

WATERLAND

20 RESPONSIBLE
23 INVESTMENT
REPORT

WORD OF THE GROUP MANAGING PARTNER

Dear readers,

It is with great pleasure that we present the first edition of our Responsible Investment Report, offering a comprehensive overview of Waterland and its commitment to responsible business practices.

This report contains information around our responsible investment strategy as well as Waterland's specific Environmental, Social and Governance (ESG) initiatives, marking a significant milestone in our journey towards sustainable growth.

We have endorsed the United Nations Principles for Responsible Investment since 2015. While we diligently align our responsible investment and ownership approach with international standards, principles and guidelines, we also believe that ESG creates value at portfolio companies.

Together with ambitious entrepreneurs, we forge long-term partnerships to create transformational growth through buy-and-build strategies which deliver measurable and sustainable success.

It is our conviction that the sustainability of our portfolio companies is an important driver of their competitive advantage and will increase their intrinsic exit value and our investment returns.

Waterland's strategy emphasizes transparency, accountability and responsible practices. As responsible business practices evolve rapidly, this publication shares Waterland's progress and challenges in aligning business success with societal and environmental wellbeing.

I invite you to participate in our journey where our focus lies in our response to challenges and the lessons we learn from them.

Warm Regards,

Cedric Van Cauwenberghe,
Group Managing Partner



*Cedric Van Cauwenberghe,
Group Managing Partner, Waterland*

ESG AT WATERLAND

Waterland's inaugural Responsible Investment Report reflects our commitment to ESG, having aligned with UN Principles of Responsible Investing since 2015.

We have built a dedicated ESG Team and infrastructure to support the Investment Team to actively engage with portfolio companies and drive progress on ESG. In 2023 we rolled out an enhanced ESG integration approach across our portfolio and into our own operations.



Waterland is a leading pan-European buy-and-build investor

- Our objective is to build future-proof companies by inherently strengthening their competitive position
- Over the last 25 years, we have been partnering with entrepreneurs and responsibly guiding them



ESG is integrated throughout our entire investment cycle

- We empower and support portfolio companies to enhance their practices in climate & carbon, inclusion, diversity and employee engagement and ESG management – our three key focus areas
- Our Responsible Investment Policy has underpinned our engagement with portfolio companies since 2013



We embrace sustainability as a core investment theme since 2008

- We acknowledge the critical need to address environmental challenges and support businesses that offer solutions
- We have successfully invested in companies engaged in waste management, water and environmental solutions and energy transition initiatives



An ESG mindset is inherent in our company culture

- We are entrepreneurial, collaborative, responsible, passionate and considered
- We are committed to integrate ESG into our own operations and to continue to improve our performance

SELECTED 2023 HIGHLIGHTS

Firm	Funds	Investments	Portfolio
187 PROFESSIONALS	12 FUNDS	160+ PLATFORM INVESTMENTS	87 CURRENT PORTFOLIO COMPANIES
11 COUNTRIES	#2 HIGHEST-PERFORMING MANAGER IN EUROPE ¹	950+ ADD-ON INVESTMENTS	€21bn COMBINED CURRENT PORTFOLIO REVENUES
13 OFFICES	€14bn+ ASSETS UNDER MANAGEMENT	135 NEW INVESTMENTS IN 2023	120,000 FTE AT CURRENT PORTFOLIO COMPANIES

ESG Highlights



100%
OF COMPANIES ACQUIRED SINCE 2019 UNDERWENT AN ESG REVIEW



> 2,000
PORTFOLIO ESG DATA POINTS COLLECTED



78
COMPANIES REPORTING ON COMPREHENSIVE SET OF ESG KPIS



> 95%
OF ELIGIBLE COMPANIES MONITORING CO₂ EMISSIONS



★★★★★
UN PRI SCORE



3
SFDR ARTICLE 8 FUNDS

Numbers on 31 December 2023
 FTE = Full Time Employees or equivalent ; PRI = Principles for Responsible Investment
 1. According to the latest HEC / Dow Jones Private Equity Performance Rankings, February 2024

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01 INTRODUCTION TO WATERLAND



OUR HISTORY



Waterland was founded in 1999 by Rob Thielen and in 2000 the firm raised € 50 million for its debut fund, Waterland Private Equity Fund I. In 2001 Waterland acquired its first portfolio company, Sophia Group, a funeral services provider. To date, Waterland has completed over 1,100 acquisitions, including over 160 platform investments and over 950 add-on investments.

Waterland’s expansion across Europe began in 2004 when it opened its first office in Germany followed by the office opening in Belgium a year later. Since then, Waterland has grown to over 180 professionals operating across 13 offices in 11 countries.

In 2015 Frank Vlayen was appointed as the new Group Managing Partner with Rob continuing as Chairman of the firm. Early 2023, Cedric Van Cauwenberghe succeeded Frank Vlayen as new Group Managing Partner.

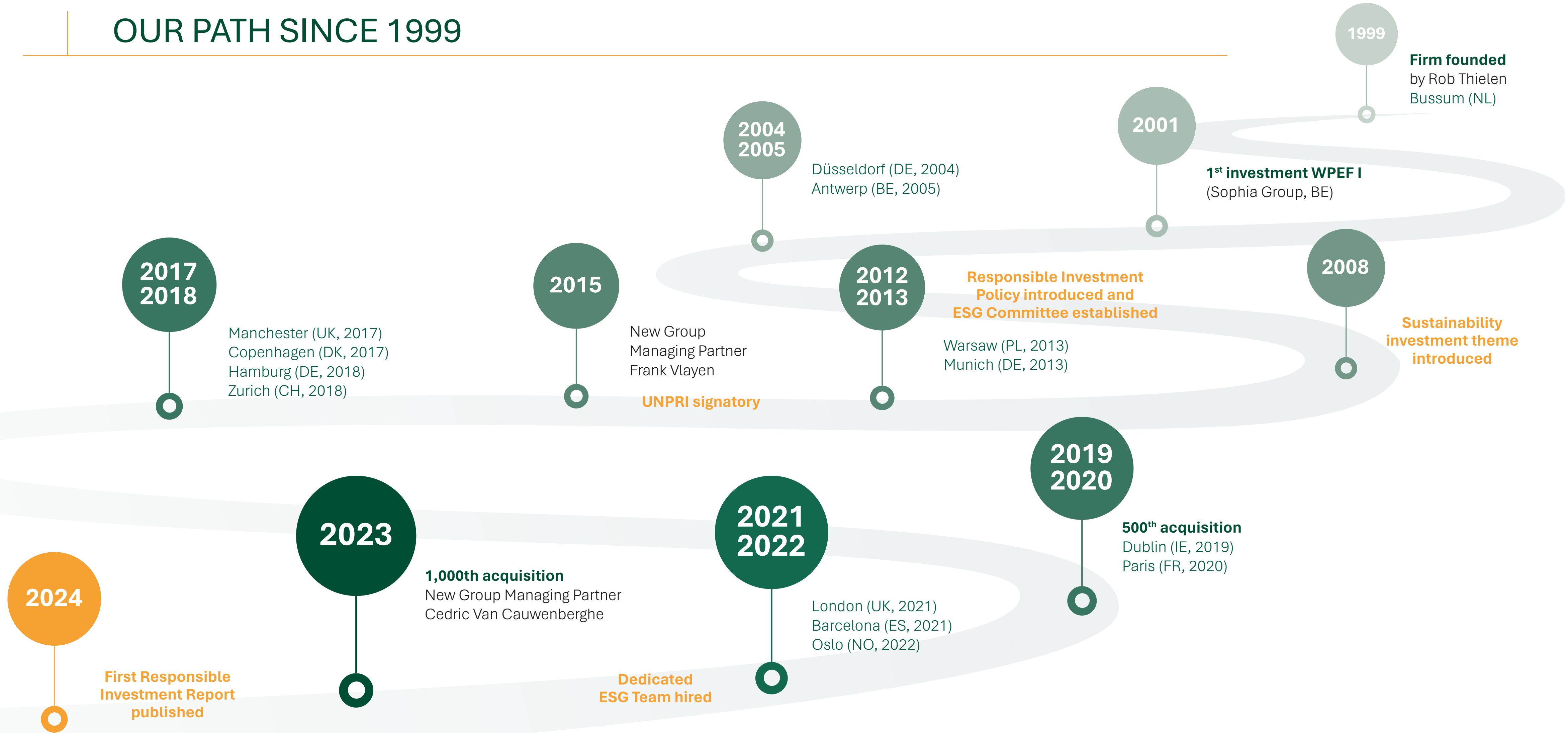
Since 1999, Waterland has raised 12 funds and currently manages over € 14 billion of commitments. Alongside its nine flagship funds, Waterland has successfully raised two GP-led continuation vehicles (Waterland Strategic Opportunities Fund I & II) and the Waterland Partnership Fund I.

Overview of Waterland Funds

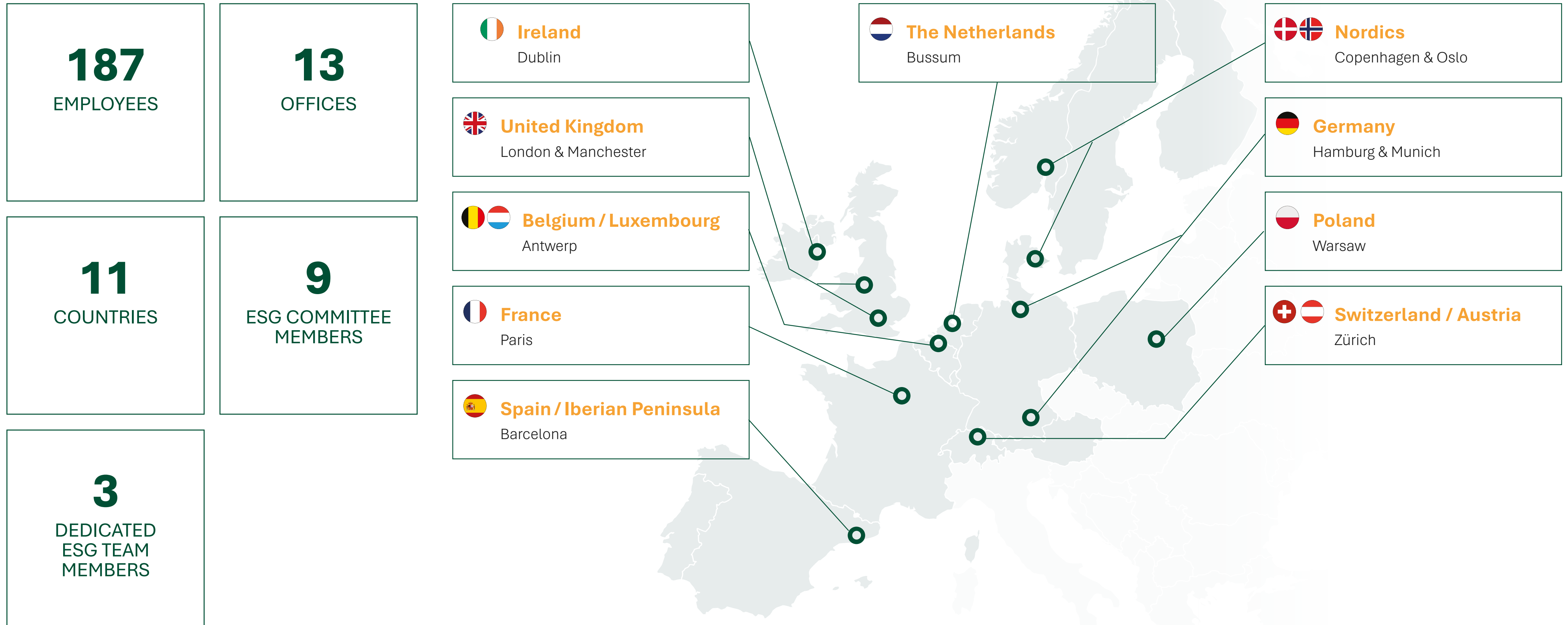
Year	Fund	Fund Size
2001	WPEF I	€ 50 m
2004	WPEF II	€ 172 m
2006	WPEF III	€ 404 m
2008	WPEF IV	€ 816 m
2011	WPEF V	€ 1,128 m
2015	WPEF VI	€ 1,279 m
2017	WPEF VII	€ 2,056 m
2021	WPEF VIII	€ 2,689 m
2021	WSOF I	€ 769 m
2022	WSOF II	€ 885 m
2023	WPEF IX	€ 3,616 m
2023	WPF I	€ 514 m

WPEF I-IX stands for Waterland Private Equity Fund I - IX
 WSOF I & II stands for Waterland Strategic Opportunities Fund I & II
 WPF I stands for Waterland Partnership Fund I

OUR PATH SINCE 1999



WATERLAND'S OFFICE NETWORK



OUR INVESTMENT STRATEGY

“Private equity makes long-term investments into small, medium and large companies with the aim of making them bigger, stronger and more profitable”

investeurope.eu

With over 25 years of experience and a track record of making over 1,100 investments, we are passionate about developing quality companies. Together with ambitious entrepreneurs, we forge long-term partnerships to create transformational growth through buy-and-build strategies which deliver measurable and sustainable success. We take a hands-on approach, working efficiently yet always in a collaborative, considered and responsible way.

Our constituent country teams form a cohesive Pan-European collective, offering local-for-local support to our companies with international growth ambitions.

Buy-and-build: Value creation through organic and inorganic growth strategies

Our investment strategy centers on the “buy-and-build” approach, characterized by acquiring portfolio companies with significant growth potential. Our goal is to expand their reach by integrating related businesses, fostering their evolution into larger companies over time. This strategy not only strengthens the competitive positioning of our portfolio companies but also emphasizes our dedication to collaborative growth alongside founders and stakeholders.

“At Waterland, we focus on partnerships and diversity of experiences and backgrounds. Many of our senior team have run and founded their own businesses, which I believe makes us better business partners, to support our portfolio companies. My own experience, as an entrepreneur, has certainly given me a huge amount of respect and empathy for all entrepreneurs and business owners. Moving from strategy consultant, to entrepreneur and subsequently to PE investor, has afforded me different perspectives that I can now draw on to support our CEOs and management teams.”

*Laura Dillon,
Partner, Dublin*



WATERLAND

INVESTMENT THEMES

Digitalization & outsourcing

Waterland invests in digitalization and outsourcing because we consider them as essential components for driving operational excellence, fostering innovation and ensuring long-term success in today's dynamic business environment.

Leisure & wellbeing

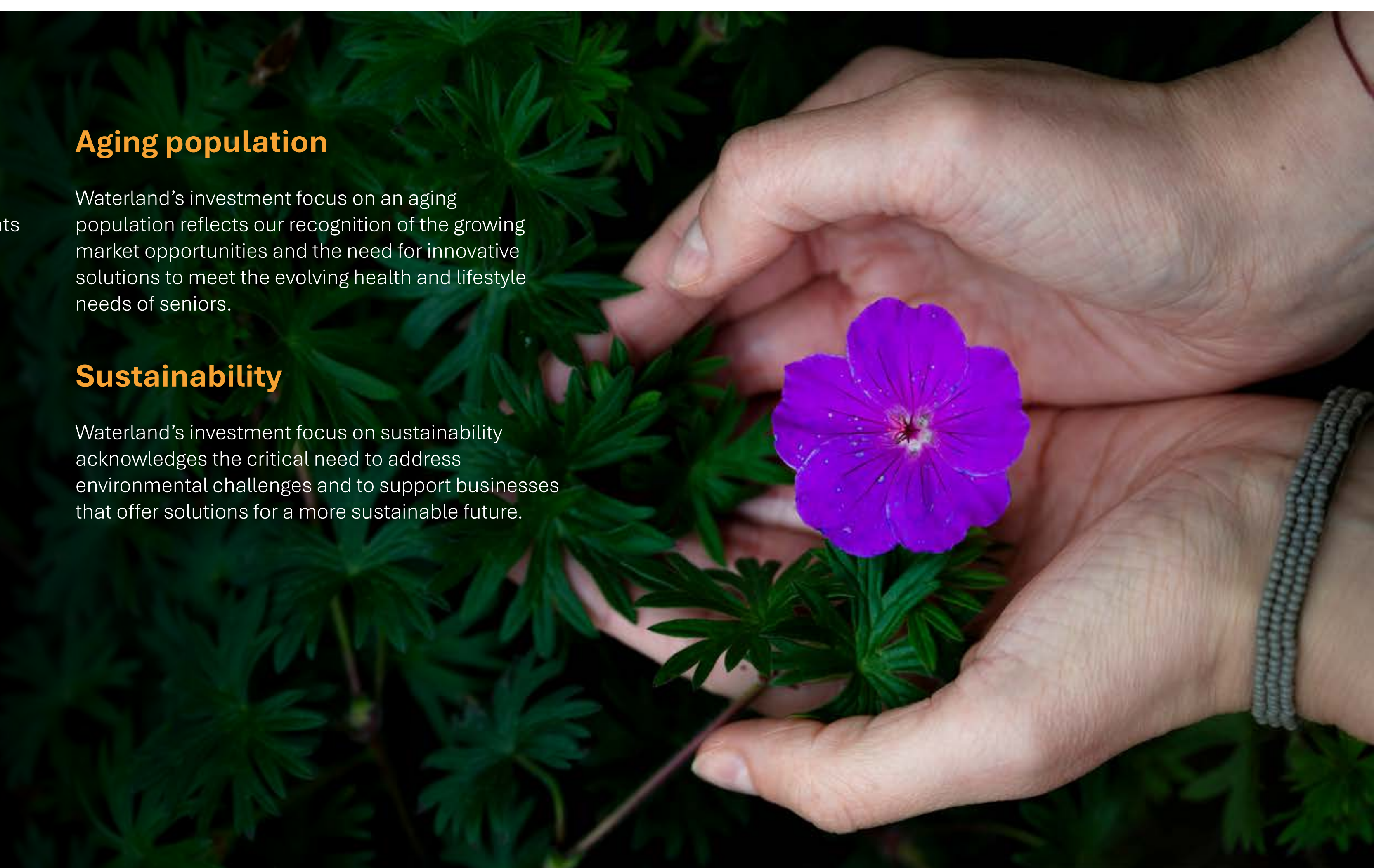
Waterland's investment strategy in the leisure & wellbeing sector reflects our understanding of the continued consumer focus on enhancing overall quality of life.

Aging population

Waterland's investment focus on an aging population reflects our recognition of the growing market opportunities and the need for innovative solutions to meet the evolving health and lifestyle needs of seniors.

Sustainability

Waterland's investment focus on sustainability acknowledges the critical need to address environmental challenges and to support businesses that offer solutions for a more sustainable future.



WE ARE

**ENTREPRENEURIAL
COLLABORATIVE
RESPONSIBLE
PASSIONATE
CONSIDERED**

OUR VALUES

Our objective is to build future-proof companies by inherently strengthening their competitive position.

The values upheld within Waterland are integral to our business approach and guide our selection of portfolio companies. Our success is driven by embedding each of our five values into every collaboration with our diverse stakeholders. Throughout this report we will showcase our work through various company cases.

Responsible

Committed to responsible and ethical investment practices

We are unwavering in our commitment to responsible and ethical investment practices, diligently assessing and mitigating risks.

Entrepreneurial

Powered by ambitious thinking and dynamic execution

At Waterland, we encourage our people to be entrepreneurial, thinking innovatively and ambitiously to drive growth for our partners and investors.

Collaborative

Working together for maximum impact

We are united by our belief that collaboration is key to building sustainable and successful businesses. We embrace diverse thinking, combining different skillsets and working together to get the best for our stakeholders.

Passionate

Driven by our passion to create lasting value for our partners and stakeholders

We are passionate about what we do and consistently go above and beyond for our stakeholders. We approach every aspect of our buy-and-build projects with energy, enthusiasm and dedication to achieve the best results.

Considered

Taking a thoughtful and measured approach that leads to well-informed decisions

We constantly scrutinize our actions and carry out due diligence meticulously in an effort to make the best decisions and invest responsibly.



BELGIUM, IRELAND, UK

ACCOUNTING AND CONSULTING SERVICES

53 LOCATIONS

2,500 EMPLOYEES

DIGITALIZATION & OUTSOURCING

With a series of 53 acquisitions in 4 years and a workforce expanding to 2,500 FTE, Moore exemplifies how the buy-and-build strategy is deployed in practice and showcases Waterland's entrepreneurial spirit.

WE ARE RESPONSIBLE

Company profile

Moore supports a wide range of companies in the SME to mid-market segment, from ambitious starters to established market leaders, in all aspects related to accounting and consulting services.

Moore Belgium was founded as a family accounting and audit practice in 1967, the company grew to a market SME accountancy and consultancy leader. Moore Kingston Smith was founded in 1923 and has grown to a leading SME accountancy and consultancy leader in Greater London.

Highlights

2020
Partnership with Waterland

Future
Continue growth trajectory to solidify presence in the SME market

Ambition
Becoming the national market leader in the SME accounting and consultancy market by further expanding geographical footprint and enhancing its service repertoire

Today
More than 50 offices joined in 4 years, a workforce of 2,500 FTE and fifth-largest accountancy and consulting practice in Belgium, United Kingdom and Ireland



“At Moore Belgium, Our Noble Purpose is the cornerstone of our endeavors. We firmly believe that prioritizing healthy choices aligned with ESG principles drives positive change within our organization, our dedicated workforce and our wider community. Through these commitments, we aim to deliver exceptional value to all our stakeholders, fostering resilience, prosperity and lasting impact.”

*Peter Verschelden,
Chairman Moore Belgium*

Flex Up!

 Dialog



Environment



Carbon emissions reduction

- Energy Performance evaluation of the different offices (EPC-certification) to understand where energy use could be optimized
- Investment in renewable energy for offices (installation solar panels)
- Further electrification of car fleet (numbers 2023):
 - 27.9% full electric
 - 50.6% hybrid
- 23 new bike lease contracts in 2023

Social



Moore Noble Purpose

- Help employees, customers and the economic fabric make healthy choices
- Great Place to Work certificate

Employee wellbeing

- Wellbeing special initiatives include “Week of Wellbeing”, training sessions, “Feel Good actions” initiative, Moore Happy Health challenge
- “Dialog” initiative aims to collect anonymous feedback on wellbeing status and points of improvement
- Sport events throughout the year to promote team spirit and happiness

Personal development & training

- Personal development is promoted through a feedback culture with employee development plans in place
- The Moore Academy offers training on various topics across the year (in 2023, 140 training programs were completed)
- Young Graduate program to attract young talent

Governance



Compliance

- Development of Whistleblowing policy
- Introduction of Sustainability teams
- ESG vision and strategy supported in executive committee team
- Data security training
- Compliancy training
- New environmental reporting, including carbon footprint assessment

ESG consultancy offering

Accompanying clients in their own ESG journey:

- Providing knowledge, tools and insights for clients to succeed
- Focus on strategic alignment and holistic integration of ESG principles into core business operations

Moore Foundation

The Moore Foundation organises sustainability-related initiatives and offers support to various causes, including:

- Moore tree planting day
- Project Ukraine: Collecting goods and providing financial support
- Project Boost: Empowering talented youngsters from underprivileged backgrounds

OUR INVESTOR BASE

Waterland has an established, loyal and global investor base consisting of over 120 institutional investors across its 12 funds.

In 2023, Waterland completed in a challenging fundraising market the successful fundraisings of Waterland Private Equity Fund IX (“WPEF IX”) and Waterland Partnership Fund I (“WPF I”). WPEF IX and WPF I closed at their respective hard caps of € 3.6 billion and € 0.5 billion, four months after initial launch. The re-up rate from WPEF VIII investors was over 100% by capital.

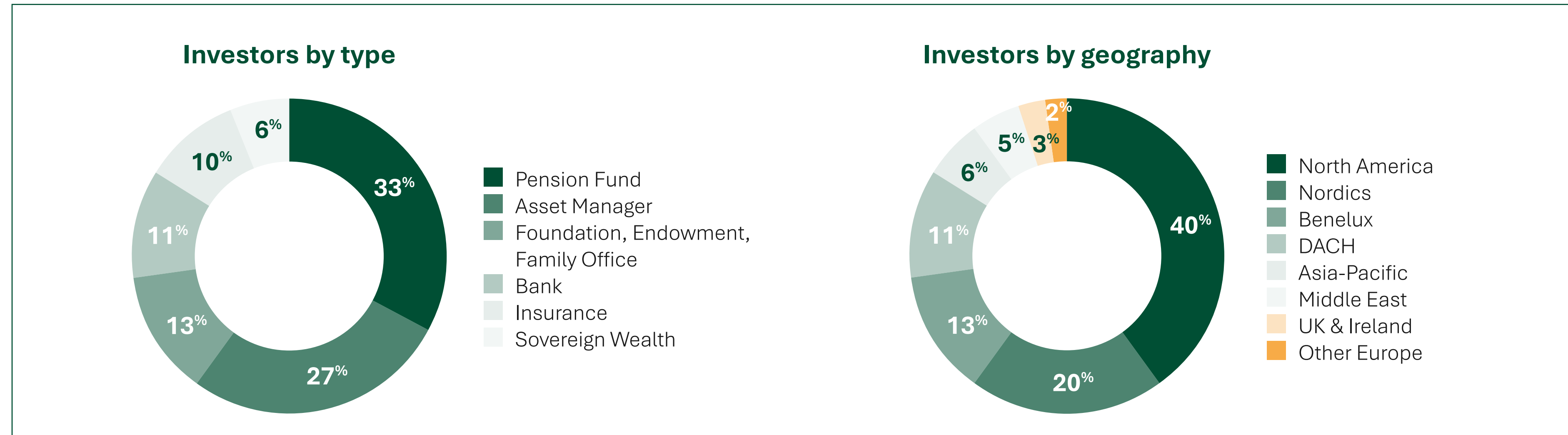
“ESG has clearly become an important and prominent topic for our investors. Hence, we have invested substantially in our ESG Team and infrastructure to accommodate the needs of our investors and partner with them.”



*Marc Lutgen,
Head of Investor Relations*

120+
INSTITUTIONAL
INVESTORS

ACROSS
12
FUNDS



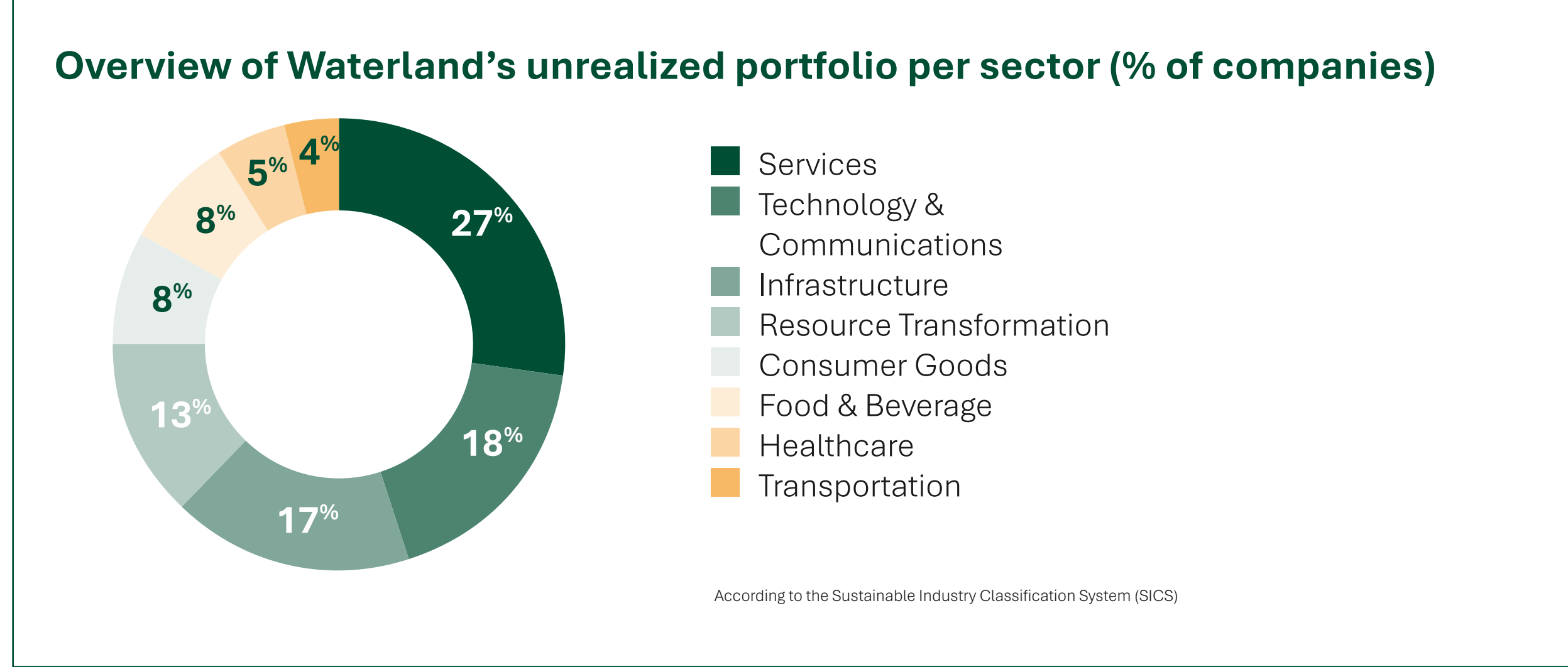
PORTFOLIO

Since inception in 1999, Waterland has built a strong track record. Over the last 25 years, Waterland has invested in 165 platform investments and 952 add-ons and has completed 78 exits.

Waterland’s current portfolio is comprised of 87 portfolio companies, in which approximately 120,000 employees deliver the success of these businesses on a daily basis. We at Waterland are extraordinarily grateful for their unwavering contributions.

On a consolidated basis, the proforma revenues of Waterland’s aggregate portfolio exceed € 21 billion. Business services, technology & communications and infrastructure represent Waterland’s largest sector-specific exposure. This highlights our focus on industries that display long-term growth potential and other fundamental characteristics that are favorable for a buy-and-build consolidation strategy.

In chapter 3, we analyze our portfolio from an ESG perspective. Our website contains a registry of our portfolio companies. For the most recent breakdown of our portfolio, please refer to: <https://www.waterlandpe.com/portfolio/>



FUND AND TEAM DEVELOPMENTS IN 2023

Despite a challenging market backdrop, Waterland’s deployment and exits were robust in 2023 and the firm continued to invest in its team and organization

Funds				Team	
Investments	Distributions	Value created	Capital raised	Hired	Promoted
€1.1bn	€1.0bn	€1.0bn	€4.0bn	38	38







VALUE CREATION, DEPLOYMENT AND REALIZATIONS IN 2023

2023 was a successful year for our portfolio. We created over € 1 billion of value across the total unrealized portfolio, net of acquisitions/divestments. Despite a challenging market backdrop, Waterland’s deployment and exits were robust in 2023.







We deployed over € 1 billion of capital in 13 new platform companies and over 120 add-on investments.

We successfully divested 6 portfolio companies generating over € 1 billion of distributions.

Investment activity in 2023

Platform	Market	Country
M4DC	Corporate Communications	
Van Vulpen	Underground Infrastructure	
Elk	Property Maintenance	
ADW	Roofing Installation	
Shape	App Development	
COGEP	SME Accountancy	
CodiLime	Software Development	
Albatross	EMC and AMS Testing Solutions	
Montronic Vic	Electronic Manufacturing Services	
NetZero	Energy Efficiency	
Daems Giovanni	Jewelry Production	
EMPWR	Nutritional Bars	
Cumbria Waste	Waste Management	

Realization activity in 2023

Platform	Market	Country
Aminolabs	Sports Nutrition	
Heliox	Charging Infrastructure	
Netrics	Managed Cloud Services	
The Rent Company	Student Personal Devices	
Global Transport Solutions	Ship Spare Parts Logistics	
Exercite	Corporate Health Network	



02 OUR RESPONSIBLE INVESTMENT APPROACH

WATERLAND'S COMMITMENT

Investing responsibly is core to our business.

We invest in companies and help them achieve their growth ambitions, while taking a responsible attitude towards environmental, social and governance aspects across all our activities. We believe this is not just beneficial to society, but also to our performance.

Responsible Investment Policy

Our responsible investment commitments and practices are part of Waterland's core values and we have formalized these in our Responsible Investment Policy. This policy has been in place for over ten years and is updated regularly. Most recently in 2022 a major refinement took place, led by the ESG Team and the ESG Committee and involved all Partners of the firm.

As defined by our Responsible Investment Policy, we systematically identify, monitor and manage ESG-related risks and opportunities that may affect the value of our investments. Accordingly, we endeavor to mitigate potential concerns and maximize the positive impact that ESG can have on our investments. By doing so, we seek to create value for our portfolio companies and within our own organization.

Value creation

At Waterland we understand that our business deals with double-sided materiality: ESG factors can impact the value of our investments and our investment decisions can impact ESG factors. For us this means that responsible investment is not only the right thing to do; we also manage ESG risks and opportunities in order to create value and ensure business continuity.

Furthermore, we acknowledge that policy makers, regulators and consumers demand high standards of business conduct from companies and investors. They expect ESG-related topics such as climate change, diversity and inclusion, business ethics and transparency to be integrated in business operations. We strive to do just that.

Our role

As an active investor, we seek to ensure that our investments and our own firm uphold stringent environmental, social and governance standards, with conviction that doing so enhances the financial returns that our investors expect. At Waterland we remain committed to this approach.

ESG has really become a central topic in the dialogue with our portfolio companies, as we fully realize it is core to building competitive advantage and future-proof companies.

*Tomas Simons,
Managing Partner and
Chairman of the ESG Committee*



1999

2008

2013

2014

2015

2021

2022

2023

- Sustainability added as investment theme

- Responsible Investment Policy Introduced
- ESG Committee established



Membership

- ESG KPI monitoring of portfolio started
- ESG included in quarterly reports
- First ESG reviews in portfolio



Aligned

- Became a signatory to the UN PRI¹
- ESG reviews conducted on all new investments
- Waterland internal ESG KPIs monitored



Signatory of:

- ESG Ambassadors assigned at all offices
- SLL² bridge facility contracted
- Signed up to Level 20
- Offset all internal CO₂
- Additional ESG KPIs monitored; CO₂ monitoring tool rolled out



Sponsor

- Developed the enhanced ESG integration approach
- Contracted and implemented ESG reporting tool
- Updated our Responsible Investment Policy, ESG commitments and internal processes
- ESG reviews expanded
- First B-Corps and Ecovadis in portfolio
- Head of ESG hired



Aligned

- Expanded ESG Team
- Rolled out new ESG approach across the entire portfolio
- Trained all staff on ESG integration into pre- and post-deal processes
- Engaged on ESG with each target posing moderate ESG risk
- Enhanced LP reporting
- Started CO₂ reduction plans at portfolio companies
- First SLLs² in portfolio
- Article 8 flagship fund: WPEF IX



Aligned

Given the growth of the firm, alongside increased global awareness of such matters, Waterland has gradually stepped up its responsible investment commitments and practices.

1. UN PRI = United Nations endorsed Principles of Responsible Investing
 2. SLL = Sustainability Linked Loan

STEPPING UP OUR EFFORTS

The past two years marked a significant step up in Waterland's ESG efforts.

Waterland has been addressing ESG aspects in its investment activities and throughout its internal operations for over ten years, with the establishment of an ESG Committee, becoming a signatory to UN PRI, conducting ESG reviews on new investments and monitoring selected ESG KPIs across the portfolio.

Our recent achievements

In 2022 we significantly stepped up our responsible investment commitments. We developed a new comprehensive ESG integration approach and set new targets.

The goal for 2023 was to further develop our in-house capabilities, expand our team and roll out the new approach across the entire investment cycle and portfolio.

We intensified the ESG focus in our investment decision-making process and began engaging more actively with our portfolio companies on ESG matters during ownership, concentrating primarily on our key themes: climate & carbon; inclusion, diversity and employee engagement; and ESG Governance. We conducted more detailed ESG reviews on our new investments and started to monitor a list of over 20 ESG-related KPIs across our entire portfolio.

For our internal operations we updated our HR, office and travel policies and invested in lowering our CO₂ footprint.

Embedding the ESG approach

Waterland's philosophy is to empower the Investment Team to take responsibility for the integration of ESG aspects in the investment processes and for driving progress at the portfolio companies, supported by the ESG Team and external experts where appropriate.

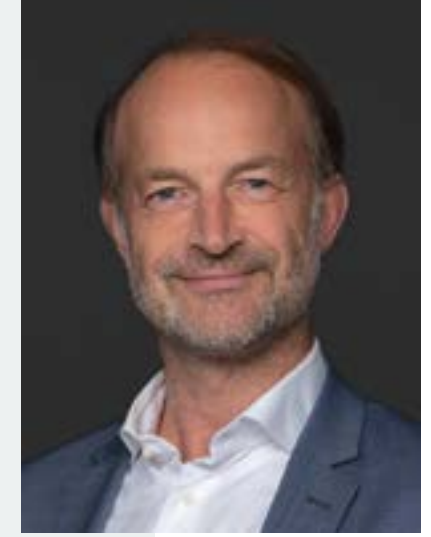
All Investment Professionals have been trained on ESG aspects and ESG also forms part of performance reviews.

When I joined Waterland as Head of ESG in 2022, there was a strong ambition to significantly enhance the firm's ESG commitments and practices.

It has been a privilege for me to establish a team and lead the enhancement of our ESG efforts across the investment cycle and within the organization.

The Investment Team and portfolio companies take ownership of driving progress, while the ESG Team supports them and leads Waterland further on its ESG journey.

*Matthijs Baan,
Head of ESG*



HOW WE ARE ORGANIZED

To anchor the ESG principles across the organization's culture and investment activities, Waterland has embedded ESG into its governance and has established various bodies that are dedicated to ESG.

ESG Committee

One of these bodies is the cross-functional ESG Committee. The ESG Committee is entrusted with the final responsibility for ESG matters, by advising on and discussing ESG risks and/or opportunities and advancing Waterland's ESG capabilities and outcomes.

The ESG Committee comprises of a Managing Partner (who chairs the Committee); the CFO; an Investment Manager; the Head of ESG and the ESG Director; the Heads of Investor Relations and Marketing & Communications; and the ESG representative from Legal & Compliance. The ESG Committee meets every six weeks.

Dedicated ESG Team

In 2022 Waterland hired Matthijs Baan as Head of ESG, who brought 25 years of experience mostly in sustainability and responsible investing (with a specific focus on ESG in Private Equity). In 2023 the team was expanded with an ESG Director, Kora Krause, who brought 15 years of experience in Sustainable Finance (from banking, asset management and NGOs) and an ESG Associate, Veronica Peserico, with 4 years prior experience in sustainability consulting.

They work closely with the Investment Team across all offices – as well as with Investor Relations, Legal & Compliance and the other Central Services functions – and report directly to the Waterland Partner Board.

ESG Ambassadors

In almost every office there is an Investment Team member who acts as “ambassador” on ESG matters for the staff in their respective country or region. They are ensuring the pre- and post-deal ESG practices are embedded in the investment processes. They also act as sounding board for the ESG Team and look after the implementation of internal ESG practices, across Waterland offices.

“During the Waterland ESG Committee we have been actively discussing ESG topics related to our investment practices and to our internal operations since its establishment over ten years ago.

Early on, we set guidelines on responsible investing and initiated discussions with our Partners on embedding ESG practices into our investment processes to align with our buy-and-build strategy and growth objectives.

As we continued to grow and ESG demands intensified, we recognized the need to scale up our capabilities. We have made significant progress and achieved a lot, but there is still much work to be done.

*Bart Elema,
CFO & Partner,
member of the ESG Committee*



Structural inclusion of ESG in our core processes

Waterland's key teams and reporting tiers

Main decision-making body concerning investment and divestment decisions

INVESTMENT COMMITTEE

Decision forum, overseeing Responsible Investment Policy implementation

EXECUTIVE COMMITTEE & PARTNER BOARD

INVESTMENT TEAM

CENTRAL SERVICES

Dedicated ESG teams and committees

ESG COMMITTEE

- 9 members from the Partner Board, Investment Team and Central Services

ESG TEAM

- 3 dedicated team members
- Operational execution in collaboration with the Investment Team

ESG AMBASSADORS

- 9 Investment Team members (spread across countries)

ALIGNING WITH INVESTORS

At Waterland, we recognize that fostering strong relationships with our investors is not only a matter of strong financial performance, it is integral to our commitment to sustainability.

Creating a forum

We actively engage in dialogue with our investors to understand their ESG priorities and expectations. By maintaining open and transparent communication channels with investors, we not only ensure alignment on sustainability goals but also encourage a sense of partnership in addressing ESG challenges. In 2023, we therefore initiated dedicated discussions with our investors on the topic of ESG.

With growing awareness around the financial implications of ESG issues, there is a heightened demand for transparency, disclosure and robust management of sustainability-related risks and opportunities across investment portfolios and business operations. Moreover, particularly in Europe, where many of our investors are based, sustainable financial disclosure requirements (SFDR) also drive the need for more information and better sustainability-related performance.

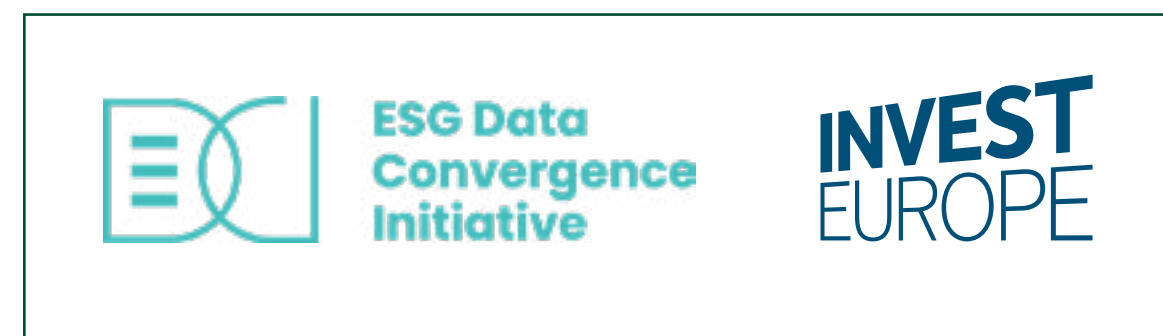
Asset level ESG reporting

We understand that transparent reporting of ESG data is essential for providing investors with insight into our sustainability-related performance. By regularly disclosing ESG information on our portfolio, we demonstrate accountability and transparency and encourage trust and alignment with our stakeholders.

This transparency also enables investors to assess the resilience of our funds in the face of emerging sustainability risks and opportunities and to report to their individual stakeholders, e.g. as part of the European SFDR.

We have completed a comprehensive ESG data collection effort over 2023 and are now in a position to provide company-level ESG data, fund by fund, along the guidelines of standard reporting frameworks such as the Invest Europe and the European Data Convergence Initiative (EDCI).

Also, during our Annual General Meeting, ESG has become a key topic. During the event, we provide updates on our journey and key achievements.

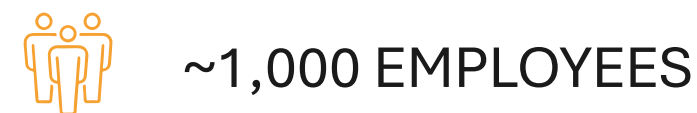


It has been a great opportunity to join the ESG Team at Waterland right from the start of the roll-out of the enhanced ESG approach.

Establishing key new processes that contribute to the sustainability performance of Waterland and its portfolio has been very rewarding. I also enjoy interacting with our investor community to ensure that we are working along aligned interests.

*Kora Krause,
ESG Director*





Crafting Excellence in Frozen Specialty Food

WE ARE
PASSIONATE

Company profile

Developer in frozen pastries and snacks, Onoré's strategy revolves around achieving excellence in taste, authenticity and product variety, showcasing a commitment to international growth. Improvements since Waterland's investment:

- A strategic focus on high potential product categories
- Industrial investment in new productions lines
- Swift implementation of commercial synergies between business units
- Key hires, additional IT resources and an ambitious ESG roadmap

Highlights

2022

Commenced partnership with Waterland with carve-out of Boncolac from the dairy cooperative Sodiaal

Today

An international group with sales approaching € 200 million, from Japan to the USA

Ambition

Become the global leading manufacturer of specialty frozen pastries and snacks

2023

Boncolac, rebranded to Onoré, expanded its footprint with two key investments in the UK, welcoming Proper Cornish, the leading manufacturer of Cornish pasties and Cakesmiths, renowned for artisanal cakes

Future

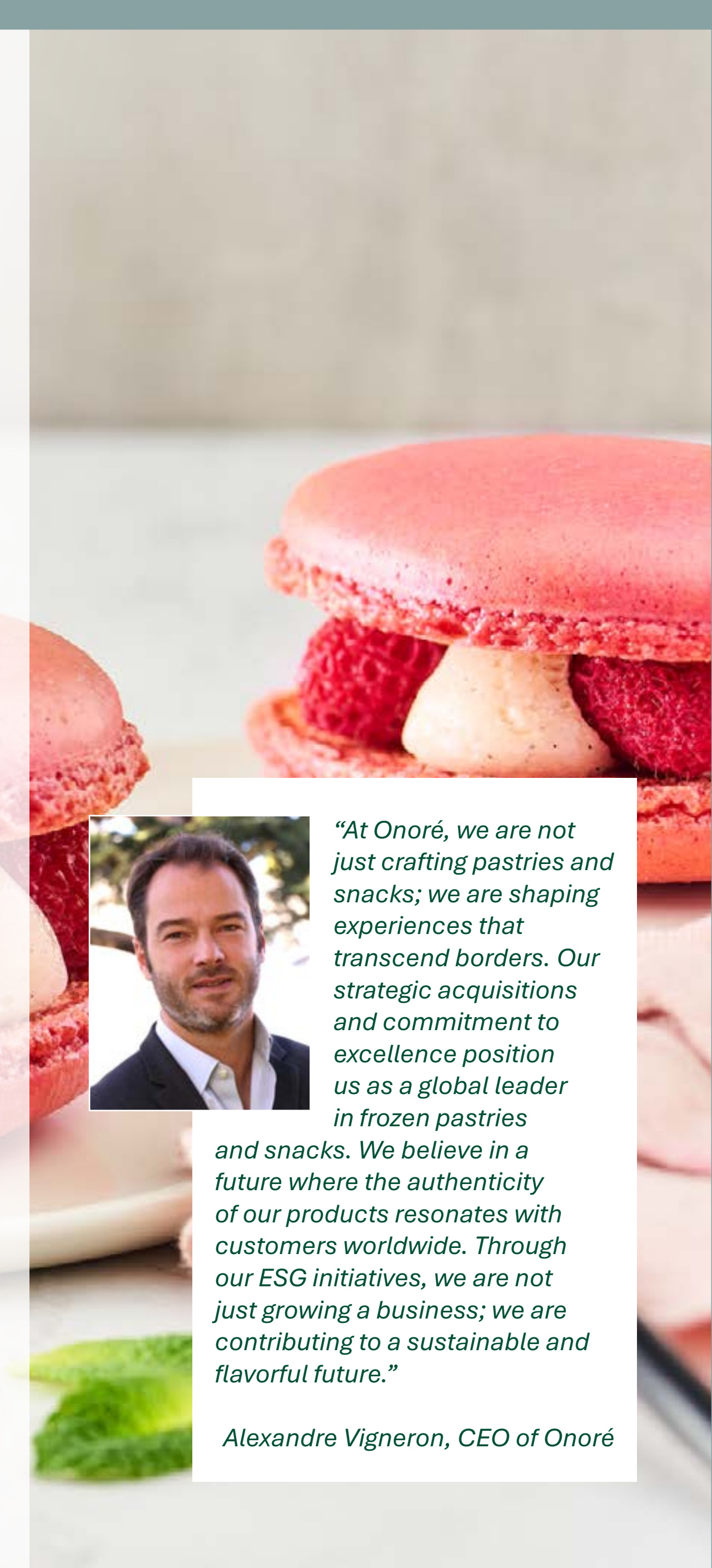
By 2030, the company aims to double the proportion of sales outside France and the UK



“At Onoré, we are not just crafting pastries and snacks; we are shaping experiences that transcend borders. Our strategic acquisitions and commitment to excellence position us as a global leader in frozen pastries

and snacks. We believe in a future where the authenticity of our products resonates with customers worldwide. Through our ESG initiatives, we are not just growing a business; we are contributing to a sustainable and flavorful future.”

Alexandre Vigneron, CEO of Onoré



Environment



Carbon emissions reduction

Target to reduce scope 3 greenhouse gas emissions ((accounting for 95% of our emissions, due to the purchase of agricultural raw materials) by 25% by 2030:

- In 2023, 5% year-on-year reduction in greenhouse gas emissions (on a like-for-like basis)

Packaging policy

- Development packaging eco-design and quantity reduction, in line with commitment to high quality products and strict adherence to environmentally friendly business practices.

In 2023:

- 94% recyclable and/or reusable packaging.
- 35% weight reduction of one of the standard packaging films, i.e. 6 tonnes less plastic every year

Waste reduction, recycling & reclaiming

Reducing, recycling & reclaiming 80% of the waste.

Social



Employees

- Prioritizes long-term health, with goal to minimize occupational accidents:
 - Mandatory safety induction course for every new employee joining Onoré
 - Decrease workplace accident rate by 30% in 3 years
- Providing our 1,000 staff with an environment and working conditions in which they can flourish
- Tailoring workstations for users with disabilities
- Climate Fresco involvement for all managers

Local communities

- Gain recognition as a dedicated local stakeholder on employment, environmental and social issues
- Multiple projects with local charities (FACE foundation against exclusion and discrimination, Audomarose breast cancer charity, Hugs Foundation)

Governance



Ratings and certificates

- EcoVadis Bronze sustainability rating label
- Enforce compliance with our Supplier Code of Conduct, setting out our key CSR principles
 - In 2023, Onoré ended all use of caged eggs
- Emphasize local sourcing as a top priority, by developing partnerships in sustainable supply chains

Guidelines for product development

Nutritional Composition & Recipe Development in line with consumer expectations and health considerations. For example:

- Up to 10% reduction in salt content for all our sliced breads
- Introduction of two new recipes guaranteed free from palm oil for the chocolate tart and the coconut tart



focus on Environment

CLIMATE & CARBON

With climate change being a pressing global issue that needs to be addressed urgently, we have set this as our principal focal theme. We encourage portfolio companies to be environmentally conscious and contribute to the sustainability transition. We are also committed to improving our own operational environmental performance as well.

Portfolio objectives

Our goal for 2023 was for all portfolio companies to measure and report their absolute scope 1, 2 and 3 CO₂ footprint and their emissions intensity (per FTE and per million Euros of revenue). We are pleased to report that we (almost) achieved this target (see chapter 3). As of 2023, we ask all our new investments to determine CO₂ reduction goals and pathways.

In 2024 we will step up our efforts in supporting our portfolio companies to establish reduction pathways and by 2030 we want the majority of our portfolio companies to have reduction pathways in place.

Internal objectives

For our own operations we started a detailed monitoring regime for our CO₂ scope 1, 2 and 3 footprint in 2022. Using the 2022 data as baseline, it was the objective for 2023 to establish emission targets, inspired by the Private Equity sector Science Based Target guidance and to determine initiatives to achieve these targets, which we did. Over the coming years we continue to take actions to gradually reduce our footprint in line with these targets (see chapter 4).



focus on SOCIAL
**INCLUSION,
DIVERSITY AND
EMPLOYEE
ENGAGEMENT**

We believe it is important for companies to prioritize their key asset – the people – and we aim to establish and maintain a culture of fairness, personal growth, good health and the highest levels of safety. Waterland is fully committed to ensuring equal opportunities, inclusion and diversity across our organization and portfolio companies.

Portfolio objectives

Companies are asked to monitor and report the gender diversity in their leadership; the unadjusted gender pay gap as well as other “S” metrics, in line with industry standard ESG reporting guidelines.

In addition, we specifically monitor what companies are undertaking on employee engagement - and encourage them to pursue initiatives - as this is the second focus area for Waterland, given its importance for our value creation objectives.

We encourage companies to set targets on their most relevant KPIs and to gradually improve performance during our ownership.

Internal objectives

We continue our efforts to improve gender diversity and maintain employee satisfaction and equal pay levels (see chapter 4 for more).



focus on Governance

ESG MANAGEMENT

We are committed to showing honesty, integrity and respect in business activities as well as to adhering to relevant local and international legislation and agreements. These commitments are formalized by the implementation of good governance structures and practices, supported by a set of relevant policies (e.g. anti-bribery and corruption, code of conduct, whistleblowing etc.).

Portfolio objectives

As part of the ESG reviews that we conduct on all new investments we assess the ESG governance and management practices of our portfolio companies, and we advise on how these can be reinforced, if applicable.

Waterland also asks new investee companies to assign ESG responsibility to their boards and for ESG to form a standing agenda item at board meetings. The objective is for the entire portfolio to meet our governance criteria.

Internal objectives

We demand compliance with our internal policies and our Code of Conduct from our staff. We strive to achieve and maintain an overall ESG performance level that is assessed to be in the top quartile of our industry (e.g. as measured through our PRI score). And we commit to be transparent about our ESG commitments, practices and selected results, guided by industry standards.



THE NETHERLANDS / GERMANY / UK



CHILDCARE



907 LOCATIONS



12,000 EMPLOYEES



LEISURE & WELLBEING

Nurturing the Future through Sustainable Childcare

WE ARE RESPONSIBLE

Company profile

Partou, a leading childcare provider, stands as a beacon for high-quality, safe and inclusive childcare. Operating in the Netherlands, United Kingdom and Germany, Partou is entrusted with the care of over 80,000 children. The organization is committed to fostering the wellbeing of the next generation by delivering leading childcare services and promoting social cohesion from the earliest stages of life.

ESG and UN SDG integrated corporate strategy

Partou is dedicated to bring generations further. This mission is deeply embedded in Environmental, Social and Governance (ESG) ambitions and the United Nations Sustainable Development Goals (UN SDGs). It underlines Partou's commitment to making a positive impact on children and their parents, its employees, society and the planet.

To underscore its commitment to responsible business practices Partou's Dutch unit received certification from B Corp with an overall impact score of 88. In order to meet the certification standards, Partou has put its mission central to its operations.



“At Partou, we believe in a future where every child thrives. Our sustainability initiatives, embedded in our core strategy, reflect our dedication to creating a positive impact on children, parents, employees, society, and the planet. Through responsible childcare practices, environmental stewardship, and community engagement, we are shaping a more inclusive and sustainable future for the generations to come.”

Jeanine Lemmens, CEO of Partou



Environment



Carbon emissions reduction

- Carbon reduction targets and pathway in place and in line with the Paris Agreement
- Emissions reductions are also driven by an ESG-linked loan in place, Partou has reduced its carbon footprint by 18% in 1 year:
 - Absolute reduction (tons CO₂e): 17%
 - Based on intensity (kg CO₂e per child space): 19.6%

Key measures

- Transition to 100% green power contracts for all locations
- Introduction of a new contract for electric lease vehicles
- Implementation of 100% plastic-free wipes
- Measures to reduce energy use (e.g., staff training, LED replacement, etc.)

* In the context of Dutch childcare, "VVE" stands for "Voor- en Vroegschoolse Educatie", which translates to "Early Childhood Education."

Social



Compliant high quality childcare

- Market-leading quality scores on governmental inspections
- Customer satisfaction high score

Childcare available for all

- Increase participation in "VVE*" program from 7,200 to 7,700 spots: education for children with learning disabilities
- Projects on equal access childcare for children with special attention needs, often in collaboration with municipalities and care providers

Collaborative work environment for staff

- A diverse environment, encouraging growth
- Job satisfaction rate of 8 /10 by staff members
- Educational program for around 600 students
- For existing employees, mandatory and voluntary training initiatives

Raising standards of childcare through research

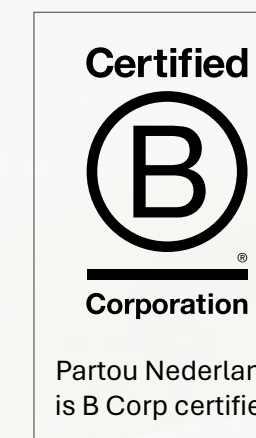
- Dedicated scientific department with specific expertise in measuring pedagogical quality
- Participation in 9 studies on how to provide excellent childcare

Governance



Reliability and transparency

- To underscore its commitment to responsible business practices Partou's Dutch unit received certification from B Corp with an overall impact score of 88
- Partou places governance at the core of its operations, ensuring reliability and transparency. This commitment goes beyond compliance, acknowledging the unique challenges of daily interactions with a vulnerable target group



Key measures

- Publication of annual sustainability report, which adheres to the Global Reporting Initiative (GRI) standards
- Monthly ESG reporting on items such as quality, environmental and social impact
- Implementation of a quality committee to help safeguard the high quality and safety of its service offering, which is critical to its operational success
- Sponsoring independent research into the sector and taking a leading role in industry associations
- The board of Partou is diverse and includes 50% female (and male) representation

PRINCIPLES FOR RESPONSIBLE INVESTMENT

Principles

What Waterland does

<p>Incorporate ESG issues into investment analysis and decision-making processes.</p>	<p>Be active owners and incorporate ESG issues into our ownership policies and practices.</p>	<p>Seek appropriate disclosure on ESG issues by the entities in which we invest.</p>	<p>Promote acceptance and implementation of the Principles within the investment industry.</p>	<p>Work together to enhance our effectiveness in implementing the Principles.</p>	<p>We will report on our activities and progress towards implementing the Principles.</p>
<p>Waterland’s Investment Team screens potential investments on ESG aspects and conducts comprehensive ESG due diligence on targets that merit additional scrutiny. We avoid investments in companies that do not meet our Responsible Investment criteria and allocated formal oversight and accountability for responsible investment policies and practices. The ESG Team provides support to the Investment Team in analyses and decision making processes related to ESG.</p>	<p>We request the management teams of portfolio companies to operate in accordance with Waterland’s ESG guidelines. Each company is required to assign ESG responsibility in the board and discuss ESG in their board meetings. We drive ESG progress during ownership by conducting extensive ESG reviews covering: material ESG topics, opportunities for ESG-related value creation and action plans.</p>	<p>All companies in our portfolio are asked to report annually on a fixed number of ESG KPIs, in addition to any additional ESG topics that are deemed relevant for them. These reports provide us transparency, help to set targets and to drive and monitor progress. In addition, companies are asked to immediately disclose any ESG issues that may arise to us.</p>	<p>We make a formal commitment to our stakeholders to invest responsibly, as outlined in our Responsible Investment Policy, and we engage on ESG with our Limited Partners. Members of our ESG Team sit on the Responsible Investment Committee of the Dutch private equity association and participate in ESG-related discussions and consultations in the Invest Europe community as well as in other forums.</p>	<p>We share our ESG approach and insights with our investors and with selected peers and routinely enquire about best practices in the market. We contribute to sector ESG initiatives and discussions.</p>	<p>We report on our ESG practices and on selected outcomes in our Responsible Investment Report, which we publish on our website.</p>

Waterland scores since signing up

	Strategy & Governance ¹	Private Equity
2016	B	B
2017	B	A
2018	A	A
2019	A+	A
2020	A+	A
2021	★★★★	★★★★
2023	★★★★	★★★★



ESG INTEGRATION IN THE INVESTMENT CYCLE - PRE-INVESTMENT

We deploy ESG aspects in all stages of our investment process, including the screening of target investments and the active engagement with our portfolio companies from investment to exit.

The Investment Team is receiving ESG training and an “ESG Handbook” that outlines all aspects in detail.

Along the way, the ESG Team provides support, in addition to specialist external advisors.

Pre-investment screening and due diligence

To ensure compliance with our responsible investment commitments and beliefs, we screen our target investments on exposure to regions, sectors and business conduct practices that are on our exclusion list before even considering to pursue them further.

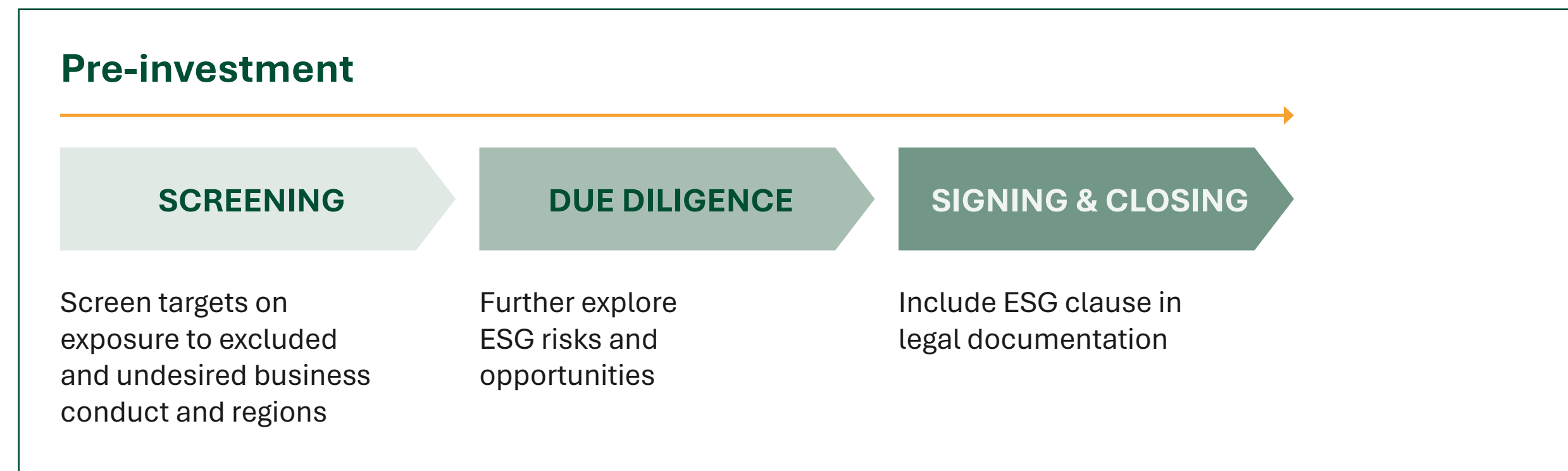
Subsequently, we conduct a scan to identify ESG risks and determine to what extent these are manageable. Targets presenting high ESG risks are abandoned.

Targets that seem to present moderate ESG risks are scrutinised in more detail. If they believe the

risks can be effectively mitigated or reduced, the Investment Teams may proceed to discuss the investment in the Partner Board meeting and subsequently it will be determined whether or not to propose to invest, possibly following a more comprehensive ESG Due Diligence, carried out by an external expert advisor.

Integration in deal documentation

Following the investment approval, ESG is integrated in the steps towards closing, typically formalized in the Letter of Intent (LOI) and the Shareholders Agreements (SHA).



ESG INTEGRATION IN THE INVESTMENT CYCLE - POST-INVESTMENT

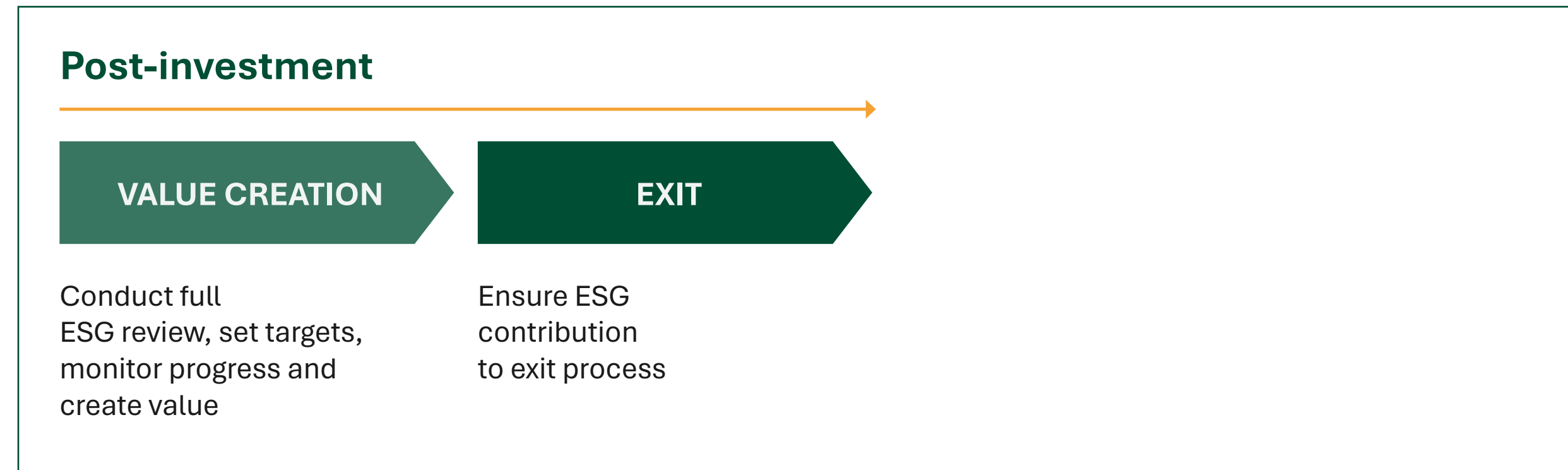
We believe that the holding phase offers a substantial opportunity in effecting change and positive impact at our portfolio companies.

Engagement with companies is part of Waterland’s fundamental approach as an active and engaged investor. The companies themselves are responsible for driving progress on ESG.

Driving progress during ownership

Following closing, our newly acquired companies are onboarded on the Waterland ESG journey. Our ESG integration approach encompasses a comprehensive set of elements that are implemented step-by-step, as detailed the next chapter. Key elements are: ESG reviews, ESG target setting and governance measures and ESG reporting and monitoring processes.

Upon exit, ESG is included in the deal documentation and when appropriate, an ESG focused Vendor Due Diligence is conducted.



In my position at Waterland I can contribute directly to the sustainability performance of a large and diverse portfolio of companies across Europe.

No two days are the same in my job, as I interact on a daily basis with Investment Team members, portfolio companies and service providers to make sure we progress on ESG integration and performance.

This is a continuous effort, but it is rewarding to see the progress made across the portfolio.

*Veronica Peserico,
Senior ESG Associate*




MEDIAN GROUP

 GERMANY / UK / SPAIN

 REHABILITATION AND MENTAL HEALTH SERVICES

 425 SITES

 29,000 EMPLOYEES

 HEALTH CARE

The leading European provider of mental health and rehabilitation services

WE ARE
CONSIDERED

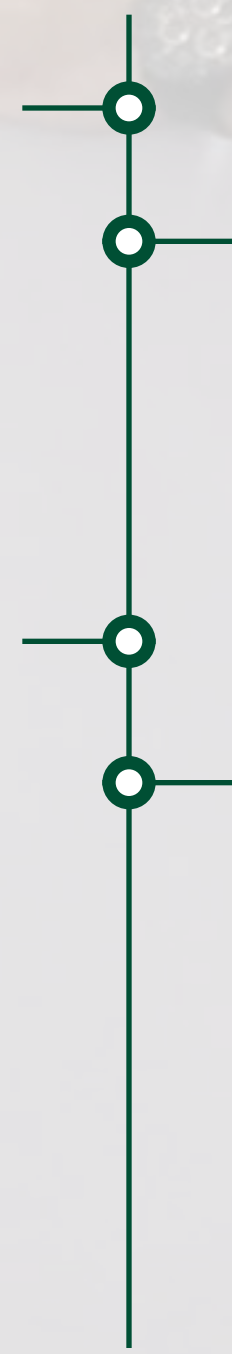
Company profile

MEDIAN Group is a leading European provider of mental health and rehabilitation services. With more than 29,000 employees across Germany, the UK and Spain at 425 facilities, MEDIAN Group supports nearly 290,000 people a year to live their lives as fully and independently as possible. MEDIAN Group delivers services across the whole patient pathway - from least acute to most acute and specialises in neurology, post-acute care, mental health, addiction and social care.

Highlights

2011
MEDIAN in Germany begins its partnership with Waterland and acquires RHM Kliniken with 26 facilities

Today
Ambitious buy-and-build strategy, completing over 25 acquisitions, with operations now in more than 425 facilities across Germany, the UK and Spain



2015
MEDIAN was formed through a strategic merger facilitated by Waterland between its existing platform RHM Kliniken and operator MEDIAN Kliniken

Mission
Revolutionizing patient care through a holistic approach: therapy services of the highest quality, integrating digital aftercare programs, fostering innovation in medicine and care, MEDIAN Group aims to empower patients to fully participate in life again



“The partnership with Waterland has allowed us to accelerate our ambitious European growth strategy through the acquisition of Priory in the UK and Hestia in Spain further solidifying our position as a leader in rehabilitation and mental health services in Europe.”

André Schmidt,
former CEO of MEDIAN



“At MEDIAN Group, our commitment to ESG principles drives us to positively impact communities, uphold ethical practices and promote sustainability. Our goal is to provide high-quality care, enhance wellbeing and ensure a sustainable future for all.”

Philipp Schulte-Noelle,
CEO of MEDIAN

Environment



Carbon emissions reduction

“Green MEDIAN” project launched in Germany:

- Pilot project of CO₂-emissions-free clinic
- Between 2019 and 2023, MEDIAN Germany reduced CO₂ emissions by 34% and by 20% at the Priory in the UK between 2020 and 2023
- Committed to the goal of Zero CO₂ by 2050

Key measures

- MEDIAN Group plans to invest Euros 30 million to install photovoltaic (PV) panels on the roofs of its facilities (with Waterland providing additional equity). This includes approximately 50 facilities in Germany and 80 in the UK – reducing CO₂ and energy costs by up to Euros 4 million
- At Priory, 100% of the electricity used comes from renewable sources
- At MEDIAN Germany, 25 combined heat and power plants have been installed with a further 20 planned by 2025. At Priory oil boilers are being replaced with LPG boilers or air source heat pumps
- LED lighting being used across sites
- 50% of MEDIAN Germany’s fleet has been replaced by electric vehicles, in the UK Priory colleagues can purchase a new electric car via salary sacrifice
- At Priory in 2023, 99.93% of the waste collected by waste disposal supplier Veolia, was diverted from landfill and 34.39% recycled
- Green initiatives have been rolled out across the group to encourage colleagues to reduce, reuse and recycle

Social



Diversity, equity and inclusion

- Committed to promoting diversity, equity and inclusion, and preventing discrimination at work
- Focus on understanding differences and overcoming barriers to allow both colleagues and those within our care to thrive
- In 2023, women made up 71.2% of the workforce
- At Priory and Hestia, both CEOs are women and MEDIAN Group is committed to diversifying its leadership

Key measures

- “Charta der Vielfalt” signed at MEDIAN Germany recognising, appreciating and including diversity at work. Introduction of the word ‘belonging’ into the MEDIAN Germany corporate values
- 9 colleague networks at Priory: safe space for peer to peer connection and to support those with shared lived experience
- Colleague engagement score 2023 for Priory was 75% (69% in 2022 and 58% in 2021) with higher scores for teamwork, growth, recognition and leadership. MEDIAN Germany survey planned this summer
- MEDIAN Germany came 13th place among the 1,000 most valuable employers for social good by the magazine WirtschafstWoche in 2023 survey
- MEDIAN Group supports charities and local initiatives and raised money for Ukrainian refugees, flood victims and charities such as MIND in the UK
- Priory has officially partnered with charity “Chasing the Stigma”, to help people access a range of support via a unique and free online directory called the Hub of Hope

Governance



Compliance

- MEDIAN Group works closely and transparently with its partners, regulators and funders to ensure safe, high quality care
- Yearly quality reports are published at MEDIAN Germany and Priory, alongside regulator ratings
- There is strong risk management and independent oversight in the UK from two non-executive directors
- MEDIAN Group chooses suppliers to partner with who have strong credentials in sustainability, ethical practice and social impact
- All MEDIAN Group rehabilitation facilities are certified in accordance with a recognized quality management procedure in rehabilitation (QMS Reha, FVS/DEGEMED in Germany & CQC ratings in UK)
- In addition, DIN EN ISO 9001 is applied on a voluntary basis over the group
- The focus is on the following points:
 - Compliance with standards in patient care
 - The efficient organisation of processes
 - The continuous improvement of treatment quality

QMS Reha: Quality Management System for Rehabilitation; FVS: Fachverband Sucht (German Association for Addiction); DEGEMED: Deutsche Gesellschaft für Medizinische Rehabilitation (German Society for Medical Rehabilitation); CQC: Care Quality Commission (the independent regulator of health and social care in England); DIN EN ISO 9001: Deutsches Institut für Normung (German Institute for Standardization) European Norm International Organization for Standardization 9001.



03
**ESG IN OUR
PORTFOLIO**

2023 PORTFOLIO ESG INTEGRATION RESULTS AND SELECT METRICS

In 2023 Waterland completed the implementation of the enhanced ESG integration approach across all our investment activities and into our portfolio.

Building on prior practices, the ESG Team collaborated extensively with the Investment Team and with the portfolio companies to ensure our ESG integration objectives were achieved.

78

COMPANIES IN SCOPE FOR ESG REPORTING

from WPEF VI onwards and excluding companies in exit or acquired during reporting cycle

> 95%

AGGREGATE COMPLETENESS

of ESG KPIs reported by eligible companies

> 90%

COMPANIES WITH ACTIVE ESG GOVERNANCE

ESG responsible in the board and ESG on board agenda

> 95%

COMPANIES MONITORING CO₂

scope 1, 2, 3 emissions

> 55%

OF COMPANIES WITH EMISSION INTENSITY

BELOW 10 tCO₂ per million Euros of revenues

> 60%

COMPANIES WITH AT LEAST ONE FEMALE IN C-SUITE

as per the EDCI definition

PORTFOLIO'S ESG EXPOSURE

Given our footprint and the type of businesses we invest in, our portfolio's overall exposure to geographical and supply chain ESG risks is relatively limited.

Geographical risk

The overall geographical risk is considered to be limited as our companies operate in countries with low exposure to severe environmental, social and governance risks. On aggregate, the geographical footprint of Waterland's portfolio would be ranked in the top 20 of countries in the world with the lowest ESG risk, as per the rankings from key rating providers (like ISS, MSCI, Morningstar Sustainalytics and Global Risk Profile).

Supply chain risk

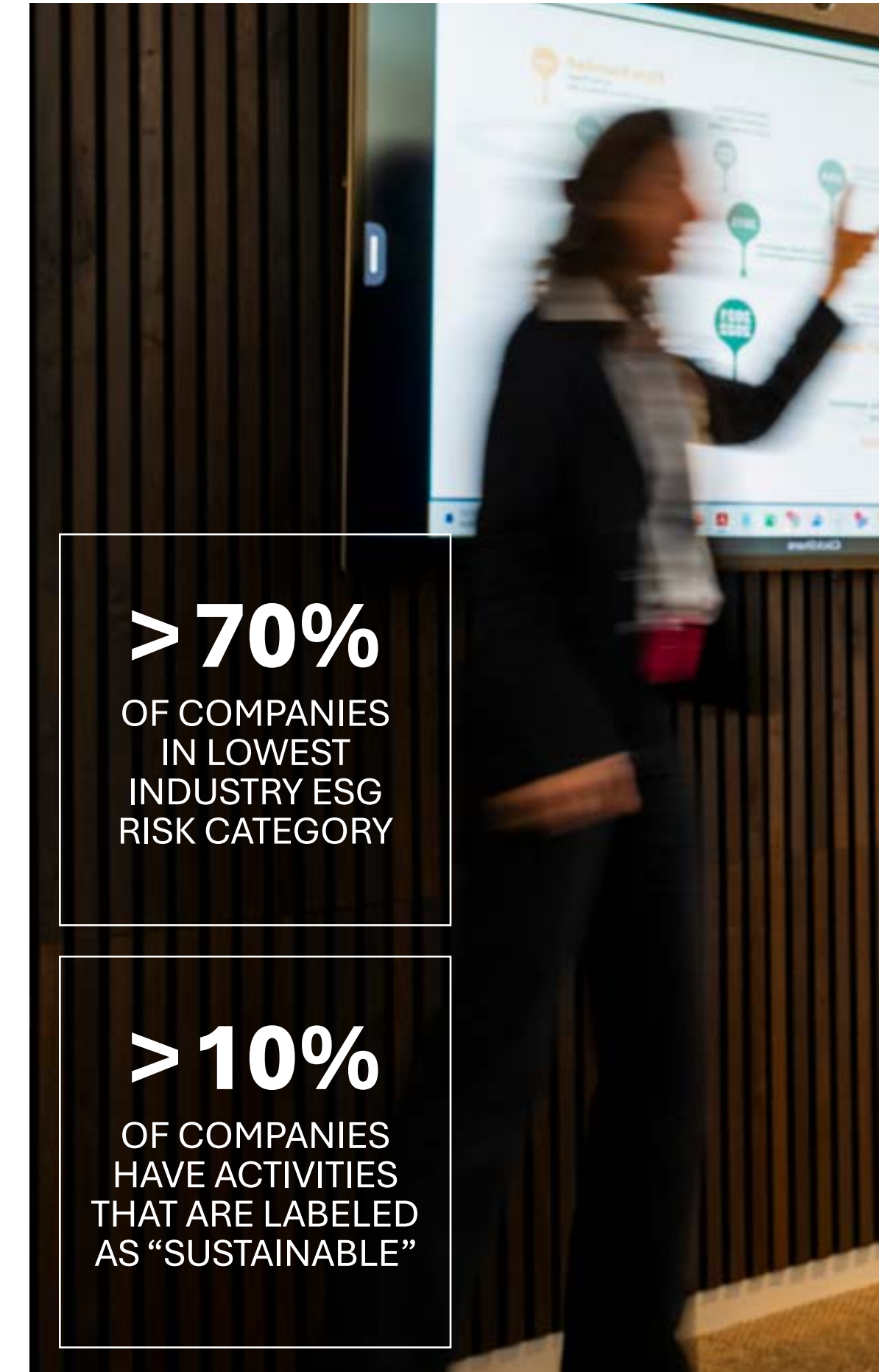
A minority of our current portfolio companies have a physical supply chain, which typically limits the exposure to typical supply chain risks related to human rights, labor conditions and governance.

Climate transition risk

Relatively few of our companies face transition risks (such as the companies that are active in transport and logistics), as a result of expected tightening regulation and progressing focus on (the reduction of) CO₂ emissions.

Positive impact

A number of companies in our portfolio have business models with positive environmental and/or social impact, notably as a result of Sustainability being one of our investment themes. In 2023, we started to screen companies on activities that are deemed "sustainable" according to the EU Taxonomy, a classification system that sets out a list of environmentally sustainable economic activities. Examples include our portfolio companies that are involved in refurbishment of IT equipment and in renovating real estate.



> 70%
OF COMPANIES
IN LOWEST
INDUSTRY ESG
RISK CATEGORY

> 10%
OF COMPANIES
HAVE ACTIVITIES
THAT ARE LABELED
AS "SUSTAINABLE"

High-level risk assessment

ESG materiality

Most of our current investments are active in industries (classified per the Sustainable Industry Classification System) that are exposed to relative few material ESG issues according to the materiality map of the Sustainable Accounting Standards Board (SASB).

SASB identifies the sustainability-related risks and opportunities most relevant to investor decision-making in 77 industries. The number of relevant sustainability-related topics varies by industry. For example, the Advertising and Marketing industry has 3 relevant sustainability-related issues, out of the total 26, while the Metals & Mining industry has 10. Most of Waterland’s portfolio have around 5 (out of 26).

The methodology that Waterland and our expert service providers apply for determining material ESG themes, is based on SASB standards (among other frameworks).

Industry and climate risk scores

Through our reporting platform, we gain high-level insights into the ESG risk and impact exposure of our portfolio. Based on high-level company characteristics such as industry classification and geographical location, the platform provides ratings on country and industry ESG risks, physical and transition climate related risks and environmental and social adverse impacts.

These ratings are based on reputable sources, such as Sustainalytics, Climate Analytics, The Network of Central Banks and Supervisors for Greening the Financial System (NGFS) and the Human Freedom Index.



Waterland portfolio aggregate risk rating 2023

Industry ESG risk



Climate Risk



MANAGING EXPOSURES

Remaining dedicated to our core investment strategy, we continue to limit overall ESG risk exposure. We gradually increase our positive impact by applying our Responsible Investment criteria in our investment decisions and seeking to further improve performance during ownership.

Limiting our exposure

We limit our portfolio ESG risk by remaining focused on our investment themes and geographical scope; and specifically by screening potential investments against undesired exposures in line with our Responsible Investment Policy and the guidelines in our ESG Handbook.

Following the screening and as described in chapter 2 of this report, the Investment Team is required to conduct an assessment of ESG risks for each target investment. For each target that is deemed to present a “moderate risk”, the Investment Team will engage

the ESG Team and if necessary procure external support, to evaluate specific ESG exposures before advancing the investment process.

The Partner Board and Investment Committee will subsequently review these assessments and may still decide not to pursue a target based on ESG related considerations.

Monitoring our exposure

We monitor our portfolio’s residual ESG risk exposure and periodically assess current and forecasted ESG related developments that could impact our portfolio companies. A large part of our portfolio is subject to CSRD (the EU’s Corporate Sustainability Reporting Directive) and hence will undergo a double materiality assessment in 2024.

Managing our impact

Our portfolio companies are managing their ESG impacts and performance as part of our engagement approach, as described in this chapter.

Inevitably, ESG impacts may occasionally arise in our portfolio. Should Waterland identify a material ESG incident, we engage with the company to discuss the incident and find suitable measures to rectify the matter and learn from it.

For example: Helgstrand, a company active in dressage horse training and division of our portfolio company Global Equestrian Group, was alleged to have multiple horses being ridden in tight draw reins, and one horse being roughly kicked by the rider. Waterland engaged with management on the topic; provided additional transparency in a press release and within 6 months, together with the company, (i) appointed a Chief Animal Welfare Officer, (ii) enhanced rules and procedures related to animal welfare, (iii) improved video surveillance of the premises and (iv) provided additional training on how to use the internal incident and whistleblower inbox. Helgstrand has used the learnings from the incident to convert it to a competitive edge by becoming a recognized leader within equestrian welfare.



> 60%
OF COMPANIES
SUBJECT TO CSRD

PORTFOLIO ESG ENGAGEMENT

Upon acquisition, portfolio companies are onboarded on a comprehensive ESG program

ESG engagement strategy

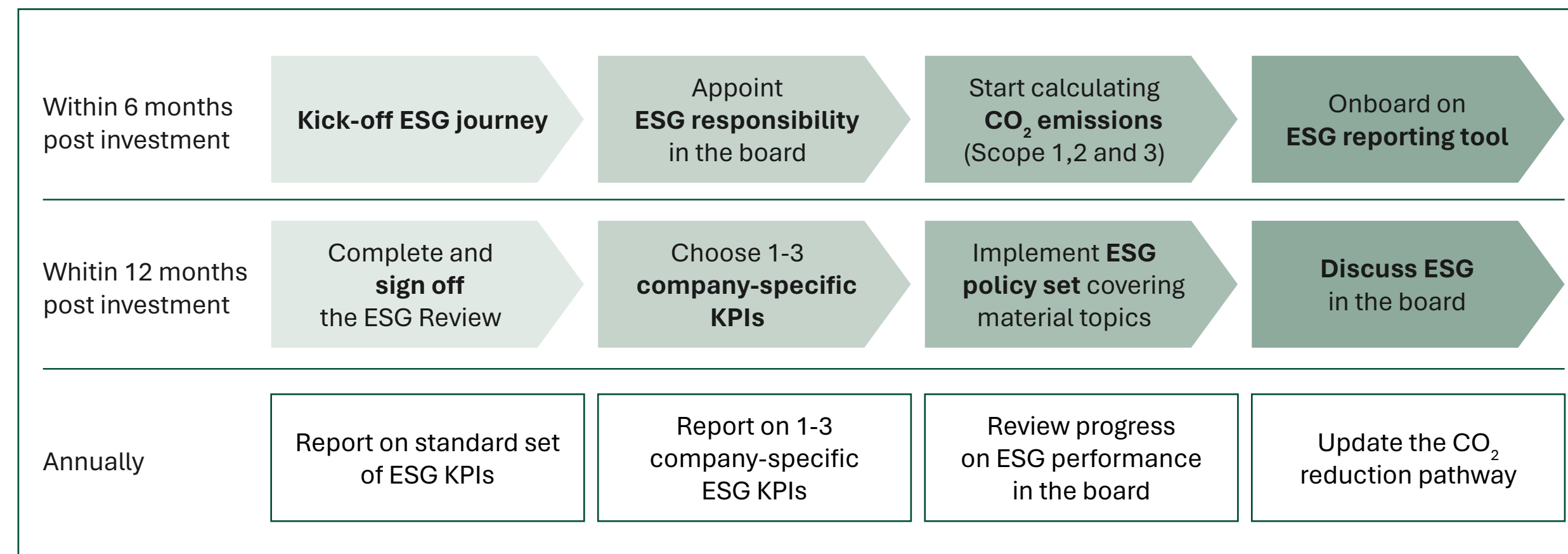
Waterland’s ESG strategy is designed to actively support our portfolio companies in their ESG performance, aligning with their growth strategy and spanning their entire tenure, from the pre-deal investment phase through to the exit process. While the ultimate responsibility for ESG matters rests with each company’s board, the Waterland Investment Team and the ESG Team oversee the ESG efforts of the companies, providing support in value creation and reporting processes.

ESG journey post-closing

Shortly after closing a new acquisition, the ESG process is initiated with the newly invested company, as outlined and agreed upon during the pre-deal phase (usually in the Letter of Intent and Shareholders Agreement). We firstly request that an ESG responsible person is appointed in the board of the company, and then invite the company to start monitoring and reporting ESG metrics. The ESG elements for the ownership phase and the desired timelines, as applicable for new investments since 2023, are shown below.

ESG reviews

Since 2017, our portfolio companies are expected to undergo an extensive ESG Review, carried out by reputable expert consultants. This review is aimed at assessing material ESG topics, determining company- specific ESG KPIs and evaluating current performance and opportunities for improvement. The outcome of this process is a roadmap for the company that is focused on ESG related value creation. In 2023 we expanded the scope of the reviews with decarbonization pathways, assistance with collecting ESG KPIs and a verification of ESG-related policies in place within the company.



100%
OF COMPANIES ACQUIRED SINCE 2019 UNDERWENT AN ESG REVIEW



UK



MARKETING COMMUNICATIONS AGENCY



3 LOCATIONS



200+ EMPLOYEES



DIGITALIZATION & OUTSOURCING

Shaping the Future of Evidence-Driven Communications

WE ARE COLLABORATIVE

Company profile

Founded in 1994 by CEO Howard Kosky, the AFO Group, previously known as Markettiers 4DC, is on a mission to become a global leader in evidence-driven marketing communications. AFO operates in the dynamic global communications market. The company employs a team of over 200 professionals, providing services in core pillars, including: data and insight, broadcast content creation & placement and virtual/hybrid events.

Highlights

2023

- Partnership with Waterland
- Sassy Create joins AFO in August offering a premium global creative studio

Future

AFO is planning a series of acquisitions in multiple states across North America, having opened a New York office in June 2024

Today

Network of award-winning agencies and is at the heart of many of the world's most successful marketing campaigns, working with the most prestigious, challenging and globally renowned brands

Ambition

Acquisition of complementary businesses through active buy-and-build program, enhancing the group's expertise, capabilities and geographical coverage

INNOVATION



[Watch my story here](#)

“Waterland has been more than a financial partner; they share our vision, provide unwavering support and understand the intricate challenges of entrepreneurship. Together, we’ve accelerated our journey of continued success proving that a transformative partnership is the cornerstone of sustained growth.”

Howard Kosky, CEO of AFO Group

Environment



Carbon emissions reduction

- Committed to significantly accelerating initial Net Zero target set for 2030
- 90+% of electricity used is from renewable energy sources
- Introduction of electric car scheme
- Carbon emissions have fallen year on year
- “Green Team” set up who oversees the carbon reduction measures.

Waste recycling

- Introduction waste recycling – recycling 92% audited by a third party – avoiding over 7 tons of carbon emissions

Social



Diverse workspace

- 50% gender diversity on the board

Employees

- Conducted a full review of benefits for all employees and published revised policies for each (e.g. around parental and flexible working)
- Introduced personalized training budgets for all employees
- Annual employee ESG survey for all employees introduced to determine, monitor and improve employee wellbeing
- Since Waterland’s investment, two full-company AGMs delivered on business strategy
- Established Operational Committee champions for best practice and client excellence (“Elevate Champions”)
- Developed consistent approach to sharing work and implemented an innovation fund at an Operational Committee level

Governance



Compliance

- AFO is committed to follow clients on their own ESG journey
- Appointed Head of Procurement to oversee all negotiation processes and ESG compliance
- Appointed new CFO to review, establish and maintain financial governance procedures in line with Waterland and investor governance requirements
- Developed new approach to financial planning analysis (FP&A) and appointed dedicated FP&A resource
- Invested in dedicated and much improved HR standards
- Established People’s Charter – an employee-run body that champions the rights, needs and goals of individuals in the organisation

REPORTING AND MONITORING

Collecting and reporting ESG KPIs

Companies are expected to report annually on their sustainability performance and on a comprehensive set of ESG KPIs. This list of over 20 KPIs has been established following an evaluation of relevant regulations, including the EU SFDR, investor reporting demands and pertinent standards and frameworks (such as the ESG Data Convergence Initiative EDCI). This set undergoes an annual review and may be adjusted in response to regulatory changes or investor demands, to ensure ongoing relevance and compliance.

With Carbon & Climate determined as the most pressing engagement theme of our portfolio, we put extra effort in collecting CO₂ emission data and encourage using specialized support to establish decarbonization pathways, as detailed later in this chapter.

Managing progress on ESG performance

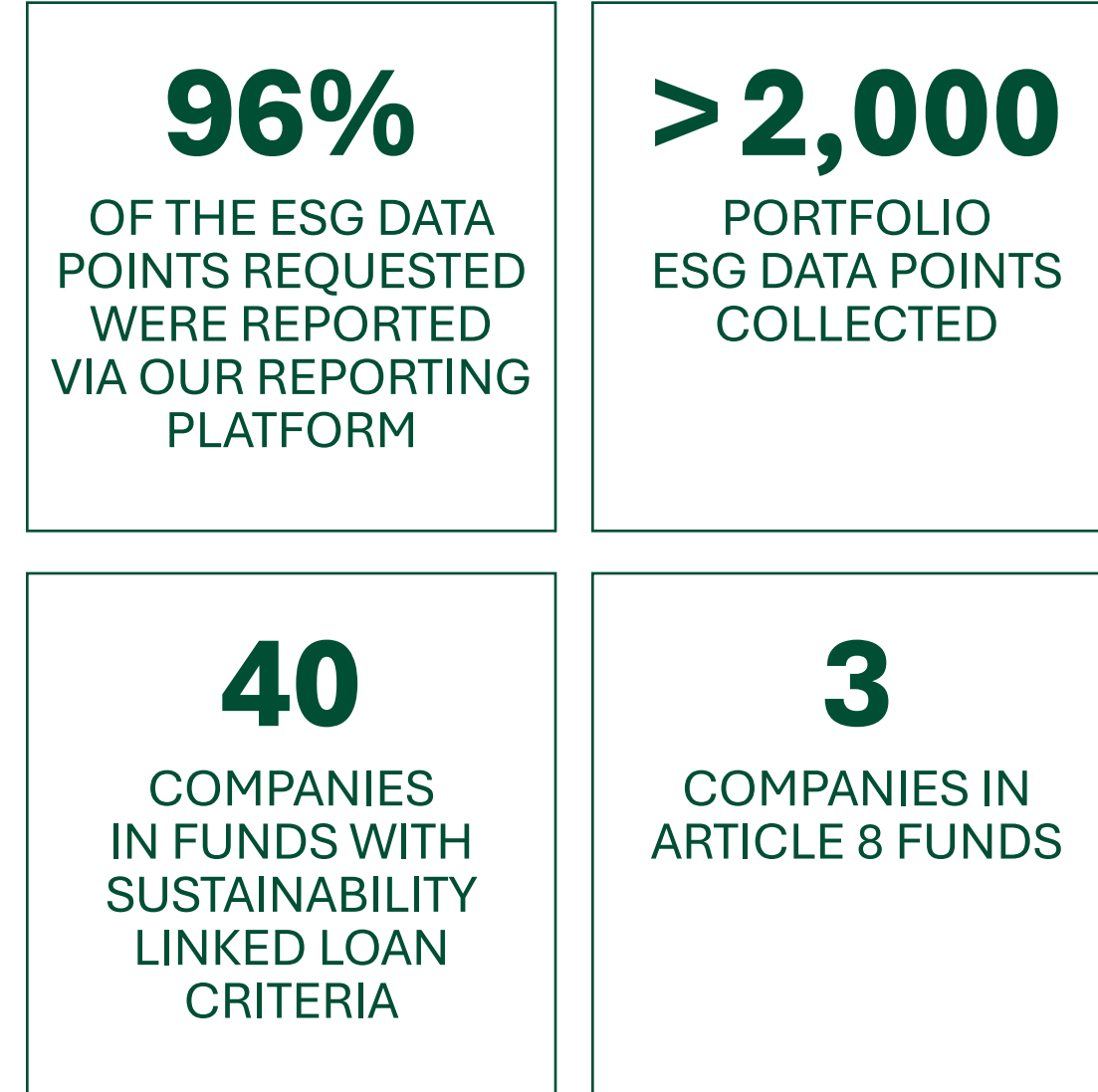
The Investment Team is driving the ESG agenda at our portfolio companies throughout our ownership, inter alia by discussing the topic in board meetings.

The ESG Team actively supports them: they participate in the ESG Review process, provide support with reporting and with monitoring progress. Additionally, they provide guidance on various sustainability-related topics, such as certifications, Sustainability Linked Loans, CSRD reporting and any other initiatives, tailored to the specific needs of each company.

Meeting additional ESG reporting requirements

For our Funds VIII and IX Waterland has Sustainability Equity bridge facilities in place with a consortium of lenders. To satisfy the criteria of these facilities, we collect specific supporting evidence of progress made on selected KPIs from the companies in these funds. This information is audited by an accountant.

Also, our Article 8 (EU SFDR) funds - Fund IX, WSOF II and WPF I – require specific transparency of the promotion of environmental or social characteristics in pre-contractual disclosures, which we provide in line with EU SFDR regulation.



COOPER PARRY



UK



ACCOUNTANCY



14 LOCATIONS



1,050 EMPLOYEES



DIGITALIZATION & OUTSOURCING

Transformation into the UK's Leading Next-Gen Accountancy Firm

WE ARE ENTREPRENEURIAL

Company profile

Cooper Parry, established in 1850 in Derby, has evolved into a top-15 UK accountancy firm with a strong focus on SME clients. As a challenger brand, the company offers services including Audit, Outsourcing, Tax, Corporate Finance and Wealth Management, to clients with turnover ranging from £10m to £200m. With offices in the Midlands and London, the firm boasts approximately 100 partners and 950 full-time employees.

Highlights

2022

Partnership with Waterland

Ambition

Organic Growth: Transition from a generalist to a specialist advisory firm, focusing on high-value clients and expanding into whitespace left by larger competitors

M&A Expansion: Geographic expansion through the acquisition of firms in major UK cities including London, Manchester and Leeds, while also acquiring specialists in niche accountancy service lines

2023

Acquisition of Haines Watts London and its associated audit and advisory businesses across the South-East and the Midlands. This acquisition adds 11 offices to Cooper Parry's footprint, tripling its workforce to 1,050 employees



"ESG is vital for sustainable growth and long-term value. We're committed to Net Zero by 2040, with 90% of our energy from renewables and a comprehensive carbon inventory. Our B Corp certification and dedicated Head

of Sustainability reflect our high standards. With a diverse workforce and strong social initiatives, we aim to lead the UK mid-market while making a positive global impact."

*Ade Cheatham,
CEO of Cooper Parry*

Environment



Carbon emissions reduction

- Commitment to reach Net Zero emissions for Scope 1 and 2 by 2028 and for all Scopes in 2040
- Reduction targets aligned with the Science Based Targets initiative, CP to officially join the initiative
- Decarbonization actions are discussed in a Roundtable of experts and include an Electrical Waste policy to ensure zero WEEE to landfill

Social



Diverse workforce

- Leading the industry in gender diversity with 53% female employees and 27% female board members
- Dedicated DEI co-ordinators and strategy in place
- Annual DEI questionnaire company-wide, consistently scoring an average of 8/10
- Participation in relevant pledges and initiatives including Menopause Workplace, Trans in the City and Stonewall Diversity Champions

Contribution to society

- Annual volunteering day and various fundraising events during the year (CP Bakeoff raising funds for Children in Need, Three Peaks Challenge raising funds for Tough to Talk)
- Committed to open conversations and proactive support for people with marginalized experiences

Employees

- Annual training for all employees covering various topics including data security and ESG
- Additional training offer and/or training budget

Governance



Certifications and ratings

- Bcorp certification, 84.3 Overall B Impact Score



Key measures

- ESG reporting on items such as quality, environmental and social impact
- Routinely conducting 3rd party voluntary cold file reviews on a sample of their audit files
- Dedicated Head of Sustainability appointment that reports to the members of the Board social impact



Focus on Environment **CLIMATE & CARBON**

While we monitor and engage on all relevant environmental topics, we have determined that, currently, climate change is the most important ESG theme for us, considering its growing significance in shaping investment strategies, risk management practices and long-term value creation.

We have rolled out a comprehensive approach for monitoring and managing CO₂ emissions across our portfolio, as laid out on the following pages.

> 95%

OF COMPANIES MONITOR
CO₂ SCOPE 1,2 AND 3

65

COMPANIES PROCURE
RENEWABLE POWER

33

COMPANIES MANAGING
CO₂ EMISSIONS



A key engagement topic: CO₂ emissions

Guided by



Key drivers

As awareness of the financial implications of climate change grows, there is heightened demand for transparency, disclosure, and robust management of climate-related risks and opportunities across investment portfolios – also from our investors. Also, regulators, policymakers, customers, employees and communities are placing increasing importance on the topic. They are looking to understand how organizations are addressing climate change and contributing to the transition to a low-carbon economy. By understanding the environmental impact of portfolio companies, we not only mitigate climate change related risks but also unlock opportunities for innovation, efficiency gains and long-term value creation.

Enhanced data collection from our portfolio

We have been able to consistently gather CO₂ emissions data across our portfolio by contracting a specialist carbon accounting platform. This tool has been rolled out across most of our portfolio companies over the past two years.

It utilizes spend-based carbon accounting to identify overall emission hotspots and activity-based accounting to drill down into specific operations. The method complies with all relevant frameworks and standards, notably including the Greenhouse Gas Protocol, which categorizes emissions into three scopes to differentiate between direct and indirect emissions.

The platform allows for an efficient assessment and frequent updates, which helps us to monitor the carbon performance of our fast growing portfolio companies.

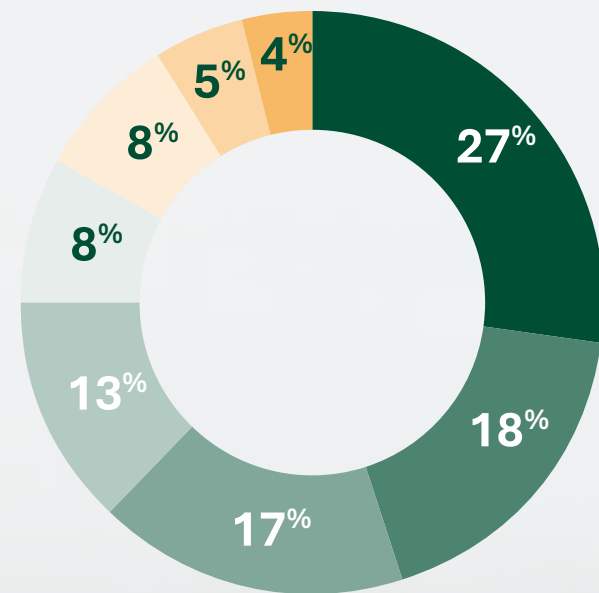
Enabling our Investment Team and portfolio companies

To upskill our Investment Team on assessing CO₂ emissions and developing decarbonization plans we and our specialist consultants initiate regular training sessions on the topic.

As indicated, we encourage the companies to measure the carbon footprint prior to conducting the ESG Review, to benefit from being able to discuss the emissions data - and the targets and pathways – in the workshops that form part of the ESG review process with the company.



Companies per sector (%)



- Services
- Technology & Communications
- Infrastructure*
- Resource Transformation
- Consumer Goods
- Food & Beverage
- Healthcare
- Transportation

According to the Sustainable Industry Classification System (SICS)
 * Infrastructure and utility services, property maintenance, and energy efficiency

Assessing emissions intensity

Waterland collected scope 1, 2 and 3 Greenhouse Gas emissions information from over 95% of our portfolio companies (that were eligible for reporting).

Waterland’s portfolio companies have an average emissions (Scope 1 and 2) intensity of 26 tonnes of CO₂e (CO₂ equivalent) per million Euros of revenues. The majority of our portfolio companies have relatively low emission intensities, as they are active in sectors like Services and Technology & Communication. Over 80% of our portfolio companies have an average emissions (Scope 1 and 2) intensity of 10 tCO₂e per million Euros of revenues, and over 55% of companies have emissions intensity below 10 tCO₂/EURm.

Sector	# Companies	% of Companies	tCO ₂ e / EURm
Services	22	28%	14
Technology & Communications	14	18%	7
Infrastructure	13	17%	5
Resource Transformation	10	13%	16
Consumer Goods	6	8%	4
Total	65	83%	10

The remainder of our portfolio companies, active in the Transportation, Food & Beverage, Health Care sectors, have an average carbon intensity of 53 tCO₂e per million Euros of revenues.

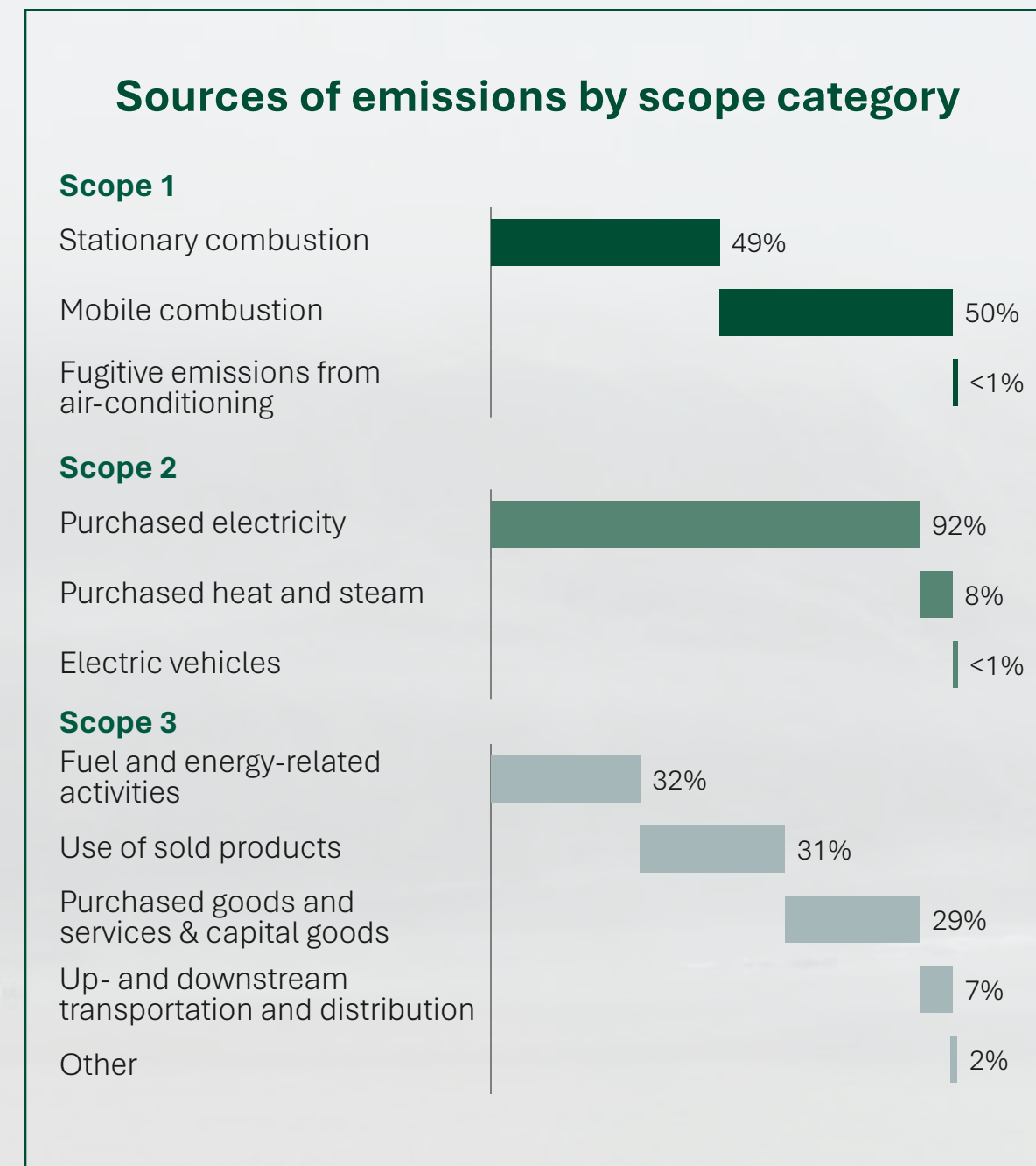
Sector	# Companies	% of Companies	tCO ₂ e / EURm
Food & Beverage	6	8%	54
Health Care	4	5%	33
Transportation	3	4%	85
Total	13	17%	53

These insights enable us to focus our engagement activities going forward.



Sources of emissions

By collecting data on all emission sources, our portfolio companies can determine where emissions can be reduced. We determined emission sources per Greenhouse Gas Protocol category scope 1, 2 and 3, and by source (see below).



Scope 3 emissions

Scope 3 emissions refer to all indirect emissions that occur in the value chain of an organization, including upstream and downstream activities. These emissions are generated from sources not owned or controlled by the organization but are associated with its activities, such as emissions from transport, purchased goods and services and use of sold products. Nevertheless, gathering reliable and consistent data on Scope 3 emissions is not yet flawless and certain exposures need to be estimated.

Depending on the industry, the impact of scope 3 emissions is sizable; typically representing around 90% of total emissions. Addressing Scope 3 emissions provides a more comprehensive assessment of an organization’s environmental impact. Managing it helps to mitigate reputational, regulatory and supply chain risks.

In the future, we would like to also consider “avoided emissions”, achieved through an organization’s actions to reduce or eliminate greenhouse gas emissions.

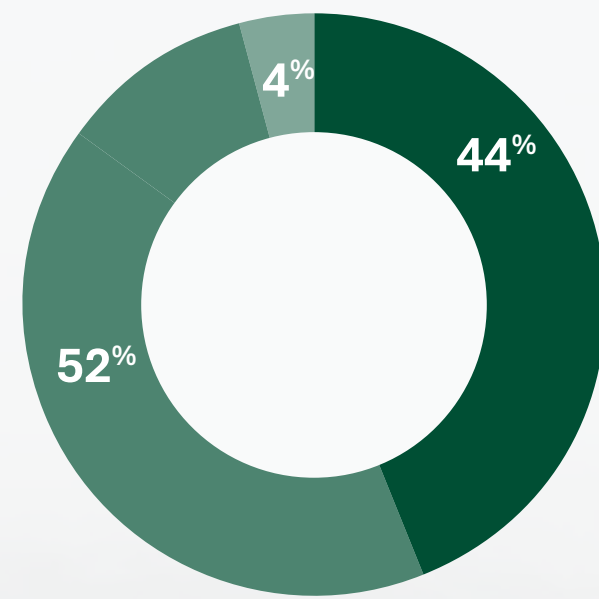
“With our services, we help both our clients and our planet. The productive life of modern laptops is six years, but many companies replace them after only three years. 80% of the carbon footprint of a laptop is related to its production. By extending the lifecycle of IT equipment to six years and potentially even more, we help avoiding scope 3 emissions by reducing the number of laptops produced.”



Maarten de Roos,
CEO Circular IT Group



Portfolio breakdown by status regarding greenhouse gas emissions



■ Managing

Reporting to be pursuing initiatives to decrease carbon emissions / set targets

■ Monitoring

Measuring carbon emissions

■ Not yet monitoring

Not yet started monitoring their carbon emissions

Setting targets

Waterland started to engage with portfolio companies on setting emission reduction targets, an engagement initiative that is still in an early phase. We plan to enhance our engagement on decarbonization targets over 2024 and 2025 and set out an ambition to have decarbonization targets in place for 75% of our portfolio companies by 2030.

Every new portfolio company is asked to compile a decarbonization pathway that is aligned with the Paris Accord targets together with a reputable 3rd party consultant. For our newest funds, these decarbonization pathways as well as related periodical performance reviews are subjected to a limited assurance audit.

Decarbonization pathways: making progress

Currently, 33 of our portfolio companies reported to have developed a decarbonization pathway. Many of our portfolio companies are making progress in implementing measures to reduce their emissions. For example, our portfolio company Nowocoat is

decreasing its CO₂ emissions by shifting to heat pumps, which has taken gas consumption to zero.

Some of our companies also choose to align with the Science Based Targets initiative (SBTi), one of the most stringent target-setting initiatives.

Our portfolio company Elk, a company that coordinates renovation and maintenance for social housing in the Netherlands, set Science Based Targets for its business operations in 2023 and decided on a carbon reduction plan towards 2030. A key finding from this exercise was that 81% of the carbon footprint currently stems from the procurement of building products, which can be substantially reduced by purchasing circular and/or sustainable materials, in consultation with its customers.

Looking ahead, we remain committed to driving sustainability and responsible investing practices across our portfolio. We will continue to work closely with our portfolio companies to set ambitious emission reduction targets, monitor progress, and report transparently on their environmental performance.

carton group



GERMANY / UK / ITALY



PACKAGING



9 LOCATIONS



420+ EMPLOYEES



DIGITALIZATION & OUTSOURCING

Leading the Way in Sustainable Packaging

WE ARE RESPONSIBLE

Company profile

Leader in providing high value-add sustainable packaging solutions to regional and international customers. The foundation of Carton Group was established with the investment in Leupold, a folding carton manufacturer based in Schwabach, Germany, in August 2020. Leupold's expertise in high-end finishing products for industries such as personal care and consumer electronics, coupled with modern machinery and efficient production processes, set the stage for Carton Group's growth.

Highlights

2020

Partnership with Waterland

2023

Increase international expansion with four investments to nine locations across Germany, Italy and the United Kingdom and significantly expanding its expertise in brand knowledge, design skill, rapid prototyping and complex logistics

Ambition

With global locations and a flexible approach, Carton Group aims to deliver real value for brands, people and the environment, fully prepared for the future

2021

Carton Group expanded its portfolio with the addition of Strobel, known for its focus on sustainability and climate neutrality in the development and production of folding cartons

Today

Over 420 employees and expectation is to generate sales exceeding €130 million in 2024



"As CEO of Carton Group, I am proud of our company's dedication to sustainability and excellence. How do we want to live in the future? And what do high-quality die-cut packaging and smart supply chains have

to do with it? What we do today determines what the world will look like tomorrow. It sounds simple, but it is quite challenging. A lot depends on it – perhaps everything. That's why, years ago, we already started questioning the designs, processes and materials we use, optimising them for sustainability, for our customers and for the future of our planet. As we continue on our journey, we remain committed to driving innovation, fostering a culture of sustainability and delivering real value for brands, people and the environment."

*Andrea Wildies,
CEO of Carton Group*

Environment



Sustainable packaging solutions

- Smaller, optimized box sizes and shapes, reduced use of foils and colors and the elimination of plastic components
- Replacement of more than 35 million plastic packaging components with fibre-based solutions
- Investing in a new cold foiling unit, resulting in substantial savings in metalized PET film usage in hotfoil stamping
- Packaging now 99% paper-based products with a very high theoretical and practical circularity value. Plastic-based products replaced with paper

Carbon emissions reduction

- Move to 100% green electricity and gas, incorporating solar energy production
- Investing in systems to include a comprehensive CO₂ emissions disclosure on all new product quotations

Social



Diverse workspace

- Offer meaningful job opportunities to every workforce member within an inclusive and diverse work environment
- Implementation of semi-annual employee surveys for feedback
- Track diversity metrics, provide training and policy development

Safe workspace

- Implementation of group-wide working conditions policy and a safety steering group to enhance safety
- Launch a company sports program for wellbeing
- Enhance governance structures to proactively prevent human rights violations and address any negative consequences when they occur

Build trust with local communities

- 100% of our sites engaged in community activities each year
- Establish partnerships with a defined number of local organizations (e.g., two partnerships per year) to collaborate on community projects

Governance



Ratings and certifications

- Awarded with prestigious EcoVadis Gold status for its Schwabach, Strobel and Wrapology site, certifying it as a top performer in ESG practices within its industry
- German Packaging Award for Sustainability for its innovative dental floss packaging made entirely of carton, without any plastic components
- ISO14001 certificate in place (Environmental Management System certification)

Key measures

- Implementing Green Carton: Action Plan 2030
- Implementing new environmental reporting standards across group, implementing sustainable procurement policies and social and environmental clauses in supplier contracts



Focus on SOCIAL INCLUSION, DIVERSITY AND EMPLOYEE ENGAGEMENT

In 2023 we monitored the standard Social indicators across the portfolio. Diversity, equity & inclusion and employee engagement are key topics that our portfolio companies can focus on to create value.

~19%

AGGREGATED GENDER DIVERSITY ON BOARD

33

COMPANIES WITH AT LEAST 20% WOMEN IN LEADERSHIP TEAM

68

COMPANIES MONITORING GENDER PAY GAP

46

COMPANIES CONDUCTING EMPLOYEE ENGAGEMENT SURVEYS



Monitoring gender diversity and employee engagement in our portfolio

Focus on people

For the majority of our portfolio companies, people are the key assets. With virtually all of our portfolio's operations based in Europe, our companies are subject to European labor standards and regulations. And due to the nature of the businesses, most of our companies do not have a high exposure to occupational health and safety issues.

Yet, Waterland aims to achieve and maintain the highest levels of health and safety across the portfolio. We also expect our companies to ensure equal opportunities and inclusion practices. We aim to establish and maintain a culture of fairness and personal growth and we encourage diversity.

Monitoring the standard Social metrics

Our companies are asked to monitor and report to us the key social statistics, including the number of employees and the number of net new hires, as well as all the relevant other metrics. These include: work related injuries and fatalities, gender diversity in the leadership; unadjusted gender pay gap and employee engagement efforts.

Upon acquisition these topics are introduced to the company (in so far they have not already been addressed by the company before our investment) and they receive special attention in the ESG review. As part of the ESG review the company's performance is benchmarked and management is encouraged to set targets on the most relevant metrics.

Target setting

We encourage companies to bring their performance in line with best practice in their markets (or top quartile of their relevant peer group) and suggest targets for each metric (e.g. at least 20% gender diversity in the top level of the organisation). A number of companies in our portfolio are actively pursuing employee engagement initiatives, conduct regular employee surveys and/or align with initiatives like Great Place to Work.



Focus on Governance ESG MANAGEMENT

We ask all our portfolio companies to assign ESG responsibility in their boards, discuss ESG in their board meetings and implement relevant ESG related policies. In addition we encourage companies to consider ESG related certificates such as B-Corp.

> 94%

OF COMPANIES HAVE
ESG RESPONSIBILITY
IN THE BOARD

15

COMPANIES HAVE
ESG RELATED
CERTIFICATES

> 80%

OF COMPANIES HAVE A
DATA SECURITY AND
PRIVACY POLICY

> 80%

OF COMPANIES HAVE
AN EMPLOYEE CODE OF
CONDUCT



Implementing governance structures and processes

Relevant frameworks and certificates that have been embraced by companies in our portfolio



Supporting our companies

Waterland has helped its portfolio companies with implementing governance structures and practices since its inception. Specific to ESG, we have started asking new companies to assign ESG responsibility in their boards and discuss ESG in their board meetings. The Investment Team ensures they do.

The companies' (ESG) governance practices are assessed as part of the ESG review. In these reviews we also verify if the company has the relevant policies in place.

ESG related policies

The list of policies that we include in this assessment covers topics including: privacy & data security; employee code of conduct; supplier code of conduct; whistleblowing; health & safety; anti bribery & corruption; human rights; anti-discrimination and equal opportunities.

ESG related certifications

A growing number of companies in our portfolio embrace certain ESG related governance or other sustainability initiatives and certifications, including EcoVadis and B-Corp. Waterland encourages its portfolio companies to consider - and if appropriate sign up to - the most relevant frameworks, and supports them in their efforts.

Companies are asked to disclose ESG KPIs through the annual ESG reporting and to monitor the full list of ESG metrics, notably including those related to cybersecurity and data privacy.

In addition, companies are encouraged to select one to three additional KPIs that are relevant for the company and to also report on those.



IRELAND / UK / SWEDEN / FINLAND



ACTIVE FIRE SUPPRESSION



18 LOCATIONS



570 EMPLOYEES



DIGITALIZATION & OUTSOURCING

Driving Innovation and Growth in Fire Safety

WE ARE COLLABORATIVE

Company profile

Writech is a leading Irish headquartered fire safety engineering group with a European footprint. The company designs, manufactures, installs and services fire protection and security systems. The ultimate goal of all of the company's activities is to keep people and property safe, by protecting them from fire and security hazards in their working environment.

Writech serves a wide range of end-markets, with a particular strength in challenging mission-critical settings such as data centres, life sciences and logistics. It has established itself as a specialist in delivering complex engineered fire safety solutions of exceptional quality within industry-leading timeframes.

Highlights

2021

Partnership with Waterland, allowing for growth both organically and through acquisitions

Future

Better serving our customers with a more comprehensive product offering and achieving leadership positions in key international markets through a buy-and-build approach

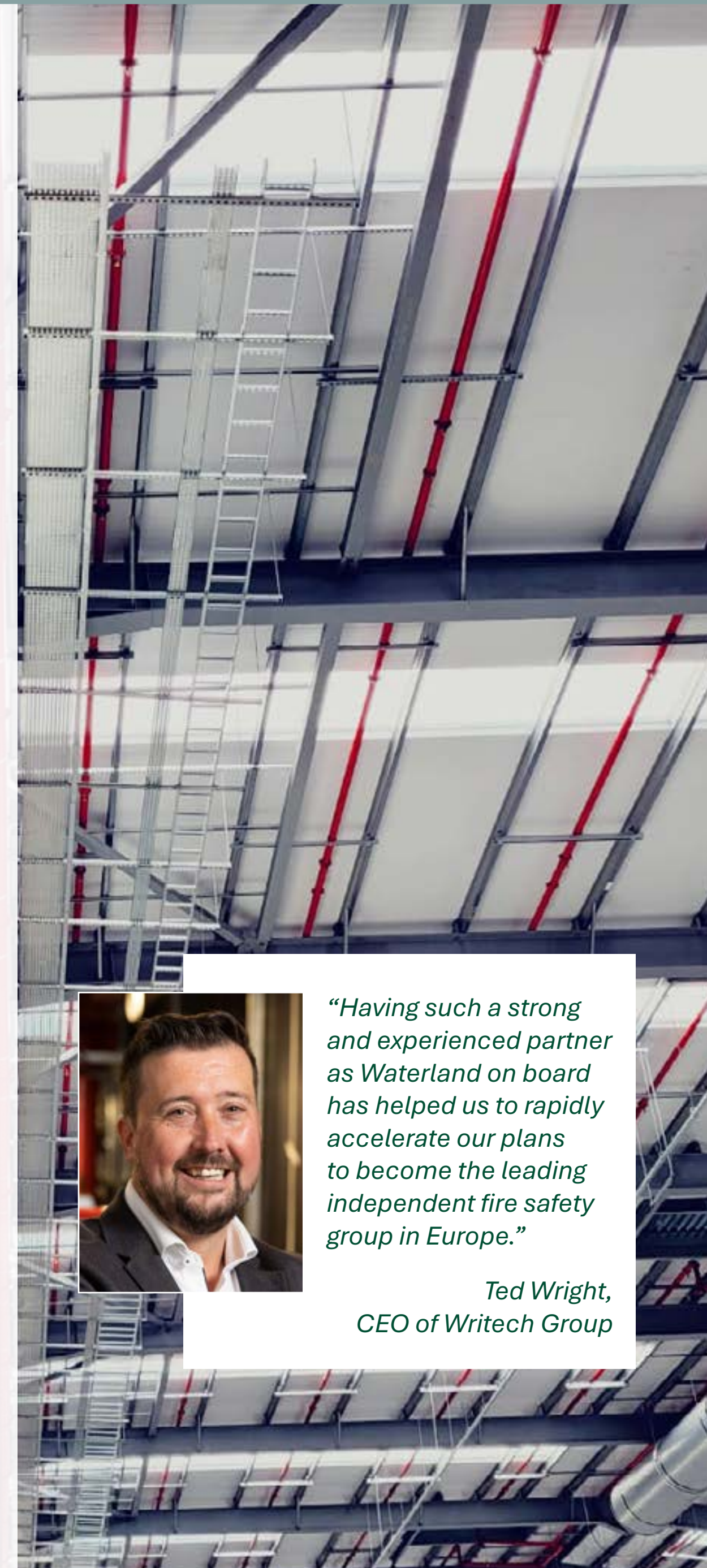
Today

8 strategic investments to date in Ireland, the UK, Sweden & Finland, across the full product range of fire suppression, fire detection and security systems



"Having such a strong and experienced partner as Waterland on board has helped us to rapidly accelerate our plans to become the leading independent fire safety group in Europe."

*Ted Wright,
CEO of Writech Group*



Environment



Carbon emissions reduction

- Firm commitment to decrease scope 1 and 2 CO₂ emissions by at least 25% by 2030
- 440 solar panels installed on Writtech's main facility in Mullingar generating c. 150,000 kWh / year and avoiding c. 71 tons of CO₂ emissions / year
- Implementation of Sustainable Travel Policy to reduce the emissions linked to employee commuting
- Promotion of virtual meetings, vehicle pooling, electric and hybrid vehicles
- Other measures in place include: fully digital invoicing, recycling of materials from workshops and warehouses, sensor lighting

Environmental compliance

- Writtech has achieved ISO 14001 certification for its environmental work. This certification evidences Writtech's compliance with all applicable environmental laws and regulations. It proactively seeks to comply with and exceed, environmental and building codes in each of the markets in which it operates.
- The company is taking environmental consideration into their product design process

Social



Diverse workforce

- Commitment to promote diversity and inclusion ensuring that female senior managers represent at least 25% of the senior management team
- Implementation annual DEI survey

Contribution to society

Writtech Ireland is a key corporate sponsor of Westmeath GAA, a major amateur sports club in its local community.

Governance



Ratings and certification

In addition to ISO 14001 certification, Writtech has also secured ISO 45001 and ISO 9001 certification, evidencing the quality of management controls in place in the Group.

Key measures

- Personal responsibility by Chair member of the Writtech Board for leading ESG initiatives throughout the Group, supported by the Group Head of HR
- Implementation of a new ESG reporting system which tracks 11 key social indicators on a monthly basis for each of the company's subsidiaries
- Implementation Supplier Code of Conduct and ESG Policy
- Materials sourced from Preferred Supplier List



OUR OWN ESG PERFORMANCE

We walk the talk on ESG: along with progressing the ESG performance in our portfolio, we are taking steps to improve our own.

Where we stand

Waterland has been on the ESG journey for over ten years and in 2022 we made a significant step up in our Responsible Investment commitments and in our approach to integrate ESG in our investment processes. In 2023 we invested a considerable amount of resources in implementing the enhanced ESG management practices across our activities, led by an ESG Team of three dedicated professionals and with substantial contributions from members of the ESG Committee and the ESG Ambassadors.

The publication of this first Responsible Investment Report has been one of the most important internal ESG objectives, as well as the expansion of our in-house ESG capabilities and driving progress on our ESG performance.

2023 also marked the launch of our first Article 8 flagship fund; we contracted another Sustainability Linked bridge facility and updated the associated ESG KPIs; and we improved our PRI score.

Looking ahead into 2024, our updated internal policies related to office management and travel will come into effect; we will grow our ESG Team and will continue to increase our efforts into ESG integration.

In my day-to-day work I focus on supporting our DACH portfolio to improve their operating performance, including ESG. For me it is the right thing to also strive for continuous enhancements on ESG in our own operations. The topic is close to my heart and I enjoy helping to make our internal practices more sustainable.



*Simon Clausen, Portfolio Director,
ESG Committee member, Munich*



Focus on Environment CLIMATE & CARBON

Waterland annually measures its greenhouse gas emissions from its own operations considering key frameworks like the Greenhouse Gas Protocol and specific guidance for the private equity industry.

In 2023 we set ourselves the target, using the 2022 emissions as the baseline, to decrease scope 1 and 2 emissions by 80% by 2030.

2,465

tCO₂e WATERLAND'S OWN EMISSIONS (SCOPE 1,2,3)

100%

OF AIR TRAVEL ON SUSTAINABLE AVIATION FUEL (SAF)

> 65%

EVs IN LEASE FLEET

100%

OF CO₂ EMISSIONS COMPENSATED WITH HIGH QUALITY OFFSETS

13

tCO₂e PER FTE EMISSIONS INTENSITY



We are steadily progressing our efforts to reduce our emissions.

Various measures already show positive impact. We achieved a decrease of scope 1 emissions by 29% due to implementing a corporate electric vehicle only policy. And scope 2 emissions could be decreased by 64% as a result of our offices switching to renewable energy.

Most of our emissions are related to scope 3, “value-chain” emissions, for example from purchased goods and services and business travel. Our scope 3 emissions (excluding financed emissions) increased by 19% versus 2022. This increase is driven by activities related to the launch of our new flagship fund, as well as by our FTE growth, leading to more travel and the requirement to rent more office space. Nevertheless, our emissions intensity per FTE declined from 15 to 13 tCO₂e between 2022 and 2023.

Sustainable Aviation Fuel

The increase in scope 3 emissions was partly offset by our decision to purchase a sizeable amount of Sustainable Aviation Fuel (SAF), covering all our flights, which brought our business travel emissions down by 30%.

Sustainable Aviation Fuel is the only way to significantly reduce aviation emissions in the foreseeable future. SAF is produced from sustainable feedstocks and reduces the lifecycle CO₂ emissions by at least 75% compared to fossil jet fuel.

Offsetting

Waterland has offset its internal CO₂ emissions (scope 1, 2 and 3) since 2020, by procuring high quality certified offsets from Trees for All.

Trees for All invests donations for carbon offsets in social reforestation projects with a wide impact. The trees they plant capture carbon from the atmosphere and ensure more biodiversity and job opportunities. The farmers receive training in sustainable land use and in combining native trees with other crops; a method known as agroforestry.



Trees for All



Focus on SOCIAL INCLUSION, DIVERSITY AND EMPLOYEE ENGAGEMENT

Waterland's international team comprises Investment Professionals, a Performance Improvement Team, and Central Services staff.

187

TEAM MEMBERS

> 20

NATIONALITIES

2

FEMALE PARTNERS
(OF 15 TOTAL IN
PARTNER BOARD)

27%

FEMALE TEAM MEMBERS



At the end of 2023, we employed a total of 191 employees (187 FTE), working from 13 offices spread around Europe. We are still growing and are constantly on the look-out for new and diverse talent. On a yearly basis, we also offer on average 30 interns the opportunity to get to know the world of private equity.

We stimulate an inclusive culture, diversity and equal opportunities within our firm. We are working on improving the diversity figures at Waterland and have included diversity and inclusion considerations in our talent management and recruitment process, via initiatives such as mentoring, a buddy system and targeted job postings.

Moreover, we support the Level20 initiative, a non-profit organization that aims at increasing the number of women working in private equity through mentoring, research, HR modules and events.

Waterland is dedicated to ensuring that its employees are aware of their professional obligations related to ESG, by providing them with training aimed at raising awareness on relevant ESG topics and by providing tools and information (the ESG Handbook) required to act in line with industry standards and Waterland's Responsible Investment Policy.

“At Waterland Private Equity, we believe in sculpting business success through a diversity of talents, where every individual is a vital piece. Our commitment to continuous learning and development is not just a strategy; it is a culture that fosters growth and innovation. Together, we embrace differences, empower voices and navigate towards a responsible and sustainable future where every perspective is valued and celebrated.”

*Wouter van Linden,
Head of HR, Antwerp*





Waterland supports Rewilding Europe as our company-wide charity project. In addition, each office supports a local charity.

WATERLAND'S SPECIFIC CONTRIBUTION

VELEBIT MOUNTAINS - CROATIA

Creation of a large wildlife corridor where rich assembly of wildlife species can roam, connecting forests to two national parks: North Velebit and Paklenica.

IBERIAN HIGHLANDS - SPAIN

Landscape rewilding and conservation of old growth forests, with certified and monitored carbon, biodiversity and social impact.

**Rewilding
Europe**

Our charity programme

After supporting Doctors Without Borders for a few years, we selected Rewilding Europe as our preferred company-wide charity based on a number of criteria:

- Nature-based, cost-effective and uncontroversial solutions to combat climate change and promote biodiversity.
- Impactful developments that are proven to have large potential but require funding to scale up.
- European focus: while climate change is a global issue, Waterland addresses regional concerns.
- Innovative approach: leveraging commercial funding through the sale of carbon credits and biodiversity credits (through the entity Rewilding Climate Solutions), demonstrating an entrepreneurial spirit that resonates with Waterland's values.

Local initiatives

In addition, Waterland extends its commitment to social responsibility through the backing of 14 local initiatives, selected by the respective local offices, ensuring a direct involvement of the local teams in the selection process.

The culture of Waterland strikes a balance between professionalism and a friendly, collaborative atmosphere. In 2023 I was involved in supporting the ESG Team with implementing the ESG approach throughout the organization. It's inspiring to witness the enthusiasm surrounding this topic and I'm excited to see more initiatives come to fruition in the upcoming year.



Diona Holst,
Office Manager, Barcelona



Focus on Governance ESG MANAGEMENT

Good governance practices have been a priority for Waterland since its establishment in 1999. We actively review and update our governance structures and policies to ensure alignment with regulatory criteria and industry standards.

100%

OF WATERLAND
STAFF TRAINED
ON COMPLIANCE

1ST

RESPONSIBLE
INVESTMENT
REPORT PUBLISHED

Having been involved in the journey of Waterland since 2006 and as one of the few women in a senior role, I am glad to see that a lot of progress has been made. We have a culture where we are open to input from all team members, and we value short communication lines. I am happy to work in an environment where responsible investing is a core element.



*Judy Martins,
Head of Legal & Compliance*



Our policies, procedures and internal controls at Waterland are designed to ensure compliance with applicable laws and regulations as regulated fund manager and are reviewed and updated on a regular basis.

Code of Conduct

Our Code of Conduct policy outlines Waterland's measures to mitigate and manage compliance risks, integrity risks and the prevention of and fight against bribery, fraud and corruption, including anti money laundering and terrorist financing, in all its operations and activities.

As a regulated fund manager under AIFMD, Waterland strives at carrying out its operations with the highest integrity and in compliance with Waterland Group Policies, the Code of Conduct of Invest Europe, applicable laws and regulations as well as best market practices. With the release of the ISO standard 37001 concerning anti-bribery management systems in 2016, Waterland introduced this Code of Conduct to provide its Team Members with guidance on expected behavior when active for the Waterland Group.

Compliance

It is the policy of Waterland to actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with applicable anti-money laundering laws and regulations such as the EU Anti-Money Laundering Directives.



Relevant regulatory requirements

EU SFDR

The EU SFDR requires financial market participants to provide information to investors and public transparency through website disclosure on the integration of sustainability risks, the consideration of principal adverse sustainability impacts (“PAI”) and the remuneration in relation to sustainability risks.

Pursuant to Article 3 of the EU SFDR, Waterland is required to disclose the way sustainability risks are integrated into the investment decision-making process. Sustainability risk means an environmental, social or governance event that, if it occurs, could cause an actual or potential material negative impact on the value of the investment. These risks are considered throughout the lifecycle of the investment process as they represent an opportunity to maximize long-term risk-adjusted returns.

During the pre-deal phase all relevant ESG elements are taken into account. As defined under and in accordance with Article 4 of the EU SFDR, Waterland assesses the impact of their investment decisions by performing a PAI analysis for all platform investments by completing the SFDR Annex I form.

Article 8 Funds

Waterland’s first Article 8 Fund was set up as a dedicated fund for the purpose of investing in our portfolio company Partou, the largest provider of high-quality childcare in the Netherlands. Waterland’s latest flagship fund (WPEF IX) and Waterland Partnership Fund I (WPF I) are also Article 8 funds.





Waterland secured a first ESG linked Equity Bridge Facility for our eighth Fund in 2021, and a second one for our Fund IX in 2023.

Sustainability
Linked Loan
Principles

In 2021 Waterland and a group of three banks comprising Natixis, ABN Amro and Rabobank closed a €500m Equity Bridge Facility linked to ESG targets for WPEF VIII, the fund we closed in 2021.

This was Waterland's first ESG Equity Bridge Facility, evidencing our desire to positively contribute to a sustainable future for businesses, society and the environment. This Equity Bridge Facility provides WPEF VIII with the flexibility to efficiently manage its investments while matching investors' capital calls frequency thus ensuring sound management of working capital and liquidity.

The facility is governed by a set of ESG KPIs, one tied to the management company and others reflecting Waterland's engagement with portfolio companies:

- Carbon footprint assessment and reduction path;
- Gender diversity in the board;
- ESG integration into governance;
- Waterland ESG leadership score (entity level).

In return, the funds benefit from a reduction in margin on the facility upon meeting those KPIs, reflecting the lenders' own ESG support and commitment. For the ESG Equity Bridge Facility for our Fund IX a similar arrangement has been agreed in 2023.

“To meet our Sustainable Development Goals and Paris Climate agreement, the linkage between finance and sustainability is key. Private equity plays a crucial role in the integration of environmental, social and governance policies in invested companies. Waterland has a long track record of ESG integration, helping companies to become future-proof and showing leadership in the field of responsible investing.”



The linkage of ESG-related KPI's to the bridge facility of Waterland is a reflection of that leadership. Rabobank was honored to be the sustainability coordinator for this ESG-linked facility.”

*Daniël Poolen,
Head of Sustainable Capital Markets,
Rabobank*



In 2017, the TCFD released climate-related financial disclosure recommendations to help companies provide better information.

As a signatory to the UN PRI, we support reporting in line with the TCFD reporting recommendations.

TCFD

Governance

To anchor climate-related principles across the organization's culture and investment activities, Waterland has developed internal governance structures and compliance processes with multiple partner-led committees. Relevant climate-related decisions are taken on Partner Board and Executive Committee level, advised by the ESG Committee. Concerning investment and divestment decisions, the Investment Committee is the main decision-making body and consists of statutory board members.

Waterland's dedicated ESG Team provides regular ESG trainings to the Investment Team and gives advice when assessing climate-related risks and opportunities of new investment opportunities.

A description of our governance process can be found in chapter 2: How We Are Organized.

Strategy

Climate change is an integral part of our Responsible Investment approach. Waterland takes climate-related information into account across the entire investment cycle. A detailed description of our Responsible Investment approach can be found in chapter 2: ESG integration in the investment cycle.

Also prior to taking an investment decision, climate considerations are considered, as outlined in chapter 3: Assessing climate change in our portfolio and in chapter 4: Addressing climate change across our operations.

Medium-term risks and opportunities related to climate are assessed as part of the pre-investment due diligence.

Short-term and medium-term climate-related risks and opportunities are managed as part of our standardized post-investment engagement activities. Newly acquired company will assess their carbon emissions and develop a decarbonization

pathway. Related measures are considered, analyzing impact, timelines and costs.

As part of our climate-related considerations, we set ourselves targets. These targets also include portfolio objectives including the availability of emissions reduction targets across our portfolio. Executing these pathways can be considered a medium to long term ambition.

Risk management

As described in Waterland's Responsible Investment Policy, climate-related risks are identified and assessed as part of the due diligence process as well as during our annual ESG reporting cycle that also considers ESG progress updates of our portfolio companies. Among other frameworks, the risk assessment is advised by the SASB materiality finder.

Additional details of our ESG approach can be found in chapter 2: ESG integration in the investment cycle.

Metrics and Targets

Waterland strives to:

- Reduce its absolute Scope 1 and Scope 2 GHG emissions by 80% by 2030 from a 2022 base year.
- Achieve that 75% of Waterland's portfolio companies have set (Paris-aligned) decarbonization pathways by 2030.

Waterland's own and Waterland's portfolio GHG emissions are reported in line with the GHG Protocol, see chapters 3 and 4.

Climate related metrics are also included in the sustainability linked financing facility of WPEF VIII and WPEF IX.

Additional company specific climate related metrics are included in each portfolio company's ESG reporting that is annually updated.

Selected objectives for 2024

We look forward to continue accelerating our progress



Enhance in-house ESG capabilities

We look to further expand our ESG Team in 2024 and further develop the ESG capabilities of the Investment Team by providing them with periodic training and support.

Drive progress in the portfolio

In 2024 we will increase the focus on ESG-related value creation in our companies by providing tools and support to progress on CO₂ reduction, as well as on inclusion, diversity and employee engagement and ESG Management.

Continue to ensure regulatory compliance

The majority of our portfolio companies will be subject to the Corporate Sustainability Reporting Directive (CSRD) and in 2024 will take steps to comply. Also we will make more investments into our flagship Article 8 fund (WPEF IX), which comes with additional attention on SFDR compliance.

Further align with the investor community

Maintaining our focus on our core value creation strategy, we will continue to strictly adhere to our responsible investment commitments. In 2024 we will continue the dialogue with the investor community both through direct interaction, as well as through platforms like Invest Europe.

Improve our own ESG performance

In 2024 we will continue to monitor and endeavor to improve our internal ESG practices, notably those related to our focus areas.

**For more information please visit our website:
<https://www.waterlandpe.com/contact-us/>**

GLOSSARY

AIFMD (Alternative Investment Fund Managers Directive): An European Union (EU) regulation that applies to alternative investments.

B-Corp: A certification provided by the nonprofit organization B Lab to businesses that meet rigorous social and environmental standards. B-Corps are required to consider the impact of their decisions on various stakeholders, including workers, communities, and the environment.

Climate Analytics: A global climate science and policy institute engaged around the world in driving and supporting climate action aligned to the 1.5°C warming limit.

CSRD (Corporate Sustainability Reporting Directive): An European Union (EU) legislation, effective from 5 January 2023, that requires EU businesses - including qualifying EU subsidiaries of non-EU companies- to disclose their environmental and social impacts, and how their environmental, social and governance (ESG) actions affect their business.

DE&I (Diversity, equity and inclusion): As a discipline, DEI is any policy or practice designed to make people of various backgrounds feel welcome and ensure they have support to perform to the fullest of their abilities in the workplace.

EcoVadis: A sustainability framework that provides performance ratings for companies within global supply chains.

EDCI (ESG Data Convergence Initiative): An open partnership of private equity stakeholders committed to streamlining the private investment industry's historically fragmented approach to collecting and reporting ESG data.

ESG (Environmental, Social, and Governance): ESG factors are used to evaluate the sustainability and ethical impact of investments. Environmental factors consider a company's impact on the environment, social factors assess its relationships with employees, communities, and customers, and governance factors evaluate its leadership and management practices.

GHG Protocol: An internationally credible methodology for the calculation of Scopes 1, 2 & 3 emissions which can be used in mandatory and voluntary reporting frameworks.

Great Place to Work: A global leader in workplace culture, helping organizations create a consistently and overwhelmingly positive employee experience.

Human Freedom Index: The state of human freedom in the world based on a broad measure that encompasses personal, civil, and economic freedom.

ISO 37001: An anti-bribery management system (ABMS) standard for organizations.

ISS (Institutional Shareholder Services): A global provider of independent and objective shareholder meeting research and recommendations, providing multiple voting policy choices as well as end-to-end workflow solutions for institutional investors.

Level 20: A not-for-profit organization founded with the aim of improving gender diversity in the private equity industry.

Morningstar Sustainalytics: A leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies.

MSCI (Morgan Stanley Capital International): A firm that provides investment data and analytics services to investors.

NGFS (Network of Central Banks and Supervisors for Greening the Financial System): A group of Central Banks and Supervisors willing, on a voluntary basis, to exchange experiences, share best practices, contribute to the development of environment and climate risk management in the financial sector, and to mobilize mainstream finance to support the transition toward a sustainable economy.

SAF (Sustainable aviation fuel): An alternative fuel made from non-petroleum feedstocks that reduces emissions from air transportation. SAF can be blended at different levels with limits between 10% and 50%, depending on the feedstock and how the fuel is produced.

SASB (Sustainability Accounting Standards Board): Standards that identify the sustainability-related issues most relevant to investor decision-making in 77 industries.

SBTi (Science Based Targets initiative): A corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

SFDR (Sustainable Finance Disclosure Regulation): It mandates ESG disclosure requirements for asset managers and other participants in financial markets.

Scope 1: Direct emissions due to owned, controlled sources accounted for using GHG Protocol.

Scope 2: Indirect emissions due to purchase of electricity, heat, steam, etc. accounted for using GHG Protocol.

Scope 3: All other indirect emissions accounted for using GHG Protocol, including both upstream and downstream emissions.

TCFD: A set of recommendations to assist companies in better accounting for climate-related risks in their financial and mainstream disclosures.

The Paris Agreement: A legally binding international treaty on climate change. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. It entered into force on 4 November 2016.

UN PRI (United Nations - Principles for Responsible Investment): Principles that promote sustainable investment through the incorporation of environmental, social and governance factors into investment decision-making.

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