

A photograph of a modern office interior with large glass windows. Two women are standing at a wooden desk, looking at a computer monitor. The office has a clean, professional look with white chairs and wooden desks. The background shows a cityscape through the windows.

# Responsible Investment

Hg Sustainability Report 2023/24

# Responsible Investment

## Hg Sustainability Report 2023/24

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Unless stated otherwise, this report is based on information and data from Hg's Financial year 2023/24 (1 April 2023 – 31 March 2024)

Disclaimer: Please note that this Sustainability Report or communication is not a marketing document and is provided for information purposes only. The ESG or impact goals, commitments, incentives and initiatives outlined in this report are purely voluntary, are not binding on investment decisions and/or Hg's management of investments and do not constitute a guarantee, promise or commitment regarding actual or potential positive impacts or outcomes associated with investments made by funds managed by Hg. Hg have established, and may in the future establish, certain ESG or impact goals, commitments, incentives and initiatives, including but not limited to those relating to net zero, greenhouse gas emissions reductions and diversity, equity and inclusion. Any ESG or impact goals, commitments, incentives or initiatives referenced in any information, reporting or disclosures published by Hg are not being promoted and do not bind any investment decisions made in respect of, or stewardship of, any funds managed by Hg for the purposes of Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector. Any measures implemented in respect of such ESG or impact goals, commitments, incentives or initiatives may not be immediately applicable to the investments of any funds managed by Hg and any implementation can be overridden or ignored at the sole discretion of Hg.



Matthew Brockman  
Hg Managing Partner

## Leadership Statement

While a slower year for PE generally, 2023 remained a strong year for Hg as the performance of our resilient family of software and services companies reflected strong foundations. Our long-term approach to business growth has made a significant contribution to this; creating responsible businesses for the future, sustaining investment in products that delight customers and creating quality employment opportunities.

It is important to us that our purpose has an equally long-term horizon – “**To improve the future of millions of investors by building sustainable businesses for tomorrow**”. We work for the millions of individual investors whose pension, savings, or endowment capital we invest. Our purpose is shared with every person that joins our firm and across thousands of the employees that work within Hg portfolio companies, who hear directly from the pension programs and endowments that support our business. We will continue to deliver on this purpose if we are investing responsibly.

This report highlights some of the achievements made possible by our people collaborating with a strong sense of purpose. From tackling climate change by advocating for our portfolio companies to set science-based targets, to supporting over 50,000 people from disadvantaged and underrepresented backgrounds in accessing careers within the technology industry through The Hg Foundation, we take our responsibility as investors in this sector seriously.

We continue to learn and improve each year though, to evolve how and where we impact. And ensuring that responsibility to our investors, to portfolio employees, and my own colleagues, is embedded into the ethos of everything we do.



# Hg in 2023/24

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# Reflecting on ESG in 2023/24

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.

In 2023/24 we are particularly proud of the following achievements:



## ESG value creation

ESG continues to be a key value creation lever for Hg as we engage with and support our portfolio companies. In 2023/24 we conducted our sixth annual ESG Diagnostic of our portfolio. We have now delivered over 250 of these assessments, which means we have built a solid set of ESG benchmarks and are able to compare and score our portfolio businesses, not just on an overall ESG performance, but also on more specific KPIs such as employee engagement scores and carbon footprints.

In addition to the ESG Diagnostic, Hg's ESG team has delivered over 8 bespoke projects to portfolio companies, supporting them in defining their ESG strategies and reporting. [LucaNet](#) and [Ideagen](#) are two great examples.



## Climate Change

We supported our portfolio companies to conduct company carbon footprints for the fourth year in a row and continued to engage with our portfolio companies to advance on climate action. Portfolio companies report on their scope 1 and 2 carbon emissions as a minimum and we also encourage them to report on scope 3 emissions. Almost 90% of our businesses are now able to report on scope 3 emissions to some extent. We shared the results of the portfolio companies' carbon footprints, highlighting emissions hotspots and opportunities for reduction, as well as benchmarking across the portfolio to help put the numbers into context. We also advocate for portfolio companies to set science-based targets (SBTs) and we are pleased to report that as of March 2024 we had eight companies that have formally committed to set SBTs, requiring them to have validated targets by the SBTi, 24 months after the commitment was made.



## Societal contribution

Hg donates a percentage of its annual profits and carried interest from all of its funds to charitable activity via [The Hg Foundation](#) and through our internal charity committee. The Hg Foundation, launched in 2020, supports people from disadvantaged and underrepresented backgrounds in accessing education and training that will ultimately help them get sustainable, long-term careers within the technology industry. Since its launch, the Foundation has committed \$25 million and now directly supports more than 50,000 students through 22 partnerships. In addition to the work conducted by The Hg Foundation, in 2023/24 our employees collectively donated almost \$300k supporting 300 causes through our charitable giving platform, Hg Giving provided by Benevity.



## Diversity, Equity & Inclusion

We continue to focus on making Hg a truly inclusive workplace where everyone feels welcome and valued. Diversity and inclusion are the essential drivers of success, creating opportunity for ingenuity, collaboration, and fresh perspectives. As of March 2024, we are happy to share that our gender balance is now 50% across the entire firm, but we also appreciate diversity and inclusion is more than just about genders. We strive to build teams that reflect the rich diversity of the world around us. In 2023/24, our Culture Committee, which is reporting directly to Hg's Board, has been focusing on diversity through a cognitive lens, recognising and embracing different backgrounds, skill sets and ways of thinking when building teams. This has already influenced a number of areas across the Firm, such as how we form deal teams, our talent assessment, recruitment and internal development approaches.

# Hg at a glance

Hg is a leading investor in European and Transatlantic software and service businesses. We support the building of sector-leading enterprises that supply businesses with critical software applications or workflow services, delivering a more automated workplace for their customers. This industry is characterised by digitisation trends that are in early stages of adoption and are set to transform the workplace for professionals over decades to come. Our support combines deep end-market knowledge with world class operational resources, together providing compelling support to entrepreneurial leaders looking to scale their business – businesses that are well invested, enduring and serve their customers well. With a vast European network and strong presence across North America, our 400 employees and c.\$70bn in funds under management support a portfolio of around 50 businesses, worth over \$140 billion+ aggregate enterprise value, with over 110,000 employees, consistently growing revenues at more than 20% annually.

**c.\$70bn**  
funds under management

**\$140+bn**  
aggregate EV

**>300**  
clients

**c.400**  
employees across London, Munich, New York, Paris and San Francisco

**110k**  
employees across portfolio

**+18%<sup>1</sup>**  
LTM employee growth across the portfolio

**24%<sup>2</sup>**  
portfolio revenue growth

**+29%<sup>2</sup>**  
portfolio EBITDA growth LTM

<sup>1</sup> Reported

<sup>2</sup> These figures represent LTM 31 March 2024 sales and EBITDA growth of the top 20 investments held by HgCapital Trust plc (c.78% of the Hg portfolio), 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

## Hg at a glance

\$25m

donated via the  
Hg Foundation

\$297k

donated to charitable  
giving via Hg Giving

325

volunteering hours

50%

female employees

39%

female employees in  
Hg's investment team

34

nationalities

4.0

Glassdoor score

40

eNPS



UNPRI ratings  
(96% for PE, 89% for Policies and Stewardship)<sup>3</sup>

<sup>3</sup> Hg scores: \*\*\*\* (89/100) for Investment & Stewardship & Policy, and \*\*\*\*\* (96/100) for Private Equity. See links to Hg's most recent **2022 transparency report** and **UNPRI's methodology**

# Our portfolio



## North America

- Invested >\$5 billion of equity in North America
- New York office opened in 2019; San Francisco office opened in 2022
- 16 investments across North America

## Europe

- Led / co-led 7 of the top 20 EU software buyouts of last decade
- >3x market share of the next largest software investor in Europe
- In aggregate, Hg's portfolio would be the 2nd largest software business in Europe



# Our Value Creation team

## How we create value across our portfolio

As a highly focused software and service investor, many of our portfolio companies face similar challenges and opportunities as they grow and scale. Hg’s Value Creation team consists of about 50 full-time operational experts that have deep knowledge across key functions of relevance to Hg’s businesses, including a range of functional areas – Data and AI, Growth, Technology, Cybersecurity, HR & Talent, Finance, Legal, Business Systems, ESG and Value Creation Planning. For each of these focus areas, the team leverages its depth of knowledge of best practice to help drive value creation in close collaboration with management.

The Value Creation team provides a range of support, from diagnostics to identifying new opportunities, project planning & scoping, project execution, ongoing support & advice, and exit preparation. To deliver this, our experts go deep into companies for extended periods, and are enabled by best-practice IP and tools, as well as third-party partners and proprietary datasets and benchmarks.

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



# External Partnerships

Hg is proud of its involvement in major global initiatives that drive increased commitments across ESG. Working in tandem with other private market players, we are able to improve transparency, share knowledge, and measure progress, which all help to advance our collective ESG goals. Through our partnerships and initiatives, we are actively working to promote and accelerate positive ESG performance in private equity. The following are examples of some of the partnerships and initiatives we are involved in:



Hg has been a signatory to PRI, a UN-supported network of investors, working to promote sustainable investment through the incorporation of environmental, social and governance topics, since 2012. Hg is fully supportive of their six principles and reports progress against these on an annual basis.



Hg is one of the first PE firms globally to have our carbon reduction targets approved by the SBTi. As a member of the iCI, Hg worked collaboratively with peers to support the development of the SBTi PE guidance, setting a new standard for the PE industry.



Hg is one of the founding members of the UK branch of the iCI network, which is endorsed by the UNPRI. The network comprises over 100 Private Equity firms working together to develop tools, methodologies and standards to enable climate change action in private markets.



Hg is a member of the ESG DCI alongside almost 425 general partners (GPs) and limited partners (LPs). ESG DCI was initiated in 2021 with the purpose of providing a standardised set of ESG metrics and allows private markets to create a critical mass of performance based ESG data.



Hg uses the SASB Standard for Software and IT Services, which identifies a subset of ESG issues that are most likely to impact the financial performance of a software business, to guide our portfolio ESG reviews.



Hg has signed up to ILPA's Diversity in Action initiative which provides a roadmap to promote DEI across LPs and GPs, and their portfolios.



## INVEST EUROPE

Hg contributes to Invest Europe’s ESG Working Group which is encouraging the open exchange of ideas and promotes informed discussion about responsible investment practices and ESG issues in European private equity.

It supports Invest Europe’s members in offering practical and tailored guidance on integrating ESG considerations into their business decisions.



Hg is a member of the BVCA’s Responsible Investment Advisory Group which meets on a quarterly basis to assist the BVCA in being able to provide practical advice to its members to help them incorporate responsible investment considerations into their business decisions.



Hg is a member of Level 20, a not-for-profit organisation founded with the aim of improving gender diversity in the private equity industry.

## The Hg Foundation

In addition to the above partnerships, The Hg Foundation has over 20 partnerships across UK, Europe and North America, all with the aim to build a future pipeline of talent into technology, providing support for both young people and adults. To find out more about the Hg Foundation and the impact they are making to remove barriers to education and skills in technology, please see:

<https://www.thehgfoundation.com/>

## OUT LGBT+ NETWORK INVESTORS

Hg has partnered with Out Investors, a global network for LGBT+ Investment Professionals. Their mission is to make the direct investing industry more welcoming for LGBT+ individuals, through events and programs.

## SEO /LONDON

Hg is a member of SEO London, a UK-registered charity delivering superior educational, training, and mentoring support to young people from low socioeconomic and ethnic minority backgrounds.



Hg commits to blossom’s blnspired mentorship programme, where Hg employees are paired with young women (aged 17-21) in a mentoring capacity, to increase their access to role models and development pathways.



### Awards and recognition

Over our 30-year history, we have thrived to become a leader in our sector. We are proud to say that our efforts have not gone by without recognition. In 2023/24 we were humbled to receive the following awards



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# Our Responsible Investment Approach

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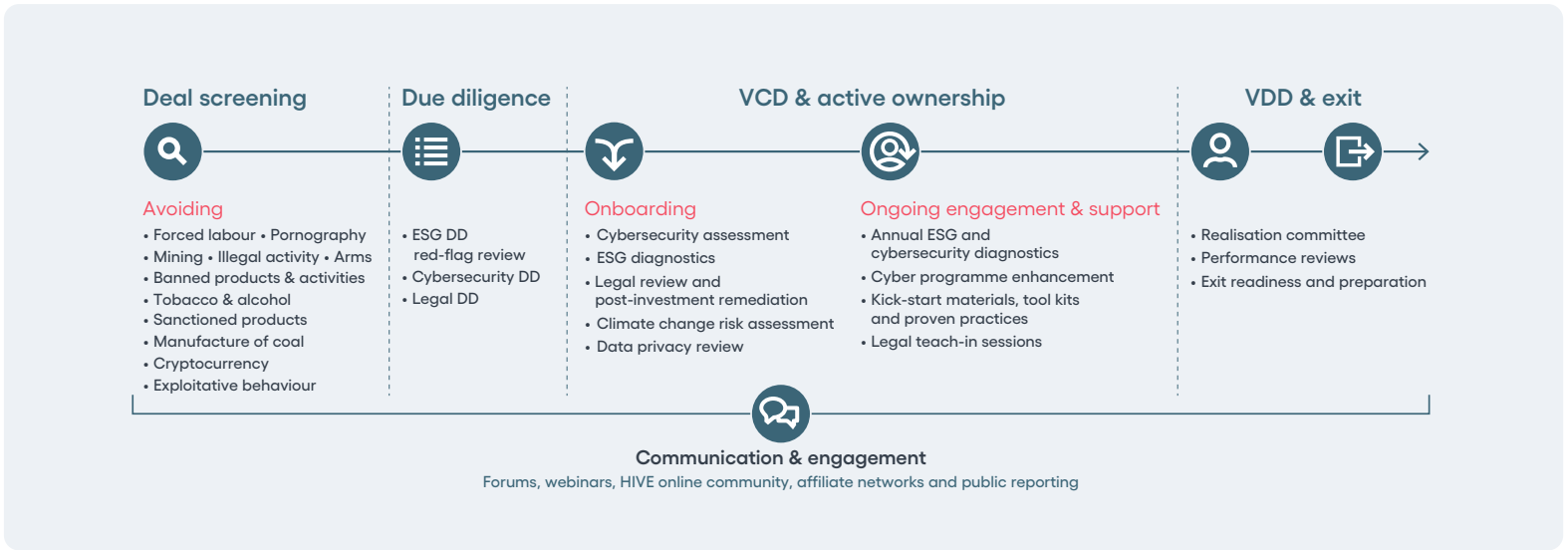
- Portfolio key metrics from 2023
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# Investing responsibly

## Embedding ESG into our investment process

At Hg, our purpose is to improve the future of millions of investors by building sustainable businesses for tomorrow. We are dedicated to being a responsible investor and taking an active role in how our portfolio companies manage ESG risks and opportunities. ESG topics are embedded into the investment process, from screening to exit:



# Our Portfolio ESG Diagnostic

## Hg’s Sustainable Business framework

At Hg, we believe that financial and ESG performance are interconnected, and we are committed to driving improvements in our portfolio across the most material ESG topics. In 2017 we developed a bespoke ESG Framework centred around key ESG focus areas for software and service companies. Hg’s Sustainable Business Framework was developed off the back of extensive research, including interviews, benchmarking and external standards and forms the basis of Hg’s ESG diagnostic. The ESG diagnostic is completed with portfolio companies during onboarding and annually thereafter.

Hg reviews the Sustainable Business Framework on an annual basis to reflect key ESG trends, regulations, opportunities and risks. With ESG continuing to be such a prominent topic for businesses and regulators, our most recent review resulted in an increased number of questions related to the SFDR Principal Adverse Impacts (PAIs), ESG DCI metrics, SASB Standard and ILPA’s Diversity in Action initiative. Our 2023 ESG assessment was the most comprehensive assessment to date, consisting of over 200 questions across three assessment areas.



## Overview of portfolio performance in 2023

Our ESG diagnostic process, which is based on our Sustainable Business Framework, is a collaborative process starting with an initial introduction session followed by a self-assessment. The ESG diagnostic is led by Hg’s ESG team, who works together with key individuals, such as the Chief Human Resource officers and Chief Compliance officers, as well as dedicated ESG professionals, from the portfolio companies.

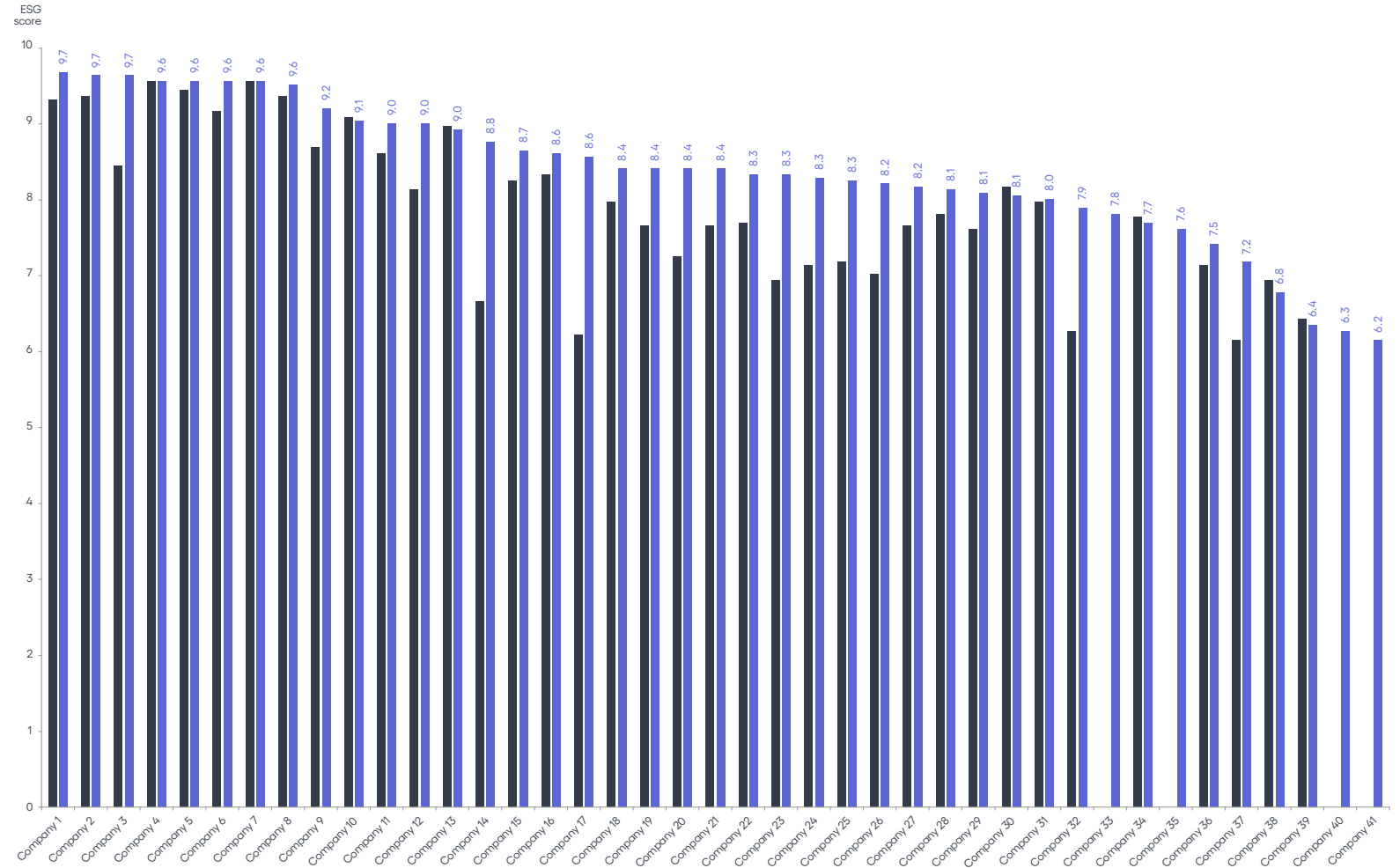
Each portfolio company responds to over 200 questions and gets a score from 0-10 to benchmark their performance across the Hg portfolio. An output report, which is shared with the company’s Board, outlines the results alongside some key actions for the next 12 months.

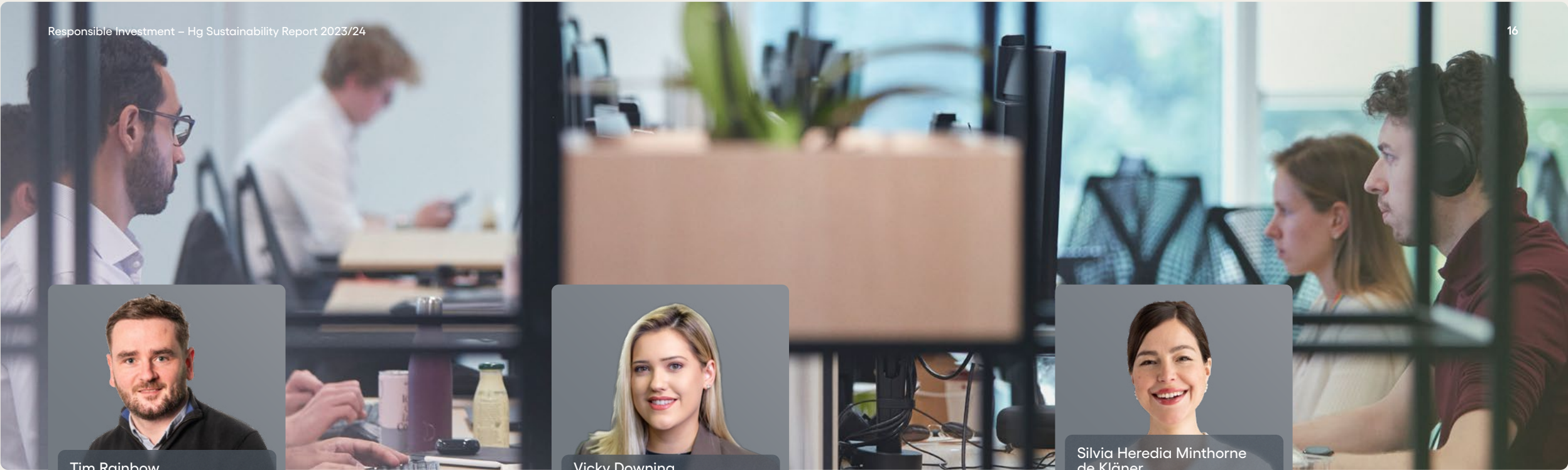
The diagnostic is conducted at least annually, and improvements are made year on year. Hg offers hands-on support to portfolio companies to drive progress on their ESG improvement plans i.e., by sharing templates, toolkits and hosting online webinars as well as in-person forums.

As part of the annual ESG diagnostic concluded in early 2024 (based on data for calendar year 2023), we assessed 41 portfolio companies, 2 of which were new to the Hg portfolio.

We saw the average ESG score increase by 6% which demonstrates our portfolio companies have taken action to improve their ESG performance. Only four portfolio companies’ ESG score decreased from last year, mostly due to our updated diagnostic criteria and scoring methodology with 22 new questions and a stronger focus on data protection, AI and climate change commitments.

The ESG diagnostic defines what ESG means to software and services businesses, providing direction to our portfolio companies whilst also bringing ESG to attention of the Board. The support we provide to our portfolio companies is having a positive impact, driving actions and improving the ESG performance across our businesses. For some key performance metrics and 2023 numbers from across the portfolio please see appendix.






**Tim Rainbow**  
Environmental Sustainability  
Manager, Howden



**Vicky Downing**  
Group Head of HR,  
Citation Group



**Silvia Heredia Minthorne  
de Kläner**  
VP People and Organisation,  
Lucanet

“Hg are supporting us in our ESG journey by giving us an diagnostic which allows us to then look at areas to improve and then we can take those recommendations forward to our committees and our senior leadership.”

“The ESG team at Hg have been incredibly supportive, they’ve helped us year on year for the past six years improve our ESG scores and we wouldn’t be able to do it without them. I personally work in HR, so ESG is only part of my role and I’m definitely no expert in ESG, so being able to draw on their expertise and knowledge has helped us improve and will continue to help us improve going forward.”

“Working with Hg’s ESG team has been incredibly helpful, giving us expert advice, clear guidance, and strong leadership support. One of the key projects we accomplished together was a materiality assessment, which we completed in a very short time. This assessment helps us focus on the right ESG initiatives that matter most to our customers, employees, and stakeholders.”





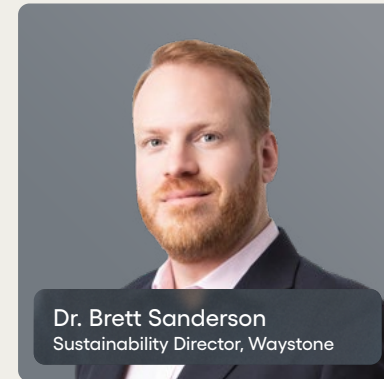
**Dr. Niclas Stemplewski**  
Global ESG Principal, Serrala

“Hg is supporting our ESG journey by providing a vast knowledge base. That is really helpful, I think it accelerated our journey a lot. Furthermore, Hg is a multiplier for best practices, setting up the ESG forum and also touchpoints throughout the year and that’s been a really great help.”



**Thomas Christiansen**  
VP General Counsel, Trackunit

“The ESG diagnostic that we get from Hg helps a lot on the corporate level. We get a lot of information, and it brings a bit of light to our board of directors and our C-level. They actually see how well we’re doing and where we can do better.”



**Dr. Brett Sanderson**  
Sustainability Director, Waystone

“The annual Hg ESG diagnostic is a great way to take stock of where we’re at. It puts numbers around elements which are quite often difficult to score. It gives us a great way to compare to ourselves year on year in terms of how we’re performing as well as comparing to others in the portfolio. It also gives us an opportunity to refocus and direct our efforts to where we know it’s going to count.”

## Our portfolio community

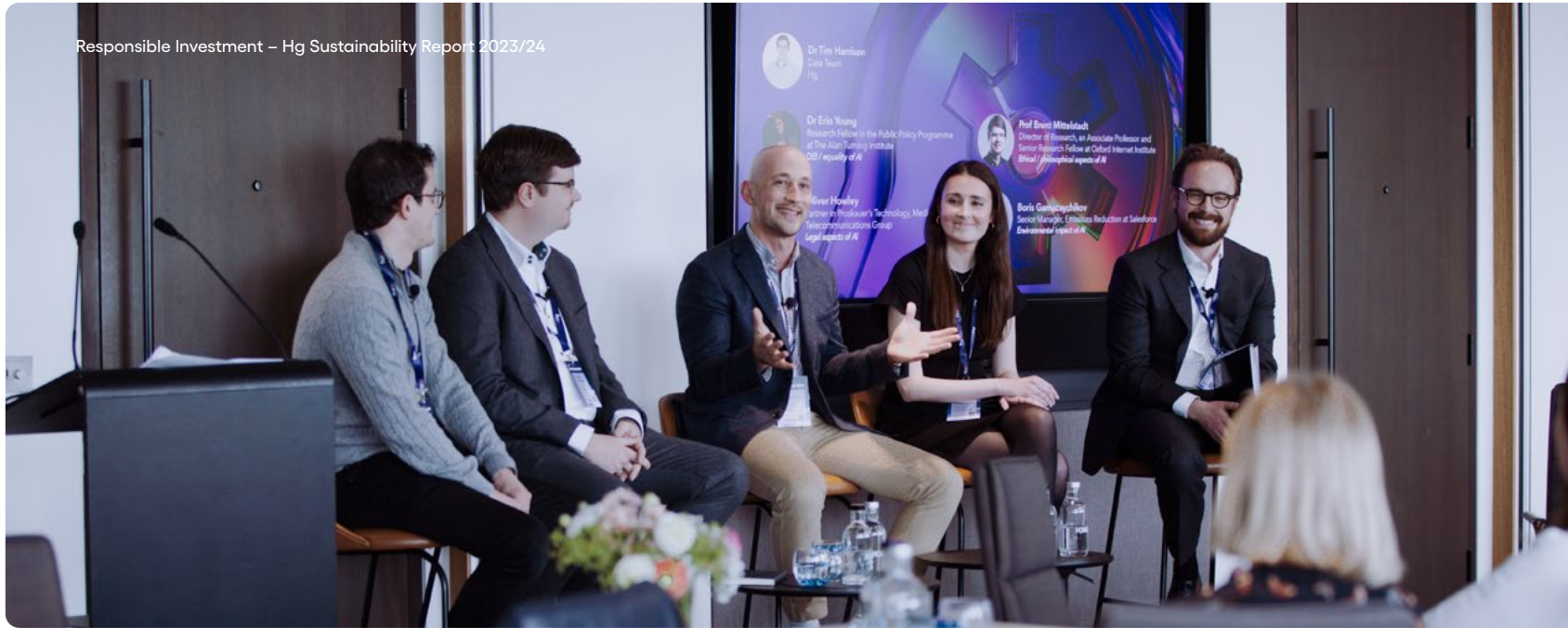
Hg facilitates active collaboration and knowledge sharing across the portfolio of Hg-backed businesses. We view executives across our portfolio as a part of the Hg family and actively promote a culture of working together to build connections, problem-solve and innovate.

To support this, Hg custom-built a collaboration platform, Hive, through which we offer our portfolio companies a full end-to-end digital engagement experience, with access to best practice tools, resources, and expert guidance. Hive provides members with a safe space to network with peers and share specialist knowledge, experience and expertise.

There are currently around 20 specialist communities on Hive, from GenAI and Technology, to ESG and Legal. There is something for everyone on Hive!

In addition to Hive, Hg's Engagement Team manages a full calendar of in-person and virtual engagement opportunities for senior executives across the portfolio:





## Hangouts & Webinars

Hg runs over 100 virtual events every year across all the specialist communities, providing informal catchups and opportunities to engage live with peers, Hg experts and guest speakers on relevant issues. Topics tend to be structured around immediate needs, such as discussing emerging trends or current global issues.

Our ESG and Sustainability webinar series is very popular and well-attended with around 35-45 people joining each session. The ESG Hangouts are held approximately every 6 weeks and offer a platform to discuss various topics such as carbon footprinting and Hg's Sustainable Business Framework, horizon scanning of ESG regulations, alongside informal conversations on topics raised by the community.

## Forums & Summits

Hg hosts an annual forum or summit for each of our main communities, which is held in-person over 1 to 3 days. At these events, Hg will invite portfolio leaders and guest speakers to participate in a lively programme of content, including panel discussions and breakout sessions, whilst also providing networking opportunities for attendees to engage with like-minded individuals across the portfolio.

The ESG forum tends to take place in spring each year. In 2023, we focused on topics such as supply chain sustainability, materiality, and reporting, and in our most recent ESG forum in 2024 we covered topics like climate change, ESG strategies, and ethical AI.



# Focusing on our most material topics

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## Good governance

Good corporate governance helps to build an environment of trust, transparency and accountability, necessary for long-term investment, financial stability and business integrity. Hg recognises that good governance is a foundational building block and key material topic for Hg and our stakeholders, which is why we have not featured it in our Materiality Matrix, but have it as a given and prerequisite for doing business.

Effective compliance processes and robust legal functions are pivotal to our growth, value and risk mitigation. Hg seeks to promote strong oversight, transparency and risk management at all levels of the organisation and is committed to good governance through relevant metrics and procedures including, but not limited to, management structures, decision making processes, compensation structures, audit & risk controls, values & code of ethics, as well as compliance with applicable laws and regulations.

Hg's Board monitors our firm's activities and our portfolio companies' boards monitor the activities of their businesses. Hg's Board oversees our business activities and that these are compatible with our ESG commitments.

## Managing risks across our firm

Hg's Board and its subcommittee, the Audit and Risk Committee, develop processes which are applied across Hg to mitigate risk and ensure the highest level of governance. An example of this is the comprehensive Risk Management Framework which is used to assess the principal and emerging risks facing Hg.

The Head of Compliance and Risk reports directly to the Hg Board, and is responsible for:

- establishing, implementing and maintaining adequate risk management policies and procedures;
- implementing strategies and practices for identifying, measuring, managing, monitoring, mitigating and reporting risks to which Hg is or may be exposed;
- reviewing: i) the effectiveness of Hg's risk management policies and procedures; ii) the level of compliance of Hg and Hg Staff with arrangements to manage risks, and ensuring adequate risk training is delivered to Hg Staff and the Hg Boards; and iii) the adequacy and effectiveness of measures taken to address any deficiencies in the relevant policies, procedures, arrangements, processes and mechanisms; and
- overseeing and validating Hg's external reporting of risk, where relevant.

Hg's Risk Management Framework is reviewed on an annual basis by the Hg Board. Quarterly meetings are held by the Risk Management Function with senior members of Hg Staff responsible for the various business areas to identify any new risks and monitor progress on the mitigation of existing risks.



## Hg's Audit & Risk Committee

The Risk Management Function reports on risk matters (including the outcomes of the regular risk meetings referenced above) to the Audit and Risk Committee ('ARC'), which meets on at least a quarterly basis, and will warn the ARC of any specific risk issues or developments which affect or may affect Hg. The ARC is a committee of the Board, and the ARC papers also form part of the quarterly Board papers.

The ARC is responsible for reviewing and approving Hg's Risk Management Framework at least annually, to ensure it adequately identifies the risks to which Hg is, or may be, exposed.

Hg ensures that members of the ARC have the necessary knowledge, skills and expertise, and have adequate access to information on the risk profile of Hg (including, where necessary, external expert advice and support on any risk issue).



## Enhancing good governance across our portfolio

Hg’s experienced in-house legal team empowers legal and compliance professionals within our portfolio, offering comprehensive, hands-on support throughout their journey with Hg – from acting as a sounding board on key strategic issues from the beginning of their journey with Hg, to providing ongoing support and assistance on material risk and value creating topics including antitrust, M&A, data privacy and Generative AI, and supporting through to exit. During 2023/24, the team continued to develop Hg’s Board Compliance Toolkit and focused on helping Hg and portfolio companies to keep pace with, and benefit from, the fast developments in Generative AI.

## Being a responsible corporate citizen

Hg has a role to play in upholding good business practices and fostering structures and a culture that support:

- **The ten Principles of the UN Global Compact** which reflect a business’ fundamental responsibilities to operate in ways that, at a minimum, seek to address key areas such as human rights, labour rights, environment and anti-corruption.
- **The Organisation for Economic Cooperation and Development Guidelines for Multinational Enterprises** which reflects the expectation from governments to businesses on how to act responsibly and covers all key areas of business responsibility, including human rights, labour rights, environment, bribery, consumer interests, as well as information disclosure, fair competition and taxation.
- **The UN Guiding Principles on Business and Human Rights** which seeks to identify, prevent and mitigate adverse human rights impacts across a business’ operations and engage in remediation where required.

## Portfolio board ESG sponsors

Board oversight and accountability for ESG is increasingly demanded by regulators and other stakeholders, but it is also important so that the Board understands any ESG risks or opportunities impacting a business.

In early 2023, we introduced an ESG Board sponsor program, asking portfolio companies to designate a Board-level ESG sponsor. This sponsor serves as an advocate for ESG, facilitating regular discussions on ESG topics and providing the Board with appropriate oversight of the business’ ESG strategy and policies.

To support the ESG sponsors, we have created a Board ESG guidance that outlines essential elements of strong ESG management at the Board-level.

We consider the role of a Board ‘ESG Sponsor’ to include:

- **Strategy & Policy**  
Being the sponsor of the ESG policy and ESG Strategy.
- **Risk**  
Understanding how material ESG topics, stakeholders demands, and emerging issue impact the business.
- **Oversight**  
Making sure material ESG topics are considered at Board level at least twice per year.
- **Competencies**  
Making sure there are enough and appropriate resources assigned to material ESG topics across the business and the Board.



# Materiality Matrix

## Focusing on what is most material to us and our stakeholders

A materiality assessment is a process in which a company identifies ESG and broader emerging issues that are most important to its business and stakeholders given its operating context.

Hg undertook and published its first formal materiality assessment in 2022. In 2023, we re-conducted our materiality assessment, informed by the concept of 'double materiality,' to identify ESG topics from both an impact and financial materiality perspective. In 2024, we initiated a process to further align our materiality assessment to the requirements under the Corporate Sustainability Reporting Directive (CSRD, 2022/2464/EU). For the purpose of this sustainability report, we are using the same materiality assessment as conducted in early 2023. We aim to report on our updated materiality assessment, in line with CSRD, once available next year.

Our materiality assessment is founded on an extensive review of primary and secondary information to identify the key ESG issues to Hg, our key stakeholders and the companies in which we invest. To develop the matrix, Hg's ESG team:

- Engaged key stakeholders across the organisation, our portfolio and externally through interviews and surveys.
- Conducted a comprehensive peer review against private equity peers and big technology players.
- Leveraged an AI-based external media scanning tool, to embed the broader view of the media into the external stakeholder analysis.
- Completed a desk-based regulatory review of key ESG regulations to identify topics on the regulatory horizon.

This rigorous process enables us to focus on the ESG topics that pose the highest risk, while offering the greatest opportunities to Hg. In addition to good governance, which is covered separately (see previous page), Hg identified six ESG related topics that are most material to our business and key stakeholders. Each topic is covered in a deep-dive section in the rest of this report.



## Our 2023 Materiality Matrix:



1. Diversity, Equity and Inclusion
2. Cybersecurity
3. Data protection
4. Climate change
5. Anti-trust
6. Business Ethics and Culture

The following sections of this report goes into further details on Hg's six material topics.





# 1. Diversity, Equity & Inclusion

Hg has woven Diversity, Equity, and Inclusion (DEI) into the fabric of our business practices. We believe that diversity and inclusion are the essential drivers of success, creating opportunity for ingenuity, collaboration, and fresh perspectives. Our commitment to a diverse and inclusive workplace is not just a policy; it's a fundamental part of our DNA. We strive to build teams that reflect the rich diversity of the world around us.

We are confident that creating a diverse workforce deepens Hg's talent pool, broadening our range of perspectives. It manifests in how we navigate the business world, including the investment decisions we make.



In acknowledgment of our progress on DEI, in 2024 Hg was once again awarded 'Diversity and Inclusion Leader of the year' in the Reals Deals Private Equity Awards, for the fourth year in a row. In addition, Hg was considered a Leader in DEI by HonorDEX, ranking 2nd place in the 2023 Inclusive PE Index (up from 3rd place in 2022) and was the most improved firm in the top 10 for two consecutive years. These are testaments to the values we hold at Hg and the effort we put into DEI, however we recognise there is more work to be done and that we are on a constant journey.

In line with our aspiration to continually improve in this area, Hg has established a Culture Committee.

Led by our Partners Martina Sanow and Steven Batchelor, with the backing of Hg's Senior Leadership Team, the committee is reporting directly to Hg's Board.

To support our portfolio companies in defining their DEI strategies and initiatives, Hg has developed a comprehensive 'Portfolio DEI toolkit' which covers everything from how to track diversity metrics and set targets, to embedding DEI into recruitment processes and guidance on how to hold inclusive meetings. The toolkit is available for all Hg portfolio companies to leverage.

39%

women on our investment teams

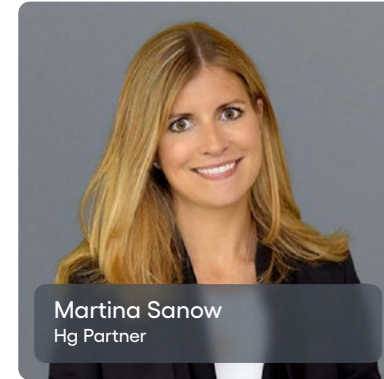
50%

women across the firm

34

different nationalities

As of March 2024



Martina Sanow  
Hg Partner

“The Culture Committee helps drive and manage a range of programmes designed to ensure fairness and equality at every level of our organisation, including diversity education, raising awareness of unconscious bias, and fostering a culture of respect and inclusion. We have over the past 12 months been focusing on diversity through a cognitive lens, which is about recognising and embracing different backgrounds, skill sets and ways of thinking when building teams. This has already influenced a number of areas across the Firm, such as how we form deal teams, our talent assessment, recruitment and internal development approaches. I am very excited to continue this work!”

## 2. Cybersecurity

### Portfolio Cybersecurity

The cybersecurity threat landscape continues to evolve and change at pace. Alongside developments in threat actor sophistication, the continuing “democratisation” of cyber-crime introduces further challenges for organisations worldwide. The meteoric rise of Generative AI has also lowered the ‘barrier to entry’ for cyber criminals, meaning that skills which were once available only to a select few are now readily accessible to all.

Ransomware as a Service (RaaS) is a strong example of how the democratisation of cyber-crime has exacerbated an existing threat. Ransomware continues to be one of the biggest cyber-threats faced by organisations worldwide and can cripple businesses in a matter of hours. Through the RaaS model, all an attacker needs to do is distribute the ransomware in a target environment – the ransomware itself, and payment management, are all provided as part of the service, with the provider usually taking 20-30% of profits. Coupled with AI augmentation, it is now easier than ever for cyber criminals to conduct ransomware attacks and this is likely to drive an increase in attack volume over the coming years.

Alongside ransomware, email-enabled financial fraud and ‘Business Email Compromise’ (BEC) attacks continue to offer malicious actors an easy way to manipulate victims and to steal funds. Advances in Generative AI have made it easier for attackers to create convincing “lure” emails – this is especially relevant when considering criminal groups which speak a different language from their target victims.

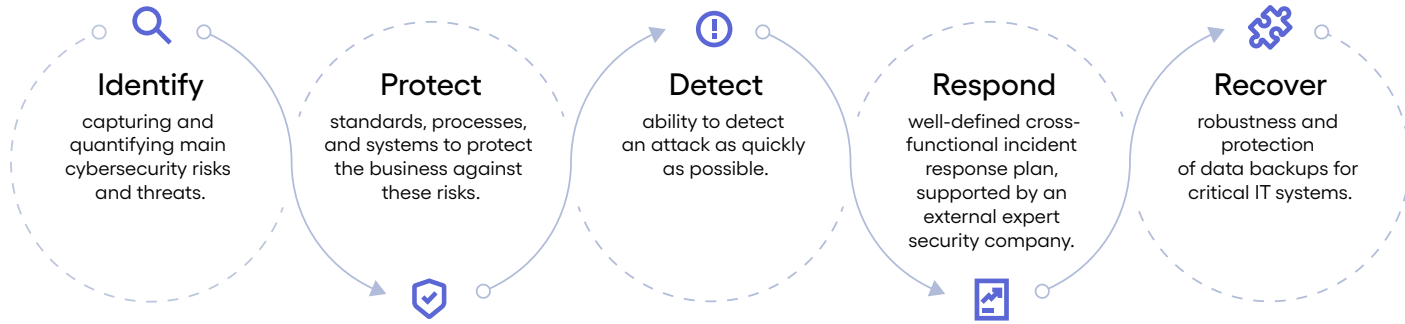
As a software investor, cybersecurity is one of our biggest risks. Hg takes this matter very seriously and have built a Technology & Cybersecurity team with deep expertise in this area. In early 2017, the team launched its Cybersecurity Risk and Maturity Assessment Programme and have conducted over 400 assessments since.

The assessment, which is based on Hg’s standard cybersecurity framework and known industry standards, 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 portfolio companies are assessed on a rolling basis, with frequency of assessment determined by their individual risk and maturity. Where companies fall below Hg’s minimum standards, the cybersecurity team will step in to co-own delivery of improvement workstreams, operating as interim security leaders when necessary.



The framework assesses five key areas:



Calum Thompson  
Cybersecurity Specialist, Hg

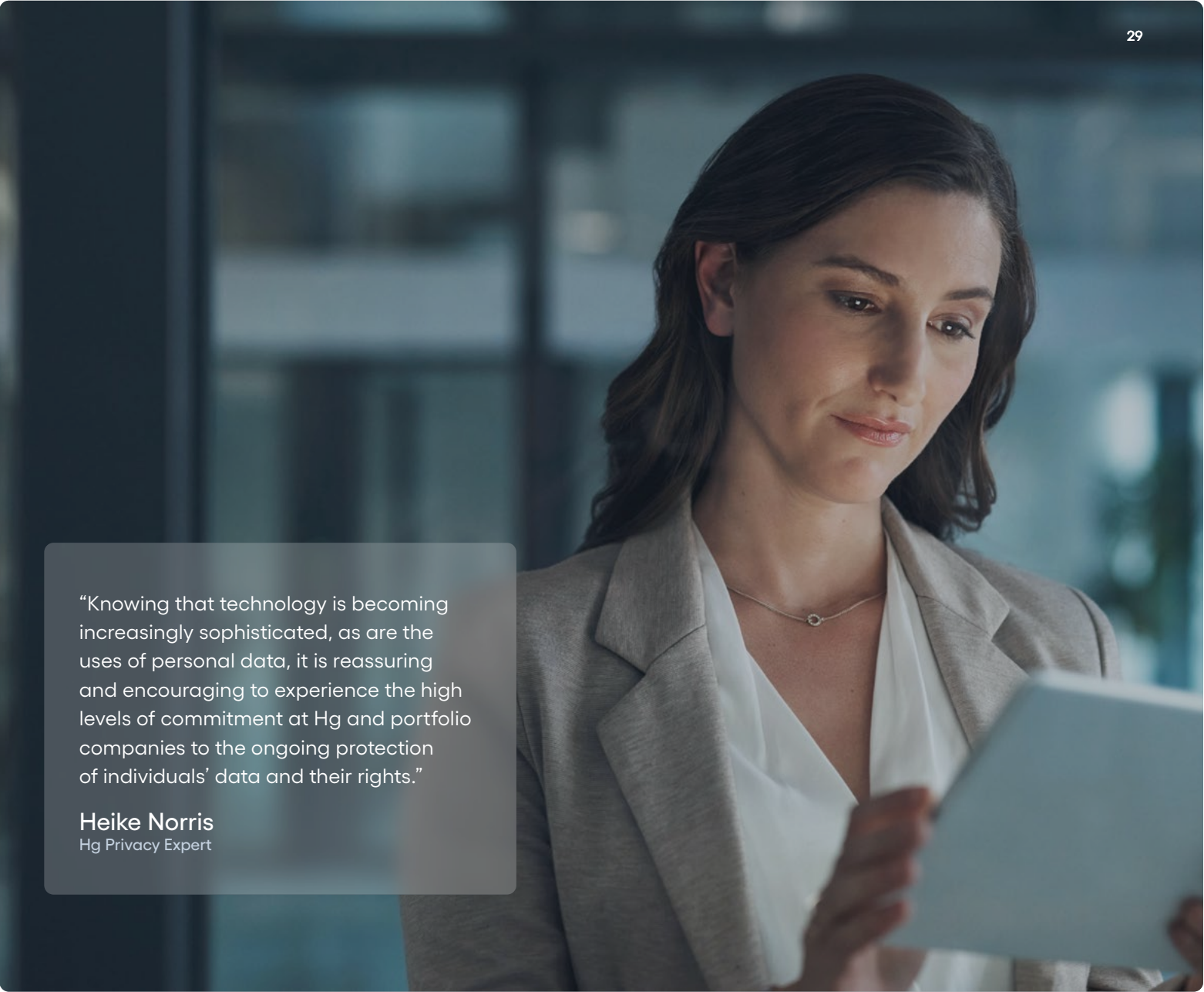
“Now, more than ever, organisations need to “get the basics right” when it comes to cybersecurity. Despite continual advances in attacker capability, most incidents are enabled by the absence, or inconsistent deployment, of foundational cybersecurity controls such as patching, multifactor authentication, effective security monitoring, and user education. The key challenge faced by defenders is that malicious actors have become very good at detecting these coverage gaps, via indiscriminate, automated means, and exploiting them at pace; this trend is set to continue given recent advances in Generative AI. This underpins the importance of deploying defensive controls consistently across all parts of an organisation (including newly acquired entities), to avoid giving attackers easy wins. When adversaries do find a way in, the consequences can be significant, particularly in the case of ransomware, so businesses should ensure that they can detect malicious activity quickly and respond effectively, with urgency, to limit the impact, and repel the attack.”

## 3. Data Privacy

### Understanding it is personal

As a global business, Hg is subject to applicable data privacy laws and requirements in the jurisdictions in which it operates. But more than that, Hg understands the importance of managing data privacy risks wisely, both for Hg itself and in championing the portfolio companies we invest in, and that doing so helps us to maintain the trust of our investors, partners, staff, portfolio companies, and counterparts when processing their personal data. We want them to know that we respect their rights as individuals and that we seek to keep their personal information secure, in line with Hg's stated values.

During 2023/24 we grew our dedicated expert portfolio team onboarding a full-time data privacy SME. This enables us to lead the way in data privacy accountability and good governance at Hg and in our portfolio companies. We take a collaborative and proactive approach to data privacy compliance, understanding that many stakeholders are involved in effectively managing data privacy risks. Working closely with our dedicated ESG and cybersecurity teams and with our expert data protection network across our portfolio helps ensure we stay focused on active privacy risk management.

A woman with dark hair, wearing a grey blazer over a white top, is looking down at a tablet device she is holding. The background is a blurred office setting with windows.

“Knowing that technology is becoming increasingly sophisticated, as are the uses of personal data, it is reassuring and encouraging to experience the high levels of commitment at Hg and portfolio companies to the ongoing protection of individuals’ data and their rights.”

**Heike Norris**  
Hg Privacy Expert



## 4. Climate Change

Climate change is one of the most pressing issues faced globally and there is an urgent need for action to both mitigate further warming and adapt to the changes already underway. Hg has a responsibility to encourage and support its portfolio companies to set carbon reduction targets and align to a Net Zero future. Not only is this both necessary for Hg to meet its own science-based targets, but we believe that by better understanding and managing the emerging risks and opportunities that arise from climate change we can also increase efficiency and resilience across our portfolio.

### Science-based targets

The Science Based Targets initiative (SBTi) is considered a robust method for businesses to reduce emissions in their activities and investments, with over 4,700 companies and financial institutions taking action, of which about 35 are PE firms. It is based on the principle that emissions must be halved before 2030 and drop to Net Zero by 2050, to not exceed 1.5°C and avoid catastrophic impacts of climate change.

In 2021, Hg was one of the first PE firms globally to road test SBTi's PE standard and have our carbon reduction targets approved by the SBTi. We have committed to reduce our own scope 1 and 2 emissions, as well as set a portfolio coverage target.

As of March 2024, eight Hg portfolio companies had committed to setting SBTs. In FY24, we will focus our efforts to support even further portfolio companies to do the same.

### Hg's detailed targets include:

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**50%** reduction in our direct emissions (scope 1 and 2) by 2030

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**26%** of portfolio companies to have set SBTs by 2026

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**100%** of portfolio companies to have adopted SBTs by at least 2040

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## Carbon reduction toolkit

Setting targets and reducing emissions should not be at a cost to businesses but should lead to cost and competitive benefits in the long term as energy and fuel consumption decrease and customers are becoming increasingly demanding.

To support our portfolio companies in setting science based targets and develop a credible path to get there, we have launched a carbon reduction toolkit which covers all possible decarbonisation actions relevant for software and service companies.

## Portfolio carbon footprint

To support our companies in understanding their impact on climate change, we are collecting scope 1, 2 and 3 emissions data, in line with the GHG protocol and share carbon footprint dashboards indicating each business' carbon intensity and how this compares to the rest of the portfolio. In 2024 (collecting 2023 data), we supported about 50% of our portfolio companies in calculating their footprints too, the remaining part of our portfolio using external parties to conduct their footprints. We find that one driver for higher emissions across our portfolio is if a business has company cars, which is typically more common for our service businesses.

To further support our businesses in increasing the accuracy of their scope 3 emissions, Hg co-lead an iCI working group to develop a Scope 3 GHG accounting guidance for the software and services sector. This is a [comprehensive guide](#) to help businesses understand their scope 3 emissions.

## Firm-level carbon footprint

We publicly report on our carbon footprint in line with the GHG Protocol and, since 2019, we have compensated for scope 1, 2 and 3 emissions. Please see our latest carbon footprint report, published on our [website](#), for more details on our firm-level footprint and the projects we support.

Although not the largest scope of emissions, but one that we have more control of, we continue to reduce our scope 2 emissions by moving our offices to renewable energy. As scope 3 emissions from business travel makes up the majority of our carbon footprint, over 90%, Hg's Sustainability policy and Travel policy requires employees to be mindful of their environmental impact when traveling. However, we also recognise that we are relying on building strong, trusting, relationships with our investors, teams, prospective and existing portfolio companies, which often requires business travel. To the extent possible, we recommend the use of virtual meeting platforms, but if travel is essential, employees are asked to consider low-emission transport methods where possible. Recognising that air travel is unavoidable in some cases, employees are advised to consider the number of people required in attendance and fly economy class particularly for short-haul flights.



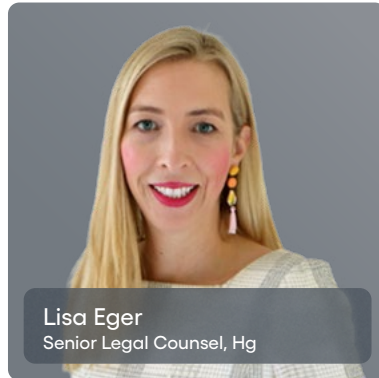
Nic Humphries  
Senior Partner Hg

“We continue to focus on understanding and addressing the impact of our portfolio companies on climate change recognising that we all have a role to play in addressing this global challenge. We continue to be committed to reaching our SBTi targets across the portfolio and are engaging with our businesses to make this happen. We recognise that this not only helps future proof businesses in low carbon economy but drives resource efficiency and cost savings.”



## 5. Anti-trust

Hg firmly believes that competition drives our businesses to be the best they can. Competition creates an incentive for our portfolio companies to excel, thereby stimulating diversity of products and services, productivity, economic growth and prices that reflect real value for consumers and businesses. Competition helps Hg's portfolio companies to innovate and identify new needs and then develop better services accordingly. As Hg's businesses are active globally our activities can be subject to anti-trust legislation at a national and regional level. We take a proactive and stringent approach to managing anti-trust compliance, starting during the due diligence process and continuing through investment periods. We have a dedicated in-house anti-trust lawyer to support Hg and its portfolio companies with M&A, compliance programmes, ethical awareness initiatives as well as advice on a day-to-day basis.



“We are committed to an anti-trust compliance culture from the ‘top down’ and across the entirety of Hg and our portfolio companies. Acting fairly and ethically in all of our business conduct is embedded in everything we do”





## 6. Business Culture & Ethics

Good business culture & ethics involves engaging in responsible business conduct, including but not limited to anti-corruption, anti-bribery, fair competition, respect for intellectual property, and responsible tax principles. All professionals will face challenges when they need to determine what is right or wrong, navigating different interpretations of what is ethical. Business ethics enhances good governance and legal practice by defining acceptable and morally right behaviours and expectations in the workplace, such as principles and values to guide business activities. But it is also about what we do to contribute towards our greater purpose.

### Our Values

We build Hg together by living our values. Our values are embedded into the company ethos; they inform our actions every day and guide us in our work within our teams and partnerships. Our four cornerstones are: Be Genuine, Go Beyond, Outlearn and Win Right. What this means in practice is that we expect our employees to be authentic in every circumstance, act with humility and be honest and speak the truth as they see it. We encourage employees to continuously challenge and adopt a growth mindset, as well as strive for excellence at all times, remembering that perspiration is as important as inspiration. At Hg we have a long-term focus and firmly believe this creates long-term value as our employees are expected to consider the long-term impact of their actions.



### Our Purpose

Our work as a private equity firm is more than just profit and growth. A sense of purpose and meaning fuels good work and drives positive change. Hg is entrusted with pension funds, endowments; millions of underlying investors and therefore its responsibility reaches deep and wide. Our purpose, defined in 2020, is:

**“Trusted to improve the futures of millions of investors by building sustainable businesses for tomorrow”**

Furthermore, the businesses we invest in are in an industry characterised by digitisation trends that are in early stages of adoption and are set to transform and enhance the workplace for ‘white collar’ professionals over decades to come.

# Appendix

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- Hg at a Glance
- Our Portfolio
- Our Value Creation Team
- External Partnerships

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- Our Portfolio ESG Diagnostic
- Our Portfolio Community

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- Good Governance
- Materiality Matrix
- Diversity, Equity and Inclusion
- Cybersecurity
- Data protection
- Climate change
- Anti-trust
- Business Ethics and Culture

## 04

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- Portfolio key metrics from 2023
- GRI table



# Portfolio key metrics from 2022/23

Employees	2022	2023	Society	2022	2023	Essentials	2022	2023
Employee Net Promoter Score (eNPS)	Average 36	Average 26	Percentage of energy consumption from renewable sources	Average 22%	Average 13%	ESG strategy in place	49%	59%
Glassdoor / Kununu score	Average 3.9	Average 3.8	Green initiatives in place	90%	90%	ESG board accountability	51%	93%
Monitor employee engagement	90%	90%	Carbon reduction initiatives in place	73%	78%	Anti-bribery and corruption policy in place	93%	98%
Organisation: % women	Average 37%	Average 38%	Measure carbon footprint	80%	100%	Anti-discrimination policy in place	95%	100%
Senior Management: % women	Average 28%	Average 31%	Have set carbon reduction targets	29%	32%	Competition law considered as part of compliance structure	66%	88%
C-suite: % women	Average 22%	Average 26%	Have set science-based carbon reduction targets	12%	17%	Code of conduct in place	88%	98%
DEI strategy in place	46%	59%	Use data centres with carbon reduction targets	80%	100%	Data privacy policy in place	100%	93%
DEI representative	78%	76%	Communicate externally on ESG	54%	54%	Health & Safety policy in place	93%	95%
Mental health support	85%	85%	Publish external ESG report	17%	32%	Risk register procedures in place	85%	88%
			Invest in charities or the community	98%	98%			

Numbers as of December 2022 and December 2023, covering 41 portfolio companies.

# GRI contents index

Statement of use: Hg Capital has reported in reference to the GRI Standards for the period 1st April 2023 to 31st March 2024.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	(a) HgCapital LLP (b) Privately owned (c) London, UK (d) Hg has five investment offices based in UK (London), Germany (Munich), France (Paris), USA (New York & San Francisco).
	2-2 Entities included in the organization's sustainability reporting	This report covers our five investment offices and HgCapital LLP's approach to responsible investment across our funds.
	2-3 Reporting period, frequency and contact point	(a) 1st April to 31st March 2024, reporting annually (b) This is the same as our financial reporting (c) Publication date: 8th August 2024 (d) Caroline Löfgren, Chief Sustainability Officer, ESG@hgcapital.com
	2-4 Restatements of information	Hg continually improves the quality of its GHG emissions data. Since publishing our last GRI contents index, we recalculated our footprint. Our most up to date carbon footprint can be found in our <a href="#">2022/23 Carbon Footprint Report</a>
	2-5 External assurance	(a) This report has been reviewed by senior executives at Hg (b) This report has not been externally assured.
	2-6 Activities, value chain and other business relationships	See Company Factsheet, latest version of is available <a href="#">here</a> . (updated on an ongoing basis)
	2-7 Employees	(a) Hg employs <a href="#">c.400 people</a> .
	2-8 Workers who are not employees	
	2-9 Governance structure and composition	
	2-10 Nomination and selection of the highest governance body	
	2-11 Chair of the highest governance body	
	2-12 Role of the highest governance body in overseeing the management of impacts	
	2-13 Delegation of responsibility for managing impacts	
	2-14 Role of the highest governance body in sustainability reporting	
	2-15 Conflicts of interest	
	2-16 Communication of critical concerns	
	2-17 Collective knowledge of the highest governance body	
	2-18 Evaluation of the performance of the highest governance body	
	2-19 Remuneration policies	
	2-20 Process to determine remuneration	
	2-21 Annual total compensation ratio	
	2-22 Statement on sustainable development strategy	See page 3 with leadership statement in this report and pages 6 – 7 for a strategy update
	2-23 Policy commitments	
	2-24 Embedding policy commitments	
	2-25 Processes to remediate negative impacts	
	2-26 Mechanisms for seeking advice and raising concerns	
	2-27 Compliance with laws and regulations	
	2-28 Membership associations	(a) Hg is a member of the British Venture Capital Association (BVCA), Invest Europe, the UN Principles Responsible Investing (UN PRI) and the Initiative Climat International (iCI)
	2-29 Approach to stakeholder engagement	(a) See page 23 of this report
	2-30 Collective bargaining agreements	

GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	See Materiality section on page 23 – 24 of this report
	3-2 List of material topics	See Materiality section on page 23 – 24 of this report
	3-3 Management of material topics	See Materiality section on page 23 – 24 of this report
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Climate change is a material topic to Hg and our stakeholders and we are committed to understanding the risk and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in a changing world. We publish a voluntary annual TCFD report which outlines our climate-related risks and opportunities available on our <a href="#">website</a>
	201-2 Financial implications and other risks and opportunities due to climate change	
	201-3 Defined benefit plan obligations and other retirement plans	
	201-4 Financial assistance received from government	
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2 Proportion of senior management hired from the local community	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	
	203-2 Significant indirect economic impacts	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Hg's procurement is mostly limited to professional or business services suppliers, such as catering, professional services and office equipment.
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Hg has assessed the level of corruption risk associated with its business and has put in place appropriate policies and procedures to mitigate such risks. These include but are not limited to an anti-bribery and corruption policy, a financial crime policy, a gifts, entertainment & other benefits policy, and a whistleblowing policy.
		(a) Hg operates across five investment offices and 100% of these operations have been included in the risk assessment.
		(b) In our risk assessment we consider that certain jurisdictions (by reference to external data such as the Transparency International Corruption Perceptions Index), business activities, and/or business dealings involving Public Officials may give rise to elevated corruption risks. Taking these factors into account, Hg considers that the overall level of corruption risk in its business is low.
GRI 206: Anti-competitive Behavior 2016	205-2 Communication and training about anti-corruption policies and procedures	Furthermore, 42 of our portfolio companies have been assessed on their bribery and corruption policies as part of our annual ESG review or onboarding.
		Hg's compliance team provides regular training to its staff, including all new joiners, on its anti-corruption policies and procedures. All Hg Portfolio Companies are required to have anti-bribery and corruption policies and procedures in place. Other business partners (e.g. suppliers, contractors etc) are subject to written contractual provisions relating to anti-bribery and corruption.
		No instances of corruption were confirmed, and no corresponding actions were therefore taken.
GRI 207: Tax 2019	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	(a) Hg was included in a penalty decision by the UK Competition and Markets Authority in relation to a historic pharmaceutical investment in Goldshield (now part of Advanz). Hg sold the business more than 10 years ago in 2012 and was simply included in the case due to Hg's historic ownership, a fund that is in final stages of being wrapped up. The financial penalty that was imposed on Hg was significantly reduced following an appeal.
		(b) Not applicable
GRI 301: Materials 2016	207-1 Approach to tax	Please see the <a href="#">Governance section on our website</a>
	207-2 Tax governance, control, and risk management	
	207-3 Stakeholder engagement and management of concerns related to tax	
	207-4 Country-by-country reporting	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	As an asset manager, the use of raw materials is not material to Hg, therefore we will not be reporting on this topic for 23/24.
	301-2 Recycled input materials used	
	301-3 Reclaimed products and their packaging materials	

GRI STANDARD	DISCLOSURE	LOCATION
GRI 302: Energy 2016	302-1 Energy consumption within the organization	(a) 116,938 kwh natural gas (b) None (c) i. 439,150 kwh ii. 0 kwh iii. 0 kwh iv. 0 kwh (d) Not applicable (e) 642,898 kwh (f) Hg's carbon emissions are calculated in line with the Greenhouse Gas Protocol Corporate Standard, using the operational control approach. Activity data is collected partly using excel-forms from local offices which is then uploaded to the Normative (carbon accounting platform). In 2023, Hg partnered with Normative to calculate its emissions, where data is gathered and calculated using a centralised platform using emissions factors for each activity. Emissions factors are sourced from relevant industry bodies such as Defra and AIB. Estimations have been made for leased offices with fewer than 6 FTEs as they are both leased square footage and number of employees. Data has also been estimated where some monthly consumption data could not be obtained. (g) Defra (2023) 2.5626 kg to kgCO <sub>2</sub> e
	302-2 Energy consumption outside of the organization	(a – c) We do not report on the energy consumption outside of Hg due to lack of available data.
	302-3 Energy intensity	(a) 11,192 kwh / FUM (b) FUM in billion GBP (c) Fuel and electricity (d) Inside, only
	302-4 Reduction of energy consumption	(a – d) In 2023/24 our London office underwent a large office renovation, taking around 9 months to complete. This was to increase desk/desktop capacity by 30% and during this time, we would expect an increase in energy consumption. Hg's headcount also grew by around 16%. Despite making efforts to drive energy efficiency in our offices, we have seen an increase in electricity consumption. However, our purchased heat consumption in our London office has decreased. We continue to run our London, San Francisco, and Munich offices on 100% renewable energy, and are looking into options for our New York office.
	302-5 Reductions in energy requirements of products and services	(a – c) Not applicable
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water consumption and water effluents are not material to Hg. Our only source of water consumption and water effluent within our organisation is through our offices (cleaning, drinking and facilities).
	303-2 Management of water discharge-related impacts	
	303-3 Water withdrawal	
	303-4 Water discharge	
	303-5 Water consumption	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Based on currently available data, we can confirm that we do not have operations in or near areas of high biodiversity value for three of our five investment offices and are working to have the data available for all offices by the next reporting period.
	304-2 Significant impacts of activities, products and services on biodiversity	
	304-3 Habitats protected or restored	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 305:</b> Emissions 2016	305-1 Direct (Scope 1) GHG emissions	(a) 0 tCO <sub>2</sub> e (b – f) not applicable (g) Hg's carbon emissions are calculated in line with the Greenhouse Gas Protocol Corporate Standard, using the operational control approach. This year, our natural gas consumption has moved to Scope 2 since we do not own or control the boiler, and we will proceed with this methodology for moving forward.
	305-2 Energy indirect (Scope 2) GHG emissions	(a) 152 tCO <sub>2</sub> e (b) Net: 46 tCO <sub>2</sub> e; Gross: 65 tCO <sub>2</sub> e (c) Not available (d) FY2020 (our SBT baseline year) (e) AIB (2022); Defra (2023); (f) Operational control (g) Emissions from the Paris and Luxembourg offices (electricity and heating) have been estimated using the office's square foot and the AIB (2022) emissions factor. San Francisco moved to an office with 100% renewable energy tariff, to join London and Munich who remain on a renewable energy.
	305-3 Other indirect (Scope 3) GHG emissions	(a) 7,559 tCO <sub>2</sub> e (b) Not available (c) None (d) 1: Purchased Goods and Services, Consultancy Spend; 2: Capital Goods; 3: Fuel-and Energy-Related Activities Not Included in Scope 1 or Scope 2; 4: Upstream Transportation and Distribution; 5: Waste Generated in Operations; 6: Business Travel (including hotel stays); 7: Employee Commuting and homeworking (e) FY2020 (our SBT baseline year) (f) Exiobase (3.8.2), Ecoinvent (3.9.1), Defra (2023) (g) Employee commuting has been estimated based on the 52% of responses to a survey on commuting habits. Data has been extrapolated to account for all employees.
	305-4 GHG emissions intensity	(a) 1.89 tCO <sub>2</sub> e / FUM (b) FUM in billion GBP (c) Scope 1, 2 and 3 (d) CO <sub>2</sub> only
	305-5 Reduction of GHG emissions	(a – d) In 2023/24 our London office underwent a large office renovation, taking around 9 months to complete. This was to increase desk/desktop capacity by 30% and during this time, we would expect an increase in energy consumption. Hg's headcount also grew by around 16%. Despite making efforts to drive energy efficiency in our offices, we have seen an increase in electricity consumption. However, our purchased heat consumption in our London office has decreased. We continue to run our London, San Francisco and Munich offices on 100% renewable energy, and are looking into options for our New York office.
	305-6 Emissions of ozone-depleting substances (ODS)	(a – d) We do not report on emissions of ozone depleting substances as these are negligible for Hg and our business' operations.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	(a – c) We do not report on emissions of Nitrogen oxides (NOx), sulphur oxides (SOx), and other air pollutants as these are negligible to Hg and our business operations.
<b>GRI 306:</b> Waste 2020	306-1 Waste generation and significant waste-related impacts	The production and management of waste is not currently a material issue for Hg. The main source of waste is through our offices. We track the volume of waste product and implement measures to increase recycling and reduce waste production across our offices. Any electronic waste is dealt with in line with the WEEE guidelines.
	306-2 Management of significant waste-related impacts	
	306-3 Waste generated	
	306-4 Waste diverted from disposal	
	306-5 Waste directed to disposal	
<b>GRI 308:</b> Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	The environmental impact of suppliers is not a material topic for Hg. However, we include suppliers in our carbon footprint assessment which enables us to identify and address hotspots if their carbon footprint is disproportionately high.
	308-2 Negative environmental impacts in the supply chain and actions taken	

GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 401:</b> Employment 2016	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave – include. See page X (reference to page about our parental leave policy)	
<b>GRI 402:</b> Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	
<b>GRI 403:</b> Occupational Health and Safety 2018	403-1 Occupational health and safety management system	As an office-based organisation, occupational health and safety is not currently a material issue for Hg. However, Hg has a global Health & Safety policy in place covering all of its staff and office locations. As of April 2024, all four of Hg's global office manager are IOSH trained and certified, we also have outside specialist counsel on retainer for ongoing ad-hoc guidance and compliance advice. Some of our key Health & Safety processes and operating procedures include: <ul style="list-style-type: none"> <li>• Annual general office and fire risk assessments for all locations</li> <li>• Trained first aid and fire marshals designated to all sites</li> <li>• Mandatory DSE training for all new staff</li> <li>• Mandatory manual handling training for all relevant roles</li> <li>• Global accident reporting and investigation procedures for all staff</li> <li>• Health &amp; Safety onboarding training for all new joiners including accident / hazard reporting procedures, first aid awareness and evacuation protocols.</li> </ul>
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	403-6 Promotion of worker health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8 Workers covered by an occupational health and safety management system	
	403-9 Work-related injuries	
	403-10 Work-related ill health	
<b>GRI 404:</b> Training and Education 2016	404-1 Average hours of training per year per employee	Training and education is not currently a material topic for Hg so we have not reported on this topic. We have training programmes and provide each employee with training allowance, renewed annually.
	404-2 Programs for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	
<b>GRI 405:</b> Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	(a) i. Hg has a Board of 6 members of which 2 are Non-Executive Directors. All members (100%) of Hg Board are male ii. We do not have D&I/personal data on the non-executive board members, however of the Hg board members: 33% 30-50 years old and 67% 50+ years old. iii. 0% of Hg Board members self-identify as belonging to minority or vulnerable groups. (b) i. We publish a separate Diversity & Inclusion report, in which we report on overall gender representation and then gender representation of our investment teams. The latest report is available <a href="#">on our website</a> . ii. 24% of Hg employees are under 30 years old, 71% are 30-50 years old and 5% are over 50 years old.
	405-2 Ratio of basic salary and remuneration of women to men	(a) See details of Hg's gender pay gap <a href="#">here</a> . (b) Not applicable
<b>GRI 406:</b> Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	(a) We have not had any issues of discrimination involving Hg within the reporting period. (b) Not applicable
<b>GRI 407:</b> Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	



GRI STANDARD	DISCLOSURE	LOCATION
<b>GRI 408:</b> Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Hg has a zero-tolerance approach to modern slavery in its various forms (slavery, servitude, forced and compulsory labour and human trafficking) and we are committed to acting ethically and with integrity in all our business dealings and relationships and to conducting assessments to ensure that modern slavery is not taking place in our own business or in our supply chain. For further details, see <a href="#">Hg's modern slavery act statement</a> on our website.
<b>GRI 409:</b> Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	
<b>GRI 410:</b> Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	
<b>GRI 411:</b> Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Hg has not been involved in any violations involving the rights of indigenous people.
<b>GRI 413:</b> Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Hg engages with local communities through the independent charity 'The Hg Foundation' to which Hg donates part of its profits and carry. The Hg Foundation is focusing on development programmes enabling access to jobs in technology. See more on the Hg Foundation <a href="#">website</a> .
	413-2 Operations with significant actual and potential negative impacts on local communities	
<b>GRI 414:</b> Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	We seek to work with external professional services partners and suppliers who respect human rights, care about their own working conditions and adhere to the UN Guiding Principles on Business and Human Rights. Our Modern Slavery Act statement, which is updated and approved by our Board annually, explains our approach to human rights within our direct supply chain. <a href="#">See here</a> for further details.
	414-2 Negative social impacts in the supply chain and actions taken	
<b>GRI 415:</b> Public Policy 2016	415-1 Political contributions	Hg does not make political contributions; therefore this topic is not currently material to Hg.
<b>GRI 416:</b> Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Hg is an asset manager, and its fund products are not sold to end-consumers. Hg's portfolio companies are B2B SaaS companies, most of which do not sell physical products to end-users, therefore customer health & safety is not a material topic for Hg.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	
<b>GRI 417:</b> Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Hg is a UK-authorized Alternative Investment Fund Manager (AIFM) and markets its funds into certain EEA jurisdictions under applicable National Private Placement Regimes (NPPRs). Hg is therefore subject to the FCA's Rules on Financial Promotions, and specific requirements on the information required to be provided to both prospective and existing investors, as well as to the Sustainable Finance Disclosure Regulation (SFDR) requirements on product labelling. All Hg funds created since 2022 are classified as Article 8 under the SFDR regulations.  There have been no incidents of non-compliance concerning marketing communications for the reporting period.
	417-2 Incidents of non-compliance concerning product and service information and labeling	
	417-3 Incidents of non-compliance concerning marketing communications	
<b>GRI 418:</b> Customer Privacy 2016*	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	(a-b) There were no complaints concerning breaches of customer privacy and losses of customer data involving Hg in 23/24.  (c) Not applicable

**Disclaimer:**

Hg is reporting 'in reference to' (rather than 'in accordance with') the Principles of the GRI Standards. Therefore, Hg has prepared the reported information in accordance with the requirements specified in 'Reporting with reference to the GRI Standards' at the end of section 3 in GRI 1 (and, for the avoidance of doubt, the disclosures are therefore not necessarily fully compliant with all nine requirements set out in section 3 of GRI 1).



We constantly try to improve in this space and are committed to provide an update towards our commitments at least annually to the public and our clients.

If you have any questions about the content of this report, please contact [ESG@hgcapital.com](mailto:ESG@hgcapital.com).