



Responsible Investing Report 2023



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Message from the Team

2023 was a pivotal year for Synova. We expanded our team by eight, moved our London office, and achieved successful exits from MK Test and Vistair. Additionally, we have continued to partner with UK and European based businesses which have received investment from Synova Fund V. Globally recognised, we ranked 12th worldwide and first in the UK by Preqin as one of the 'Most Consistent Top Performing Private Equity Fund Managers'. HEC Paris and Dow Jones also listed us among the top 20 small-cap private equity firms in their 'Small-Cap Buyout Performance Review' 2023.

We also made substantial strides in our Responsible Investing ("RI") programme, underscoring our commitment to sustainability and responsible business practices. We recognise that an effective RI programme demands active efforts both internally and across our portfolio. Our focus remains on guiding our portfolio companies towards minimal environmental impact and maximal positive societal contributions, thereby creating value for all stakeholders.

This year marks Synova's ninth anniversary as a signatory of the United Nations-backed Principles for Responsible Investment (PRI) and our inaugural year contributing to the ESG Data Convergence Initiative (EDCI). Our RI journey evolves through ongoing collaboration with our stakeholders, refining our strategies and practices. This second RI report reiterates our dedication to delivering long-term sustainable value to our investors, employees, and teams across the portfolio.

Synova's RI programme, mandated by the Management Committee and led by our RI Committee continued its focus on making a positive impact through our investments. In February 2024, we welcomed a new Senior RI Manager into our Value Creation team to execute our programme with oversight from the RI Committee.

Philip Shapiro and David Menton



Synova Overview in Numbers



£1.68bn

AUM



£717m

Synova portfolio
revenues globally



28

Synova employees



> 7,200

Employees across
the portfolio



31%

Portfolio revenue
growth

£884m

Capital
deployed



5

Software & Data



4

Financial Services



5

Health & Education



5

Tech Enabled Services



2

Synova global offices
(London, New York)

36%

Diverse employees
across Synova

27%

FTE growth across
the portfolio

32%


Portfolio
EBITDA growth



Kevin Brown, CEO of Pacifica*:

“Growth means integrating ESG and sustainability into every aspect of our operations and decision-making. This approach benefits everyone—our clients, colleagues, and communities. Together with our partners at Synova, we are committed to sustainable and responsible business practices.”

*Pacifica is a Synova Fund III portfolio company and is the UK's largest independent provider of outsourced support services to the domestic appliance market.



Our Responsible Investing Framework

Overview

At Synova, our Responsible Investing Framework exists to create long term sustainable value as risks and opportunities evolve across our business and market.

Throughout 2023, we continued to implement our Responsible Investing Framework, both at Synova and across our portfolio. This included the application of our new in-house ESG due diligence and onboarding processes for new investments. We also successfully exited MK Test and Vistair during the year. During 2023, MK Test made significant strides by expanding its cyber security certifications and improving the quality of data used to calculate its carbon footprint.

We are committed to upholding strong sustainability practices and governance structures, operating in line with our Responsible Investing Policy and producing better outcomes for all our stakeholders.



Our Responsible Investing Framework

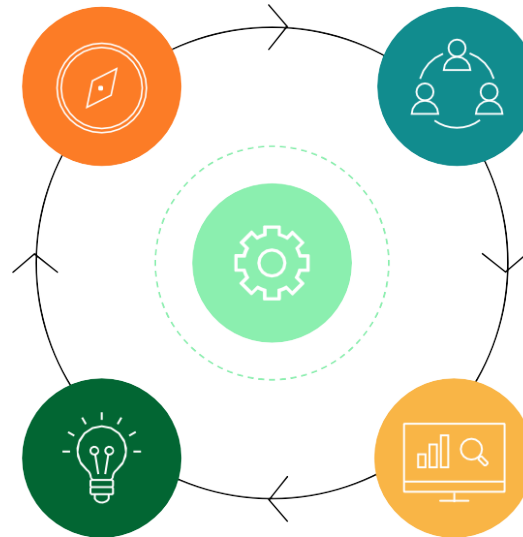
Guiding Principles

We target long term sustainable growth whilst adhering to industry standards and frameworks, and the guidelines set within, such as the Sustainability Accounting Standards Board ('SASB'), the UN Principles for Responsible Investment ('UN PRI'), and the ESG Data Convergence Initiative ('EDCI').

Policy Implementation

Our Responsible Investing programme is mandated by the Management Committee and led by our RI Committee. Our newly appointed Senior RI Manager reports into the RI Committee quarterly, and together with members of the committee has oversight for the design, delivery and execution of our RI programme across Synova and the portfolio. In 2023, Synova worked with sustainability specialists to update and refresh Synova's RI policy and strategy.

The RI committee comprises Portfolio Managing Director, Ben Snow, and two members of the Management Committee, David Menton and Daniel Silverton-Parker.



Stakeholder Engagement

We believe in actively managing the sustainability agenda across all our investments. We support our portfolio companies to continuously evolve and enhance their sustainability programmes through:

- Setting objectives to ensure sustainability considerations are prioritised and integrated into their overall strategy. Pacifica demonstrated this by establishing EV fleet coverage goals in 2023.
- Providing them with the training and resources to help them develop necessary skills and knowledge required to achieve their goals. Last year, Synova extended its partnership with Flotilla, its climate partner, to its whole portfolio.
- Encouraging them to engage with key stakeholders to understand their concerns and identify areas of improvements. This was reflected in the increased response rates to staff engagement surveys across the portfolio.
- Requiring them to report on their performance annually and demonstrate continuous progress year-on-year as set out in this report.

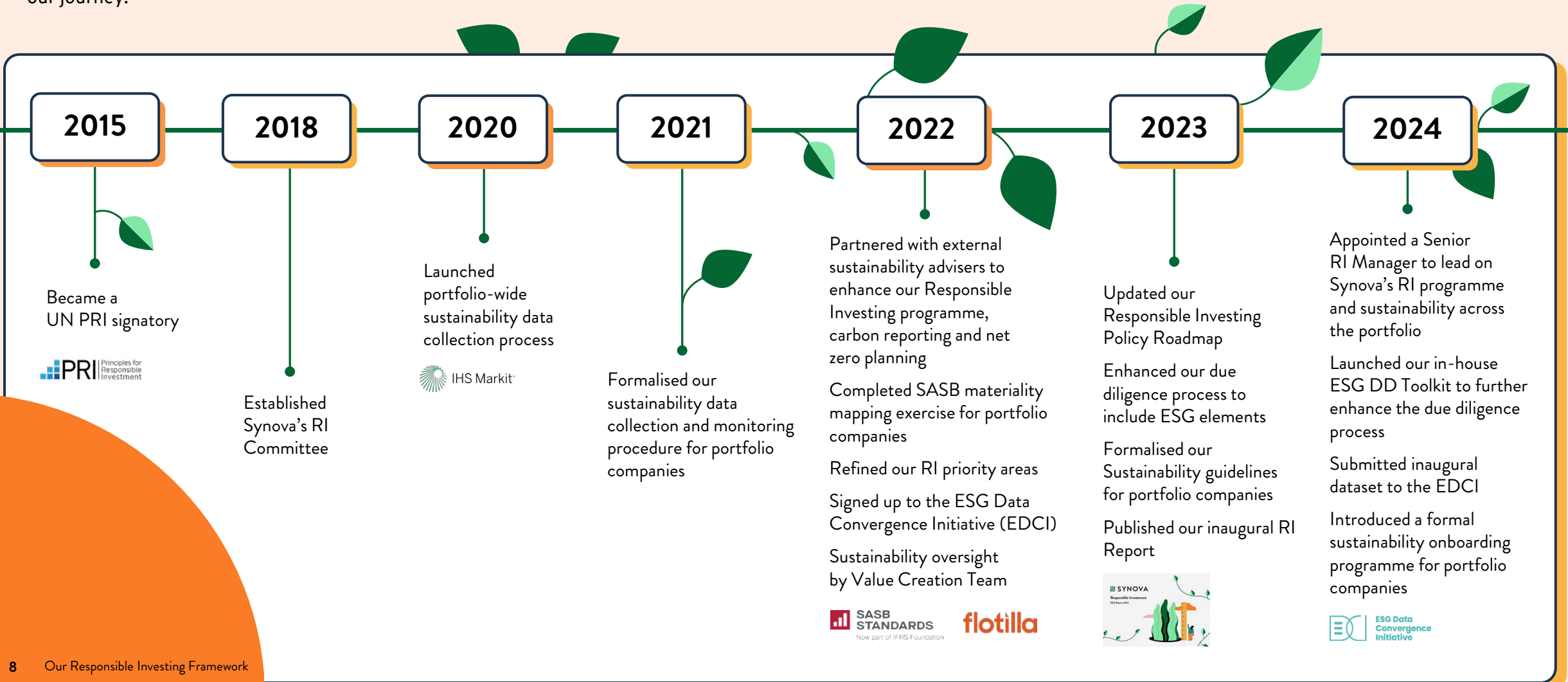
Monitoring and Reporting

We monitor the progress of sustainability performance at the firm and portfolio company level. Portfolio companies report their progress against a consistent and comprehensive set of KPIs. This process enables us to actively monitor and engage with management teams and discuss areas for improvement and progression. Our portfolio monitoring process is overseen by our Senior RI Manager.

Updates on sustainability performance are presented to the RI Committee, Management Committee, and in our annual RI Report. In 2023, we refined our assessment of portfolio maturity and provided individual portfolio companies with benchmarked performance data.

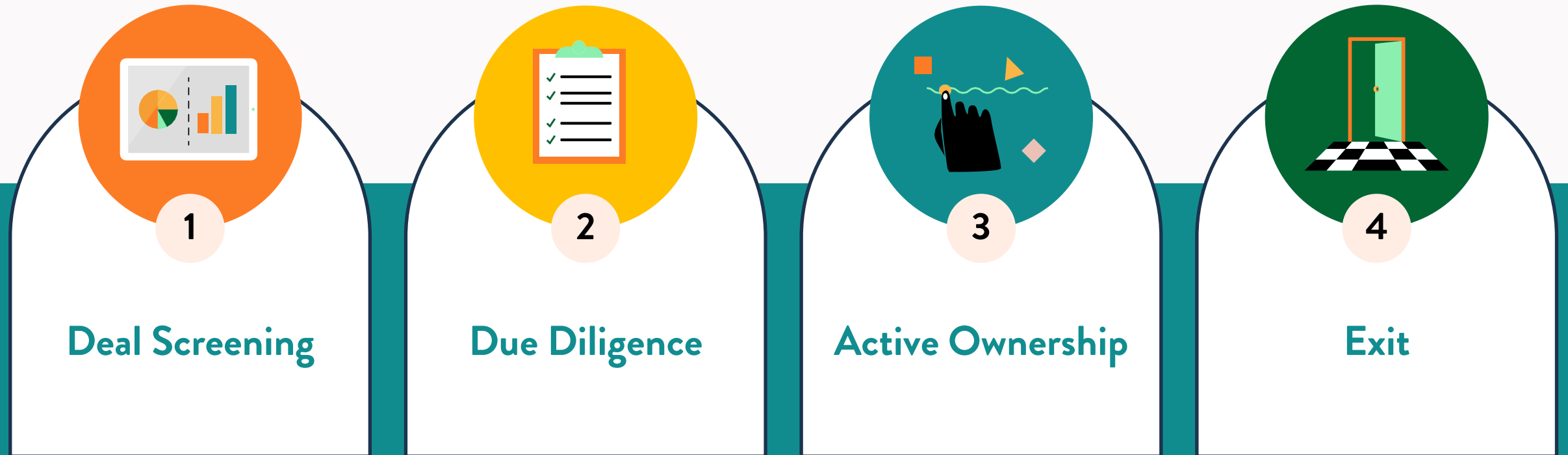
Timeline

We are pleased to present the latest update to our Responsible Investing timeline, reflecting recent developments and enhancements in our RI programme. The 2023 and 2024 additions underscore our commitment to continuous improvement and transparency in our investment practices, showcasing significant milestones and progress achieved in our journey.



Implementing Responsible Investing

We are committed to a clear and forward-thinking approach to Responsible Investing, which we believe enhances the performance and long-term value of our portfolio companies, positioning them for sustained success even after our partnership ends. Our Responsible Investing Policy, aligned with leading industry standards and frameworks such as the UN PRI and SASB, ensures that RI is seamlessly integrated into every stage of the investment cycle through our four-pillar approach, aimed at achieving better outcomes. In 2023, our framework was successfully implemented in supporting all our existing and new partnerships.



01. Deal Screening

We evaluate all prospective investments using an ESG framework as well as apply a positive screening lens whereby we identify potential targets that align to our RI and sustainability principles. This ensures that we invest in companies that do not negatively impact the climate and society.

We also conduct an overview of major reputational risks that could adversely impact our brand such as issues related to ongoing legal and compliance matters, regulatory performance, policies and processes, and more.

02. Due Diligence

We undertake ESG due diligence to learn about the approach to sustainability at the target company and identify its areas of focus using our in-house ESG DD Toolkit. Our investment teams have been trained to use this toolkit for each potential acquisition.

We apply a rigorous framework, based on guidance provided by the SASB to assess the target's overall sustainability strategy and identify material areas for the business.

As appropriate, our investment teams engage third-party specialists to support their assessment; significant findings are discussed with the Investment Committee as necessary, and plans are designed in collaboration with the target company to address any areas of risk mitigation or value creation.

See below for an overview of how we applied our due diligence process for a recent Synova Fund V investment.

03. Active Ownership

We work with our portfolio companies to address the findings of the ESG due diligence to evaluate the maturity of the company against our own sustainability framework and KPIs.

We then work in partnership with company management to establish a tailored sustainability programme, KPIs and goals.

Portfolio companies are provided with training and resources to help them develop necessary skills to achieve their sustainability goals and ambitions.

This capacity building provides management with the confidence to proactively communicate on their sustainability agendas with key stakeholders. Engagement is at the heart of our ownership practices and understanding broader views on sustainability helps our companies advance their programme and align interests. For example, in 2023, three portfolio companies improved their cyber security certifications with more in progress.

Thereafter, we monitor the progress on sustainability initiatives through regular meetings with portfolio company leadership teams and our annual reporting campaign.

04. Exit

Integrating sustainability considerations throughout the investment life cycle with an articulation of our journey through to exit allows us to focus on sustainable value creation beyond financial gain.

During our partnership, we work together with our portfolio companies to shape an effective long-term sustainability action plan. This will include the strengthening of internal processes and reporting to align interests of all stakeholders for impact far beyond our investment period.

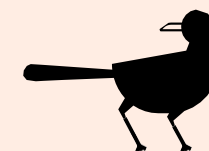
Our pre-exit preparations entail a review of the company's sustainability progress and offer further support in articulating their journey comprising both value protection and value creation.

As members of the portfolio company board, we remain closely involved in this process throughout our journey with the business.



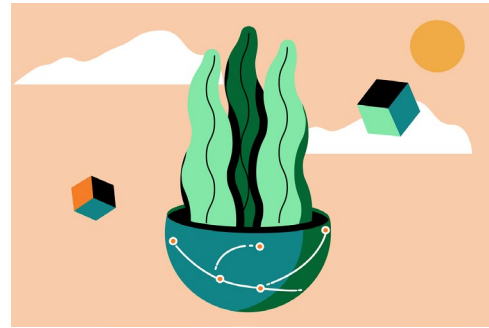
Responsible investing in practice:

Prior to investment in Learnlight in 2023, we appraised key ESG risks and opportunities in line with the SASB materiality framework and the EU Taxonomy. These were identified and assessed as part of the due diligence process undertaken by the investment team with support from our advisers. The output of this work determined the key areas of focus for the business during our partnership and were embedded in the value creation plan.

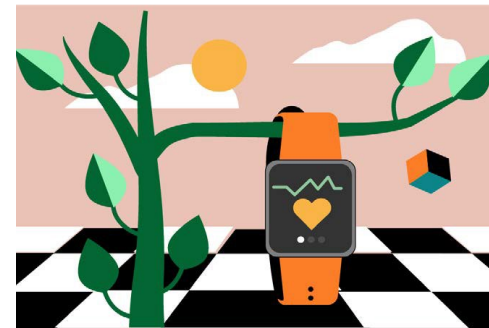


Our Areas of Focus

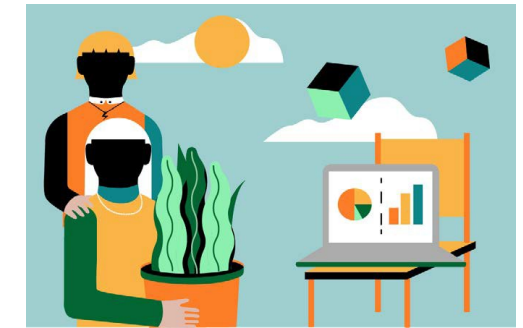
In 2023, we made further progress in addressing key areas identified in our 2022 sustainability materiality exercise. The following section of this report details the advancements in these areas. We recognise that sustainability is an ever-evolving field, with stakeholder expectations that continually shift. To remain proactive, we commit to revisiting our materiality assessment every three years, ensuring our strategy stays relevant and effective.



Measuring and reducing carbon emissions



Promoting employee engagement and wellbeing



Promoting diversity, equity and inclusion



Managing cyber risks

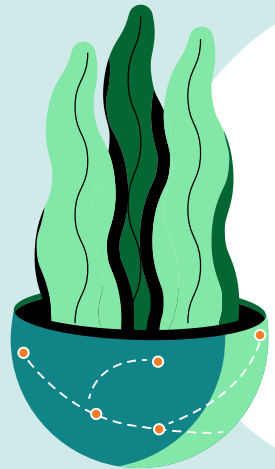


Maintaining high business ethical standards



Incorporating and managing exposure to ESG factors into investment decisions

2023 Portfolio Highlights



5,732
tCO₂e
absolute scope
1 & 2 emissions



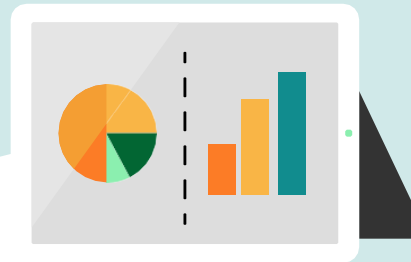
0.97
tCO₂e per FTE



8.6
tCO₂e per
£m Revenue



94%
supported
charities during
the year



79%
conduct employee
engagement
surveys annually

86%
employees
received
training



Note: Data collected from 18 of 20 companies where Synova was an investor as at 31 December 2023. Portfolio carbon emissions and intensity measures are calculated based on scope 1 & 2 emissions and key metrics, with data captured for 19 of 20 companies. Some of this data includes estimates where primary data could not be obtained.

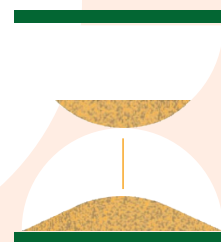
72%

have net zero plans in place or will do by the end of 2025



89%

have assigned responsibility for sustainability matters



100%

have a Cyber Security policy in place



100%

have a Whistle-blowing policy in place



94%

have at least one independent board member



81%

of companies have at least one member of the executive team that identifies as female



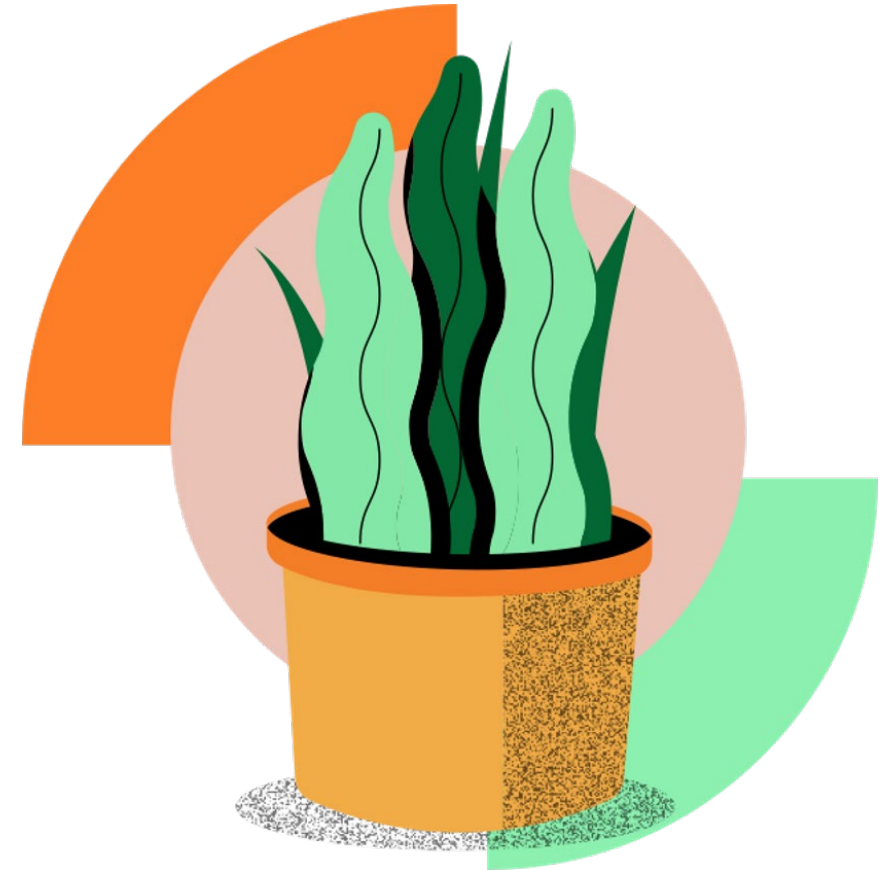
Measuring and Reducing Carbon Emissions

Measuring and supporting the reduction of carbon emissions of our portfolio companies is a crucial aspect of our commitment to responsible investing. Climate change is one of the biggest challenges we face, and as investors, we have a responsibility to take action to mitigate our impact and support the transition to a low-carbon economy, leading to better outcomes for our investors.

In 2023, we successfully reduced intensity metrics across the portfolio, with tCO₂e per FTE decreasing from 1.2 to 0.97 and tCO₂e per £m revenue dropping from 11.2 to 8.6, compared to 2022 levels. These reductions were achieved through various emission reduction initiatives implemented across the portfolio.

Our portfolio companies increased renewable energy use, transitioned to electric fleet vehicles, and reduced office plastic waste. Notably, in 2022 and 2023, Pacifica sourced 88% of its electricity from on-site solar panels. Currently, 36% of our portfolio companies have implemented net zero plans and an additional 36% are in progress to have one in place by the end of 2025. Our primary focus is ensuring all portfolio companies accurately measure their emissions and strive to make meaningful reductions.

Several of our portfolio companies have been recognised for their environmental efforts. Oakland won an award for environmental best practice at the Green Apple Environment Awards in 2023 and achieved Green Mark level 3 certification, recognising its advanced environmental management system.



94%

companies have measured scope 1 and 2 emissions

72%

companies either have a net zero plan in place or will have one in place by 2025

100%

renewable electricity sourced at Pacifica, Mallcomm and Unity5 during 2023

Portfolio Spotlight: Measuring and Reducing Carbon Emissions

Sector: Tech Enabled Services

Company background: The UK's largest independent provider of outsourced support services to the domestic appliance market.

Pacifica

Pacifica is dedicated to extending the lifespan of domestic appliances to reduce emissions and promote sustainability. The company educates consumers on the environmental and cost benefits of choosing repairs with new parts over replacements, significantly cutting carbon emissions. Reinforcing its commitment, Pacifica holds ISO 14001 certification, which underscores its dedication to effective environmental management.

In 2023, Pacifica expanded its environmental analysis by measuring its complete carbon footprint (scopes 1-3) for the first time, having previously calculated scopes 1 and 2. This comprehensive assessment underpins the company's goal to achieve net zero emissions by 2035. Pacifica has put in place the following initiatives as part of its decarbonisation plan:

- Transitioned to 100% renewable electricity for all properties

- Implemented a hybrid and full electric vehicle programme throughout the company

- Installed a 100-kW solar photovoltaic system at main distribution centre and a 50-kW system at head office

- Committed and achieved zero landfill waste from field operations



88%

of the electricity consumed was solar-generated on-site (2022-2023)

42%

reduction in purchased electricity (2022-2023)

100%

of warehouse waste reused, recovered, or recycled in 2023

Pacifica began collaborating with Tunley Environmental in 2021 and commissioned a report to identify emission sources and subsequent embedded carbon from all field-based activities involved in the repair of domestic appliances. The findings of the research are summarised in the below table and highlight the environmental benefits of repairing appliances, where emissions are up to 95 times lower than for replacements.

| Type of repair | kgCO2 emissions (repair) | kgCO2 emissions (replacement) | kgCO2 emissions (replacement vs repair) |
|----------------|--------------------------|-------------------------------|---|
| Simple repair | 2.41 | 230.6 | 95x more |
| Complex repair | 14 | 211.1 | 15x more |

(A simple repair involves fixing appliances without replacing any parts or components, whereas a complex repair involves part or component replacement)

Promoting Employee Engagement and Wellbeing

Employees in our portfolio companies are our greatest asset; they are the driving force behind our growth and success. We are committed to promoting employee engagement, prioritising their well-being, and cultivating a fulfilling work environment; we recognise that engaged and well-supported employees are more productive, creative, and better able to enhance performance in our portfolio companies.

By fostering an entrepreneurial spirit and promoting continuous learning, we drive mutual growth and build trust within our team and across our portfolio companies. During 2023, 86% of the employees in our portfolio received training to enhance their skills and stay in line with the evolving needs of the business environment.

Conducting employee surveys is one way to gain invaluable insights into employee satisfaction and engagement and identify areas for improvement. In 2023, 83% of the portfolio conducted employee surveys with an average response rate of 75%, indicating strong employee engagement across the portfolio.

Additionally, we encourage community engagement and employee volunteering to create positive change in the communities we serve, while also enhancing workforce motivation and commitment. 94% of the portfolio supported charities during 2023. Initiatives included making financial donations to charities, volunteer days to clear local neighbourhoods, sponsoring sports events, and hosting CV and interviewing clinics.



86%

of employees across the portfolio received training in the year

83%

companies conducted an employee survey

>3,800

employees participated in engagement surveys across the portfolio

94%

companies supported local charities in the year

Portfolio Spotlight: Promoting Employee Engagement and Wellbeing



Oakland Care



Sector: Health & Education

Company background: A leading group of premium private pay elderly residential, dementia and nursing care in the South East of England.

Oakland is dedicated to fostering employee engagement and wellbeing through a series of strategic initiatives and community involvement, with recent highlights shared below.

Initiatives and achievements:

Employee engagement & wellbeing: Oakland conducts an annual employee survey (with an 83% response rate in 2023), appoints wellbeing champions, and facilitates "coffee mornings" for engaging discussions between HR and employees.

Charitable work & community involvement: Oakland's commitment extends to community service, exemplified by planting 1,200 trees with the Essex Forest Initiative in 2023 alongside other volunteering events in its local communities.

Employee training: 100% of Oakland's workforce engaged with training in 2023. The company provides in-house developed training programmes, including some which are accredited. Leadership and sustainability training are also available, for example sustainability programmes for Oakland's 'Green Champions'.

Awards & recognition: In November 2023, Oakland was recognised as an 'Investors in People' 'Gold' company and has been named 'Employer of The Year' in this category.

Orbis



Sector: Tech Enabled Services

Company background: A leading provider of critical services to the vacant property, site security and lone worker sectors in the UK and Europe.

Orbis is committed to embedding physical and mental wellbeing and engagement into its core culture. Through initiatives, Orbis has built a supportive environment where employees feel valued and motivated.

Initiatives and achievements:

Employee health & wellbeing: The Employee Assistance Programme and a 24/7 virtual GP service are available to all Orbis employees and offer confidential counselling and quick medical consultations.

Regular feedback mechanisms: Conducts regular engagement and satisfaction surveys to gauge employee sentiment and improve the work environment. In 2023, the Employee Satisfaction Index score increased to 76.7% from 72.4% in 2022.

Mental health support: Equips leaders with "Mental Health Skills for Managers" training, empowering them to prioritise employee wellbeing as part of their leadership approach. The company positions Mental Health First Aiders across the company to signpost employees to relevant resources.

Two-way communication: Bi-annual "Staff Chats" and "Job Chats" were suggested by employees in an engagement survey and implemented in 2021. They provide platforms for open dialogue between senior leaders and employees, strengthening relationships and trust.

Promoting Diversity, Equity & Inclusion

At Synova, we are committed to fostering a diverse and inclusive team, recognising that the varied backgrounds of our employees – whether in terms of age, gender, ethnicity, religion, or other factors- are key drivers of innovation, creativity, and a positive workplace culture.

With over 7,000 people employed across our portfolio, we see a significant opportunity to promote DE&I initiatives and make a meaningful difference. A strong foundation for any DE&I programme is the ability to measure and monitor relevant metrics, and we are pleased that 78% of our portfolio companies actively track DE&I indicators. 83% have a formal DE&I policy in place and ~20% have established formalised DE&I programmes, with some preferring informal or ad hoc initiatives tailored to the evolving needs of their workforce.

In 2024, JMG Group launched a three-year Apprenticeship Academy aimed at removing barriers to entry and promoting social mobility within the insurance sector. The scheme places a strong emphasis on mentorship, support, and equipping young adults with the skills and knowledge needed to forge successful careers in insurance.

Across the portfolio, DE&I initiatives include running DE&I and Belonging surveys, offering DE&I-focused training, raising awareness around disability inclusion, celebrating diverse religious festivals, and establishing DE&I committees to further advance these efforts.



Our commitment to increase diversity in our industry is illustrated by Synova’s role as a founding patron of Level 20 in 2016, as well as our continued support of the 10,000 Black Interns initiative since its inception. For further details, please refer to page 28.

81%

companies have at least one c-suite member that identifies as female*

83%

companies have a DE&I policy in place

4

companies are Disability Confident Committed (level 1) or Employers (level 2) (UK government scheme)

Portfolio Spotlight: Promoting Diversity, Equity and Inclusion



3173

3173

Sector: Financial Services

Company background: A leading provider of pensions administration software, trusteeship and governance services to the UK pensions industry.

3173 is committed to fostering diversity and inclusion within the company and across the pensions industry. The group has established a DE&I subcommittee to drive best practices throughout the organisation.

Initiatives and achievements:

Training & awareness: Provides DE&I training to all employees and hosts events to raise awareness on cultural issues, featuring insights from external speakers. 100% of new hires completed the mandatory Unconscious Bias training during their induction.

Apprenticeships & opportunities: Participated in the 10,000 Black Interns programme in 2022, employing three interns; hired two apprentices in 2023.

Employee networks: Runs employee networks such as one for the LGBTQ+ community and another focused on menopause challenges in the workplace, both aimed at enhancing workplace inclusivity.

Certification & advocacy: The company is a certified Living Wage Employer and a Disability Confident Employer (level 2) and upholds its commitment to the Menopause Workplace Pledge.

Learnlight

learnlight

Sector: Tech Enabled Services

Company background: A leading provider of digital-first language and skills training to multi-national corporations.

Learnlight demonstrated a robust commitment to DE&I during 2023 through a range of progressive initiatives aimed at fostering an inclusive workplace culture.

Initiatives and achievements:

Training & awareness: To date, 299 employees have been given access to the Learnlight Intercultural Assessment helping employees understand the dynamics of working with colleagues from various backgrounds, promoting effective intercultural teamwork.

Leadership workshops: In 2023, 100% of the executive leadership team participated in workshops on inclusive leadership, challenging bias, and managing inclusivity, as evidenced by strong survey results on managerial support and employee belonging.

Belonging survey: Conducted an anonymous 'Belonging Survey' in partnership with The Honeycomb Works which had a 68% participation rate and highlighted that 83% of employees felt a sense of belonging, >80% felt safe to voice contrary opinions, and >90% felt valued by their managers.

Recognition: Awarded The Honeycomb Works Golden Cell of Excellence as part of the company's ongoing commitment to Diversity, Equity & Inclusion and its data-driven approach to understanding culture. Achieved 2024 DEI Workplace Certification from 'Diversity for Social Impact' to cement its position as a leader in this space.

Managing Cyber Risks

At Synova, protecting the information and data entrusted to us is our utmost priority. We are technologists and know that harnessing the power of data can drive innovation. We have implemented several measures both internally and across our portfolio to ensure a robust and resilient cyber management strategy is in place.

We dedicate substantial resources to implementing robust controls that mitigate cyber risks and reduce vulnerabilities. Our efforts include maintaining a Cyber Security policy, conducting regular vulnerability scans, and ensuring full compliance with the General Data Protection Regulation (GDPR). Additionally, all Synova employees complete cyber security awareness training as part of their induction, with regular refresher sessions provided thereafter.

We are encouraged to report that 100% of the portfolio have a Cyber Security policy whilst 72% have at least one cyber certification in place, such as Cyber Essentials and ISO 27001.

To further improve our cyber programme, Synova has partnered with Cydea to initiate annual diagnostics across the portfolio. The aim is to identify potential weaknesses and support portfolio companies in evolving their cyber programmes to respond robustly to any threats. By prioritising cyber security, we can ensure the safety and security of our data, maintain business continuity, and earn the trust of our stakeholders.



100%

companies have a Cyber Security policy in place

72%

companies have a cyber certification in place including ISO 27001, Cyber Essentials and Cyber Essentials Plus

24/7

Security Operations Centre (SOC) established at a portfolio company, employing advanced analytics to monitor and manage threats

Portfolio Spotlight: Managing Cyber Risks

Unity5



Sector: Software & Data

Company background: The UK's leading provider of software to the parking and traffic management sector delivered through its "ZatSuite" SaaS solution.

Unity5 strengthened its cyber security and information security management framework during 2023, implementing several key initiatives to enhance resilience.

Initiatives and achievements:

Certification: Achieved ISO 27001 certification in 2023, demonstrating a commitment to high standards of information security. Alongside this, Unity5 maintained Cyber Essentials and Cyber Essentials Plus certifications.

Incident response & risk management: Developed and regularly tested incident response and disaster recovery plans to ensure swift and effective handling of potential cyber security incidents. Engaged in continuous risk assessments, ensuring a proactive stance against cyber threats.

Patch & vulnerability management & access control: Enforced a strict patching schedule for timely updates, supported by a new Security Information and Event Management solution for vulnerability scanning. Improved access management by limiting user access to essential tools, boosting security and reducing licensing costs.

Data backup, logging, & auditability: Automated regular backups of critical systems with routine testing to ensure reliability and quick recovery in case of incidents. Strengthened logging systems to support thorough audits and investigations, enhancing overall compliance and monitoring.

3173



Sector: Financial Services

Company background: A leading provider of pensions administration software, trusteeship and governance services to the UK pensions industry.

In 2023, 3173 sustained its robust cyber security and quality management framework, implementing several key initiatives to enhance security and operational efficiency.

Initiatives and achievements:

Monitoring & analytics: Established a fully operational 24/7 Security Operations Centre (SOC), employing advanced analytics to monitor and manage security threats and respond to incidents in real-time.

Penetration testing & cloud migration: Conducted CREST certified penetration tests on internal and external infrastructure, adhering to National Cyber Security Centre guidelines. Migrated to Microsoft Azure for scalability and enhanced cyber security.

Employee training & incident management: Strengthened security by training employees to report incidents via an Incident Management App, ensuring GDPR compliance and data protection law adherence. Mandatory Data Protection training is required for all new hires and biennially thereafter.

Certification: Maintained rigorous standards under ISO 27001 and ISO 9001 certifications, passing annual surveillance audits. The company also upholds Cyber Essentials and Cyber Essentials Plus certifications since 2016 and 2021, respectively.

Maintaining High Business Ethical Standards

Central to our investing philosophy is the belief that ethical business practices are crucial for long-term success. We uphold high ethical standards not only because it is the right thing to do, but because they are integral to delivering strong outcomes for our investors.

We are committed to conducting business with the highest standards of honesty and integrity, and we expect all employees, both within Synova and our portfolio, to uphold this commitment. At the portfolio level, we encourage companies to establish a whistleblowing policy and reporting process, ensuring it is effectively communicated to all employees and relevant stakeholders. We are encouraged to see that 100% of our portfolio companies have a whistleblowing policy in place.

One of Synova's portfolio companies, Learnlight, has an Ethics & Compliance channel in compliance with the European Whistleblower Directive (Directive (EU) 2019/1937). This channel provides a secure and confidential internal communication platform to report unethical and illegal behaviour, with the option to remain anonymous.

Additionally, we recommend that portfolio companies appoint at least one independent board member to enhance objectivity, strengthen oversight, and promote accountability in decision-making processes. In 2023, 94% of Synova portfolio companies had at least one independent Board member.



Overall, by adhering to high ethical standards, we have been able to establish and maintain strong relationships with our stakeholders, build a reputation for integrity and accountability, and uphold the trust of our employees.

94%

companies have at least one independent Board member

100%

companies have a Whistleblowing policy in place

78%

companies have a corporate code of ethics

Portfolio Spotlight: Maintaining High Business Ethical Standards



JMG Group



Sector: Financial Services

Company background: A fast-growing specialist insurance distribution platform offering a broad product capability to a highly diversified client base, supported by blue-chip underwriters.

JMG consistently demonstrates high ethical standards, with a four-member central regulatory team overseeing compliance and reporting quarterly to the Group Audit Risk and Compliance Committee.

Initiatives and achievements:

Internal group audits: JMG introduced internal group audits in 2023 to enhance transparency and accountability across business units. These audits, which go beyond legal and regulatory obligations, form the third line of defence in the company's risk management framework.

Training & development: In 2023, JMG adopted Aviva's Development Zone eLearning platform as its chosen provider to host compliance training, improving the delivery and consistency of training on topics such as anti-bribery, whistleblowing, and complaints handling. The programme, which has centralised monitoring, achieved pass rates close to 100% across the various modules.

Compliance policies: Annual review and updates of key compliance policies, including those related to whistleblowing and financial crimes. Policies are communicated to employees via a dedicated regulatory platform, with all employees required to acknowledge them to ensure accountability. A Code of Conduct was newly implemented in 2023 to set out JMG's expectations.

DM Financial



Sector: Tech Enabled Services

Company background: A leading provider of specialist accounting services to the global alternative asset management industry.

Operating in a highly regulated environment, DM Financial has continued to strengthen its governance and compliance measures throughout 2023, including refreshing existing policies and processes.

Initiatives and achievements:

Resource & personnel: Reflecting the company's growth and the importance placed on maintaining a strong compliance programme, DM appointed a Head of Regulatory & Compliance in 2023.

Compliance training: All employees must complete mandatory cyber security and anti-money laundering training, with results reported bi-annually to the Board.

Code of Conduct: In 2023, DM introduced a new Code of Ethics and Professional Conduct, ensuring all employees, regardless of location or status, uphold ethical standards. The code fosters an inclusive culture and covers integrity, impartiality, and respect for equality, diversity, and privacy.

Compliance policies refresh: In response to growth and expansion into new geographies, DM initiated a comprehensive review of its Employee Handbook. The update introduced Human Rights and Whistleblowing policies at the group level and refreshed other policies to ensure relevance and inclusivity across all regions.

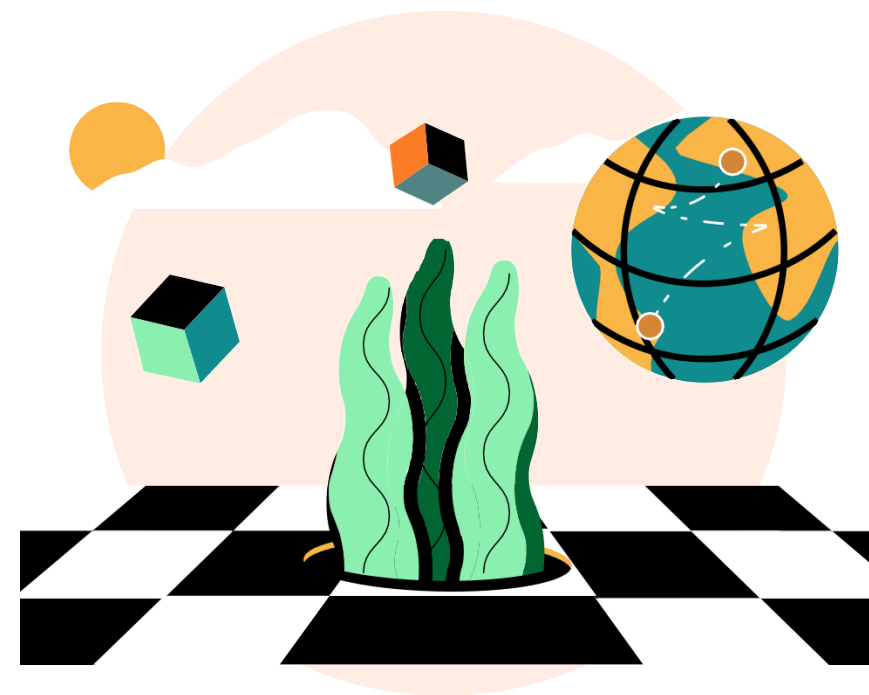
Incorporating and Managing Exposure to ESG Factors in Investment Decision-making

Incorporating ESG factors in our investment decisions helps us build resilience, encourage innovation, and enhance efficiency. By understanding the sustainability landscape, we gain a broader perspective on potential investment opportunities and make more informed decisions aligned with our values.

We are committed to ensuring that our investments create long-term value for our stakeholders and contribute positively to broader society. We do this by integrating sustainability factors into every stage of our investment process, leveraging our influence as an investor to promote positive change whilst pursuing enhanced financial outcomes for our investors. We ask portfolio companies to assign responsibility for sustainability matters, a goal reached by 89% of companies in 2023.

We work in partnership with our portfolio companies to support them in building robust sustainability programmes tailored to their business and stakeholder expectations. Portfolio companies are expected to report on several sustainability KPIs annually to allow for performance monitoring.

In 2023, we collected 2,000+ ESG data points across the portfolio. Additionally, we benchmarked performance across the portfolio and provided feedback on performance to each company. This year, we held dedicated progress check-ins for each portfolio company to identify strengths, areas for improvement, and key actions.



Portfolio companies are encouraged to implement a Sustainability policy, appoint an individual responsible for sustainability matters and establish a sustainability strategy with a roadmap that includes measurable targets.

55%

companies have an ESG / Sustainability policy or statement in place

89%

companies have assigned responsibility for sustainability matters

2,000+

ESG data points collected annually by Synova

Portfolio Spotlight: Incorporating and Managing Exposure to ESG Factors in Investment Decision-making



Learnlight



Sector: Tech Enabled Services

Company background: A leading provider of digital-first language and skills training to multi-national corporations.

Due Diligence

During the due diligence process, we aligned with the SASB materiality framework and the EU Taxonomy to identify and evaluate Learnlight's key ESG risks and opportunities. We focused on material critical topic areas, taking note of Learnlight's prior initiatives and accomplishments:

Environment – GHG emissions

- Measured scope 1, 2 and 3 emissions and achieved carbon neutral status
- Obtained ISO 14001 Environmental Management Systems certification

Social Capital – Data security

- Obtained ISO 27001 Information Security Management System certification
- Established a robust infrastructure of policies, processes and training for data security

Human Capital – Employee engagement, diversity & inclusion

- Implemented the Learnlight Intercultural Assessment and DE&I training
- Achieved a workforce composition of 69% female employees with strong presence in senior managerial roles

Leadership & Governance – Business ethics

- Developed a comprehensive suite of group level policies covering compliance topics
- Conducted annual external audits

Ongoing Sustainability Performance

Since joining the Synova portfolio, Learnlight has continued to demonstrate strong sustainability performance, which has been highlighted through two main campaigns:

Synova's annual sustainability performance review

In Q1 2024, we launched Synova's annual sustainability survey to capture portfolio 2023 performance. We assessed each company based on their sustainability performance and progress. In its first year of undergoing assessment, Learnlight ranked in the top quartile across the portfolio. The company showed notable strength in the category of Sustainability Programme Maturity, showcasing robust policies, processes, and governance to manage sustainability topics across the company. Additionally, Learnlight achieved a perfect score in the topics of Management of Cyber Risk and Maintaining High Business Ethical Standards.

EcoVadis

In 2023, Learnlight achieved the EcoVadis Gold status with an impressive score of 75%, an improvement from the previous year's score of 73%. The Gold medal is awarded to companies that rank in the top 5% of all those assessed globally. This recognition highlights Learnlight's dedication to sustainable practices and ethical conduct throughout its operations and supply chain. The company is now setting its sights on achieving Platinum status.



Key Developments in 2024 so Far



As we continue our commitment to responsible investing practices, 2024 has again been an important year for Synova, marked by key developments and initiatives that enhance our sustainability practices and impact.

We launched an evolution of our ESG DD Toolkit to further equip our investment teams with the necessary tools for enhanced due diligence. This toolkit is designed to guide our teams in evaluating potential investments through a sustainability lens, ensuring that ESG considerations are at the forefront of our decision-making process.

To drive meaningful progress in our DE&I programme, we have established a dedicated DE&I working group which reports directly to the RI Committee, ensuring alignment and accountability in advancing our DE&I objectives.

We introduced a new Sustainability Onboarding Programme for our portfolio companies, designed to help new companies adopt and implement best practices. By providing tailored guidance and support, we ensure that our portfolio aligns with our commitment to responsible investment and actively contributes to broader sustainability objectives.

We established a strategic partnership with Cydea to strengthen cyber support for our portfolio companies. This collaboration enhances cyber posture across our portfolio with access to expert knowledge and resources, helping portfolio companies effectively navigate the complex landscape of cyber threats.

To further reinforce our RI programme, we are using the B Corp Impact Assessment Framework to identify both our strengths and areas for improvement, enabling us to continually evolve and enhance our approach.

We remain focused on continuously improving the accuracy and reliability of the sustainability data we monitor across the portfolio. This year, we participated fully in the EDCI reporting programme and shared our validated dataset with investors.

Our Pathway Ahead

We are eager to build on the strong foundations already established. Our focus remains on setting ambitious goals that will drive our commitment to sustainability and generate long-term value for our stakeholders. We aim to deepen our integration of RI principles and strengthen our engagement with portfolio companies. This approach will ensure our investment strategies not only meet current standards but also anticipate future challenges and opportunities in the ever-evolving landscape of responsible investing.

Looking forward, our key objectives are:

Foster collaboration among our portfolio companies to enable sharing of best practice, driving value creation.

Establish a cohesive and comprehensive climate strategy that encompasses both Synova and our portfolio companies.

Continuously improve our monitoring, collection and reporting of portfolio sustainability data.

Ensure the continued alignment of our RI programme to relevant industry frameworks and initiatives, whilst maintaining compliance with sustainability-related regulations.



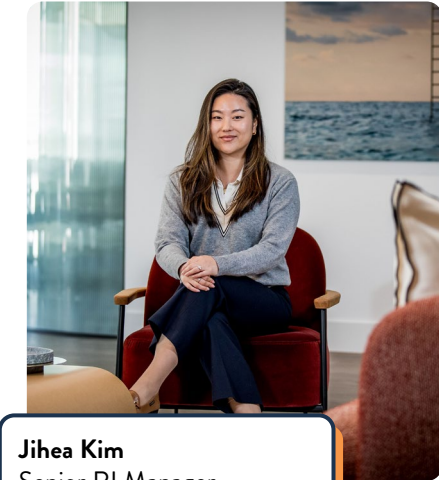
Looking ahead

“Our latest report highlights the ongoing progress of Synova’s RI Programme. We’ve dedicated significant time and resource across our portfolio, and the results speak to the strength of our efforts and the continued commitment of our portfolio companies in advancing their sustainability programmes.”



Ben Snow
Portfolio Managing Director

“I’m excited to lead Synova’s efforts in advancing our RI programme, particularly in helping our portfolio companies create value for all stakeholders. Over the last year, we have been impressed with the engagement and progress across the portfolio, thanks to the solid foundations of Synova’s RI programme, which we strive to continually develop.”



Jihea Kim
Senior RI Manager

Sustainability Industry Associations



Sustainability initiatives

Synova is a member of the following industry associations and initiatives

The EDCI is the private equity industry's first-ever collaboration to align on a standardised set of ESG metrics and a mechanism for comparative reporting.



The PRI is a UN-supported international network of financial institutions working together to implement its six aspirational principles.



The Initiative Climat International is an initiative on climate change in support of a collective commitment to understand and reduce carbon emissions of PE-backed companies.



The BVCA represents private equity and venture capital firms in the UK, advocating for industry growth, providing member services, and engaging with policymakers.



DE&I initiatives

Synova is involved with the following initiatives and programmes

Synova's Managing Partner David Menton sits on the Board of Level 20, a not-for-profit organisation which promotes gender equality and diversity in private equity.



Synova supports the Lean In programme, a global network dedicated to fostering leadership, advancement and inclusion of women in the workplace.



We have been a member of the '10,000 Black Interns' programme since its inception and previously welcomed interns from it. The programme aims to address the under representation of Black talent in the financial sector.

