.

**4,772 children** were supported by the Membership Scholarship programme in 2023.

# \_nology

Part of the Opus Talent Solutions brand, \_nology is a technology training service and talent provider. \_nology works with Corporate Social Responsibility partners to connect individuals from underprivileged and underrepresented backgrounds with employers in the tech sector, creating a dual benefit of upskilling individuals and boosting diversity in the sector.



After training for 12 weeks, tech companies partner with \_nology to offer their graduates 18-month job placements, with the option to employ the junior talent permanently upon placement completion.

For each \_nology programme cycle, \_nology guarantees that:

- **40%** of young people come from IMD1-3 postcodes (Deprived / underprivileged areas)
- **50%** of young people are from ethnic minority communities
- **60%** of young people have at least one target need, such as offending behaviour or educational underachievement
- **40%** of young people have at least one target background such as care leavers and looked after children; single parents; refugees and asylum seekers; young people with disabilities; those experiencing homelessness





Amanda Cunningham,  
CEO Horizon Care

## Above and Beyond

Amanda Cunningham, currently CEO at Horizon Care, leaves it all on the table when it comes to her work. She recently sat down to share her story of commitment and dedication during the pandemic. A qualified nurse, Amanda enjoyed a decade's worth of service before leaving the NHS in 1999. Subsequently, she trained nurses and carers and, through the relationships she developed, became connected with the care home sector.

*"Previous to joining Horizon, I had been working as a CEO for an owner / operator of a smaller business which centred around residential care homes and nursing homes."*

During her time as CEO at this smaller business, Amanda tackled not only her CEO responsibilities but also any other job that needed to be done during the COVID pandemic.

*"So, I hadn't been in uniform for a very long time. But the opportunity to go out and work with colleagues during a very difficult time... to be an additional pair of hands or to manage a service and liaise with relatives and multidisciplinary professionals during that period... I think it was very important to be visible."*

Though Amanda could not provide nursing duties, as she had been out of the field for some time, she did *"...absolutely anything that needed to be done. Often it would be a case of managing the home in the absence of a manager, assisting nurses with the medication rounds and supporting and communicating with relatives."*

*"Who else was there? Who else was going to do it? I couldn't go in and do a nursing round. I had not been a nurse with a pin number for years, but I could still put on a uniform and go in and join handover and do what they needed me to do. And, if anything, as a CEO, it was a great way for me to build up relationships with the residents and with the teams and just basically do*

*whatever they needed me to do. Even if it was just a case of answering a telephone, sorting out rosters or doing testing."*

*"We didn't have things like masks or aprons or the amount of hand sanitizer we needed. Some days I would just drive to an industrial estate and pick up hand sanitizer or aprons and deliver them around the varying homes."*

*"The teams that I worked with were amazing. They were kind and loving and caring and at times tolerant of me because it had been a while since I'd worked in a home. But I do think they appreciated, you know, the pizzas and the McDonald's and doughnuts and sometimes just having someone to turn to. Just as I turned to them as well. I think a lot of barriers were broken down during COVID because everyone had to truly rely on each other because you didn't know what the outcome was going to be."*

Now, Horizon Care counts itself lucky to have such a resilient team player leading the charge.

*"It doesn't matter what role you have in a business, what your job description is, what your title is. We're all exactly the same and we get paid to do a job to the best of our abilities. So, resilience I think is key. Having that resilience, having that upbeat approach. I can always say hand on heart I try my best... having no delusions of grandeur, I hope!"*



**Social Value:** The positive impact a business makes on the environment and the community through business operations. Social value benefits society and businesses.

## nGAGE TALENT



**Our aim is to facilitate a more resilient and dynamic workforce, which strengthens the economy, and to empower the local communities within which we and our customers operate.**

- Excerpt from Social Value Policy, nGAGE Talent



Bridge of Hope, part of the nGAGE Talent group, is helping transform professional recruitment within the UK and adding social value to businesses across the country.

Bridge of Hope specialises in inclusive recruitment, believing that inclusive hiring is the most effective way to increase social value within a company. Bridge of Hope sources talent for a group of progressive and inclusive employers through diverse and often overlooked talent pools.

Examples of overlooked, untapped talent might come from applicants who have:

- A disability of some kind
- A criminal record
- Neurodiversity
- Previous experience of homelessness
- A history of addiction or ill-health

Through a variety of targeted campaigns and a two-way AI-driven platform, Bridge of Hope enables employers and candidates to connect.

Many of the inclusive employers with whom Bridge of Hope partners are blue-chip companies from a wide range of industries.



# Governance at Graphite and within our Portfolio

Graphite holds itself to the highest professional and ethical standards. Our suite of policies ensures that the business is run in a responsible manner.

This past year has seen Graphite review and update all relevant policies. Many of our policies are also now published on our updated 'Sustainability and Impact' website page to promote transparency and accountability.

ESG is incorporated into all aspects of business operations. While Graphite's commitment to ESG starts at the top, it takes a village of dedicated individuals to ensure we, as a company, continue to operate under best practice and improve our contribution to the planet and its people.



## Meet our ESG Committee

Graphite's first ESG Committee was established in 2012. The structure of the committee has changed over time and our current composition has been in place since 2021. Our committee consists of a group of passionate and innovative employees who want to support and guide Graphite in its ESG journey.

Our committee meets every four to six weeks and ensures Graphite is adhering to and following appropriate frameworks. The committee also holds Graphite responsible for achieving ESG commitments, reports Graphite's ESG progress to investors and implements ESG projects within the firm.



**Denise Bartolo**  
- Director | Investor Relations

"By supporting companies and initiatives that prioritise sustainability and social responsibility, we can contribute to a positive change in the world, no matter how big or small it is. I hope that the different sustainability frameworks will align their goals, objectives and metrics to avoid duplication and confusion. Promoting consistent reporting and disclosure requirements, including clear guidelines on data collection, verification and reporting methodologies, will ensure accurate and reliable sustainability information which stakeholders can rely and act upon."



**Markus Golser**  
- Managing Partner

"When we present our ESG work to a company we want to invest in as part of our pre-deal marketing, we are able to provide examples of how the implementation of ESG principles has made a positive impact on the financial performance of our existing portfolio businesses. We also see other tangible benefits from taking ESG seriously, ultimately leading to stronger financial metrics, for example, staff attraction and retention, and being able to stand out as an employer brand in a competitive industry."



**Thomas Llewellyn**  
- Investment Manager

"Private equity houses have an important role to play in driving the sustainability agenda. In a time where our economy is experiencing various macro pressures, it is very easy to see ESG initiatives drop off the agenda; however, I am very proud of how Graphite continues to invest time and money into developing our ESG proposition both internally as well as across the portfolio."



**James Markham - Senior Partner | Value Creation**

"All of our investee companies invest a lot of time, effort and resource in social impact and improving governance. However, it can be confusing for smaller businesses to know how to have positive environmental impact. The UK is one of the most nature-depleted countries on Earth. I am passionate about ensuring that we do our bit to both tackle climate change and improve biodiversity. This is best achieved using nature as the 'tool', which is why we have started a programme of supporting the restoration of natural habitats to both sequester carbon and expand the refuges for a myriad of different species."



**Tim Spence - Senior Partner | CFO**

"It can be easy to forget how privileged we are to be working for a private equity firm in the West End of London and I think it is really important that, where we can, we look to support those from less advantaged or under-represented backgrounds. Graphite has for many years been helping estranged young people, through its relationship with Buttle, and supporting under-represented groups in our industry through involvement with initiatives such as Level 20 and 10,000 Black Interns. We have recently been able to broaden this further through involvement with Fairfield's social mobility efforts."




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## Spotlight on Sustainability Advisors: The Sustainability Group and Sustainable Advantage

### The Sustainability Group

The Sustainability Group was launched in 2019 to help organisations implement more sustainable, just, and profitable business practices. Our mission is to inspire organisations to recognise that having a positive social and environmental impact rewards everyone.

Powered by data and guided by human expertise, FuturePlus is The Sustainability Group's in-house sustainability management and reporting platform that empowers companies, investors, and asset managers of all sizes to understand, measure, evidence, improve, and report on their sustainability impact and goals. Their ESG assessment process consists of simple yet rigorous indicators that are aligned with the United Nations Sustainable Development Goals and built on recognised sustainability standards, ESG certification indexes, and industry frameworks.

### *Working with Graphite and its portfolio*

Graphite appointed FuturePlus with the shared belief that when the incentives exist to report both sustainability impact and ambition, businesses will

change in a way that benefits the environment and society. The FuturePlus Portfolio Manager, an ESG-focused portfolio management platform for asset managers and owners, financial institutions, and investors, enables Graphite to track and monitor the sustainability data of multiple organisations within its portfolio, giving a granular view of ESG impact and targets in real time.

Working with Graphite Capital and its portfolio companies over the past 18 months has allowed FuturePlus to demonstrate the effectiveness of the platform in real-world applications, amalgamating the sustainability data of multiple organisations and providing Graphite with valuable insights into the ESG impact and targets of their investments. This collaboration has served as a strong testament to the capabilities of FuturePlus in empowering organisations to drive positive change, with 100% of companies using the platform achieving an increase in their baseline ESG scores.

## Sustainable Advantage

Sustainable Advantage works with its clients to analyse and identify risks and opportunities related to ESG issues, and to communicate this externally to their stakeholders.

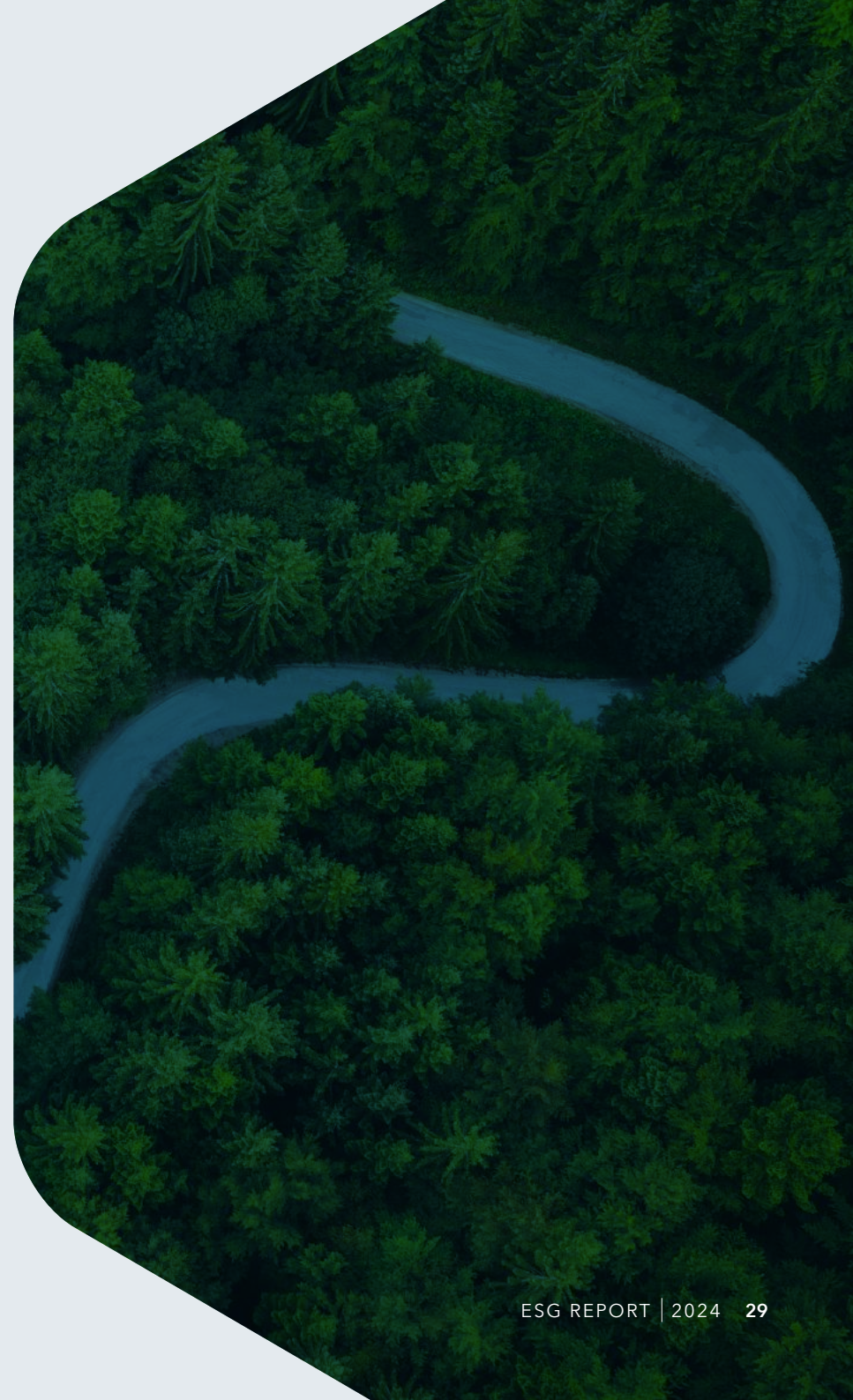
It offers a comprehensive range of services to its clients, beginning with initial ESG Performance Scoring Reviews, which serve as the foundation for developing 12-month strategic action plans. Additionally, it conducts Materiality Assessments and provides pre-investment ESG Due Diligence reports, along with Exit RAG reports tailored for Private Equity Investors. Its expertise extends to ESG Strategy Development and crafting Net Zero Reduction Pathways.

Sustainable Advantage has developed an ESG scoring framework aligned with international standards including GRI, SASB, and TCFD, that assesses a company on a raft of ESG areas, tailored to client needs. It works with clients to understand their current performance and to set improvement targets, supported by a bespoke action plan.

## *Working with Graphite and its portfolio*

Working with a number of Graphite's current portfolio companies, Sustainable Advantage engages at a granular level, helping them to understand their current performance level compared with best practice within the ESG and Net Zero space. Sustainable Advantage guides Graphite's portfolio companies in improving ESG performance thanks to bespoke and comprehensive target setting, action planning and Net Zero GHG reduction glidepaths.

Sustainable Advantage goes beyond providing a snapshot of a company's current ESG commitment, working with each of its clients to ensure real, meaningful change occurs, while simultaneously assisting in increasing a company's value. Additional services utilised by Graphite include our ESG Performance Tracker platform that allows Graphite to have a concise, overarching view of the ESG work taking place within its portfolio and public-facing ESG Impact communication, which serves to highlight a company's achievements, commitments and goals to all stakeholders.



# Governance within our Portfolio

- 
**8** companies joined the UN Global Compact
- 
**12** companies aligned to SDGs
- 
**15** companies have a code of conduct in place
- 
**14** companies have a supplier code of conduct in place
- 
**2** B Corp certified companies

All our portfolio companies have strong policy suites which govern the actions of each business. Some examples of the work our portfolio has accomplished within the Governance space over the past year includes:

- **Ten10** has put in place a comprehensive succession plan for the company that considers diversity and inclusion, ensuring inclusive opportunities for success and advancement for individuals throughout the business
- **Horizon Care** has created a Modern Slavery policy and incorporated it into business practice
- **Babble** has put in place guidance and clear policies on anti-corruption and bribery
- **ICR** received a 2023 silver EcoVadis accreditation and maintained its ISO 45001 certification
- **Digital Space** received a silver EcoVadis accreditation in the 94th percentile
- **Wonderbly** achieved B Corp certification, the second Graphite Capital portfolio company to do so





Wonderbly's unique, personalised picture books for children and adults allow customers to create a lead character who resembles someone in their life or even themselves. Recently, Wonderbly achieved B Corp accreditation with an overall score of 95, which is well above the average of 80-85 points.

When Wonderbly was acquired by Graphite in 2021, Graphite encouraged Wonderbly to apply, as Wonderbly's business operations and governance structure were already very strong and reflected the values and requirements of B Corp Certification. Wonderbly began the B Corp Certification process in June 2023.

Following a workshop that introduced B Corp to the company, Wonderbly's CFO started the overall process, meeting deadlines and submitting the application. There were over 600 items to respond to and about 150 requests for further information, clarification, or proof throughout the Business Impact Assessment and Evaluation phases of the process.

Overall, Wonderbly viewed B Corp Certification as a positive process. It required Wonderbly to formalise and record many of the processes that already existed within the company while further promoting innovation that benefits all shareholders. For now, Wonderbly will sit with the satisfaction of becoming a B Corp certified company. However, the company sees the re-certification process that will be required in a few years as a welcome opportunity.

### Extra points

Wonderbly received extra points during the certification process because it is the largest diversity publisher in the world. In recent years, there has been an increased awareness of the lack of diversity within children's books – children from non-white, minority backgrounds were not seeing characters who looked like them in the books that they read. Wonderbly's books are unique in that the customer chooses what the main character of the book looks like. This means that about 18% of the books published by Wonderbly each year features a non-white main character, equating to about 180,000 books out of the 1 million published.

Studies have found that both children and adults learn better when they are able to identify with a character that is like them. By printing books with lead characters similar to the customer, Wonderbly not only offers a unique product but promotes better diversity and potentially greater learning opportunities as well.



**What I really like about B Corp is that you don't just get accredited and that's it . . . in order to maintain your accreditation, you need to do a little bit more. I really like that idea that you need to prove that you are a good business and that staying as you are is not enough.**



Asi Sharabi, CEO, Wonderbly

# ESG Goals for our Portfolio



## Short-term Goals



## Long-term Goals

Ensure all portfolio companies report their Scope 1, 2 and 3 GHG emissions and, where applicable, set targets in line with SBTi criteria

Ensure all portfolio companies align with SDGs, have submitted applications to join the UN Global Compact

Set Net Zero targets for portfolio companies, where applicable

Continue to support portfolio companies in joining the most suitable sustainability platforms for their business, including the UN Global Compact

Give direct support to biodiversity and carbon sequestration schemes

Identify schemes that both protect nature and biodiversity and sequester carbon

Assess the current emissions profile of our portfolio companies including that of their supply chain, their net emissions per £m turnover and per FTE. Identify quick and easy actions that could yield immediate emission reductions

Work on emission reduction targets in line with SBTi criteria

Continue to support portfolio companies in expanding their positive impact on society and environment whilst scaling their business

Collaborate with portfolio companies to map their DE&I landscapes, including their commitment to DE&I

Assess and diversify the composition of our portfolio companies' boards of directors and senior leadership teams

Update job descriptions and requirements to eliminate any unnecessary barriers to attract a diverse range of candidates

Undertake a blind recruitment trial (such as removing names from CVs and using the same formula of questions in every interview)





## Conclusion

Commitment to continuous ESG improvement for Graphite and our portfolio is an ongoing and rewarding process. Incorporating ESG into the fibre of our company over such a long period of time is a large contributing factor to our continued success. Taking the easy route has never been part of our corporate ethos and we plan to progress in all areas, including ESG, to remain a leader within the private equity space. We look forward to sharing our future success with you in next year's report.



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