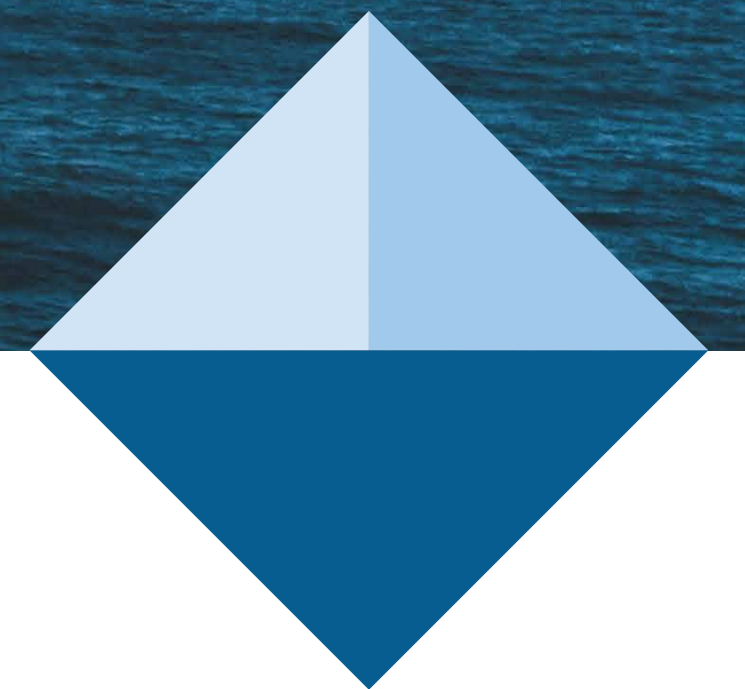


ESG Report

JUNE 2023



A large photograph of an offshore wind farm with several wind turbines in the ocean under a clear blue sky. The word "Contents" is overlaid in white text on the left side.

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Message from the Managing Directors

Pacific Equity Partners is pleased to share with you its inaugural Environment, Social and Governance (ESG) Report.

At Pacific Equity Partners, ESG is an important and integrated aspect of investment decision making. In this report, we reflect on our evolving approach to ESG since 2012 when we became a signatory to the UN Principles of Responsible Investment (UNPRI). We will explore what we have learned and how we work with our investment companies to deliver returns to our investors and have an impact on the communities in which they operate.

Pacific Equity Partners is pleased to be carbon neutral and we have recently become a signatory to the *Initiative Climat International*. We have established an ESG Leadership Team and Diversity, Equity, and Inclusion Committee.

We have identified 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.

In addition, each portfolio company identifies specific ESG opportunities related to their industry.

We look forward to sharing with you the way we think about ESG and our approach to integrating ESG into our investment processes.



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 years¹ with

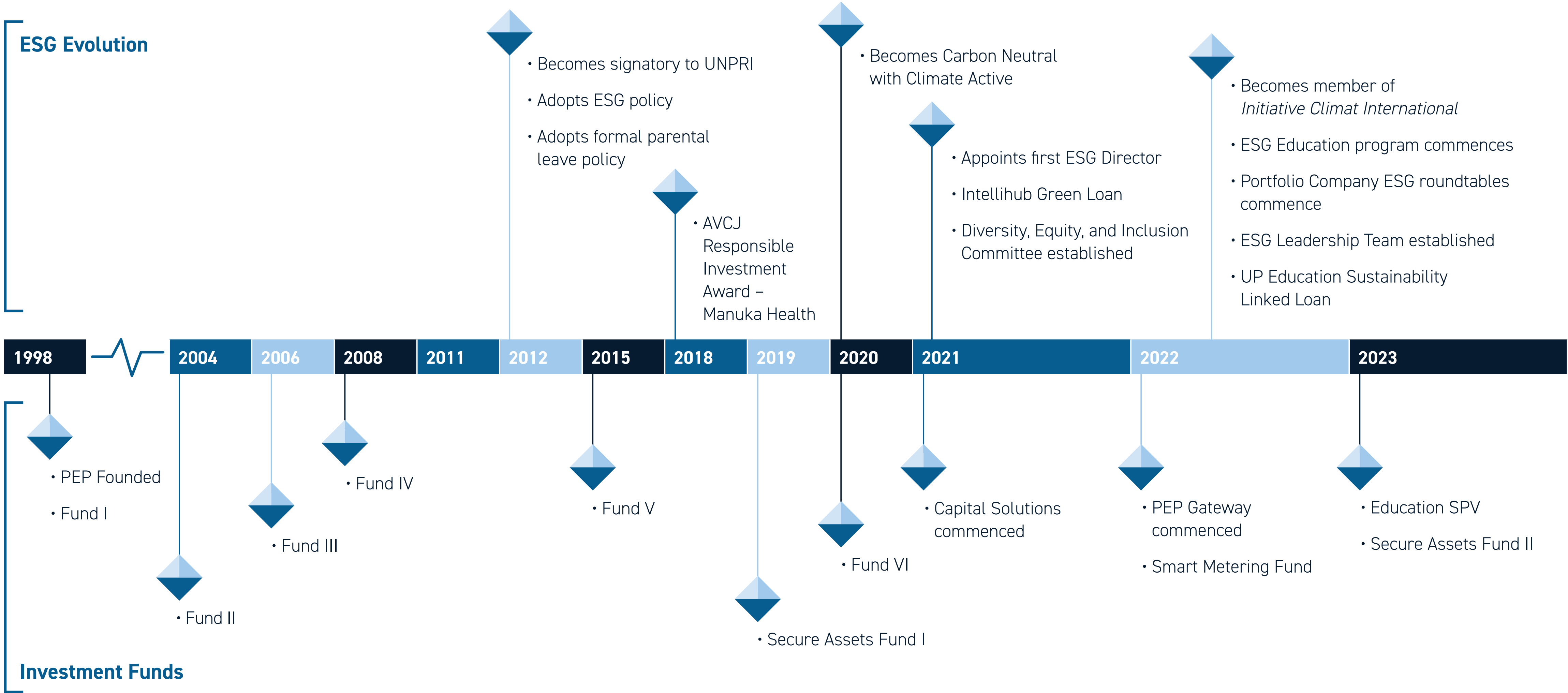
PEP Equity Funds² returning an average gross Multiple of Money (MoM) of 2.6x and a gross Internal Rate of Return (IRR) of 41%.

The strategy has expanded to five investment products to suit different investment objectives.

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

1. As at 14 April 2023. 2. Funds I-VI and SAF I.

Timeline of Events



ESG Approach

Integration: **PEP integrates ESG considerations into each step of its investment activities.**

Portfolio Company Lifecycle				
Sourcing ▶	Evaluating ▶	Structuring ▶	Managing ▶	Harvesting ▶
▲ Identify ESG risks and opportunities	▲ Determine materiality of ESG issues	▲ Identify mitigants to ESG risks	▲ Prioritise ESG focus areas	▲ ESG disclosure
▲ Test against PEP policies	▲ Understand future trends	▲ Structure incentives for enhanced performance	▲ Measure and report over time	▲ Value recognition

ESG factors may affect, positively or negatively, either our own business or the businesses in which we invest. As with anything that is material through the investment cycle, we look at the risks ESG factors pose, the opportunities they create, and how we might identify and manage those risks and opportunities for our business and our portfolio companies.

ESG Approach

Process: Our investment process has benefited from a materiality-based approach.

We have been able to strengthen and deepen our 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 our 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 discussed at the PEP Investment Committee, a forum consisting of the senior leadership team at PEP.

Example: Our Private Equity team reviewed a potential acquisition opportunity relating to intensive aquaculture. The target company had exposure to climate risk and in particular rising sea temperatures. While certain aspects of the business model and demand profile were attractive in the short term, the climate exposure we considered would not only worsen over time and erode the strength of the business model but were also outside our ability to control or influence.

3. Structuring

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

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 our 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 will be disclosed and we are beginning to see the value uplift that ESG progression is having.

Example: As we came to take Intellihub (a Secure Asset Fund I investment) to its next phase and open it up to new ownership, we had grown a business which had expanded its contract pipeline and raised a world first Green Loan certified under the Electrical Grids and Storage Criteria, with a sustainable finance framework in place underpinned by a business model critical to facilitating the clean energy transition. This Green Loan certification both improved the overall quantum of capital raised and the loan terms versus a standard financing, benefiting all equity holders.

ESG Approach

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

This is supported by our ESG Director, Rosie Johnson, who joined the business in July 2021. Rosie works with the ESG Leadership Team to formulate and define the ESG strategy and deliverables for the Firm.

In addition to the oversight by both the ExCo and the ESG Leadership Team, PEP have 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.

We are developing 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.

We engage directly with the ESG leads of our portfolio companies to provide discussion forums and opportunities to share knowledge and best practices to strengthen our collective capabilities.

Our objective is to ensure our portfolio companies’ ESG maturity grows during our ownership.

- ◆ 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.
- ◆ Two portfolio companies have set Net Zero objectives and are actively working to achieve those with regular reporting to the board.

PEP ESG Portfolio Company Governance



In 2023, we broadened our CFO Forums to include ESG, providing an opportunity for our CFOs and ESG Leads to gather together and share ideas and industry developments. This year, the event was well attended and covered the topics of cybersecurity, sustainable finance, exit preparation and decarbonisation.

ESG Approach

Focus for 2023

1 Carbon and
Decarbonisation

2 Diversity,
Equity, and
Inclusion

3 Safety and
Security

Environment

Carbon and Decarbonisation

Why This Matters

As we move towards operating our businesses in more sustainable ways, it is important for us as managers to work with our businesses to set them on a trajectory in line with regulatory and community expectations.

What Have We Done So Far

◆ Measurement

In 2020 we commenced a program to obtain the initial carbon footprints of our owned and controlled portfolio of companies.

◆ Analysis

We have reviewed the emissions profile of our portfolio companies to identify the emissions intensity of our businesses and where most emissions come from. As part of this analysis, we are working towards setting in place improvement plans across all businesses.

What Will We Do Next

◆ Ongoing Measurement and Reduction Targets

Each portfolio company will be asked to measure their carbon footprint on an annual basis.

◆ Education

We provide education to our portfolio companies on how to decarbonise by engaging with experts and sharing best practices across portfolio companies

◆ Engagement

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

◆ Set Reduction Targets

We will be putting in place reduction targets across the portfolio, starting with the larger emissions sources.

◆ Incentives

We will be working with our portfolio companies to set appropriate incentives targeting ESG outcomes, including in relation to carbon and decarbonisation.

2021		2022
6 companies are in the process of measuring tCO ₂ -e	>	8 companies have completed measurements of tCO ₂ -e
0 commitments to Net Zero	>	2 commitments to Net Zero

GP*	Scope 1 (tCO ₂ -e)	Scope 2 (tCO ₂ -e)	Scope 3 (tCO ₂ -e)
PEP ³	0	40.3	782.90

Fund	Scope 1 & 2 (tCO ₂ -e)	Scope 3 (tCO ₂ -e)
Fund V ⁴	51,839.00	Not tracked
Fund VI ⁵	20,692.53	108,933.17
SAF I ⁶	11,424.95	518,684.09
SMF ⁷	218.82	3,259.42

Portfolio		Scope 1 and 2 Emissions per Revenue (tCO ₂ -e/\$M)
Fund V	UP Education Patties Foods	0.84 ⁸ 108.83 ⁹
Fund VI	iNova Magentus (formerly Citadel) Modern Star Healthe Care	0.81 ¹⁰ 2.84 ¹¹ 4.72 ¹² 30.39 ¹³
SAF I	Zenith Agright	133.61 ¹⁴ 170.16 ¹⁵
SMF	Intellihub	2.08 ¹⁶




3. FY22. 4. Includes UP Education (CY21); Patties Foods (FY21). 5. Includes iNova Pharmaceuticals (Australia and South Africa only) (CY20); Magentus (formerly Citadel) (FY21); Modern Star (FY21); Healthe Care (CY21), excludes Altus and Cranky Health. 6. Includes Zenith Energy (FY22), Agright (scope 1 and 2 only) (FY22). 7. Includes Intellihub (Australia and New Zealand only) (FY21). 8. CY21, NZ\$M. 9. FY21, based on LTM revenue as at November 2022. 10. CY20. 11. FY21. 12. FY21. 13. CY21. 14. FY22. 15. FY21, based on FY22 pro forma adjusted revenue. 16. FY21. *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. 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.

Social

Diversity, Equity, and Inclusion

Why This Matters

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

Investment Team Targets		
2016	2023	2030 Target
		
4%	24% ¹⁷	30%

17. As at date of publication, includes private equity and secure assets only.

What Have We Done So Far

Our focus is primarily on enhancing 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 our industry and the communities in which we operate which needs to be addressed.

In addition to participating in various industry working groups including the Australian Investment Council's Diversity Committee and Champions of Change Committee, PEP have set up an internal Diversity, Equity, and Inclusion Committee comprised of a mix of team members from our investment team and operations team of various levels of seniority.

To date, we have set targets at the Firm and Portfolio Company level and will be actively pursuing those through a range of supported initiatives.

Firm Targets

- 1. 30% female Investment Team by 2030 (currently 24%¹⁷)
- 2. 50% female Investment Team by 2050
- 3. ESG component of Remuneration Reviews to include DE&I.

Apprenticeship Culture

At PEP, we have built our business and our values around an apprenticeship culture. Our business is one which develops and nurtures our talent internally; as such, we have a strong history of growth and promotion from within, rather than lateral senior hires.

Since the adoption of our new targets in June 2022 to our most recent recruitment round, 44% of our new recruits have been women.

Portfolio Company Targets

- 1. At least 40% Female Senior Management teams over PEP's ownership (currently 25%)
- 2. At least one female director on each portfolio company board by 2025 (currently 40% of companies)
- 3. Review gender pay gaps and work to close.

What Will We Do Next

We have established several initiatives to assist in meeting the above targets including:

- ◆ Increasing our paid primary carer leave to 26 weeks and our secondary carer leave to four weeks as part of a step change review of our parental leave practices
- ◆ Targeted engagement to enhance the diversity of our application pool
- ◆ Continuous education program centred around diversity, equity, and inclusion.

Near Term Initiatives

- 1. Working on our recruitment practices
- 2. Continuing to roll out education initiatives
- 3. Implementing and tracking performance against targets.

Governance

Safety and Security

Why This Matters

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

What Have We Done So Far

Safety has always been of primary importance during our ownership. We value safe working practices and a culture of safety.

At PEP when we take control of a business, 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. We share good safety practices across the portfolio to ensure that all companies are meeting the highest standards of safety.

If we do not consider that the safety practices are or can be managed, then we will not take on the investment as the dangers of investing in unsafe businesses are too great.

Cybersecurity has been a growing area of focus for PEP. We have commenced a program to enable portfolio companies to share threat intelligence data between themselves and receive threat intelligence data from a central cyber threat intelligence system. Three portfolio companies (as well as PEP) are currently participating in a pilot program in this respect which will run until December 2023. The collaboration extends further to connect portfolio companies together to learn from each other.

What Will We 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, we are working towards ensuring all our organisations have robust cybersecurity measures in place.

Our focus areas are:

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

Example: When acquiring Altus (a PEP Fund VI investment), employee safety was a key element discussed through the evaluating and structuring process. Altus is a traffic management business with staff working on busy roads directing traffic around road maintenance works. Accidents do happen across the industry. Altus demonstrated its industry leading safety track record, policies, procedures, and cultural alignment during due diligence. Further, the investment thesis was underpinned by Altus' exclusive access to proprietary technology lead solutions designed to reduce the risk to workers on the road from injury or death. This is seen as a material competitive advantage, an opportunity to drive market share and growth, while delivering a step-change improvement to industry safety outcomes.



Impact

Case Studies

Magentus is providing its expertise to the broader PEP portfolio to counter the growing cybersecurity threat



LEVERAGING EXPERTISE

Magentus (formerly The Citadel Group) (PEP Fund VI Investment)

PEP acquired Magentus (formerly The Citadel Group) in 2020 as part of a public to private transaction.

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

It is charged with keeping people and information safe and is constantly seeking to harness world-class technology to improve patient outcomes. Due to the sensitive nature of Magentus' operations, cyber security is a primary focus for the business.

As part of PEP's ownership, PEP is leveraging the knowledge and expertise of Magentus to share threat intelligence information with other portfolio companies to help them better protect themselves against cyberattacks.

By sharing threat intelligence information with the portfolio, Magentus is helping to create a more secure digital landscape for everyone.



Impact

Case Studies

Zenith energy has accelerated its transition to renewable energy under PEP ownership

CARBON TRANSITION ACCELERATION

Zenith Energy (PEP Secure Asset Fund I Investment)

PEP led a consortium of investors to acquire Zenith Energy in a public to private transaction implemented in August 2020.

Zenith Energy is a leading remote energy generation company founded in 2006.

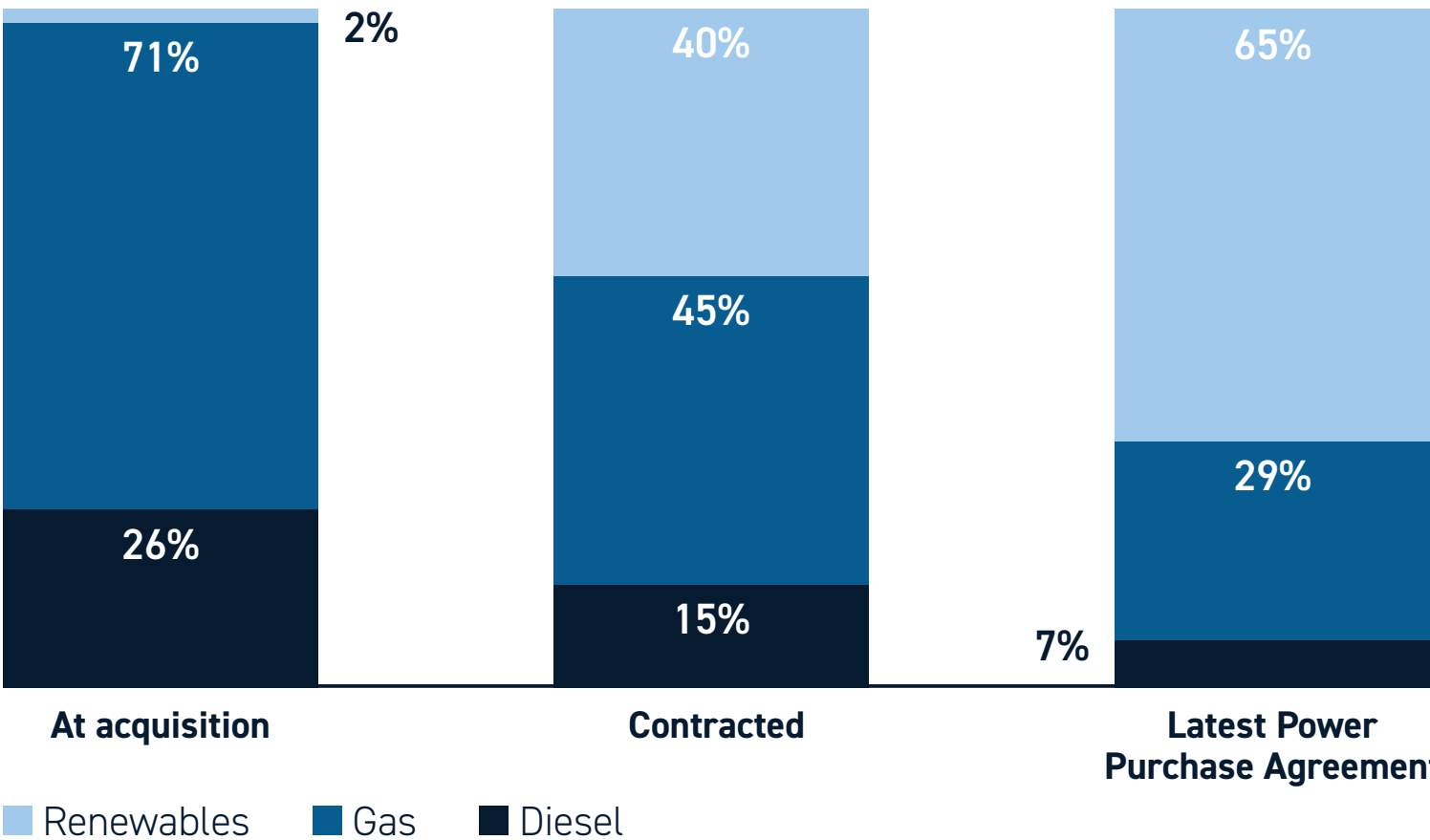
In FY19, the company was primarily focused on gas and diesel power generation, with less than 5% of their power generation coming from solar energy. At the time, only one of the 13 projects the company was bidding for included renewable energy.

When PEP took ownership, the investment thesis included taking advantage of the renewable energy opportunity given the location of Zenith Energy’s customers – remote areas of Western Australia where there is an abundance of flat land and sunshine, a great opportunity for solar and wind. Zenith Energy was tasked with increasing the concentration of renewable generation in its energy mix and generating more carbon efficient energy. This task was linked to the company’s management incentives.

The impact of this was immediate, with a step-change focus on renewable energy generation across the business. Today, the company has 40% of its contracted¹⁸ capacity from renewable sources, indicating the company’s commitment to sustainability.

The shift towards renewable energy has also sparked a broader push by the company to uplift its ESG capabilities. The company has taken steps to uplift its community engagement, including the development of a Reconciliation Action Plan to provide culturally appropriate support and cross-cultural awareness. In addition, Zenith Energy is partnering with Tjiwarl Contracting Services and Carey Group Training to provide opportunities for future generations of indigenous Australians.

Fuel source



18. Contracted as at 31 May 2023.

Impact

Case Studies

Healthe Care provided assistance as part of the public health response to COVID-19

POSITIVE HEALTH OUTCOMES

Healthe Care (PEP Fund VI Investment)

PEP acquired the Healthe Care Surgical Hospitals (Healthe) business in 2021 against a backdrop of a global pandemic, an aging population, and a constrained public health system.

Healthe operates a network of 13 hospitals and seven day surgeries across Australia.

It is the leading group across the Central Coast, Newcastle, and several other regional areas with a network of 1,300 beds and 90 operating theatres treating 200,000 patients per year. Healthe's operations span a wide range of acute medical and surgical procedures and sub-acute mental health and rehabilitation services.

During the COVID-19 pandemic, Healthe took on almost a third more public hospital patients to ease the burden on the public system. In particular, Healthe provided staff to public health to assist the COVID-19 response including sending staff to remote COVID-19 clinics and metropolitan contact tracing and vaccination hubs. Healthe also stepped up to provide additional bed capacity to the Aged Care sector.

Healthe continues to support the public hospital system. Coming out of the COVID-19 pandemic, the public hospital system experienced a backlog of elective surgery with wait times lengthening extensively. Healthe hospitals entered into public health agreements to provide surgical services to public patients across a range of specialties including ophthalmology, gastroenterology, orthopaedics, general surgery.

In addition to providing better health outcomes, Healthe has been focused on promoting other ESG initiatives including reducing waste and installing solar panels across Healthe's hospitals and replacing all lights with LEDs.



Impact

Case Studies

UP Education is focused on delivering improved educational outcomes to Māori and Pasifika learners in NZ

EQUAL OPPORTUNITY LEARNING

UP Education (PEP Fund V Investment)

UP Education is New Zealand's leading private tertiary education provider, alongside a growing presence in Australia. It was acquired by PEP in 2015.

UP Education delivers vocational education and training, higher education, University Partnerships, and online education across Australasia.

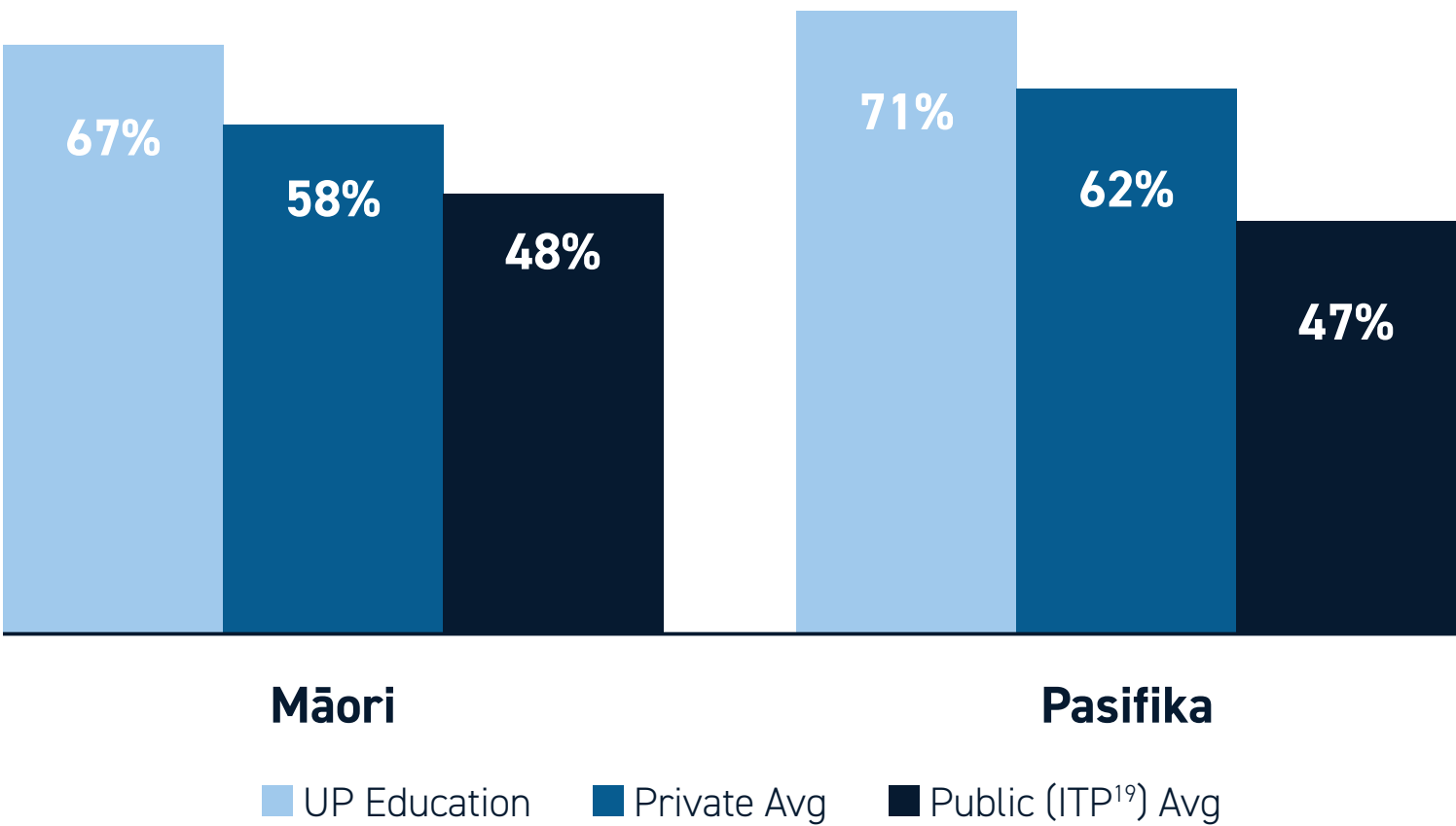
The group was founded more than 25 years ago by a group of ex-teachers in New Zealand with a focus and passion to deliver the highest quality educational outcomes. That passion remains today, and all private colleges in New Zealand are ranked Category 1 by the NZ Quality Authority.

UP Education has focused on making these educational outcomes available and more relevant to Māori and Pasifika learners, as well as disadvantaged and second chance learners. These are a cohort of individuals who historically have not been well served by

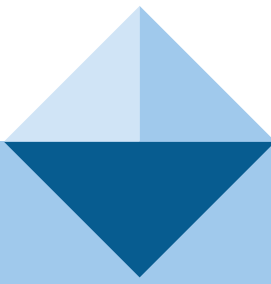
the education system. The result of this focus has seen UP Education deliver industry leading qualification success rates for Māori and Pasifika learners.

UP Education has a strong commitment to improving outcomes for Māori and Pasifika learners, with completion rates for these students above the national average.

Priority Learners Qualification Completion Rate



19. ITP means Institutes of Technology and Polytechnics



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There is no guarantee that such value will be ultimately realised by an investment or that such value reflects the actual value of the investment. The actual realised returns on unrealised

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.

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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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