

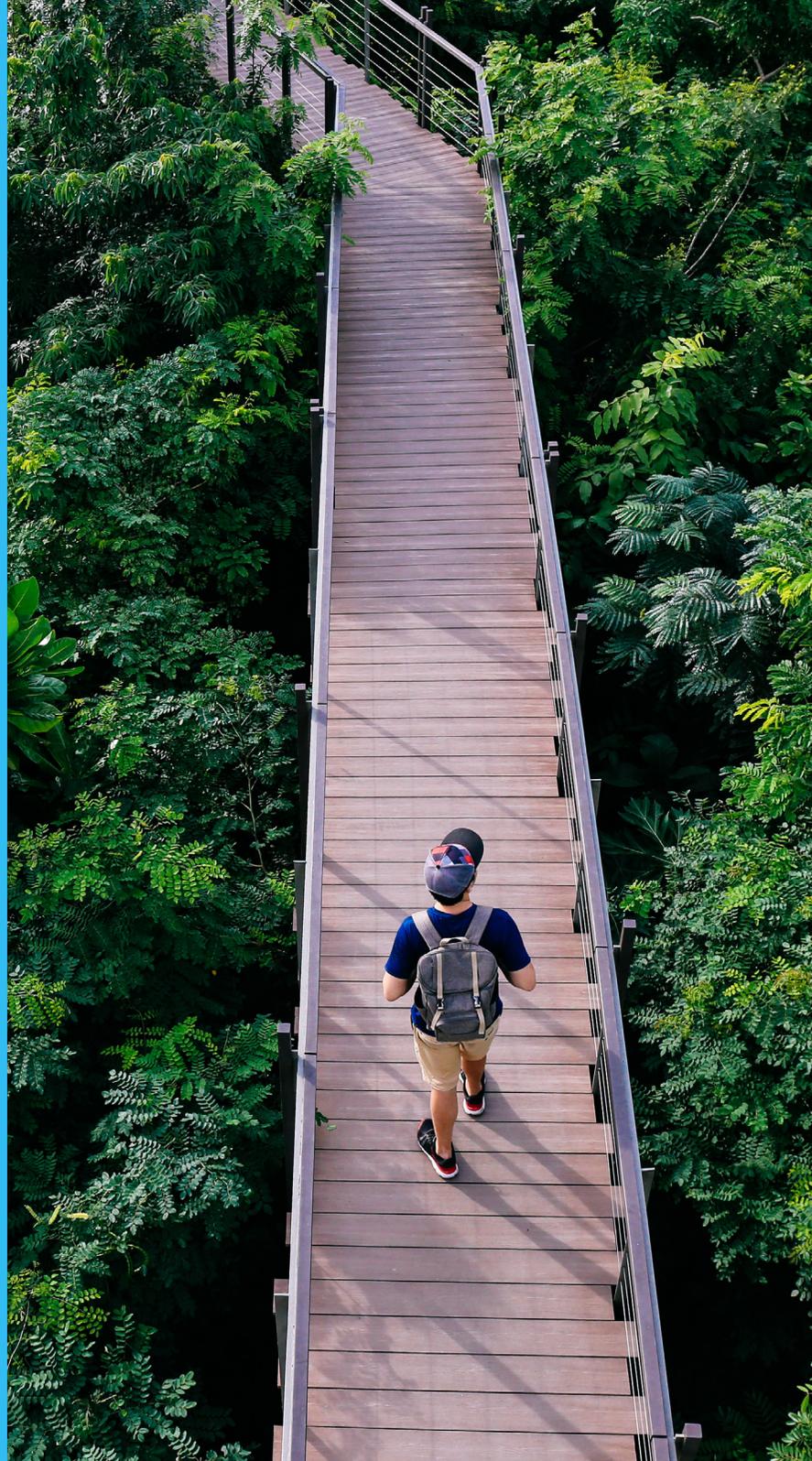


**Making great businesses**  
*even better*

We work together with our portfolio companies to manage environmental, social and governance (ESG) issues and make great businesses even better. To us, that is responsible investing.

### About this report

This is the first annual ESG Report published by Inflexion Private Equity Partners. It aims to outline our approach to ESG within the firm and how we manage ESG across our portfolio. This report focuses on how our approach has evolved and is an important milestone in demonstrating our commitment to transparent reporting. All data in this report is correct as at 31<sup>st</sup> March 2023.



## Contents

- 02 Inflexion at a glance
- 03 Letter from our Managing Partners

### Responsible investment

- 05 Meet our ESG Director
- 06 The big picture
- 07 Our sustainability journey
- 08 ESG embedded in the investment process
- 09 The Inflexion ESG Framework
- 10 Understanding our impact
- 11 Alignment with standards

### Accelerating ESG

- 13 Driving value in the portfolio
- 14 Environment
- 20 Social
- 26 Governance
- 30 Key performance indicators
- 32 Looking forward

### Backing communities

- 34 The Inflexion Foundation in numbers
- 35 Foundation in action
- 36 Pro-bono and fundraising

## An active and *diverse firm*

**£8bn**

funds under management

**6**

investment sectors

**3**

fund strategies

**>£950m**

current portfolio combined EBITDA

**£5.5bn**

realised value to date

**41%**

employees are female

**59%**

female new joiners in the last two years

**20%**

employees from ethnic minority backgrounds

## A large portfolio with *global reach*

**50**

businesses in the current portfolio

**57**

exited businesses

**34,000**

people are employed across the portfolio

**40%**

employees across the portfolio are female

**430+**

portfolio acquisitions completed across 27 countries

**160**

countries reached by our portfolio

# Letter from our Managing Partners



As we rapidly approach our 25<sup>th</sup> anniversary, we are pleased to say that Inflexion has become one of the most active private equity investors in its market. Currently working with 50 fantastic businesses across six key sectors, we understand that this also puts us in a uniquely privileged and important position – to be able to accelerate positive systemic change.

## Making great businesses even better

It is at the heart of Inflexion to back market leading businesses led by ambitious management teams and help them to achieve their potential. But now more than ever, businesses must also be agile and ambitious with their ESG strategies to increase resilience, secure their 'licence to operate' in the long term, future-proof their strategies and teams, and protect their earnings.

With dedicated in-house expertise, we support our portfolio companies on their journeys towards ESG excellence, helping them to understand the impact they are having so they can reduce the negative and accelerate the positive.

In particular, we are helping our companies to focus on climate action, foster a diverse and engaged workforce, and manage data responsibly. We are delighted that a number are striving for B Corp certification (with one

succeeding in February 2023), a sign of the positive strides we are making in nurturing businesses that grow profit through purpose.

## Building strong foundations

In 2021, we established the Responsible Investment Steering Committee, tasked with overseeing the firm's development and implementation of ESG best practice inside Inflexion and across the portfolio. Then in 2022, we were thrilled to appoint our first ESG Director, Jennie Galbraith, to help lead the ESG programme. A leading expert in sustainability, Jennie was a founding force behind the Institute of Corporate Responsibility and Sustainability, where she currently serves as Chair. She is already deeply engaged with our portfolio to improve their ESG impacts and is driving further integration of ESG in the investment process.

## Looking forward

We firmly believe that ESG excellence is not an outcome but a process. To be effective, ESG must consider the needs of a wide range of stakeholders, and these needs naturally shift over time. At Inflexion, we are determined to stay at the forefront of what society and the planet demands of us. As such, we are in the process of aligning our reporting with the recommendations of the Taskforce for Climate Related Financial Disclosures as set out by the Financial Stability

Board. These recommendations have been set out to promote better disclosure and transparency to help investors, lenders and others to make better financial decisions in the face of climate-related financial risk. You can find out more about our approach to this on [page 19](#), and we look forward to reporting on our progress more fully in the next annual ESG Review.

By the same token, our next fund will be 'Article 8' under the Sustainable Finance Disclosure Regulation (SFDR) framework. SFDR Article 8 funds are those which promote environmental and/or social characteristics and where the investees follow good governance practices.

We would like to take this opportunity to thank our investors, our brilliant management teams, and all our partners for their contributions as Inflexion accelerates its ambitious journey of ESG excellence.

—“  
**To have partnered with over 100 businesses is a great privilege, and with that comes equally great responsibility. We are proud to be leading the way in helping our portfolio to enhance their approach to ESG.**

Simon Turner, Managing Partner,  
Inflexion

”

—“  
**Much like growing a business, ESG is a journey. We look to support our ambitious partners to scale their businesses in a sustainable way that benefits all stakeholders.**

John Hartz, Managing Partner,  
Inflexion

”

# Taking a responsible

## Responsible investment at Inflexion

Done effectively, responsible investment drives value for all stakeholders. We believe ESG excellence is an ongoing journey. Our engagement with our portfolio is a continuous exercise to understand their needs, support management through ESG issues, share good practices and identify opportunities.

approach

# Meet our ESG Director, Jennie Galbraith



We get ESG

## Investing responsibly

At Inflexion, we get ESG. Not only because sustainability is seen as a clear value driver, but the level of ESG ambition across all of our portfolio companies is high.

This commitment to ESG is one of the reasons I joined Inflexion, and I'm incredibly proud to have been appointed as their first ESG Director. I am helping to drive positive outcomes and create value by drawing on my experience in sustainability, gleaned across a range of organisations.

Consideration of ESG issues and action on them are both critical to this effort, and inherent to responsible investment and sound stewardship. This is why ESG is fully integrated across Inflexion's entire investment process and is monitored by our dedicated Responsible Investment Steering Committee. This means we assess businesses from an ESG perspective even before investing to ensure they'll be a good fit for us. Once an investment has been made, we seek to influence ESG matters at senior levels of the business.

“  
**With a wide and growing portfolio, we feel it is crucial we lead by example on ESG, particularly in the areas of climate and diversity. Focusing on these areas will mean that our businesses are capable of more sustainable success.**

Jennie Galbraith, ESG Director, Inflexion”

## Responsibility starts at home

We have progressed on our ESG journey by starting close to home. In 2020 we achieved carbon neutral status in partnership with ClimateCare (now Climate Impact Partners) offsetting all our historic emissions since the launch of our firm in 1999.

In 2021, we were also proud to be the first UK corporate to sign a direct agreement with Sustainable Aviation Fuel provider NESTE to offset all our air travel carbon emissions. Diversity & Inclusion is also approached with rigour at Inflexion and we are pleased to say that 41% of our workforce and 19% of our partners are female, and 20% are from an ethnic minority background.

In order to try and meet the rising global social and environmental challenges that face us, we understand the importance of cooperating closely with international stakeholders. As such we are aligning Inflexion with the organisations and standards that we believe to be the most impactful. In 2021, Inflexion became a signatory to the UN Principles for Responsible Investment. In 2022, we signed the UN Global Compact, formalised our commitment to the UN Sustainable Development Goals, and joined the ILPA ESG Data Convergence Initiative.

## Supporting the portfolio

In 2022, Inflexion developed an ESG Framework so that each business we back is clear on its journey ahead. The Framework is designed to be flexible, enabling ambitious portfolio companies to pursue bold ESG strategies, whilst also allowing room for those earlier on in their ESG journeys to focus on driving improvements in the key areas of governance, climate and diversity and inclusion.

This is no longer merely about reporting data but about making real change to the benefit of the business, to the environment, and to society as a whole. It is our role to ensure the Inflexion portfolio has access to the right skills, knowledge and resources to deliver on their ESG ambition. Done correctly, all stakeholders will benefit from having a sound approach to responsible investing.

**Find out more about the ESG Framework on page 09.**

# The big picture

From the continued cost of living crisis to the incoming raft of ESG regulation, ESG issues will continue to play a significant role in the year ahead. Jennie Galbraith shares some key themes to watch out for in 2023.



## Transparency calling

The emergence of new regulation is driving unprecedented transparency around corporate ESG practices. This includes new EU legislation on reporting, regulations on deforestation-free supply chains and pay transparency rules, as well as the expanding scope of TCFD regulations. This is moving companies swiftly towards more robust due diligence and scenario analysis to identify the human rights and environmental risks within their business and supply chain and publicly disclose elements of their findings and mitigation actions.

## ESG has shifted from risk management to value driver

Initially ESG was seen by many as risk management, particularly as guidance became mandatory. However this is shifting and many are now seeing ESG as an opportunity which helps position a business as resilient for the future. It makes good commercial sense, with firms having a robust ESG framework in place likely to win more contracts, develop stronger consumer propositions, attract and retain the best talent through a strong employee culture, and be better prepared to meet regulation coming down the line.

## ESG investing is on the rise

Sustainability shot up the agenda on the back of the pandemic, with research showing that 1 in 5 investors now intend to double their investments in this space over the next five years. It means that companies which can show a positive quantifiable environmental and social difference will command higher valuations.

## The continued race to Net Zero

Against the backdrop of the ongoing energy crisis and lacklustre outcomes of COP27, 2023 is the year that high-emission sectors within the UK will be required to publish their Net Zero transition plans. The Transition Plan Taskforce was launched in April 2023 to develop a 'gold standard' for climate transition plans in the UK and has made a series of recommendations on what 'good' plans should include, such as GHG reduction targets, key milestones and their financing, and governance structures. Many high-emissions companies have already published their Net Zero roadmaps, and we expect even more companies to do so over time.

## Greenwashing v. Greenhushing

The truth behind companies' sustainability claims was put to the test in 2022 thanks to the Green Claims Code and investigations launched by both the Consumer Markets Authority and Advertising Standards Agency. Large companies have faced investigation, pulled adverts, or been fined for publishing misleading environmental claims. This has led to the new term 'greenhushing' where companies keep their sustainability achievements to themselves for fear of greenwashing accusations. These investigations and lawsuits will shift how brands communicate to consumers.

## Consumer and employee activism is on the increase

Activism is no longer the preserve of university campuses and online fora; increasing numbers of people from all walks of life are demanding action, and companies have to take notice. These same people are both consumers and employees, and their decisions are influenced by the sustainability performance of companies and their products. 80% of consumers and 84% of employees said they'd base buying or career decisions on ESG credentials, and 1 in 10 would leave a company for one that has better ESG credentials.

# Our sustainability journey

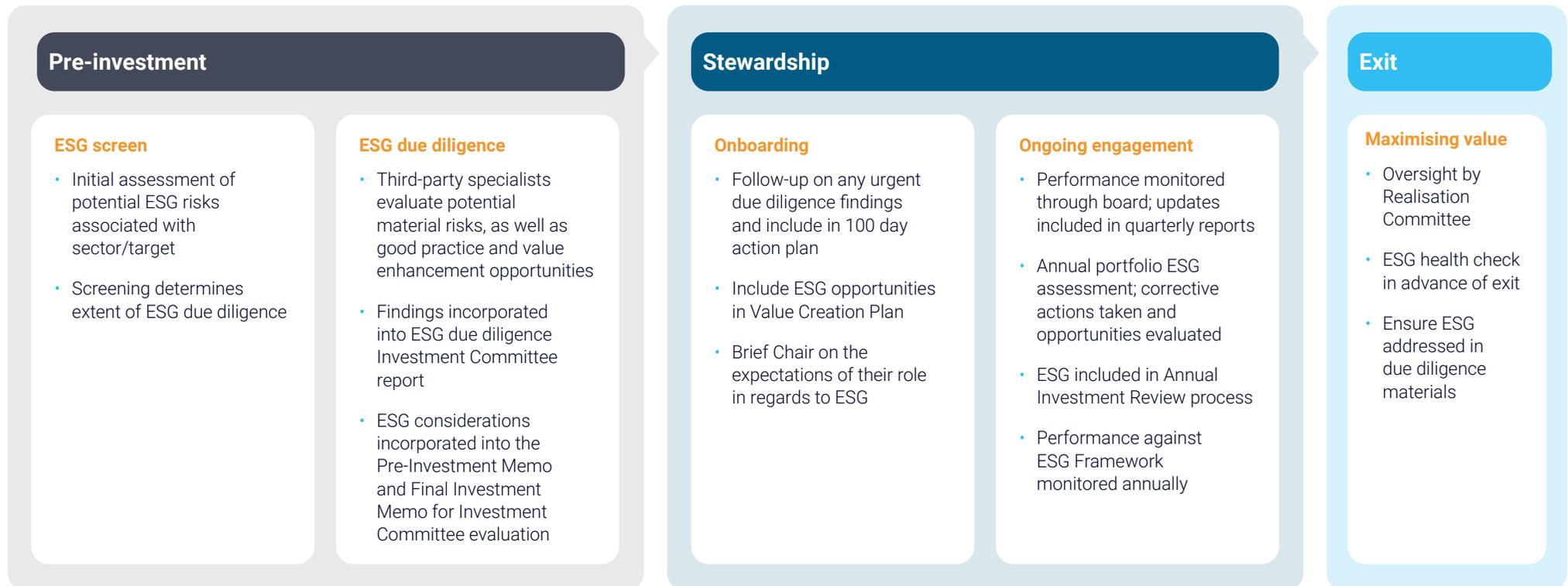


# ESG embedded in the *investment process*

In order to make a widespread and material positive impact throughout our portfolio, ESG has long formed an important part of our investment decision process. ESG matters are included in our investment and value creation criteria and these throughout the lifecycle of each investment. The investment team oversee this process supported by our in-house ESG team.

“*ESG robustness has long been a key focus in our investment process, from pre-signing through to exit. We evaluate ESG risks and opportunities as a core part of our diligence, and then monitor ongoing compliance and progress throughout the partnership. ESG is truly integrated into everything we do.*”

Richard Swann, Chair of Investment Committee, Inflexion



# The Inflexion

# ESG Framework

In recognition of our portfolio companies operating in a variety of sectors with different ESG profiles and at differing stages of maturity, we have developed a flexible ESG Framework to guide our portfolio companies in their ESG strategies.

## Progress against the Framework

Across the portfolio, companies are continuing to progress through the Inflexion ESG Framework. We ask all companies, as a minimum, to meet the Good Practice level by the time they leave the portfolio and we strongly encourage them to adopt the more advanced practices of the Excel and Pioneer level. The ambitions of the Good Practice level are intentionally high and we expect it to take a company a number of years to complete.

All companies that have been in the portfolio for 12 months or longer\* meet the Comply level of the framework. In addition, 80% have achieved 2+ elements of the Good Practice level, 24% have achieved 3+ elements and 7% have completed it. Throughout this report you will see many examples of companies also delivering elements of both the Excel and Pioneer level and one company has gone even further by securing B Corp status.

	ESG strategy	Climate change	Diversity & Inclusion	UN SDGs	External standards
Comply	Nominated ESG lead	Tracking carbon / GHG	Tracking gender data		
Good Practice	All policies in place	Net Zero pathway in place	D&I targets and initiatives in place	Mapped and understood	
Excel	Risk-based ESG strategy in place	Advanced practices			UN Global Compact
Pioneer	Value-based ESG strategy in place	Advanced practices			B Corp

\*as at 31<sup>st</sup> March 2023

# Understanding our *impact*

As members of the United Nations Global Compact, we support the UN Sustainable Development Goals. Our portfolio touches on many of the issues addressed by the goals, and we work with portfolio companies to accelerate action on the most relevant.

In 2022, we worked with our portfolio companies to identify which of the SDGs were most relevant to their business and agreed which of the SDGs they wished to publicly declare their support for. In total, our portfolio is supporting 12 of the 17 goals.

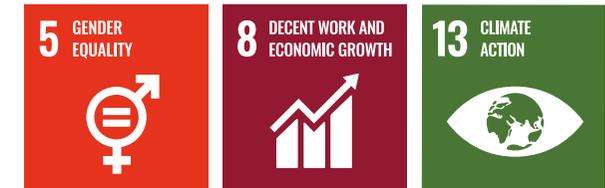
Three goals that are particularly relevant, and supported by the largest group of portfolio companies, are SDG 5 on gender equality, SDG 8 on decent work and economic growth and SDG 13 on climate action.

While there will be a wide range of activity across all of the 12 adopted SDGs, we will focus our efforts on these three in particular. In support of these three goals we will continue to drive our portfolio to increase the number of women in management, to become Living Wage employers and to develop Net Zero pathways.

## Full list of SDGs adopted by our portfolio



## Priority SDGs



“  
**At Inflexion, we are well placed to generate impact. The number of SDGs that we can contribute to is testament to the breadth of our growing portfolio, and we actively encourage all portfolio companies to take action on the most relevant.**  
 ”

Tim Smallbone, Partner, Inflexion

# Alignment with *standards*

We understand that collaboration and transparency are key drivers in making positive change. This is why we actively engage with a range of ESG-related initiatives to further embed ESG across Inflexion and our portfolio, and to support wider industry change.



We are proud to be a signatory of the UN Principles for Responsible Investment (PRI) since 2021 and welcome our first assessment this year. Since signing up, we've been working to ensure that we are aligned with the PRI, for example we have recently updated our Responsible Investment and Stewardship Policy in line with the PRI recommendations.



We are proud to be a member of the UN Global Compact (UNGC). We will be participating in the communication on progress assessment this year, as per the UNGC requirements, and welcome its publication.



We support the UN Sustainable Development Goals. Our portfolio touches on many of the issues addressed by the Goals and as part of our stewardship approach, we work with portfolio companies to accelerate action on the most relevant. Three Goals that are particularly relevant and supported by the largest group of portfolio companies are SDG 5 on gender equality, SDG 8 on decent work and economic growth and SDG 13 on climate action.



In 2022 we became a member of the ESG Data Convergence Initiative to help advance an initial standardised set of metrics to enable comparative reporting within the private equity industry. The KPI table on **page 30** demonstrates which of these metrics are being tracked across our portfolio.



In 2022, we joined the Institute of Corporate Responsibility and Sustainability which is chaired by Jennie Galbraith, our ESG Director. The ICRS is the UK's professional body for corporate responsibility and sustainability practitioners, equipping members with the tools needed to enhance their business' ESG practices.

# Creating value through **thoughtful**

*management*

## Accelerating ESG

We work together with our portfolio to encourage ESG best practices. The following sections introduce how Inflexion approaches each of the three ESG pillars and how we engage with our portfolio to manage potential ESG risks and opportunities.

# Driving value *in the portfolio*

We provide a suite of ESG support to help companies progress through the levels of our ESG Framework and accelerate value. This support is designed to upskill the portfolio on relevant ESG topics, allow for the sharing of best practice, and enhance collaborative opportunities.

## Enhancing collaboration

Last year we hosted our first in-person ESG Exchange, and have continued to host virtual training sessions for the whole portfolio. These typically feature expert guest speakers, and we also spotlight our portfolio companies by providing them with the opportunity to share their experiences.

## Providing guidance

Another way we drive value is by developing guidance documents on specific ESG issues that the portfolio may need support with. These include best practice examples from other sectors to inspire the portfolio, and direct them to further resources if they want to advance their ESG practices even more. Over the last year we've developed guidance documents across a range of ESG topics, including:

- How to develop ESG policies
- Defining materiality
- Measuring GHG emissions
- Establishing supply chain due diligence

## Giving tailored feedback

In addition to this overarching support, we also provide targeted assistance to each company. Following the completion of the annual ESG assessment, each company receives a tailored report with recommendations on how to move through the levels of the ESG Framework and progress their ESG journey further. It also highlights any gaps in data availability that they should be addressing.

## Supporting Boards

As well as the tailored feedback reports, our ESG Director provides bespoke support to management teams seeking to develop new initiatives or enhance their approach to ESG. Through facilitated sessions we support individual companies to define their material issues and link their ESG activities to their business strategy. By doing this we create truly bespoke programmes that contribute directly to their growth agendas.

## Accelerating value through external experts

ESG issues are broad-reaching and often technical in nature. Using external consultants to provide expert insight is an invaluable way of accelerating progress. To support this, we have established a panel of experts and consultancies, covering the full remit of ESG. This means our portfolio can access the right technical expertise for their operating environment with ease and have confidence in the skills and capabilities of our preferred experts.

## Portfolio spotlight

During our ESG collaboration sessions, we invite senior leaders from across the portfolio to share their experiences. At a recent session, outdoor clothing and equipment retailer Mountain Warehouse shared their views on how supply chain due diligence can enhance relationships with suppliers. In another session, technology and training service provider Sparta Global gave their thoughts on the benefits of being a Living Wage accredited employer, both to people and to the business.

“  
**Using a collaborative approach, the team at Inflexion has helped us identify ESG-related opportunities for our business. We are clear on where we will focus our efforts to accelerate our ESG journey.**

Kerry Dobble, ESG Director, Lintbells

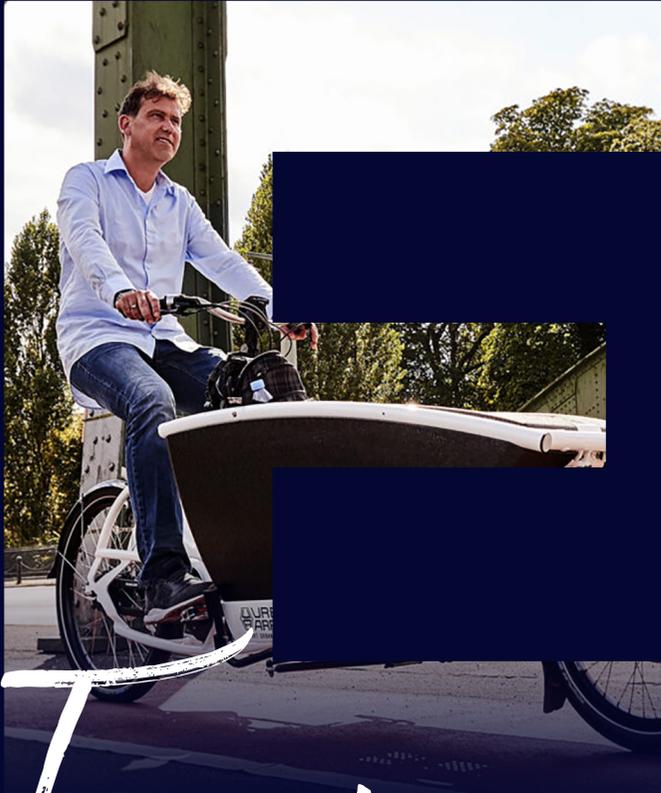
16

training sessions

16

guidance documents





# Environment

**100%**

portfolio tracking  
scope 1 and 2 GHG  
emissions

**70%**

portfolio tracking  
scope 3 GHG  
emissions

---

## In this section

- 15 Introduction to environment
- 16 Case study: Medik8
- 17 Case study: Xtrac
- 18 What we're doing inside Inflexion
- 19 Our climate strategy

# Introduction to *environment*

**In light of the ongoing energy crisis and extreme weather events, climate risks are becoming increasingly apparent. With our growing portfolio reaching 160 countries and employing over 34,000 people, we are acutely aware of the crucial role we have to play in influencing their actions towards sustainability and mitigating environmental impacts.**

## Climate in our ESG Framework

Inflexion's investment strategy focuses on six sectors: Business Services, Consumer, Financial Services, Healthcare, Industrials and Technology. These sectors have varying environmental impacts, with some having higher or lower carbon intensity than others. Despite the diverse nature of our portfolio, Inflexion understands the need for all of our portfolio companies to engage on climate action which is why climate is included as a mandatory focus area in our ESG Framework.

## Measuring the environmental impacts of our portfolio

For our portfolio companies to comply with the ESG Framework, they are required, as a minimum, to be able to track scope 1 & 2 greenhouse gas (GHG) emissions data within the first year of investment. We request scope 1, 2 & 3 emissions data on an annual basis for all our portfolio companies via our annual ESG assessment.

In 2022, based on the outcomes of an independent review, we made several changes to improve the quality of data collected as part of the annual assessment. We expanded the information request to cover both market- and location-based scope 2 emissions, as well as the breakdown of the 15 categories of the GHG Protocol. To support the portfolio and enable them to provide quality emissions data, we delivered training sessions on measuring scope 1, 2 & 3 GHG emissions. This was supplemented by dedicated guidance to upskill those new to emissions reporting on calculating GHG emissions in line with best practice standards.

By doing this, we will not only gain better visibility of Inflexion's own scope 3 emissions but also glean insights we can use to support our portfolio companies to think more strategically around their environmental impact and how to drive reductions. This is an important step in our journey towards understanding our collective impact and setting Net Zero strategies across our portfolio.

## Reaching Net Zero

From the outcomes of recent international climate conferences and proposed changes to international financial reporting guidance, there is mounting pressure for companies to publish their Net Zero transition plans. Climate change and extreme weather events such as hurricanes, floods and fires are expected to have a direct impact on 70% of all economic sectors worldwide. Net Zero strategies will help mitigate the consequences of supply chain and workforce disruption, rising insurance costs, and future potential carbon taxes. In the short term, it will also help meet expectations of sustainability-conscious customers and employees, which could in turn drive customer and employee retention.

Following the tracking of GHG emissions data, the next step on the ESG Framework is for portfolio companies to develop a Net Zero pathway. This is a requirement of the Good Practice level of the Framework, and we expect all companies to adopt one by the time of exit.

## Driving change through active management

We use our Board seats to influence strategy and decision making when it comes to climate action, ensuring portfolio company plans consider their impact, as well as how their businesses may be affected by climate risks. This approach ensures accountability and

will put our portfolio in good stead amidst the raft of regulation in this space such as the Taskforce for Climate Related Financial Disclosures, which our portfolio will be increasingly impacted by. The adoption of a Net Zero target indicates that a business understands and is acting on its most critical issues and can serve as a proxy measure for good ESG management at exit.

## Portfolio spotlight

Leading data service provider ITM is an example of a portfolio company that has made great strides in this space over the last year, going from reporting assumption-based GHG emissions to working with a third party to re-baseline and calculate actual GHG emissions data, including for scope 3 broken down by the 15 categories of the GHG Protocol.

Recently, financial market software specialists Infront set a target of reaching Net Zero by 2050 and have established a pathway to meet this, including switching to an electric vehicle fleet and where possible, using trains for business travel instead of flights.



# Marrying science with the environment

You can't argue with science – something that skincare specialist Medik8 knows well. That is why sustainability is core to the brand's ethos with a mission to ensure their customers never have to choose between results, experience and impact on the planet. Medik8 aims to achieve this by reducing the footprint of its products, always in line with Science Based Targets.

Medik8 has ambitious goals, encompassed by its 4-pillar sustainability strategy: climate action, waste reduction, ethical business, and social investment. The company has recently pledged to achieve Net Zero by 2040, a full 10 years earlier than set out in the Paris Agreement. Its decarbonisation pathway includes targets to reduce the carbon emissions per £ million of revenue by 21% by 2025 as well as halving its carbon emissions per £ million of revenue by 2030.

To achieve this, Medik8 is currently focusing on removing airfreight from the firm's inbound transportation and sourcing of materials and packaging, which in FY22 has resulted in enough emission reductions to counterbalance the one-off increase in embodied carbon owing to the fit-out of a state-of-the-art Innovation Centre in the same year. Supported by Inflexion, the Innovation Centre was developed by a Net Zero construction company and is an enabler of future carbon savings to drive net positive progress due to its sustainable

features including solar panels, electric charging points, and reverse osmosis machines.

Among other achievements, Medik8 has been independently verified as carbon neutral, in line with PAS2060, for scopes 1,2 & 3 emissions for two years in a row (FY21 and FY22). The brand also aims to become 'zero-waste-to-landfill' certified by 2025. Medik8's ambitious sustainability targets are only possible because it develops everything in-house and owns the manufacturing of its products, meaning it has complete control of a large part of its supply chain vertical, and can measure and manage its impact effectively.

In 2022, Medik8 had its Scopes 1 & 2 carbon targets approved by the Science Based Targets initiative and joined over 3,000 companies that are reducing their carbon emission in line with climate science, as well as signing up to the Climate Pledge in January 2023. The brand has also submitted its application to become B Corp certified, putting it in an admirable minority of UK firms seeking to be at the vanguard of ESG developments.

## Sustainable Development Goals



## Medik8

# Zero

waste to landfill  
by 2025

# 100%

renewable energy

“  
The whole world has to adapt to embrace sustainability. This is what consumers want, and brands must deliver. Inflexion has always been on board with our passion for sustainability; we get no resistance and every encouragement.

Elliot Isaacs, Founder, Medik8



inflexion ESG Report 2022



“

**We are in the midst of a once-in-a-generation opportunity as the automotive industry transitions from internal combustion to electric and hybrid.**

”

Adrian Moore, CEO, Xtrac

## Driving sustainable outcomes

As a company determined to remain at the forefront of its sector, automotive transmission engineer and manufacturer Xtrac has placed sustainability at the heart of its approach for a long time. They have been a trailblazer in the sector’s transition from internal combustion engines to hybrid and electric. Its success is evidenced by the enduring global demand of their products, with c.70% of their products shipping to Australia, Asia, Europe, and the Americas.

“We are in the midst of a once-in-a-generation opportunity as the automotive industry transitions from internal combustion to electric and hybrid. We are well placed to benefit from this, and it has been the focus of our growth,” explains CEO Adrian Moore. In September 2022, hybrid and electric vehicles made up around 25% of the overall business. But within six months, Xtrac increased this to around 30%.

Xtrac also boasts a highly considerate environmental approach across its operations, from product development, manufacturing operations, chemicals use to waste recycling. The firm uses local suppliers and alternative packaging solutions, and has reduced its energy consumption.

In 2022, the business racked up a hat trick of admirable ESG accreditations. The first was attaining the ESGmark®, a standard

which certifies that businesses are truly committed to making a positive difference to the environment, their clients, employees, and communities.

Xtrac recently achieved its second accreditation – having its carbon reduction target approved by the Science Based Targets initiative. The target is to reduce scope 1 and scope 2 GHG emissions by 42% by 2030, from a 2020 base year as part of moving towards carbon neutrality and ultimately Net Zero. Xtrac also introduced certified renewable electricity for its engineering and manufacturing headquarters in Berkshire.

The Living Wage Foundation provided Xtrac’s third significant accreditation in 2022, following its commitment to every company employee receiving a wage significantly higher than the UK government’s prescribed minimum. Offering employees liveable wages and a sector-leading package of benefits focused on wellbeing and professional development – alongside its increasing focus on the future of hybrid and EV – is enabling Xtrac to attract and retain the best talent.



90%

**growth in hybrid and EV sales since 2021**

42%

**GHG emission reduction target by 2030**

### Sustainable Development Goals



# What we're doing *inside Inflexion*

We all know it's crucial to do more to protect our planet. Inflexion's increased efforts saw us achieve carbon neutral status in 2021, and we continue to increase our efforts on sustainability in order to reduce our impact on the planet.

“  
**We are delighted to partner with a forward-thinking organisation like Inflexion to turn its climate responsibilities into positive outcomes. Our trademark Climate+Care approach helps this organisation take a smart approach to addressing their environmental impacts by offsetting their carbon emissions through projects which also support sustainable development.**”

Aude Duquesne, Head of Client Services, ClimateCare

# 75%

reduction in GHG emissions for business air travel in 2022

## Reducing carbon emissions

As part of our approach to take responsibility for our environmental impact, we have looked at all scope 1 and 2 activities and business travel, and taken steps to reduce our carbon emissions throughout our operations. Inflexion became the first UK corporate to sign a direct agreement with Sustainable Aviation Fuel provider NESTE for all business air travel which will reduce our associated carbon emissions by up to 80% with the remaining 20% offset.

In 2020, Inflexion partnered with climate and sustainable experts ClimateCare (now Climate Impact Partners) to offset the carbon emissions of our business operations since our inception in 1999 and achieved a carbon neutral status. Inflexion continues to work with Climate Impact Partners and NESTE on our overall carbon reduction strategy.



## Projects supported through Climate Impact Partners

Climate Impact Partners develop and manage carbon reduction projects across the world that allow organisations to offset their carbon emissions. Based in Oxford and Nairobi, they deliver some of the largest carbon offsetting programmes in the world. Inflexion's emissions have been offset through projects including two world-leading clean cooking projects in Bangladesh and Ghana. These clean cooking projects not only cut carbon emissions, helping tackle climate change, they also improve lives by halving fuel bills for families and reducing exposure to toxic fumes. By cutting fuel requirements, the projects also reduce deforestation, which in turn protects precious habitats.

We are proud to be offsetting our unavoidable emissions through the support of high impact projects around the world, which not only reduce emissions but also improve lives. We remain committed to measuring, managing and reducing our emissions going forward as we continue to find ways we can reduce our impact.

## Working sustainably

We switched our head-office electricity supplier to ensure that all electricity is supplied from renewable sources.

Our London HQ is a BREAMM 'excellent' rated building. BREAMM is the world's longest established method of assessing, rating, and certifying the sustainability of buildings.

We also planted a wildflower roof terrace to help the important work of our resident pollinators.

We use sustainable office cleaning supplies, including InnuScience cleaning products; we purchase Climate Pledge Friendly office supplies; we use carbon neutral and carbon balanced paper for our printing; and we recycle our waste with First Mile.

We are proud to be a signatory for Initiative Climat International (ICI) Private Equity action on climate change.



# Our climate strategy

A significant area of focus for us in 2022 was further integrating climate risk and opportunity into our investment cycle, and we are increasing our alignment with the recommendations of the Taskforce on Climate Related Financial Disclosures (TCFD).

Our current climate strategy focuses on incorporating climate considerations throughout the investment cycle. This includes supporting portfolio companies to measure their GHG emissions and develop decarbonisation pathways, as well as reducing our own operational emissions.

Our approach covers all funds, and we use scenario analysis to help direct our efforts. The draft time horizons used consider the typical investment cycle of our portfolio and cover physical as well as transition risk. The short and medium term horizons align with Inflexion's hold period and the long term time horizon ensures climate risk can be embedded into the long term planning of the organisation.

## Governance

The Executive Committee provides leadership of Inflexion's climate risk management response and is responsible for ensuring Inflexion's climate commitments are achieved.

The Investment Committee owns the decision making process for assessing prospective investments and making the decision on whether investments should proceed.

These decisions consider any climate related findings from the due diligence process.

The ESG team is primarily responsible for coordinating the management of climate risk with oversight from RISC which acts as a governance and decision making committee.

The responsibility for managing climate risks varies between the deal, portfolio and ESG teams depending on the nature of the climate related issue and the stage of the investment cycle.

**See page 29 for Inflexion's governance structure.**

## Risk: integrating climate risk into the investment process

Our mandatory ESG due diligence process has been refreshed to include a high level assessment of the climate risks of all potential investments – this gives us an indication as to whether further scenarios analysis is required and the speed at which decarbonisation strategies should be pursued. In addition, carbon and climate policy, management and performance, where deemed material to business operations, will be reviewed as part of the due diligence process.

In addition, we have conducted scenario analysis on our current portfolio. The modelling indicates that our portfolio has limited physical climate risk due to being predominantly UK based, and

## Our draft time horizons consider the typical investment cycle of our portfolio

Time horizon	Years	Detail
Short-term	0-5 years	Aligns with our business operations aimed at creating and retaining value of investments across the portfolio by assessing climate-related risks and opportunities during the hold and exit phases
Medium-term	5-10 years	Aligns with our business operations aimed at creating and retaining value of investments across the portfolio by assessing climate-related risks and opportunities during the hold and exit phases
Long-term	10+ years	Ensures climate change and climate risk can be embedded into the long-term planning of the organisation and facilitate the transition to Net Zero

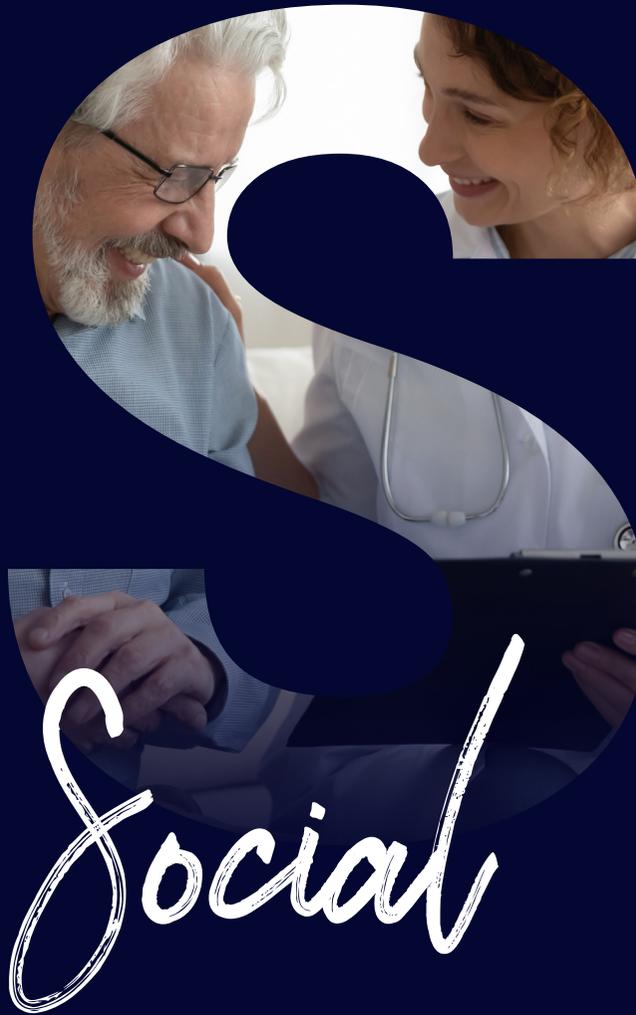
in sectors with limited climate exposure such as services and technology. With regards to transition risk, there is a potential positive benefit to be gained from decarbonising the portfolio due to rising non-renewable fuel costs.

## Training

As we integrate climate risk and opportunity more fully into the investment process, it's important that our investment team understands climate science and can use portfolio company data to drive decision making. To facilitate this, in 2022 and early 2023 we provided climate training to both the Investment Team and the Executive Committee (including all members of the Investment Committee) and have provided the portfolio with two separate training sessions on Net Zero pathways and on measuring scope, 1, 2 & 3 GHG emissions.

## Metrics and targets

We have set targets for our portfolio, namely, to be able to collect GHG emissions within 12 months of ownership and to have set a Net Zero pathway by the time of exit. Our work to improve the quality of GHG data in our portfolio combined with scenario analysis means we have increasing confidence in the quality of our data and will report on the prescribed TCFD climate metrics in 2024.



---

**In this section**

- 21 Introduction to social
- 22 Case study: Sparta Global
- 23 Case study: Chambers and Partners
- 24 What we're doing inside Inflexion

**100%**

**portfolio tracking  
gender data**

**80%**

**portfolio have  
D&I initiatives**

# Introduction to *social*

Inflexion's portfolio companies collectively employ over 34,000 people, and we have a responsibility to ensure that processes and practices are in place across the portfolio to support the wellbeing of this vast and diverse workforce.

## Human capital as a value driver

Human capital has been a key focus area for Inflexion and our portfolio companies for a long time. We support the portfolio in talent acquisition and management to drive value and accelerate growth. By collecting multiple indicators across the employee base, Inflexion is able to identify best practice and also support portfolio companies in areas where more focus is required, such as around inclusion and diversity.

## D&I in the ESG Framework

Inflexion believes that a diverse work environment leads to superior performance both within Inflexion as well as the portfolio. This is why diversity and inclusion (D&I) is incorporated as a key focus area of the ESG Framework. The portfolio companies focus on D&I by strengthening their policies and governance frameworks, particularly around gender diversity, monitoring data and putting in place strategies and initiatives. Over time, Inflexion expects this to lead to a higher proportion of women in senior positions throughout the portfolio.

## Measuring the D&I impacts of our portfolio

For our portfolio companies to comply with the ESG Framework, they are required to be able to track gender data within the first year of investment. To this end, we collate gender data and where available, ethnicity data, for all of our portfolio companies covering the total workforce, senior management and at Board level on an annual basis. These insights will be used to support our portfolio companies to think more strategically around their D&I impacts and how they can create value in this space.

Once gender data is tracked and understood, portfolio companies are encouraged to set D&I targets and adopt relevant initiatives to promote D&I. This is a requirement of the Good Practice level of the ESG Framework, which all portfolio companies are expected to complete by the point of exit.

## Driving change through active management

We are committed to promoting D&I across our portfolio and encourage balanced longlisting and interviewing techniques similar to our own. Pertinent issues are regularly discussed with the portfolio Chairs and at Inflexion-hosted events for our portfolio companies such as our annual Diversity Exchange, which feature high-profile guest speakers leading in D&I.

We encourage the portfolio to share best practice and we have also developed a series of documents to support the portfolio in this space, including guidance on developing a D&I policy and strategy. To upskill the portfolio further, we have hosted a series of training sessions on collecting D&I data, apprenticeships, and addressing the cost of living crisis. Our most recent event welcomed senior HR leaders from across the portfolio to share their business's milestones, challenges and progress with diversity and inclusion.

“  
***Inflexion has long been committed to promoting D&I within our firm, and this commitment extends to our portfolio companies. We know that enhancing D&I is critical in ensuring our portfolio can attract, retain and engage high-performing talent.***  
”

Freddy West, Talent Director, Inflexion



## Portfolio spotlight

Risk management firm Alcumus is leading the way in D&I as their extensive Diversity and Inclusion strategy covers gender, LGBTQ+, disability, ethnicity, age and socio-economic considerations. In 2022, Alcumus launched several employee networks to represent these underrepresented groups and increase awareness across the employee base, including the Alcumus Pride Network, Alcumus Women's Network and Alcumus Military Veterans Network.

Another of our portfolio companies, IT recruitment specialists Calco, is making great strides in this space. They are on a mission to increase the gender diversity in the IT sector in the Netherlands. Not only do they consider diversity in their recruitment selection procedures, they also run events to introduce the next generation of female professionals to the IT sector, and work with their clients to demonstrate how gender diversity can drive value.



“  
**We are committed to championing under-represented groups in technology through digital education and employment, and Inflexion have helped us drive our social impact agenda every step of the way. We've also found their broad portfolio to be a very useful sounding board for our ideas and queries as we share knowledge and experience. We could not have asked for a better PE house to back our goals and our vision.**  
 ”

Purnima Sen, Chief People and Compliance Officer, Sparta Global

## Great minds

*think differently*

Technology is arguably one of the most powerful sectors in today's rapidly advancing economy, as well as one of the fastest growing. However, in terms of diversity and inclusion it is also one of the worst performing. For example, according to Tech Nation, women only made up 19% of the tech workforce in 2022 compared to 49% of the wider economy.

The lack of diversity in tech companies is a complex and protracted problem, but it is a challenge that Sparta Global is rising to. The innovative technology and training services provider centres its business model around training graduates in a range of tech skills and then deploying in roles within client firms.

The business believes deeply in the benefits of a diverse workforce, with diversity and inclusion being a core part of its human capital strategy. Sparta sees the inclusion of more women, ethnic minorities, neurodivergent talent, and talent from lower socio-economic backgrounds as an intellectual and strategic asset to any business. This is further backed up by research such as that from McKinsey which found a 48% differential likelihood of outperformance between the most and the least gender-diverse companies, with equally compelling results for ethnic and cultural diversity.

By ensuring its own intake is diverse, Sparta also helps its clients achieve their D&I objectives, and provides them with advice around initiatives to further improve D&I. This includes a strong client base of UK corporates and public sector organisations such as BUPA, Channel 4, Deloitte and the Home Office. In this way, Sparta is a truly forward-looking business that is paving the way for other businesses to become similarly progressive.

In recognition of their commitment to D&I among other ESG themes, Sparta Global was awarded certified B Corp status in February 2023. To become a certified B Corp, companies undergo a rigorous in-depth assessment covering a variety of ESG practices including diversity, corporate transparency, worker compensation, energy supply and waste and water use, and must receive a minimum verified score to pass. This now places Sparta in an esteemed league of only 1,100 companies in the UK which have achieved the certification.

### Sustainable Development Goals



42%

**employees are the first in their family to go to university**

31%

**employees are female**

53%

**employees are from an ethnic minority background**

# Making diversity *part of the DNA*

Chambers and Partners is an independent rankings, research and analytics company operating across 200 jurisdictions to deliver detailed insight into the world's leading lawyers. As a trusted window into the legal profession, Chambers understood that its position afforded it a unique opportunity to encourage positive change in the sector. As such, the firm has leant heavily into D&I both inside the business and within their research.

Chambers officially launched their D&I programme in 2012 with the 'Women in Law' initiative, consisting of external awards, seminars and articles to highlight leading women in the legal profession. In 2015, the business expanded this successful programme to include all other demographic denominations.

In 2019, Chambers began integrating D&I into their research. They incorporated D&I questions into their surveys and made a significant push to include more diversity in their listings. They began tracking metrics across firms on how their diversity was changing year-on-year, reporting on macro trends and encouraging further progress.

Alongside its efforts to drive advancement in the sector, Chambers also set about building a best-in-class internal D&I programme. In 2020, they established the INSPIRE committee focusing on D&I and responsible business practices across the firm. INSPIRE is now driving the D&I programme; updating policies and implementing new ones, such as the Personal Disclosure Policy and Transitioning at Work Policy; and conducts internal training initiatives and panel events with external speakers.

In 2023, Chambers became a certified Disability Confident Level 3 'Leader' in just three years from first application, demonstrating high levels of commitment from across the business to build the required processes and structures.

The business has since found that their genuine desire to run an equitable business that promotes inclusivity among all its stakeholders is also now allowing them to attract the top talent. Newer cohorts are demanding much more of firms in terms of the way they run their business, and Chambers can show its commitment through demonstrable actions.

## Sustainable Development Goals



**34%**  
employees from ethnic minority backgrounds, up from 19% in 2019

**50%**  
employees are female

“  
ESG and D&I have become part of Chambers' DNA. An inclusive environment is not only important on a societal level but is key to our employee's well-being and has helped us to attract top talent.  
”

Tim Noble, CEO, Chambers and Partners



# What we're doing *inside Inflexion*

Everything we've achieved in the last 24 years has been powered by our people. Whether the Inflexion team, our powerful portfolio or our global network, we promote inclusivity to ensure we are all able to pursue our ambition to do things better.

**41%**

**employees are female**

**59%**

**female new joiners in the last two years**

**20%**

**employees are from ethnic minority backgrounds**



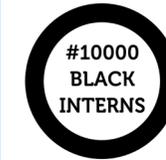
Inflexion is a Disability Confident Committed employer. Disability Confident organisations play a leading role in changing attitudes for the better, changing behaviour and cultures in their businesses, networks and communities.



#10,000 Able Interns exists to unlock career opportunities for students with disabilities, connecting them with workplaces that are well-equipped to power their career progression. 52% is the current rate of disability employment; compared to 81% for non-disabled people. Inflexion is welcoming two interns in summer 2023.



We are proud to support Level 20, a non-profit dedicated to improving gender diversity in the European private equity industry. They work to inspire women to succeed in this dynamic industry by creating opportunities for them to interact and learn from others. Level 20 has set a target of 20% female leadership in investment firms.



Inflexion is privileged to take part in the #10,000 Black Interns programme, which aims to transform the horizons and prospects of young black people in the United Kingdom by offering paid work experience, training and development across a wide range of industries. To date we've welcomed five interns to the Inflexion team.



Inflexion is an accredited Living Wage employer. A Living Wage employer ensures that all employees, including contracted staff and those providing services on their premises, are paid at least the living wage.

***“We appreciate the positive impact a diverse workforce has on everyone involved. We are proud to host a variety of initiatives that encourage multiple demographics, ultimately making Inflexion a better place of business.”***

Kirsty Tikerpae, Partner, Inflexion

# What we're doing *inside Inflexion*

## Talent and Retention

We continually review our processes to ensure they attract and retain the best talent across a diverse pool of individuals.

**Develop a long list of candidates and include individuals from diverse backgrounds**

**A diverse panel makes hiring decisions**

**Interviewers have undergone unconscious bias training**

**A buddy system supports new joiners with several internal and external mentoring schemes available**

**Diversity is ensured in internal resourcing decisions**

**A coaching programme is available for senior members of the team**

**Enhanced maternity and paternity policies**

We host regular events for our portfolio companies and network to encourage the inclusion of women into the workforce.

## Diversity Exchange

In October 2022, Inflexion held its second in-person Diversity Exchange, featuring a fireside chat with the founder of Evenbreak, an award-winning non-profit job board run by disabled people for disabled people.



## Women in PE Breakfast

In February 2023 we had the pleasure of hosting a breakfast for 30 potential candidates from diverse backgrounds interested in a career in Private Equity. Members across the Inflexion team talked about their varied career journeys within Inflexion and experiences to date.



## International Women's Day

In March 2023 we held our first annual International Women's Day event at the Roundhouse, an organisation which works with diverse creative people and which we have long supported. The event brought together over 70 female professionals from our network.



## Inspirational Female Leadership series

To celebrate 2023 International Women's Day, Inflexion spoke to female leaders from across our portfolio about their career experiences. The film series was posted on Inflexion's LinkedIn page reaching its 20,000-strong audience.

## Women @ Inflexion

In 2023, Inflexion set up a Women @ Inflexion forum for our female colleagues to encourage informal networking, professional development and sharing of experiences.

“  
**We believe that a diverse and inclusive workforce makes us better investors and a better firm. We strive to attract, develop, retain and promote the best possible talent for Inflexion and our portfolio companies from a variety of backgrounds and experiences.**  
”

Andrew Priest, Partner, Inflexion



# Governance

---

**In this section**

- 27 Introduction to governance
- 28 Cybersecurity across the portfolio
- 29 What we're doing inside Inflexion

**100%**

**portfolio have a  
nominated ESG lead**

**80%**

**portfolio have the full  
suite of ESG policies**

# Introduction to *governance*

**Inflexion believes that good corporate governance is critical to making great businesses even better. For Inflexion, corporate governance means applying transparency and upholding integrity to strengthen the trust placed in our portfolio by our investors and stakeholders.**

Inflexion maintains strict governance expectations for all portfolio companies throughout the investment cycle. This begins before the investment, where discussions regarding governance structure, independence and transparency are held with key stakeholders and management teams as early as possible during a potential transaction. We conduct thorough risk-based due diligence on each of our target companies, which is carefully tailored to the particular sector and risk profile of each investment we consider. Our pre-investment process also includes mandatory screening

“**Strong corporate governance has always been core to Inflexion. We are committed to being a leader in the space and working collaboratively with management teams to ensure best-in-class governance within our portfolio.**”

Andrew Stevens, General Counsel, Inflexion

of key organisations and individuals using specialist external teams to ensure any governance risks (including anti-bribery and corruption) are flagged as early as possible to our deal teams and advisers.

During our investment period, we work closely with our portfolio companies' management teams to ensure appropriate and effective implementation and monitoring of required policies in accordance with our ESG Framework. Our portfolio directors are also provided with a dedicated ESG escalation plan for reporting actual or potential breaches quickly and effectively.

## Governance in the ESG Framework

Governance is captured under the 'ESG strategy' pillar of the Inflexion ESG Framework. For our portfolio companies to comply with the ESG Framework, they are required to nominate an ESG lead in the business within the first 12 months of ownership. This ensures that ESG matters have the appropriate level of ownership in the business, which allows for effective decision making.

Beyond this, and to comply with the Good Practice level of our ESG Framework, companies are expected to create and maintain a core set of governance policies before Inflexion exits the investment.

## Driving change through active management

The key way in which we drive change through active management is through our investment professionals' roles on portfolio company boards. This is a fundamental part of our investment thesis and proper effectiveness of board responsibilities goes to the heart of our approach to good governance. Inflexion board representatives are supported throughout and receive regular training and specialist advice readily available at all times.

We work closely with a leading third-party consultancy to conduct regulatory 'horizon scanning' for each portfolio company across relevant jurisdictions. We map the current and future ESG regulatory landscape to identify areas for the portfolio to prioritise within their ESG strategy as part of our vision for long term value creation.

Inflexion has also developed a series of proprietary ESG guidance notes to support our portfolio regarding governance matters, including guidance on defining material ESG issues, and what good governance looks like on a day-to-day level.

This chart demonstrates the percentage of portfolio companies that have key ESG policies in place.

### Implementation of ESG policies



# Cybersecurity across the portfolio



Q&A

**Mike Arshinskiy is Technology & Cybersecurity Director in the Value Acceleration team at Inflexion and is responsible for overseeing the implementation of cybersecurity best practices across our portfolio. He tells us about how Inflexion approaches this critical ESG issue and what he thinks lies ahead.**

—“  
**Every company needs to take cybersecurity seriously. The approach may differ but what is consistent is that alongside the need for strong technology, a firm's people, culture and processes are vital to keeping businesses and their data safe.**

”  
Mike Arshinskiy, Technology & Cybersecurity Director, Inflexion

**What is the first step to building the foundation for cybersecurity best practice?**

When it comes to building a strong foundation for cybersecurity, it's important to focus not only on the technology but also on your people, culture and processes. This is especially true for fast growing businesses that may not yet have a dedicated IT or cybersecurity function. Mid-market businesses often find it difficult to keep pace with rapidly evolving external digital threats. We help our portfolio companies rapidly establish an adequate level of cybersecurity to make sure they are working safely.

**How do we ensure adequate levels of cybersecurity without holding the wheel for our portfolio companies?**

Management are responsible for securing the future of their company. However, we support them by helping with risk governance, and an annual cybersecurity review provides helpful recommendations focusing on balancing risk vs effort. We also help evaluate what level of cyber insurance coverage is required. Organisation and culture are important elements of cyber readiness, and we advise our partner companies on the structure, size and composition of an appropriate cybersecurity team.

**How do we add value to our portfolio companies through cybersecurity?**

Inflexion has strong relationships with major cloud and software vendors, and these allow us to source critical cybersecurity components at an advantageous price. Additionally, we have learned over the years that we can rely on these vendors to provide an attentive service to our portfolio companies.

Our portfolio companies tend to improve their cybersecurity position each year during the Inflexion investment period. This enables them to present operational confidence and avoid

value-detrimental discussions around risk during the exit process. It is increasingly recognised in the investment community that the quality of cybersecurity serves as a proxy critical health indicator for wider business operations.

**What are the latest market considerations for cybersecurity?**

During an unstable geopolitical situation, cyber threats continue to proliferate. Phishing attacks become more targeted and sophisticated. Hackers monitor external infrastructure vigorously and carry out attacks when vulnerabilities are discovered. Uncontrolled access to cloud infrastructure coupled with a lack of security development practices leaves companies exposed. Increased volatility segments the market into those who are prepared and those who suffer disproportionate adverse effects of cybersecurity breaches, leading to insurers choosing a conservative path and increasing premiums. But our portfolio companies benefit from basic cyber hygiene practices to keep their premiums in line with the economic value.

The cybersecurity landscape has been transformed due to the proliferation of cyber threats in recent years. A positive outcome is that protection has become more affordable for mid-market players. This increased affordability allows diligent management to protect against evolving threats, thereby enhancing their reputation and competitive edge.

# What we're doing *inside Inflexion*

**Inflexion is committed to operating in a responsible and transparent manner, which is reflected in our firm's strong governance culture and robust governance framework.**

Inflexion's committees have been carefully structured to ensure effective and independent oversight across the firm's key focus areas as well as providing dedicated and strategic guidance from our firm's most experienced professionals.

## Inflexion's governance structure

### Investment Committee (IC)

The IC meets weekly and more regularly as required, to discuss preliminary and final investment recommendations. These recommendations consider any climate-related findings from the due diligence process.

### Executive Committee (ExCo)

The ExCo meets at least 10 times a year. It looks after strategic objectives and operational management, including resourcing requirements and climate risk management response.

### Operations Committee (OpCo)

The OpCo meets every two months and as required. It is instrumental in overseeing the management of operational risk, and reports into the ExCo. The OpCo oversees certain ESG issues within Inflexion, such as D&I within the firm as well as emissions arising from offices and business travel.

### Responsible Investment Steering Committee (RISC)

The RISC meets every two months and as required. It sets Inflexion's core ESG agenda and ensures it is carried out across all business functions and makes recommendations to the ExCo and IC for approval as appropriate.

### Compliance, Regulatory and Risk Committee (CRRC)

The CRRC meets regularly and as required. It undertakes key regulatory and compliance risk review and assessment, on both a look back and look forward basis, and plans for key regulatory and compliance matters that may be on the horizon.

## Governance at Inflexion

Inflexion has a longstanding Investment Committee (IC) and Executive Committee (ExCo), which includes our managing partners and other senior partners as members. The IC discusses investment recommendations, with a view to encouraging a robust pipeline of investment activity in line with the firm's strategic objectives. The IC has visibility of ESG issues as it is required to feature in all IC papers. The firm's ExCo is responsible for setting and monitoring Inflexion's strategy and operations.

Inflexion's separation of IC and ExCo ensures structural independence between organisational and investment management teams and encourages thorough and rigorous testing of our investment theses by experienced members of the firm across various disciplines and teams.

The Compliance, Regulatory and Risk Committee ensure the most senior stakeholders in the firm – the Managing Partners – are directly informed of key relevant matters by the firm's key subject experts and operational decision makers on these issues: the CFO and the General Counsel. This ensures core compliance and regulatory issues form a key part of the firm's governance strategy and process.

Governance at Inflexion extends beyond our committees, as we have a comprehensive

training programme with elements applicable to all colleagues. Our training programme helps ensure staff's professional development and understanding of best practice across a range of topics including tax, investment terms and processes, Directors' duties and compliance. In particular, our annual compliance sign-off is mandatory and must be completed by all colleagues at Inflexion.

As well as a full compliance manual, the firm operates a suite of internal policies and procedures to ensure staff understand the standard of professionalism expected of them. These include:

- Anti-bribery and corruption
- Anti-harassment and bullying
- Anti-money laundering
- Code of ethics
- Cybersecurity
- Equality, diversity and inclusion
- ESG
- Gifts, entertainment and hospitality
- Health & safety
- Whistleblowing

## Governance of ESG

In 2021, Inflexion established the RISC to oversee the development and implementation of ESG across the firm and its portfolio. The RISC is chaired by the Head of Investments and is comprised of colleagues from across the firm such as the Head of Buyout, Legal Counsel and Head of Portfolio. To ensure diverse representation, other members rotate on an annual basis.

# Key performance indicators

● Data reported  
● Data not reported

In 2022 we became a member of the ESG Data Convergence Initiative to help advance an initial standardised set of metrics to enable comparative reporting within the private equity industry. The KPI table depicts which of these metrics are being collected by each of our portfolio companies.

We're pleased that the majority of data points are available across the portfolio, but will continue to improve both data availability and quality through ongoing capacity building and by providing targeted feedback to each portfolio company as part of the annual assessment feedback process. This table is intended to demonstrate data availability, rather than performance, with the exception of the diversity and employee engagement metrics.

Sector	GHG emissions			Energy	Work-related accidents			Net new hires	Employee engagement			Diversity			
	Scope 1 emissions	Scope 2 emissions	Scope 3 emissions	Renewable energy usage	Injuries	Fatalities	Lost work days	Total net new hires	Staff turnover	Employee survey	Employee survey response	Women on board*	LGBT on board*	Women in senior management*	Under-represented groups on Board*
<b>Buyout</b>															
Aspen	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Astrak	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Atcore	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Avantus	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Blue Light Card	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
British Engineering Services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Calco	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Chambers	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
CNX	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Creative Car Park	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Detector Testers	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Enviolo	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Flood	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Infront	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
K2	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Medik8	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Mycom	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ocorian	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
O'Neill Patient	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
PD&MS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

NB. This data set includes companies that we've invested in for at least a year, as at 2022 year end (31.03.2023)

\* This data indicates performance rather than data availability

Sector	GHG emissions			Energy	Work-related accidents			Net new hires	Employee engagement			Diversity				
	Scope 1 emissions	Scope 2 emissions	Scope 3 emissions	Renewable energy usage	Injuries	Fatalities	Lost work days	Total net new hires	Staff turnover	Employee survey	Employee survey response	Women on board*	LGBT on board*	Women in senior management*	Under-represented groups on Board*	
<b>Buyout continued</b>																
Peach	Technology	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Rosemont	Healthcare	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Times Higher Education	Business services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Xtrac	Industrials	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Enterprise</b>																
AE Live	Technology	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
ATG	Technology	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
DR&P	Financial services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
European Lifecare Group	Healthcare	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
ITM	Business services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Lintbells	Consumer	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
PMC Treasury	Financial services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ridgewall	Technology	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Sparta Global	Business services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Systal	Technology	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Wise	Technology	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Wood Thilsted	Business services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Partnership Capital</b>																
Alcumus	Business services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
ANS	Technology	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Auxadi	Financial services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
CMSPI	Business services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Curinos	Technology	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Digital Wholesale Solutions	Technology	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Granite	Financial services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Marston	Financial services	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Mountain Warehouse	Consumer	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Radius	Technology	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

NB. This data set includes companies that we've invested in for at least a year, as at 2022 year end (31.03.2023)

\* This data indicates performance rather than data availability

# Looking forward

At Inflexion, we get ESG. We are proud of what we've achieved, but we're equally aware that ESG is an ongoing journey, and we need to keep abreast of the evolving landscape of standards, regulatory requirements, and stakeholder expectations in this space. We have an opportunity to drive positive change and make great businesses even better. It is critical, now more than ever, to get ESG right. These are some of the following actions we are taking over the next year to do so.

## Lift portfolio alignment on the ESG Framework

The portfolio has made great strides in progressing through the ESG Framework over the last year, with all companies that we've invested in for at least twelve months reaching the Comply level and many operating at the Good Practice level. A few companies have gone even further by becoming UNGC members and have applied for B Corp status. We are proud of these achievements and will continue to encourage companies operating at the Good Practice level to be ambitious in their ESG journeys and move towards the Excel level.

## Further improve data quality

An important milestone in 2022 was the introduction of the Inflexion ESG Framework (see page 09), which established a comprehensive monitoring and engagement programme for our portfolio companies.

Progress against the Framework is monitored through our annual ESG assessment, which is updated yearly to keep abreast of sector best practices. In 2022, the scope of the assessment was expanded to focus on collecting wider-reaching and more granular ESG data from our companies, while also aligning with industry initiatives including the Data Convergence Initiative and other relevant metrics for the sectors in our portfolio.

In 2023, the assessment was updated again following an assurance readiness exercise, signalling an important shift towards greater data integrity. This will give our stakeholders the utmost confidence regarding the robustness of our data, and we can use the insights to better drive decision-making.

We are committed to continually improving the integrity of our data. Over the next 12 months we will work towards achieving third party assurance of key data sets by focusing our efforts on more robust data collection processes and upskilling the portfolio on ESG data calculations.

## Undergo our first PRI assessment

Having signed up to the UN Principles for Responsible Investment (PRI) in 2021, we will be undergoing our first PRI assessment in 2023. Since signing up, we have made a lot of progress in the responsible investment space, including a refresh of our responsible investment policy, which has been broadened in scope to cover stewardship more explicitly and is clearer on our approach to ESG through the investment cycle. We look forward to receiving our transparency report back which will be publicly available via the PRI website.

## Enhance collaboration across the portfolio

Another way we can drive value is by bringing the portfolio together more to share best practices and enhance collaboration opportunities. To this end, we look forward to hosting our second in-person ESG Exchange in June, following the success of the first ESG Exchange in 2022 which saw great representation across the portfolio. We'll also be developing further guidance documents for the portfolio on specific ESG issues that they may need support with, and running virtual training sessions.

## Publish first TCFD Report

We are continually evolving our approach to reporting on climate change and are currently aligning with the recommendations of the TCFD, including conducting portfolio level scenario analysis and further embedding climate risk into our approach to investment and stewardship. Inflexion will report on its alignment with the recommendations by June 2024.

## Report on ESG annually

We understand the importance of reporting in a consistent and transparent way. As such, we will continue to publish an ESG Report on an annual basis. Going forward, we will strive to publish more ESG data from across our portfolio, demonstrating our commitment to data integrity and transparency.

***“We've made great strides over the last year on our ESG journey and continue to work with our investors, management teams, and partners to push even further forward in this important area.”***

John Hartz, Managing Partner, Inflexion



# Improving the prospects of young people

people

## Backing communities

All businesses have a responsibility to the communities they operate in. The Inflexion Foundation advances the prospects of young people in the UK. By focusing on engagement through education, sport and the arts, we improve their prospects for a brighter future.

# The Inflexion Foundation *in numbers*

£7.1m

donated to date

44

charities supported to date

9

strategic partnerships

42%

of Inflexion employees engaged in charitable activities

160

young people supported by Inflexion employees

“

*I am so incredibly grateful to Inflexion for supporting IntoUniversity by providing crucial grant funding for our work, volunteering precious time, sharing wonderful office space with our students and dedicating expertise to their development. The support truly enables our students to achieve their amazing potential.*

”

Dr Rachel Carr, Chief Executive, IntoUniversity

# Who we *support*

The Inflexion Foundation has been improving the lives of young people from disadvantaged backgrounds across the UK for over five years. We understand the importance of long-term, hands-on support to drive meaningful value, and so believe the impact of our financial capital is significantly amplified when it is supplemented by our human capital. As such, alongside funding, the Inflexion team are also involved with our charitable partners in terms of pro-bono support and fundraising.



In 2023, the Inflexion Foundation was pleased to announce a broadening of its focus to include the environment. This reflects Inflexion's belief in the fundamental importance of sustainability as well as our commitment to being a responsible investor. The Foundation's first strategic partnership in this space is with the Royal Geographical Society, a charity which focuses on the environment through education.

**Royal Geographical Society**  
with IBG

# Foundation *in action*

## Roundhouse

The Roundhouse is an iconic music and arts venue in Camden. Alongside live events, harnessing the creativity of young people and new artists is built into their DNA. Through their ambitious youth programme, young people can take part in workshops that ignite their creativity, teach them how to break into the industry, and use affordable studio spaces. They also nurture freelancers and entrepreneurs that are changing the future of the creative industries. The Roundhouse works with 7,000 young people per year and has ambitious plans to grow this work over the coming years.

The Inflexion Foundation has been a longstanding supporter of the Roundhouse, with Inflexion Managing Partner Simon Turner serving as Chair of the Board of Trustees since 2017. Andrew Priest, Inflexion Partner, is also on the Development Board, helping the Roundhouse find additional funding through company sponsorship. In 2021, the Inflexion Foundation made a £1.5m donation which enabled them to break ground on a new creative centre, Roundhouse Works, which opens in June 2023.

**£1.5m**

**donated to support  
its new creative  
centre**

**7,000**

**young people  
supported per year**

## IntoUniversity

IntoUniversity tackles the socio-economic and educational inequality that makes it much harder for young people living in the UK's least privileged neighbourhoods to reach their potential. Many families are caught in a vicious cycle, where the disadvantages of one generation are passed onto the next, creating neighbourhoods where for decades, poverty and educational underachievement go hand-in-hand.

IntoUniversity was set up to address this, and does so through local, grassroots learning centres offering long-term programmes of support throughout primary and secondary school – and into university and employment.

**£600k**

**donated to date**

**45,000**

**young people  
supported to date**



## Impetus

Impetus transforms the lives of young people from disadvantaged backgrounds by ensuring they get the right support to succeed in school, in work and in life. They find the most promising charities working with these young people, provide them with long term funding and help their leaders to deliver meaningful, benchmark beating, sustained outcomes for the young people they serve. More than a quarter of a million young people are currently benefiting from the support of Impetus's portfolio charities.

As longstanding supporters of Impetus since 2017, Inflexion are proud to be heavily involved in terms of funding as well as pro-bono work. Further cementing its relationship, in 2022, Inflexion announced a grant of £500,000 per annum for the next three years to support the delivery of the organisation's charitable objectives together with direct support to three of Impetus's charity partners: City Gateway, The Access Project and West London Zone.

**£500k**

**grant for  
three years**

**83,000**

**young people directly  
supported in 2022**

# Pro-bono *and fundraising*

## Impetus Triathlon

In 2022, 28 Inflexion employees and teams from 10 Inflexion portfolio companies completed the Impetus Triathlon. Fundraising by the Inflexion team and portfolio companies combined with matching by the Inflexion Foundation meant over £300,000 was raised, once again making Inflexion the highest fundraiser for the event. Over the last six years, Inflexion has raised over £1.2m for Impetus by fundraising for the triathlon event alone.

**£1.2m**

raised to date



## IntoUniversity

Inflexion provides extensive support to IntoUniversity and its students with nearly 30 colleagues supporting as Corporate Mentors, E-Mentors, Business and Career in FOCUS volunteers. 2022 marked the third of a four-year partnership, with a future commitment of support enabling a better level of involvement. In April 2022, Inflexion delivered its first ever Insight Day, teaching over 20 students from IntoUniversity about career pathways at Inflexion and how to access them.

## Round the Houses

For three years in a row, Inflexion colleagues have walked 36 miles in 24 hours 'Round the Houses' to raise money for the Roundhouse. Through the generosity of Inflexion's valued network, the team surpassed its target, raising over £75,000 in 2022. This total was matched by the Inflexion Foundation, making the total funds raised for the Roundhouse £150,000.

**£150,000**

total raised by Inflexion employees to date

## Bookmark

A number of volunteers from the Inflexion team volunteer to help children to read with Bookmark, delivering 100 one-to-one reading sessions to children to date, which amplifies the effect of Inflexion's financial contribution by allowing the organisation to reach more children. Since 2021, Inflexion Investment Director Tom Green has also been on Bookmark's Advisory Board, helping to connect Bookmark with the Inflexion portfolio.



## Kinetic Football

In May 2022, Inflexion hosted a football tournament together with the Kinetic Foundation which was attended by 16 teams from Inflexion's adviser network. Each team was asked to make a £750 donation to Kinetic, resulting in £12,000 being raised for the charity. Kinetic supports disadvantaged and disengaged young people from the most deprived areas in London by delivering a wide range of educational opportunities.

## Contact information

**Jennie Galbraith**  
ESG Director

**Sarah Gestetner**  
Head of Marketing  
and Communications

[www.inflexion.com](http://www.inflexion.com)

**Inflexion London**  
47 Queen Anne Street  
London, W1G 9JG  
+44 (0)20 7487 9888

**Inflexion Manchester**  
Ninth Floor, 82 King Street  
Manchester, M2 4WQ  
+44 (0)161 672 8694

**Inflexion Amsterdam**  
NoMA House,  
Gustav Mahlerlaan 1212  
Amsterdam, 1081LA  
+31 (0) 20 209 15 62

Information at 31<sup>st</sup> March 2023. The data provided in this report includes companies that we've invested in for at least a year as at 2022 year end on the 31<sup>st</sup> March 2023. Nothing in this document constitutes or forms a part of any offer for sale or subscription of, or any invitation to offer to buy or subscribe for, any securities, nor should it or any part of it form the basis of, or be relied upon in any connection with any contract or commitment whatsoever. The information in this document is a communication made, or approved for communication in the UK by Inflexion Private Equity Partners LLP, which is authorised and regulated by the Financial Conduct Authority for the conduct of designated investment business in the UK and registered in England and Wales with limited liability. Inflexion does not conduct investment business in the United Kingdom with retail customers and accordingly services and products mentioned or referred to in this document are not available to such persons. The information in this document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution would be contrary to local law or regulation. You are required to acquaint yourself with any local laws and restrictions pertaining to the distribution of this document. The information contained in this document has been prepared based on our own understanding and we have not undertaken any third party regulatory or legal review of the information contained herein. You should obtain your own legal, regulatory or other professional advice to the extent required.