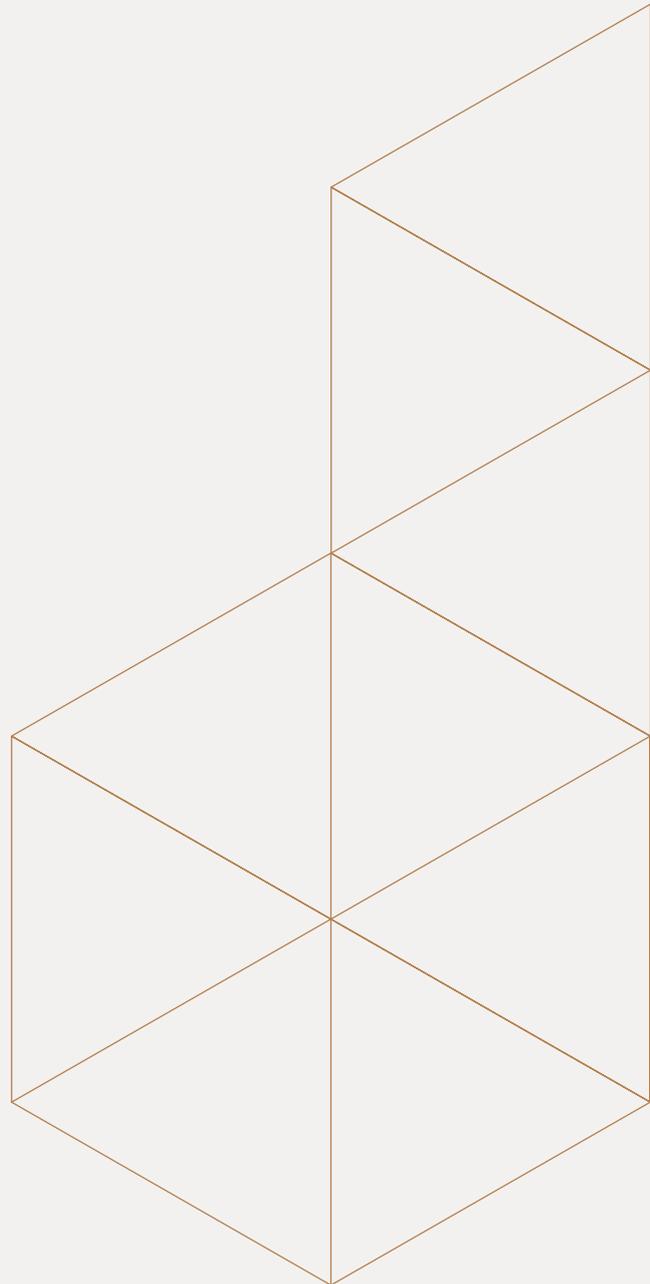


SUSTAINABILITY REPORT 2020–2021



“ The betterment of society is not a job to be left to a few. It's a responsibility to be shared by all. ”
David Packard





FOREWORD FROM THE FOUNDERS

Our shared journey – in life and business – has been progressing for nearly five decades. Throughout this time, we have constantly challenged our perspectives, aligning ourselves with a rapidly changing world while placing our values at the heart of everything we do.

Stirling Square is built on a strong culture that embodies these values: we pursue excellence with passion; we embrace change with creativity; we commit ourselves based on knowledge; and we succeed together as ‘one team’.

Since inception, our firm has focused on process discipline and transformational change. Guided by the notion of sustainability, we set out to identify like-minded entrepreneurs that led great companies and aspired to be the champions of tomorrow. By helping businesses pursue purpose and lasting value, we knew we would also bring sustainable success to our communities of stakeholders. Our transformational success stories are vivid examples of our ambition.

Today, our transformational approach of targeting long-term sustainability applies to our firm and our investments in equal measure. Our ESG action plan ranges from continuously improving our pre-deal investment sustainability assessment to



STEFANO BONFIGLIO
Founder



GREGORIO NAPOLEONE
Founder

tackling fundamental issues such as climate change and diversity & inclusion.

With regards to our portfolio companies, we believe in active stewardship with a focus on the integration and reinforcement of ESG best practices. This approach ties in well with our commitment to the UN Principles for Responsible Investment, that require us to integrate ESG both within Stirling Square and across our portfolio companies. As the thinking on sustainability develops at a fast pace, we are staying true to our values and have adopted an agile and pragmatic materiality-based approach to embedding sustainability into our investments.

Ultimately, all our efforts have one aim: to strive for a long-lasting positive impact that can benefit all our stakeholders. We believe that an inclusive approach is the only way forward.



CONTENTS

This report sets out our approach to responsible investing: embedding social, environmental and governance considerations into our investment selection process, the stewardship of our portfolio companies and the conduct of Stirling Square itself.

STIRLING SQUARE AT A GLANCE	5
OUR VISION AND VALUES	6
STATEMENT FROM THE ESG COMMITTEE	7
STIRLING SQUARE 2020 ESG ACHIEVEMENTS	8
ESG IN OUR FIRM	9
ESG IN PORTFOLIO	12
COVID-19	21
CASE STUDIES	22



STIRLING SQUARE AT A GLANCE¹

Investment Focus

Mid-market companies across Europe

Investment Strategy

Transformational buyouts

Value Creation Levers

Organic revenue acceleration, vertical integration, organisational enhancement, performance optimisation, digitalisation, sustainability and transformational M&A

THIRTY ONE
TEAM MEMBERS

NINE
FEMALE COLLEAGUES

THIRTEEN
NATIONALITIES

ONE
LONDON OFFICE

ASSETS UNDER MANAGEMENT (EUR)

c. 3 billion

REVENUE 2020 (EUR)

c. 2 billion

EBITDA 2020 (EUR)

c. 320 million

NUMBER OF PORTFOLIO COMPANIES

16

NUMBER OF PEOPLE EMPLOYED IN THE PORTFOLIO (2020)

c. 18,300

UN SDGs OUR PORTFOLIO COMPANIES COLLECTIVELY WORK TOWARDS

SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



OUR COLLABORATIVE ENGAGEMENT

Supported by:



Data as of the date of publication unless otherwise noted



OUR FIRM'S VISION

To be the pre-eminent provider of expert capital for ambitious and entrepreneurial leaders, the career-defining place for talented professionals, and the chosen manager for investors seeking sustainable superior returns.

OUR VALUES

We believe that the long-term success of individuals and organisations depends on behaviours steeped in strong, unambiguous values.

In our firm, four values truly unite us:

Strive for excellence.

Drive change.

Succeed together.

Commit fully.

OUR ESG VISION

We recognize the critical importance of responsible investing for the world we live in, by facilitating value creation for all stakeholders.

We aim to lead by example in exhibiting responsible behaviour within our firm, while encouraging sustainable practices at our portfolio companies.

We strive to significantly improve the ESG profiles of our businesses during the period of our ownership.



STATEMENT FROM THE ESG COMMITTEE

Sustainable investing is widely accepted as a better way to deploy capital.

ESG is one of the most important topics in the private equity sector today. This is because with its long ownership periods and active stewardship role our industry is in a strong position to advance the sustainability agenda. We see exciting opportunities to create value for all stakeholders by paying close attention to factors beyond financial performance.

For us at Stirling Square, ESG is not just about normative risk management and compliance. ESG considerations need to be embedded into the strategy of every company to ensure sustainable operations and positive contributions to our society and the planet.

We have devoted significant human capital to our ESG efforts. Our ESG Committee comprises five individuals representing our management, investment, investor relations, talent and sustainability teams. As a governing body for sustainability at Stirling Square, the ESG Committee strives to educate and motivate our entire organisation to embrace sustainability in all its forms.

Members of the investment team, whose primary role is to steer our portfolio companies via board participation, also contribute to the development and deployment of company-specific sustainability policies.

The ESG Committee and the investment team work closely to help portfolio companies identify ESG risks and opportunities, find ways to address them, and facilitate the sharing of best practices. We probe. We measure. We follow up. We consider how technology can help us on this journey and make us all more productive.

This is our first sustainability report. It is a summary of our progress towards the future. We trust it paints a genuine picture of the scale of our efforts and ambitions to embrace ESG in order to create value for all stakeholders.



ELISABETTA RICCI
Chief of Staff



EMIN ALESKEROV
Head of Sustainability



GIULIA POLETTI DE CHAURAND
Senior Associate,
Investment Team



GREGORIO NAPOLEONE
Founder



PASCAL MONTEIRO DE BARROS
Head of Investor Relations



TONI GILLESPIE
Chief of Talent



STIRLING SQUARE 2020 ESG ACHIEVEMENTS

- Enhancement of our Responsible Investment policy
- Completion of reporting to UN PRI
- Completion of a comprehensive Annual ESG Portfolio Questionnaire

- Formalisation of Stirling Square's Vision, Purpose, Values
- Development of ESG Action Recommendations for each portfolio company
- Commencement of the Diversity & Inclusion policy development
- Launch of Stirling Square's proprietary ESG Tool

- Formalisation of Stirling Square's ESG Vision and multi-year ESG Action Plan
- Early steps undertaken to operate the firm with reduced impact on climate (elimination of plastic bottles, material reduction of paper use through digitalisation, attentive travel policies)

- Stirling Square joins iCI (Initiative Climat International)
- Development of Climate Change policy
- Commencement of the Carbon Footprinting project at Stirling Square
- Preparation of the first Sustainability Report



ESG IN OUR FIRM

We believe in leadership by example. A deep anchoring of sustainable thinking and behaviours within Stirling Square is crucial for it to become a standard across our wider ecosystem. This section outlines the actions we have taken thus far.

GOVERNANCE

OVERSIGHT

The ultimate responsibility for the integration of ESG practices lies with the Management Committee of Stirling Square, which has delegated the operational oversight and stewardship to the ESG Committee.

The members of the Board of Directors and the executive teams of each portfolio company are responsible for the implementation of sustainability-related initiatives across the investment portfolio.

Our Sustainability function works closely with portfolio companies and supports them in planning, implementing and reporting.

During 2020, we continued to develop our Responsible Investment policy to reflect recent advances in ESG thinking. We have formulated a comprehensive ESG Vision for the firm, have laid out an ESG action plan, and have commenced its implementation.

EDUCATION

We have conducted several educational initiatives on ESG. As a result of our learnings, we have been further embedding ESG considerations into our investment process. These now address issues such as impact assessment and climate change risks.

REPORTING

In addition to the launch of our maiden Sustainability Report, during 2020–2021 we submitted our first two UN PRI reports. The grading and benchmarking vs. our peers provided by UN PRI serve as a baseline for the development work that we see ahead.

DIGITALISATION

We believe digitalisation can be highly beneficial to the sustainability agenda. Through the use of digital technologies we have largely eliminated the use of paper in our team meetings and have generally reduced paper consumption across daily activities.

We are pursuing the introduction of in-house developed programmes of digitalisation for portfolio monitoring, investment sourcing and investor relations activities. Our aim is to reduce resource wastage and shift our valuable human capabilities to higher value-added tasks.

On the governance side, we have re-evaluated and reinforced our cybersecurity protection.

Covid-19 has accelerated the widespread acceptance of digital collaboration tools, which are now helping us to reduce our travel-related carbon footprint significantly.

We have evaluated several external ESG technology providers and launched a pilot for a proprietary ESG tool that will help us incorporate ESG considerations into our investments more efficiently. We aim to create a fully-integrated, entry-to-exit ESG platform capable of collating relevant data and details of our portfolio companies' action plans, as well as monitoring their implementation and reporting.



Real success can only come if there is a change in our societies and in our economics and in our politics.

Sir David Attenborough on climate change



ENVIRONMENTAL / CLIMATE CHANGE

OUR OFFICE

We operate from an office with a high sustainability specification: energy efficient, with 100% of electricity coming from renewable sources, using timber products from sustainable sources, and other long-life natural recyclable materials.

PLASTICS & PAPER USE

We have eliminated the use of around 5,500 plastic bottles p.a. by installing water fountains. The use of paper has been materially reduced by focussing on the digitalization of our operations.

CARBON FOOTPRINTING

In 2020, we launched a project with environmental consultants South Pole to assess the carbon footprint of our firm. The results of this project are presented on the following pages.

In parallel, we have commenced carbon-focused projects in our portfolio.

CLIMATE CHANGE POLICY / TCFD

In the period covered by this report, we have developed our climate change policy, and we have also started preparatory work to be able to report in accordance with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) by 2023.

PARTNERSHIP

There is no doubt that climate action requires a concerted effort. In 2020 we have joined Initiative Climat International (iCI), a UN PRI-backed global platform dedicated to private equity's joint action on climate change. We look forward to sharing knowledge and initiatives with other private equity firms, with a view to jointly tackling the generational climate challenge.



CARBON FOOTPRINTING

In 2021, Stirling Square completed the first Greenhouse Gas (GHG) inventory for the calendar years 2019 and 2020, calculated according to the 'The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard – Revised Edition' and the complementary 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'. These are two widely used international accounting tools for government and business leaders to understand, quantify and manage GHG emissions.

Organisational Boundaries

Our GHG inventory follows the 'operational control' approach that covers the GHG emissions resulting from activities over which the firm has control. This includes the emissions related to the expenditures originating from the Stirling Square fund management side, but excludes those originating from individual Limited Partners. The calculation was done for our single office in London.

Operational Boundaries

The scope of the exercise was defined as the 'operational carbon footprint' of Stirling Square, i.e. the full Scope 1 and Scope 2 emissions. Given that Scope 3 reporting is optional, we have focussed on some of its key elements, as summarised in the table below.

Downstream Scope 3 emission sources such as 'Category 15: Investments' were not included. The investments category is typically the largest source of emissions for financial institutions, as it includes Scope 1 and 2 emissions of each portfolio company. To support our ultimate ambition of climate neutrality, we will evolve our approach by extending our foot-printing to include our financed emissions in the future.

CATEGORY	EMISSION SOURCES	2019 BOUNDARY	2020 BOUNDARY
Purchased Goods and Services	Purchased goods (raw materials) and services	Included	Included
Capital Goods	Production of capital goods (e.g. machinery, IT equipment, etc.)	Not applicable	Included
Fuel- and Energy-related Activities	Upstream life cycle emissions from fuel and electricity generation, including transmission and distribution losses	Included	Included
Upstream Transportation and Distribution	Transportation and distribution of goods and services to the company	Included	Included
Waste Generated in Operations	Waste management of operational waste (landfilling, recycling, etc.)	Included	Included
Business Travel	Travel and accommodation of employees/contractors	Included	Included
Employee Commuting	Employee travel between home and work and working from home	Included	Included

Source: South Pole, 2021



Results

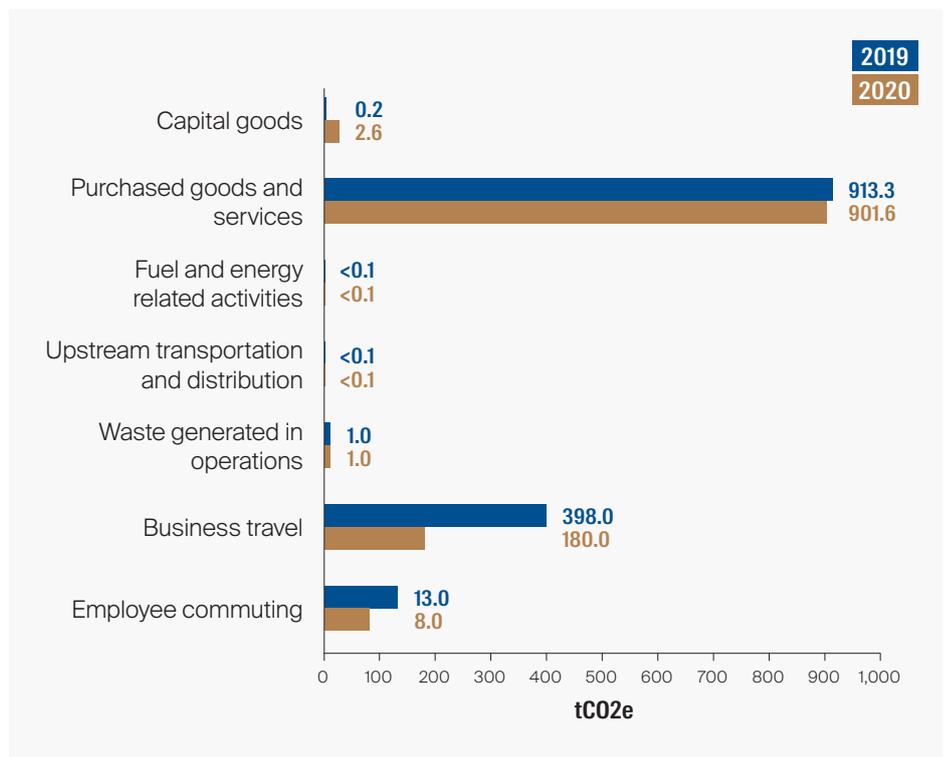
Our total operational carbon emissions were calculated to be c. **1,340** metric tonnes of carbon dioxide equivalents (tCO₂e) in 2019 and c. **1,110** tCO₂e in 2020. The results show a reduction of 240 tCO₂e or c. 18% in total emissions year-on-year. This change can be mainly attributed to reduced business travel in 2020 due to the Covid-19 pandemic (89% of total reductions).

Our Scope 1 and 2 emissions were zero in both years due to the absence of direct emitting sources and 100% of the energy supply to our office coming from renewable sources. Therefore, our entire GHG emissions inventory consists of Scope 3 elements only.

Both 2019 and 2020 showed similar emission hotspots:

- Purchased Goods and Services (“PGS”) with 68% and 81% of total emissions in 2019 and 2020, respectively, and
- Business Travel with 30% and 16% of total emissions in 2019 and 2020, respectively.

PGS mostly consist of legal and professional fees (>90% of total category emissions) and are directly correlated to our investment management activity as these costs include spend on new transaction activity (e.g. due diligence) and firm/portfolio management.



Reduction of operational emissions

In collaboration with our consultants South Pole, we have been analyzing several emission reduction strategies focused on business travel and purchased goods and services. We will integrate these strategies as part of our wider ESG roadmap with the goal of reducing our emissions going forward.

Climate Neutrality

We have offset our calculated emissions via carbon credits generated by 3 projects focusing on afforestation, reforestation and forest protection in Brazil, Cambodia and Zimbabwe. In addition to their beneficial direct impact on carbon emissions, all three projects are aligned with a number of other UN SDGs.

We are proud to share that South Pole has awarded Stirling Square with its ‘Climate Neutral Operations for Financial Institutions’ certification for the years 2019 and 2020 as a result of this project.





Our strength comes from our culture. We dedicated 2020 to further align the entire team around our firm's vision, purpose and values.



SOCIAL

VALUES

A crucial internal effort in 2019-2020 has been the crystallization of our firm's vision, purpose and values. The development of these 'strategic assets' has involved broad participation across the firm. This project has led to a review of our governance structures, which will increase transparency of our decision-making and inclusion across functions and levels.

DIVERSITY & INCLUSION

The Stirling Square team is aligned in the belief that diversity offers numerous benefits. We are committed to finding the right approach for our organisation to become a more diverse and inclusive place. To that end, a key internal milestone of the year has been the launch of the Diversity & Inclusion policy development to foster initiatives of inclusion in and beyond our office. Furthermore, we are proud sponsors of Level 20, a critical initiative with the ambition for women to hold 20% of senior positions in private equity. Furthermore, we are proud sponsors of Level 20, a critical initiative with the ambition for women to hold 20% of senior positions in private equity, as well as members of OutInvest, a global organisation with the mission to make the direct investing industry more welcoming for LGBT+ individuals.

COMMUNITY ENGAGEMENT

We support the Walkabout Foundation and the Global Down Syndrome Foundation, two organisations dedicated to caring for some of the most vulnerable people.

Walkabout Foundation

The Walkabout Foundation restores dignity, freedom and independence by providing wheelchairs and rehabilitation to mobility-impaired victims in the developing world and by funding research to find a cure for paralysis.

To date, it has distributed more than 18,650 wheelchairs throughout 25 countries and donated over \$1.6M to Spinal Cord Injury research. In 2018, the Walkabout Foundation took its first steps towards sustainable wheelchair distribution and opened its first-ever Wheelchair Assembly and Repair Centre in Kenya. In Nanyuki, they employ seventeen locals, six of whom are wheelchair riders, to assemble and distribute wheelchairs in Africa. In 2021, the Walkabout Foundation successfully opened a new Wheelchair Distribution Centre in Haiti.

The Walkabout Foundation also runs two rehabilitation centres based in Kenya and India. In each centre, the trained staff provide vital rehabilitation to over 100 children, helping them develop their motor and cognitive skills to give them the best possible chance at living an independent life.

We are proud that the Walkabout Foundation has so far impacted the lives of over 49,000 people. We support it through monetary donations, in-kind donations, as well as volunteer involvement from our team members.

Global Down Syndrome

The Global Down Syndrome Foundation (GLOBAL) works to significantly improve the lives of people with Down Syndrome through research, medical care, education, and advocacy.

GLOBAL has its origins in the US, where Down syndrome has long been one of the least-funded genetic conditions. It promotes medical research and services that can enhance the prospects of a satisfying life for all individuals with Down syndrome. It also informs governments, educational organizations and the general society to effect legislative and social changes for the benefit of these communities.

Members of Stirling Square support GLOBAL in its aim to promote its programmes in Europe, by providing direct financial support, facilitating contact with relevant health care systems with a view to promoting the diffusion of knowledge and best practices, and volunteering support activities in general.



ESG IN THE INVESTMENT PORTFOLIO

Whilst Stirling Square considers ESG matters at all stages of the investment cycle in accordance with the UN Principles for Responsible Investment, we believe that our close collaboration with our portfolio companies carries the most significant potential to contribute to a more sustainable world.

Phase 1: PRE-INVESTMENT

Deal Sourcing and Due Diligence

Our investment process starts with each investment idea being checked against our Exclusion List. Once this step is cleared, we move to a more detailed evaluation of a potential investment using internally defined guidelines. We strive to invest in companies that:

- positively impact society and conduct their business with integrity and transparency;
- incorporate sustainable practices into their business models;
- build strong corporate governance and risk management cultures, and comply with established best practices within their underlying industries.

During the due diligence phase, we aim to assess the investment target's impact and ESG maturity, understand materiality areas, examine key sustainability risks and opportunities, and develop a high-level action framework that can be further expanded after the investment is made. The key emphasis is on identifying potential 'red flags' and creating an action plan for how the associated risks can be mitigated. This is an iterative process where more details are added as we continue to develop our investment case. Where needed, we are supported by external specialist consultants. The findings of this phase are presented in a series of internal investment documents.

Phase 2: RESPONSIBLE OWNERSHIP

Action Planning

Our portfolio comprises companies with very diverse levels of ESG maturity. We do not expect portfolio companies to meet all our sustainability standards immediately. Investments via primary buyouts tend to enter our portfolio with a weaker organisational focus on ESG, whereas investments with prior experience of institutional ownership can exhibit higher maturity and sophistication. The wide range of industries and geographies in our portfolio also contributes to the diversity of ESG profiles.

Therefore, it is key that we work with management teams to address company-specific issues and act upon opportunities identified during due diligence.

Having obtained unfettered access to a target company, we continue to build on the findings from the pre-investment phase and conduct a more thorough audit of the ESG maturity of the company. More specificity is added to the action framework from the pre-investment phase, to create the first action plan recommendations for the new portfolio company. More details on our process are provided in the illustration on the following page.

ESG Governance

As active and engaged shareholders we will work in tandem with company managers to advance their ESG goals. The senior leadership of each company is responsible for the implementation of ESG strategies and action plans, and for tracking their progress throughout the year. The Stirling Square team supports its portfolio companies with specialist input reinforced by extended advisers as necessary. All material ESG matters related to the portfolio are reported to the ESG Committee.

Monitoring and Driving Change

Since 2018, Stirling Square has been conducting a structured Annual ESG Portfolio Questionnaire, to assess the activities of our portfolio companies along the sustainability spectrum, while identifying priorities for the years ahead.

The questionnaire serves as the basis for the development of individual ESG action plans and recommendations, tailored to the specific needs of each portfolio company. Notwithstanding the customised nature of these plans, several topics such as climate change, diversity & inclusion, and cybersecurity are considered relevant across the entire portfolio and will be in the spotlight for years to come.



At the end of our ownership period, relevant information on the sustainability journey of a portfolio company is summarised via vendor due diligence reports and other sell-side documentation for the benefit of prospective purchasers. These documents aim to illustrate the main achievements of a company's sustainability strategy, but also the potential still available to the prospective purchasers.

Sharing of Best Practices

A key opportunity for Stirling Square as an active owner is to facilitate the sharing of best practices across the portfolio.

We foster a strong sense of community among our portfolio leaders. The main conduit for this is The Leadership Circle (TLC),

our successful best-practice sharing forum, which is run in close cooperation with global research and higher education institutions, such as the NYU Stern School of Business. The purpose of TLCs is to create a collaborative environment where our senior portfolio leaders access the latest academic knowledge, exchange experience and best practices, and expand personal networks. Following a first in-person event on digital disruption in 2019, we successfully moved to virtual TLCs covering digitalisation and sustainability in 2020 and 2021.

In addition to the TLCs, we support the intra-portfolio exchange of excellences in the ordinary course of the companies' business.

A more detailed overview of our ESG integration is presented in the table below.

Phase	PRE-INVESTMENT	RESPONSIBLE OWNERSHIP		
Main Focus	Initial Risk Assessment	First 100 Days	Monitoring Driving Change Sharing Best Practices	Preparation for Exit Value Realisation
Activities	<ul style="list-style-type: none"> - Exclusion criteria and Responsible Investment guidelines - High-level assessment of the ESG maturity profile - Impact evaluation - Identification of material issues for due diligence - High-level climate risk assessment - High-level framework for post-completion action plan 	<ul style="list-style-type: none"> - Detailed ESG maturity profile assessment - Incorporation of ESG actions in the 100 Days Plan - Creation of the first ESG action plan 	<ul style="list-style-type: none"> - Regular exchanges between portfolio companies and Stirling Square's ESG function - Annual ESG Portfolio Questionnaire - Tailored ESG action plan recommendations to reduce risks and identify possible upsides - Operational Best Practices Sharing / Competence Exchange - Climate risks assessment - The Leadership Circle 	<ul style="list-style-type: none"> - Formalisation of ESG agenda in the Exit Business Plan - ESG Vendor DD - ESG-relevant documents in the data room



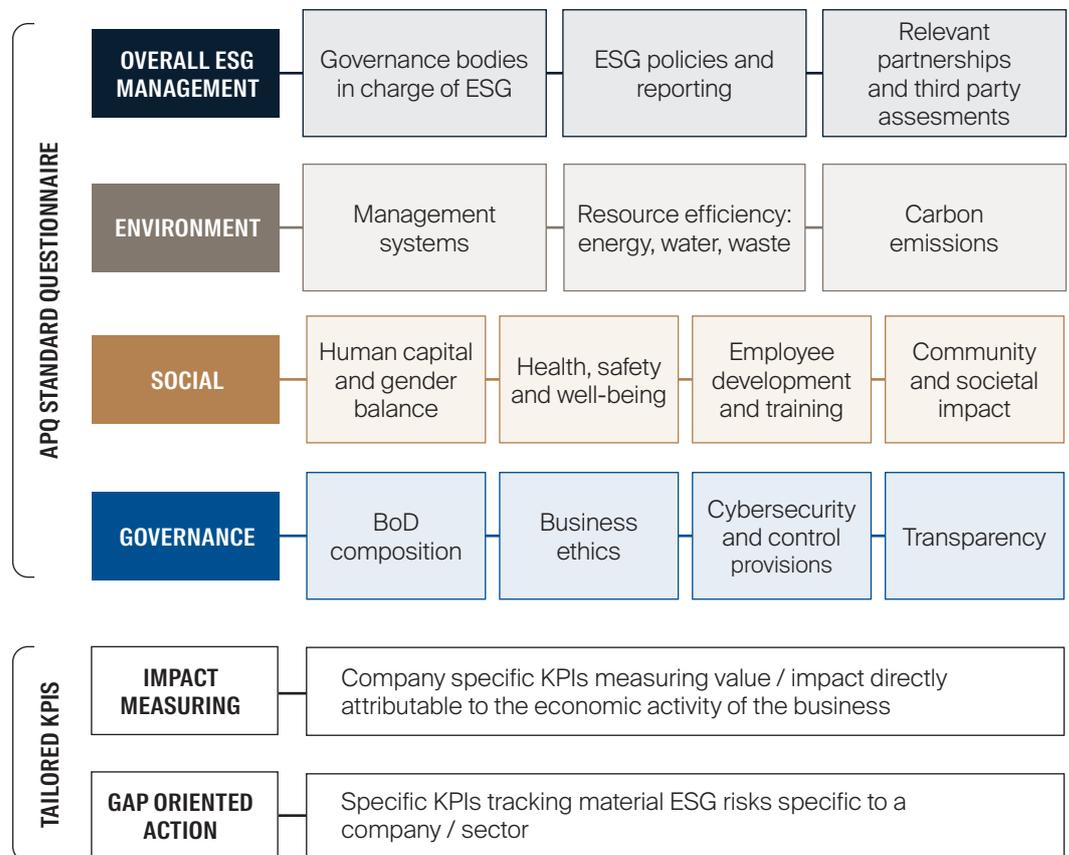
FOCUS ON OUR MAIN MONITORING TOOL

ANNUAL ESG PORTFOLIO QUESTIONNAIRE (APQ)

The APQ is a key tool used in our portfolio monitoring process. The APQ allows us to compare and track standard KPIs across our portfolio, generate ESG 'heat maps', and identify areas that need our attention and support in order to reach targeted performance levels. Introduced in 2018, it is anchored on the NASDAQ 2.0 ESG reporting recommendations and covers a wide range of ESG aspects. The APQ is a dynamic tool. Both its scope and the underlying process are subject to regular reviews to improve our approach to measuring ESG progress.

We plan to automate APQ data collection and first level analysis as part of the Stirling Square digitalization roadmap.

The diagram below summarizes the main standardised areas investigated by the questionnaire.





OUR APQ RESULTS

The results of the 2020 and 2021 questionnaires show a broad improvement on many of the tracked indicators.

The numbers presented in this section summarize the results for the twelve companies that have been part of our portfolio for longer than one year. Two recent additions to the portfolio, Assistansbolaget and Consensus, have not been included in the statistics yet.

IMPACT

As investors, we are naturally focused on financial outcomes. Nonetheless, we believe that the more a portfolio company's products and services are valued by society, and/or the more a portfolio company is respected by its community of stakeholders, the more successful an investment in such a company would be. Values drive value.

Today, our diverse portfolio has a strong societal impact. We will continue to track these metrics and devise measures to improve them further.

Number of physical properties protected by Axitea security services in Italy p.a.

c. 27,000

Number of serious cyber attacks intercepted/blocked by Axitea p.a.

900

Tonnes of highly hazardous waste regenerated by Itelyum in Italy p.a.

>700,000

Number of service users matched with care facilities with the help of Byggfakta in Sweden p.a.

>4,000

Tons of water recycled by SAR as part of hazardous and industrial waste processing in Norway p.a.

100,000

Number of vulnerable children looked after by OFG in the United Kingdom p.a.

>6,300

Number of public-service vehicles protected with the glass solutions of Isoclima

c. 14,000

Number of small contractors receiving access to construction projects in Sweden with the help of our company Byggfakta p.a.

>1,500

Number of employees from immigrant, youth unemployment or disability background employed by Logent in Sweden p.a.

95

Environmental impacts avoided with the help of Itelyum p.a.

release of
1,000
tons of pollutants

emission of
c. 500,000
tons of CO2

Over 250 millions trees would be needed to absorb the same amount of CO2

withdrawal of
15 million
m³ of water

Equivalent to the average annual consumption of over 80,000 households

ESG MANAGEMENT

We believe that our first obligation as responsible owners is to support our portfolio by establishing solid management structures around ESG issues.

Therefore, the first section of the APQ is focused on assessing the governance structures around the integration of ESG into a portfolio company's operations. It consists of three parts:

GOVERNANCE BODIES IN CHARGE OF ESG

ESG POLICIES AND REPORTING

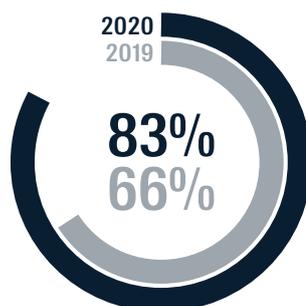
RELEVANT PARTNERSHIPS AND THIRD PARTY ASSESSMENTS

The APQ results show that while the majority of our portfolio companies has already developed ESG policies/plans, less than 20% produce reports. We are working to ensure proper formalisation and illustration of achievements to wider stakeholders groups via meaningful publicly available reports.

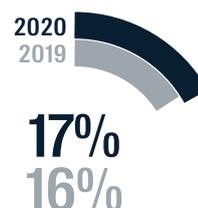
In this section, we also map the alignment with the UN Sustainable Development Goals. While SDGs are universal development goals, we believe that going through an alignment exercise gives a company a clearer sense of greater purpose.

Although we do not set top-down targets for these KPIs, we actively encourage and support our portfolio partners to reach full compliance as soon as practicable.

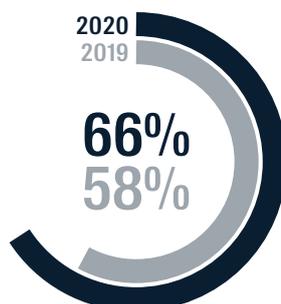
COMPANIES WITH AN ESG POLICY / ACTION PLAN



COMPANIES THAT PRODUCE AN ESG REPORT



COMPANIES WITH DEFINED UN SDGs



COMPANIES WITH PLATINUM ECOVADIS CERTIFICATION

1

COMPANIES THAT ARE MEMBERS OF UN COMPACT

2



ENVIRONMENT

In today's world, managing the environmental footprint of a company requires a broad approach.

Our APQ tracks a number of KPIs, which are split in three main areas:

**ENVIRONMENTAL
MANAGEMENT SYSTEMS**

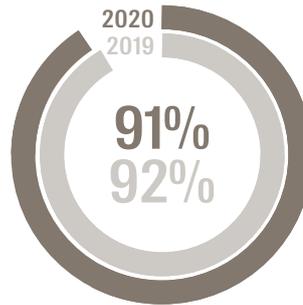
**RESOURCE EFFICIENCY:
ENERGY, WATER, WASTE**

CARBON EMISSIONS

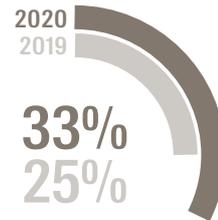
Environmental management is an area of significant experience for most companies. Over 90% of our portfolio companies have environmental management systems in place, which means that they have a formalised approach detailing actions to manage environmental risks and opportunities. As a result, energy/water consumption and waste generation are measured in most of our portfolio companies.

Comparatively, carbon emissions measurement is not as prevalent and remains an area with significant improvement potential for the next two years. The role of Stirling Square is to ensure that carbon management becomes as commonplace as other environmental matters. To facilitate this, Stirling Square launched its own carbon foot-printing project in 2020. We will encourage our portfolio companies to follow suit, participating in the exchange of best practices within the portfolio as well as between the portfolio companies and Stirling Square.

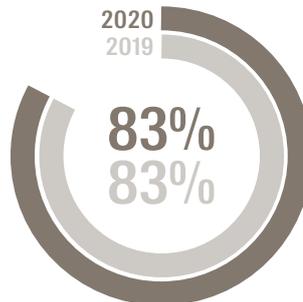
COMPANIES WITH ENVIRONMENTAL MANAGEMENT SYSTEMS



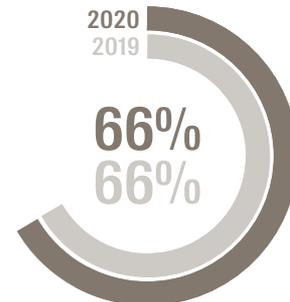
COMPANIES WITH ENERGY MANAGEMENT SYSTEMS



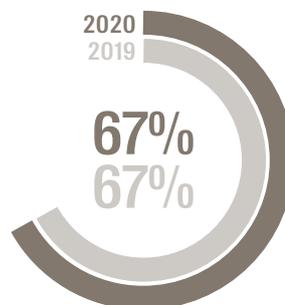
COMPANIES MEASURING ENERGY CONSUMPTION



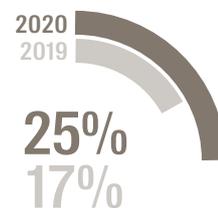
COMPANIES MEASURING WASTE GENERATED



COMPANIES MEASURING WATER CONSUMPTION



COMPANIES MEASURING CO2 EMISSIONS





SOCIAL

Social factors play a critical role in the long-term success of an investment. The Social KPIs are broadly split in four areas:

HUMAN CAPITAL AND GENDER BALANCE

HEALTH, SAFETY AND WELL-BEING

EMPLOYEE DEVELOPMENT AND TRAINING

COMMUNITY AND SOCIETAL IMPACT

All of our portfolio companies now have formal health and safety systems to look after their employees. We continue to encourage our portfolio partners to strive for excellence in their approach to employees, e.g through the implementation of attractive staff retention practices.

TOTAL HEADCOUNT 2020

c.16,300¹

TOTAL HEADCOUNT 2019

c.15,600

ORGANIC HEADCOUNT INCREASE 2020 (i.e. excluding acquisitions)

170

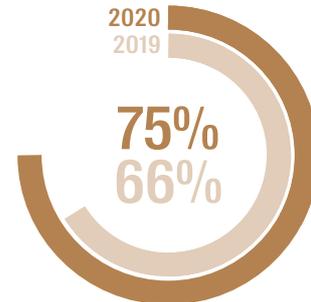
SHAREHOLDER-EMPLOYEES 2020 (via management incentive plans)

114

COMPANIES WITH HEALTH AND SAFETY MANAGEMENT SYSTEMS



COMPANIES WITH STAFF RETENTION PROGRAMS



¹) Differs from the figure of 18,100 on page 4 due to a perimeter definition. The figure of 16,300 does not include 2 new portfolio companies.



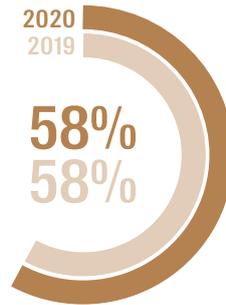
SOCIAL (CONTINUED)

It is clear from the social KPIs that improvements can be made in areas with immediate impact potential.

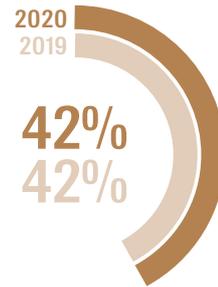
For example, improving prevalence of gender balance and inclusion policies is a clear priority. We have started working on the development of the Stirling Square's Diversity & Inclusion approach, that should enable us to steer the portfolio companies towards a stronger performance on social indicators.

On the other hand, training and development are showing very good results. Relevant programs are in place in virtually all portfolio companies. We will continue to closely monitor employee development metrics as they are critical to our portfolio companies' long-term success.

COMPANIES WITH GENDER BALANCE POLICIES



COMPANIES WITH INCLUSION POLICIES



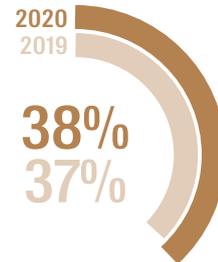
FEMALE SENIOR MANAGERS 2019

17

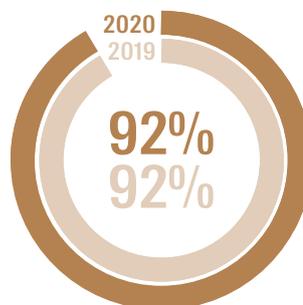
FEMALE SENIOR MANAGERS 2020

19

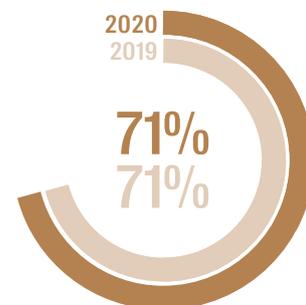
FEMALES AS % OF TOTAL EMPLOYEES



COMPANIES WITH EMPLOYEE TRAINING AND DEVELOPMENT PROGRAMS



EMPLOYEES THAT RECEIVED INTERNAL TRAINING





GOVERNANCE

Good 'corporate citizenship' is what we expect from all our portfolio companies. Compliance with laws and regulations, strong internal controls, respect for human rights, and solid cyber protection are all paramount characteristics of a reliable business partner.

Several metrics track the prevalence of transparent, ethical and responsible behaviors in our portfolio.

Four main areas are covered by our questionnaire:

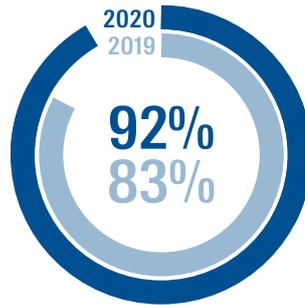
- BOARD COMPOSITION**
- BUSINESS ETHICS**
- CYBERSECURITY AND CONTROL PROVISIONS**
- TRANSPARENCY**

The first step in our approach to good governance is to ensure that all portfolio companies have anti-bribery, anti-money laundering and fraud detection policies, as well as procedures to ensure that human rights are respected.

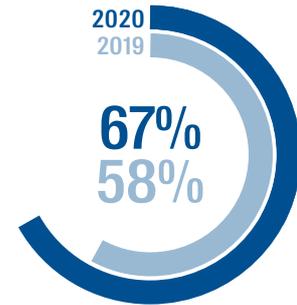
Once adequate standards in these areas are reached, we aim for a value-chain waterfall effect, where our portfolio companies need to focus on their trading partners. We believe that responsible businesses must hold their partners to the same high ethical standards.

Overall, we believe our portfolio companies perform well on the governance dimension. Any gaps will be included in the company-specific remediative action plans.

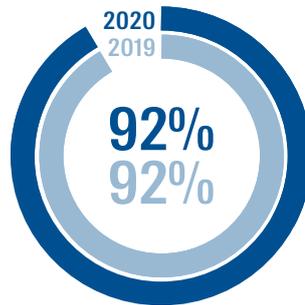
COMPANIES WITH CODE OF CONDUCT COVERING BRIBERY



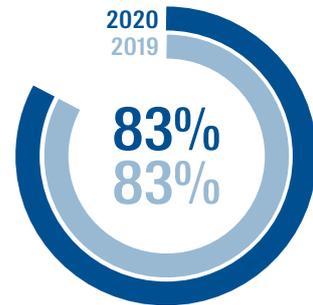
COMPANIES WITH CODE OF CONDUCT COVERING ANTI-MONEY LAUNDERING



COMPANIES THAT DEPLOY BUSINESS ETHICS TOOLS



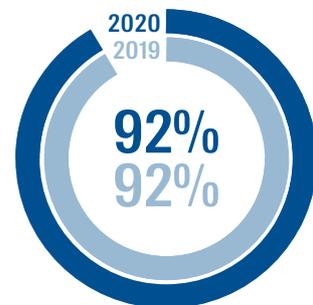
COMPANIES WITH INTERNAL CONTROLS TO DETECT FRAUD



COMPANIES WITH CYBERSECURITY MEASURES



COMPANIES WITH PROCEDURES ON HUMAN RIGHTS





COVID-19

No review of 2020 and 2021 would be complete without addressing Covid-19. The pandemic opened a generational challenge for the world and tested the agility of states and organizations to respond to severe disruption.

Stirling Square has shown resilience in the face of the Covid-19 pandemic. We moved quickly to protect our employees and our partners by introducing a number of safety measures and by making sure that most people could work from home effectively. Since March 2020, the Management Committee of Stirling Square has been regularly reviewing the measures and policies needed to address the ever-evolving situation.

We worked tirelessly to support our portfolio companies in their efforts to keep economic activity going while battling widespread challenges. Some of our companies provide non-discretionary services – such as healthcare or cybersecurity – and could not cease to operate, even in the harshest of lockdowns. We helped to ensure liquidity and spread best practices to deal with the pandemic across portfolio companies, and kept our investors informed about all the relevant developments.

Later, as the situation stabilised, we moved to consider the longer-term implications of Covid-19 on our investment activity. This included a discussion on the types of companies and industries we should invest in – or avoid – in the future, as well as issues such as the increasing opportunities from technology and changes in financing requirements.

A point of particular pride is the support our portfolio companies have been providing to their local communities.

In Italy, Stirling Square's portfolio companies Itelyum, Isoclima and Axitea donated more than €500,000 via financial contributions and equipment purchases to healthcare institutions on the frontlines of the battle against Covid-19.

Our France-headquartered business Verescence donated PPE to nursing homes, healthcare professionals, law enforcement agencies and university

hospitals in France, Spain and the US. In the US, it also donated meals to hospital employees and children.

Several other portfolio companies, such as Vision Ophthalmology Group and AD Industries, adjusted their operations on extremely short notice to address an increased demand for their products, services, skills and expertise that were relevant and crucial in the fight against the pandemic.

We are deeply grateful to all our colleagues in the Stirling Square group for their commitment to keep the businesses going in the face of the harshest of disruptions, and for their dedication to their local communities.



VERESCENCE

Leader in Sustainable Glass Packaging

IMPACT

The company is the global leader in glass packaging for the perfumery and cosmetics industries. An eco-innovative glassmaker rooted in France's 'Glass Valley', Verescence continues to develop a century-old expertise to satisfy both the requirements of luxury brands and those of sustainable and responsible development.

STIRLING SQUARE VALUE CREATION

- Our value creation journey is in the relatively early stages, having only acquired Verescence in 2019. We are fully supportive of the company's formidable ambition to become the global reference in the sustainable beauty industry.
- This ambition is fully integrated into 'Verescence 2022', a strategic plan backed by a €122 million investment programme.
- The plan's aim is the continuous improvement of the company's processes in order to respond to the increasing demand for glass in the beauty and electric insulators markets, while steadily reducing the environmental impact.
- In 2020, Verescence expanded its global footprint via a majority stake in Pacificglass, the South Korean leader in glass cosmetic packaging, and entering into a long-term partnership with Amorepacific, a South Korean cosmetics conglomerate.

UN SDGs SUPPORTED



SIGNATORY OF UN GLOBAL COMPACT

3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION 	7 AFFORDABLE AND CLEAN ENERGY 	8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS 	

STATUS

PORTFOLIO

REGIONS SERVED

GLOBAL

COUNTRY OF HQ

FRANCE

SECTOR

GLASS PACKAGING

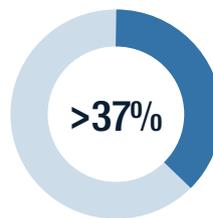
REVENUE 2020 (EUR)

270 million

NO. OF EMPLOYEES

c. 2,260

FEMALE RECRUITS



TRAINED EMPLOYEES



WASTE RECYCLED



TONS OF RECYCLED GLASS SOLD WORLDWIDE

1,400

ENERGY CONSUMPTION REDUCTION (MWh)

24,159

(An equivalent of the energy consumption of over 8,330 average UK households)

WATER CONSUMPTION REDUCTION (m³)

79,864

(An equivalent of the annual water consumption of c. 440 average UK households)

CO2 EMISSIONS REDUCTION (tons) (Scope 1 and Scope 2)

3,652

EcoVadis certification: PLATINUM for the Group and all its sites

CDP Climate Change and CDP Water Security: Score B in both
Member of Science Based Initiative (SBTi). Committed to setting even more ambitious targets to reduce its greenhouse gas emissions and to achieve CSR ambition based on scientific, physical and measurable criteria.



ITELYUM

Champion of Circular Economy

IMPACT

Itelyum provides a growing number of solutions and services for the regeneration of used motor and industrial oil, purification of solvents and chemical streams, and the collection, treatment and safe management of hazardous industrial waste. Itelyum's services extend the life cycle of products and contribute actively to the establishment of a circular economy.

STIRLING SQUARE VALUE CREATION

- Our involvement with the company began in 2011 when Stirling Square invested in Viscolube, a company focussed exclusively on the regeneration of used motor and industrial oil. Regeneration is the most environmentally acceptable solution for dealing with used motor oil.
- The company has expanded its capabilities through the roll-up of hazardous waste processing businesses across Italy and the transformational acquisition of Bitolea, the country's leading player in the purification of used solvents from the pharmaceutical and cosmetics industry.
- Today, the business, rebranded as Itelyum, is a true national sustainability champion with 80% circular turnover across 15 sites, providing a broad range of solutions to a large number of clients in the lubricant, pharmaceutical and other industrial sectors.
- During our ownership, Itelyum has upgraded its management capabilities in line with the substantial expansion of the business.

UN SDGs SUPPORTED



8 DECENT WORK AND ECONOMIC GROWTH



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



SIGNATORY OF UN GLOBAL COMPACT

STATUS

PORTFOLIO

REGIONS SERVED

ITALY

REVENUE 2020 (EUR)

347 million

CIRCULAR REVENUES

(Revenues from waste management, recovery / recycling)

COUNTRY OF HQ

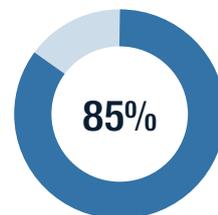
ITALY

SECTOR

ENVIRONMENTAL SERVICES / WASTE MANAGEMENT

REVENUE 2011 (EUR)

96 million



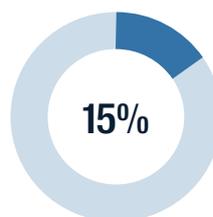
NO. OF EMPLOYEES 2020

719

NO. OF EMPLOYEES 2011

162

MANAGERIAL POSITIONS HELD BY WOMEN 2020



Over 700,000 tons of industrial waste, often hazardous, managed and valorized with high recycling efficiency.

Avoided through recycling: c. 500,000 tons of CO2, c. 1,000 tons of pollutants release, and use of 15 million cubic meters of water.



OFG

Caring for the Most Vulnerable Members of the Society

IMPACT

The largest independent provider of fostering services, special needs education, and residential care for children and young adults with complex needs.

STIRLING SQUARE VALUE CREATION

- Stirling Square first invested in National Fostering Agency (NFA) in 2015, then the largest independent fostering agency, supporting nearly 2,100 families.
- In 2016, NFA completed the acquisition of Acorn Care and Education, a leading high-quality children’s services provider, offering special needs education, residential and foster care for children and young adults with complex needs.
- In 2019, NFA, acquired Outcomes First Group, a high-quality provider of education and care services to young people and adults with autism, learning disabilities and other complex educational and care needs. It added 13 schools across the UK to NFA’s existing 21 schools.
- The acquisition complemented NFA’s existing capabilities and geographic reach in the Special Education Needs (SEN) space, enabling the group to better serve the needs of vulnerable young people and children and substantially improve their life chances. Today, the combined group, rebranded as the Group, educates and cares for nearly 6,500 children, young people and adults across the UK.
- During the period of active consolidation, Stirling Square has helped the group upgrade its management capabilities.

STATUS

PORTFOLIO

REGIONS SERVED

UNITED KINGDOM

REVENUE 2020 (GBP)

349 million

NO. OF EMPLOYEES 2020

5,410

FEMALE EMPLOYEES 2020

3,415

COUNTRY OF HQ

UNITED KINGDOM

SECTOR

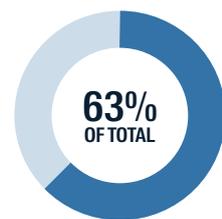
SOCIAL CARE / SPECIALIST CARE

REVENUE 2015 (GBP)

115 million

NO. OF EMPLOYEES 2015

350

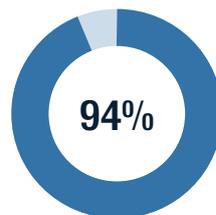


NUMBER OF LOOKED-AFTER CHILDREN 2020

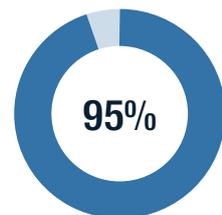
c. 6,500



of foster children in good or outstanding (or equivalent) fostering agencies across UK



of OFG’s homes and schools were judged to be Good or Outstanding by Ofsted



of children in OFG’s care has school attendance of over 95%



SAR

Total Waste Management for Onshore and Offshore

IMPACT

SAR offers complete waste solutions for offshore and land-based industries. The company has a strong foundation in the oil & gas industry through the handling and treatment of oil-contaminated drill waste, hazardous and industrial waste from offshore oil installations, and tank cleaning. It operates from eight bases located along the Norwegian coastline.

SAR applies North Sea standards – the highest global standards for the oil & gas sector with respect to environmental treatment, operational protocol, and safety regulations – to its operations.

STIRLING SQUARE VALUE CREATION

- Stirling Square Capital Partners acquired SAR in April 2012.
- During our ownership, SAR has broadened its capabilities resulting in the Waste Chain Management (WCM®) proposition. WCM is a comprehensive circular economy framework designed to reduce costs and the environmental impact throughout the value chain of clients.
- In 2020, SAR established a new strategic unit focused on technology and transformation to embrace the concept of Industry 4.0 .

STATUS

PORTFOLIO

REGIONS SERVED

NORWAY

REVENUE 2020 (NOK)

716 million

NO. OF EMPLOYEES 2020

265

COUNTRY OF HQ

NORWAY

SECTOR

ENVIRONMENTAL SERVICES / WASTE MANAGEMENT

REVENUE 2012 (NOK)

726 million

NO. OF EMPLOYEES 2011

250

UN SDGs SUPPORTED



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS





The data and information contained in this report (the "Information") is made available by Stirling Square Capital Partners Jersey AIFM Limited (the "Manager") (together with its associates, "Stirling Square") for the sole purpose of providing certain information about Stirling Square and the funds it manages ("Stirling Square Funds").

This report has not been approved or reviewed by any supervisory authority, including the United Kingdom Financial Conduct Authority (the "FCA") and the Jersey Financial Services Commission (the "JFSC"), nor has any such authority or commission passed comment on the accuracy or adequacy of this report and no regulatory approvals have been obtained in respect of this report. Except as otherwise indicated herein, the Information provided in this report is based on matters or circumstances as they exist as of the date of this report and not as of any future date and may not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or occurring after the date hereof.

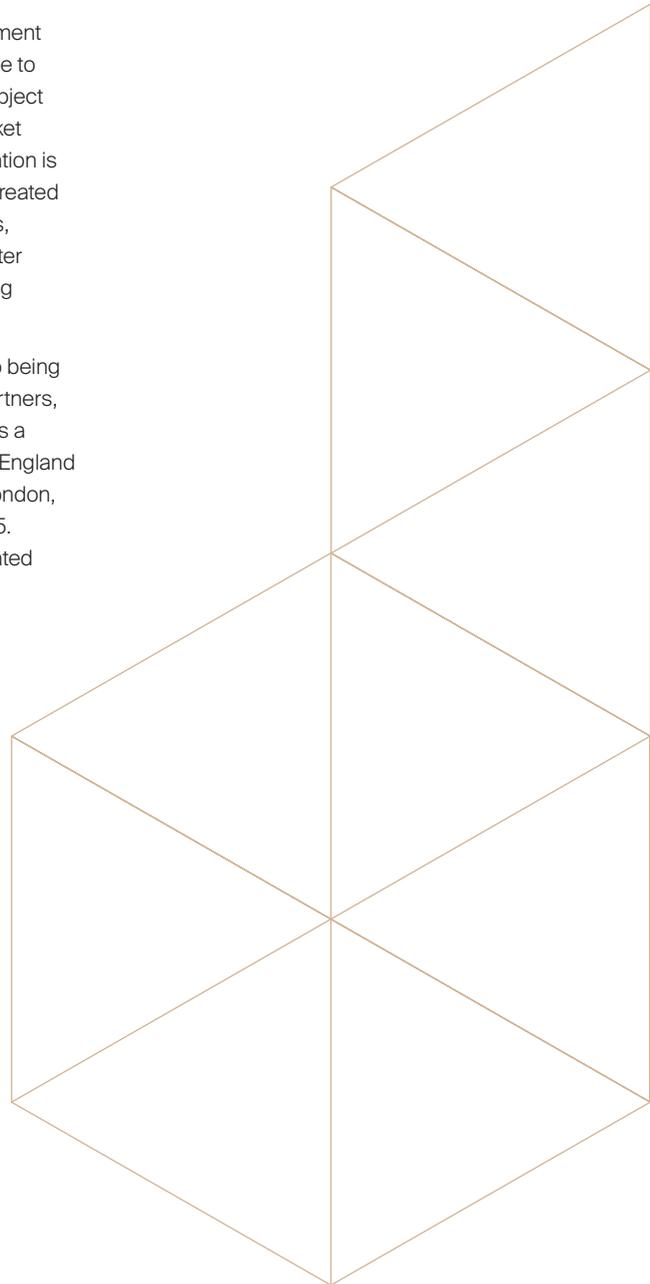
This report is not, and under no circumstances is it to be construed as, a prospectus or an advertisement and the issuing of this report is not, and under no circumstances is it to be construed as, an offer to sell or a solicitation of an offer to buy or an invitation to acquire interests in the Stirling Square Funds in any state or other jurisdiction to any person and should not be relied upon by any person for any purpose.

Certain information in this report is based on or derived from information provided by, or obtained from, published and non-published sources prepared by independent third parties. In addition, certain information has been obtained from companies in which investments have been made by Stirling Square Funds. While such sources are believed to be reliable, none of Stirling Square or any of its respective directors, officers, employees, members, partners, shareholders or affiliates

(i) can guarantee the accuracy of such information; (ii) have independently verified the assumptions on which such information is based; or (iii) assume any responsibility for the accuracy or completeness of such information.

All statements of opinion and/or belief contained in this report and all views expressed and all discussion of past investment performance or decisions, projections, forecasts, or statements relating to expectations regarding future events represent Stirling Square's own assessment and interpretation of information available to it as at the date of this report and are subject to change without notice based on market and other developments. No representation is made, assurance given, or implication created that such statements, views, projections, track records or forecasts are correct after such date or that the objectives of Stirling Square will be achieved.

In the United Kingdom this report is also being distributed by Stirling Square Capital Partners, LLP (the "UK Adviser"). The UK Adviser is a limited liability partnership registered in England and Wales at 10 Duke of York Square, London, SW3 4LY, with registered no. OC303225. The UK Adviser is authorised and regulated by the FCA.





CONTACT

STIRLING SQUARE CAPITAL PARTNERS LLP

10 Duke of York Square
London, SW3 4LY
United Kingdom

+ 44 20 7808 4130

