



Responsible Investment

Hg ESG Report 2020/21



Contents

Introduction

Why Responsible Investment is important to us

Leadership statement

Hg engages in Responsible Investment because it sits right at the core of our Purpose.

We are trusted to improve the future of millions of investors by building sustainable businesses for tomorrow. This is our purpose statement, our reason for being – it is how we see our place in society and our contribution to it. We are totally committed to this and it is embedded in everything we do, in every decision, every day and for every individual.

What this means in practice is that we look to grow sustainable businesses which are great employers and good corporate citizens, whilst also generating strong returns for the millions of pensioners and savers who are invested with us. Everyone at Hg is ultimately pulling together towards this goal.

This commitment supports the backbone of our investment philosophy and has helped us to determine a very focused approach, which has evolved over the last 20 years. Our focus is to invest exclusively in growing software and services businesses. We look to ensure that both our time and our capital, support the sustainable growth of these knowledge businesses.

These businesses then contribute to society by changing and modernising how their customers work, whilst providing quality employment opportunities for thousands of people worldwide, across innovative and growing sectors.

In turn we believe that responsible business practices help to generate superior long-term performance, captured as investment returns to our investors. In this way, all stakeholders' goals align, with contributions to investors, the businesses themselves, employees, customers, suppliers, shareholders and wider society.

As with other operations and functions, we take an active interest in how our companies manage Environment, Society and Governance (ESG) risks and opportunities. It is much more than screening processes to ensure we do not invest in certain companies. We primarily seek controlling equity buyout investments because this means we can make an active contribution in decision-making processes and better ensure positive change. We encourage, stretch, measure and demonstrate best-practice to our portfolio companies – constantly striving for the highest ESG standards.

Our sector focus and expertise also mean that we have a better understanding of which ESG metrics

are most material to service and software companies. We focus on these metrics to help build world-class ESG practices across our portfolio and achieve most impact.

Finally, we actively champion this topic and talk about our approach openly both internally and externally. We want all our employees to be proud of what we do, because they should be, and we want our investors to be confident in our intentions when they commit capital to us for ten years or more. We also listen – feedback is important and we truly want our stakeholders to tell us where we can do more.

This is Hg's commitment to Responsible Investment and I can say, with great confidence, that this is embedded into the purpose of everything we do, right through the whole firm.

Matthew Brockman
Hg Managing Partner



Hg in 2020/21

We recognise the importance of constantly moving forward with ESG improvements. The world does not stand still and we continually assess what we are doing on ESG to stay ahead. The pandemic has certainly accelerated everyone's – not only Hg's – focus and commitment in this space. In 2020/21 we are particularly proud of the following achievements:



Caroline Löfgren
Head of Responsible
Investment, Hg



ESG across our portfolio:

All portfolio companies are assessed on ESG as part of onboarding - then annually thereafter against a set framework and criteria covering over 150 ESG metrics that are most material to software companies. 2020 was the third consecutive year that we assessed our portfolio companies against this Sustainable Business framework. We are very proud to see that the average improvement from first assessment to 2020 is +22%. This means that our assessment and the support we are providing to portfolio companies is working – they are making improvements and advancing their ESG performance – and we are able to capture and assess this every year.



Societal contribution:

Within Hg itself, we are particularly proud of the launch and early achievements of The Hg Foundation – our independent charity – whereby we have set up four external partnerships in 2020/21 with a focus on helping underprivileged students gain access to education and the skills required to succeed in the technology industry. The Foundation has been very active during the Covid-19 period, facilitating the tutoring and skills development of hundreds of children unable to attend school. Hg is committing a share of its profit and carry from across its funds to support the Foundation. In 2020 alone we committed over \$3 million to support the causes of the Foundation and we expect to commit increasing amounts over time as the Foundation continues to scale.



Diversity and Inclusion at Hg:

The private equity industry and the technology sector have historically fallen short on diversity, which is why we put a lot of effort into Diversity & Inclusion at our firm and across the portfolio in 2020/21. We have exceeded our diversity targets for Hg and are now 33% women across our investment teams (up from 26% when we set our target less than 18 months ago) and above the industry average of 20% in the UK and Europe. We have also put a lot of effort into key external partnerships to help us further progress on wider diversity issues such as LGBTQ+ and ethnicity. All Hg staff have participated in unconscious bias training and we have fundamentally changed our recruitment strategies to build and support a more diverse workforce. Our Board is fully supportive and D&I is a standing Board agenda item.



Diversity and Inclusion across the portfolio:

We have not only focused on Hg, we have also engaged our portfolio companies on this topic. In March 2021 we held our first Equity, Equality & Diversity Summit for our portfolio companies, with the aim to raise awareness and further educate us all in the important areas of workplace equity, equality and diversity. At the end of 2020 Hg was also successful in creating a pioneering, diversity-linked financing package to support the acquisition of a recent portfolio company. This arrangement, with its focus on diversity, continues to demonstrate Hg's commitment to diversity and inclusion, whilst also showing a very positive example to the industry of how investors can act as stewards for positive change across the business world.



Climate Change:

Hg recognises the major challenges that the world is facing due to climate change. By measuring and offsetting our carbon footprint – for the second time in 2020 – we aim to do our part in tackling the global climate emergency whilst also supporting sustainable development in local communities. We strive to lead by example and are actively working with our portfolio companies to raise awareness and support urgent positive change. Since 2019 we have conducted climate change risk assessments of all our portfolio companies and in March 2021 we commenced a portfolio-wide carbon footprint exercise. Hg is a founding signatory of the UK network of initiative Climat International (iCI), a private equity led organisation with the aim to collaboratively tackle climate change.

Building businesses that change how we all do business

“In many years’ experience of leading businesses, I can say, without a doubt, that businesses that hold ESG values closest to the heart often prove to be the best-run businesses overall. My colleagues have the same philosophy and that’s why ESG is so embedded in Hg’s own strategy. I am delighted to report significant progress on our ESG strategy during 2020/21, achieving an AA++ rating from the UNPRI and declaring our carbon-neutrality for the second year. This progress helps us to lead by example and with pride as we continue to support over 30 businesses in Hg’s portfolio with their own ESG performance. We will continue to work hard on this throughout 2021.”

Dawn Marriott

Hg Partner & Head of Portfolio



“2020 was a year that we are particularly proud of at Hg. Not only was it one of the best performing years in Hg’s history, but it was of huge significance to our evolution as a firm. Against the backdrop of a global pandemic, Hg made important steps forward on our Diversity & Inclusion strategy, our thinking to define Hg’s Purpose, Values and Culture, and the launch of The Hg Foundation, an independent, grant-giving charity with a defined focus on education and technology for those in society who may otherwise experience barriers to access – initially funded by around \$3 million in 2020/21 from Hg carry and profits.”

Martina Sanow

Hg Partner & Deputy COO



This is Hg

Our mission

Building businesses that change how we all do business

Hg at a glance

>\$30bn

funds under management

>\$60bn

EV across our
portfolio

>150

Clients worldwide

AA++

UNPRI rating

100%

carbon neutral
since 2019

>\$5m

annually donated
to charitable giving

4.4

Glassdoor score

>230

employees across
four offices

45%

female
employees

33%

women in Hg's
executive team

53%

of investment executive hires
were female in 2020/21

32

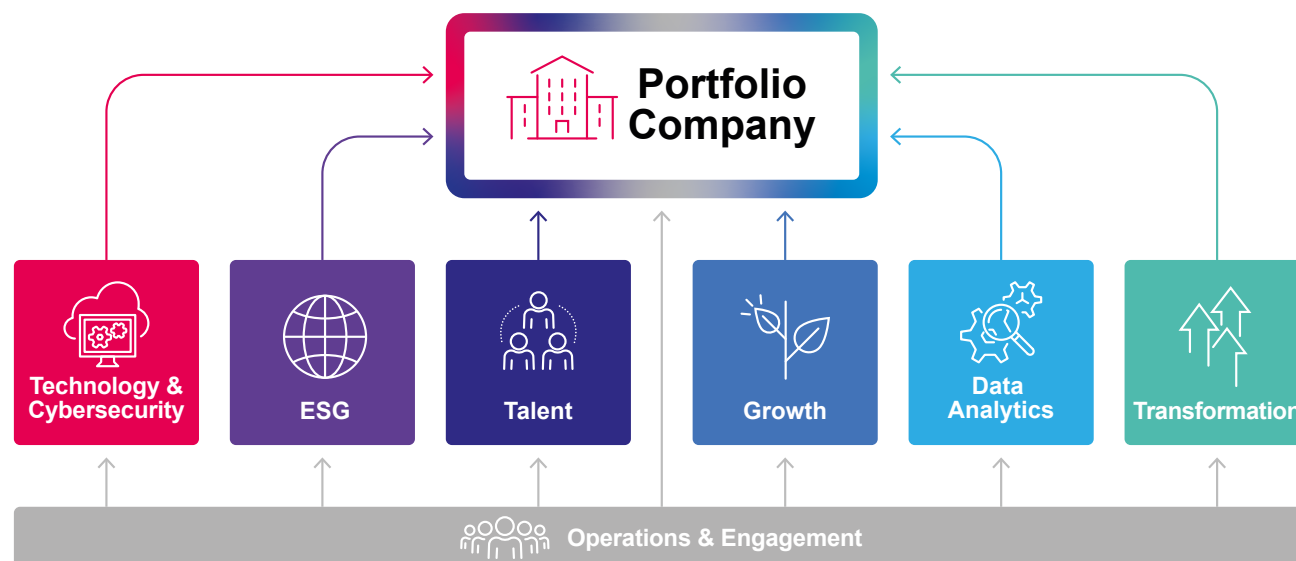
nationalities represented
across Hg

The Hg Portfolio Team:

How we create value across the portfolio

One of Hg's biggest strengths is our Portfolio Team. As a sector-focused investor, Hg invests in specialist in-house operators with vast knowledge and expertise in running different functions within software and services businesses. This means that the quality of Hg's sharing of know-how and experience makes us stand out as an investor.

Hg's strategic support teams – creating value in our portfolio companies with strategy, experience and expertise:



We work collaboratively with our portfolio businesses to nurture and stretch the people and the operations to achieve their growth ambitions.

Following each investment, our Portfolio Team works with the management of our businesses to focus on a set of operational levers which are key to performance in an 'Hg sweet spot' business model: growth, transformation, technology, cyber security, data analytics, ESG and talent.

For each of these levers, the Portfolio Team has the experience and deep knowledge of best practice to help drive value creation in collaboration with management. By providing both strategic and practical support to management teams, as well as facilitating the active collaboration of teams across sectors and geographies, we aim to create maximum value for shareholders.

A key part of our support to portfolio companies is to enable collaboration and sharing of best practices across the Hg family. In 2020/21, we offered portfolio companies a full end to end digital engagement experience, hosting virtual events and facilitating an increase in activity on the Hg online collaboration platform – Hive. In total we hosted over 56 online events, attended by over 1,500 portfolio company executives.



In 2020, Hg received an AA++ rating from PRI: 'A+' for Strategy & Governance and 'A+' for Private Equity Ownership for the second consecutive year. This is the highest rating possible and puts us in the top 10% of all Private Equity firms reporting to the PRI.

Hg has been a signatory to the United Nations Principles for Responsible Investment since 2012 and is fully committed to their six principles:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Hg certified carbon neutral



CarbonNeutral.com

Hg recognises the impact climate change has on the environment and society. By measuring and offsetting our carbon footprint, we aim to do our part in tackling global climate change while supporting sustainable development in local communities. We strive to lead by example and are actively working with our portfolio companies to raise awareness about climate change.

The issue

In 1994, the United Nations Framework Convention on Climate Change recognised that greenhouse gases emitted by human activity cause global warming which is a major threat to life. Since then, the world has witnessed a surge in extreme climate events such as wildfires and floods and a melting of the polar ice caps this century that is six times faster than in the 1990s. The ice loss from Greenland and Antarctica is tracking the worst-case climate warming scenario set out by the Intergovernmental Panel on Climate Change (IPCC). This is leading to sea-level rise which threatens coastal flooding and erosion. In a bid to combat the climate emergency, 196 countries signed the Paris Agreement in December 2015 - a legally binding international treaty with the goal of limiting global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

Offset and reduction

Hg offsets all carbon emissions by supporting the Acre Amazonian Rainforest project, which prevents deforestation and promotes sustainable economic livelihoods in the Brazilian Amazon. With funds raised through carbon finance, the project works with local communities to create models of economic development which avoid deforestation and protect the ecosystem. The project delivers four of the 17 Sustainable Development Goals:



In 2020, Hg was re-certified as Carbon Neutral for the second consecutive year (covering the reporting period 2019/20). Our 2020/21 carbon footprint is assessed and reported in Q2 2021 (see [our website](#) for further details) and we expect to report a reduction of our carbon footprint primarily because of the sharp fall in travel during the pandemic. We will continue to observe and learn from the working practices introduced as a result of Covid-19 and how these can help reduce our environmental impact.

Our workplace

Diversity at Hg

It might seem obvious, but having a diverse workforce deepens Hg's talent pool and brings us a wider range of perspectives. Diversity can include – but isn't limited to – age, gender, background, sexual orientation and ethnicity. It manifests in how we navigate the business world, including the investment decisions we make.

We have seen first-hand how diversity and inclusion ('D&I') creates a virtuous cycle: the more diverse and inclusive we are, the more each individual is able to add value. That translates to a greater impact for all stakeholders – investors, portfolio companies, employees and the communities in which we work and live. It is also the right thing to do.

D&I has always been important to Hg and in 2019 we communicated our D&I strategy, which included targets to better drive and measure progress. We still have some way to go, but Hg took significant steps over the last 12 months to become a much more diverse and inclusive firm and we remain fully committed to driving change.

33% female executives

26 weeks fully paid parental leave (incl. bonus) and family support programme as part of our industry-leading family policy

45% female employees in total

D&I Diversity & Inclusion Steering Group established in 2020

53% of executive hires were female in 2020/21

32 nationalities represented across Hg

“2020 saw Hg take significant steps to become a more diverse and inclusive firm. We have always aimed to attract and maintain a team of the best possible investment and operational talent and we increasingly recognise the need to build a team from the broadest range of people. We are particularly proud to have exceeded our gender diversity target in 2020 and report that we now have 33% of female executives across our teams. We will continue to target 50/50 on gender in all hiring going forward. We know we have got a long way to go on D&I, but we are proud of the progress we have made and the results so far.”

Martina Sanow
Deputy COO at Hg



“With diversity you source and analyse deals, ask and answer questions, and manage teams differently. It adds up to better investment and business decisions. The more complex the challenge at hand, the greater the returns.”

Nic Humphries
Hg Senior Partner



Three pillars to drive and measure change



Recruitment

Recruiting the next generation of exceptional Hg talent is crucial to our success and we recognise that we need to work harder to attract people from a truly diverse candidate pool.

At junior levels, we have been connecting with traditionally under-represented groups via inclusive recruitment events, mentorship schemes and by providing internships and work experience placements.

At more senior levels, we ensure our recruitment partners extend our reach to a broad range of profiles and we go to great lengths to ensure an engaging, fair and consistent recruitment process.

During 2020 we worked with many inspirational partners (see logos below), all of whom have helped us on our journey. We look forward to building on those relationships in 2021.



Development & Retention

Developing, supporting and retaining our people is crucial to ensure we maintain talent for the long-term. We want individuals from all walks of life to have an equal opportunity to reach their full potential and become a leader of the future.

To ensure Hg is a place where everyone can thrive, we have a comprehensive benefits programme that cater to the individual needs of our employees. For example, our family friendly policies includes 26 weeks of fully paid parental leave (salary and bonus), regardless of gender.

Employee wellness is always a priority. We offer a holistic wellbeing programme and dedicated wellbeing officers in every function. When it comes to career development, we believe a transparent and fair career-management process is fundamental.

Lastly, as part of our talent development focus, we have an executive mentoring programme, coaching and a targeted learning and development programme.



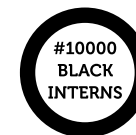
Inclusive Culture

We strongly believe that our inclusive culture, established in the very early days of Hg, has been key to the success of the firm. Inclusivity remains a big part of life at Hg, but that doesn't mean we can ever afford to stand still.

We have hosted educational and awareness events across a range of topics such as LGBT+ history and what it means to be gender non-conforming. Our employee resource groups also foster relationships between groups of employees based on common interests, backgrounds or demographic factors.

We run regular Inclusion surveys to solicit candid feedback to discover where we can make material improvements to our culture. In addition, we have our annual employee engagement surveys, which ensure everyone's voice is heard. And, as a further safeguard, we have our annual managing unconscious bias programme to ensure we stay on track.

Our Partnerships:



Great place to work

What is it?

The Great Place to Work is an independent workplace assessment survey providing insight into how employees view company culture. We conduct the survey every two years at Hg and it measures perception of....



What our people said:

“I appreciate how Hg tries to be the innovator and forerunner rather than follower.”

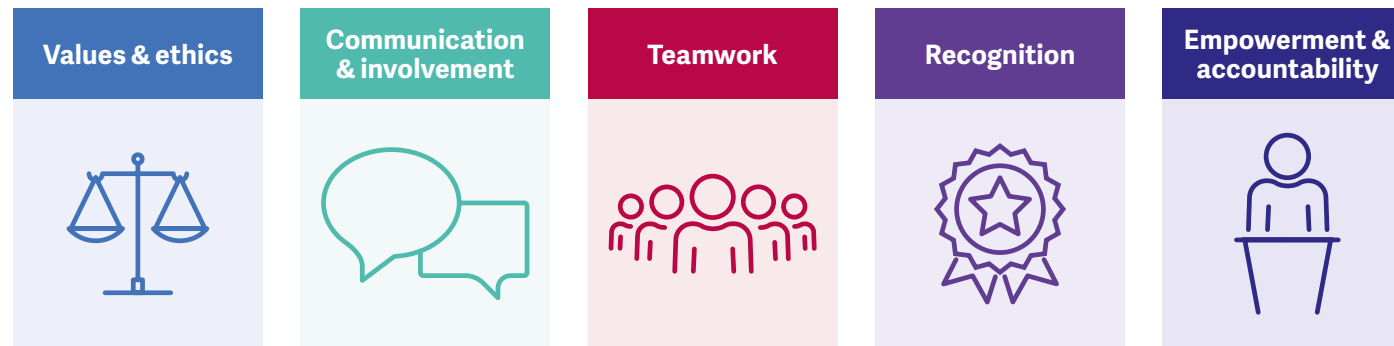
“Flexibility to work independently on tasks, i.e. no micro-managing.”

“Great culture and great teams. Very supportive and incredibly ambitious environment. People care about each other. Open to make improvements / flexible.”

“With the new family policy and broader D&I efforts, I believe Hg is becoming a leader among its peers in this area.”

“Clear firm-wide strategy which is communicated throughout the organisation from day 1. Culture of 100% honesty and openness to learning / admitting mistakes.”

“Management give the job to the best candidate, regardless of gender, sexual orientation, race etc.”



90% of Hg employees think “This is a Great Place to Work”
In 2019, 86% of Hg employees said that ‘This is a Great Place to Work’.
In 2021, our pulse survey shows this has increased to 90%.

Other high scoring areas in our GPTW survey*

96%	95%	93%	90%	93%	96%
Pride	Firm strategy	ESG	Camaraderie	Motivation	Fairness

*full survey conducted in 2019

Health & Wellbeing

At Hg, we believe that healthy individuals are the key to a healthy organisation. Supporting our staff's physical and mental health has become even more vital over the past 12 months as we navigate the global pandemic and its impact on our lives. Research from the Mental Health Foundation shows that anxiety, depression and stress are at record levels, while the Centre for Mental Health has calculated that better mental health support in the workplace can save UK businesses up to £8 billion per year. Throughout the past twelve months Hg has increased the health and well-being services we provide.

Hg has continued to ensure that our employees have access to medical support through our GP network or through the Babylon app, giving people round the clock access to medical professionals as well as annual medical and eye check-ups. We have launched yoga classes and encouraged teams to join various exercise initiatives in support of charities such as Row the Thames. We continue to operate our cycle to work scheme and ClassPass membership packages, providing discounted work outs for our employees to help them stay fit in a way that suits them even when gyms are closed due to Covid restrictions. We have recently launched a menopause planning service for women of all ages. This gives women access to a GP trained in the full menopause experience who can provide advice and an action plan to help with.

Hg is acutely aware of the damaging impact increased stress and anxiety can have on the individual. Hg already provided access to an independent and confidential Employee Assistance Programme, which provides a comprehensive telephone counselling service 24/7, as well as face-to-face sessions. It also offers a Wellbeing App that provides a regular newsfeed, plus access to wellbeing articles and podcasts. Over the past year we have provided training sessions on building and improving resilience and managing anxiety in addition to sessions on good nutrition and improving sleep quality. To supplement these sessions Hg also launched free access for all employees to Headspace, the most science-backed meditation app in the world. Crucially we have worked to ensure regular social interactions are in place, albeit in a virtual world.

We are increasing the number of trained Mental Health First Aiders we have within the Firm and have launched improved family Support provisions, including access to 10 free days child-care support each year, as well as holiday activity sessions and children's clubs in addition to providing independent elder care advice and support on any care issue and all types of care, from post-operative convalescent care, to planning ahead for later life care.

And for those employees with families, Hg has partnered with an organisation to provide a variety of resources to help them flourish at home as well as work:



A knowledge centre

An online library of guides on work and family topics plus one-to-one advice.



Back Up Care

Access to emergency back-up childcare when usual arrangements break down.



Parental Leave Toolkit Access

A digital coaching toolkit for new parents and the managers who support them.



Supporting parents during lockdown

Hg Parents Group was launched as a forum to share top tips on home schooling etc. We arranged for virtual Santa appointments and half term parties.



Blogs, Insider Guides and Webinars

Advice covering everything from mindfulness for kids to choosing schools.

Environment

We are acutely aware that slowing the rate of global warming over the next ten years is crucial for the future of our planet. There is more carbon dioxide in our atmosphere today than at any time in human history¹, average wildlife populations have dropped by 60% in just over 40 years² and scientists warn of “severe, widespread and irreversible” climate change effects unless emissions reach net zero by 2030. Without radical action, our lives – including our resources, economies and businesses – are going to be profoundly impacted. Hg is taking our responsibility to be part of that action very seriously.

In addition to our efforts of being carbon neutral as a firm ([see page 11](#)) and contributing towards the Sustainable Development Goals as part of our offsetting, Hg has a number of firm-wide initiatives to decrease our environmental impact and engage our staff and clients in environmental causes. Currently, many of these initiatives are related to the office environment as we acknowledge that it’s harder to influence our colleagues’ home working choices related to energy consumption, recycling and general consumption in their homes.

¹ the National Oceanic and Atmospheric Administration (NOAA)

² World Wide Fund for Nature (WWF)



Hg’s Forest

In partnership with Tree Nation, an international organisation that fosters re-forestation throughout the world, Hg established its own forest as a way of thanking the attendees at our AGM in an eco-friendly way. We planted 27 trees per attendee which totals 27,000 for the 1,000 clients that attended our AGM. 70% of our forest can be found in Nepal and 30% in Madagascar, both covering a total of 21.6ha. The trees will capture almost 6,000 tonnes of CO₂. To put this in context, this is the equivalent of almost 9,000 transatlantic passenger flights. You can find more information about Hg’s forest [here](#).



Business travel reduction

The dawn of Covid-19 forced a radical re-think for Hg, as was the case for companies and individuals around the globe. One of the upsides of the pandemic is the large decrease in Hg’s business travel carbon footprint. Business travel normally accounts for ~90% of Hg’s total carbon footprint, with flights being the key emitter. The number of flights taken by our colleagues in the UK office fell from 1,763 in FY2019/20 to just 203 in FY2020/21 and our US office did not travel at all in the past financial year. Hg’s 2020/21 carbon footprint will be reassessed in Q2 2021 and the results will be shared on [our website](#).



Virtual fund-raising

However, lack of travel has not impacted Hg most recent fundraise. In 2020, we raised three funds partly virtually; Hg Saturn 2, closing on \$5 billion, Hg Genesis 9, closing on €4.4 billion; and Hg Mercury 3 closing on €1.3 billion. The funds were fully allocated only three months after launch, receiving robust support from Hg’s existing investor base and attracting significant commitments from notable new global investors. The success of this virtual fund-raising points to a lower carbon future for Hg.

Societal contribution

Key partnerships:

Imperial College London

The Hg Foundation is funding a unique programme aimed at raising attainment and progression in advanced mathematics among young people from disadvantaged backgrounds.

The scheme provides online learning, bespoke e-mentoring, face-to-face masterclasses, as well as professional learning support for teachers.

THE TUTOR TRUST

One of four tutoring charities involved with the pilot of an online tutoring model which supported the launch of the National Tutoring Programme (NTP).

We are also funding a pilot to test the efficacy of a hybrid model of in-person and online tutoring. As part of this project we are providing reconditioned computer hardware to pupils learning online at home.

The Hg Foundation

Removing barriers to education & skills in technology

Launched in July 2020, the **Hg Foundation** seeks to remove barriers to education and skills in technology to encourage a greater diversity of entrants into tech careers. To achieve this, the Hg Foundation supports the teaching of maths, coding, numeracy, and IT support skills to harder-to-reach students in countries where Hg invests.

We team up with experienced and proven partners across Europe and the US, providing funding and operational support where we can demonstrate measurable, long-term and scalable impact. We work with leading researchers to qualify and build the most effective themes and access the best partners.

The Foundation is funded through a proportion of carried interest from current and all future Hg funds and a proportion of Hg's annual profits, we project on average over \$5 million of annual commitments over the first ten years. It is our ambition to build a portfolio of up to eight 'world class' scalable programmes over the next five years.

I Impetus

The Hg Foundation is proud to have been one of the founding partners of Impetus' online tutoring pilot which delivered over 9,800 tutoring sessions to almost 1,500 students between June to October 2020. With evidence showing school closures were widening the attainment gap between disadvantaged children and their peers, the pilot was a direct response to the Covid-19 pandemic. The findings of the pilot were part of the evidence underpinning the NTP.

SEO Career Tech Developer

The Hg Foundation funded a 300-hour immersion programme for Black, Latinx & Native American college sophomores majoring in computer science, engineering and related fields. Including a six-week summer intensive and additional year-round projects to aid the development of the technical and soft skills required to successfully compete for entry-level tech roles in the industry.

Societal contribution continued

Hg's Charity Committee budget was increased to support more causes during Covid-19 and during the course of the year nearly £200,000 was donated to over 50 organisations, including: the Anna Freud Centre, Mary's Meals, Mencap, Child Mind Institute, The Alzheimer's Society, The Royal Marsden Charity and Centrepont. These organisations are based in the UK, Germany, and the US. Following the horrific explosion in Beirut in August, Hg also gave to the Lebanese Red Cross and LIFE Generation.

In addition to monetary donations, Hg organised some virtual events to get our colleagues engaged, these included:



The 2.6 challenge is a national competition set up in lieu of the London Marathon to offset the fall-off in charitable donations. 14 members of staff and their families got involved in different ways over a two-day period.



Independent Age is a UK charity focused on loneliness, poverty and health and care amongst those in older age. Some of Hg's staff have volunteered to have regular calls with vulnerable, older, lonely people in London. This activity has forged lasting positive relationships and made a big difference to both the elderly and our colleagues.



Impetus Triathlon is a sports event organised by UK charity Impetus for private equity firms. In 2020, Hg entered 5 teams. We are very proud that two of our colleagues came 1st on the Speed Leaderboard in the 1.5km Swim Challenge and the 20km Cycle Challenge. The Hg team managed to raise a total of £15,600.



The Brilliant Breakfast is an initiative run by the Princes' Trust to raise money for young women who need extra support. Hg hosted a virtual Brilliant Breakfast for Hg's women in October 2020. We had over 40 people join virtually and guest speaker Gabby Logan shared her journey, the women who have inspired her along the way and hurdles she has had to overcome. The team managed to raise £3,000.



During the month of June, Hg's Portfolio Team organised the 'Big Fat Quiz' and 89 teams from across Hg and our portfolio companies entered. It was a great way to encourage further networking and collaboration across the Hg family of businesses, while at the same time raising money for worthy causes. The prize included £10,000 which was donated to the winners' charities of choice.





Societal contribution continued





Enhancing Hg's charity programme and staff engagement with Benevity

Following Hg's investment in Benevity, the charitable donation and volunteering management platform, Hg is happy to announce that we are launching their solutions for our own in-house charitable giving programme in April 2021. Benevity's global platform enables us to engage our staff in supporting the causes and issues which they care about, through a database of nearly 2 million vetted non-profit organisations worldwide. This fantastic staff engagement tool provides:

- Real time matched giving budgets for every staff member.
- Much greater and easier access to volunteer opportunities and matched rewards given on any logged volunteer hours.
- The ability to create fundraising or volunteering missions and more easily support colleagues' own initiatives.
- The opportunity for staff to support causes most meaningful to them via payroll deduction, credit card and PayPal payments.
- Hg's Charity Committee with more scope to promote charities and giving/volunteering opportunities.

**Sona Khosla**
Disproportionately passionate about marketing and belonging
10h • 

I love that our new investment partners jumped on our [#Dear2020](#) challenge within just a few weeks of becoming part of the Benevity universe. They have Goodness in their DNA!


**Hg**
16,640 followers
1mo • Edited • 

Hg has joined [Benevity](#) in adding up every grant, giving opportunity, volunteer opportunity, Mission, and everyday kindness to reach 3 million acts of Goodness this December.

We have dedicated our 'Twelve Days of Christmas' charity giveaway as an act of Goodness for the [#Dear2020](#) campaign bit.ly/2IQznNZ

What's one thing you can all do today to contribute to a better community, and to [Benevity](#)'s goal of 3 million acts of Goodness?

Share your ideas in the comments! [#Dear2020](#) bit.ly/2IQznNZ



Nice try, but we're ending this year on our terms
benevity.com • 1 min read

Our RI approach

ESG in the deal process

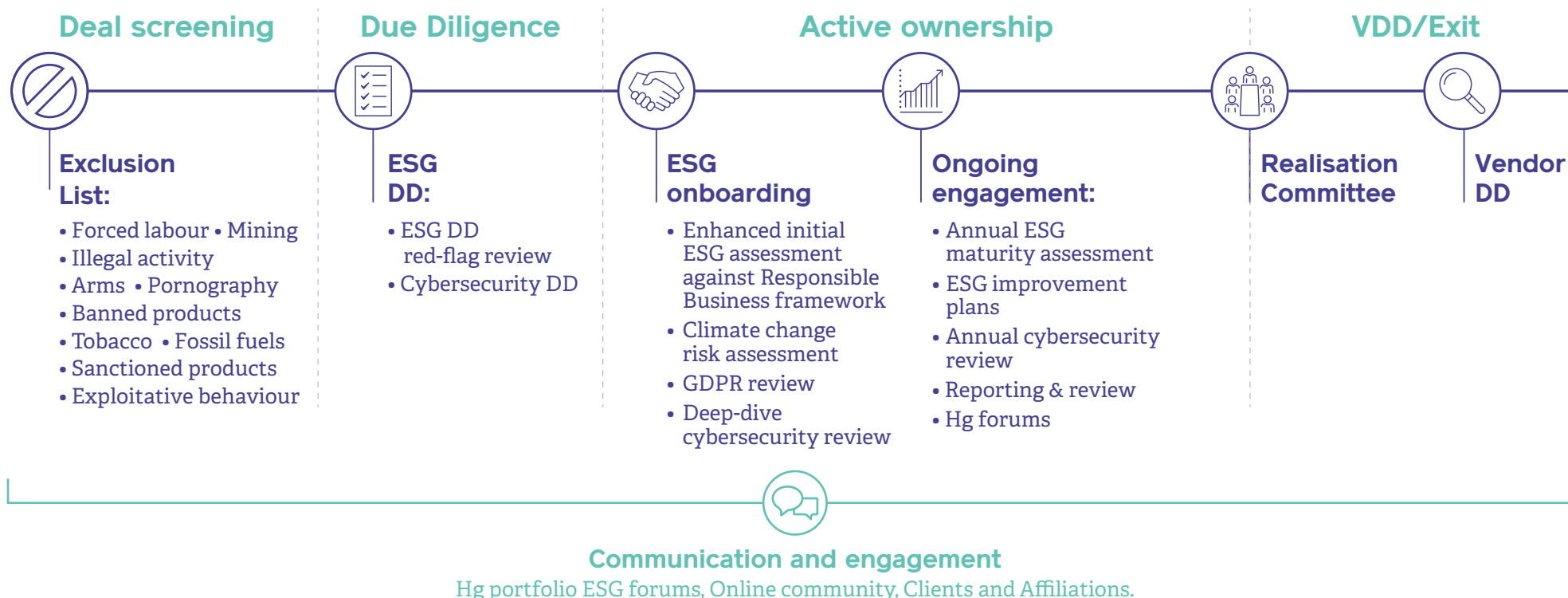
ESG is embedded into the entire deal process, from screening to exit. As a first step, we are very clear about the types of businesses we do not invest in, which are outlined in our exclusion list. During due diligence, we assess companies for compliance with relevant laws in relation to environmental, social, governance, health & safety and bribery & corruption issues.

We also consider the inherent ESG risk of the company and carry out an associated ESG review

detailing risks and opportunities in relation to our Sustainable Business framework ([see page 23](#)).

We take an active approach to managing ESG during our ownership. This starts with a Sustainable Business onboarding and maturity assessment within the first few months of acquisition to identify areas for improvement, where Hg can support the companies to realise their ambitions within and beyond our Sustainable Business framework.

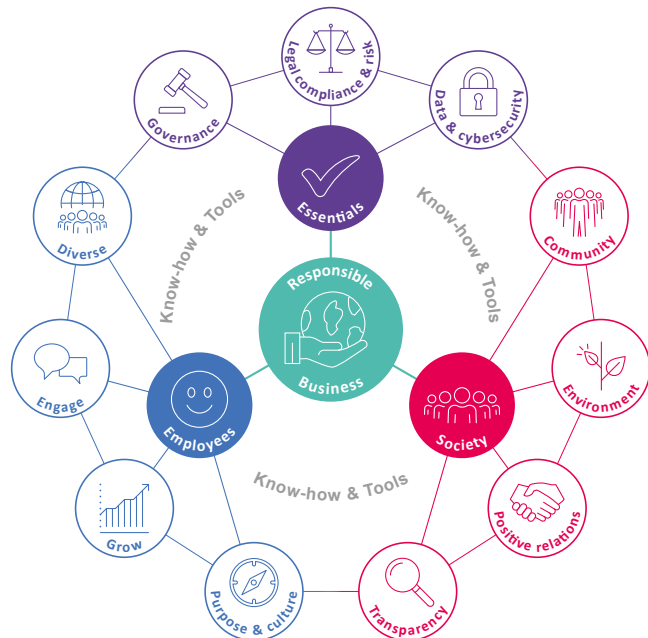
As part of our on-going engagement on Sustainable Business, each business is re-assessed on an annual basis and we follow up to ensure appropriate actions are taken to improve as required. Face-to-face forums help our management teams to network, share best practice and receive support.



Our framework

Hg's Sustainable Business framework outlines key ESG focus areas for Software and Services companies. The framework is based on extensive research and is updated on an annual basis to reflect trends and new ESG metrics.


The framework forms the foundation of the ESG assessments we undertake with our businesses as part of our onboarding process and annually thereafter. Our assessment is extensive and covers over 150 metrics relate to essentials, employees and society.





Essentials

(~74 metrics)

There are certain minimum ESG requirements that Hg expects from all portfolio companies:

 **Governance and Business Integrity**, such as code of conduct, appropriate controls and policies, board composition and appropriate health and safety and whistleblowing procedures.

 **Risk and Compliance**, including compliance with applicable laws and regulations, active risk management, as well as standards and policies to combat bribery, corruption, money laundering, anti-competitive behaviour, tax evasion, harassment and other malpractice.


 **Data and Cybersecurity**, which includes Hg's minimum standards for cybersecurity along with appropriate data protection and information security practices. Hg has a separate Cybersecurity assessment which all companies are assessed against as part of onboarding and regularly thereafter.





Employees


(~43 metrics)

One of the most important assets of our portfolio companies are the employees. A diverse workplace with engaged and motivated employees is vital for growth and business success. We look at employees from four aspects:

 **Purpose and culture**, including an engaging mission, purpose and values, as well as positive impact / contribution to the SDGs.

 **Grow businesses and talent**, including job growth, healthy staff turnover, talent management and succession planning.

 **Engage** and motivate employees by promoting transparent communications, health and wellbeing, development opportunities and recognition.


 **Diversity of talent**, equal opportunities and inclusion irrespective of ethnicity, gender, disability or background.





Society


(~34 metrics)

We want all portfolio companies to strive to make a positive impact by acting transparently and contributing to society through their business practice, charitable support and positive relations with key stakeholders. We assess external impact from four aspects:

 **Community engagement** including apprenticeships, charitable giving and volunteering.

 **Environmental impact**, such as energy use, energy efficiency, waste management and climate change risks and opportunities.

 **Positive relationships** with key external stakeholders such as customers, communities and suppliers.

 **Transparency** of company commitments and progress, including external reporting and sustainability related communications.

Our portfolio

Our portfolio at a glance

ESG metrics based on portfolio company
assessments in 2020

+22%
revenue growth*

+31%
EBITDA growth*

>35k
employees

4%
employment growth**

37%
female employees

27%
women in senior positions

4.0
average Glassdoor score

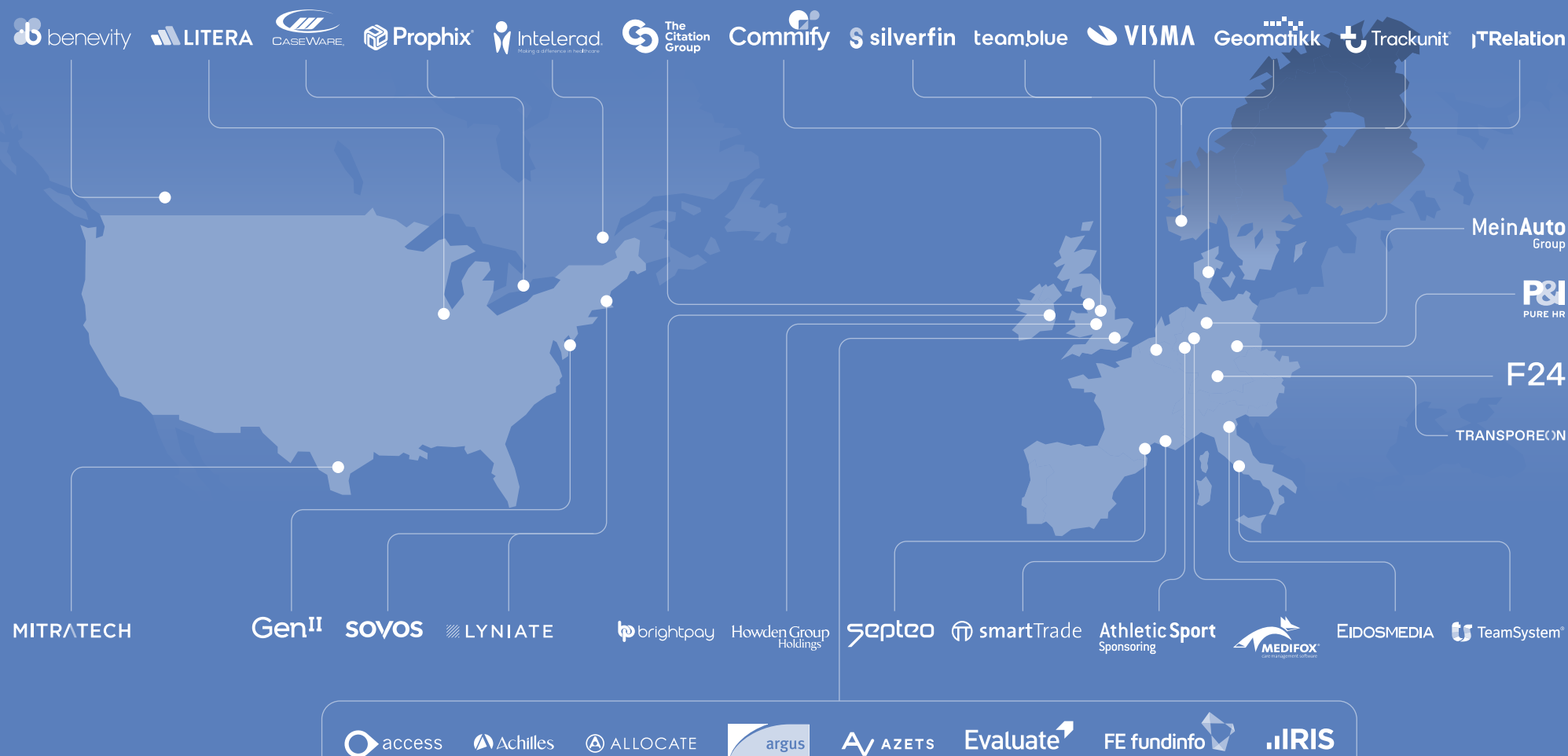
* These figures represent the last 12 months (as at 31 December 2020) sales and EBITDA growth of the top 20 investments held by HgCapital Trust plc (HGT.L), calculated on a weighted basis, based on the respective gross valuations of the underlying investments. HGT, whose shares are listed on the London Stock Exchange, gives private and institutional investors the opportunity to participate in all Hg's investments.

** Annual LTM employee growth - Last 12 months as at 31 December 2020

Gender statistics and glassdoor scores represent the average across the portfolio based on Hg's 2020 ESG assessment

Our portfolio:

European base, global reach



Portfolio ESG review and reporting

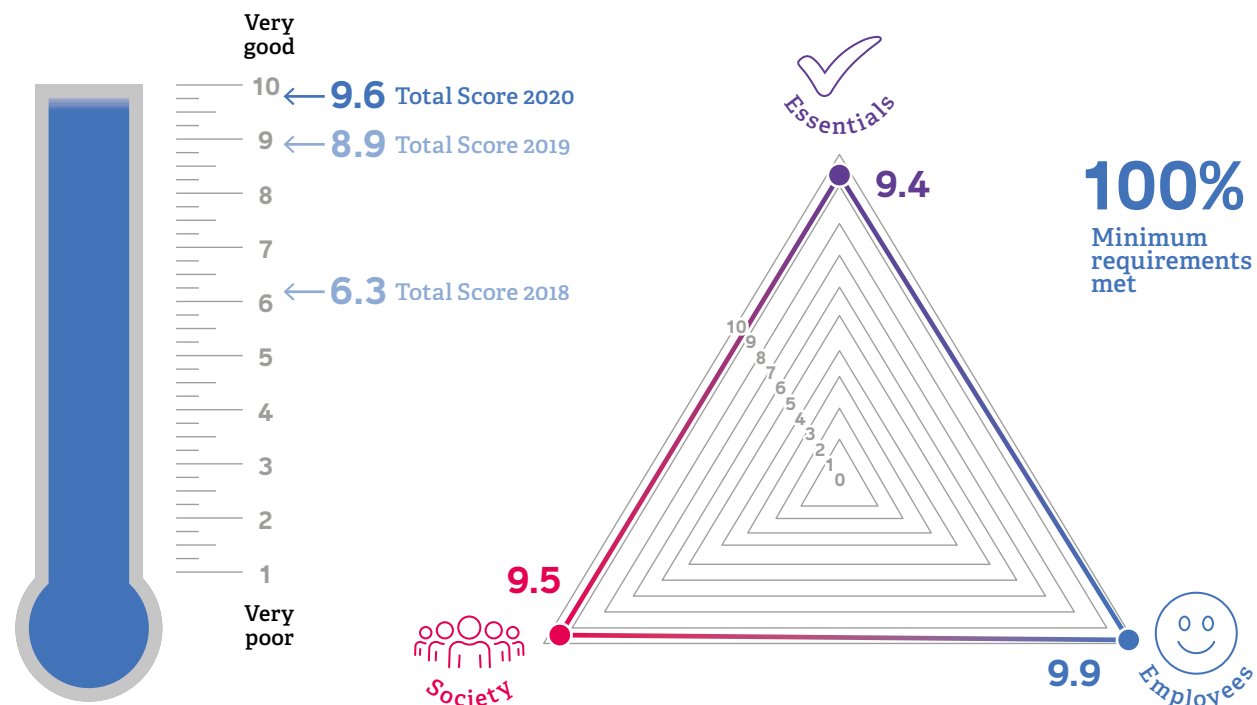
Our businesses are assessed against our Sustainable Business framework as part of onboarding and annually thereafter. The assessment includes around 150 metrics covering all aspects of the framework: Essentials, Employees and Society (see page 23 for further details).

It is a collaborative process starting with an initial introduction session followed by a self-assessment, discussion and review of status. Each business gets a score from 0 to 10 and a list of actions to help them improve their ESG performance.

The ESG assessment is led by Hg's Head of Responsible Investment, who works together with key individuals, such as the Chief Human Resource officers and Chief Compliance officers from the portfolio companies. The final report, which includes a scorecard and an overview of status and agreed actions, is shared with the Chief Executive Officer and the Board.

Snapshot of a portfolio assessment report

TRANSPOREON 



	Employee turnover	Employee absenteeism	Glassdoor score	Women across the business	Women in senior management
Transporeon	11.0%	1.9%	4.0	45.0%	25.0%
Portfolio average	16.0%	3.0%	3.9	36.0%	25.0%
Industry average	15.0%	2.0%	3.5	17.0%	5.0%

Our ESG efforts are paying off – the portfolio is in good health

In 2020, we continued to embed the ESG reporting capabilities into our financial reporting system iLevel. This now means that anyone at Hg can access the ESG dashboard for each portfolio company at the same time as reviewing the company's financial performance.

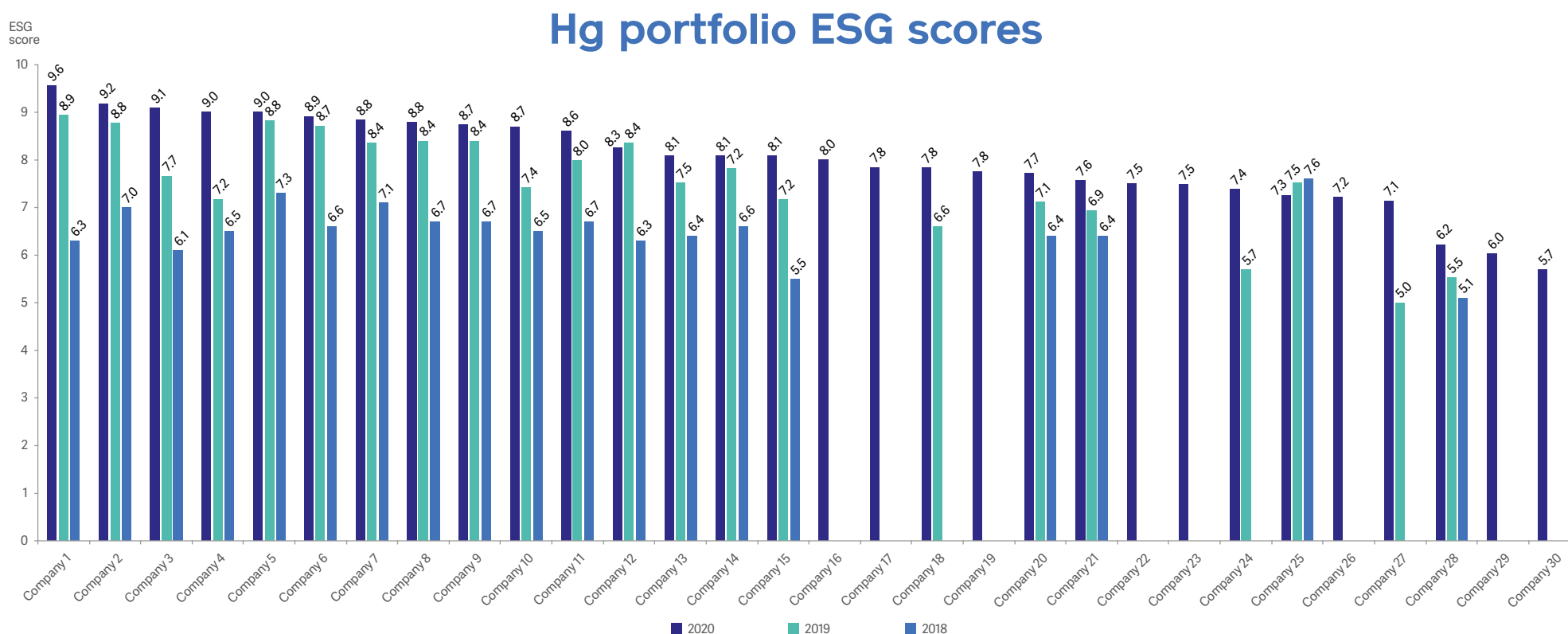
In 2020/21 we assessed 6 new portfolio companies for the first time and re-assessed 24 companies.

Many of our companies have now been part of the Hg family for more than three years, which means they have been assessed against our ESG criteria three years in a row. We are pleased to report that there have been some significant improvements in performances on their 2018 and 2019 ESG scores.

This shows that our assessment of and support to portfolio companies is having a positive impact

and helping them improve their ESG performance.

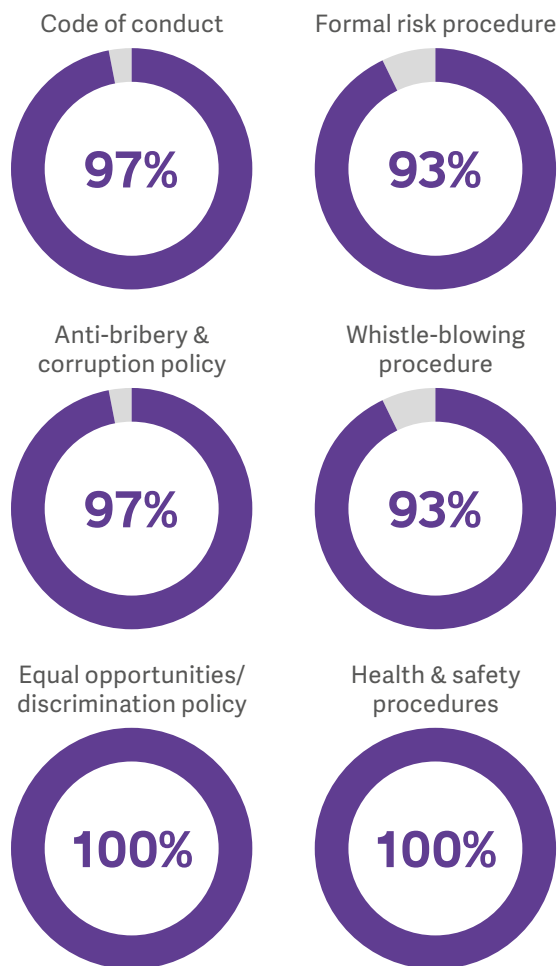
Two of our companies have seen a decrease in their ESG score between previous assessments and the 2020 assessment. The key reason for this is that they have grown significantly as companies through new acquisitions and have had to include new business units, that are less mature, into their assessments.



Status of key ESG metrics

Circle diagrams represent percentage of companies who have fulfilled the requirement.

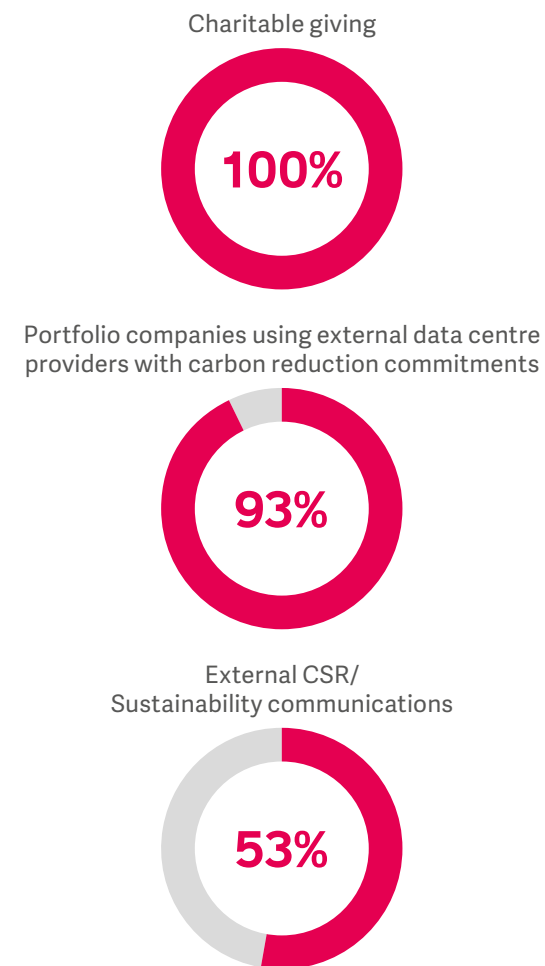
Essentials



Employees



Society



Deep dives

Defining key ESG topics for tech in 2020/21

As we developed our Sustainable Business framework ([page 23](#)), we had many discussions with our key stakeholders to define the most important ESG factors for software and service companies. After extensive benchmarking, we ended up with a long-list of over 150 ESG metrics, which are all covered in our

Sustainable Business framework and assessment. Rather than covering all 150 metrics in depth, there are a few topics we want to highlight and bring to life with some case studies. These are selected based on what is most material for software businesses, as well as key ESG trends and activities in 2020/21:

Topic	Description	Key aspects in tech	Importance to Hg and our portfolio
1 Cybersecurity	Cybersecurity continues to be one of the top 10 risks as defined by the WEF. It is vital for all companies in general and software companies in particular to manage and mitigate the risks associated with cyber threats and hackers.	<ul style="list-style-type: none"> • Risk related to cyber attacks • Protecting your company's and their customers' data 	A cyber-attack can be detrimental for a business, its employees, its customers and reputation. We want our businesses to be as secure as possible and be prepared for the challenges that come with being a big tech player.
2 Talent	Talent is key for any organisation. The right leadership and talent will help set the business up for success.	<ul style="list-style-type: none"> • Access to talent • Diversity • Employee engagement 	Finding and keeping the right talent within our portfolio companies is key to their success. Competition is tough for the best and brightest minds.
3 Collaboration	By collaborating we can solve problems more quickly, we can harness the best out of several worlds. We can learn from each other so we are not "reinventing the wheel" – this makes us more efficient. Most importantly, collaboration brings people together!	<ul style="list-style-type: none"> • Solving problems quicker • Leveraging best practice • Connection 	Harnessing the power of the portfolio! With our very targeted investment approach, focusing on software and services, we can easily share and benefit from best practices across the portfolio.
4 Climate change	Climate change is one of the biggest challenges we face globally today. WEF defines 'extreme weather' and 'climate action failure' as the two top risks by likelihood, making climate change a key issue which is at the front of most investors' minds.	<ul style="list-style-type: none"> • Data centres • Carbon footprints • Climate change related risks • Regulatory compliance 	Hg recognises the risk of climate change to our livelihood and the economy. We want to do our part in limiting global climate change within our own firm and within our portfolio.
5 Covid-19 response and support	When the pandemic hit in early 2020 many businesses had to drastically change their ways of working. The economy and society were, and still are, suffering. It has never been more important for businesses to support their employees and contribute positively to societal causes.	<ul style="list-style-type: none"> • Employees • Society • Technology as an enabler in all businesses 	As Hg and our portfolio adapted to the 'new world', we saw many opportunities to connect across the Hg family and support each other. Some of our businesses were also able to support their customers – it was particularly encouraging to see some of our portfolio operating in the healthcare space who were able to support the health care system through tech-enabled optimisation.
6 Additional highlights from the year	In addition to the above five areas, there are a few accomplishments that we would like to highlight for 2020/21. These include our recent investment in Benevity and some updates from Visma, along with our new ESGD linked financing.		



Deep dive: Cybersecurity

Unfortunately, the Cybersecurity threat landscape has been evolving and changing at a very rapid pace. Threat actors have been progressing in their proliferation and sophistication and have been leveraging the challenging times that we are in. There are many examples of attacks that have leveraged Covid-19 as a means of hiding the attackers, preying on the emotions and needs of people who are keen to gain advice and guidance, or as an example, to register for their vaccination. Cyber-attacks have been professionalised, weaponised and leverage the wider economic and social situations.

Highly organised criminal gangs have emerged that are robustly structured and proceduralised (and have even been reported as being very polite). Not only will they have highly proficient technicians, such as cyber-attack specialists, and business analysts but they will also have 'business experts' and social engineering specialists. They are setup to research and understand clearly the nature of who they are attacking, what data assets are of value and why, to maximise the impact of the attack and the potential financial reward for their efforts. This is cybercrime running as a modern-day business attacking both the people and technology elements of their targets.

There are also high-level nation state sponsored groups whose aspirations are quite often at a geopolitical level. One emphasis is on generating impacts that are destabilising and subversive. Cyber is a form of warfare. These groups are also responsible for large scale 'supply-chain attacks' where sophisticated attackers breach a company with the intention of then utilising its connections into customers as a means of gaining entry, often to a higher value target. These attacks are designed to infiltrate organisations and/or generate wide-scale disruption and impact.

The World Economic Forum met at the end of January. In the 'Global Risks report 2021' that was produced, the forum reported that the 'likelihood of significant and wide-scale cybersecurity risk' was within their top 10 global risks and was flagged as being a clear and present danger with potential knock-on effects for the next five years. This is in the same list as items such as global warming and pandemics. Clearly, we cannot ignore cybersecurity risk.

In early 2017, Hg launched its Cybersecurity Risk and Maturity Assessment Programme for both prospective investments and existing companies within the portfolio. Over 200 assessments later, we've learnt from experience and evolved with the ever-changing threat landscape to make cybersecurity a true organisational strength.





Deep dive: Cybersecurity continued

How it works

The assessment begins during the early stages of due diligence for prospective investments, then continues for the entire ownership lifecycle as and when a company joins the Hg portfolio.

Focused on action and operating on a model of continuous improvement, the programme ensures that every portfolio company is assessed on a rolling basis, with frequency of assessment determined by their individual risk and maturity score. The goal is that every company is assessed at least annually, with low-scoring companies undergoing much more regular checks.

Some companies are not of a sufficient size and scale to manage directly what can be a complex set of changes to reach their required levels of cybersecurity maturity and protection.

As a result, the Hg cybersecurity team are also able to provide support and guidance (not just issue a report of recommendations) in how to address the recommendations. In partnership with the portfolio company responsible technicians and leaders, the Hg cybersecurity team can assist in creating a pragmatic and prioritised (in context of each individual company) action plan for remediation.

“The threat of cybersecurity impact to any business is very real and only increasing as we continue to be more reliant upon online services and connected devices. There should not be an assumption that attackers are only interested in big enterprises/corporates. If you have any online connection, you can guarantee that at some point it will be automatically and maliciously scanned for opportunistic weaknesses. An effective understanding of cybersecurity, from the boardroom through every employee, is the cornerstone of a successful defence. This then needs to be supported with an investment in at a minimum the ‘hygiene’ technical elements of a successful and layered cyber defence strategy – for example; advanced malware protection, data encryption, multi-factor authentication. A mindset of how well protected are we, how quickly and well can we respond WHEN we are attacked, rather than IF we are attacked is recommended.”

Jason Richards

Head of Portfolio Technology and Cybersecurity





Deep dive: Portfolio talent

The key to retaining our people is creating a culture where everyone feels able to contribute, be themselves and do their best work. Such a culture starts from the top. Hiring, developing and supporting the right senior staff who will set the tone for well-run, successful and innovative businesses that are great places to work is vital. Our Portfolio Talent Team works strategically with our businesses to seek out and hire world-class senior talent. But their support does not stop there.

Raising awareness and educating our portfolio companies on equity, equality and diversity

Having experienced the benefits of diversity and inclusion within Hg, we are keen to take our portfolio companies on a similar journey by raising awareness and supporting them to accelerate their D&I commitments. As part of our continuous effort to foster a culture of empowerment and innovation we held our first Equity, Equality, Diversity Summit in March 2021 inviting all employees across the portfolio and Hg to participate.

“Thank you Hg and the Talent team for facilitating a very inspiring, insightful and impactful forum on Diversity and Inclusion. Our team of Belonging Champions from Benevity (including myself) took away several great gems about being courageous to have the right conversations with some practical steps on how to create little fires of change from a personal to team to organization level. The opportunity to engage with speakers, learn from their journey and ask some thought-provoking questions really opened the curiosity and learning in a very safe and productive way. Thank you again and already looking forward to the next one.”

Gillian Davies – Benevity



Supporting the HR teams across our portfolio

In 2020 we set up monthly HR hangouts with all HR leads across Hg's portfolio. The agenda is defined by the attendee group, focusing on topics that they most benefit from discussing. The purpose of the HR hangouts is to connect our HR community and to share best practice on all topics related to talent, D&I and employee engagement.

“Being a leader in HR can sometimes be a lonely place due to the sensitivity of our work – having the HR hangouts gives you a great forum and safe space to share ideas and solutions with your peers in the portfolio. We are all supporting each other's success and this environment provides invaluable access to trusted and knowledgeable experts who are going through the same journey. I find these forums helpful not only for the day-to-day challenges but also as part of my own leadership development in the strategic people function.”

Lucy Ralph – Evaluate



“The HR Leaders drop-in sessions are a breath of fresh air and provide the opportunity to talk to other like-minded professionals about the challenges they may be facing. They also provide a great opportunity to network and share best practice.”

Nimira Kassam – Commify





Deep dive: Collaboration

Portfolio Power comes into its own **Hive** ^{Hg}

Launched in 2018, Hg's online collaboration platform Hive connects thousands of executives across the Hg portfolio through multiple communities. The platform enables collaboration at scale across the entire Hg family and makes it possible for individuals to:

- Connect and discuss issues in a supportive environment;
- Contribute personal experiences;
- Collaborate on projects;
- Ask questions and explore best practice;
- Learn from real-world case studies;
- Search for recommended suppliers;
- Find an expert to support a new challenge; and
- Keep up to date with Hg news and forums.

When the Covid-19 restrictions were introduced across Europe in March 2020, Hive and Hg's tailored webinars proved invaluable. As a result, membership of Hive grew by over 50% in 2020/21 and total usage rose by almost 700%.

The success of Hive and the likelihood that virtual meetings will continue to be the norm for the foreseeable future have inspired us to continue to develop the Hive platform further to enhance collaboration and engagement even more.

27

live
communities

>2.3k

active members
and growing!

90%

members are from
our portfolio
companies

56

Virtual events
in 2020/21



Hive Live! ESG & Sustainability series

In early 2021 Hg launched a series of webinars on the topic of ESG and sustainability. We communicated the ESG assessment scores to each portfolio company and set up the series to support their progress against these scores. Joined by some great guest speakers, the interactive sessions covered:

- How to build a sustainability strategy
- How to conduct carbon footprinting
- Sustainable innovation with AWS
- How to use sustainability to win and retain customers
- World-class employee engagement through charitable giving
- D&I, Women in leadership: Virtual Pro
- D&I, Women in leadership: Stepping into your power



Deep dive: Climate change

Our climate is changing, and the consequences of these changes are becoming increasingly apparent. Governments, industries, and companies are being urged to take steps to prepare, reduce risks and to take advantage of any opportunities that might arise. Hg is taking action too. We are measuring our carbon footprint and assessing our companies to understand potential risks across our own business and portfolio.



Carbon neutral certification

Hg is certified carbon neutral* by Natural Capital partners. For more information about our carbon footprint and offsetting, please see [page 11](#) and our separate carbon footprint report (available to download on [our website](#)).

*covering all scope 1, 2 and most of our scope 3 emissions

Measuring our portfolio carbon footprint

At the beginning of 2021, we started to carbon footprint all our portfolio companies by collecting data covering scope 1, scope 2 and some scope 3 data. By doing this we are hoping to not only have a complete footprint for Hg (covering all our scope 3 emissions), but also to support our portfolio companies to think more strategically around their environmental impact and how to set carbon reduction targets. This is a first step in a longer journey to understand our collective impact and set net zero strategies not just for Hg but for our portfolio too.

Understanding risks and opportunities across our portfolio

As part of our commitment to become compliant with Task Force on Climate-related Financial Disclosures (TCFD) and to understand the risks associated with climate change across our portfolio, Hg conducts a climate change risk assessment of all our portfolio companies as part of their onboarding. This helps give Hg and our portfolio companies an understanding of risks and opportunities, as well as resilience of our businesses.



Private equity action on climate change

Collaborating for change

In 2020 Hg became launch members of the UK network of the Initiative Climat International (iCI), a global organisation sharing skills and experience to build a sustainable future through investment management and investment choices. The iCI is officially endorsed by the UN's Principles for Responsible Investment. By joining this initiative Hg makes three commitments:

1. We recognise that climate change will have adverse effects on the global economy, which presents both risks and opportunities for investment.
2. We will join forces to contribute to the objective of the Paris Agreement, to limit global warming to well-below 2 degrees Celsius and in pursuit of 1.5 degrees Celsius.
3. We will actively engage with portfolio companies to reduce their greenhouse gas emissions, contributing to an overall improvement in sustainability performance.

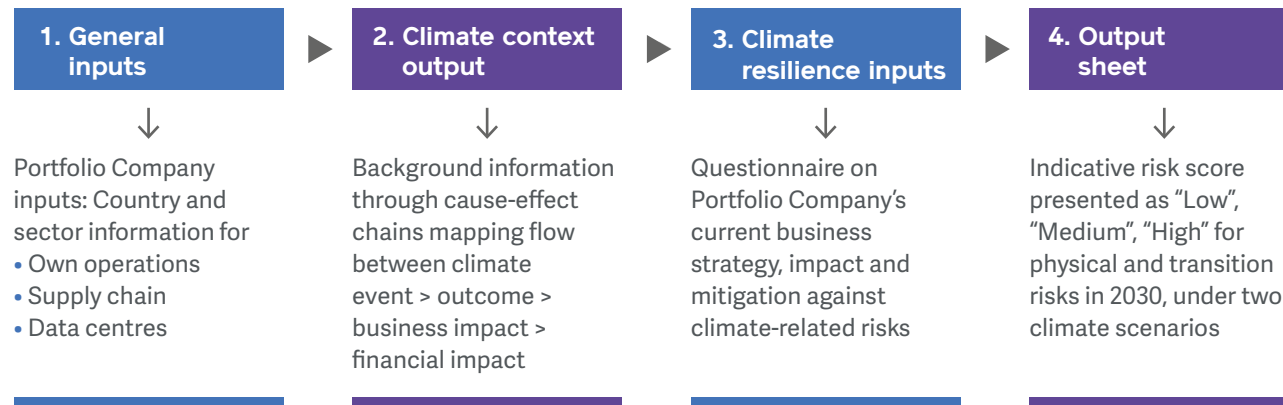
The iCI meets monthly and in addition to the overall network Hg is part of the working group defining what Science Based Targets look like in the private equity industry.



Deep dive: Climate change continued

Hg's Climate Change Risk Assessment

Our Climate Change Risk Assessment tool is developed in collaboration with PwC and is specifically tailored to capture risks within the Software and Services industries and identify and mitigate risks that may have an impact on the performance of our businesses. The tool has two input sheets and two output sheets:



Geographical Risks

The transition and physical risk scores take geographical locations into account, based on:

- Frequency of extreme weather events based on the National Center for Atmospheric Research (NCAR).
- Country-specific carbon prices and ambition of Naturally Determined Contributions (NDCs) based on data from the International Energy Agency and Low Carbon Economy Index.

Outputs

Climate change risks tend to be less prevalent in the software and services industry as most of these businesses have small scope 1 and scope 2 carbon footprints and do not have complicated supply chains and/or industrial manufacturing sites. Most of Hg's portfolio companies are cloud solutions and rely on external data centre providers, which is where most of the carbon footprint, and climate change risks, sit.

It is therefore important that our businesses select cloud solution providers that have set ambitious carbon reduction targets. This is something that we look at as part of our annual ESG assessment of our portfolio businesses.

Our climate change risk assessment shows that most of the climate change related risk in our portfolio is related to our portfolio companies' suppliers or own businesses units that are based in countries with high transition risk such as the United States. The physical risks associated with our portfolio companies is very limited based on their geographical footprints and most of our companies have a medium to high resilience, which means climate change is considered as part of their risk processes and company resilience plans.



Deep dive: Climate change continued

Two Climate Change Related Risks

Within each scenario, the tool targets the two main types of climate change risks: transition risks and physical risks.

1. Transition Risks – risks of transitioning to a low-carbon economy

- **Policy and legal risk:** Compliance costs; stranded assets; asset impairment; restrictions and limitations on carbon intensive assets; and asset depreciation.
- **Market & economic risk:** Company or securities valuations; asset impairment; viability of certain business models; and credit rating implications.
- **Technology risk:** Write-offs for investments in disrupted technologies; required investment in new technologies; and process change costs to accommodate new technologies.
- **Reputation risk:** Damage to brand value or reputation resulting in lost revenue and additional expenditures, e.g. corporate affairs, litigation.

2. Physical Risks – increasing physical impacts of climate change

- **Physical Risks:** increasing physical impacts of climate change
- **Risk of extreme weather events:** Short-lived extreme weather impacts. Disruption to operations, transportation, supply chains, etc. Damage to physical assets and impacts on insurance liabilities.
- **Risk of gradual climate changes:** Impacts due to slow insidious change such as increasing temperature or water stress. Degradation or limitations on resource availability, e.g. labour, natural resources etc.





Deep dive: Climate change continued

The Road Towards a Greener Future

Transporeon is a world leader in innovation driving the transition to sustainability within the logistics industry. Their cloud-based logistics platform connects over 1,300 shippers and c.120,000 carriers worldwide. It has worked for 20 years on supply chain optimisation to make logistics and transportation more efficient economically and ecologically: to reduce empty runs and waiting times, and ease congestion at ramps which, taken together, decrease CO₂ emissions. In a bid to share its vision of #netzero in logistics by 2050 with other logistics firms and customers, Transporeon designated March 2021 as Logistics Sustainability month. They held a series of discussions led by leaders and influencers representing the World Economic Forum (WEF), Kühne Logistics University, the Alliance for Logistics Innovation through Collaboration in Europe (ALICE), and the European Freight & Leaders Forum. The topics included:

- **Decarbonisation for European Road Carriers Webinar:** Experts from Kühne Logistics University, Smart Freight Center and the trucking company Girtelka Logistics discussed challenges and opportunities for road carriers to reduce their CO₂ emissions.
- **Reducing CO₂ Emissions, Industry talk:** Experts from the WEF, Procter and Gamble, Codognotto, ALICE and the European Freight Leaders Forum discussed governmental and non-governmental policies to support the target toward Net Zero by 2030 and plans to decarbonise supply chains.
- **Greener Supply Chain with Smart Optimization & Execution, Virtual Round Table:** Speakers from ORTEC (experts in mathematical optimisation software), Transporeon Supply Chain and a Technology Strategist formerly working at the WEF shared ideas and experiences.
- **Behind the Mask, Wednesday podcasts, Green edition:** Sustainability leaders from various sectors explored how technology and collective action can create impact on a large scale.
- **Transporeon4Future Hackathon:** Teams of students, Transporeon employees and customers were tasked with developing sustainable solutions in supply chain technology to solve major industry challenges.



#Greener Logistics

TRANSPOREON



Deep dive: Covid-19 response & support

Allocate supports the NHS to manage staffing levels

Allocate is a major provider of workforce resource planning SaaS solutions primarily in the healthcare sector. It operates in the UK, Germany, Sweden and Australia.

Allocate's HealthRoster Optima software was used to e-roster staff to manage their deployment at several of the UK's dedicated Covid-19 field hospitals. The SaaS solution was deployed in just nine days to London Excel - the 4,000-bed field hospital. Allocate responded to a further five field hospital requests in the UK and was selected and placed on standby to serve in Germany. Furthermore, across the UK, NHS organisations added over 100,000 new staff to Allocate's HealthRoster workforce technology platform after Allocate opened-up free absence tracking to help provide better visibility of Covid-19 absence.

The Allocate team provided 24/7 operational roster management both onsite and remotely – putting on a significant number of extra staff to support workforce deployment. In addition to these staff, Hg assigned over 20 participants from the firm to help manage the rostering support centre which was set up to help nurses, physicians and other clinical and support staff to manage their shifts.

Allocate's HealthRoster Optima solution has been used to manage vaccination rosters and reporting with over 130 NHS organisations. Its Cloudstaff solution is helping healthcare providers gain access to more staff through collaborative staff banks specifically to support vaccine shift fulfillment. This ensures that healthcare providers can use their existing controls, reporting, rules and governance through the integration with HealthRoster. It also means that it is the most staff-friendly, safe and cost-efficient way to source and deploy staff.





Deep dive: Covid-19 response & support continued

IRIS supporting staff and customers during the pandemic

IRIS is one of the UK's largest private software companies, specialising in administrative software solutions and services. IRIS' solutions cover accountancy, payroll, HR, biometric systems and technology, and financial and education management. IRIS clients come from a range of sectors, notably accountancy, charity and education.

As with all businesses during the pandemic, Covid-19 impacted IRIS' employees and customers. IRIS' response was agile and geared to support the wellbeing of both its staff and customers.

The robustness and ingenuity of employees shone through:

- Moved over 1,500 employees across the UK, US, Canada and India to homeworking within ten days.
- Implemented cloud telephony to continue adding value to customers and monitor productivity.
- Launched several initiatives to keep staff connected and supported, including a workplace support group, mental health first-aiders, communities on MS Teams, and virtual social activities such as a Macmillan Coffee Morning and team quizzes.
- Created a 'Working from Home with Kids – Guidelines for Success' document that was shared with all employees and held webinars on home-working with kids.
- IRIS offered employees the chance to work flexibly, tailoring working patterns to suit families' needs during lockdown.

IRIS introduced new products and enhanced its customer service function to meet customers' needs as Covid-19 regulations changed. These innovations include:

- Updated payroll solutions several times to accommodate emergency government legislation, including furlough and sickness benefits, in very tight timescales.
- Launched IRIS Engage – a free to use messaging platform, for customers to communicate with their workforce or customers via text messaging and email.
- Launched IRIS Anywhere in partnership with Microsoft Azure to allow customers to work virtually from anywhere.
- Created a 'Here to Help' hub to offer customers help, guidance and assistance through the pandemic.
- Implemented a new learning and development programme to encourage colleagues to learn more product and customer service skills.
- Implemented advanced Operational Reporting through the Data Warehouse to provide data and insights to guide customer service improvement opportunities.

IRIS xHg





Deep dive: Covid-19 response & support continued



The improvements to the IRIS customer service function have made a material difference to the support it offers, significantly improving the average speed of answer and resolution time. All IRIS products can be implemented virtually ensuring customers have no disruption in service from remote working. IRIS engagement apps have been critical throughout the pandemic, informing parents of school closures, online working plans, meal vouchers, safeguarding updates, childcare arrangements for key workers, advice on how to support children's mental health in lockdown. In the week when schools were first closed (March 2020) IRIS delivered around 31 million messages to parents!

Like many other businesses, IRIS accelerated its digital transformation journey, investing both in internal and customer facing systems such as ServiceNow, as well as product development. IRIS also signed a partnership with Endava to accelerate its cloud product development of IRIS Elements Platform. To further ensure customers have access to best of breed, scalable, future proof solutions, IRIS acquired three cloud businesses during the pandemic, iSAMS, Senta and Staffology.

IRIS x Hg

“Over the past year, despite the huge challenges of the pandemic, we've improved our impact on the world and are proud to be a leading company in Hg's Responsible Business framework. ESG continues to be an important part of our journey. We have enhanced our governance, introduced a range of support initiatives for employees, contributed to society by inspiring younger generations, encouraging volunteering and improving our environmental footprint. We are dedicated to showing we are a trusted community and a company that cares about doing business the right way with an ethical and moral compass firmly pointing in the right direction.”

Elona Mortimer-Zhika
CEO, IRIS
Software Group





Deep dive: Additional highlights from the year

Hg invests in purpose led company Benevity and join forces with two of the world's largest impact funds to support their business

In January 2021, Hg completed an investment in Calgary-based Benevity Inc ('Benevity'), a global leader in corporate purpose cloud software, founded in 2008 by Bryan de Lottinville. Benevity's all-in-one, global platform enables purpose-driven brands to engage stakeholders in supporting the causes and issues which they care about, through a database of nearly 2 million vetted non-profit organisations worldwide.

The firm's integrated suite of products supports companies in engaging their employees, customers and non-profit partners through volunteering, giving and matching, positive actions and granting. Today, more than 650 of the world's most purpose-driven brands use Benevity's solutions to engage employees, customers and communities more deeply, create greater social impact and make meaningful progress on Sustainable Development and ESG goals, at scale.

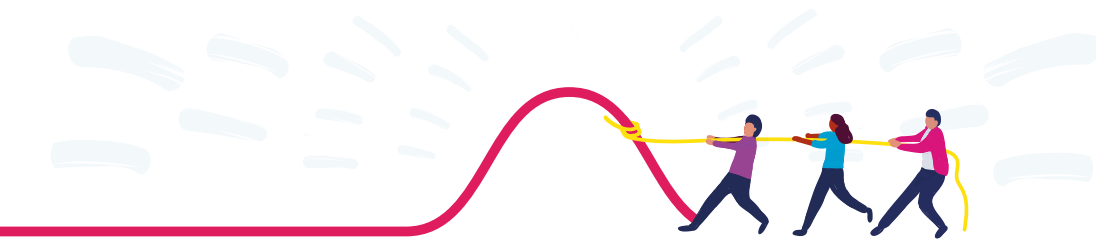
The link between stakeholder engagement and charity programmes

When employees are engaged, they are more likely to invest in the work they do which leads to a higher quality of work produced. By investing in employee engagement, companies can increase productivity, work quality, and retain top talent. Likewise, customers are more likely to be loyal to a brand that is making a difference in the world and helping them do the same. Benevity's platform helps companies engage both employees and customers in co-creating and directing collective social impact.

Benevity's platform is used by a network of over 18 million people across more than 650 companies to contribute to causes close to their hearts and have their actions amplified through matching funds and charitable rewards. In a record-breaking year, amidst Covid-19 and unprecedented economic and social upheaval, Benevity facilitated more than \$2 billion in support of more than 300,000 non-profits worldwide that are tackling issues ranging from food insecurity to sustainability to diversity and inclusion and racial equity.

In a time of social isolation and increased remote working, Benevity's solution helped companies create a sense of connection, meaning and efficacy by encouraging people to take action in big and small ways, including positive actions that drive behavioural change such as mask-wearing, hand-washing and engagement in mental health and DEI education.

Many companies also use the solution to integrate giving into all kinds of applications—including e-commerce, online banking, rewards programs, dedicated giving sites and more—to empower customers to donate to their non-profit of choice (or one of their choosing) while they interact with the brand.





Deep dive: Additional highlights continued

Joining forces with two of the world's largest impact funds

As part of the investment in Benevity, we were delighted to welcome two world-leading impact funds, Generation and TPG Rise, to invest alongside us. The ESG and Impact teams across the three investment firms are now working collaboratively to support Benevity to deliver even more impact and scale their business across the world.

“As a company whose software and mission are about helping other companies execute on purpose and improve their employee- and customer-facing social impact initiatives, Benevity finds Hg’s commitment to ESG issues—both within the fabric of their own organization and that of their portfolio companies—remarkably inspiring and compelling. We’re thrilled to have found a like-minded partner in Hg that is deeply committed to social impact initiatives and palpably shares our fundamental commitment to supporting a new economy—and in fact an evolved society—that is underpinned by the pursuit of hybrid goals of profit and purpose.”

Bryan de Lottinville

Benevity Founder and Executive Chairperson



THE RISE FUND

generation

“We’re delighted to have Generation Investment Management and The Rise Fund bring their unparalleled expertise in impact and sustainable investing to Benevity. In addition to our strength in software and technology, we are incredibly optimistic about enabling more businesses to make a positive difference in the world at a scale that has never been achieved before.”

Nic Humphries

Senior Partner and Head of the Hg Saturn team





Deep dive: Additional highlights continued

Visma is one of Europe's leading software companies, providing business optimisation and management tools to the private and public sectors in Europe and Latin America. It covers a wide range of business areas, including accounting, financial management, procurement, HR and payroll, e-government and school and welfare.

Visma welcomes their first Sustainability Manager

In 2020, Visma welcomed Robin Åkerberg as their first Sustainability Manager - a clear sign of Visma's continued commitment to sustainability and to reduce the company's impact on the environment.

Sustainability is about healthy people, healthy communities, a healthy economy and a healthy environment. In Visma's role as an international software company, it is increasing its efforts to have a positive impact on the world and to drive change towards more sustainable business practices. This means minimising waste and the use of natural resources and energy, both for the company itself and for their customers through their mission-critical software. It also means that people are respected, that their differences are embraced, and that business is conducted ethically and with integrity.

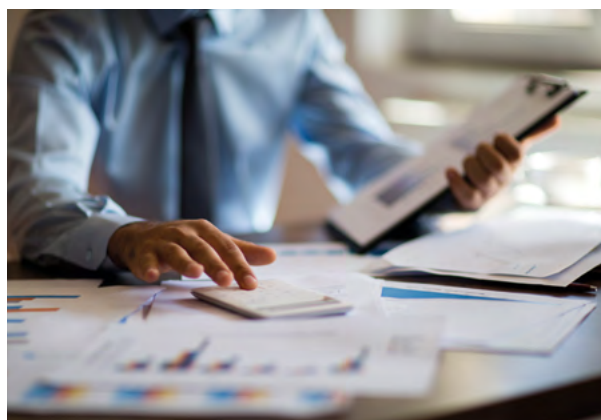
The aim of Visma's sustainability work is to promote an organisational culture where sustainability is placed at the heart of all

decision-making and the company's employees are fully engaged.

Visma ranks top on Diversity

Visma recently achieved an outstanding score in Financial Times 'Most inclusive companies' survey, ranking 23rd out of 15,000 large companies public and private in Europe. This achievement is testament to the culture and values that the Visma management team have instilled across the business, with Hg's support.

FT's survey of more than 100,000 employees from 15,000 companies, assesses employees' perception of companies' inclusiveness or efforts to promote various aspects of diversity. These include gender balance, openness to all forms of sexual orientation, race and ethnicity, disability and age.



“Sustainable business conduct is increasingly important and is more and more becoming a necessity to stay relevant in the market. Consumers, investors, and legislators alike are all stepping up their efforts to tackle global challenges such as climate change and loss of biodiversity, while finding ways to reduce inequalities and improve health and welfare.”

Robin Åkerberg

Visma Sustainability Manager



“Without different perspectives, there would be no “thinking outside the box”, no innovation and no pushing the limits. That's one of the reasons why we focus on building diversity and giving everyone in the company a chance to speak their mind and share their perspectives. It's quite simple: inclusive thinking sparks better business results.”

Merete Hverven

Visma CEO





Deep dive: Additional highlights continued

In late 2020 and early 2021, Hg agreed on ESG linked lending terms for two of our portfolio companies. We see this as an additional way to encourage our portfolio companies to improve their ESG performance and it is something we will continue to promote moving forward.

septeo

Septeo is a leading LegalTech provider supporting professions including notaries, law firms, corporate legal departments and real estate property managers in France, Belgium, Canada and the US. Founded in 1988, Septeo now has over 12,000 clients and more than 120,000 users, served by over 1,400 employees.

Septeo ESGD linked lending terms

As a clear demonstration of Hg's commitment to diversity and inclusion, Hg completed a pioneering financing package to support the acquisition of Septeo. The package ties lending terms to a broader definition of ESG or ESGD (Environmental, Sustainability, Governance and Diversity), thereby including diversity-linked criteria to promote diversity and which, if met, will reduce the annual interest cost for the company.

The criteria include:

- the implementation of internal policies to ensure balanced and inclusive recruitment processes at all levels of the organisation;
- the tracking of diversity statistics including gender, ethnic and LGBTQ+ across all levels of the organisation; and
- increasing the ratio of female: male employees year-on-year.

team.blue

team.blue was created in 2019 by the merger of Combell Group, TransIP and Register Group and offers digital presence and enablement tools such as domains, hosting, email, VPS and applications to over 2 million SME, SoHo and developer customers across Europe.

team.blue diversity and climate change targets

In Q1 2021 team.blue agreed terms to tie their lending terms to ESGD related targets.

The two agreed key ESGD focus areas will impact the facility margin:

- Tackling climate change through targets to increase the portion of energy sources via renewables, consumed by their data centres.
- Promoting gender diversity by increasing the share of women in senior management positions across the business.

As part of the commitment, team.blue agreed to provide the bank with:

- An annual compliance certificate including the relevant KPIs, with the KPIs to be monitored at Board level and included in annual accounts.
- An annual Sustainability Report.



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