JULY 2024

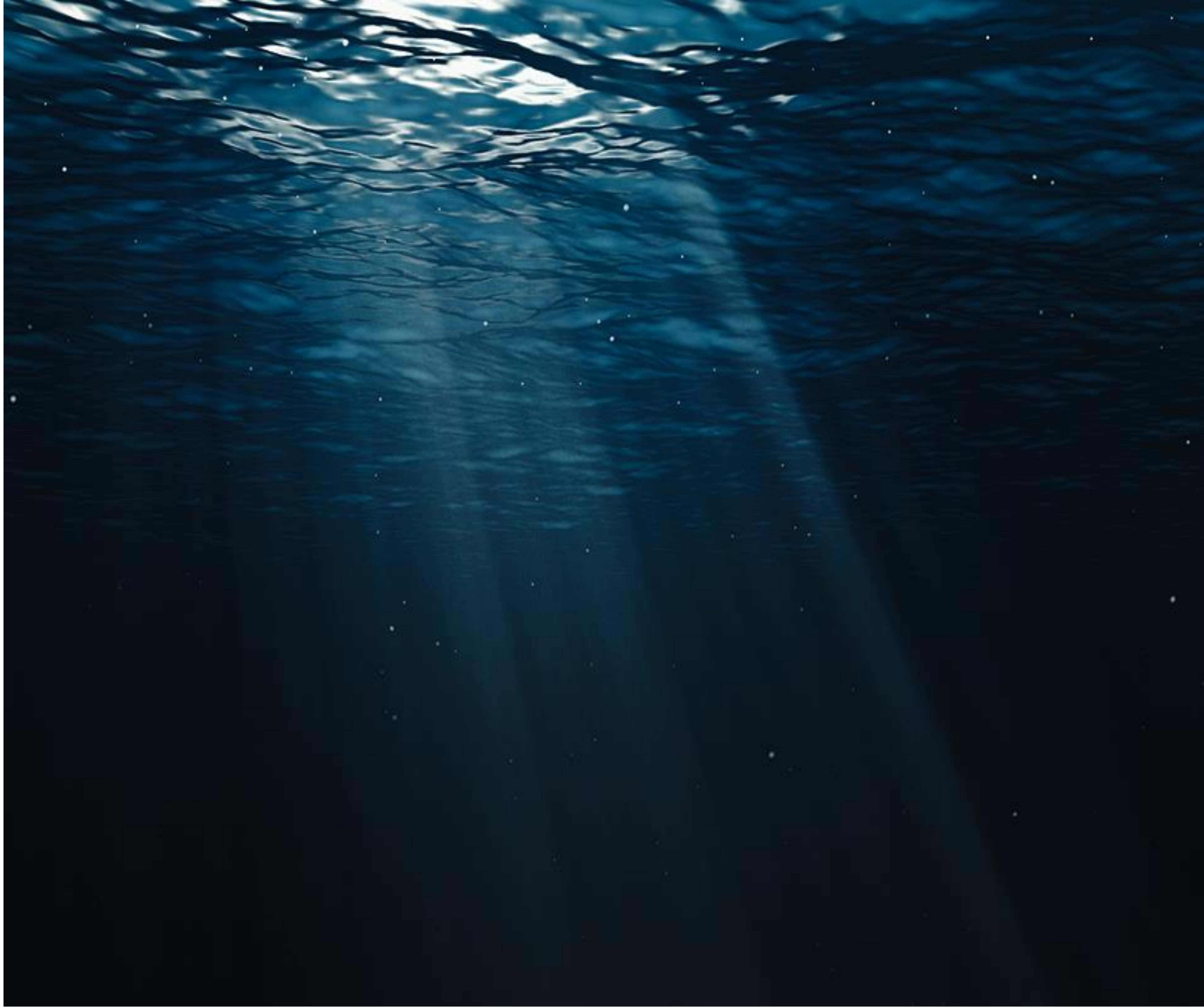
ESG Report

Warrawoona, solar installed by Zenith Energy, a SAF I investment

PEP PACIFIC EQUITY PARTNERS

Contents

All figures are as at 31 December 2023 unless otherwise noted.



Message from the Managing Directors

Pacific Equity Partners is pleased to share with you its second Environment, Social and Governance (ESG) Report. PEP has been a signatory to the UNPRI since 2012 and continues its long track record of responsible investing. ESG continues to be an important aspect of our investment process. Put simply, it is good for business. PEP is continuing to develop and improve its processes and work with its investments.

Highlights from this year include:

1. **implementing an ESG onboarding process for new portfolio companies;**
2. **setting up an ESG Dashboard to monitor the ESG performance of portfolio companies;**
3. **improving our due diligence and investment committee processes; and**
4. **engaging with Jupiter Intelligence to provide climate scenario analysis.**

Across the Firm, it has been a busy 12 months for PEP, with the execution of five new platform investments across the Private Equity and Secure Assets strategies. In addition, our Capital Solutions strategy, which provides secured debt capital to businesses, committed over $500M to new transactions in the 12 months to 31 March 2024. The PEP Gateway strategy, which provides access to high quality global private equity with regular liquidity, continued to invest alongside top-tier global private equity managers over the last 12 months.

From an ESG perspective, the focus has been on continuing to evolve our ESG processes and further integrating ESG into our investment decision making.

PEP has formalised its ESG onboarding approach for the new portfolio companies. This has brought clarity to our expectations, as well as providing a wealth of resources to accelerate their ESG engagement. This initiative is part of a broader knowledge transfer of ESG from PEP to our portfolio companies. This has been aided by PEP's regular ESG discussion forums, with senior leaders of our portfolio companies sharing knowledge and best practice as it relates to ESG matters.

Pacific Equity Partners continues to be carbon neutral and for FY23 reported absolute zero scope 1 and 2 emissions. In addition, PEP has engaged with Jupiter Intelligence to enable it to analyse climate scenarios for businesses with a higher exposure to the physical risks of climate change.

Finally, PEP developed an ESG dashboard organised around its key ESG focus areas to present a summary of the latest ESG accomplishments and upcoming initiatives for all portfolio companies. The ultimate objective of this tool is to evaluate and assign a rating to the investee's ESG maturity and performance on a continual basis. This is reviewed regularly by the PEP Operating Committee.

In this 2024 Report we will provide an update on our three key focus areas which form the baseline expectation across all portfolio companies.

These are:

- Carbon reporting and decarbonisation plans
- Diversity, equity, and inclusion
- Safety and security.

We look forward to sharing our progress and future plans with you.

About Us

Since the Firm's inception in 1998, Pacific Equity Partners (PEP) has established a leading position in the Australia and New Zealand private funds management market.

PEP is one of Australasia's longest standing private markets fund managers. The Firm adopts a systematic and disciplined approach to identifying opportunities, evaluating and resolving business issues, and delivering improved operational and financial results.

PEP's operationally focused strategy has generated attractive returns over 25 years with PEP Equity Funds[1] returning an average gross Multiple of Money (MoM) of 2.6x and a gross Internal Rate of Return (IRR) of 41%.

The strategy has four investment products to suit different investment objectives.

	Private Equity	Secure Assets	Capital Solutions	PEP Gateway
Overview	Leveraged buy-outs (LBOs) across a variety of sectors	LBOs of infra-like operating companies	Strategic, structured credit solutions	Diversified portfolio of global Private Equity (PE) funds
IRR Target	20%+	14-16%+	12-14%+ (incl. 10% cash yield)	15-17%+
Downside Risk	Bounded	Contracted	Structurally Protected	Diversified
Ownership	Majority / Control	Majority / Control	Warrant / Fees	Minority
Fund	Closed-ended	Closed-ended	Open-ended	Closed- and open-ended options
Geography	Australia / New Zealand			Global / Diversified

[1] Funds I-VI and SAF I.

Timeline of Events

ESG Evolution

2012
- Becomes signatory to UNPRI
- Adopts ESG policy
- Adopts formal parental leave policy

2018
- AVCJ Responsible Investment Award – Manuka Health

2020
- Becomes Carbon Neutral with Climate Active

2021
- Appoints first ESG Director
- Intellihub Green Loan
- Diversity, Equity, and Inclusion Committee established

2022
- Becomes member of Initiative Climate International
- ESG Education program commences
- Portfolio Company ESG roundtables commence
- ESG Leadership Team established
- UP Education Sustainability Linked Loan

2023
- Inaugural ESG Report published

Investment Funds

1998
- PEP Founded
- Fund I

2004
- Fund II

2006
- Fund III

2008
- Fund IV

2011

2015
- Fund V

2019
- Secure Assets Fund I

2020
- Fund VI

2021
- Capital Solutions commenced

2022
- PEP Gateway commenced
- Smart Metering Fund

2023
- Education SPV
- Secure Assets Fund II

2024
- Fund VII

ESG Approach

Integration

ESG is integrated into each step of the PEP investment process.

ESG factors may affect, positively or negatively, either PEP's own business or the businesses in which it invests.

As with anything that is material through the investment cycle, PEP looks at the risks ESG factors pose, the opportunities they create, and how it identifies and manages those risks and opportunities for its business and its portfolio companies.

Example

The PEP Gateway strategy invested in a specialty distributor of foodservice packaging and janitorial sanitation products. During due diligence, it identified that the business is increasingly sourcing and selling more environmentally friendly single-use foodservice packaging. This has been driven by customer demand and therefore contributing to a more competitive product set. The business has been able to charge a premium for this and also attract a broader set of customers. The combination of these factors made the investment more attractive.

Portfolio Company Lifecycle

Sourcing
- Identify ESG risks and opportunities
- Test against PEP policies

Evaluating
- Determine materiality of ESG issues
- Understand future trends

Structuring
- Identify mitigants to ESG risks
- Structure incentives for enhanced performance

Managing
- Prioritise ESG focus areas
- Measure and report over time

Harvesting
- ESG disclosure
- Value recognition

ESG Approach

Investment

PEP has strengthened and deepened its analysis of ESG matters on a given transaction as the ESG space itself has evolved.

1 Sourcing

- Consider the industry and whether it is excluded or sensitive as it relates to the ESG policy
- Identify potential risks and opportunities for strengthening a target's ESG capabilities and any value accretive opportunities which are in line with positive ESG outcomes.

2 Evaluating

- Consider the materiality of ESG considerations
- Material risks are documented in investment committee papers and discussed at the PEP Investment Committee, a forum consisting of the senior leadership team at PEP.

3 Structuring

- Seek deal structures which protect investors from downside ESG risk
- Develop incentives for positive ESG performance.

Example

UP Education (a Fund VI and an Education SPV investment) is dedicated to delivering the highest quality educational outcomes. During PEP's hold, UP Education has been focused on its teaching program and bridging the education parity gap to make educational outcomes more accessible and relevant to Māori and Pasifika learners, as well as to disadvantaged and second chance learners.
To achieve this, PEP supported UP Education in the implementation of Learner Success capability teams. These teams prioritise equity Māori and Pasifika learners and actively seek feedback from other minority learners to enhance their study experience. PEP also implemented management incentives to drive these outcomes. This emphasis has led UP Education to achieve industry-leading qualification success for Māori and Pasifika learners. As part of this, UP Education tracks and reports outcomes. These initiatives are positive for students and the business and are also important to the New Zealand Tertiary Education Commission, a key funder in the UP Education sector. In turns this positions UP Education for future growth with the New Zealand Tertiary Education Commission.

4 **Managing**

- Work with the portfolio management team to deliver outstanding economic returns alongside positive ESG outcomes
- Set the expectations and parameters of proper governance
- Portfolio Company Board and Management charged with developing an ESG strategy and implementation plan
- Link the target company with PEP ESG Director and portfolio company knowledge sharing initiatives.

5 Harvesting

- Provide prospective future owners with a clearly articulated view of ESG improvements achieved, and future ESG enhancement opportunities and risks
- All relevant ESG information pertaining to the company is disclosed and PEP is beginning to see the value uplift that ESG progression is having.

ESG Approach

Resourcing

Ultimate responsibility and decision making for ESG sits with the PEP ExCo comprised of senior managing directors across each strategy.

This is supported by PEP's dedicated ESG Director, Rosie Johnson, who joined the business in July 2021. Rosie works alongside the ESG Leadership Team to formulate and define the ESG strategy and deliverables for the firm.

ESG Leadership Team

Rosie Johnson, ESG Director

Andrew Charlier, Managing Director

Shannon Wolfers, Managing Director

In addition, PEP has an internal Diversity, Equity, and Inclusion Committee which leads the Firm's approach to all matters relating to diversity, equity, and inclusion.

At the portfolio company level, each portfolio company board is responsible for implementing their own ESG strategy, while drawing on the experience and resources held at the PEP level.

PEP has achieved a regular cadence of ESG reporting across each portfolio company with the precise form of reporting adapted for the materiality of ESG matters within a particular organisation and industry.

PEP engages directly with the ESG leads of its portfolio companies to provide discussion forums and opportunities to share knowledge and best practices to strengthen its collective capabilities.

PEP's objective is to ensure its portfolio companies' ESG maturity grows during PEP's ownership and its businesses are taking advantage of the tailwinds a focus on ESG can provide.

- All portfolio companies have ESG as a specific agenda item as part of their annual reporting and either have a plan or (for newer acquisitions) are working to develop an ESG plan
- All portfolio companies will have ESG tied to management team short term or long-term incentives
- All portfolio companies are reporting ESG data annually to PEP
- Three portfolio companies are pursuing diversity programs which engage indigenous Australians
- One portfolio company has set Net Zero objectives and is actively working to achieve those with regular reporting to the board with a second company developing a NZ plan.

PEP ESG Portfolio Company Governance

PEP Operating Committee

Portfolio Company Board

Portfolio Company Management

ESG Reporting | ESG Delivery

PEP has been systematically engaging in ongoing cybersecurity diligence and monitoring, with a particular focus for businesses which have a high exposure to cybersecurity risk. In 2023 PEP enhanced this program to streamline the diligence process. This has enabled PEP to gain a more consistent understanding of the cybersecurity maturity of every business and any critical vulnerabilities. A remediation plan for residual risks is systematically provided and implemented to ensure companies achieve the expected maturity level required to operate as safe and secure businesses.

Focus for 2024

1. **Environment:** Carbon & Decarbonisation
2. **Social:** Diversity, Equity & Inclusion
3. **Governance:** Safety & Security

Environment

Carbon & Decarbonisation

Why This Matters

It is important for PEP as a manager to work with its businesses to set them on a trajectory in line with regulatory and community expectations.

What Has PEP Done So Far

Measurement

In 2020 PEP commenced a program to obtain the initial carbon footprints of its owned and controlled portfolio of companies, as well as measuring its own carbon footprint.

Analysis

PEP has reviewed the emissions profile of its portfolio companies to identify the emissions intensity of its businesses and where most emissions come from. As part of this analysis, PEP continues to work towards setting in place improvement plans across all businesses.

Action

PEP maintains carbon neutral status with respect to operations and in FY23 reported absolute zero scope 1 and 2 emissions through the purchase of accredited green power.

Climate

PEP has engaged a climate tool, Jupiter Intelligence, to provide insight into climate risks. In particular, the physical risks of climate change.
This tool enables PEP to conduct scenario analysis and identify material risk exposures of climate change as it relates to the real estate footprint of potential and existing portfolio companies.

What Will PEP Do Next

Ongoing Measurement Reduction Targets & Mapping

PEP will continue to ask each portfolio company to measure their carbon footprint on a regular basis. In addition, PEP will continue to work with portfolio companies to put in place targets to reduce the carbon intensity.

Engagement

PEP will be working with its portfolio companies on ways to engage with suppliers (both upstream and downstream) to better understand and influence the carbon intensity of supply chains.

Incentives

Incentives are being put in place across the portfolio companies and encompass action on carbon and decarbonisation.

Environment

Carbon & Decarbonisation

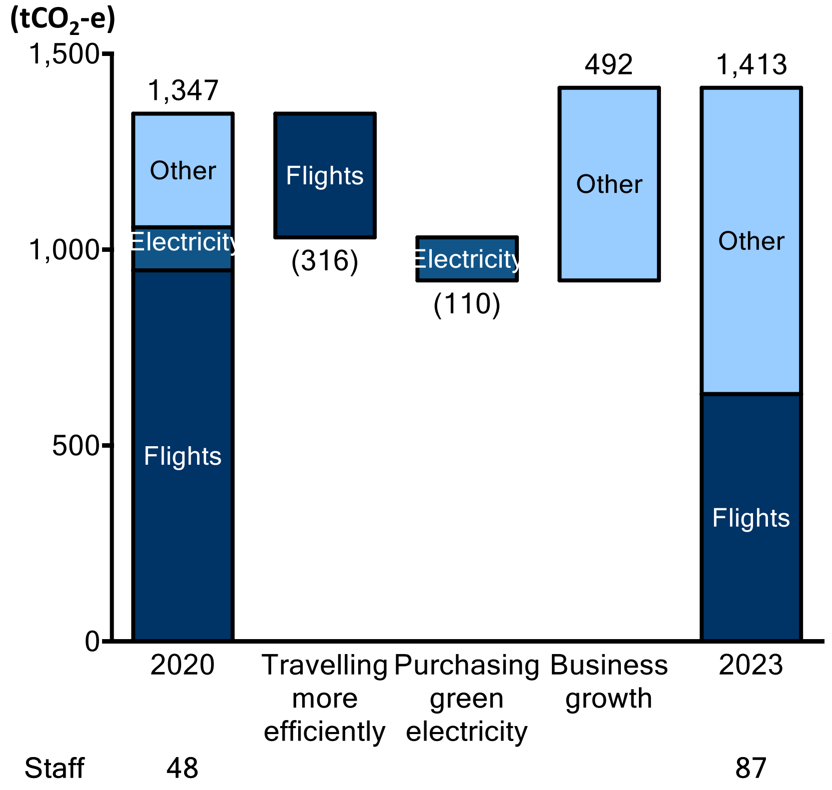
Actions taken

- Reduce travel, prioritising fundraising and essential board meetings
- Purchasing accredited green power

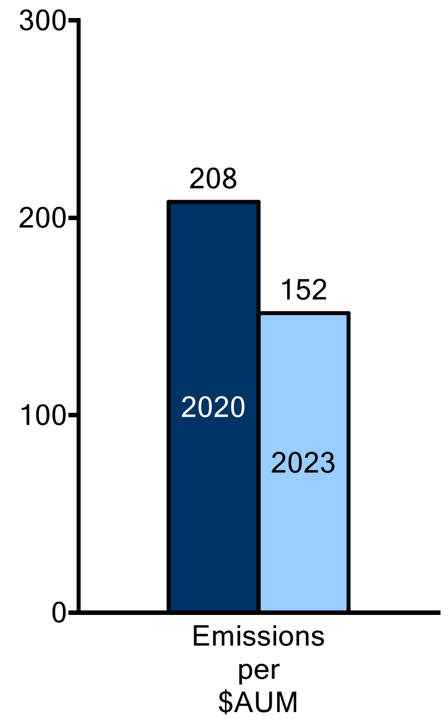
Results

2020	2022	2024
1 Company measuring tCO_2-e	8 Companies have completed measurements of tCO_2-e	10 companies have completed measurements of tCO_2-e
0 Companies providing annual ESG data	8 Companies providing annual ESG data	10 companies providing annual ESG data
0 Commitments to Net Zero against PEP policies	1 Commitment to Net Zero	1 Commitment to Net Zero and 7 companies conducting climate analysis

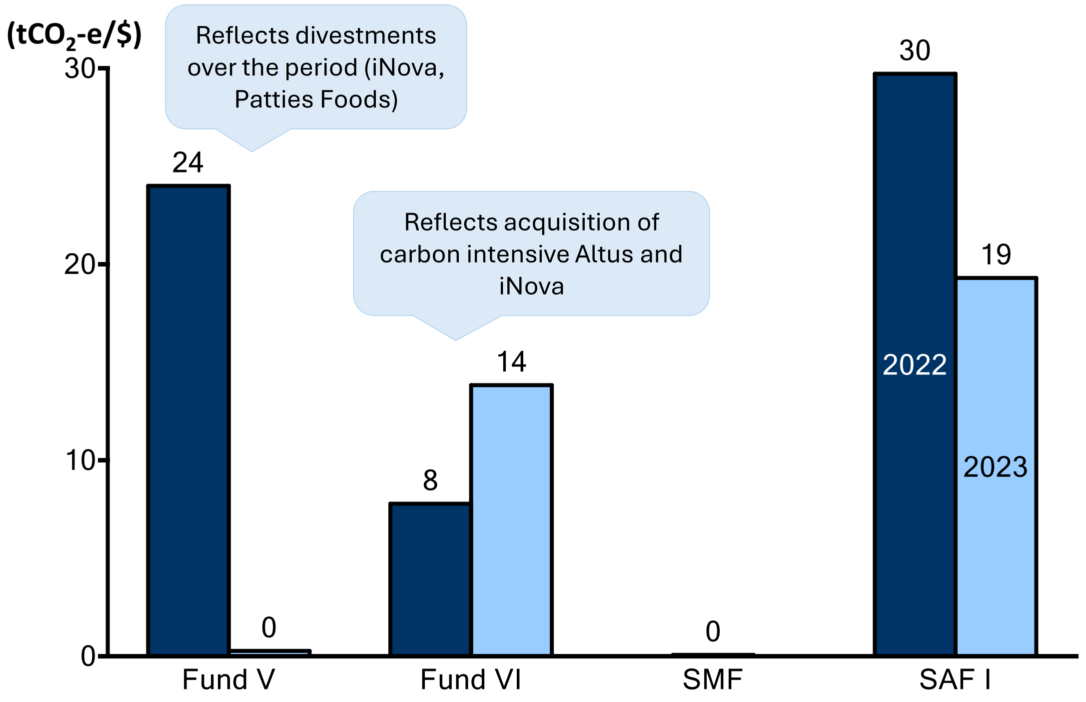
PEP Emissions Sources 2020-2023



PEP Emission Intensity



Portfolio Company Weighted Average Carbon Intensity[1]



*PEP has excluded financed emissions from this report. As certain portfolio companies are yet to measure their greenhouse gas emissions and PEP has elected not to estimate greenhouse gas emissions, any financed emissions data would be incomplete. In addition, where possible, emissions have been measured in accordance with the guidance and methodology of the Greenhouse Gas Protocol (GHG Protocol), including supply chain emissions (scope 3). The specific emissions factors used in these calculations may vary depending on external sources and data. Emissions factors are typically based on scientific research, industry data, and regional factors and are not necessarily continuously updated. For some companies the reported emissions were during a time impacted by COVID-19 so may represent a distorted period for future comparisons.

[1] Weighted Average Carbon Intensity measures emission per revenue of each portfolio company in a fund, weighted by the portfolio company value relative to the fund value. This is measured using scope 1 and 2 recorded emissions. Where companies have not renewed their carbon footprint, the latest recorded carbon footprint has been used. Where companies have not conducted a carbon footprint, they are not included in the calculation. Revenue and valuation data used are as reported as at 30 June 2022 and 30 June 2023.

Social

Diversity, Equity & Inclusion

Why This Matters

Diversity of thought is a critical ingredient for any successful investment program.

What Has PEP Done So Far

PEP continues to enhance gender diversity within the PEP team. While PEP's gender diversity statistics are in line with other Private Capital Fund Managers in Australia, there is a material discrepancy between its industry and the communities in which it operates which needs to be addressed.

PEP continues to participate in various industry working groups including the Australian Investment Council's Diversity Committee and Leaders of Change Committee. In addition, the PEP internal Diversity, Equity, and Inclusion Committee has launched a number of initiatives designed to increase the gender mix of the recruitment funnel. This year the PEP Women in Business Scholarship was awarded to two final year university students. The scholarship comprises a $25,000 cash award including 4 weeks work experience with the Private Equity Team. The program attracted a significant number of outstanding candidates. The purpose of this initiative is to engage with potential dealmakers earlier in their careers and present the private equity career path. PEP looks forward to welcoming the scholarship recipients in July 2024 and continuing the conversation with those who applied.

Firm Targets

1. 30% female Investment Team (across Private Equity and Secure Assets) by 2030 (currently 24%[1])
2. ESG component of Remuneration Reviews to include DE&I.

[1] As at 31 December 2023, includes private equity and secure assets only.

Case Study

PEP has implemented a range of initiatives over the past 5 years to promote greater diversity in recruitment. Given PEP's apprenticeship model, it is critical to ensure the process from the beginning is open to as broad a range of candidates as possible.
As a result, PEP has initiated the following activities to support a stronger representation of women in the recruitment funnel.

PEP Initiatives to Expand Candidate Funnel

1. Networking breakfasts for young women to learn about PEP
2. PEP Women in Business Scholarship targeting undergraduate students; providing a generous financial award and work experience with the Private Equity team
3. Team members are encouraged to maintain relationships with strong performers and to encourage them to apply to PEP.

PEP Policies for Recruitment Partners

1. Double the fee for each successful female placement
2. Must bring adequate gender representation in applicants.

Interview Process

1. Female applicants are interviewed by at least one female investment team member at each round of the recruitment process
2. Progression through interview stages are tracked.

Impact

PEP has seen an increase in the number and quality of applications received in the latest recruitment process, demonstrating the early impact the above changes are making. PEP will continue to monitor the effectiveness of these programs and make changes as appropriate

Social

Diversity, Equity & Inclusion

Why This Matters

PEP believes that all people should have an equal opportunity to contribute and thrive in its organisations. Having depth and breadth of experience within the Firm leads to better decision making for the long term.

Apprenticeship Culture

The businesses and its values are built around an apprenticeship culture. This means the business develops and nurtures talent internally; as such, PEP has a strong history of growth and promotion from within, rather than lateral senior hires.

Portfolio Company Targets

1. Move to at least 40% Female Senior Management teams over PEP's ownership
2. At least one female director or observer on each portfolio company board by 2025
3. Review gender pay gaps and work to close.

What PEP Will Do Next

PEP has established several initiatives to assist in meeting the above targets including:

- Continuous education program centred around diversity, equity and inclusion
- Commence the work experience program for PEP's first Women in Business Scholarship recipients
- Continued early engagement with female investment professionals early in their careers
- Increased engagement with universities to present Private Equity as a career path

Investment Team Gender Diversity

2016 › 4%

2024 › 24%[1]

2030 Target › 30%

[1] As at 31 December 2023.

Governance

Safety & Security

Why This Matters

Operating safe and secure businesses means having a safe workplace for staff and customers. This involves ensuring a safe physical space as well as keeping the cyber landscape as secure as possible.

What Has PEP Done So Far

Safety has always been of primary importance during PEP's ownership. Safe working practices and a culture of safety are highly valuable.

At PEP when a business is acquired, safety is elevated to the board with regular monthly reporting; an approach which ensures safe work practices are ingrained in the culture of the businesses. PEP shares good safety practices across the portfolio to ensure that all companies are meeting the highest standards of safety.

If the safety practices are not or cannot be managed, then PEP will not take on the investment.

Cybersecurity has been a growing area of focus for PEP. Over the last 12 months PEP has expanded its cybersecurity program enhancing cybersecurity diagnostic and remediation plans. Following acquisition, PEP provides remediation support and implementation to ensure portfolio companies have robust cybersecurity protocols and practices in place.

What PEP Will Do Next

All portfolio companies have health and safety policies in place with material issues reporting at the board level monthly, usually as the first item of the agenda.

In an environment where cybersecurity attacks are increasing in frequency and sophistication, and where there is a risk that being a part of a private equity enterprise might make companies a bigger target, PEP is working towards ensuring all PEP owned organisations have robust cybersecurity measures in place.

PEP's focus areas are:

1. Continue reporting and tracking safety metrics.
2. Increase reporting on cyber risks.
3. Increase knowledge sharing across portfolio.

Impact

PE Fund VI

Impact

Modern Star

Modern Star has taken significant strides in their sustainability journey, with a noteworthy achievement being the implementation of their ambitious and comprehensive Modern Slavery program.

Economic Impact

As the largest player in the industry, Modern Star has the scale to enable leading sophistication regarding Modern Slavery. It is used as a point of difference with customers.

Case Study

Background Information

Modern Star is the market leading supplier of curriculum aligned educational resources to schools and early learning centres throughout Australia and New Zealand with a 60+ year history in the Australian market.

PEP acquired Modern Star in 2020.

ESG Initiatives Introduced Under PEP's Ownership

Modern Star aims to enhance clarity and transparency in its supply chain management by identifying and mitigating the risk of modern slavery. To achieve this, Modern Star has improved data collection through enhancements to their supplier management software and developed a risk assessment tool to classify suppliers into specific risk categories. This innovative tool is now used to increase the accuracy of supplier risk assessments and ratings across the group, allowing close tracking of performance against Modern Slavery Statement targets. In 2022, a high-level modern slavery risk assessment was conducted, covering nearly 1500 Tier 1 suppliers in 35 countries.

On identification of a risk, Modern Star proactively takes measures to address and mitigate the risk of modern slavery in its supply chain. Modern Star has implemented a series of policies and procedures articulating the elevated standards of conduct expected from both its team members and suppliers. These actions include:

1. Revision of its Ethical Sourcing Policy (ESP) and contract terms for suppliers to incorporate the right to audit and enhance compliance provisions.
2. Ongoing focus on existing suppliers who have not yet signed the ESP.
3. Proactive education of supplier-facing teams on modern slavery, with the inclusion of a modern slavery training module in the induction training for new staff.

In 2022, Modern Star published its first Modern Slavery report and now provides monthly progress updates to the Modern Star board on the compliance program's advancements.

2021

~60% of key suppliers in top 80% of spend have audit rights in their contracts in favour of Modern Star.

2022

94% of contracts of key suppliers in the top 80% of spend have audit rights in their contracts.

2023

All new supply contracts have audit rights.

Magentus

PE Fund VI

Impact

Magentus

Magentus' leading approach to diversity and inclusion has been key to differentiating themselves in the market and attracting a diverse talent pool.

Case Study

Background Information

Magentus is a global software and services firm specialising in Health, Defence, and large enterprise deployments.

PEP acquired Magentus in 2020 as part of a public to private transaction.

Focus on Diversity and Inclusion

After analysing the expectations of its internal and external stakeholders, Magentus gained a clearer understanding of the risks and opportunities associated with placing Diversity and Inclusion at the core of their business strategy. Magentus concluded that having a well-defined and measurable diversity and inclusion strategy, along with an action plan, can attract and retain talent in a competitive market. Conversely, mismanagement and the absence of clear diversity targets may impede future business growth.

To address this gap and position themselves as a leading Diversity and Inclusion employer, Magentus established gender-based targets across all levels of the organisation, focusing particularly on addressing pay gaps, enhancing diversity in senior management and at the graduate level. Additionally, Magentus revisited its Employee Value Proposition to ensure continued appeal to a diverse workforce across cultural, gender, and age spectrums. Magentus' diversity has improved over PEP's holding period and has demonstrated itself to be very diverse, in an industry which is not typically diverse. Magentus has better access to talent and offers a different value proposition, in particular for government clients who are focused on diversity.

At present, Magentus is experiencing the benefits of its early focus and investment in diversity and support from leadership. With a female CEO and CFO, a board comprising 40% women and two of the largest business units being led by women, Magentus will continue to attract and retain high quality diverse talent in an industry which has been historically dominated by men.

DE&I Progress

2019	2021	2022	2023	2024
Gender pay gap reporting commenced	Increase Family and Domestic Violence leave	Talent strategy released	DE&I statistics regularly recorded	Diversity and Inclusion strategy released
		Uplift Parental leave		Appoints first female CEO

PE Fund VI

Impact

Altus

Altus cultivates a prominent safety culture by placing an unwavering emphasis on ensuring the safety and wellbeing of their personnel in every aspect of their operations.

Economic Impact

Safety is a key area of focus for Altus' customers and Altus is able to gain a competitive advantage by developing and implementing premium safety solutions.

Case Study

Background Information

Altus is the leading national traffic management services platform in Australia and New Zealand. The company provides comprehensive traffic control, safety, permitting and design services to large corporate and government customers, who manage the construction and maintenance of road, rail and utility infrastructure assets.

Altus was formed in 2022 through the acquisition of Altus Traffic Management and Traffic Diversions Group (TDG) from private vendors.

Focus on Safety

In the past year, Altus has continued to implement notable ESG initiatives, with a primary emphasis on safety. Demonstrating an unwavering commitment to safety, Altus has devised a straightforward and pragmatic safety and wellbeing strategy, concentrating on activities deemed to have the most significant impact. The safety strategy revolves around four key goals:

1. Reduce and eliminate critical risk
2. Streamline, simplify and systemise
3. Build a positive, proactive and transparent safety culture
4. Make an impact on the mental and physical wellbeing of Altus' people.

Each goal is accompanied by specific initiatives and a well-defined roadmap for efficient implementation. Altus monitors and reports safety statistics to the board monthly and PEP directors are on the Board Safety sub-committee which also meets monthly.

Additionally, Altus has embarked on the digitisation of its traffic management equipment, enabling increased automation and the implementation of rules-based logic operations. The use of digitised technologies will enable Altus to provide early warning alerts to workers of hazardous site incursions, facilitate real time site monitoring and track third party vehicle compliance within risk zones, thereby minimising the potential for life-threatening events. Workzone digitisation will additionally enhance real-time transparency, maintaining site integrity and bolstering Altus' safety profile, thereby creating additional opportunities to attract customers; aligning values with value.

Target Outcomes

Reduce and eliminate critical risks:

- Reduce TRIFR by 10% every year
- LTIFR target of 0.00.

Streamline, simplify and systemize:

- Implement ongoing WH&S diligence training across all levels of the organization.

Build a positive, proactive and transparent safety culture:

- Create a speak up culture

Make an impact on the mental and physical wellbeing of people:

- Support team members with an industry leading fit for work program to reduce injuries and improve general wellbeing.

SAF II

Impact

LMS Energy

LMS Energy is a leading methane emissions abatement and renewable energy company.

Economic Impact

LMS generates revenue through the generation of renewable electricity as well as the sale of carbon credit units and the sale of Large-scale Generation Certificates. As a consequence, there is a direct correlation between increased revenue for the business and the abatement of methane.

Case Study

Background Information

LMS Energy (LMS) was acquired by PEP as part of an equal partnership with the LMS Energy founders. LMS is one of Australia's largest contributors to methane abatement, abating ~1% of Australia's total greenhouse gas emissions in the form of methane destruction. The business has over 27 years of experience in the design, build, ownership and operation of biogas to energy projects, with 90MW of biogas to electricity generation across 36 facilities, 3 MW of solar on landfill, an anaerobic digestion facility and a further 26 sites where it provides methane management and abatement services.

Enabling Decarbonisation

LMS' revenue is earned through the generation and sale of renewable electricity, Large-scale Generation Certificates (LGCs) and Australian Carbon Credit Units. The energy, LGCs and carbon credit units are sold through a mixture of government and corporate contracts, behind-the-meter electricity contracts and spot trades.

Methane, a form of greenhouse gas, has more than 25 times the global warming potential of carbon dioxide over 100 years, and approximately 80 times the warming potential over 20 years. In addition, landfill is the third largest source of man-made methane, making LMS critical to reducing the carbon emissions of the nation.

Climate Change

As part of PEP's investment, PEP has conducted an analysis of the physical and transition risks and opportunities of this business to better understand the decarbonisation enabling potential of LMS. Leveraging the internal expertise of PEP and LMS and scenario analysis tools such as Jupiter Intelligence, PEP has gained greater conviction over the strength of the energy transition tail winds supporting this business. The business has been assessed to be resilient to the physical risks of climate change and has appropriate strategies in place to manage risk and leverage opportunities.

Future Objectives

LMS abates over 4,500,000 tonnes of carbon dioxide equivalent each year via methane destruction. PEP's objective for this business is to continue to increase its decarbonisation activities through methane destruction and renewable energy generation in its core landfill gas and adjacent sectors.

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As certain portfolio companies are yet to measure their greenhouse gas emissions and PEP has elected not to estimate greenhouse gas emissions, any financed emissions data would be incomplete. In addition, any greenhouse gas emissions are, where possible, measured in accordance with the Greenhouse Gas Protocol. PEP acknowledges that the periods for which these data are provided has been affected by COVID-19 (either positively or negatively). PEP does not assume responsibility for the accuracy of such information and makes no representation that these numbers are actual tonnes of carbon dioxide or equivalents emitted.

In particular, whilst PEP believes the contents are based on reasonable assumptions to the best of its knowledge, all projections, forecasts and estimates represent the subjective view of management of PEP, which are by their nature subject to significant uncertainties and contingencies and may or may not prove correct. PEP does not guarantee any income or return in connection with any investment with PEP and there is no assurance that PEP will achieve results comparable to those in the Presentation.

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Past performance is not a guarantee of future results. Realised value is based on the sum of distributions, interest income and cash proceeds from dispositions of such investments. Except as otherwise indicated, the values of unrealised investments are unaudited estimates from PEP as of 31 December 2023 unless otherwise indicated and are inherently uncertain and subject to change.

There is no guarantee that such value will be ultimately realized by an investment or that such value reflects the actual value of the investment. The actual realised returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and timing and manner of disposition, all of which may differ from the assumptions and circumstances on which the valuations used in the performance data contained herein are based. As a result, the ultimate realised returns on these unrealised investments may vary materially from these amounts indicated herein.

Gross performance information does not reflect management fees or performance fees (i.e. carried interest) charged by PEP or its affiliates, or any other fund-level expenses borne indirectly by investors in a fund, which will reduce returns and in the aggregate are expected to be substantial and will reduce returns for investors. Gross performance calculations are unaudited, estimated and subject to change. Gross IRR for prior distributions are not necessarily indicative of future financial performance for other investments. Net performance is aggregated for all fee-paying investors and is net of management fees, other fund expenses or carried interest allocations, based on contributions, distributions and ending unrealised value.

IRR is a measure of the discounted cash flows (inflows and outflows) related to an investment. Gross IRR is a measure of the discounted cash flows (inflows and outflows) related to an investment. Gross IRR equals the discount rate at which

(i) the present value of all capital invested in an investment is equal to.

(ii) the present value of all cash flows and the terminal value of the investment (whether or not realized).

Net performance is not available on an investment-by-investment or sector basis because management fees, carried interest and other expenses are calculated at the fund level. A reference to currency, an amount of money, dollars or $ throughout the Presentation is to Australian currency unless otherwise specified.

Any projections, forecasts, targets and estimates (including, without limitation, any gender targets, target rates of return and projected future value) contained herein are necessarily speculative in nature, involve elements of subjective judgement and analysis, and are based upon certain assumptions and the best judgement of PEP.

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There can be no assurance any such exits discussed will ultimately be consummated on the timing, and on the terms, described herein, there can be no assurance any such value creation discussed will ultimately be achieved as planned.

The assumptions underlying the targeted returns and projected future value include, among others, comparable transaction values observed in the respective market, assumptions regarding general market conditions for the broader economy as well as valuation methodology guidance from the fund's auditor.

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