



Bregall Investments

Capital With A Purpose

Responsible Investment Report

2022

In Bregal Investment's fifth annual Responsible Investment Report, we aim to illustrate our firm's continued progress on environmental, social, and governance ("ESG") and provide examples of how we are working with our portfolio companies to improve ESG performance.¹



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¹ All reported data is provided for a 12-month period spanning January 2022-December 2022, unless otherwise indicated. Data provided by Bregal Investments.

Introduction

Bregal Investments (“Bregal”) is an international, diversified private equity platform for five direct investment teams and a fund-of-funds team across Europe and the United States. With distinct investment strategies, Bregal’s funds invest in mid-market companies in a range of sectors and regions, either through a variety of buyout control equity, structured minority equity, or credit investments. Collectively, our funds represent over €15 billion of assets under management.

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A Message From Our CEO

With over €15 billion in assets under management, and investments in more than 90 companies globally, we seek to deploy our capital ‘with a purpose’ – supporting our portfolio companies as they grow in a responsible and sustainable way. We see the consideration of ESG topics as an integral part of our investment approach and an important part of our fiduciary duty to stakeholders – where ESG can be seen to influence long-term risk-return profiles.

Alain Carrier
Chief Executive Officer



Over the past few years, with the formalisation and growth of our dedicated ESG team, we have sought to further integrate ESG across the investment lifecycle, shifting our approach from focusing on the management of ESG-related downside risks, to actively identifying value creation opportunities that our portfolio companies can utilise to drive additional value and successful exits. This is a trend which I firmly believe will continue – as more and more PE-backed companies realise the business opportunity presented through the consideration of material ESG factors, and shift their own business models towards even greater ESG integration.

Our Climate Action Plan

As with previous years, climate change has once again been high on Bregal’s agenda, and I am pleased to say we have made great progress on the science-based target commitments formalised at the end of 2021 when we co-led the development of the Science Based Targets initiative (“SBTi”) guidance for private equity. These commitments aim to reduce Bregal’s overall carbon footprint, specifically the emissions associated with our investment activities, by ensuring our portfolio companies set their own science-based targets in line with global efforts to limit global warming to as close to 1.5°C as possible.

At the same time, we have continued investing through our Sustainable Development Loan Programme (formerly the “Sustainable Development Fund”), which facilitates transformative initiatives at our portfolio companies, helping them to achieve ambitious emissions reductions. This year, we granted a loan to Reline to improve energy efficiency and employee health and safety in their resin production process.

Investing In Nature

While much of society’s focus in recent years has been on climate change, we are now seeing an inflection point for nature – recognising the critical interconnections between biodiversity, climate, human wellbeing and ultimately the global economy. The World Economic Forum estimates that as much as 50% of global GDP is directly dependent on nature. It is therefore crucial to both consider the impacts that our investment activities have on nature, while actively investing in emerging natural capital markets and other solutions which seek to preserve and enhance natural systems.

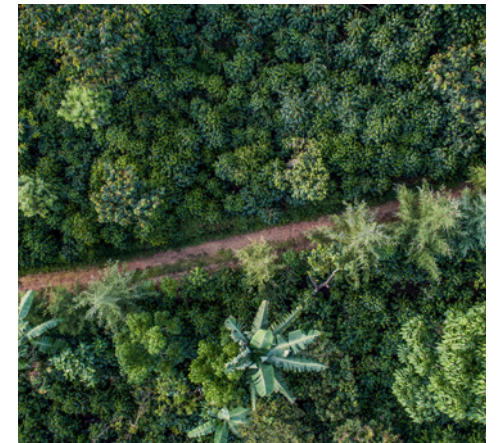
In light of this, and considering the role that private equity can play in addressing multiple other societal challenges, we launched our dedicated impact platform, Bregal Sphere, in October 2022 beginning with a majority investment and strategic partnership with PUR, a leading global nature-based solutions (“NbS”) project developer. Bregal Sphere’s impact mandate builds on the Bregal’s ambitious and long-standing ESG, and responsible investing programme, and aims to address not only the climate crisis, but other interrelated challenges such as biodiversity and community resilience by deploying impact-focused capital in mission-driven companies and projects globally. We look forward to announcing more on Bregal Sphere in due course.

Looking Ahead

There is always more we can be doing to support our portfolio companies. In 2022 we were pleased to have hired our first Chief Technology Officer and Chief People Officer, both of whom have a role to play in supporting the integration of our ESG programme across the Bregal platform and at our portfolio

companies, whether that be through looking at emerging risks and opportunities associated with AI and increasing employee engagement and retention.

I hope that the following report serves as a good reflection of our commitment to ESG and responsible investing and I am certainly very proud of the programme we have built to date. Good ESG practices are the foundation upon which Bregal seeks to build trust and transparency with its stakeholders and, as we continue to grow the platform, we will remain steadfast in our commitment to driving positive ESG outcomes and impacts across our ecosystem.



Bregal At-A-Glance

Bregal Investments is an international, diversified private equity firm committed to responsible investing.

Our Investment Approach

Bregal seeks to invest in well-run companies with sound business models, robust business integrity, and an ability to have a positive impact on local communities and society. We aim to partner with investment teams with a strong track record, high standard of excellence and ethics, and an ability to generate attractive risk-adjusted returns for our investors.

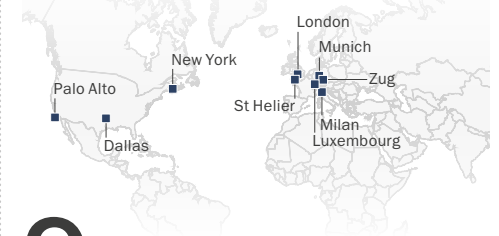


Our Investors

We value the strong relationships we have built with our limited partners over the years, which include leading pension funds, endowments, insurance companies, fund-of-funds, family offices, and other institutional and high net worth investors. To date, more than 65 institutional investors have invested across the Bregal platform.

65+
institutional investors

Our Offices



9
offices across Europe and North America

210+
team members

€15bn+
assets under management

85+
portfolio companies

30+
different nationalities represented by our team

The Bregal Investments Platform

Bregal is an integrated platform providing a corporate infrastructure that includes ESG, Human Resources, Legal/Compliance, Finance, Tax, Investor Relations, Marketing, and Communications to support each of our underlying fund teams and strategies.



Our ESG Approach

At Bregal, ESG matters are a fundamental part of our investment decisions, as well as key to our proactive portfolio company ownership. During our ownership period, we engage with portfolio companies to maximise the ESG value proposition with an eye towards improving priority ESG aspects relevant to their strategies and our investment cases.

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2022 Year In Review

Over the past year, we have built on our responsible investing and ESG programme with a growing team.

7 

person dedicated ESG team
(with two team members added this year)

5th

annual Responsible Investment Report

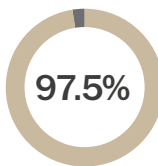
1st

impact investment in PUR – a nature-based solutions (“NbS”) project developer supporting climate action within corporate supply chains

Launched

ESG data platform to centralise cross-portfolio data collection and analysis



97.5% 

97.5% of portfolio has conducted carbon footprint assessments, covering Scope 1, 2 & 3¹



eligible capital with approved science-based targets²



10

portfolio companies set science-based targets

1

project financed by the €50 million Sustainable Development Loan Programme³, with 8 projects to date

€1.5m+

donated by employees, with the support of the COFRA Foundation

€900k+

of philanthropic grants through the Bregal Helps Initiative, with ~€4 million granted to date

- 1 Represents portfolio from direct funds that have received external capital (Bregal Sagemount, Bregal Milestone, and Bregal Unternehmerkapital).
- 2 Eligible capital represents capital that has been in the portfolio for two years, as outlined by the SBTi PE guidance. As of December 2022, our portfolio targets cover 79% of total investment and lending activities by invested capital. The remainder not covered by current portfolio science-based targets relate principally to our fund-of-funds and credit investments.
- 3 The SD Loan Programme is detailed on page 27 of the report.

A Message From Our Leadership

At Bregal, responsible investing is instilled in teams, with support from our dedicated ESG leadership.



Over the past few years, we have seen how private markets can successfully mobilise capital to help address the issue of climate change, and support progress towards net zero through setting science-based targets.

In 2022, we began to see a similar trend for nature – with ambitious action needed to halt and reverse losses to biodiversity and ecosystem services that underpin the global economy. We believe investing in nature is the next frontier for private equity and are actively exploring impact strategies that can help address the nature financing gap. Much like the issue of climate change, this is not solely about financial returns, but investing in a way that creates long-term value for both investors and society at large.

Alvar de Wolff
Managing Director, ESG & Responsible Investing



At Bregal, we have built our ESG programme around the belief that robust ESG management is a vital component of financial performance and sustainable value creation – enabling our companies to thrive in a rapidly evolving landscape.

Our focused approach prioritises the material ESG risks and opportunities of each individual company – driving value creation through a tailored annual review process, with some portfolio companies having undertaken their fifth review cycle in 2022.

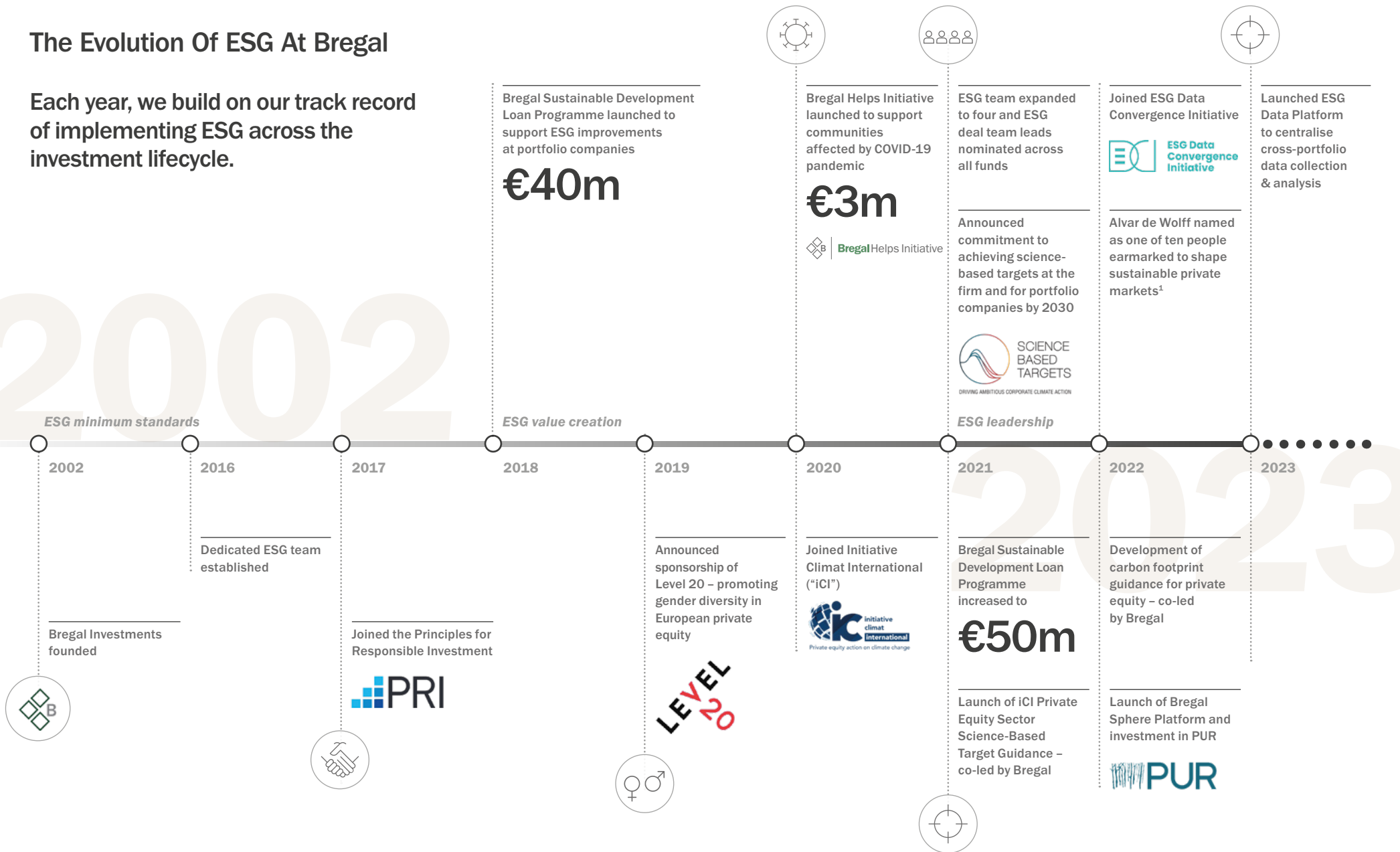
Leveraging the breadth of our team, which once again expanded in 2022, we have made significant progress towards our science-based targets, with 10 companies receiving SBTi approval within our first year. This capacity and experience in the team is also crucial in order to respond to rapidly emerging and evolving ESG priorities, whilst continuing to deliver on our existing focus areas of climate and DEI and collaborating with industry initiatives such as EDCI and iCI to foster transparency and drive collective change.

Egle Sakalauskaite
Director, ESG & Responsible Investing



The Evolution Of ESG At Bregal

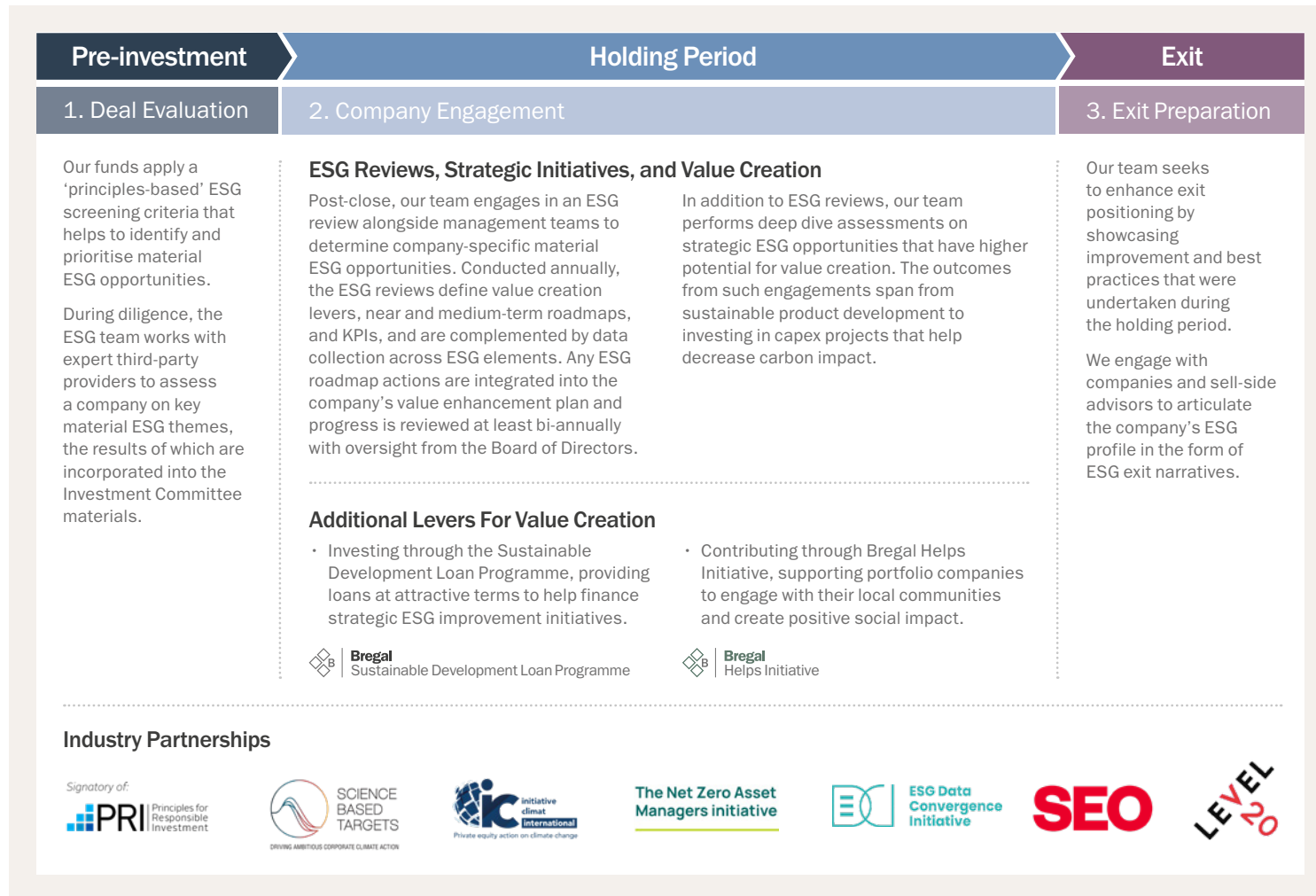
Each year, we build on our track record of implementing ESG across the investment lifecycle.



1 <https://www.newprivatemarkets.com/ten-people-who-will-shape-sustainable-private-markets-in-2022/>

Our ESG Approach

Our dedicated ESG team functions as the link between deal teams, company management, and external partners, working in tandem to ensure ESG considerations are an integral part of companies' value proposition.



Example Priority Areas

While material ESG initiatives vary between portfolio companies, our team drives consistent engagement on a number of priority areas, with the key goals outlined below:

Climate Action

Reduce the carbon impact of our portfolio, and facilitate setting science-based carbon reduction targets aligned with the Paris Agreement



Diversity, Equity, and Inclusion

Foster an inclusive working environment to enable talent attraction and retention, and improve diverse representation across management levels



Employee Engagement

Build in processes to monitor and improve employee satisfaction and engagement to improve culture, reduce turnover, and enable better business outcomes



Cybersecurity

Identify opportunities to strengthen cybersecurity through gap assessments



Governance

Improve governance processes and policies, and determine ESG accountability in alignment with best practices



Highlights From Our Climate Action Plan

Bregal’s Climate Action Plan outlines our path to achieving our science-based carbon reduction targets and our net zero commitment via the Net Zero Asset Management Initiative.

Reducing our GP and portfolio greenhouse gas (“GHG”) emissions

In late 2021, Bregal established science-based targets for emissions from our direct operations and portfolio.

- Progressed on our firm and portfolio science-based targets, detailed on page 12
- Engaged on aligning our portfolio with Institutional Investors Group on Climate Change Net Zero Investment Framework with a goal of achieving ‘aligned’ status across all our portfolio companies by 2050

50%

Reduce our Scope 1 & 2 emissions by 50% by 2030 from a 2019 base year

100%

Ensure 100% of eligible investments have approved science-based targets by 2030, with an interim target of 40% by 2025

15+

ESG improvement loan proposals sourced from portfolio companies

¹ See case study on page 28.

Investing to achieve portfolio-level emissions reductions

Bregal’s Sustainable Development Loan Programme is a lever that helps companies achieve their science-based targets.

- Sourced over 15 ESG improvement loan proposals from portfolio companies as part of the Sustainable Development Loan Programme
- Granted €2.3 million loan to Reline to improve product processes with tangible impact on reducing raw material and energy use¹

Engaging industry on climate

In 2021, Bregal engaged closely with iCI to spearhead the development of the first ever science-based target setting guidance for the private equity industry.

Continued our industry partnership efforts by co-leading several working groups as part of our membership in iCI. Recent collaborations include:

- GHG Accounting and Reporting Guidance for the PE sector²
- Scope 3 decarbonisation working group in collaboration with iCI and Baringa Partners³
- Net Zero Guidance Working Group led by iCI and Bain & Company

3 

Co-led industry working groups

² https://www.unpri.org/download?ac=16265&utm_source=ERM&utm_medium=block

³ <https://www.baringa.com/en/insights/climate-change-sustainability/webinar-scope-3-emissions/>

Investing in climate solutions

Bregal recognises that climate solutions are an essential lever for the real economy to reach net zero.

Made our first investment in nature-based solutions, through the majority investment and partnership with PUR, a pioneer in the development of ‘insetting’ – working with clients to develop NbS within their supply chain. PUR projects are designed to help sequester and store carbon emissions while creating positive impacts for communities and the ecosystems they inhabit.



Invested in PUR, a pioneer in nature-based solutions (“NbS”)

Progress On Our Science-Based Targets



1. Operational Emissions Reduction Target

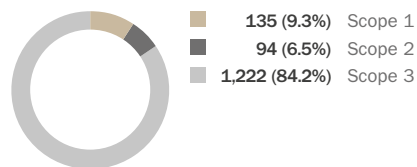
50% Reduction of Scope 1 & 2 emissions by 50% by 2030, against a 2019 baseline

Our Evolving Carbon Footprint

As the restrictions related to COVID-19 eased worldwide, Bregal’s offices became fully functional again in 2022, and we additionally increased our square footage by 30% with the opening of three new offices. Despite this, we were able to reduce annual emissions associated with electricity usage primarily due to our offices transitioning to renewable power and our move to more energy-efficient spaces, matching remaining electricity consumption with the purchase of renewable energy certificates (RECs). For example, Bregal moved its New York office to a Leadership in Energy and Environmental Design Certification (“LEED”) Gold certified building in 2022.

While we do not currently have a Scope 3 target, we are proactively monitoring our Scope 3 emissions. Over the past three years, the quality of data inputs has improved as we transitioned from spend-based estimates to actual data across several categories and expanded the categories assessed to include

2022 GP-level Scope 1, 2, & 3 carbon emissions (mtCO₂e)



Business Travel, Waste, Water, Employee Commute, and Fuel and Energy-related Activities.

As in previous years, while Bregal is first and foremost focused on direct emissions reductions, we also see a clear need to invest in climate solutions now – considered ‘beyond value chain mitigation’¹ efforts. As such, we will purchase and retire an amount of high quality nature-based removal credits equivalent to our calculated carbon footprint.

The following insights help to explain our carbon footprint:

- 1) Business Growth**
 - Increased offices from six in 2020 to nine in 2022
 - Grew full-time employees from 158 in 2020 to more than 210 in 2022
- 2) Energy Consumption**
 - Improved energy efficiency measures of our new offices
 - Procured direct green electricity where possible and renewable energy certificates where green power is unavailable
- 3) Scope 3 Data Quality**
 - Improved Scope 3 business travel data, including incorporating business travel class

¹ As outlined by the Science-Based Targets initiative.

2. Portfolio Coverage Target

40% Of eligible portfolio companies to set science-based targets by 2025

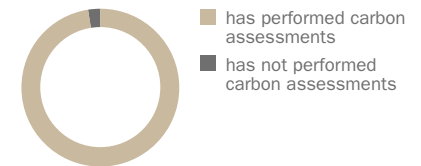
100% Of eligible portfolio companies to set science-based targets by 2030

Engagement With Portfolio Companies On Carbon Reduction

Our team works with portfolio companies to assess their carbon emissions across Scope 1, 2, & 3, collaborating with third-party advisors to complete baseline and annual footprint assessments. Beyond data collection and analysis, our team spends time with the companies to identify carbon reduction actions, including education on the Science-Based Targets initiative and the process for companies to set their own targets. Once company management aligns on target setting, our team supports the development of the appropriate target, application process, and validation through SBTi.

97.5%

of portfolio has performed carbon assessments for 2022²



² This figure reflects data from portfolio companies that underwent data collection from 2022, from direct funds that have received external capital (Bregal Sagemount, Bregal Milestone, and Bregal Unternehmerkapital). This represents 69% of portfolio companies.

Progress On Science-Based Target Setting

This year, Bregal made significant strides in our portfolio company commitment to SBTi. In 2021, 3% of our eligible portfolio had approved targets. By the end of 2022³, 21% of our portfolio was covered with approved targets. An additional 14% of eligible invested capital has submitted targets and is awaiting validation from SBTi. With continued interest from portfolio companies, Bregal is well on track to achieve our interim portfolio coverage target.

21%

of total eligible capital has approved targets



³ By eligible invested capital.

Our Funds & Portfolio Highlights

The ESG team collaborates with our five direct funds and fund-of-funds team to help drive ESG integration and positive value creation. This year, we have further deepened our engagement, driven by both our approach and company interest. Our programme has delivered on quantifiable improvements across the portfolio, with increased data quality and maturity.

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Portfolio ESG Highlights

This year, our team implemented an ESG data management software solution to enable performance-based data collection, analysis, and reporting across a subset of our portfolio, with a snapshot of 2022 highlights captured below.¹

Environmental

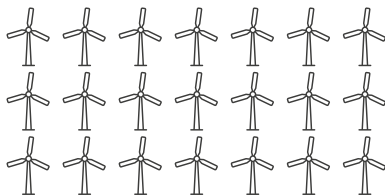
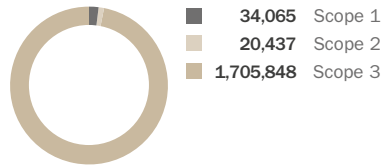
97.5%

of companies conducted carbon footprint assessments²

10

companies with approved science-based targets

Carbon emissions breakdown (mtCO₂e)



21m+ KWh

of renewable energy directly consumed by companies

1 The figures reflect data from portfolio companies that underwent data collection for 2022, from direct funds that have received external capital (Bregal Sagemount, Bregal Milestone, and Bregal Unternehmerrkapital). This represents 69% of portfolio companies.
 2 Based on Scope 1, 2, and select Scope 3 categories, as defined by the internationally accepted corporate accounting and reporting standard: The Greenhouse Gas Protocol.

Social

Company Full-Time Employee growth from 2021-2022 (9% growth YoY):



70%

of companies conducting employee engagement surveys

33

average employee net promoter score (“eNPS”)⁵

43%

gender diversity in workforce

16.4%

gender diversity in C-Suite

100%

of companies reporting DEI data⁶



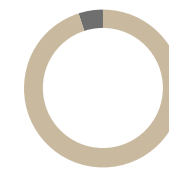
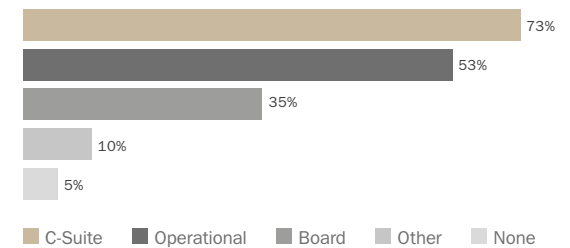
3 As of December 31st, 2022.
 4 As of December 31st, 2021.
 5 A score of 10-30 is considered a good score and anything nearing 50 is excellent. Source: Score Benchmarks: What is a Good eNPS? (heartpace.com).
 6 This includes gender diversity in the Board, C-Suite, and C-Suite -1.

Governance

95%

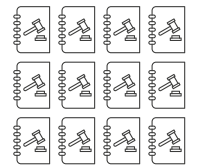
of companies with ESG accountability

Distribution of ESG accountability at portfolio companies⁷



95%

of companies with Code of Conduct policies



70%

of companies with cyber insurance

€5.5m

average cyber insurance amount

7 ESG accountability could span multiple roles at a single organisation.

Overview Of Funds

The Bregal Investments platform consists of five direct investment teams and a fund-of-funds team active in Europe and the United States.

Fund	Year Of Inception	Headquarters	Capital Raised Since Inception ¹	Active Portfolio Companies ²	Strategy	Sector	Geography
 BregalSagemount	2012	New York	\$6.1bn	30	Late stage growth equity and credit	Technology	North America
 BregalUnternehmerkapital	2015	Munich	€5.4bn	23	Mid-market buyout	Diversified	DACH & Northern Italy
 BregalMilestone	2018	London	€1.3bn	14	Late stage growth	Technology	Europe
 BregalPartners	2012	New York	\$1.5bn	15	Mid-market buyout	Consumer and multi-unit, food and beverage, business services	North America
 BregalPrivate Equity Partners	2002	London, New York	€5.1bn	130	Fund-of-funds	Diversified	North America & Europe
 BregalSphere	2022	London	Not disclosed	1	Impact investment	Nature and climate solutions	Global

¹ Total capital committed to date including any unfunded portions of capital commitments.

² As of December 31st, 2022.



Initiating positive change through sustainable business practices and responsible investing is at the core of Bregal Sagemount’s investment philosophy.

2022 was a pivotal year in implementing our proprietary ‘Sagemount Standard’, with half of our portfolio companies aligned and 30% with approved science-based targets. While continuing to prioritise key issues such as climate action and good governance, we are responding to emerging risks in the sector and continuously adapting our programme to be best in the market.

Gene Yoon
Managing Partner



Flexible capital and strategic assistance for market-leading companies in high-growth sectors

Bregal Sagemount Equity

Bregal Sagemount (“Sagemount”) invests exclusively in growing companies, seeking high-impact investments to help them reach their full potential. Sagemount invests between \$40-\$400 million per transaction as a minority or majority partner and has the flexibility to invest in equity or credit securities in industries with strong secular tailwinds and companies with recurring or re-occurring revenue streams.

Capital raised since inception	Active portfolio companies
\$5.6bn	22
Portfolio employees ¹	Total carbon footprint ² (mt CO ₂ e)
8,608	308

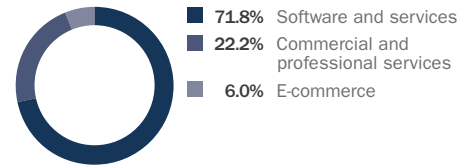
Bregal Sagemount Credit

Sagemount’s integrated private credit strategy is focused on providing flexible, solutions-oriented capital across opportunistic credit to durable growth companies in North America. Sagemount invests between \$25-\$100 million per credit investment.

Capital raised since inception	Active portfolio companies
\$500m	8

1 Excludes Bregal Sagemount credit investments.
 2 Total carbon footprint represents Scope 1, 2, and 3 emissions, with the following Scope 3 categories assessed: Business Travel, Employee Commute, Water, Waste, and FERA, and Purchased Goods & Services.
 3 By Fair Market Value.

Investments by sector³



Investments by geography¹



2022 ESG Highlights

- All portfolio companies have maintained or improved their overall ESG performance relative to 2021
- 50% of portfolio companies⁴ achieved alignment with the ‘Sagemount Standard’, introduced in 2021⁵
- Made significant progress in setting portfolio-level science-based targets, with 30% of eligible capital with approved science-based targets on track to achieve the Bregal portfolio coverage target of 40% by 2025
- Introduced the CISV8 controls assessment, a prioritised set of 153 safeguards to mitigate the most prevalent cyber breaches against systems and networks, for select portfolio companies to further strengthen policies and processes around cybersecurity
- Deployed \$480,000 in grants through the Bregal Helps Initiative, supporting four organisations to increase impact in their communities

4 Representing Fund III and Fund IV by company count.
 5 Sagemount’s ESG Standard is a proprietary scoring criterion based on leading industry and regulatory standards. It requires companies to complete action items under good governance, engaged and diverse workforce, data privacy & cybersecurity, and climate action.

Transflo

Transflo is a provider of workflow, automation, and connectivity solutions to the freight industry. Transflo’s mobile and cloud-based technology products help carriers manage their fleets, ensure compliance with regulations, and collect and store key documents to improve billing and collection timelines.

Overview

Sector	Headquarters	Full-time employees
Software & Services	Tampa Bay, FL	278

ESG Value Proposition

Transflo enables customer sustainability in a high-carbon impact sector through its suite of digital products that optimise routes and improve regulatory compliance.

Material Themes

- Energy and carbon
- Employee engagement
- Cybersecurity
- Diversity
- ESG integration

2022 Highlights

Transflo demonstrates ESG leadership within its industry on climate and diversity, equity, and inclusion.

Highlights include:

Climate action

- Submitted and received approval for science-based targets to reduce Scope 1 & 2 emissions by 42% by 2030. As part of its decarbonisation plan, Transflo procured renewable energy certificates (“RECs”) to match 2022 Scope 2 emissions associated with electricity consumption, and has plans to launch strategic projects to reduce operational emissions in 2023.

Diversity, equity, and inclusion

- Demonstrated commitment to DEI, with above-industry average representation in C-suite positions.¹ The company was recognised as the 2022 Top Company for Women to work in the trucking industry, an accolade given by the Women in Trucking Association.

Future focus

- Pursue a loan through the Sustainable Development Loan Programme to transition current co-location data centres to renewable powered cloud-based data centre. The initiative is projected to lead to an 11% reduction in total emissions by the implementation year (2025), enabling the company to progress towards its science-based target.

Employee engagement

- Improved governance and processes around employee engagement, launching its first employee engagement and eNPS surveys in 2022. The company also established the Transflo Culture Employee Engagement Team to drive a strong internal culture.

1 Transflo has above-average gender and racial diversity in the C-Suite (25% for both), as compared with the high-tech industry benchmark from EEOC 2021 data (21% and 5% respectively).

ESG Key Performance Indicators

Climate action

Scope 1 & 2



Scope 3²



Employee engagement

1st

employee engagement survey

Diversity, equity, and inclusion

Top Place to Work

Voted 2022 Top Place to Work for Women in trucking by the Women in Trucking Association

25%

Female representation in the C-Suite, led by a path-breaking woman CEO, Renee Krug – the first in the freight tech sector

2 Scope 3 categories covered are Business Travel, Employee Commuting, and partial Purchased Goods and Services (covering Data Consumption).

BregalUnternehmerkapital

At Bregal Unternehmerkapital, we are proud of what we have accomplished to date on ESG.

As a leading investor in the DACH and Northern Italian region, we continuously strengthen our programme to maintain our ESG leadership, by adding value-creating deep-dives for our companies, like cybersecurity check-ups and energy improvement initiatives. We also strengthened our commitment to ESG by bringing on a dedicated Munich-based ESG lead to further enhance and accelerate our programme.

Florian Schick
Managing Partner



Equity capital for mid-sized companies in DACH and Northern Italy

Bregal Unternehmerkapital (“BU”) invests in mid-sized companies in Germany, Austria, Switzerland, and Northern Italy. The firm provides rare access to mid-market leaders and ‘hidden champions’ through its thesis-driven, direct sourcing engine and superior conversion based on deep sub-sector expertise and a track record of successfully partnering with entrepreneurs and family owners. With its disciplined underwriting, structured search for best portfolio management and experts, and hands-on execution of its ‘full-potential’ value creation toolkit, BU aims to achieve superior risk-adjusted returns for its limited partners.

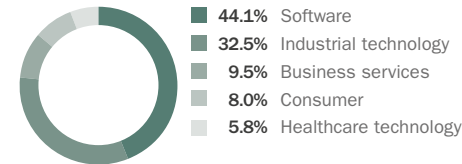
Capital raised since inception¹ **€5.4bn** Active portfolio companies **23**

Portfolio employees² **18,763** Total carbon footprint³ (mt CO₂e) **279**

Investments by geography



Investments by sector⁴



2022 ESG Highlights

- Munich-based ESG lead hired to drive acceleration and enhancement of BU’s ESG programme
- Defined a portfolio-wide ESG strategy to deploy in 2023 to enhance value creation opportunities
- €2.3m of the Bregal Sustainable Development Loan Programme deployed to Reline to help decrease their operational carbon footprint, improve employee health and safety, and enhance product quality⁵
- Set science-based targets in line with the Paris Agreement for three portfolio companies, with multiple additional companies committed to setting targets in 2023
- Defined DEI strategy and became a signatory of ILPA’s Diversity in Action initiative⁶

1 Capital raised does not include incremental co-investment amounts from Bregal Investments.
 2 Excludes one portfolio company (DPG).
 3 Total carbon footprint represents Scope 1, 2, and 3 emissions, with the following Scope 3 categories assessed: Business Travel, Employee Commute, Water, Waste, and FERA, and Purchased Goods & Services.
 4 By Fair Market Value.
 5 Details on this project can be found on page 28.
 6 The ILPA Diversity in Action initiative brings together limited partners and general partners to commit to specific actions that advance diversity and inclusion within their organisations and the industry more broadly.

STP

STP is a leading legal technology one-stop-shop software solution provider, empowering the digitisation of insolvency and legal practitioners. It provides a fully integrated platform comprising workflow automation, ERP software, data management software, specialist technical outsourcing, and legal data.






Overview

Sector	Headquarters	Full-time employees
Software	Karlsruhe, Germany	274

ESG Value Proposition

STP seeks to reduce carbon emissions from its operations and value chain to position itself as a low carbon service provider for its clients.

Material Themes

-  Energy and carbon
-  Employee engagement
-  Product quality and safety
-  Cybersecurity
-  ESG integration

2022 Highlights

STP achieved several ESG milestones over the past year, with a particular focus on climate action and cyber security – reflecting its ESG value proposition.

Highlights include:

Climate action

- Submitted and received approval for science-based targets to reduce Scope 1 & 2 emissions by 42% by 2030. STP has already progressed towards this target by procuring 100% renewable electricity for its headquarters in Karlsruhe. The company also switched to cloud data providers committed to sourcing 100% renewable energy. Although emissions have gone up from 2021 to 2022 due to improved carbon reporting and business growth, STP has various initiatives in the pipeline to drive down emissions in coming years to meet its target.

Cybersecurity

- Implemented and received certification for the ISO 27001 framework, an international standard for information security management to safeguard against emerging cyber risks. STP already shows strong historical performance in this issue area with zero data security incidents in the past three years.

ESG integration

- Established an internal 'Green Team' to operationalise its ESG strategy and formalised a steering committee with C-level accountability for ongoing monitoring and progress reporting on ESG KPIs.

Future focus

- Expand renewable electricity to all offices, electrify fleet and procure biogas to achieve SBT by 2030.
- Reduce value chain emissions via implementing new business travel policies to reduce carbon emissions from employee commuting, company fleet usage, and other business travel.
- Successfully hired a dedicated lead to develop DEI initiatives and improve female employee engagement and retention.

STP

ESG Key Performance Indicators

Climate action

Scope 1 & 2

2021 272.8 tCO₂e

2022 313 tCO₂e

Scope 3

2021 1,494.3 tCO₂e

2022 1,847.5 tCO₂e

Cybersecurity

ISO 27001

Framework implemented

0

Data security incidents (2021, 2022)

ESG integration

2021

9/10ESG

governance policies in place (incl. development of ESG policy)

2022

10/10ESG

governance policies in place

1st

ESG policy written



At Milestone, we partner with leading founders and management teams who are committed to driving ESG practices.

In 2022 we completed a full Scope 1, 2, & 3 carbon and cybersecurity assessment as a part of our commitment to help achieve sustainable growth not just as an aspiration, but as an unwavering commitment. Our dedication to ESG is one of many pillars that fuels our pursuits to transform our portfolio companies to deliver value to society and the planet.

Jan Bruennler
Managing Partner



Flexible growth capital for European technology companies

Bregal Milestone (“Milestone”), founded in 2018 and based in London, UK, invests as a minority or majority partner and provides operational expertise to ambitious European high-growth technology companies benefiting from secular trends, with a specific focus on software and technology-enabled services. Milestone aims to generate strong, asymmetric returns for its investors by combining strong downside protection with unlimited upside participation through four main strategic pillars: (i) tech-enabled, data-driven sourcing; (ii) structural advantage; (iii) operational focus with Milestone’s in-house value creation and data science team; and (iv) a strong commitment to ESG.

Capital raised since inception Active portfolio companies

€1.3bn **14**

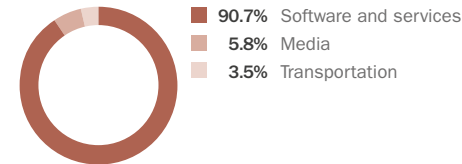
Portfolio employees Total carbon footprint¹

4,374 (mt CO₂e) **193**

Investments by geography



Investments by sector²



- Total carbon footprint represents Scope 1, 2, and 3 emissions, with the following Scope 3 categories assessed: Business Travel, Employee Commute, Water, Waste, and FERA, and Purchased Goods & Services.
- By Fair Market Value.

2022 ESG Highlights

- Completed second annual portfolio ESG review cycle, which included a full Scope 1, 2 & 3 carbon and cybersecurity assessment
- Delivered >80% completion rate of strategic ESG projects defined as part of the annual ESG review
- Set science-based targets in line with the Paris Agreement for two portfolio companies, with multiple additional companies committed to setting targets in 2023
- Supported seven charitable organisations with €700,000 in grants, as a part of the Bregal Helps Initiative



 BregalMilestone



Cafeyn

Cafeyn is a leading European digital media streaming platform founded in 2006, offering unlimited access to local and international press and magazines, content, articles, and children’s educational entertainment in a dynamic format.





Overview

Sector	Headquarters	Full-time employees
Digital media	Paris, France	175

ESG Value Proposition

Cafeyn seeks to embed ESG into its value proposition by promoting local and independent journalism to improve business integrity in the media industry and to contribute to protecting democracies.

Material Themes

-  Energy and carbon
-  Diverse and engaged workforce
-  Cybersecurity
-  Social impact and stakeholder engagement

¹ Cafeyn’s Scope 3 emissions increased from the previous reporting period due to improved data quality and methodology, and is a focus area for future reduction.

2022 Highlights

Cafeyn executed on several ESG commitments in 2022 while continuing to expand its global presence. Notably, Cafeyn took steps to green its operations and delivered on a strategic goal to improve gender diversity in leadership positions.

Highlights include:

Climate action

- Took meaningful action to reduce operational emissions by procuring 100% renewable electricity for its Paris headquarters and Utrecht, Netherlands office. Cafeyn further expanded the scope and methodology of its Scope 3 calculation; while leading to a significant emissions increase, the company has flagged it as a priority area and it has already deployed low carbon cloud solution for data storage as one mitigation lever.

It also established a partnership with the Guardian Foundation to help aspiring journalists from under-represented backgrounds break into journalism, with the support of a €100,000 grant from the Bregal Helps Initiative.

Diversity, equity, and inclusion

- Advanced diversity in its leadership and workforce, maintained an established DEI policy and a formalised a recruitment strategy for diverse candidates.

Future focus

- Progress towards carbon neutrality via data centre consumption reduction, travel policy optimisation, and expansion of renewable electricity in offices.
- Improve benefits and inclusion programmes, such as parental leave and free nursery places, to retain a diverse workforce.

Social impact & stakeholder engagement

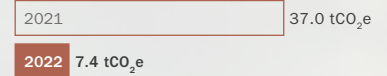
- Contributed to the fight against ‘fake news’ through the promotion and support of independent journalism for future generations. Cafeyn provides free press access for French middle school students in collaboration with the French government.



ESG Key Performance Indicators

Climate action

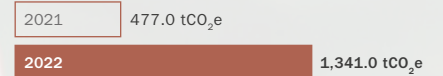
Scope 1 & 2



99%

of electricity consumed was renewable in 2022

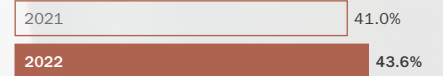
Scope 3¹



Diversity, equity, and inclusion

43.6%

female employees (2022)



Employee engagement

71%

employee survey respondents (2022); 32% response in 2021

67

eNPS (2022), in first year of implementation



In a world where conscious choices are shaping our future, consumer products and food companies must embrace strong ESG integration, where sustainability and growth converge to create meaningful impact.

We are excited to double down on the cross-portfolio opportunities identified as part of our ESG reviews conducted in 2022.

Charles Yoon
Managing Partner



Equity capital for businesses in the middle market in North America

Bregal Partners (“Partners”) is a collaborative partner for middle market companies in North America, committed to helping management teams build long-term value. Partners seeks to invest between \$20 and \$90 million of equity in three core verticals: consumer and multi-unit, food and beverage, and business services.

Capital raised since inception¹ **\$1.5bn** Active portfolio companies **15**

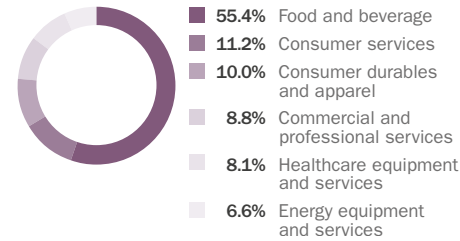
Portfolio employees² **5,492** Total carbon footprint³ (mt CO₂e) **151**

Investments by geography



1 Capital raised does not include incremental co-investment amounts from Bregal Investments.
 2 Not inclusive of West Coast Salmon.
 3 Total carbon footprint represents Scope 1, 2, and 3 emissions, with the following Scope 3 categories assessed: Business Travel, Employee Commute, Water, Waste, and FERA, and Purchased Goods & Services.
 4 By Fair Market Value.

Investments by sector⁴



2022 ESG Highlights

- Initiated formal ESG reviews for five portfolio companies to identify opportunities for ESG improvement and value creation, including conducting Scope 1 & 2 carbon assessments
- Supported community programmes through the Bregal Helps Initiative, providing \$170,000 in grants to three organisations





State of Play

State of Play is a UK-based social entertainment concept that owns the US rights to a tech-enabled dart bar concept called Flight Club. The company currently operates five Flight Club units in the US, three ping pong units (Bounce/Acebounce), and a newly launched bingo concept in the UK (Hijingo).

Overview

Sector	Headquarters	Full-time employees
Social entertainment	London, UK	749

ESG Value Proposition

State of Play seeks to elevate the customer's indoor social leisure experience by positioning itself at the cutting edge of ESG and carbon management.

Material Themes

- Energy and carbon
- Diverse and engaged workforce
- Waste management
- Food safety
- ESG integration

2022 Highlights

State of Play has made its ambitions clear to be a leader in ESG and carbon reduction in the hospitality sector. The company made notable progress in 2022 by joining Zero Carbon Forum, setting up strong ESG governance, and building a culture of strategic philanthropic giving.

Highlights include:

Climate action

- Became the first experiential hospitality company to join the Zero Carbon Forum in 2022, UK's premier hospitality-led industry sustainability association. The partnership bolstered State of Play's carbon reduction approach, allowing it to tap into a network of industry leaders in this space.

improve the lives of youth and children in the local community. State of Play raised over £20,000 for the Izzy Wilson Fund, a charity supporting young patients in St. George's Hospital, via a ping pong tournament at their London Bounce location in 2022.

Future focus

- Integrate sustainability into real estate development specifications to scale energy efficiency and renewable generation into new facility sourcing, build-out, design, and ongoing management.
- Plan to set science-based targets to build on existing climate commitment via the Zero Carbon Forum Initiative.
- Expand Green Committee in the US to drive sustainability initiatives at Flight Club locations.

ESG operational improvements

- Established a 'Green Committee' in the UK focused on energy and waste. Employees have increased energy efficiency through optimising energy management that led to an estimated savings of £4,000 per location in 2022.

Social impact & stakeholder engagement

- Organised regular fundraisers at Bounce facilities in the UK to raise funds to



ESG Key Performance Indicators

Climate action

14.7%

renewable electricity consumption globally

1st

experiential hospitality company to join the Zero Carbon Forum

Food safety

0

food safety incidents in 2022 across seven locations

Community impact

£22,000

donated to the Izzy Wilson Fund, with a match from the Bregal Helps Initiative

Bregal Private Equity Partners

At BPEP we believe that we have a compelling opportunity to work with our broad portfolio of General Partners (“GPs”) to ensure that they are subscribing to our values.

We make certain that our GPs prioritise ESG considerations in their investment approach, instituting responsible investment policies, creating ESG-side letter requirements, and engaging on ESG topics throughout the entirety of the investment lifecycle. We look forward to our continued partnership with our network GPs to promote best-in-class ESG practices.

Jan Faber
Managing Partner



Bregal Private Equity Partners (“BPEP”) manages a diversified portfolio of private equity fund investments, with more than 200 commitments made since 2002.

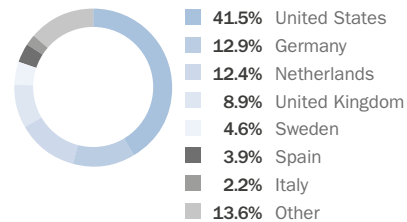
The team also makes co-investments and participates in secondary transactions.

BPEP’s goal is to deliver returns in excess of the public markets through a highly diversified portfolio, with partners that share Bregal’s values and subscribe to our ESG policies, standards, and business ethics.

Capital raised since inception **\$5.07bn** Active funds¹ **130**

Core fund managers² **45** Total carbon footprint³ (mt CO₂e) **123**

Investments by geography⁴



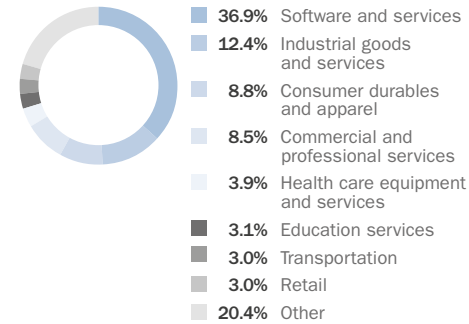
1 Data reflects January 2022-September 2022.

2 Data reflects January 2022-September 2022.

3 Total carbon footprint represents Scope 1, 2, and 3 emissions, with the following Scope 3 categories assessed: Business Travel, Employee Commute, Water, Waste, and FERA, and Purchased Goods & Services.

4 By Fair Market Value.

Investments by sector⁴



2022 ESG Highlights

- Completed first year of implementing the ESG scorecard with prospective GPs
- Designed ESG questionnaire to be integrated into Bregal’s ESG data software
- Joined the ESG Data Convergence Initiative (“EDCI”) as a Limited Partner member
- Recruited full-time BPEP ESG lead to join the team in 2023 to scale the ESG programme



BPEP's approach to ESG is guided by a strong and continually evolving set of responsible investment principles that align BPEP's values with those of prospective GPs.

GP ESG Engagement Approach

BPEP ensures that the below ESG best practices are incorporated into a GP's investment process.

Pre-diligence:

- Investment process informed by an exclusion list and a principles-based ESG approach

Diligence:

- Prospective GPs engage directly with the ESG team
- Baseline GP's ESG performance via ESG Scorecard
- Performance evaluation and risks incorporated into final Investment Memo

Post Investment:

- Collaborate with GPs to improve ESG performance
- Active portfolio monitoring
- GP Scorecards re-evaluated annually

ESG Scorecard

BPEP's ESG Scorecard assesses GPs on five areas – Policy, Governance and Leadership, ESG Integration, ESG Monitoring, Climate Change, and DEI – each of which has a detailed set of criteria that contribute to an overall score. Based on the answers provided, GPs are categorised as a laggard, novice, professional, or industry leading. This classification informs the engagement approach post-investment and enables BPEP to communicate impact with the relevant stakeholders.

	Description	Criteria
Policy, Governance and Leadership	Assess overall buy-in for ESG, governance structure and ESG policy stance	<ul style="list-style-type: none"> • Strategic ESG objectives • External commitments and engagement • ESG policy • Resources and governance
ESG Integration	Assess integration of ESG factors into the investment decision-making process	<ul style="list-style-type: none"> • ESG in investment process • Active ownership • ESG at exit
ESG Monitoring	Assess monitoring processes in place for portfolio companies' management of material ESG factors, and disclosure of progress	<ul style="list-style-type: none"> • Progress monitoring and reporting
Climate Change	Assess approach to climate risk through stakeholder and portfolio company engagement	<ul style="list-style-type: none"> • Climate strategy • Climate risk assessment • Portfolio engagement • Portfolio carbon monitoring
Diversity, Equity, and Inclusion	Assess incorporation of DEI considerations in firm and portfolio company management	<ul style="list-style-type: none"> • Gender diversity reporting • Racial diversity reporting

Future Focus

BPEP plans to integrate the ESG questionnaire into an ESG data platform to facilitate GP disclosures.

100%

of investments assessed on ESG in 2022

85%

of Fund VI GPs with ESG policies

40%

of Fund VI GPs are UNPRI Signatories



Bregal Sphere is an exciting opportunity to accelerate investment in companies tackling critical environmental and societal issues.

While we will initially focus on climate and nature, we hope to broaden our remit over time to include other impact themes that drive positive environmental and social outcomes.

Alvar de Wolff
Head of ESG & Responsible Investment



Investing to help solve key environmental and societal challenges

Bregal Sphere is an impact investing platform, seeking to deploy capital to address key societal and environmental challenges in a responsible and sustainable way.

The platform was launched in 2022 with an investment in PUR – a leading nature-based solutions (“NbS”) project developer.

Active portfolio companies **1** Platform launched **2022**

Focus Areas

Bregal Sphere will initially focus on tackling environmental and societal challenges related to climate change, nature, and biodiversity loss.



¹ <https://solarimpulse.com/solutions-explorer/pur-projet-nature-based-solutions>

Note: Carbon footprint currently incorporated within Bregal Investments.



PUR is an impact-driven company and leader in developing NbS projects globally with a 15-year track-record of project implementation within agricultural supply chains, conservation areas, and degraded landscapes.

Overview

Sector	Headquarters	Full-time employees
Environmental services	Paris, France	178

- Founded in 2008 by French entrepreneur Tristan Lecomte
- PUR has been developing community-based agroforestry and reforestation projects within key commodity supply chains (including coffee and cocoa) for the past 15 years
- The company is a pioneer of insetting, implementing direct supply chain interventions that create environmental and social benefits while removing atmospheric carbon dioxide
- Certified as B Corp since 2016
- Part of the 1,000 solutions identified by Solar impulse to solve climate change¹

Investment Thesis

- Urgent investment is needed to close the financing gap for nature, currently estimated at \$4 trillion
- Investing our capital behind PUR seeks to help scale high-quality NbS projects globally – supporting supply chain resilience, rural livelihoods, and biodiversity in the face of climate change
- By increasing the supply of high-quality projects in the market, and engaging with industry bodies to strengthen standards and frameworks, we also seek to support the development of robust, credible, and transparent voluntary carbon markets

ESG Key Performance Indicators

40+ operating projects
25m+ trees planted
30+ operating countries
50,000+ farmers engaged

Sustainable Development Goals (“SDGs”)

While the exact environmental and social impacts are project-specific, PUR’s projects are designed to address several SDGs, including:



Bregal Sustainable Development Loan Programme

The Bregal Sustainable Development Loan Programme (“SD Loan Programme”) is a €50 million pool of capital that provides loans on attractive terms to existing Bregal portfolio companies to invest in ESG related improvement projects.

The SD Loan Programme supports portfolio companies as they look to transition their business models towards greater environmental sustainability and/or generate positive social impact by providing capital to invest in improvement projects that meet strict ESG criteria.

€50m

capital pool

€17.5m

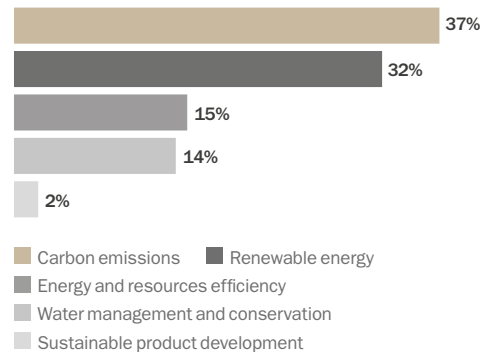
capital committed

Large scale ESG improvement projects often require additional funding but may have payback periods that are too long or expensive for management to approve if a project is considered ‘non-mandatory’. Through the SD Loan Programme, we actively encourage our management teams to take the next step in their ESG journey and start realising tangible ESG improvements.

Eligible Projects/Approval Process

Projects eligible to receive funding from the SD Programme will seek to improve the performance of the company on ESG aspects relevant to the business. The project can be either for the company’s own operations, or can be upstream in the supply chain or downstream at the consumer level.

Project impact focus²



¹ A case study on Reline’s loan is detailed on the following page.

² To date as of December 31, 2022.

Enabling green cloud solutions for customers

Company: **Connectria**

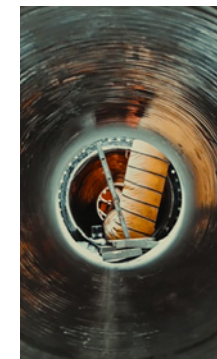
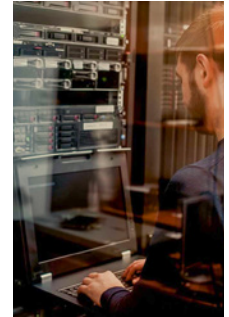


Fund: **Bregal Sagemount**

Connectria, a provider of public, private, and hybrid managed hosting services, sought \$5 million to fund the creation of a carbon neutral cloud system for both new and existing customers to mitigate emissions associated with data centres.

Loan amount
\$5.0m

Annual carbon savings
750 mtCO₂e



Reducing the carbon impacts of the resin production process¹

Company: **Reline**



Fund: **Bregal Unternehmerkapital**

Reline, a global supplier of glass fibre pipe liners, UV systems, and equipment, sought a €2.3 million loan to finance an equipment upgrade that decreases the carbon impact of its operations, improves employee health and safety, and enhances product quality.

Loan amount
€2.3m

Annual carbon savings
~464 tCO₂e

8

projects to date

15+

projects in the pipeline

Bregal Sustainable Development Loan Programme Case Study

Reline UV Group

Reline is a leading global supplier of glass fibre reinforced, cured-in-place pipe hose liners systems that enable trenchless, 'no dig', repair of damaged sewer main pipes and water pipes.

The company manufactures and sells pipe liners, UV systems, and equipment, servicing companies in over 60 countries. Founded in 2009, the company has approximately 200 employees and is based in Rohrbach, Germany.

ESG Priorities

- Health and safety, and labour standards for employees in production facilities
- Energy efficiency and carbon footprint of Reline's operations
- Production waste reduction

SD Loan Programme Project Proposal and Goal

Reline identified an ESG optimisation project to improve the resin production process through the purchase and installation of a new resin handling and mixing unit. Reline's goal was to electrify and automate operations to reduce material usage and energy usage for the tank farm, resin mixing unit, wet-out units, and LED lighting, to decrease their operational carbon footprint.

The expected benefits extended beyond environmental impact, also working to improve employee health and safety, and increase product quality. Reline sought a €2.3 million loan from the Sustainable

Development Loan Programme to finance the purchase of the new equipment.

Reline has a carbon reduction target set via SBTi for 42% reduction on Scope 1 & 2 emissions. Thanks to various initiatives, the company has already achieved a 57% reduction from their 2020 baseline, and this project will help them expedite the rate at which they reach their targets.

The project intends to help Reline reduce their total annual carbon footprint (Scope 1-3) by 464 tCO₂e annually. Implementation of the project has started and is expected to be live by the end of 2023.

Project KPIs



- Increase resource efficiency for resin and glass fibre



- Increase safety of operations



- Reduce carbon impact



- Increase product quality and customer satisfaction

Estimated impact

464 tCO₂e
annual reduction

2%
improvement in
resource efficiency



Bregal Helps Initiative

With the support of Bregal leadership and the COFRA Foundation, the Bregal Helps Initiative has distributed over €4 million to 51 charitable organisations to date, via portfolio companies.

In response to the global pandemic, Bregal’s senior management team and all partners, together with the COFRA Foundation, launched the €3 million Bregal Helps Initiative in 2020.

The effort was launched with the mission of assisting Bregal portfolio companies in their objectives to support local communities affected by COVID-19.

Bregal has continued to grow this programme with €2.1 million of additional funding. Moving forward, the initiative aims to support the most vulnerable communities along the three pillars outlined below:



€900k+

granted in 2022
(€5.1m+ programme)

13

grants in 2022
(45 grants to date)

13

charitable organisations
impacted in 2022
(51 charitable organisations
impacted to date)

Diversity and inclusion

Diversity and inclusion are increasingly important for both businesses, and their communities, to ensure fair and equitable development and opportunities. Funding opportunities in this bucket would seek to address issues of diversity and inclusion, whether related to race, gender, or other protected characteristics, specific to our portfolio companies and their communities.

Organisations supported



Community development

Although broad, ensuring fair access to key services for those within our communities is a core part of building strong, and climate-resilient communities. Programmes in this bucket would seek to support charities providing key services such as healthcare, shelter, and nutrition – to ensure such services can be maintained and accessed by those in need. Programmes may also seek to help communities to mitigate the impacts of, and adapt to, climate change.

Organisations supported



Education, skills, and career mobility

Education, skills, and career mobility are fundamental drivers of development and prosperity. Due to external factors such as changing societal trends, the onset of generative AI-ML, and the climate transition, workforce participants are also having to up-skill or re-skill – which can be difficult. Bregal aims to assist charitable organisations that support access to quality education and skills development programmes, and address inequalities for people within our portfolio company ecosystems.

Organisations supported



Bregal Helps Initiative – Case Studies

In 2022, Bregal teams and portfolio companies distributed over €900,000 to 13 charitable organisations around the globe. Read about some of our noteworthy initiatives below.

Empowering under-served students with a lab dedicated to STEAM learning

Organisation:
Agape Youth and Family Center

Company: **Procure Analytics**

Fund: **Sagemount**

Impact: Procure Analytics, a premier data forward group-purchasing organisation, provided seed funding for Agape Youth & Family Center's STEAM lab expansion. The lab intends to create learning and exploration opportunities for an estimated 225 under-served children across a variety of disciplines. The grant contributed to purchasing innovative technology and furniture for the lab and supporting staff salaries.

Amount:

\$100,000



Providing relief for food service workers experiencing financial hardship

Organisation:
The Giving Kitchen

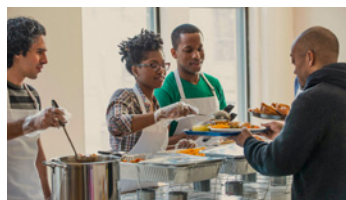
Company: **Emmy Squared Pizza**

Fund: **Partners**

Impact: Emmy Squared, a Detroit-style pizza restaurant concept, partnered with Giving Kitchen to provide aid to foodservice workers experiencing severe hardships in underserved communities. Emmy Squared's grant will directly impact an estimated 50 workers, and the restaurant will additionally direct a portion of sales from special menu items to the organisation.

Amount:

\$100,000



Providing families in Ukraine with essential services

Organisation:
WeAreBrain and WAB Foundation

Company: **Anywhere 365**

Fund: **Milestone**

Impact: Anywhere 365, an omnichannel contact centre solution, partnered with WeAreBrain to support the WAB Foundation to provide aid for families in Ukraine. The grant helped fund essential and ongoing services for an estimated 40 Ukrainian families in need, including housing and accommodation, medical support, logistics, and transportation.

Amount:

€50,000



Supplying meals and everyday products to marginalised children

Organisation:
Göteborgs Kyrkliga Stadsmission

Company: **Laird Thermal Systems**

Fund: **Bregal Unternehmerkapital**

Impact: LTS, a market leader in active thermal management, granted meals and other supplies for children during school breaks – periods that can lead to food insecurity if children do not have access to school-provided meals. In addition to the grant, LTS employees regularly volunteer their time with Göteborgs Kyrkliga Stadsmission.

Amount:

€13,000



ESG At Bregal

Beyond our engagement with portfolio companies, Bregal embeds ESG into the culture and leadership of our firm. Our continued priorities include strengthening our climate, DEI, and cybersecurity programmes, enabling employee philanthropy, and contributing to industry partnerships.

In this section

- 32 Diversity, Equity, and Inclusion
- 33 Cybersecurity
- 34 Employee Philanthropy
- 36 Industry Partnerships

Diversity, Equity, and Inclusion

At Bregal, we see tremendous value in having a diverse and inclusive firm – one that reflects the investors we serve, the companies we partner with, and the communities where we live and work.

First and foremost, we prioritise our people and culture, and are dedicated to fostering a diverse and equitable work environment by continually re-evaluating our inclusive business policies and striving for market-leading practices. We aim to create teams with high-quality talent that enhance our investment decision-making and our ability to deliver against our performance objectives.

Jennifer Fass
Chief People Officer



2022 Highlights

- Hired first Chief People Officer
- Launched DEI committees at select funds to drive fund-level engagement and portfolio level DEI accountability
- Set DEI targets at select funds to enable progress monitoring
- Expanded due diligence requests to include diversity data to ensure portfolio-level DEI monitoring

At Bregal, we prioritise our people and culture by fostering an environment where all employees are welcome, and each person is positioned to be their best self. Through our values, practices, and recruiting pipeline, we focus on creating an equitable and inclusive firm. Our historic commitment to diversity has already helped us build a multicultural firm across our nine global offices, representing more than 30 nationalities. While recognising the work we have ahead of us, we believe the steps we have taken over the past year are pushing us in the right direction.

DEI At Bregal

We welcomed our first Chief People Officer in late 2022, providing us with added capacity to further advance our DEI priorities. These include formalising the firm's DEI strategy across funds, ensuring high-level governance, and building infrastructure for progress monitoring. Our focus early on is to revamp our recruitment approach to diversify our talent pools, implement an HRIS system with a DEI dashboard reflective of our progress, and enhance our employee benefits.

DEI Fund Committees

While Bregal sets the strategic tone for the platform, our funds drive that vision forward through DEI Committees that set fund-level and portfolio company targets and implement initiatives to improve performance. Currently three of five direct equity funds have DEI Committees.

Portfolio Company Engagement

Bregal supports our portfolio companies as they work to improve their DEI policies and processes, creating impact that extends beyond the holding period. As a part of post-close engagement, we assess the company's existing efforts in DEI such as accountability mechanisms, policies, and training opportunities, and recommend tailored improvement actions. In 2022, 100% of portfolio companies that underwent ESG data collection reported gender and diversity data for Board, C-Suite, and Senior Management levels.¹

Industry Partnerships

We partner with industry-leading organisations such as the National Association of Investment Companies, GOOD Directors, ILPA Diversity in Action, Skillfully, Level20, and SEO to recruit and retain diverse candidates, source best practices, and tap into a global peer network. As one example, we are a proud sponsor of Level20 and have collaborated to increase female representation in Bregal's investing positions, and utilised Level20's best practices to inform our own target-setting process.

¹ Represents portfolio from direct funds that have received external capital (Bregal Sagemount, Bregal Milestone, and Bregal Unternehmerkapital).

Four Tenets Of Bregal's DEI Strategy

The four tenets of Bregal's DEI Strategy relate to establishing a diverse workforce by hiring and retaining employees over time:



Future Initiatives

- Expand People team across the platform
- Perform ongoing review of benefits and policies to ensure market-leading offering
- Monitor diversity in central data platform across all funds
- Launch continuing education, focused development, and executive coaching for employees throughout their careers
- Define GP-level diversity targets for new hires across funds
- Support fund-level DEI initiatives

Cybersecurity

Our mission is to ensure that our primary focus areas of IT operations, innovation, and cybersecurity are aligned well with the goals of the broader Bregal platform.

We are deeply committed to providing excellence in all phases of our programme as we continuously evaluate our processes, challenge our own methodology, and ensure that we are meeting our intended capability targets. We seek to support business resilience and growth goals, while reducing cyber risk where we can.

Rob De Gracia
Chief Technology Officer



2022 Highlights

- Hired first Chief Technology Officer
- Completed on-premises infrastructure transformation to cloud native services
- Formalised Cyber Governance programme to mitigate organisation risk
- Established and expanded our global cyber intelligence community and information-sharing networks

Cybersecurity is a central focus of our technology strategy. In an ever-evolving landscape of regulatory and policy requirements, we understand the need to stay ahead of the threat landscape by prioritising the protection of our assets.

Cybersecurity at Bregal

In 2022, the Information Technology team at Bregal accelerated digital transformation through a series of initiatives. As with any advancement, Bregal understands the need to keep up with the emerging threat landscape that can create unprecedented security risks. As a strategic step, we have hired our first Chief Technology Officer, who is tasked with the oversight and management of all firmwide technology, and information security initiatives and programmes.

The momentum we have created over the past year in cybersecurity governance has allowed us to properly understand our risks while aligning and managing mitigating factors across the platform. We have revamped our vendor management process that defines the risk for critical third parties and will now measure our risk at regular increments. Importantly, we understand the need to address the 'human element' – expanding our Security Awareness training to begin during employee onboarding.



We believe that continuous firm engagement is the key success factor in keeping employees aware of the dynamic cybersecurity landscape.

Portfolio Company Engagement

We have also made cybersecurity a central focus on how we evaluate investments and support our portfolio companies in developing their technology strategies. As a future focus, the team will continue to engage with our portfolio companies to improve their cyber resiliency. By establishing a standardised framework of implementation controls that prioritise risk reduction, the goal is to actively support portfolio companies in the improvement of their cybersecurity defences. We also partner with leading insurance carriers to provide our portfolio companies with best-in-class cyber policies and resources to respond and recover.

Future Initiatives

- **Protect:** Formalise a prescriptive, prioritised, and simplified approach to assessing investment-level cyber risk by using an industry-recognised framework to provide defined maturity levels
- **Innovate:** Encourage innovation in the adoption of AI technologies in the organisation, while establishing guardrails to appropriately manage risk
- **Evolve:** Expand the methods of cyber control evaluation through real-world cybersecurity exercises, continuous testing, and expansion of threat intelligence resources and knowledge sharing community networks

Employee Philanthropy

Our employee philanthropy programme offers several ways for employees to maximise their impact on the local charitable organisations they are engaged with.

Our programme spans philanthropic grants, employee donation matching, and event-based fundraising campaigns that address global humanitarian events.

€1.5m

distributed through employee philanthropy efforts in 2022, supported by the COFRA Foundation

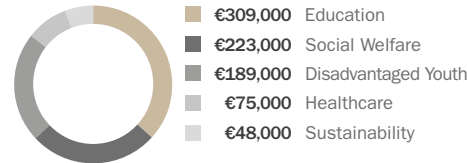
Grant Programme

With support from the COFRA Foundation, Bregal offers grants to employees to contribute to the issues they are most passionate about. Often, the grants are distributed to grow or strengthen an employee’s existing engagement with a philanthropic organisation, where a history of dedicated time and resources spent exists. These grants are specifically intended to address themes such as education and training, services for underprivileged young people and families, and climate-change mitigation.

€843,000

granted to organisations via employees

Grants by sector



Philanthropic Grant Spotlight

Sponsors of Educational Opportunity (“SEO”)



Description: SEO focuses on closing the preparation gaps faced by highly talented and motivated students of colour on the path to educational and career opportunities.

Bregal’s partnership: The grant supported the SEO Fellowship and SEO Career programme, covering training activities, formal mentorship, and professional development opportunities for diverse and under-represented bankers.

2022 grant amount: **\$150,000**



Code Your Future (“CYF”)



Description: CYF supports refugees, asylum seekers, and people from other disadvantaged groups with free coding training, equipping them with the skills necessary to start a career as a web developer.

Bregal’s partnership: The grant enabled CYF to expand programming to reach 120+ additional students for Intro to Coding courses.

2022 grant amount: **€50,000**



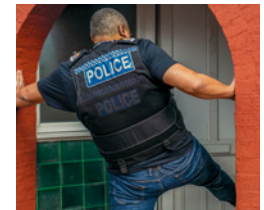
Justice & Care (“J&C”)



Description: J&C works on the frontline rescuing, rehabilitating, and repatriating victims of modern slavery in the UK, as well as bringing the criminal networks to justice.

Bregal’s partnership: The grant supported the expansion of a pilot for specialist individuals to be embedded in the police and Border Force to support victims of modern slavery, serving as a trusted interface between victims, law enforcement, and support services.

2022 grant amount: **€50,000**



Employee Philanthropy

As an additional pathway for employee giving, the COFRA Foundation matches charitable contributions made by employees, up to €5,000 per employee in any calendar year.

Charitable Giving in 2022¹

€157,000

donated by employees

€270,000

matched by the COFRA Foundation

€427,000

total employee and matching donations

Supported Organisations



Fundraising Campaigns

In 2022, in response to the humanitarian crisis caused by the war in Ukraine, Bregal launched a company-wide fundraiser with 3:1 matching support from the COFRA Foundation. Bregal raised over €207,000 to send directly to non-profit organisations on the frontline that provide aid to displaced families and individuals.

€207,000

Raised for those impacted by the war in Ukraine



Employee Volunteering

Our employees organise and partake in regular volunteering opportunities to more deeply engage in the communities in which we operate. The following photos highlight a few volunteer events from the past year, with organisations such as City Harvest, Code Your Future, Sunworks, and the Pajama Program.










Top row left to right – Pajama Program and Code Your Future. Bottom row left to right – City Harvest and Sunworks.

¹ The figures on this page are accounted for in the €1.5 million total presented on page 34.

Industry Partnerships

Bregal is proud to partner with industry-leading initiatives that help promote responsible investment practices and develop guidance on pressing ESG issues such as climate action and DEI.

<p>Signatory of:</p>  <p>PRI Principles for Responsible Investment</p> <p>The PRI, a United Nations supported network of investors, works to promote sustainable investment through the incorporation of environmental, social, and governance</p>	 <p>iCI initiative climat International Private equity action on climate change</p> <p>iCI is a global, practitioner-led community of private markets firms and investors that seek to better understand and manage the risks associated with climate change</p>	 <p>SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</p> <p>Science Based Targets is an organisation focused on achieving a zero-carbon economy through science-based emissions reduction targets</p>	<p>The Net Zero Asset Managers initiative</p> <p>The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero GHG emissions</p>	 <p>ESG Data Convergence Initiative</p> <p>The ESG Data Convergence Initiative (“EDCI”) is an open partnership of private equity stakeholders committed to creating a critical mass of meaningful, performance-based, and comparable ESG data from private companies</p>
 <p>ilpa INSTITUTIONAL LIMITED PARTNERS ASSOCIATION</p> <p>ILPA is a global organisation dedicated exclusively to advancing the interests of LPs and their beneficiaries through best-in-class education, research, advocacy, and events</p>	 <p>ilpa DIVERSITY IN ACTION</p> <p>The ILPA Diversity in Action initiative brings together limited partners and general partners who share a commitment to advancing diversity, equity, and inclusion in the private equity industry</p>	 <p>LEVEL 20</p> <p>Level20 is a not-for-profit organisation founded with the aim of improving gender diversity in the private equity industry</p>	<p>SEO</p> <p>SEO is an organisation focused on providing people from under-represented communities access to career opportunities in the alternative investment industry</p>	<p>Reference to a company above including its logo or symbol does not indicate, and should not be viewed as, an endorsement by Bregal Investments of such company and does not imply that such company endorses Bregal Investments. References to these companies are for illustrative purposes only, to demonstrate where Bregal Investments may leverage resources, fund management, or networks. Investors should not rely on such partnerships/affiliations and should perform their own diligence prior to investing.</p>

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