



Bregal Investments


Capital With A Purpose


2023


Responsible Investment Report

Welcome

In Bregal Investments' sixth annual Responsible Investment Report, we seek to demonstrate our commitment to relevant environment, social, and governance integration in our investment strategies and share highlights from 2023.¹

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¹. All reported data is provided for a 12-month period spanning January 2023–December 2023, unless otherwise indicated. Data provided by Bregal Investments.



Introduction

With distinct investment strategies, Bregal invests in mid-market companies and funds, across sectors and regions, through control buyout, minority equity, structured equity, and credit strategies.

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A Message From Our CEO



◆◆
At Bregal, responsible investing is a cornerstone principle that helps guide our decisions and drive our success.

Alain Carrier
Chief Executive Officer

This past year has been marked by numerous ongoing global events, including significant economic shifts, fluctuating markets, next-generation technological advancements, geopolitical instability, and an increasing need for corporate engagement to better support environmental, social, and governance practices. Against the backdrop of these macroeconomic factors, Bregal's unwavering commitment to responsible investing has continued to be reflected not only in our deep-rooted mission of investing capital "with a purpose" but also, in the tactical ways in which we have responded to the trends that continue to evolve and reshape the investment landscape.

Our team's steadfast dedication to incorporating responsible investing factors into our investment analysis and decision-making processes has proven to be a prudent approach amidst market volatility. This has provided us with a deeper understanding of potential risks and value creation opportunities, enabling us to invest and position our companies to thrive in an ever-evolving global economy.

We have continued to engage deeply with our portfolio companies and General Partners to launch sustainability-focused solutions and to deliver sustainable business models with the objective of delivering strong financial returns.

Climate and Nature

As stated in prior years, we feel strongly that private markets' investment in nature is an important and strategic investment opportunity. With that in mind, in 2023, we were incredibly proud to announce the launch of Bregal Sphere Nature, our first foray into impact investing in the natural capital market. By putting capital to work in nature-based solutions projects, Bregal looks to create long-term value for our investors while simultaneously generating positive environmental and social impacts that will contribute to a more sustainable and climate-resilient future for the world. More broadly, we continue to integrate climate, and more recently nature, into our investment strategy to evaluate and minimize any potential negative impacts from our activities.

Looking Ahead

As we look to the future, we remain optimistic about the role that Bregal and the broader private markets industry can play in helping to bring about genuine change in the world while always ensuring we remain unwavering in our commitment and ability to provide attractive risk-adjusted returns for our investors. Though our journey is ongoing, requiring continued and constant adaptation and innovation, we are confident that our dedication to responsible investing will continue to guide us as we navigate new challenges, strive for a more sustainable world, and invest our capital "with a purpose." We are grateful for the support of our partners and look forward to sharing our continued journey with you.



Bregal At-A-Glance

Bregal Investments is a global, diversified private markets firm committed to responsible investing.

Our Investment Approach

Bregal Investments ("Bregal") seeks to invest in companies and funds with sound business models, robust business integrity, and an ability to have positive societal and environmental impact. We aim to partner with investment teams with a strong track record, high standards of excellence and ethics, and an ability to generate attractive risk-adjusted returns for our investors.

5

Strategies

Our Investors

We value the strong relationships we have built with our limited partners over the years, which include several leading pension funds, endowments, insurance companies, fund-of-funds, family offices, and other institutional and high net worth investors. As of June 2024, more than 85 institutional investors have invested across the Bregal platform.

85+

Institutional investors

€18bn

AuM

9

Offices across Europe and North America

275+

Team members



30+

Different nationalities represented by our team

70+

Portfolio companies

34k+

Portfolio company employees

Note: Data as of June 2024.

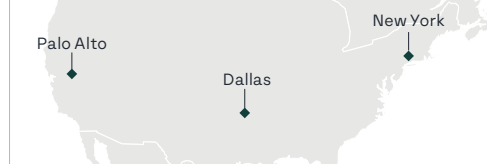
The Bregal Investments Platform

The platform provides a dedicated corporate infrastructure that helps support each of our underlying teams and strategies.



Our Offices

USA



Europe



1. As ranked in 2023 HEC Paris-Dow Jones Growth Capital Performance List. Six Portfolio Companies Named to Inc.'s 2023 Fastest-Growing Private Companies in America List.

2023 Year In Review > Business Highlights¹

The Bregal Investments platform made notable progress in 2023 with continued capital deployment and strategic exits across indirect and direct strategies, and the launch of its natural capital strategy.

€2.0bn

Capital returned

9

Direct investment realizations

€1.6bn

sale of EA Elektro Automatik in €1.2bn Bregal Unternehmerkapital II fund, achieving "dragon" status²



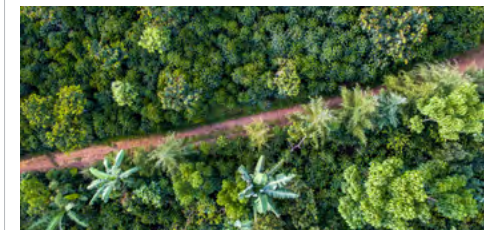
1. As of December 2023. 2. The term dragon status refers to an investment which returns more than the entire fund size. 3. Bregal Sagemount Awards (see page 14), Bregal Milestone Awards (see page 22).

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Launched

Bregal Sphere Nature strategy, a dedicated natural capital strategy focused on investments in high-quality Nature-based Solutions ("NbS") projects that protect and restore nature, address climate change and biodiversity loss, and improve livelihoods for local communities



6

New direct portfolio investments



18

Bregal Private Equity Partners

- ◆ Primaries 11
- ◆ Co-Investments 4
- ◆ Early Secondaries 3

36

Add-on portfolio investments

9

Business industry awards and rankings³



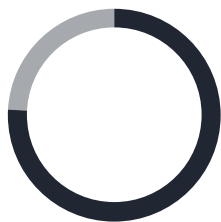
2023 Year In Review > Responsible Investing Highlights¹

70%

of total direct equity portfolio engaged on ESG performance in 2023²



Launched inaugural ESG questionnaire to General Partners for our fund-of-funds strategy



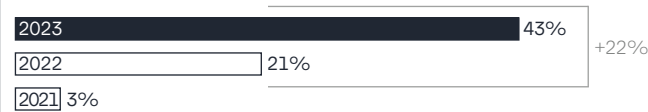
76%

of total indirect equity portfolio surveyed on ESG policies, processes, and governance³

¹. As of December 2023. ². By eligible invested capital. ³. By AUM. ⁴. Reflecting active direct equity strategies as of December 2023. ⁵. Bregal Investments has been a signatory of UNPRI since 2017.

43%

of direct equity portfolio has approved science-based carbon reduction targets, doubling coverage since 2022²



6

portfolio companies with published standalone sustainability reports



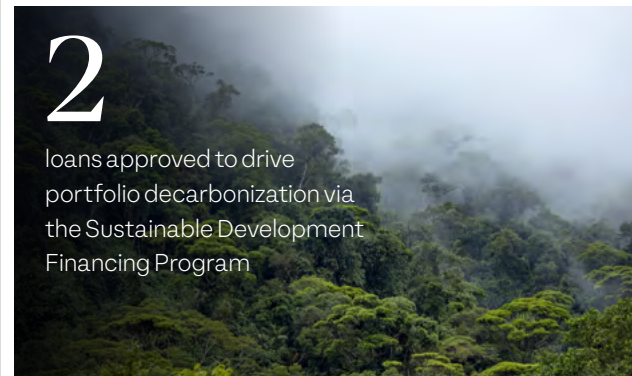
41%

average workforce gender diversity across active portfolio companies⁴



2

loans approved to drive portfolio decarbonization via the Sustainable Development Financing Program



€1.3m

in charitable grants distributed by Bregal Helps Initiative since 2022, with over €4.2m donated since inception

€1.1m+

donated by employees, with the support of the COFRA Foundation

PRI Assessment (2023)⁵

Direct private equity



Indirect private equity



Bregal Investments

Winner

Mid-Cap Private Equity Firm of the Year, New Private Markets

Recognized

Future 40 Climate Change Champions in 2023, Real Deals Private Equity Awards

Finalist

Mid-Cap ESG Champion of the Year, Real Deals Private Equity Awards

Our Responsible Investment Approach

The Responsible Investing program seeks to bring a compelling offering to our portfolio, continually responding to market and regulatory demands/developments.

Pre-investment	Holding Period	Exit
<p>1. Deal Evaluation</p> <p>Our strategies apply a “principles-based” screening criteria that helps to identify and prioritize relevant opportunities.</p> <p>During diligence, the Responsible Investing team works with expert third-party providers to assess a company on relevant ESG themes, the results of which are incorporated into the Investment Committee materials.</p>	<p>2. Company Engagement¹</p> <p>ESG reviews, strategic initiatives, and value creation</p> <p>Post-close, our team engages in a review alongside management teams to determine company-specific relevant ESG risks and opportunities. Conducted annually, our team reviews and defines value creation levers, near- and medium-term roadmaps, and KPIs, complemented by data collection across ESG elements.</p> <p>Once ESG materiality is scoped, relevant roadmap actions are integrated into the company’s value enhancement plans.</p> <hr/> <p>Additional levers for value creation</p> <ul style="list-style-type: none"> Investing through the Sustainable Development Financing Program, providing loans at attractive terms to help finance strategic ESG improvement initiatives. Contributing through the Bregal Helps Initiative, supporting portfolio companies to engage with their local communities and create positive social impact. 	<p>3. Exit Preparation</p> <p>Our team seeks to enhance a company’s exit positioning by showcasing improvement and best practices that were undertaken during the holding period.</p> <p>We engage with companies and sell-side advisors to articulate the company’s ESG performance and highlights to be incorporated into sales material.</p>





Industry Partnerships²



Signatory of
Principles for Responsible Investment



SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



ic
collaborative climate financial
Private Equity Action on Climate Change



Net Zero Asset Managers Initiative



ESG Data Convergence Initiative



SEO



LEVEL



Sustainable Markets Initiative



ilpa



ilpa
INTERNATIONAL LIMITED PARTNERS ASSOCIATION

For more information see page 50

Our Priority Areas

While the level of ESG engagement varies by portfolio company, our team can share industry best practices across a number of priority areas.

Climate and nature action

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

Diversity, equity, and inclusion

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

Employee engagement

Monitor and improve employee satisfaction and engagement to improve culture, reduce turnover, and enable better business outcomes.

Cybersecurity

Identify opportunities to strengthen cybersecurity through gap assessments.

Business resiliency

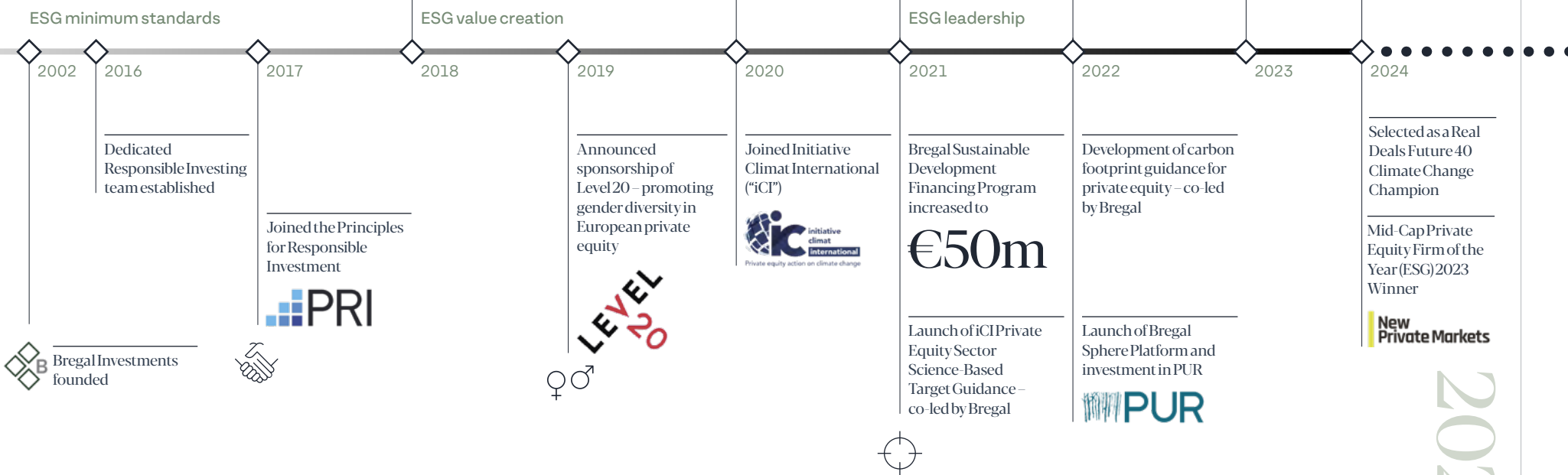
Improve governance processes and policies, and determine ESG accountability in alignment with best practices.

1. The Responsible Investing team engages with companies and funds where our governance rights provide us the influence, ability and access to do so. 2. Bregal Investments, Inc. is a signatory of those organizations and is the Registered Investment Advisor upon which Bregal Sagemount Management, L.P. is a Relying Advisor.

Evolution Of Responsible Investing At Bregal

Each year, we build on our track record of responsible investing integration.

2002



1. Alvar de Wolff led the Responsible Investing team from 2016–2023. For more information, please read [here](#).
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2024

Q&A With Our Head Of Responsible Investing



Q&A

“Over the past year, our Responsible Investing program has gone from strength to strength as the alignment of investment strategies with responsibility criteria has become a strategic imperative for delivering long-term sustainable growth and resilience.

Egle Sakalauskaite
Head of Responsible Investing

Q **What are the key highlights of Bregal’s Responsible Investing program in 2023?**

A In the face of global challenges, a robust responsible investing approach is an essential tool for risk management and value creation. In 2023, with increasing demands from Limited Partners, rising customer expectations at the portfolio company level, and evolving reporting mandates, our focus remained on driving tangible progress through the integration of responsible investing.

Our dedicated team of six continued close engagement with our portfolio companies and General Partners (“GPs”) to drive improvements, focusing on sector-specific issues, setting clear objectives, and developing relevant ESG roadmaps.

Our direct portfolio engagement approach has been consistently enhanced, integrating climate and nature risk and cyber resilience assessments more comprehensively this year.

A successful roll-out of the new data collection platform also marked an important step, helping to further streamline the engagement processes.

In addition, we have made strides to further advance our climate commitments, with an increased focus on nature more holistically – most notably through the launch of the Bregal Sphere Nature strategy. Operationally, we also enhanced our Climate and Nature Action Plan to further integrate climate and nature considerations into Bregal’s investment approach.

Q **What about portfolio engagement outcomes for 2023?**

A Engagement and buy-in from our portfolio companies and GPs has been very strong in 2023. All of the engaged portfolio companies have demonstrated progress against their ESG roadmaps with increased traction around embedding sustainability considerations into company go-to-market strategies and product propositions, whether it be through introducing certified products or adopting circular business models. We are also grateful to our GPs for an exceptional 95% rate of engagement as part of the annual engagement initiative for our indirect strategy, launched this year.

With 12 portfolio companies receiving standalone approval on their science-based carbon reduction

targets this year alone, we are tracking well to meet our climate commitments.

In addition, this year we were able to support our portfolio on their decarbonization journeys by approving €7.7m in portfolio loans by the Sustainable Development Financing Program and supporting companies driving social impact in partnership with 11 charities through the Bregal Helps Initiative.

Q **What are the key focus areas for the program moving forward?**

A While 2023 was a year of great progress, we continuously strive for further improvements. Through additional enhancements to our program, an increased focus on data quality and expanding team capacity building, we will remain committed to delivering real value to all our stakeholders while also actively responding to increasing reporting requirements to drive transparency. Thematically, we will continue to drive strategic focus on climate and nature, while also developing our understanding of human rights risks and impacts and advancing our diversity, equity, and inclusion initiatives.

Our Strategies

The Responsible Investing team collaborates with our four direct strategies and fund-of-funds team to drive ESG integration and value creation.

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Bregal Milestone	21	◆
Bregal Sphere	25	◆
Bregal Private Equity Partners	28	◆

Overview Of Strategies

The Bregal Investments platform consists of four direct strategies and a fund-of-funds team active in North America and Europe.

Strategy	Year of Inception	Headquarters	Capital Raised Since Inception ¹	Active Investments ²	Strategy	Sector	Geography
 Bregal Sagemount	2012	New York	\$7.5bn+	33	Late stage growth equity and credit	Technology	North America & Europe
 Bregal Unternehmerkapital	2015	Zug	€7.0bn+	24	Mid-market buyout	Diversified	DACH & Italy
 Bregal Milestone	2018	London	€1.3bn	12	Late stage growth	Software	Europe
 Bregal Sphere	2022	London	Not disclosed	1	Impact	Climate and Nature-based Solutions	Global
 Bregal Private Equity Partners	2002	London, New York	€5.2bn	140 ⁺³	Fund-of-funds	Diversified	North America & Europe

1. Capital raised since inception as of June 2024. 2. As of December 2023. 3. Funds.



Strategy Overview

Bregal Sagemount Equity

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

Capital raised since inception¹

\$6.2bn

Active portfolio companies

25

Portfolio employees

8,752

Total GP carbon footprint (tCO₂e)

1,326

Bregal Sagemount overall²

Investment professionals

33

Growth factors professionals³

25+

Proprietary deals

81%

Investments since inception

79

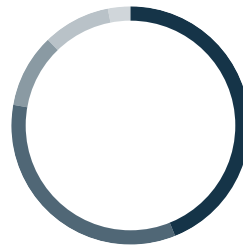
Bregal Sagemount Credit

Sagemount's integrated private credit strategy is focused on providing flexible credit solutions across senior secured and bespoke subordinated instruments to durable growth companies in North America.

Active portfolio companies

8

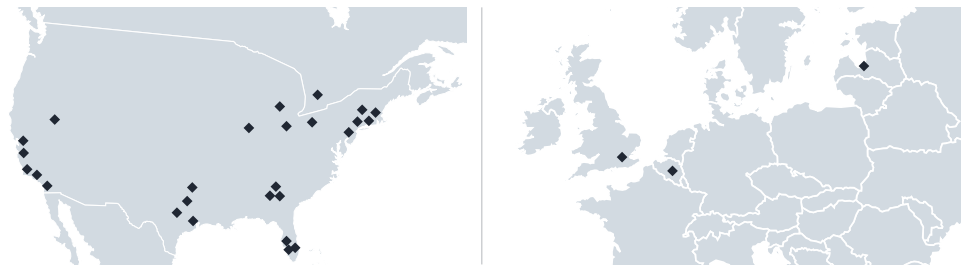
Investments by sector⁴



- ◆ 44% Software
- ◆ 34% Business and consumer services
- ◆ 10% Financial technology
- ◆ 9% Healthcare IT and services
- ◆ 3% Digital infrastructure

¹. Capital raised since inception as of June 2024. ². As of June 2024. ³. Independent contractors that are advisors to Bregal Sagemount and portfolio companies of Bregal Sagemount and are neither employees nor affiliates of Bregal Sagemount entities. ⁴. By Fair Market Value, as of December 2023.

Investments by geography



Bregal Sagemount > 2023 Progress



Our custom approach to investing combines flexible capital and value-creation solutions to address the needs of founder-led companies. Our partnership and strong Responsible Investing program help establish and drive outsized outcomes for our investors.

Gene Yoon
Managing Partner

Business Highlights

\$2.5bn
actively investing
from Fund IV



4
new investments
and 11 add-on
investments



2
realizations



12
new hires



Responsible Investing Highlights

91%
of portfolio with a sustainability value
creation roadmap in place¹

74%
of portfolio
has approved
science-based
carbon reduction
targets²

5
portfolio
company
charitable
grants approved
through Bregal
Helps Initiative

42%
female diversity at
portfolio companies³



59%
portfolio
companies with
sustainability on
Board agenda⁴



2023 News and Awards

HEC PARIS Top 5 Growth Capital Firm
in 2023 HEC Paris-Dow
Jones Growth Capital
Performance Ranking⁵

Six Portfolio Companies
Named to Inc.'s 2023
Fastest-Growing Private
Companies in America List⁶

Inc. 5000

G.C. TOP SOFTWARE INVESTORS 2023
Partner and Co-Founder,
Pavan Tripathi, Named to
GrowthCap's Top Software
Investors of 2023⁷

Axial's 2023 Top 50
Software List⁸

TOP 50 SOFTWARE AXIAL

G.C. TOP PRIVATE EQUITY FIRMS 2023
GrowthCap's Top Private
Equity Firms of 2023 List⁹

GrowthCap's Top Growth
Equity Firms of 2023 List¹⁰

G.C. TOP GROWTH EQUITY FIRMS 2023

Inc. Founder-Friendly Investors Honoree 2023
Inc.'s 2023 Founder-Friendly
Investors List¹¹

1. This represents the percentage of interested active equity companies that chose to undertake a sustainability value creation roadmap. **2.** Eligible capital represents capital that has been in the Bregal Sagemount portfolio for two years, as outlined by the SBTi PE guidance. **3.** The percentages reflect the total female headcount of all active equity portfolio companies, divided by the total headcount. Data reflects the companies that participated in the 2023 data collection. **4.** Represents the percentage of the active portfolio that had discussions on ESG at the Board level at least once in CY2023. Data reflects the companies that participated in the 2023 data collection. By invested capital. **5.** Advisors do not pay a fee for placement on HEC Paris-Dow Jones rankings, which are independently determined by HEC Paris-Dow Jones. Source: Hec.edu (Awarded May 2024), data compiled for 2023 performance based on the time period 2010. **6.** Advisors do not pay a fee for placement on Inc. 5000 rankings, which are independently determined by Inc. 5000. Source: Inc.com (Awarded Aug 2023), data compiled for 2023 is based on revenue growth from 2019 to 2022. **7.** Advisors do not pay a fee for placement on GrowthCap listings, which are independently determined by GrowthCap. Source: Growthcapadvisory.com (Awarded Oct 2023), data compiled for 2023 is based on the time period Q2 2022 - Q3 2023. **8.** Advisors do not pay a fee for placement on Axial rankings, which are independently determined by Axial. Source: Axial.net (Awarded Mar 2023), data compiled for 2023 is based on the time period 2022-2023. **9.** Advisors do not pay a fee for placement on GrowthCap listings, which are independently determined by GrowthCap. Source: Growthcapadvisory.com (Awarded Sept 2023), data compiled for 2023 is based on the time period Q2 2022 - Q2 2023. **10.** Advisors do not pay a fee for placement on GrowthCap listings, which are independently determined by GrowthCap. Source: Growthcapadvisory.com (Awarded Feb 2024), data compiled for 2023 is based on the time period Q1 2023 - Q4 2023. **11.** Advisors do not pay a fee for placement on Inc. 5000 rankings, which are independently determined by Inc. 5000. Source: Inc.com (Awarded Oct 2023), data compiled for 2023 is based on firms that have exited US-based, founder-led, portfolio companies since January 1, 2019.

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Bregal Sagemount > Enhesa

Case study



Sector
Business and consumer services

HQ
Brussels, Belgium

Strategy
Bregal Sagemount

Acquisition date
December 2022

Headcount
431

This year, Enhesa strengthened its commitment to sustainability while continuing to expand its regulatory and sustainability intelligence advisory services and solutions globally.

Enhesa is a leading provider of regulatory content and sustainability intelligence solutions for global corporations with extensive geographic coverage, largely servicing industrial, electric & electronic machinery, chemicals, and transport manufacturing companies. Enhesa's offering allows customers to better understand legal obligations, prepare for upcoming regulatory changes to mitigate risk, maintain legal registers, ensure standardized Environmental, Health & Safety ("EHS") reporting globally, and provide evidence for EHS compliance.

1,200+
Enterprise clients

~20%
Adj. EBITDA margin

20%
ARR growth YoY

~110%
Net retention

Investment rationale

- **Global addressable market size:** Sizeable global market opportunity, with Enhesa's core verticals experiencing growth due to various tailwinds (e.g. increasing investments in clean energy production and tech for manufacturing).
- **Competitive positioning:** Differentiated data asset for compliance as a result of its wide breadth of global coverage, high-quality content, and integrations with major EHS software platforms.
- **Whitespace:** Strong demand for centralized view of regulatory compliance and resulting risk exposure, with significant whitespace existing within multi-national corporations for Enhesa's core products: Operations Compliance, Product Compliance, and Sustainable Chemistry.

Key developments

- **Launched new business offering,** Sustainability and ESG, as its fourth business vertical in 2024.



Our company reflects a community of passionate people whose mission is to drive corporate transformation and compliance in sustainability. Beyond striving to be a leading ecosystem provider of sustainability intelligence solutions, we apply our own expertise by integrating ESG into our operations to continually drive best practices.

Peter Schramme
CEO, Enhesa

Bregal Sagemount > Enhesa

Case study

Highlights in 2023

Defining a sustainability strategy

As a leading provider of regulatory content and sustainability intelligence solutions, having a well-articulated ESG strategy is core to Enhesa's business. In 2023, Enhesa defined its sustainability strategy in collaboration with Bregal Sagemount and Enhesa's majority investor, CGE, outlining its strategic priorities, ESG roadmap, and governance structure to be implemented by an executive-level Committee and full-time sustainability lead.

Sustainable product development

Responding to a changing regulatory landscape and increasing requirements for sustainability disclosures, Enhesa developed a new sustainability and ESG intelligence offering, which is set to be launched this year, to support clients in navigating an increasingly complex regulatory environment. Enhesa's product helps clients with efficient tracking, compliance management, and future trend monitoring for effective disclosures.

Climate change

In 2023, Enhesa received approval for its science-based target to reduce absolute Scope 1 & 2 emissions by 42% by 2030.

The company reduced operational emissions in line with its target via the direct procurement of renewable electricity for several of its global offices, achieving a 15% decrease YoY.

Going forward, Enhesa plans to address reductions by procuring green electricity, performing energy audits and engaging with landlords to identify the areas of improvement for energy savings and efficiency.

Sustainability-linked financing

With its strong alignment to sustainability and accountability structures in place, Enhesa seized an opportunity to receive an ESG-linked credit facility with preferential terms from an external lender. The potential savings on interest payments are dependent on performance against KPIs linked to select relevant themes, such as annual reductions in direct emissions, senior management diversity, and employee training hours.

Social impact

Supported by the Bregal Helps Initiative, Enhesa donated \$151,000 in partnership with World YMCA with the goal to create positive, long-term impact on youth development. The charitable grant will enable employees to volunteer with YMCA to help young people succeed in the workforce.

Key Performance Indicators

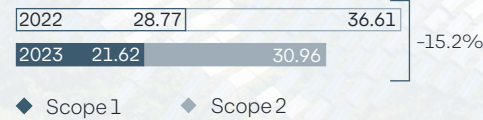
Climate change

Approved science-based target for scope 1 and 2 emissions

Carbon intensity (tCO₂e/€m)



Scope 1 & 2 emissions (tCO₂e)



Employee engagement

Employee net promoter score
79

Voluntary turnover
8.1%

Employee engagement survey

62%
response rate

Diversity, equity, and inclusion

46%
new female hires

16%
unadjusted gender pay gap

Gender diversity (% female representation)¹

Board



C-Suite



C-Suite-1



Company



◆ Benchmark

¹ While female representation decreased YoY, Enhesa performs above the industry benchmark on almost all levels. Benchmark reference from the ESG Data Convergence Initiative and Refinitiv, 2022, specific to Software and Services.



Strategy Overview

Bregal Unternehmerkapital ("BU") invests in mid-sized companies based in Germany, Switzerland, Italy, and Austria. With the mission to be the partner of choice for entrepreneurs and family-owned businesses, BU seeks to partner with market leaders and "hidden champions" with strong management teams and outbreak potential. BU supports entrepreneurs and families as a strategic partner to develop, internationalize, and digitize their businesses while helping them generate sustainable value on a responsible basis with the next generation in mind.

Capital raised since inception

€7.0bn+

Active portfolio companies

24

Portfolio company employees¹

27k

Total GP carbon footprint (tCO₂e)

2,092

Investments by sector²



- ◆ 45% Software
- ◆ 21% Industrial technology
- ◆ 17% Business services
- ◆ 11% Consumer
- ◆ 6% Healthcare

Investment professionals

50

Offices

3

Investments since inception³

122

Primary deals

85%

Note: Data as of June 2024.

Investments by geography



1. Total headcount of Bregal Unternehmerkapital portfolio at exit/current, as of December 2023. 2. By Fair Market Value, as of December 2023. 3. Platform investments and add-ons.

Bregal Unternehmerkapital > 2023 Progress



With our fully integrated Responsible Investment program, we drive successful partnerships with our portfolio companies to leave a legacy of sustainable value.

Florian Schick
Co-Founder and Managing Partner

Business Highlights

€420m in equity invested¹ | **€1.4bn** in capital returned

>25% revenue growth across portfolio 

 **>20%** EBITDA growth across portfolio

14 new hires  | **6** promotions 

New Office 
Zug, Switzerland

Responsible Investing Highlights

100% of portfolio with an ESG value creation roadmap in place²

38% of portfolio has approved science-based carbon reduction targets³ | **2** portfolio company charitable grants approved through Bregal Helps Initiative

42% female diversity at portfolio companies⁴ 

 **71%** portfolio companies with sustainability on Board agenda⁵

2023 News and Awards

€1.59bn
How Bregal Unternehmerkapital achieved dragon status with €1.59bn EA exit



[Find out more](#)

Finalist

DACH Deal of the Year for EA, Real Deals Private Equity Awards 2024⁶

2024 update

Bregal Unternehmerkapital closes oversubscribed Fund IV at €2.65bn⁷

1. 2 platform investments and 20 add-ons. **2.** This represents the percentage of active companies that underwent the ESG review inclusive of 2023 data collection and roadmap definition. **3.** Eligible capital represents capital that has been in the Bregal Unternehmerkapital portfolio for two years, as outlined by the SBTi PE guidance. **4.** The percentages reflect the total female headcount of all active companies, divided by the total headcount. Data reflects the companies that participated in the 2023 data collection. **5.** Represents the percentage of the active portfolio that had discussions on ESG at the Board level at least once in CY2023. Data reflects the companies that participated in the 2023 data collection. **6.** Advisors do not pay a fee for Real Deals nomination placements, which are independently determined by Real Deals. Source: privateequityawards.com (Nominated Dec 2023), data compiled for 2023 performance based on the time period Q1 2023 - Q4 2023. **7.** May 2024.

Bregal Unternehmerkapital > EA Elektro-Automatik

Case study



Sector
Industrial technology

HQ
Viersen, Germany

Strategy
**Bregal
Unternehmerkapital**

Acquisition date
October 2019

Headcount
(at exit)
c. 450

Since BU's investment in 2019 to its exit in early 2024, EA Elektro-Automatik ("EA") displayed a strong commitment to ESG as an enabler of the energy transition while also driving its operational decarbonization and ESG excellence.

Founded in 1974 and headquartered in Viersen, Germany, EA develops and manufactures programmable power supplies, electronic loads, and bi-directional power supplies used to test electronic components across various industrial and R&D applications. EA is a leading, high-quality provider of technically advanced electronic test and measurement equipment, specializing in the high-power segment of the market that serves growing end markets including e-mobility, energy storage, renewable energy, and hydrogen.

€1.59bn EV at exit
22% Headcount CAGR since investment

c. 40% Average annual sales increase since 2020

Key developments over holding period

- As part of a succession plan, BU acquired the company in 2019 through its second fund BU II from the company's founders.
- During BU's investment, the management team was significantly strengthened, EA's international sales and marketing activities materially expanded, the R&D team broadened, and several technically leading new product series were brought to the market.
- BU also substantially invested in the company's production site in Germany, considerably expanding the production capacity and more than doubling the employee base.
- As a result, revenues increased at an average rate of c. 40% annually since 2020.
- BU announced the sale of EA to the US-based company, Fortive, in October 2023, valuing the company at an enterprise value of €1.59bn.



Supporting the electrification of everything is inherent in our DNA – yet our commitment extends beyond the environment to also addressing social and governance challenges. We aim to be a pioneer, particularly in the areas of decarbonization, customer and employee satisfaction, as well as business model resilience, actively supporting the pursuit of the UN Sustainable Development Goals.

Markus Schyboll
CEO, EA

Bregal Unternehmerkapital > EA Elektro-Automatik

Case study

ESG Performance Exit Case Study

Throughout BU's investment period, EA made a holistic contribution to sustainability within company boundaries as well as outside the company by supporting the electrification of the economy and enabling decarbonization through its product suite.

Enabling global decarbonization

EA plays a key role in the "electrification of everything" through its product portfolio and industry segments. The company's test and measurement technology performs essential functions for developing and testing electrical components, devices, and systems, serving future-oriented industries which enable the energy transition such as mobility, energy storage, hydrogen, and renewable energy.

Ensuring own decarbonization

Beyond the impact of its products in supporting global decarbonization, EA defined its own decarbonization strategy in line with SBTi and the 1.5-degree scenario to drive operational reductions. The company achieved a 21% reduction in operational carbon intensity through investments in on-site renewable energy between 2020 and 2022 and has future ambitions to scale its renewable consumption via solar PVs and green fuels.

From its reduction efforts, EA achieved a direct carbon emissions intensity 75% lower than the industry average.

Offering high-quality and secure products

Committed to providing innovative, high-quality, and secure products, EA had zero product recalls within the three years prior to the exit and has been certified against industry-leading standards such as ISO 9001, ISO 14002, Deutsche Gesellschaft für Qualität, and VDE.

Gender diversity

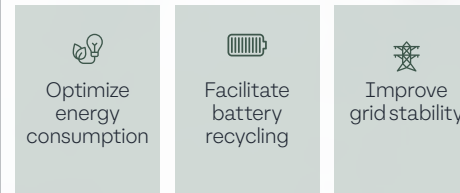
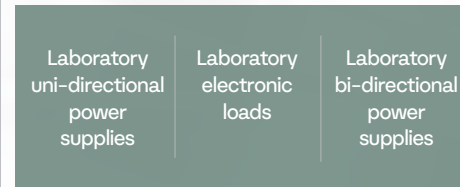
During the hold period, the company made strides in improving diversity, increasing female representation in management from 8% to 20%.

Business resiliency

The company demonstrated sustainable and responsible business practices with key policies and procedures. The company performed a climate risk assessment aligned with the Task Force on Climate-Related Financial Disclosures ("TCFD"), identifying low climate-related risks due to its proactive approach to operational decarbonization, and high opportunities in enabling the energy transition.

Key Performance Indicators¹

Product decarbonization impact



Climate change

Carbon intensity (tCO₂e/€m)



◆ Scope 1 ◆ Scope 2

Product quality and safety

Zero recalls

product quality or safety-related product recalls in the last three years

Gender diversity

% of women in leadership



1. No data provided for 2023 due to Bregal Unternehmerkapital's sale of EA to Fortive.



Strategy Overview

Bregal Milestone ("Milestone"), founded in 2018 and based in London, UK, invests as a minority or majority partner and provides operational expertise to fast-growing, mission-critical software businesses across Europe. Milestone aims to generate asymmetric returns for its investors by combining strong downside protection with unlimited upside participation through three key pillars: (i) proprietary Generative AI software used across the sourcing and investment lifecycle; (ii) superior structural advantage across both majority and substantial minority investments with uncapped equity upside; and (iii) operational excellence driven by data science and the work of Milestone Performance Partners.

Capital raised since inception

€1.3bn

Active portfolio companies

12

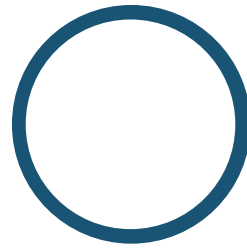
Portfolio employees

4,228

Total GP carbon footprint (tCO₂e)

363

Investments by sector¹



◆ 100% B2B software

Investment professionals

14

Portfolio deals sourced bilaterally

90%

Milestone Performance Partners professionals

5

Investments since inception²

41

Note: Data as of June 2024.

Investments by geography



1. By Fair Market Value, as of December 2023. 2. Platform investments and add-ons.

Bregal Milestone > 2023 Progress



At Bregal Milestone, we partner with founders and management teams who are committed to driving best-in-class ESG practices, most notably on climate and diversity and inclusion.

Philippe Lautenberg
Co-Founder and Managing Partner

Business Highlights

€770m
actively investing from Fund II, closed May 2023

6 add-on investments¹ | **1** realization

Top Quartile
TVPI Fund I (2018)²

Top 5%
DPI Fund I (2018)²

2 new hires

Responsible Investing Highlights

100%
of portfolio with an ESG value creation roadmap in place³

43% of portfolio has approved science-based carbon reduction targets⁴ | **2** portfolio company charitable grants approved through Bregal Helps Initiative

35% female diversity at portfolio companies⁵

84% portfolio companies with sustainability on Management Board agenda⁶

2023 News and Awards

Top Growth
GrowthCap's Top Growth Equity Firms of 2023 List⁷

Finalist
Nordic Deal of the Year for Epassi, Real Deals Private Equity Awards 2024⁸

epassi
1000 EUROPE'S FASTEST GROWING COMPANIES | 2022 & 2023

2 portfolio companies named in "Top 100 Next Unicorns 2024" list⁹

1. Incorporate, Eudaimon, CRIF Digital Onboarding, The Hub, Ascertia, Ment. **2.** Cambridge Associates Quarterly Benchmarks, All PE, Europe, Q3 2023. **3.** This represents the percentage of active companies that underwent the ESG review inclusive of the data collection for 2023 and roadmap definition. **4.** Eligible capital represents capital that has been in the Bregal Milestone portfolio for two years, as outlined by the SBTi PE guidance. **5.** The percentages reflect the total female headcount of all active companies, divided by the total headcount. Data reflects the companies that participated in the data collection for 2023. **6.** Represents the percentage of the active portfolio that had discussions on ESG at the Board level at least once in CY2023. Data reflects the companies that participated in the 2023 data collection. By invested capital. **7.** Advisors do not pay a fee for placement on GrowthCap listings, which are independently determined by GrowthCap. Source: Growthcapadvisory.com (Awarded Feb 2024), data compiled for 2023 is based on the time period Q1 2023 - Q4 2023. **8.** Advisors do not pay a fee for Real Deals nomination placements, which are independently determined by Real Deals. Source: privateequityawards.com (Nominated Dec 2023), data compiled for 2023 performance based on the time period Q1 2023 - Q4 2023. **9.** Companies do not pay a fee for placement on Viva Technology's Top 100 Next Unicorns list, which is determined by Viva Technology in partnership with GP Bullhound, and with contributions from Accel, Eurazeo, NorthZone, and Partech. Source: vivatechnology.com (Awarded Mar 2024), data compiled for 2024 is based on the time period Q1 2023 - Q1 2024.

Reference to a company above including its logo or symbol does not indicate, and should not be viewed as, an endorsement by Bregal Milestone of such company and does not imply that such company endorses Bregal Milestone.

Bregal Milestone > Infocert

Case study



Sector
B2B software

HQ
Rome, Italy

Strategy
Bregal Milestone

Acquisition date
February 2022

Headcount
802

As a leading digital trust player in Europe, Infocert integrates ESG principles in its business to drive product impact.

Infocert develops and operates software solutions for certified electronic mail, digital signatures, and the digital preservation of documents. The company also helps customers with the transition from paper to digital document management, optimizing document flows and promoting the adoption of tools to support data storage.

5,000+

Corporate customers

10m+

Users

€159m

FY23A revenue¹

Investment rationale

- **Strong market positioning:** A leading player in Digital Transaction Management (“DTM”) space in Italy, with demonstrated ability to expand product suite.
- **Market growth:** Operates in a large and fast-growing market with high barriers to entry and potential for consolidation.
- **Financial profile:** Strong and sustainable growth, revenue recurrence, margins, and cash generation.
- **Buy-and-build strategy:** Well positioned to lead an ambitious buy-and-build strategy in the fragmented European DTM market, with the support of Bregal Milestone and the in-house proprietary Beehive sourcing engine.

Key developments

Completed the acquisitions of CertEurope and Ascertia since investment, with successful integration, extraction of revenue synergies, and strengthened management teams.



As a business focused on digital transaction management, we have found an opportunity at the intersection of growth, profitability, and sustainability. Our solutions increase efficiency and accessibility by speeding up business processes, reducing wait times, and allowing remote access to services, while simultaneously reducing carbon emissions compared to physical alternatives.

Danilo Cattaneo
CEO, Infocert

¹. Financial data representative of December 2023.

Bregal Milestone > Infocert

Case study

Highlights in 2023

Product impact and transparency

To quantify and communicate the impact of Infocert’s digital solution, the company underwent a Life Cycle Assessment in 2023 verified by a third party on its Trusted Onboarding Platform (“TOP”) product. The assessment compared the relative carbon savings of onboarding via Infocert’s platform, versus the traditional method of onboarding at the bank office. The results showed that Infocert’s TOP uses 86% fewer kg of carbon than traditional methods. Additionally, the company implemented a product feature highlighting the carbon savings associated with the GoSign e-signature solution for clients.

Climate change

In 2023, Infocert committed to the Science Based Targets initiative to reduce in line with the 1.5 degree pathway, and made meaningful progress on carbon reduction. Infocert reduced direct emissions by 40% YoY, largely driven by transitioning its primary data center to renewable electricity. Infocert fully monitors all relevant Scope 3 categories and is looking to implement measures to reduce value chain emissions. This year, Infocert mitigated its operational emissions through purchasing an equivalent amount in carbon offsets supporting forest protection projects in Zimbabwe.

Employee engagement and diversity

Infocert strengthened organizational processes to monitor employee engagement and diversity in 2023. The company established a DEI Committee that meets regularly to discuss potential opportunities to continually improve the workplace. Infocert additionally collaborated with Specialisterne to increase the inclusion of neurodivergent people in the workplace. Beyond tracking eNPS, the company also established internal metrics such as the number of internal moves and expanded the scope of its exit interviews to continually improve measures of employee satisfaction.

Social impact and stakeholder engagement

Committed to building engagement with the local community, Infocert expanded its volunteering initiatives in 2023, participating in eight charitable initiatives for its employees and local community. One standout example was the company’s participation in the Empowerment of Women in STEM Disciplines (“Elis”) Project, an initiative committed to providing equal opportunity for women in STEM.

Key Performance Indicators

Integration of ESG principles



Business conduct



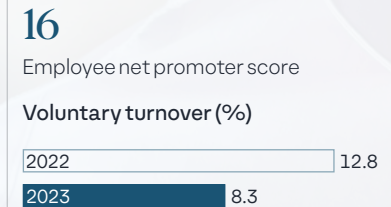
Conducting

role-specific training on policy implementation

Received

UNI/PdR 125² certification for the promotion of gender equality

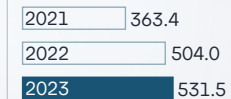
Employee engagement



Climate change

Committed to Science Based Targets initiative (“SBTi”)

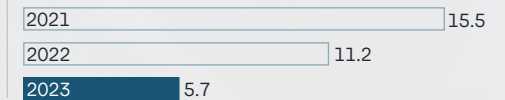
Scope 1 emissions (tCO₂e)



Scope 2 emissions (tCO₂e)



Carbon intensity (tCO₂e/€m)



¹ The results are based on the LCA study carried out by Spin Life and verified by CSQA according to the ISO 14040 and ISO 14044 requirements. Please see Infocert’s website for more information. ² This certification provides a competitive edge in the marketplace and represents best-in-class performance on inclusion.



Bregal Sphere Platform



Impact investment platform funding mission-driven companies and Nature-based Solutions ("NbS") projects.

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

Bregal Sphere Nature Strategy

Bregal Sphere Nature is a dedicated natural capital strategy focused on investments in high-quality NbS projects that help preserve and restore ecosystems, combat climate change and biodiversity decline, and enhance local livelihoods in a holistic fashion.

The strategy targets long-term project investments within agricultural supply chains, such as coffee and cocoa

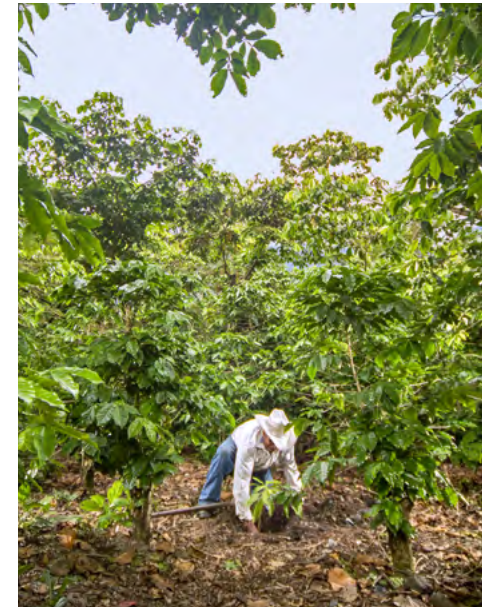
agroforestry models, alongside investments in high-quality reforestation projects in adjacent landscapes and mangrove restoration projects.

With a focus on agricultural supply chains, Bregal Sphere Nature aims to assist corporate partners in reaching their SBTi Forest, Land, and Agriculture ("FLAG") targets through carbon insetting.



As Bregal ventures into impact investing for the first time, the Bregal Sphere Nature team is excited to combine investment and impact expertise to support the mainstreaming of natural capital markets. Our efforts seek to channel private capital into critical areas, especially within agricultural supply chains.

Agustin Silvani
Co-Managing Partner
Bregal Sphere Nature



Bregal Sphere > Bregal Sphere Nature

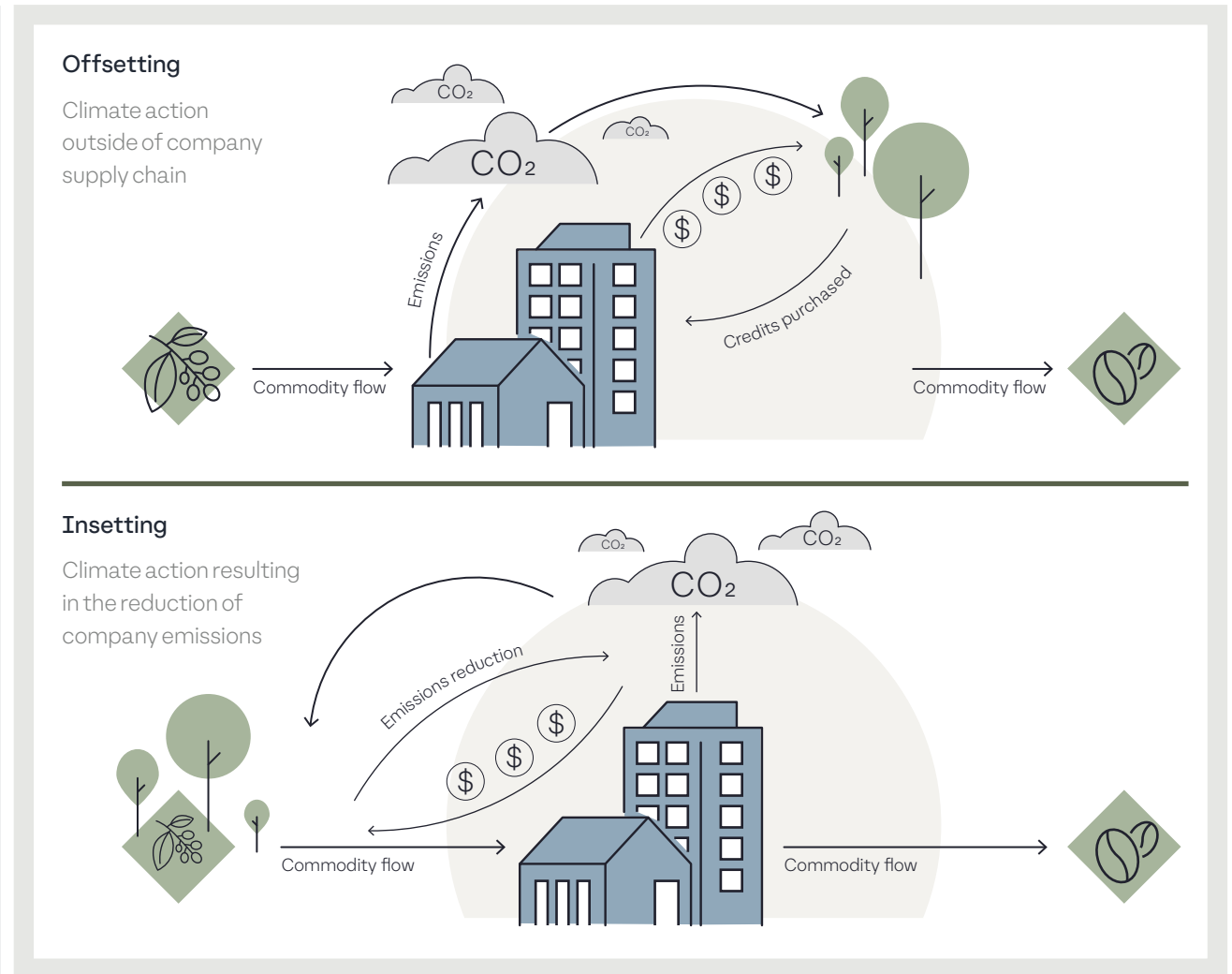
What are Nature-based Solutions?

Nature-based solutions are actions to address societal challenges through the protection, sustainable management, and restoration of ecosystems, benefiting both biodiversity and society simultaneously.

Offsetting vs. Insetting

Offsetting involves companies compensating for their carbon emissions by purchasing carbon credits. This helps mitigate their carbon footprint and support global emission reduction efforts beyond their direct operations. When prioritized correctly after direct emissions reductions, offsetting provides a flexible way for companies to meet climate targets whilst supporting impactful projects.

Conversely, insetting addresses carbon emissions within a company's own value chain. Interventions such as agroforestry models and regenerative agricultural practices implemented within agricultural supply chains allow companies not only to attribute emissions reductions and positive impacts to their climate targets but also help boost resilience, drive innovation, and improve the livelihoods of farming communities.



For illustrative purposes only.

Bregal Sphere > PUR

Case study

PUR is a leading developer of Nature-based Solutions (“NbS”) projects globally that seeks to improve climate, livelihoods, and biodiversity outcomes.



Sector
Environmental services

HQ
Paris, France

Acquisition date
September 2022

Full-time employees
200

PUR has a 16-year track record of project implementation within agricultural supply chains, conservation areas, and degraded landscapes – and has been a certified B Corp since 2016.

Investment rationale and key developments

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

Highlights in 2023

Energy and carbon

Calculating its carbon footprint for the second year to establish a consistent baseline for GHG emissions, with the aim of committing to a Science Based Target in 2024.

Human rights

Worked with a specialist human rights consultancy to further develop the existing Human Rights Due Diligence action plan, including the development of key policies and procedures, and conducting risk assessments on an ongoing basis.

Biodiversity

Partnered with Cornell Labs on a biodiversity monitoring study in Colombia and Costa Rica to provide evidence for the biodiversity benefits of project activities using novel remote monitoring techniques including bioacoustics and citizen science.

Know Your Customer

Strengthened Know Your Customer (“KYC”) process to ensure PUR is partnering with clients demonstrating robust climate strategies.

ESG Key Performance Indicators¹

40+

operating projects

30

operating countries

33m+

trees planted

66,000

farmers engaged

37,000

hectares (ha) restored



We help the largest food and agricultural corporations navigate their Scope 3 science-based target trajectory, reducing their impact on climate and nature.

Alexandre Schouler
CEO, PUR

¹. Since inception (2008).

Bregal Private Equity Partners

Strategy Overview



◆◆ We have significantly enhanced our Responsible Investing program this year, by allocating an additional resource to drive our efforts and enhancing our GP diligence and engagement process. Our overarching ambition is to foster responsible investing improvement through GP dialogue, influence, and active engagement.

Jan Faber
Managing Partner
Bregal Private Equity Partners

Bregal Private Equity Partners (“BPEP”) manages a diversified portfolio of private equity fund investments, with more than 200 commitments made since 2002. The team also makes co-investments and participates in secondary transactions. BPEP’s goal is to deliver returns in excess of the public markets through a highly diversified portfolio, with partners that share Bregal’s values and subscribe to our ESG policies, standards, and business ethics.

Capital raised since inception	Active funds
€6.1bn	140+
Core fund managers	Total GP carbon footprint (mt CO ₂ e)
45	86

Investments by geography¹

- ◆ 39.7% USA
- ◆ 12.2% UK
- ◆ 11.5% Netherlands
- ◆ 11.2% Germany
- ◆ 4.6% Sweden
- ◆ 2.6% Spain
- ◆ 2.2% Italy
- ◆ 16.0% Other

Investments by sector¹

- ◆ 33.9% Software & services
- ◆ 13.1% Commercial & professional services
- ◆ 11.6% Industrial goods & services
- ◆ 5.8% Healthcare equipment & services
- ◆ 3.8% Education services
- ◆ 3.2% Financial services
- ◆ 3.1% Healthcare
- ◆ 2.4% Media
- ◆ 23.1% Other

2023 Business Highlights

- €427m in equity invested from BPEP Fund VII.
- 28 investments made² including 8 direct co-investments, 15 fund investments, and 5 early secondary investments.
- 66 portfolio company exits in 2023, achieving a total of 4.3x gross/2.7x net MOIC.
- Notable exit of Enovation, a co-investment with Main Capital at 4.8x gross/4.3x net MOIC.



1. By Fair Market Value, as of December 2023. 2. In BPEP Fund VII since January 2023.

BPEP > Progress In The Year

In 2023, BPEP strengthened its responsible investing and post-investment processes by (i) enhancing its ESG Due Diligence Questionnaire (“DDQ”) and (ii) launching the ESG GP monitoring process.

BPEP believes that fund-of-funds can play a significant role in enhancing ESG performance through active engagement with General Partners (“GPs”).

ESG Due Diligence and Monitoring Approach

Pre-investment

- Screen investments using a principles-based responsible investing approach.

Diligence

- Evaluate prospective GPs through an ESG DDQ and Scorecard.
- Engage with prospective GPs to seek alignment on responsible investing process expectations during the holding period.
- Incorporate performance evaluations and risk areas into Investment Memos and integrate findings with the Investment Committee.

Post investment

- Share Annual ESG Questionnaire and Scorecard Evaluation with all core GPs.
- Conduct meetings with GPs to work on Scorecard Evaluation results to improve their overall ESG performance.

ESG Annual Questionnaire

Building upon the existing GP diligence framework, we launched our first ESG Monitoring Annual Questionnaire this year through our data monitoring platform. The questionnaire collected over 50 KPIs at GP and Fund levels, providing foundational insight into GP ESG practices, processes, and performance on strategic topics.



2023 Responsible Investment Highlights

- Enhanced the ESG Due Diligence Questionnaire to include additional thematic ESG risks and launched scorecard.
- Launched the first ESG Annual Questionnaire and scorecard for core GP data collection.
- Engaged with GPs on ESG score to discuss findings and next steps.
- Strengthened responsible investing accountability across the investment lifecycle with new responsible investing lead.

Future Priorities

Engage with GPs




to review insights from the ESG data collection with the goal to help them progress to the target scoring bracket, “industry leader”.

BPEP > Progress In The Year (continued)

General Partners Annual Questionnaire Results¹

To develop a strong baseline understanding of responsible investing performance across active GPs, BPEP developed and launched its first annual ESG questionnaire with key insights summarized below.

GP Level and Fund Level Annual ESG Scorecard

46 

GPs of which:

21 in North America

25 in Europe

76%

of AuM

95%

Response rate



For illustrative purposes only

Key Insights from Data Collection

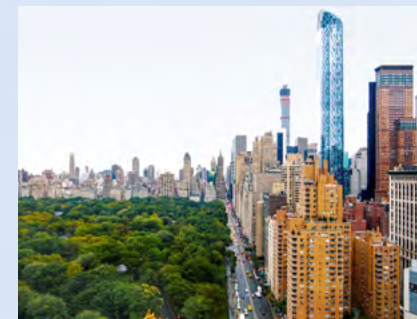
50+

KPIs per GP

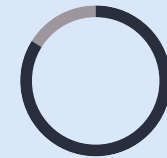


5 GPs ranked in leader category

GPs scored from Laggard in ESG to Leader in ESG



ESG due diligence conducted by GPs



- ◆ 84% ESG analyzed on a systematic basis
- ◆ 16% ESG analyzed on an ad-hoc basis

ESG monitoring at portfolio company level





- ◆ 82% ESG KPIs
- ◆ 18% No ESG KPIs

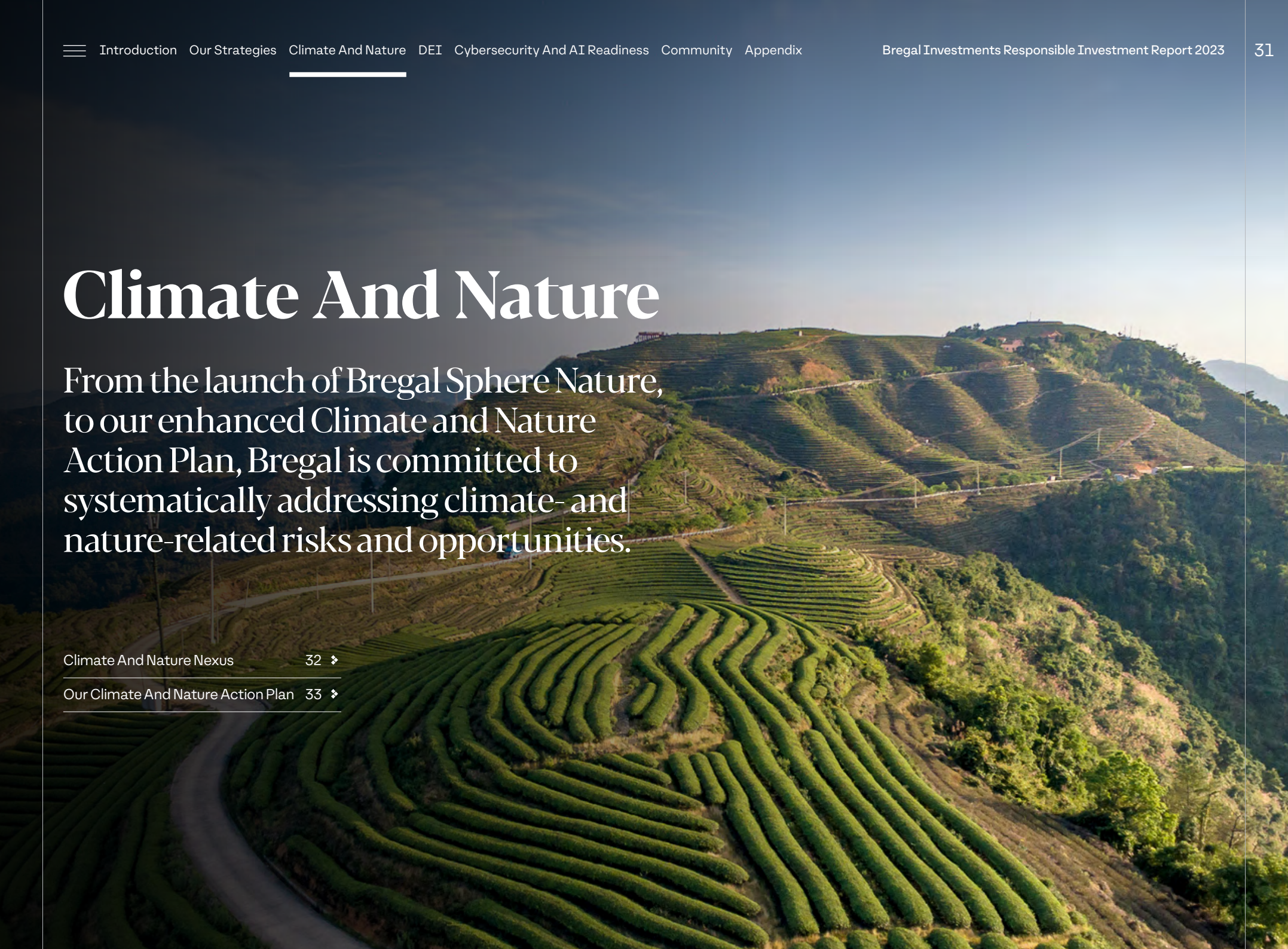
1. The questionnaire was distributed to 46 General Partners in Fund VII portfolio, accounting for 76% of AuM. The charts in this report refer to the 44 responding GPs.

Climate And Nature

From the launch of Bregal Sphere Nature, to our enhanced Climate and Nature Action Plan, Bregal is committed to systematically addressing climate- and nature-related risks and opportunities.

Climate And Nature Nexus 32 

Our Climate And Nature Action Plan 33 



Climate And Nature Nexus

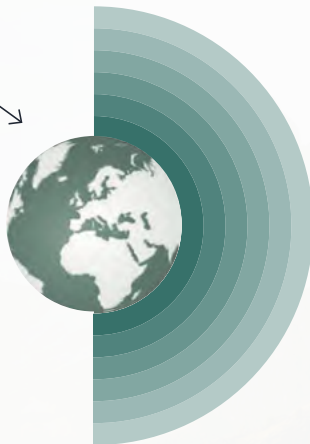
Climate change and nature loss are two of the most significant and interconnected issues facing society and businesses today. Bregal sees a responsibility and an opportunity in addressing these challenges.

Introduction

Climate change poses increasing risks to all aspects of society through extreme weather events, infrastructure damage, exacerbation of social inequalities, and irreversible losses of biodiversity and vital ecosystems. For businesses, it threatens to disrupt supply chains, increase operational costs, and demands adaptation to shifting consumer preferences and regulatory landscapes.

50%

of global GDP is heavily reliant on ecosystem services¹



In parallel, the natural world is in crisis, with biodiversity deteriorating worldwide at a faster pace than at any time in human history.² The majority of the “ecosystem services” that underpin business and society, such as water provision, pollination services, extreme weather protection, and carbon storage are also in decline.²

Climate and nature are interconnected

A negative feedback loop exists between climate and biodiversity – climate change works to drive biodiversity loss by altering habitats and destabilizing ecosystems, while biodiversity loss accelerates climate change by depleting natural carbon sinks and degrading natural barriers to disasters. The climate and nature crises are fundamentally interconnected and need to be solved in tandem.

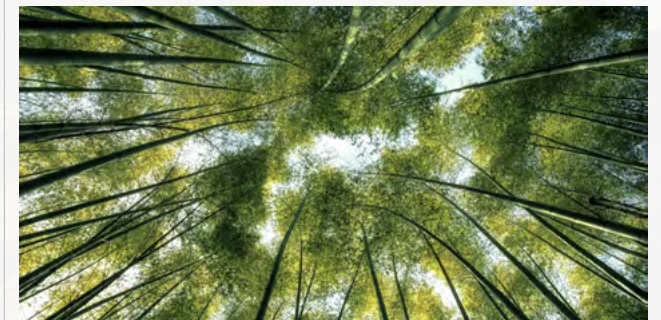
Bregal’s view

While government policy is urgently required to address the macroeconomic implications of climate change and biodiversity loss, private markets have an instrumental role to play in bridging the estimated \$4 trillion³ financing gap for nature-based solutions to help meet the Paris Climate Agreement, in addition to managing nature-related risks and opportunities across investment portfolios.

At Bregal, we consider the impacts that our investment activities might have on climate and nature, while actively investing in emerging natural capital markets and other solutions which seek to preserve and enhance natural systems.

Via Bregal’s impact investing platform Bregal Sphere, we are currently pursuing opportunities in the emerging natural capital space – seeking to invest in nature-based solutions which combine financial returns with positive impact outcomes for climate, nature, and livelihoods. For more information on Bregal Sphere’s strategy and impact, please see pages 25–27.

We have additionally adapted our Climate and Nature Action Plan, on a strategy-by-strategy basis, to systematically address climate and nature risks in our portfolio and identify opportunities to deploy nature-positive business models and enhance company value.



¹. World Economic Forum, New Nature Economy Report, 2020. ². Intergovernmental Science–Policy Platform on Biodiversity and Ecosystem Services, Summary for policymakers of the IPBES global assessment report on biodiversity and ecosystem services, 2019. ³. Recommendations of the Taskforce on Nature-related Financial Disclosure, September 2023.

Our Climate And Nature Action Plan^{1,2}

Our enhanced Climate and Nature Action Plan outlines Bregal's roadmap for embedding climate and nature into our active management.

Our key impact – from both a climate and nature perspective – is the greenhouse gas emissions of our portfolio. The cornerstone of Bregal's Climate and Nature Action Plan continues to be the commitment to align our own operational and financed emissions with a 1.5-degree Celsius pathway by 2030 and net zero by 2050.

Notably, this year we launched a fifth pillar of the action plan – Measuring climate and nature risk – to mitigate impacts, reduce dependency risks, and harness value creation opportunities in our portfolio.

Bregal's science-based targets:

50%

Reducing direct emissions by 50% by 2030.

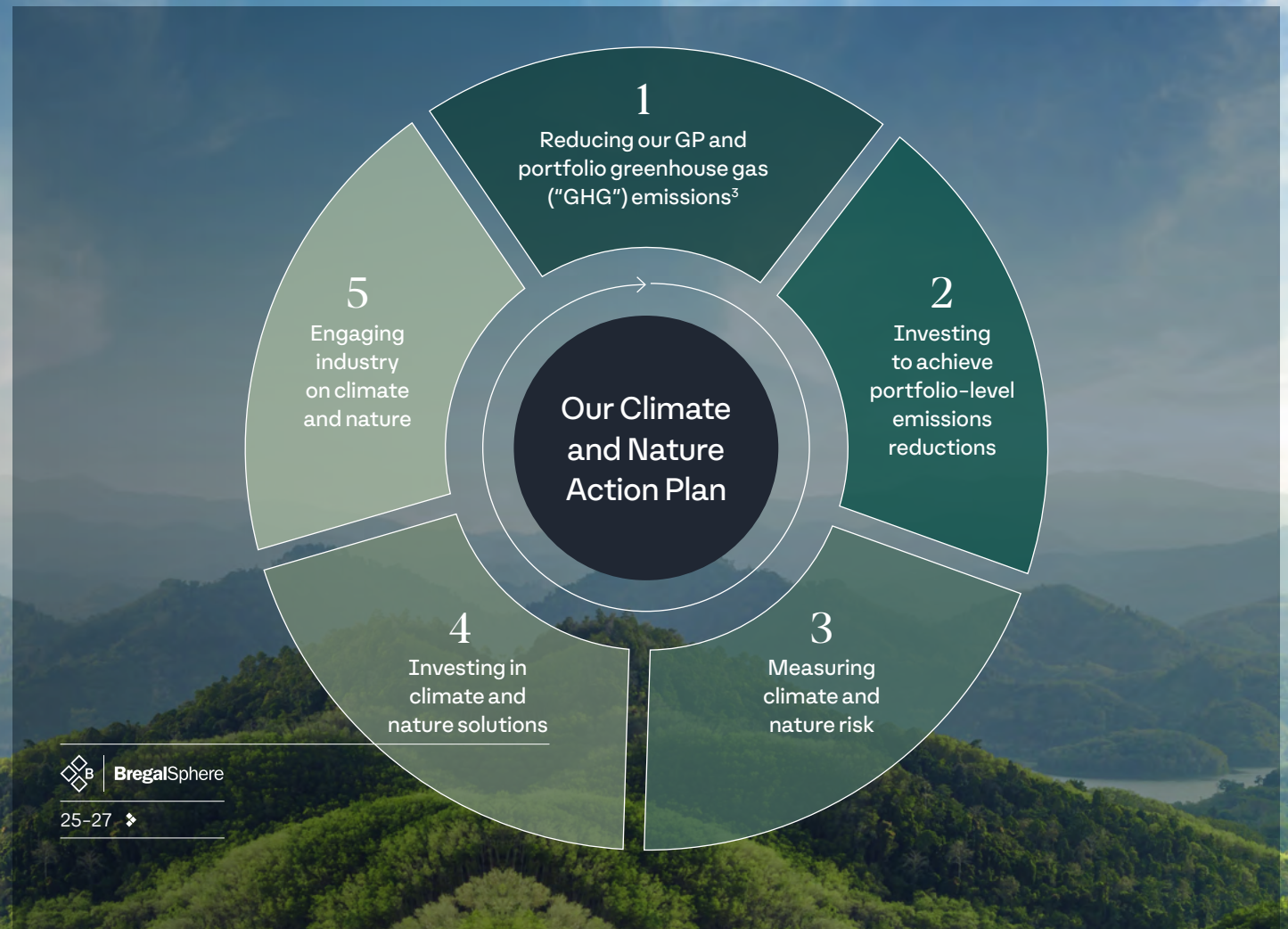
40%

Ensuring 40% of our portfolio companies have set science-based targets by 2025.

100%

Ensuring 100% of our portfolio companies have set science-based targets by 2030.

1. Bregal Sagemount Management, L.P., as an independently owned GP will engage with companies where we have the access and ability to do so in measuring material emissions categories and attempt to make progress on reducing their emissions. **2.** Bregal Unternehmerkapital AG, as an independently owned GP will engage with companies where we have the access and ability to do so in measuring material emissions categories and attempt to make progress on reducing their emissions. **3.** Bregal Investments portfolio targets cover 79% of total investment and lending activities by invested capital as of June 30, 2021.



Our Climate And Nature Action Plan

Reducing our GP and portfolio GHG emissions



Bregal is on track to meet its science-based carbon reduction targets covering operational and portfolio company emissions.

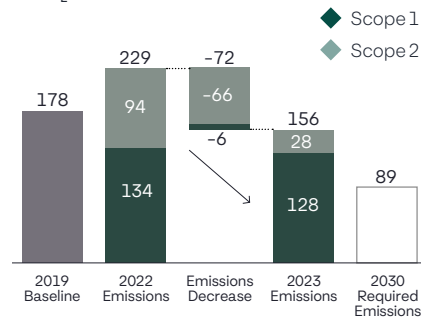
A. Operational Emissions Reduction Target

Reducing in line with our science-based target

In 2023, Bregal achieved a 32% YoY reduction in its direct emissions despite a ~40% headcount growth, and a new office opening in Zug. The decrease can be attributed to office relocations and renewable electricity procurement, driving down Scope 1 emissions by 5% and Scope 2 emissions by 70%. Overall, 63% of electricity consumption across our seven primary offices comes from renewable sources.

As Bregal continues to expand its operations, renewable electricity procurement and ensuring high standards of energy efficiency at new offices will be an important lever in meeting the expectations of our science-based target.

Operational emissions reduction (tCO₂e, 2022-2023)¹



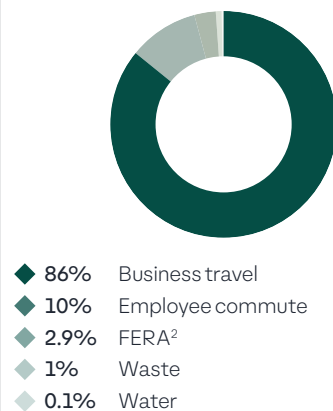
Value chain emissions monitoring

Bregal's value chain-related emissions increased by 19% YoY, as a result of the firm's growth in headcount and fund activity. Bregal's business travel emissions contributed to the increase, largely driven by improved data capture across strategies as well as ongoing deal activity.

Carbon neutral since 2017

While prioritizing real reductions, Bregal consistently matches 100% of its emissions with high-quality carbon credits with environmental and social co-benefits for local communities.

Scope 3 emissions breakdown (tCO₂e)



B. Portfolio Coverage Target

Engagement with portfolio companies on carbon reduction

A cornerstone of Bregal's annual ESG engagement is defining decarbonization roadmaps with companies. The process involves carbon footprint assessments in line with the GHG Protocol, identification of key reduction levers, and progress tracking on carbon reduction pathways. In 2023, 46 portfolio companies reported carbon emissions data, representing 70% of the total direct equity portfolio.³



Progress on science-based target setting

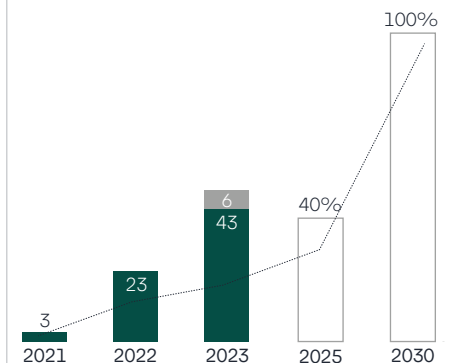
Bregal is on track to meet its interim science-based target ("SBT"), with 43% of eligible invested capital having set and received validation for their targets as of CY23. Close, ongoing engagement with portfolio companies has led to YoY advances in the number of companies with approved targets, despite persistent fluctuations in the portfolio.

Our total percent of aligned invested capital doubled versus 2022, with 12 companies receiving approval on targets in 2023, and 2 companies committing to SBTs. The companies setting targets reflect a range of industries, strategies, and geographies.

	% of direct equity portfolio ³	# of companies
Approved SBTs	43	22
Committed to SBTs	6	3

% of portfolio with approved or committed science-based targets³

◆ Approved ◆ Committed Target



1. 100% of Scope 2 emissions mitigated in 2022-2023 through the purchase of renewable electricity certificates ("RECs"). 2. Fuel- and energy-related activities. 3. By eligible invested capital.

Our Climate And Nature Action Plan

Reducing our GP and portfolio GHG emissions (continued)

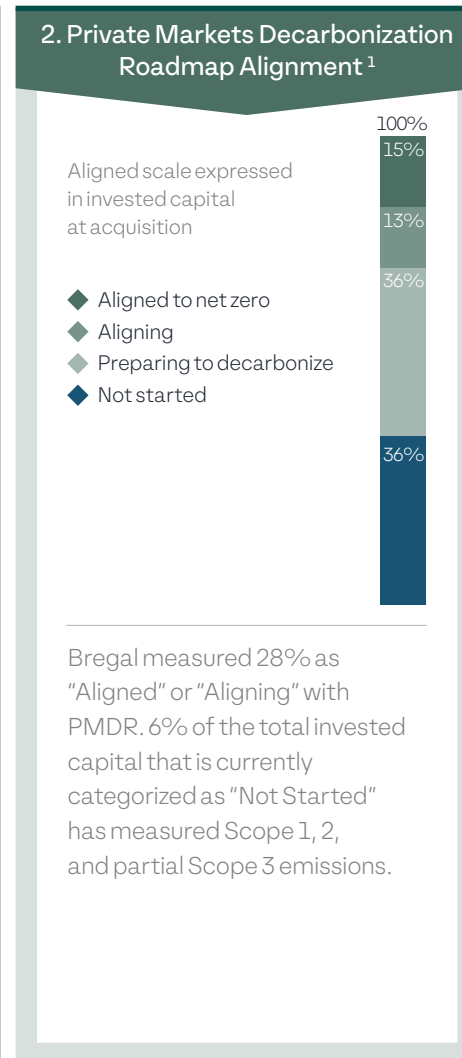
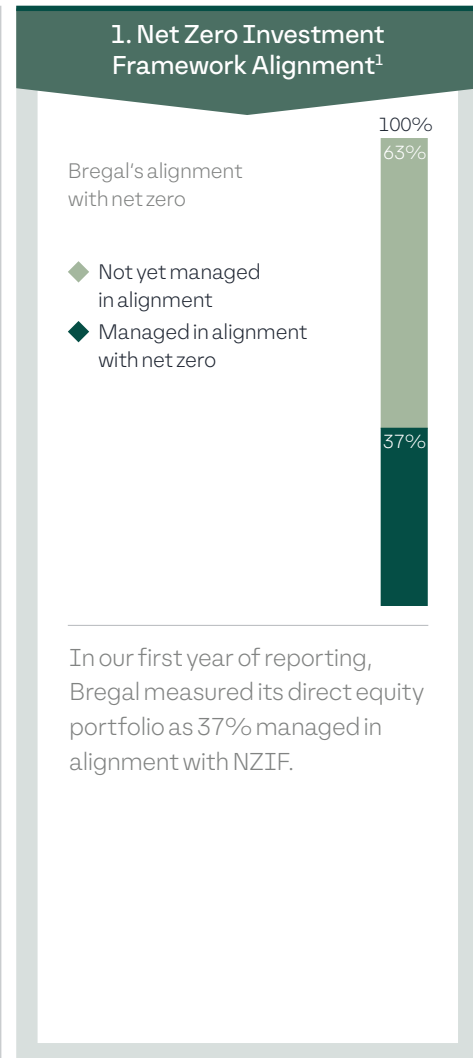


In 2022, Bregal committed to net zero via the Net Zero Asset Managers (“NZAM”) initiative, with the target to achieve net zero for 80% of AUM by 2050 or sooner.

Bregal has tracked its progress towards its net zero target using two leading and complementary industry frameworks:

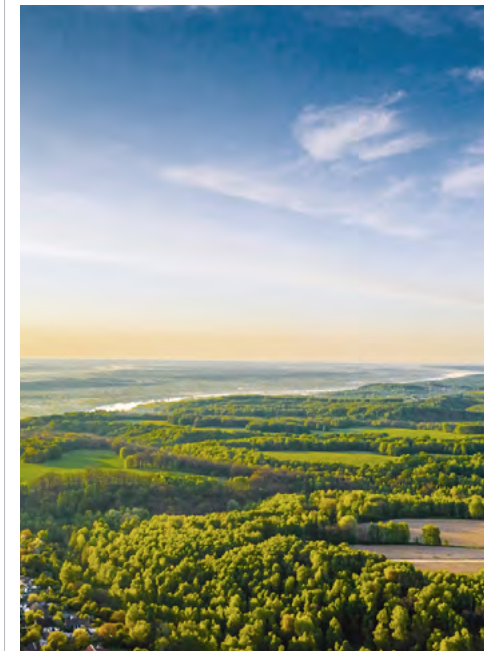
- 1. Net Zero Investment Framework (“NZIF”) from Institutional Investors Group on Climate Change
- 2. Private Markets Decarbonization Roadmap (“PMDR”)

Both frameworks provide GPs with a classification method to categorize portfolio companies based on their net zero maturity, considering elements such as decarbonization strategy adoption and year-on-year carbon reduction in addition to approved science-based targets. The frameworks differ in methodology as NZIF established a temporal element for reaching decarbonization milestones based on the investment acquisition date, whereas PMDR does not differentiate based on time spent in the portfolio.



We've made positive strides in the two-year period since our formal commitment to NZAM and are committed to increasing the number of our companies aligned to net zero.

With Bregal's integrated Climate and Nature Action Plan, it is expected that both alignment percentages will increase due to strong overall engagement on data quality, target setting, and annual carbon reductions.



¹ Data covered in both PMDR and NZIF alignment mapping includes all direct equity investments as of December 2023. Both Credit and indirect investments have been excluded from the analysis.

Our Climate And Nature Action Plan

Investing to achieve portfolio-level emissions reductions

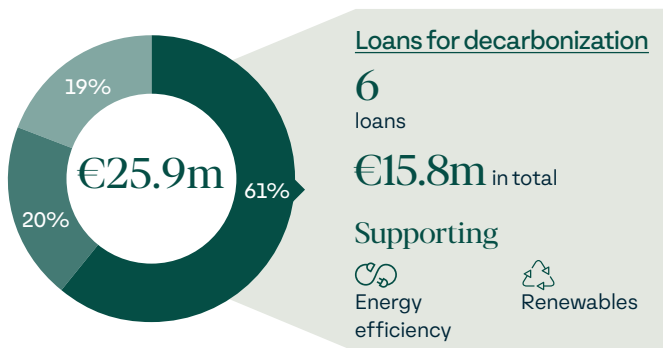


Bregal's Sustainable Development Financing ("SDF") program is a €50 million capital pool that provides loans on attractive terms to existing portfolio companies to invest in projects with positive sustainability outcomes.

Launched in 2018, the SDF is a tool for portfolio companies to fund strategy-related projects that help improve ESG performance, while simultaneously creating business value. As large-scale improvement projects can require additional capital and involve longer payback periods, the SDF incentivizes management teams with low-interest shareholder loans to drive progress on ESG roadmaps.

As Bregal's overall percentage of approved science-based targets increases, the SDF has recently been leveraged specifically for investing in decarbonization solutions or improvements in business processes that increase efficiency while reducing emissions.

Project impact focus to date¹



- ◆ Decarbonization
- ◆ Sustainable product development
- ◆ Water management

1. By project size (€m invested).



Onlineprinters is an online printing company focused on SME customers across Europe.

Country: Germany
Industry: Business Services
Strategy: Bregal Unternehmerkapital

Energy optimization measures for global facilities

Onlineprinters received a €1.7 million loan to finance a multi-site energy optimization project to help transition its facilities to on-site renewable electricity usage and drive down direct emissions in the printing process. The project funded on-site PV installation at three facilities, electric forklift upgrades, and facility energy efficiency measures.

€1.7m

Loan amount

Estimated annual impact

913

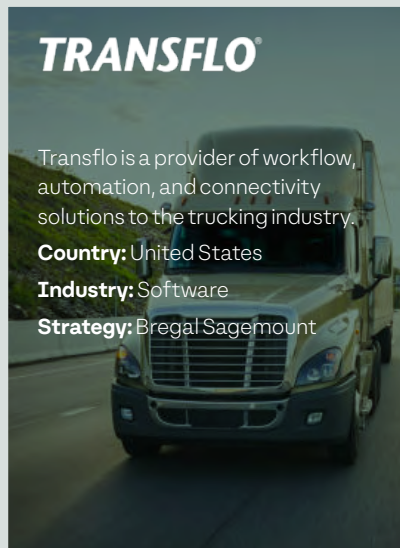
tCO₂e reduced

529

tCO₂e avoided/€m invested

€250k

in projected savings



TRANSFLO

Transflo is a provider of workflow, automation, and connectivity solutions to the trucking industry.

Country: United States
Industry: Software
Strategy: Bregal Sagemount

Transitioning on-premise data servers to renewable cloud

Transflo received a €3.2 million loan to transition from on-premise data servers to renewable cloud storage, aiming to reduce carbon emissions and operational costs. Maintaining data servers is not only a large operational cost but is also a driver of Transflo's carbon footprint YoY. This move enhances efficiency, cuts downtime costs, and enables reductions in line with its science-based targets.

€3.2m

Loan amount

Estimated annual impact

110

tCO₂e reduced

34.6

tCO₂e avoided/€m invested

\$800k

in projected savings

Our Climate And Nature Action Plan

Measuring climate and nature risk



This year, Bregal launched a new pillar in its action plan to measure and monitor climate- and nature-related risks and opportunities across its portfolio.

The increasing physical manifestations of climate change and the pace of technological, regulatory, and market response underscore the importance of taking a proactive approach to identifying and measuring potential portfolio impacts.

This year, we sought to strengthen our diligence and post-investment processes to integrate a climate and nature lens by:

1. Improving our asset-level analytical capabilities on climate-related physical and transition risk, and biodiversity risk
2. Assessing our direct portfolio impacts and dependencies through a scenario-based climate risk and opportunity assessment, and high-level nature impact whilst dependency screening, to inform our engagement

Our future focus will be on systematically integrating climate and nature risk and opportunity screening into diligence processes, whilst working closely with higher-risk portfolio companies to define mitigation plans.

Nature-related Impacts and Dependencies

We used the ENCORE tool to perform a preliminary assessment of our portfolio companies' dependency and impact on nature, supplementing it with a more granular view using the AXA Altitude tool.

Dependencies

28% of our portfolio has a more material dependency on ecosystem services, with 72% having a low dependency

The most material ecosystem services dependencies relate to water quality, water provision, erosion control, climate regulation, soil quality, filtration, and genetic materials.

Impacts

7% of our portfolio has a more material impact on biodiversity, with 93% having a low impact

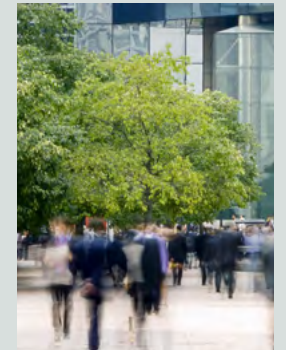
The most prevalent impact on nature is GHG emissions followed by land use. This demonstrates the interlinkage to our climate action plan and supports our rationale of focusing on GHG emissions reduction.

Top Company Dependencies¹

- ◆ 46% Water-related
- ◆ 10% Erosion control
- ◆ 10% Climatization regulation
- ◆ 10% Genetic material
- ◆ 10% Fibers and other material
- ◆ 15% Disease and pest control

>50% of our impact on nature driven by GHG emissions

1. Companies in scope only include those with a high or medium dependency score.



Bregal's first TCFD report

Bregal has endorsed the Task Force for Climate-related Disclosures ("TCFD") since 2021. It is Bregal's first voluntary disclosure detailing our progress against TCFD's four pillars: Governance, Strategy, Risk Management, and Metrics & Targets.

Our disclosure includes the results of our scenario-based climate risk and opportunity assessment.

To read the full disclosure, please refer to pages 51-52.

Our Climate And Nature Action Plan

Engaging industry on climate and nature



Recognizing that addressing climate and nature challenges requires a collective effort, we actively engage and drive workstreams across industry initiatives.

Our climate and nature commitments are further underscored by our active engagement in leading industry initiatives, such as the Initiative Climat International (“iCI”).

Through our engagement, we support the development of industry-wide solutions in private equity for measuring, assessing, and mitigating climate- and nature-related financial risks, and promote the sharing of best practices. Among other industry-wide guidance documents and frameworks, we helped to spearhead the development of the Private Equity Sector Science Based Target Guidance in 2022.



Below are a few notable examples of our collaboration in 2023:

Co-led

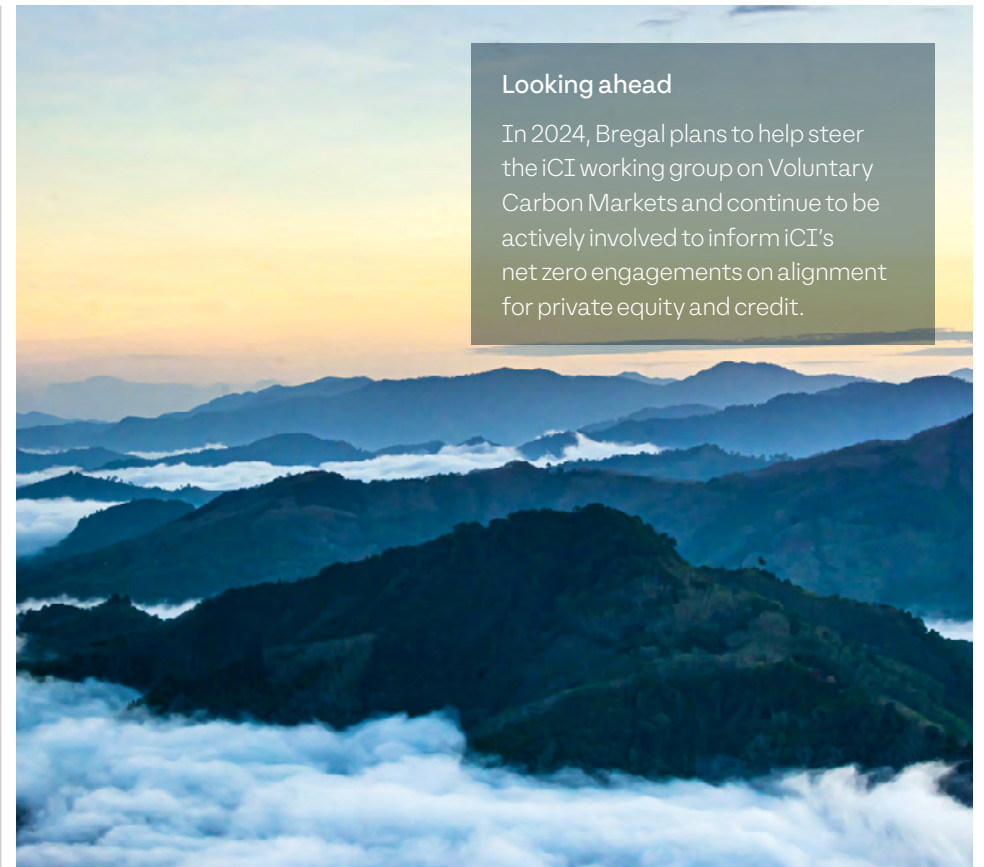
the Scope 3 decarbonization working group with [iCI and Baringa Partners](#).

Contributed

to the Private Markets Decarbonization Roadmap (“PMDR”) in collaboration with [iCI and Bain & Company](#).

Endorsed

the PRI Spring, a stewardship initiative for nature, convening investors to address biodiversity loss by 2030.



Looking ahead
In 2024, Bregal plans to help steer the iCI working group on Voluntary Carbon Markets and continue to be actively involved to inform iCI’s net zero engagements on alignment for private equity and credit.

Diversity, Equity, And Inclusion (“DEI”)

At Bregal, our commitment to diversity, equity, and inclusion reflects our belief that a diverse and inclusive workforce is critical to our success.

DEI At Bregal



At the center of our People strategy is a focus on all parts of the employee lifecycle – recruitment, development, promotion, and retention of high-performing talent, coupled with a deliberate effort to build a workplace where all employees feel included and develop a sense of belonging.

Jennifer Fass
Chief People Officer

2023 Highlights

- Global expansion of the People Team across the platform in London, New York, and Munich.
- Implementation of a central Human Resources Information System (“HRIS”) platform for Bregal Investments and the underlying strategies.
- Creation of a DEI vision and pillars with an external global DEI expert.
- Conducted exploratory research by collaborating with the Partners of each strategy to tailor strategy-specific DEI roadmaps.
- Implemented two coaching workshop programs: Executive Presence & Maximizing Feedback Conversations with Bregal Sagemount.
- Active DEI committees across all direct strategies dedicated to the promotion of an inclusive workplace.



DEI Vision

We believe that the unique perspectives, backgrounds, and talents of every individual contribute to innovation, reduced risk, and better business decisions that will propel our organization and our portfolio companies forward. Our commitment extends beyond compliance; it reflects our belief that a diverse and inclusive workforce is fundamental to our success.

Portfolio Company Engagement

Bregal supports our portfolio companies in improving DEI policies and processes beyond the investment period by assessing current initiatives and providing customized recommendations for improvement.

In 2023, 100% of portfolio companies that underwent ESG data collection reported gender and diversity data for Board, C-Suite, and Senior Management levels. Since 2022, our data collection has expanded to include data on gender pay equity and female promotions.

Industry Partnerships

We partner with industry-leading organizations such as the National Association of Investment Companies, GOOD Directors, Skillfully, Level20, and SEO to recruit and retain diverse candidates, source best practices, and tap into a global peer network. As one example, we are a proud sponsor of Level20 and have collaborated to help increase female representation across Bregal’s investing positions while utilizing Level20’s best practices to inform our own processes.

Future Initiatives

- Collect and leverage people data from our HRIS across the Bregal Investments platform and underlying strategies.
- Provide educational resources such as DEI toolkits and webinars for portfolio companies across the direct strategies.
- Provide active and holistic support, with an ecosystem of DEI practitioners across the portfolio base.
- Provide continued support to build strategic initiatives, within the active DEI committees.

Cybersecurity And AI Readiness

Bregal is dedicated to promoting a robust security culture and takes a proactive approach to integrating technological innovation into our portfolio companies' operations.

Cybersecurity And AI Readiness



Our technology team is dedicated to fostering a culture of collaboration, continuous improvement, and innovation. Our goal is to adopt dynamic technologies to drive growth whilst mitigating cyber risk.

Rob De Gracia
Chief Technology Officer



Cybersecurity ranks as one of the highest short- and long-term risks, as defined by the World Economic Forum in their 2023 Global Risks Report.

Through our extensive cybersecurity program and efforts with our portfolio companies, we mitigate risk by aligning with well-recognized standards, and best practices. This reduces cyber risk, which we review continuously to assess gaps and prioritize remediation efforts. Additionally, we support and partner with our portfolio companies to understand effective approaches for practical cyber risk mitigation strategies that align with the current dynamic threat landscape and ensure compliance with data privacy and information security laws and regulations.

Building a secure future with our portfolio companies

We believe proper governance coupled with operational security insights provide the foundation for any cybersecurity program. In addition to supporting our portfolio companies with their current cyber risk needs, we support the advancement of their cybersecurity goals, including future strategic planning to advance their cyber maturity.

Furthermore, we have built a community of practice with security-focused members of our portfolio companies. Through this network, the goal is to foster collaboration and diversity of thought. Members share best practices, cybersecurity threat intelligence, and lessons learned to prevent cybercrime and destructive cyberattacks.

World Economic Forum ranks cybersecurity as both 2yr and 10yr risk¹

2 years

Cost-of-living crisis
Natural disasters and extreme weather events
Geoeconomic confrontation
Failure to mitigate climate change
Erosion of social cohesion and societal polarization
Large-scale environmental damage incidents
Failure of climate change adaptation
Widespread cybercrime and cyber insecurity
Natural resource crises
Large-scale involuntary migration

10 years

Failure to mitigate climate change
Failure of climate change adaptation
Natural disasters and extreme weather events
Biodiversity loss and ecosystem collapse
Large-scale involuntary migration
Natural resource crises
Erosion of social cohesion and societal polarization
Widespread cybercrime and cyber insecurity
Geoeconomic confrontation
Large-scale environmental damage incidents

1. WEF Global Risks Report 2023.

AI Readiness

While we believe in the opportunity set that Artificial Intelligence (“AI”) brings, Bregal is committed to taking a proactive approach in recognizing and addressing the risks and challenges ahead.

Alongside our compliance team, we’ve designed the following policies which have allowed us to establish parameters and guidelines while responsibly supporting technological innovations.

- **AI Acceptable Policy** – Informs employees of the risks associated with AI Models and outlines guidelines for the use of AI Models at the Firm.
- **AI Risk Framework** – Identifies and mitigates potential risks related to AI ethics at every stage of the AI lifecycle. This framework aligns with emerging regulations like the EU AI Act and the OECD AI Principles.
- **AI Trustworthy Principles** – Ensures that potential AI systems developed by Bregal are used in a responsible, ethical, transparent, and accountable manner. This includes ensuring that AI systems are designed to respect human rights, prevent harm, remain compliant, and operate in a manner that is fair and non-discriminatory.

Community

Our teams and portfolio companies actively participate in philanthropy and support community engagements to create positive social and environmental impact.

Bregal Helps Initiative 44 ♦

Employee Philanthropy 47 ♦



Bregal Helps Initiative

With the support of Bregal’s leadership and the COFRA Foundation, the Bregal Helps Initiative (“BHI”) has distributed over €4.2 million to charitable organizations since 2020, via our portfolio companies.

In response to the global pandemic, Bregal’s senior management team and partners, together with the COFRA Foundation, launched the Bregal Helps Initiative in 2020. The effort was launched with the mission of assisting Bregal portfolio companies in their objectives to support local communities affected by COVID-19.

Bregal continued to grow this program in 2022 with a specific focus on three pillars: (i) Diversity and inclusion; (ii) Community development; and (iii) Education, skills, and career mobility.



A snapshot into WeAreBrain’s community house, used to support families from Ukraine.

€1.3m

granted since 2022¹

17

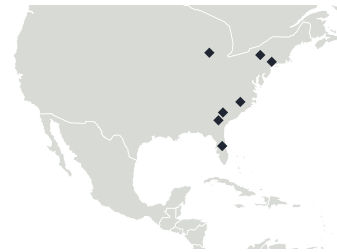
approved grants since 2022²

€4.2m

granted since inception

1. This figure represents the total granted to the portfolio companies of active and inactive strategies between 2022 and 2023. 2. Reflects the number of grants paid out between 2022 and 2023.

USA



Europe



Bregal team	Grant request (portfolio company)	Charitable organization	Project location
USA			
Sagemount	Procure Analytics	Agape	Georgia
Sagemount	Buyers Edge Platform	The Produce Alliance Foundation	Texas
Sagemount	Conductor	Conductor Foundation	New York
BU	Laird Thermal Systems	Kramden Institute	North Carolina
Sagemount	Transflo	Jared Box	Pennsylvania
Europe			
Milestone	M-Files	Mannerheim League for Child Welfare	Uusimaa, Finland
Milestone	Epassi	Finnish Red Cross + Swedish Red Cross	Helsinki, Finland Stockholm, Sweden
Sagemount	Printful	MOZAIKA	Riga, Latvia
BU	Laird Thermal Systems	Göteborgs Kyrkliga Stadsmission	Gothenburg, Sweden
Milestone	Teamwork	Depaul Ireland	Dublin, Ireland
Milestone	Anywhere 365	We Are Brain	Ukraine
BPEP	Fund level	Siobhans Trust	Ukraine
Milestone	Cafeyn	The Guardian Foundation	London, UK
Partners	State of Play	Izzie Wilson Trust	London, UK
Others			
Sphere	PUR	High Atlas Foundation	Morocco
BU	Woom	SOS Children's Villages	Cambodia, Bangladesh, and Austria
Milestone	Redstor	Redstor Academy	Cape Town, South Africa

Bregal Helps Initiative > Case Studies

Since 2022, Bregal’s teams and portfolio companies distributed over €1.3 million to 17 charitable organizations around the globe, driving impact along three strategic pillars.



Diversity and inclusion: Support portfolio companies in addressing issues of diversity and inclusion, whether related to race, gender, or other protected characteristics, specific to our portfolio companies and their communities.

Community development: Aid portfolio companies and their supported charities to provide key services such as healthcare, shelter, and nutrition – to ensure such services can be maintained and accessed by those in need.

Education, skills, and career mobility: Help portfolio companies to drive education and career improvement efforts in the local communities via charitable organizations that enable access to quality education and skills development.

1. Including two grants from BHI 1.0 and a grant which has been approved but is yet to be paid out.

Equitable access to devices, connectivity, and technology education

Organization: Kramden Institute
Company: Laird Thermal Systems
Strategy: Bregal Unternehmerkapital
Location: North Carolina, USA

Increasing digitalization has widened the knowledge gap, particularly for underprivileged individuals and families. Laird Thermal Systems (“LTS”), a leader in thermal management solutions for the medical, industrial, and telecommunications markets, partnered with the Kramden Institute to provide underprivileged individuals with the equipment and education to thrive in a digital world. LTS employees volunteered to:

- Refurbish computers through hardware repair and cleaning;
- Install operating system and final inspection; and
- Complete monitor testing and computer recycling.

Positive impacts:

88

computers refurbished and provided to low-income households



Creating a safe space for the LGBTQ+ community in Latvia

Organization: Association of LGBT and their friends MOZAIKA
Company: Printful
Strategy: Bregal Sagemount
Location: Riga, Latvia

LGBTQ+ individuals in Latvia encounter notable social and legal obstacles, such as minimal legal protections and pervasive discrimination. In Riga, LGBT House Riga serves as one of the sole community spaces for LGBTQ+ groups.

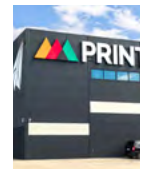
In collaboration with Printful, a provider of fully integrated apparel-on-demand services, Association of LGBT and their friends MOZAIKA have been able to provide members of LGBT House Riga with:

- Psychological support hours;
- Medical support hours;
- Legal assistance hours; and
- HIV/STI tests.

Positive impacts:

156

legal support hours provided for the LGBTQ+ community



Bregal Helps Initiative > Case Studies

Uplifting aspiring journalists from under-represented backgrounds

Organization: Guardian Foundation
 Company: Cafeyn
 Strategy: Bregal Milestone
 Location: London, UK

The journalism sector continues to face major obstacles in achieving equal representation, limiting the diversity of perspectives and thoughts in media.

Using the grant provided by Cafeyn, a digital media streaming platform, the Guardian Foundation has been able to support young journalists with the training and experience to become better journalists, including:

- 3-to-6-month-long internships at Cafeyn;
- Immersive tours of the Guardian's departments; and
- Masterclasses on the creation of quality content in innovative digital formats.

Positive impacts:

50%

of interns found further opportunities in wider media within six months of finishing the internship scheme



Marketing training for non-profit organizations in NYC

Organization: Conductor Foundation
 Company: Conductor
 Strategy: Bregal Sagemount
 Location: New York City, USA

Underprivileged youth in New York City face significant barriers to education, employment, and housing, exacerbated by systemic inequalities.

Through the grant provided by Conductor, an organic marketing platform built for enterprise, SEO, content, and web teams, the Conductor Foundation has:

- Launched a Foundation Working Group and hired a Foundation Director;
- Built and launched a pilot program to up-skill non-profits on marketing to expand visibility and increase impact; and
- Provided SEO and digital marketing training through classes and workshops.

Positive impacts:

Launched

the Conductor Foundation's strategy and pilot program



Resettlement assistance for families and individuals in Ukraine

Organization: Depaul Ireland
 Company: Teamwork
 Strategy: Bregal Milestone
 Location: Dublin, Ireland

With the effects of the war expected to be felt for decades, resources and facilities to help families and individuals to resettle and integrate back into communities are needed throughout Ukraine.

Teamwork, a leading global end-to-end project management software provider for client services companies, facilitated a grant to Depaul Ireland, which has:

- Enabled collaboration with resettlement workers to customize and support case-by-case needs;
- Provided resources within targeted communities to support reintegration; and
- Provided additional services and referrals as the needs arose.

Positive impacts:

670

Ukrainian adults and children supported through key resettlement needs



Providing high-risk pregnancy patients with nutritious diets

Organization: Produce Alliance Foundation
 Company: Buyers Edge Platform
 Strategy: Bregal Sagemount
 Location: Houston, Texas

90% of Americans consume fewer fruits and vegetables than recommended, highlighting the essential role health systems play in enhancing pregnant mothers' access to nutritious foods.

Buyers Edge Platform, a Unified Cloud Platform providing data, insights, and technology for the foodservice industry, partnered with the Produce Alliance Foundation to supply high-risk pregnant women with deliveries of fresh produce boxes. This was done by working with several partners such as Harris Health, a public healthcare safety net provider, to identify the patients at risk and Door Dash to deliver the produce boxes.

Positive impacts:

6,818

produce deliveries provided to pregnant women



Employee Philanthropy

Our employee philanthropy program offers several ways for employees to maximize their impact on local communities.

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

Over €1.1 million has been distributed in total through employee philanthropy efforts in 2023.

Grant Program

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

Reference to a company above including its logo or symbol does not indicate, and should not be viewed as, an endorsement by Bregal Investments of such company and does not imply that such company endorses Bregal Investments.



€871k

granted to charitable organizations via employees

Grants by sector¹



- ◆ 35% Education
- ◆ 26% Social Welfare
- ◆ 17% Disadvantaged Youth
- ◆ 16% Climate Change Mitigation
- ◆ 6% Healthcare

1. By amount donated.

Philanthropic Grant Spotlight

Dein München



Dein München helps to integrate disadvantaged children by providing holistic access to education, culture, and sport.

Bregal's €55,000 grant helped DEIN München hold events and campaigns for disadvantaged youth, allowing them to participate in workshops, supporting them in their daily life, and the start of their working lives. The grant also helped Dein München's youth ambassadors to increase awareness of the current situation of socially disadvantaged youth in Germany.



Pajama Program



Pajama Program provides children facing adversity with equitable access to bedtime resources and sleep education.

Bregal's \$50,000 grant for the Pajama Program facilitated the provision of essential resources such as pajamas, books, and educational materials for the children and their educators. It also covered nutritious snacks for the students and provided vital support for staff who coordinate and deliver these enriching experiences.



Spread a Smile



Spread a Smile brings joy and laughter to seriously ill children in NHS hospitals and hospices across the United Kingdom.

Bregal's €55,000 grant enabled Spread a Smile to provide nearly 1,400 children with a hospital bedside visit from one of their entertainers. This grant brought smiles to children who were so desperately in need of a moment of joy during such a difficult time in their lives.



Employee Philanthropy (continued)

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

Supported Organizations



Reference to a company above including its logo or symbol does not indicate, and should not be viewed as, an endorsement by Bregal Investments of such company and does not imply that such company endorses Bregal Investments.

Employee Volunteering

Our employees organize and partake in regular volunteering opportunities to more deeply engage in the communities in which we operate. The following photos highlight a few volunteering events from the past year.



Charitable Giving in 2023

€117k
 Donated by employees

+

€140k
 Matched by the COFRA Foundation

=

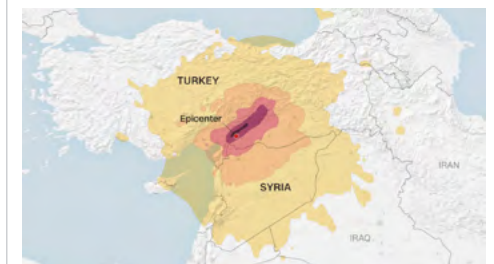
€257k+
 Total employee and matching donations

Fundraising Campaigns

In response to the humanitarian crisis caused by the series of earthquakes that devastated Turkey and Syria in February 2023, Bregal launched a company-wide fundraiser with 3:1 matching support from the COFRA Foundation. Bregal raised over €47,500 to send directly to non-profit organizations on the frontline that provide aid to displaced families and individuals.

€47,500

Raised for those impacted by the 2023 Turkey–Syria earthquakes



Appendix

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Task Force On Climate-Related
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Disclosure 53 ✦

Our Offices 54 ✦

Industry Partnerships

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



The PRI, a United Nations supported network of investors, works to promote sustainable investment through the incorporation of environmental, social, and governance



iCI is a global, practitioner-led community of private markets firms and investors that seek to better understand and manage the risks associated with climate change



Science Based Targets is an organization focused on achieving a zero-carbon economy through science-based emissions reduction targets



The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero GHG emissions



The ESG Data Convergence Initiative ("EDCI") is an open partnership of private equity stakeholders committed to creating a critical mass of meaningful, performance-based, and comparable ESG data from private companies



ILPA is a global organization dedicated exclusively to advancing the interests of LPs and their beneficiaries through best-in-class education, research, advocacy, and events



The ILPA Diversity in Action initiative brings together limited partners and general partners who share a commitment to advancing diversity, equity, and inclusion in the private equity industry



Level20 is a not-for-profit organization founded with the aim of improving gender diversity in the private equity industry



SEO is an organization focused on providing people from under-represented communities access to career opportunities in the alternative investment industry



Founded by His Majesty King Charles III, the Sustainable Markets Initiative has become the world's "go-to" private sector organization on sustainable transition

While Bregal Sagemount Management, L.P. is not a signatory to Principles for Responsible Investment, Science Based Targets initiative or Net Zero Asset Managers initiative ("NZAM"), Bregal Investments, Inc. is a signatory of those organizations. Bregal Investments, Inc. is the Registered Investment Advisor upon which Bregal Sagemount Management, L.P. is a Relying Advisor.

Reference to a company above including its logo or symbol does not indicate, and should not be viewed as, an endorsement by Bregal Investments of such company and does not imply that such company endorses Bregal Investments. References to these companies are for illustrative purposes only, to demonstrate where Bregal Investments may leverage resources, fund management, or networks. Investors should not rely on such partnerships/affiliations and should perform their own diligence prior to investing.

Task Force On Climate-Related Financial Disclosures

Bregal Investments endorses the Task Force on Climate-related Financial Disclosures (“TCFD”) and has implemented in line with the recommendations since 2021, as part of our commitment to the Net Zero Asset Managers initiative.

To continually improve its programmatic integration of climate risk, Bregal engaged with a third party in 2023 to define a roadmap and ambition level along the four pillars of the TCFD. To promote transparency and lay the groundwork for future years of reporting, this year Bregal seeks to voluntarily publish for the first time its TCFD disclosure. This content outlines the group’s (referred to as the “platform”) approach towards the identification of climate-related impacts, risks, and opportunities and its integration into Bregal’s governance, strategy, risk management, and metrics and targets process, following the four pillars of TCFD. We aim to improve the depth and quality of assessments in coming years.

1. Governance

Bregal’s approach to governing climate-related risks and opportunities is a core part of the platform’s ESG and responsible investment strategy and is integral to the way in which Bregal oversees, assesses, and manages all relevant matters related to Responsible Investing. Across our strategies, Bregal’s Responsible Investing team collaborates closely with Bregal’s investment managers to ensure integration of ESG into investment processes and value creation plans. Progress against set targets and sustainable value creation is ultimately driven by our portfolio company management as well as the General Partners (“GPs”) we’ve invested with via Bregal Private Equity Partners.

The Investment Committee is responsible for incorporating ESG considerations, including climate, into investment decisions. The Head of Responsible Investing actively participates in the Investment Committee meetings to provide direct input on ESG matters that are relevant to investment decision making and investment management and holds primary responsibility for reporting any climate-related issues to the IC.

During diligence, Bregal screens all investments against ESG metrics, including climate- and nature-related risks and opportunities, and performs deeper evaluations where higher relevant risk exists. Post-investment, Bregal’s Responsible Investing team engages directly with portfolio companies to facilitate ESG and carbon data collection, set KPIs, define value creation levers, and near and medium-term roadmaps. Bregal’s Responsible Investment team, in collaboration with deal teams, reviews progress on an annual basis and investment teams hold discussions with portfolio companies at least annually to discuss progress on ESG targets. The Board of Directors of each portfolio company is responsible for monitoring their own ESG performance and progress.

Bregal has developed a three-year roadmap that will help the firm better manage climate-related impacts, risks, and opportunities. These include developing clear roles and responsibilities for climate change and delivering training on climate change to IC and deal teams.

2. Strategy

The cornerstone of Bregal’s climate strategy is the commitment to align our own operational and financed emissions with a 1.5-degree Celsius pathway by 2030 and net zero by 2050. We strive to manage and invest in our portfolio so that companies mitigate exposure to climate-related risks and are well positioned to succeed in the transition to a net zero economy. Bregal’s Climate and Nature Action Plan, covered in pages 33–38, defines our approach to managing climate-related risks and opportunities via five pillars: 1) Reducing our GP and portfolio greenhouse gas emissions, 2) Investing to achieve portfolio-level emissions reductions, 3) Measuring climate and nature risk, 4) Investing in climate and nature solutions, and 5) Engaging industry on climate and nature.

As part of our commitment to measuring climate and nature risk, Bregal conducted a qualitative scenario-based climate risk and opportunity assessment (focused on physical and transition risk and opportunities) aligned with the TCFD recommendations. Climate-related risks and opportunities were identified at a sector and geographical level, considering their development over the short, mid and long term using climate indicator data under different scenarios.

As Bregal’s portfolio has an outsized industry representation in the software, commercial, and professional services sectors, and strong geographical presence in the United States and Europe, the analysis applies this context to the risk and opportunity evaluation. Time horizons were set in alignment with our existing commitments and are defined as:

- Baseline: Present
- Short term: 2030
- Medium term: 2040
- Long term: 2050

Below are examples of identified climate-related opportunities and risks, spanning from short term to mid/long term as the time horizons are different for different Bregal funds investment and ownership periods.

Climate physical and transition risks:

Physical risks identified within Bregal’s portfolio are extreme heat, extreme cold, wildfires, and water stress & drought. The potential financial impacts relate to increased operational expenses from temperature regulation, revenue losses from business interruption or lower productivity, increased capex due to physical damage from weather events, and/or cooling costs to maintain optimal indoor temperatures within health and safety protocols. As the majority of Bregal’s portfolio companies are not heavily reliant on production facilities or extensive physical operations, and offices spaces tend to be leased, this risk is considered low.

Task Force On Climate-Related Financial Disclosures (continued)

Transition risks include impacts related to the global movement towards a low-carbon future, inclusive but not limited to changing consumer preferences, increasing regulation on sustainability disclosures, and technological advancements in the green transition. Given Bregal's geographical footprint in the USA and Europe and the influx in regulation requiring companies to disclose carbon impact, targets, and resiliency plans, Bregal recognizes the importance of proactive management to avoid the potential for stranded asset risk and/or non-compliance with regulation leading to operational costs or reputational damage.

Climate-related opportunities:

As articulated in the Climate and Nature Action Plan, Bregal also sees significant business opportunity in the management of climate risk and the green transition. Based on our sector focus and geographical presence, two key opportunities are in the energy transition and low-carbon service offerings. Transitioning our companies to low-emission profile sources of energy, either by investing in on-site generation or by direct renewable procurement, presents an opportunity to lower operational expenses and increase resiliency. Additionally, the increasing demand for low-emission goods and services is an opportunity where decarbonization increases competitiveness and revenue generation. As such, Bregal is engaging with its portfolio companies to identify potential sustainability-focused solutions particularly in the B2B context. Bregal supports our companies in pursuing decarbonization investments via the Sustainable Development Financing program.

3. Risk management

Bregal's approach to ESG and climate-related risk management is embedded throughout the investment cycle through Bregal's responsible investing approach. During due diligence, for investments that are identified as having potential high-risk exposure, external consultants are engaged to assess physical- and transition-related risks and opportunities. Post-close, the Responsible Investing team will engage in an annual ESG review alongside management teams to determine company-specific relevant climate-related risks and opportunities.

Our primary levers for climate risk management and value creation include:

- Climate risk assessment during diligence assisted by the AXA Altitude platform;
- Measuring carbon emissions across Scope 1, 2, and 3;
- Defining and implementing carbon reduction actions in line with the SBTi;
- Crafting decarbonization roadmaps and aligning climate strategies with industry leading frameworks;
- Financing transformative decarbonization initiatives at select portfolio companies via the Sustainable Development Financing program with financial and carbon outcomes; and
- Deploying a range of Fund-specific initiatives, such as sustainability-linked financing, climate-related shareholder agreements, and/or climate-related compensation.

To further strengthen climate-risk identification processes, Bregal recently enlisted a third-party climate risk assessment tool – AXA Altitude – to use during diligence and post-investment to understand scenario-based asset-level risk exposure.

4. Metrics and targets

Bregal is a signatory of the Net Zero Asset Managers ("NZAM") initiative and is committed to achieve net zero greenhouse gas emissions by 2050 or sooner. In addition, we have approved near-term science-based targets for our operations and our portfolio.

Our operational target:

- Reduce 50% of Scope 1 and 2 emissions by 2030 from a 2019 baseline.

Our portfolio coverage target:

- Ensure 40% of our portfolio companies will have set science-based targets by 2025.
- Ensure 100% of our portfolio companies have set science-based targets by 2030 from a 2021 base year.¹

To achieve its targets, Bregal supports the assessment of carbon footprint across Scopes 1, 2, and relevant Scope 3 categories on a yearly basis – both for its own operations and within its portfolio – and measures its portfolio net zero alignment using the NZIF and PMDR frameworks. For more information on progress against these targets, please see page 35. Bregal has publicly reported its own emissions since 2022.

¹ Bregal Investments portfolio targets cover 79% of total investment and lending activities by invested capital as of June 30, 2021. All efforts will be made to achieve this target except where our minority equity rights might make this challenging.

Disclosure

This Presentation is not intended to be relied upon as the basis for an investment decision, and is not, and should not be assumed to be, complete. This Presentation does not constitute or form part of, and should not be construed as, an offer, solicitation, or invitation to subscribe for, underwrite, or otherwise acquire, any securities of the Fund or any product advised or managed by the Firm, or any member of the Firm's or its parent company's group.

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The case studies referenced in the Presentation are for informational purposes only to illustrate how Bregal Investments seeks to incorporate environmental, social, and governance ("ESG") initiatives within its portfolio companies. There can be no assurance that any Bregal Investments vehicle will be able to implement its Responsible Investment strategy or achieve its objectives.

Bregal makes no claim that its Funds or other products are ESG-focused, are entirely focused on its ESG-based investment objectives, or that its business, Funds, or portfolio companies are compliant with any third party ESG principles at all times. ESG investments are investments made with the intention to generate positive, measurable social and environmental impact alongside financial return.

Bregal Sagemount Management, L.P., as an independently owned GP believes that our Responsible Investing informed initiatives can create enterprise value in many of our investments. Bregal Sagemount Management,

L.P. will partner with companies interested in engaging on relevant Responsible Investing initiatives and where our governance rights allow us access to measure and drive these initiatives forward.

Bregal Unternehmerkapital AG, as an independently owned GP believes that our Responsible Investing informed initiatives can create enterprise value in many of our investments. Bregal Unternehmerkapital AG will partner with companies interested in engaging on relevant Responsible Investing initiatives and where our governance rights allow us access to measure and drive these initiatives forward.

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