



# ESG Report 2021



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# About Keyhaven Capital Partners

## Welcome to our second Annual ESG Report

Keyhaven Capital Partners is a specialist private equity manager dedicated to the European lower middle market. With a diverse team, a network embedded in local markets and a flexible approach to deal making, we work with industry leaders to accelerate growth, building robust, sustainable businesses that deliver for their investors, employees and local communities. Since our foundation in 2003, we have invested or advised on in excess of €2 billion and made more than 65 investments in Europe.

Despite the challenges posed by geopolitical tensions and the macroeconomic environment in 2021 and 2022, we have had a busy 18 months. We made seven investments during the period which together accounts for almost €160 million of capital invested. On the exit front, we successfully realised eight full exits in the last two years, distributing a substantial amount of capital back to our investors.



# Message from Managing Partners



*We are excited to publish our second ESG report and look forward to sharing insights from our portfolio companies in the future.*

**Claus Stenbaek**  
Managing Partner



*As our ESG ambitions have evolved, so has our ESG process. Over the last year, we continued to refine our engagement and monitoring as we strive for greater transparency and impact.*

**Sasha van de Water**  
Managing Partner



As Keyhaven's Managing Partners, we are pleased to present our second annual ESG Report, which provides a detailed account of our ESG achievements over the past year and our ambitious plans for the future.

As our ESG ambitions have evolved, so has our ESG process. Over the last year, we continued to refine our engagement and monitoring as we strive for greater transparency and impact. We increased our efforts in supporting ESG initiatives in our portfolio companies and formalised ESG as an agenda item for all portfolio company board meetings.

As part of this report, and following on from last year's success, we improved and redistributed our ESG questionnaire across our secondaries portfolio to systematise our collection of ESG-related Key Performance Indicators ("KPIs"). We use the questionnaire to systematically monitor and track our progress on such initiatives. This will mean that our investors will receive our ESG report on an annual basis, allowing them to follow the developments on ESG at our portfolio companies and at Keyhaven.

19

different nationalities at Keyhaven

23

different languages spoken

>50%

of our team are women  
across the firm

While we continue to improve our data collection, we believe that processes and procedures are never a substitute for individual responsibility. This same belief informs our approach to responsible investing. Our investment team seeks to embed greater awareness and action on ESG issues in the operations of all our investments where we are able to drive real change.

Keyhaven counts eight partners who together possess a complimentary set of professional skills, deep cultural awareness, strong language capabilities, and significant industrial experience. We are ideally positioned for European lower middle market investing, where local networks and knowledge are vital to accessing and assessing the best opportunities, which in turn are key to creating long-term high-quality performance.

At Keyhaven, we believe our ESG principles are fundamental to our reputation as a partner of choice in the European lower middle market. We believe that engaging with companies and investors on ESG issues can drive a measurable positive impact on the environment and society while creating sustainable value for both companies and investors.

Keyhaven has been a signatory to the UN Principles for Responsible Investment (“UN PRI”) since 2013. Last year we became an Institutional Limited Partners Association (“ILPA”) Diversity in Action signatory and are also continuing to participate in the 10,000 Black Interns programme, an industry initiative offering 10,000 internships to black students across the UK to help kick-start their career in financial services.

We hope you will enjoy our second annual ESG report, which aims to give you an honest look into ESG in our business and within our portfolio companies, while highlighting the positive steps we have made so far.

As always, we welcome your thoughts or queries and would be delighted to discuss any aspects of this report or ESG activities at Keyhaven Capital.

With kind regards,

**Claus Stenbaek**  
Managing Partner

**Sasha van de Water**  
Managing Partner

# Responsible Investment

## Policy and Commitment

We believe that our commitment to ESG principles is a key success factor in building our reputation as a partner of choice. We believe that working together and engaging with companies and investors on ESG issues can effect real change and have a positive impact on the environment and society, creating sustainable value for both companies and investors.

We believe in setting out clear policies for operating and investing and sticking to them. We do not follow trends or fads, and we are not afraid of being contrarian in our views. We adhere to the highest levels of compliance and corporate governance, and we believe that ESG factors are

fundamental inputs to making sound investment decisions. To ensure our standards remain relevant and core to our values, our ESG policy is periodically reviewed by our entire team, starting with the Keyhaven Partners.

We have constructed our investment process to ensure that Keyhaven benefits from robust debate across varying viewpoints and opinions, so that we reach thoroughly deliberated investment decisions. Engaging with companies on ESG issues as real partners can drive measurable change that brings a positive impact on environment and society while creating sustainable value.



*At Keyhaven, we review and update our Policy on Responsible Investment every year, and while we are pleased to have made significant progress, we are committed to constantly evolving. We have expanded our scope and monitoring for all aspects of ESG across the portfolio*

**Sasha van de Water**  
Managing Partner





*In addition to promoting and guiding ESG best practice among our portfolio companies, we are making positive changes within our own operations to continually evolve, building strong and proactive ESG initiatives and maintaining a responsible mindset starts within the Firm*


**Claus Stenbaek**  
Managing Partner


In August 2013, Keyhaven became a signatory of the United Nations Principles for Responsible Investment and we have had an internal ESG policy since 2006. UN PRI's six principles guide our investment decisions, and we actively encourage our business partners to follow the same guidelines:


## Principles for Responsible Investment


**Principle 1**  
 We will incorporate ESG issues into investment analysis and decision-making processes

**Principle 2**  
 We will be active owners and incorporate ESG issues into our ownership policies and practices

**Principle 3**  
 We will seek appropriate disclosure on ESG issues by the entities in which we invest

**Principle 4**  
 We will promote acceptance and implementation of the Principles within the

**Principle 5**  
 We will work together to enhance our effectiveness in implementing the Principles

**Principle 6**  
 We will each report on our activities and progress towards implementing the Principles

## Approach and Process

### Investment Analysis and Decision Making

- We aim to identify any potential ESG risks and to ensure that the investee company implements and considers ESG issues appropriately by keeping an open forum for dialogue.
- We conduct in-depth ESG due diligence on each opportunity, its management team and the sector a company is operating in. We complete a similar diligence on our partners when appropriate.
- Where necessary, ESG and UN PRI principles are included in the limited partnership agreement, side letters and other legal documents to ensure they are anchored in our investment relationships.
- We have decided not to invest in sectors we do not consider in line with our values, specifically tobacco, arms manufacturing, diamonds, natural resources and minerals.
- We are committed to only investing in opportunities that exhibit compliance with appropriate national, state, and local labour laws in the countries in which they operate; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, respect the rights of employees to decide whether or not to join a union and engage in collective bargaining.

### Ownership Practices

- We seek to grow and improve the companies in which we invest for long-term sustainability that benefits multiple stakeholders, including those with explicit environmental, social and governance interests.
- We strive to incorporate governance structures that provide appropriate levels of oversight and transparency in the areas of audit, risk management and potential conflicts of interest and to implement compensation schemes and other policies that align the interests of owners and management.
- We seek to identify and implement measures in portfolio companies aimed at increasing recycling, reducing emissions, and lowering energy consumption.
- We maintain strict policies that prohibit bribery, child or forced labour and discriminatory policies across our portfolio companies.

### ESG Monitoring

- To monitor progress, we require our portfolio investments to complete an ESG questionnaire annually and to promptly share with Keyhaven any new initiatives or ideas. Furthermore, we expect all investees to formally report on ESG matters to the Chief Compliance Officer during the annual LP Representative Committee meeting.
- We implement our ESG standards by engaging directly with relevant stakeholders wherever possible or alternatively through representatives within the portfolio companies.
- Given the relatively youthful nature of many of our portfolio companies, we expect the activities and processes of our underlying management teams to improve over time.

### Disclosure on ESG issues to investors

- We formally summarise and present our ESG developments on an annual basis at each LP Representative Committee meeting and in this annual ESG report.
- Lastly, we promote ESG principles in public and private forums wherever possible.

# Responsible Investment continued

ESG is a key differentiator for Keyhaven. We expect our portfolio companies and partners to act with the same levels of compliance, corporate governance, and ethics that we set for ourselves.

## Guidelines



### Responsibility:

- We seek to grow and improve the companies in which we invest for long term sustainability and to benefit multiple stakeholders, including those with explicit environmental, social and governance interests.



### Review:

- Portfolio companies are required to fill in an annual questionnaire in support of our efforts to systematically monitor their internal progress on ESG objectives.
- We have formed an internal ESG working group to give a formal forum to ESG matters.



### Monitoring:

- We work with management teams to improve ESG governance over the course of our investment period.
- We bring attention to ESG matters within our portfolio companies through our active engagement with their management teams and through our participation at board meetings.



### Reporting:

- We publish an ESG Report.
- We comply with annual PRI reporting.



### Exit:

- ESG progress is documented in the data room for new investors.

## What we did in 2021 and 2022

- Improved reporting and formalised processes within our internal ESG working group
- Sent the ESG questionnaire to our portfolio companies to report on certain KPIs
- Joined ILPA's Diversity in Action initiative
- Published our second ESG report

## Target for 2022 and 2023

- External ESG training to be organised for the Investment Team
- Continue tracking portfolio investments ESG KPIs



# ESG in Action

This is the second year that we have collected and aggregated a set of ESG KPIs for our portfolio companies.

We will continue to repeat this exercise annually by sending our ESG questionnaire to portfolio companies and monitoring progress made from previous years, with results shared in this report. We are pleased to see that many companies in our portfolio are making good progress towards their ESG goals and a selection of the KPIs are shared on the right.

Item	Score	Comment
<b>Environmental</b>		
Reduction of carbon footprint	95%	95% of portfolio companies are implementing initiatives to reduce carbon footprint, such as improved product sourcing, water and energy usage and transport initiatives
Product sourcing	67%	Over two-thirds of portfolio companies adopted new product sourcing strategies to reduce their environmental impact
Environmental incidents	100%	100% of portfolio companies did not report any environmental incidents in the last 12 months
<b>Social</b>		
Women in senior positions	95%	95% of portfolio companies hired women in senior positions
Employee benefit scheme and welfare programme	81%	Over 80% of portfolio companies have employee benefit schemes and welfare programmes
Equal work force	48%	Nearly 50% of portfolio companies have more than a 50% female workforce
Charitable giving	95%	95% of portfolio companies are involved in charitable giving and initiatives to support the community
<b>Governance</b>		
Code of conduct/ethics	90%	90% of portfolio companies have a formal code of conduct/ethics
Volunteer days off	52%	Over 50% of portfolio companies allow employees to take days off to volunteer
Anti-bribery policies	81%	Over 80% of portfolio companies set in place anti-bribery policies

# ESG in Action continued

The following is a representative selection of achievements our unrealised portfolio companies during our ownership.

## DARAG

First independent non-life insurance company specialising in taking over the inactive or discontinued business, so-called “run-off”, of direct insurers and reinsurers to its own balance sheet

HQ	Investment Size (millions)
UK	€33.9
Acquired	Sector
July 2014	Insurance

### Key Achievement

Restructured the senior management team, including hiring a new Group COO and a new European Head of Internal Audit, to improve governance in all operational aspects of the company



## Agrupapulpi

Leading Spanish producer and exporter of vegetables and fruit with substantial production facilities in south east Spain

HQ	Investment Size (millions)
Spain	€20.0
Acquired	Sector
December 2019	FoodTech

### Key Achievement

Launched its Environmental Conservation Management Plan, which reduced energy and water consumption by 5% and 10% respectively between 2020 and 2021



## Amethyst Radiotherapy

Leading multi-country operator of radiotherapy clinics for the treatment of most types of common cancers

HQ	Investment Size (millions)
Pan-European	€17.9
Acquired	Sector
October 2019	Healthcare

### Key Achievement

Partnered with local municipalities to introduce a commute by bike programme, and increased the adoption of electric vehicles by installing chargers in the company's parking lots



## Barbara Sturm Molecular Cosmetics

Internationally renowned specialist in aesthetics medicine. The company's products target non-surgical skin rejuvenation and provide anti-ageing treatments

HQ	Investment Size (millions)
Pan-European/US	€16.0
Acquired	Sector
January 2019	Consumer

### Key Achievement

Uses 100% biodegradable and compostable packaging for the vitamins and supplements range which biodegrade within five years, as opposed to plastic packaging which can take up to 500 years



## elseco

Specialist insurance underwriter focused on the space, aviation and energy industries

HQ	Investment Size (millions)
UK	€13.4
Acquired	Sector
December 2018	Insurance

### Key Achievement

Pioneer of the World Space Sustainability Association, launched during the International Astronautical Congress 2021, which aims to encourage the sustainable development of space innovation



## EVAGO Group

Live events infrastructure and services provider that is headquartered in Germany and represented in over 15 countries with offices in the Netherlands, the UK, the US and Australia

HQ	Investment Size (millions)
Germany	€26.5
Acquired	Sector
September 2019	Business Services

### Key Achievement

Equipped offices and warehouses with energy saving technology where rainwater is used to clean the company's materials and replaced diesel fuelled forklifts with electronic alternatives



## Madeleine

Structured secondary transaction which acquired the interests of a tail-end portfolio, comprising three French companies

HQ	Investment Size (millions)
France	€27.0
Acquired	Sector
November 2018	Diversified

### Key Achievement

Buffet Crampon: Developed a new ecological line of instruments using wood scraps and reduced manufacturing dependency on oil and gas  
Mazarine: Enhanced gender diversity with c.60% female representation in senior positions  
Sepur: Launched a co-composting unit, which mixes organic and green waste to create compost



## Novation Tech

Leading carbon fibre and composites manufacturer serving the automotive, aerospace, eyewear and sports industries

HQ	Investment Size (millions)
Italy	€15.2
Acquired	Sector
May 2017	Manufacturing

### Key Achievement

Introduced water fountains across the company, saving approximately 20,000 plastic bottles, equivalent to six tonnes of CO<sub>2</sub> emissions per year





## OUTCO

Expert outdoor compliance services business that provides winter services and grounds maintenance, together with surfacing and civil engineering solutions to the corporate market

HQ	Investment Size (millions)
UK	€16.7
Acquired	Sector
November 2018	Business Services

### Key Achievement

Introduced new technology and operations which recycle 97% of old surface materials for pothole repairs



## Optimapharm

Niche full-service Contract Research Organisation with headquarters in Croatia and a presence in 27 countries

HQ	Investment Size (millions)
Pan-European	€9.2
Acquired	Sector
May 2020	Healthcare

### Key Achievement

Led by a female CEO, Optimapharm doubled the number of women in the workforce in 2021, with over 60% of senior positions held by females currently



## PCML

Technology led, highly specialised engineering services business that manufactures complex products with low error rates

HQ	Investment Size (millions)
UK	€18.8
Acquired	Sector
January 2021	Manufacturing

### Key Achievement

Restructured the senior management team, including hiring a CFO, Head of HR and Sales Director to improve governance in all operational aspects of the company. Employs several apprentices each year with an increasing focus on female engineers



## reBuy

Leading German business in the re-commerce sector

HQ	Investment Size (millions)
Germany	€15.5
Acquired	Sector
February 2018	Consumer

### Key Achievement

Achieved carbon neutrality, reduced electronic waste by 218 tonnes by giving 393,000 electronic products a new life and saved 43,000 trees from reselling books



## capital D

Secondary purchase of an LP partnership interest in Fund I and a commitment to Fund II with co-investment rights

HQ	Investment Size (millions)
Pan-European	€14.3
Acquired	Sector
November 2021	TMT

### Key Achievement

Invincible Brands: Implemented carbon-neutral shipping for all brands in the portfolio  
Qmee: Improved governance by forming a new board, led by an independent Chairman  
VONQ: Reduced vehicle fleet by more than 50% in 2021



## MyFamily

Leading global producer of engravable pet ID tags and tag engraving machines outside of the US market

HQ	Investment Size (millions)
Italy	€15.0
Acquired	Sector
March 2021	Consumer

### Key Achievement

Energy efficiency of heating system has improved by 40% since Mar-21 from measures including installing solar panels on the logistics warehouse



## Phrasee

Second largest global AI powered SaaS platform centred on “brand language optimisation” to simplify short form text generation

HQ	Investment Size (millions)
Global	€14.8
Acquired	Sector
March 2022	TMT

### Key Achievement

Enhanced women in leadership positions to 50% and launched initiatives to increase diversity in the Product Engineering team



## Real Good Dental

Largest dental practice group in Scotland, serving over 350,000 patients across 82 practices

HQ	Investment Size (millions)
UK	€31.1
Acquired	Sector
June 2021	Healthcare

### Key Achievement

Installed electric car charging stations at the new headquarters and switched all company cars to electric or hybrid in 2021



## Steer Automotive Group

Market-leading network of B2B specialist vehicle repair centres for the UK motor insurance industry

HQ	Investment Size (millions)
UK	€29.2
Acquired	Sector
March 2021	Business Services

### Key Achievement

Reduced indirect CO<sub>2</sub> emissions by increasing the share of hybrid courtesy cars to 20% by the end of 2021 and prepared for the launch of the first ESG report planned for 2022



## Surexport

Leading and fully integrated Spanish producer of fresh berries

HQ	Investment Size (millions)
Spain	€35.3
Acquired	Sector
April 2021	FoodTech

### Key Achievement

64% reduction in CO<sub>2</sub> emissions from 2020 to 2021



The following is a representative selection of achievements our realised portfolio companies during our ownership.

## EANOS Investments

Portfolio of 15 Portuguese commercial offices with 7 core assets based in Lisbon

HQ	Investment Size (millions)
Portugal	€20.8
Acquired	Sector
March 2017	Real Estate

### Key Achievement

Implemented a full renovation Castilho 50, including installing LED lights and refurbishing the heating, ventilation and air conditioning system which improved the energy rating from C to A

**EANOS  
Investments**



## TCX

European leader in special purpose boots, shoes and safety/performance footwear for motorcycle riders sold under its own brand and through its white label offering to partner brands

HQ	Investment Size (millions)
Italy	€6.0
Acquired	Sector
May 2017	Manufacturing

### Key Achievement

Optimised sourcing and manufacturing processes to reduce transportation of goods and scrap rates



## Pension Insurance Corporation

Acquires and manages defined benefit pension funds on behalf of blue chip corporate clients

HQ	Investment Size (millions)
UK	€17.8
Acquired	Sector
February 2017	Insurance

### Key Achievement

In 2019, the company invested £7.8 billion in social housing, renewable energy and UK based universities, all positive contributors to society



## Pet Network International

Leading regional Southeast European pet food and accessories retailer, offering a broad product portfolio of global and own label brands

HQ	Investment Size (millions)
Pan-European	€13.0
Acquired	Sector
March 2018	Consumer

### Key Achievement

Female CEO, CFO and Non-Executive Director demonstrate diversity of the senior management team



# Case Studies



MyFamily, founded in Valenza (Italy) in 2011, is the leading global producer (outside of the US market) of engravable pet ID tags and tag engraving machines. Recently, the company expanded its pet accessories offering with an exclusive range of collars, leashes and harnesses and introduced an organic pet cosmetics range.

Keyhaven invested in the business in March 2021, and alongside our investment partner, we have been working with the management team on implementing ESG initiatives focusing on responsible manufacturing, sustainable energy, animal, and human welfare.

## Responsible manufacturing

Responsible manufacturing is a core tenet of MyFamily's operations. The company developed its waste management processes with the support of a fully certified specialist and has an independent third-party provider periodically reviewing the environmental risks resulting from its manufacturing processes. Production was re-engineered to insource certain operations guaranteeing the respect of quality and environmental standards, using automatic, more energy efficient machinery that reduce emissions and manufacturing downtime. Since acquisition, the company adopted a new manufacturing technology that will result in saving c. 10 quintals of silicone rubber per year. Furthermore, MyFamily is testing new recyclable and environmentally friendly materials,

such as R-PET plastic and Chromium 3 chemicals to replace some of the raw materials currently used.

## Sustainable energy

MyFamily has been closely monitoring its energy consumption and is conducting semi-annual sustainability reviews, with a particular focus on employing sustainable energy sources. For example, the company implemented carpooling initiatives for its staff. To support the continuously growing market demand, the company decided to expand its current facilities rather than relocate production, limiting employees commuting times and therefore gas emissions. Free filtered water is provided onsite to reduce use of plastic bottles.

The overall energy efficiency of MyFamily's heating system improved by 40% since Keyhaven's investment in March 2021 as a result of installing solar panels on the new logistics warehouse, fitting light dimmers, automatic light sensors and deploying programmed temperature monitoring across its facilities. MyFamily's commitment to reduce carbon emissions is also evident in its relationship with customers, who now exclusively receive virtual product catalogues; this led to estimated paper savings of 30%.

## Animal and human welfare

MyFamily is a well-regarded employer in Valenza due to its active involvement in the local community. The company works together with social services to provide work experience to severely disabled individuals, is a regular donor to local schools and hospitals' IT infrastructure, and a member of a local association that organises and sponsors cultural events to promote engagement amongst adolescents. Furthermore, the company has introduced employees' benefits schemes in cooperation with national banks.

The company is a strong advocate for animal welfare and encourages the adoption of abandoned dogs by donating collars and leashes to local shelters.

**71%**  
of the workforce is female

**10**  
Quintals of rubber saved per year since 2021



Steer Automotive Group is a network of specialist automotive accident repair centres that provide B2B repair services to insurers, accident management companies and accident management networks. The group operates through 55 sites across the Midlands, north east England, South East England, London, and Scotland.

Keyhaven acquired a stake in the business in March 2021, and together with our co-investors, we have been working with management to develop and implement a robust ESG strategy. As part of the strategy, the group has set a target to become carbon neutral by 2030 and appointed a Head of Sustainability to spearhead the roll-out of ESG initiatives across the business. Management is also working with an external advisor to develop a detailed ESG roadmap.

### Sustainability across the value chain

Steer has achieved significant environmental improvements by implementing energy efficiency measures and best practices for waste management. In the past year, the group replaced paper and ink processes with digital processes, reduced its use of consumables and switched to a cloud-based accounting system. New facilities are being built with electric vehicle charging points, automatic LED lighting to minimise CO<sub>2</sub> consumption and energy efficient heaters with preference given to sustainably sourced energy.

Where possible, customers are provided with electric courtesy cars. In addition, waste from damaged vehicles is disposed of responsibly through partnerships with plastic and metal recycling companies.

To reduce its indirect emissions, Steer has established new partnerships with suppliers and clients that promote sustainability. The company is collaborating with key commercial partners to develop sustainable repair technologies and is piloting the first UK green parts procurement tool, which will improve the group's ability to source sustainable solutions. Additionally, Steer is working closely with its insurer clients to increase acceptance of green parts within their contracts, whilst engaging with green parts suppliers to provide training and education materials for employees and customers.

In addition to a wide range of manufacturer approvals, the company was awarded the British Kitemark BS10125 accreditation for all its sites and the PAS2060 accreditation for 20% of its estate, further reflecting its commitment to carbon neutrality.

### Social responsibility

The company offers several employee benefits and rewards which includes discount schemes, performance-based bonus, health cashback plans, holiday packages and flexible working schedules. Furthermore, several initiatives are in place to increase the number of female technicians and

improve LGBTQ+ inclusivity across the business and it now forms a part of the ongoing recruitment campaigns. One live example is a nationwide initiative to encourage ex-army veterans to apply for the programme. Alongside training and development, the company is also focused on nurturing talent from within and recently launched an apprentice academy.

### Enhanced governance

In addition to the establishment of a robust governance structure, financial monitoring and reporting has improved with standardised processes in place to ensure an integrated and consistent approach across the business. ESG is driven at the most senior level with the board of Directors maintaining oversight of all ESG initiatives. The company is in the process of publishing its first ESG report and is developing a set of KPIs to track and quantify the carbon footprint of its operations.

20%

of courtesy car fleet is hybrid

13%

of company technicians are apprentices



Surexport is the leading and fully integrated Spanish producer of fresh berries in Europe. Based in Huelva, Spain, the company has a comprehensive and highly differentiated product portfolio, and a year-round offering.

Keyhaven invested in the company in June 2021 and, alongside our local partner, we have been working with the business on a wide range of ESG initiatives, with a focus on sustainable agricultural practices, and staff welfare.

### **Sustainable crops**

Surexport has been well recognised for its initiatives to support the environment, attaining certifications such as the GLOBAL GAP and Select Farm certifications for food safety and farm sustainability, and GLOBAL GAP's Spring module certifying a sustainable use of irrigation water.

Some of the initiatives recently launched by the company include; developing procedures to estimate the water footprint through measurement sensors and an image contrast-based software, reducing water consumption by 15%; installing farm tractors with GPS to optimise routes and reduce fuel consumption; recently installing photovoltaic panels at the company's headquarters and industrial facilities. The number of hectares under biological treatment has increased, promoting a cleaner, more natural, and more sustainable approach to agricultural practices. Furthermore, 100% of the plastic packaging used is made of recycled plastic materials, while the cardboard boxes used contain c.40% recycled material.

### **Sustainable energy**

Surexport recognises that their business is very labour-intensive, especially in the harvesting season, and therefore understand that staff welfare is crucial to success. With this in mind, the company introduced a company-wide compensation scheme to better incentivise field workers and appointed a qualified Health and Safety lead who has overseen the accident frequency rate reducing by c.30% in 2021. An annual training plan is in place for full time employees and temporary workers, whilst a recruitment procedure and equality plan has been put in place to provide clear employment and HR policies built around non-discrimination, transparency, equality, job stability and loyalty. The company continues to improve the diversity of its workforce, with the percentage of the workforce who are female increasing from 47% at the time of our investment to 52% currently.

### **Societal impact**

As well as the aforementioned certifications, all operations are food safety (Brand Reputation through Compliance or "BRC") and ethical trade (Sedex Members Ethical Trade Audit or "SMETA") certified. In addition, all suppliers are required to make a formal commitment on environmental, ethical, and social aspects. The company collaborates with foundations and non-governmental organisations such as Red Cross, Caritas, Fundación, Don Bosco, Cepaim and Aproni and other businesses within the agri-food sector to promote equality of opportunities and diversity. Surexport additionally partners with international, regional, and local business associations in the agri-food sector in order to promote Corporate Social Responsibility, Business Innovation and the Sustainable Agri-food Chain.

**100%**

of the plastic packaging used is made of recycled materials

**64%**

reduction in CO<sub>2</sub> emissions from 2020 to 2021





Real Good Dental (“RGD”) operates 82 practices across the UK with over 250 surgeries and 230 associates, serving over 500,000 patients. RGD is Scotland’s largest dentistry group operating 64 practices as of July 2022. Alongside routine dental care, the group also provides aesthetic services under its Westerwood Health brand which is the largest facial and dental aesthetics provider in Scotland.

Keyhaven invested in the company in June 2021 and, together with our local partner, we have been working closely with management and a specialist ESG consultant to implement a range of ESG initiatives aimed at reducing carbon footprint, improving employee welfare, and strengthening governance and compliance processes. In addition, RGD is in the process of developing digital solutions that will allow the group to measure and track ESG metrics and KPIs.

### Sustainable operations

Over the last year, RGD has actively taken steps to develop a group-wide strategy to reduce the supply chain carbon footprint and wastage. As part of these efforts, the group now sources dental materials from a small set of suppliers who promote sustainability and offer eco-friendly single use supplies, digitalised processes in certain clinics to reduce use of plastic and transport costs and switched to green energy and water suppliers.

A cycle to work scheme was introduced, electric car charging stations were installed at the new headquarters and all company vehicles are now electric or hybrid, although virtual meetings are encouraged to minimise the carbon emissions from business travel. Management is attending sustainable dentistry courses to analyse and reduce wastage across the supply chain.

### Employee wellbeing

RGD takes a holistic view of employee wellbeing, focusing not only on emotional wellness but also physical, social and financial wellbeing. The company recently completed an employee feedback survey to assess employee satisfaction and understand the benefits they would value the most. Based on the feedback, the group introduced several new benefits, including a paid day off on an employees’ birthday, company-wide healthcare, discount cards, hands-on training for nurses and 50% off selected aesthetics treatments for aesthetics staff. Furthermore, RGD has a strong talent development infrastructure in place to help associates expand their service offering (to do more private and aesthetics treatments) through a broad range of training programs, increasing their earning potential and job satisfaction.

### Improved governance

Since our investment, the firm’s governance has been strengthened through the implementation of a professional board and the appointment of an Executive Chairman, Commercial Director, CFO, Financial Controller and HR Director. The board maintain oversight of all ESG initiatives and is supported by a specialist ESG consultant who has significant expertise in compliance, governance, risk management, sustainability, and strategic communication.

The finance function has significantly strengthened with senior hires who have improved financial reporting processes and systems, and the group recently passed its first external audit. Additionally, a compliance manager was recruited to keep up to date on evolving governance and compliance requirements and improve inspection controls and processes. The group’s first annual ESG report is nearing completion and an ESG tracker will be included in the monthly board pack to track the progress of all ESG initiatives and support board decisions

95%

of the workforce is female

100%

of company cars are electric or hybrid



Established in 2017, capital D is a next generation pan-European private equity fund manager focused on identifying industry-disrupting businesses across the mid-market.

This structured secondary transaction, closed in November 2021, comprises a combination of a partnership interest in Fund I, fully invested into three platforms (VONQ, Qmee, Invincible Brands), and a commitment to Fund II with co-investment rights.

### Societal impact

The key to the success of the platform investments has been their unrelenting commitment to employees. To support wellbeing, VONQ provides free access to the Vondelgym, a fitness club located in Rotterdam and Amsterdam and has launched “Grow”, a programme focused on learning and innovation to facilitate continuous dialogue about personal development opportunities. VONQ has grown diversity within its workforce, 23 nationalities are represented across the company, and female representation at managerial level has grown to 38%.

The social commitment of the portfolio companies extends beyond their employees into the wider community. The platforms support a wide range of charitable organisations, such as the German Red Cross, food banks, and Tech Bikers, an organisation that provides free bicycles to children in Africa.

Invincible Brands incorporates social initiatives into product sourcing through communicating strict guidelines to suppliers that products should be free from animal testing.

### Robust governance

The establishment of robust and effective governance is vital for effective decision making. Qmee set up a new board of directors, boosted by the recruitment of an independent non-executive to provide additional scrutiny of strategic decisions. The recently appointed CFO has worked to ensure that corporate governance controls not only satisfy statutory and regulatory requirements, but also align with industry best practice. This included formalising the anti-bribery and corruption, anti-harassment, and equal opportunity policies.

In a similar manner, VONQ set up a new board by hiring an independent chairwoman and two board advisors with deep sector knowledge. Furthermore, the company has developed a Code of Conduct alongside numerous corporate policies on Equality and Diversity and Human Rights.

### Environmental focus

Environmental awareness is at the heart of decision-making by portfolio companies who actively take steps to reduce their carbon footprint. Invincible Brands adopted climate-neutral shipping in Germany with DHL GoGreen; the business also partners with eco-conscious suppliers, including Pratopac, which generates 50% of total energy usage from their own solar panels.

VONQ has an environmental policy in place which applies to all stakeholders. The policy transitioned the business from vehicle fleet management to a mobility allowance approach, reducing the vehicle fleet by more than 50% in 2021. It aims to eliminate company car use by 2024. In addition to choosing a green electricity supplier and receiving BREEAM certification for its head office, VONQ rolled out an electronic document system and created paperless departments in an effort to reduce its carbon footprint.

26,965

trees were planted in 2021 using donations from Invincible Brands

50%

Reduction in VONQ's company car fleet in 2021

# ESG at Keyhaven

## Core Values

At Keyhaven, we believe that our long-standing ESG Principles are fundamental to our reputation as a partner of choice in the European lower middle market. In addition to being an integral part of our investment process and portfolio company operations, ESG factors permeate our identity as a firm.

## Diversity

We are a firm believer that the benefits of diversity go far deeper than a mere public relations exercise or as an expression of social justice. It is clear to us that as the global landscape shifts and evolves, companies that adapt by nurturing an active diversity policy will be better positioned to succeed and prosper. We are proud that across our firm, over 50% of our team are women.

The broader Keyhaven team is comprised of individuals with diverse professional backgrounds, nationalities and language capabilities: we hail from 19 countries, and we speak 23 languages. This rich heritage serves as the central building block of our firm, and informs our culture, strategy, and execution capabilities. We are a complementary mix of people who share a sense of ambition, a questioning nature and an open-minded, creative and friendly approach.

## Responsibility

Keyhaven established its first internal principles for managing ESG issues in 2006 and formally became a signatory to the UN PRI in August 2013. We recognise that corporate responsibility and social aspects are valid and important components of private equity investment decisions and that socially responsible investing considers both investors' financial needs and an investment's impact on society.

Given the importance of ESG as an investment consideration and considering our UN PRI obligations and responsibilities, Keyhaven has formed an internal ESG working group last year to give a formal forum to ESG matters. Participation is drawn from Investment, Investor Relations, Compliance and Finance functions.

## Community

2021 also saw us become an ILPA Diversity in Action signatory. The report identifies best practices for integrating diversity, equity and inclusion into investment activities and organisational priorities. It is just the first in a series that will, over time, demonstrate the progress that the broader private equity industry is making on diversity and inclusion.

Keyhaven is continues to participate in the 10,000 Black Interns programme, which aims to transform the prospects of young black people in the United Kingdom by offering paid work experience across a wide range of industries. We are pleased to have welcomed an intern at Keyhaven this year.

## Other savings

In 2017, Keyhaven partnered with First Mile who are committed to a zero-landfill approach, meaning it recycles and reuses as much of Keyhaven's waste as possible. In the last twelve months to September 2022, 2,000 kilogrammes of Keyhaven's waste were converted into energy, saving 23 trees in the process. Furthermore, we saw a reduction in carbon footprint following our shift to a hybrid working environment:

- 37% reduction in electricity usage at Keyhaven offices in 2021 when compared against 2019
- 27% reduction in gas usage at Keyhaven offices in 2021 when compared against 2019

>50%

of our team are women across the firm

19

different nationalities

23

languages spoken



# Looking Forward

This report marks our second annual ESG publication. The process has again allowed us to celebrate key achievements and progress within our portfolio companies during our ownership, such as a 64% reduction in Surexport's CO<sub>2</sub> emissions from 2020 to 2021, or Steer Automotive preparing to finalise and distribute their own ESG Report. However, these achievements are only the beginning. As we look forward to 2022, we will continue to support our portfolio companies through the pursuit of new ESG-related initiatives and ideas.

Diversity and inclusion are ongoing areas of focus for Keyhaven, as we strive to constantly improve both at the firm and our portfolio companies. We are engaged in regular dialogues with partners from our portfolio companies to better understand and support the unique social issues they face, especially given the ongoing geopolitical tensions and current macroeconomic environment. Whilst the challenges each company faces may differ, there are common threads that run across many of them. Drawing on the wealth of experience and knowledge across our portfolio, we have formalised a cross investment network to capitalise on and extend our learnings from one company to the next.

Our investment team will continue to work with our portfolio companies to establish ESG action plans, with clearly defined goals, milestones and steps to achieve them. We will continue to utilise and expand our questionnaire, which enables us to systematically track progress against our baselines. We look forward to updating you in future reports.