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» About this report

POLLEN STREET ESG ANNUAL REPORT

This report is designed to provide our stakeholders with details on our approach to responsible investment, our wider impact and how we manage environmental, social and governance (ESG) issues within our firm and across our portfolio. It covers our ESG strategy, examples of ESG in Action, key metrics and plans for 2024 and beyond. All portfolio reported ESG data covers the period 1 January to 31 December 2023.



# 1. INTRODUCTION

## INVESTING RESPONSIBLY

» “We believe that ESG is one of the tools that enables us to build better, more sustainable businesses.”

At Pollen Street we are committed to investing responsibly. Our aim is to invest and operate in a way that delivers positive outcomes for our investors, our people, our industry and wider society. We achieved a great deal over the year, delivering for investors alongside driving ESG improvements for our portfolio companies and for Pollen Street.

In 2023 we made excellent progress against our ESG targets. Overall scores improved across our Private Equity portfolio with an average boost of 17%. In our Credit portfolio we have now introduced a total of 9 ESG margin ratchets, providing accountability for our borrowers to improve ESG metrics.

I am proud of the achievements and progress made across our firm in 2023. During the year we delivered continued strong performance in our funds, made progress against our fundraising targets and made attractive new investments in both our Private Credit and Private Equity strategies. This momentum is supported by our approach to ESG and commitment to sustainability.

We continue to focus on portfolio companies where we see a potential for positive impact for investors, people and planet. A recent example is our Private Equity investment Assessio, the leading talent assessment software platform in the Nordics. Assessio operates in an exciting and growing market solving current challenges such as talent shortages and development, but its solutions also support companies in their Diver-

sity Equity and Inclusion (“DEI”) efforts. We are proud of the progress embedding our proprietary ESG scoring system with our borrowers in Private Credit as well as establishing nine ESG ratchets as an incentive for them to achieve ESG goals with our support.

We believe that ESG is one of the tools that enables us to build better, more sustainable businesses. Early in our investment process our ESG scoring allows us to identify potential risks and opportunities, helping us to make more informed decisions and ultimately invest in fairer, more transparent businesses that have the foundations to grow quickly and sustainably.

Having an established ESG strategy and scoring system then enables us to efficiently make improvements and capitalise on opportunities with our portfolio companies and borrowers all in service of delivering great returns and building great businesses.

In this year’s report I am pleased to share the results of our latest scoring, demonstrating the effectiveness of our ESG strategy. We have also explored some key themes; governance and building better businesses and how AI can create more sustainable businesses.



**Lindsey McMurray**  
Managing Partner





# WHO WE ARE

Pollen Street is an alternative asset manager dedicated to investing within the financial and business services sectors. Pollen Street manages over £4.4bn AUM across private equity and credit strategies on behalf of investors including leading public and corporate pension funds, insurance companies, sovereign wealth funds, endowments and foundations, asset managers, banks, and family offices from around the world.

# PRIVATE EQUITY

Our Private Equity strategy focuses on investing in mid-market companies in the financial and business services sector. We typically take majority stakes in companies whose headquarters are in Europe. These companies are often founder led and we seek to apply deep sector specialist knowledge and a proven operational framework to accelerate revenue and profit growth with an objective to deliver top-tier returns overall with low variance of outcome. We focus on five diverse sub-sectors:

- › Payments
- › Wealth
- › Insurance
- › Technology-enabled services
- › Lending

A typical investment will benefit from the key growth trends which form the basis of our investment themes, from the unbundling of services driven by demand for more convenient personalised experiences, to the wide-ranging impact of the digital transformation of the entire sector. We pinpoint these drivers of change and align our investment strategy to support businesses at the forefront of these opportunities.

Our strategy has been in place since 2008 and has been tested through many market events and cycles. Throughout this period, we have developed a robust and disciplined approach to investing as

evidenced by our strong track record over time. We identify companies that have high potential for digital adoption and a loyal customer base that can thrive in times of structural change.

# CREDIT

Asset-based finance is the funding behind the everyday credit that powers our economy and society. We provide funding to support everything from building homes, funding SMEs & corporates and vehicle financing. We do this by providing predominantly senior secured loans to non-bank lenders, banks, leasing businesses and technology companies that are serving these end markets taking security over their diverse portfolios of cash flow producing assets, such as loans, leases and vehicles, alongside corporate guarantees. We are experts in this large and growing market, with a deep network and experience that allows us to identify opportunities and target an underpenetrated part of the market. Our team focuses on the mid-market where we believe the greatest opportunity and largest financing gap exists meaning we can create the most favourable risk reward profile.

Following the global financial crisis, and the subsequent retrenchment of the banks from lending markets, Pollen Street identified opportunities to fill the funding gap in what is a large and growing market with a targeted and considered approach. Our asset-backed lending aims to deliver uncorrelated returns to other private debt strategies with a through the cycle approach designed to withstand significant stress. Direct asset-backing combined with seniority, comprehensive covenants and bespoke structuring delivers significant downside protection whilst Pollen Street's ability to access a hard to reach market through our large, dedicated team means we consistently find bilateral market opportunities.





# OUR ESG STRATEGY

Our ESG strategy is designed to deliver impact for the benefit of all our stakeholders. We have a clear ambition with initiatives across each of Environment, Social and Governance areas.

DRIVING A POSITIVE IMPACT IN A TANGIBLE WAY FOR THE REAL ECONOMY	AMBITION	RECENT HIGHLIGHTS	SHORT-TERM FOCUS	SDG ALIGNMENT
<div>ENVIRONMENT</div> <div></div> <div>Create a lasting environmental impact</div>	<div><div>› Consider climate risk as part of investment and risk management process</div><div>› Minimise operational carbon footprint, supporting carbon reduction plans and net zero commitments</div><div>› Fund alternatives for sustainable homes and transport</div></div>	<div><div>› 4<sup>th</sup> year of carbon measurement</div><div>› Introduced Private Markets decarbonisation roadmap to map portfolio activities</div><div>› Maintained carbon neutral status for the Group for its 2023 emissions</div></div>	<div><div>› Strengthen carbon measurement activities for carbon footprint, including Scope 3 emissions</div><div>› Tracking net zero commitments for firm and portfolio</div><div>› Continue to invest in sustainable finance propositions</div></div>	<div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10 REDUCED INEQUALITIES</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div></div>
<div>SOCIAL</div> <div></div> <div>Promote DEI and provide finance for socially-impactful products &amp; propositions</div>	<div><div>› Financial Inclusion - loans and other financial products made available to a broader audience</div><div>› Enable SMEs to promote growth and job creation in Pollen Street's markets</div><div>› Creating opportunities to reduce inequalities — promoting DEI</div></div>	<div><div>› Strengthened community &amp; charity efforts with Future First and Human Rights Watch</div><div>› DEI initiatives across firm and portfolio with a focus on social mobility – 10,000 Black Interns and EY Foundation</div></div>	<div><div>› Broaden DEI targets and measures</div><div>› Collaborate with community partners to deliver impactful change</div></div>	
<div>GOVERNANCE</div> <div></div> <div>Regulatory best practice through all operational processes</div>	<div><div>› ESG transparency with clear reporting and communications</div><div>› Effective AML &amp; cyber procedures and governance</div><div>› Engagement with portfolio companies on governance, to identify gaps and provide support</div><div>› Responsible lending – best practice amongst our borrowers</div></div>	<div><div>› ESG margin ratchet now in place for nine credit facilities driving uplift in ESG scores</div><div>› Average score improvement of 17% in PE ESG scores</div><div>› Delivered initial TCFD disclosures, engaged third party to support climate risk framework and roadmap</div></div>	<div><div>› Continue to enhance corporate oversight and regulatory governance frameworks</div><div>› Continue to deliver ESG training and education across the firm and portfolio</div><div>› Continued focus on strengthening supply chain sustainability procedures</div></div>	

# WHAT DRIVES US

## OUR PURPOSE AND VALUES

As a purpose-led asset manager, we have a core set of values and principles that inform how we do business. Our ability to fulfil our purpose is based on a number of key principles. To be honest and fair with customers and suppliers, to be a good citizen, to be guardian for future generations and to be a responsible and responsive employer.

AT THE CORE OF OUR APPROACH TO ESG AND SUSTAINABILITY AS A FIRM ARE OUR VALUES:

### › EXPERT

We are true specialists, renowned for deep expertise and insight that creates advantage and drives success.  
**We set the standard.**

### › CARING

Open and straightforward in our approach, we are as compassionate as we are committed.  
**We are trusted because we care.**

### › ENTERPRISING

We provoke, question and uncover. Creative, astute and resourceful, we work collectively to transform.  
**We think differently.**

### › PROGRESSIVE

Constantly pushing in pursuit of excellence, we see beyond boundaries. Driving growth and innovation to create impact and prosperity.  
**We exist to empower.**

### › DRIVEN

Powered by an endless determination and passion for progress. Resolute and resourceful in our approach to exceeding expectations.  
**We strive for more.**

## SPOTLIGHT ON PROGRESSIVE: EMPOWERING OUR PORTFOLIO

Pollen Street invests in companies that operate in Financial Services and related sectors, such as technology and business services. These sectors are characterised by rapid changes, innovation, and competition, which pose significant challenges and opportunities at all stages of the investment cycle.

We help portfolio companies overcome these challenges and leverage these opportunities by building functional communities – groups drawn from our expert network - to exchange ideas, resources, and best practice. We do this by identifying innovations within portfolio companies, optimising supply chains, and investing in technology that drives growth. Pollen Street's network includes communities focused on the following areas:

- › ESG
- › Technology & Cyber security
- › Sales & Marketing (Go-to-market)
- › AI optimisation
- › Finance
- › People & HR
- › Risk & Compliance

The Pollen Street Hub consists of a team of functional experts who deploy a strategic and systematic approach that involves the following:

- › Working across investment teams and portfolio companies to define high impact topics and focus areas
- › Identifying goals, challenges and opportunities. We use focused surveys to increase our understanding of best-practice, develop gap analysis and to define priorities across the portfolio
- › Putting in place network mechanisms that enable the community to collaborate and exchange information and ideas, by providing appropriate platforms and tools
- › Engaging third parties where applicable – with scalable supplier relationships
- › Facilitating a series of topical forums to enable deep dive discussions on key topics and to hear best practices and learnings from across the portfolio

In 2023, we facilitated six best-practice forums, covering topics such as DEI, ESG, climate and decarbonisation, AI implementation and office of the CFO.

These events connect leaders and experts from around our network to provoke discussion and collaboration.

- › “Our aim is to empower our portfolio to push for excellence and help them innovate together to drive impact and improvement in their companies.”



# 2. OUR ESG TARGETS

Outcome —> Target —> Progress

<div>E</div> <div>Reduced environmental impact of our operations</div>	<div><div>Pollen Street as a firm to be carbon neutral by end of 2022</div><div>Net zero firm commitment by 2025</div></div> <div><div>Portfolio companies to become carbon neutral within 5 years of Pollen Street investment*</div></div>	<div><div>Maintained Carbon Neutral status</div><div>Leveraging Private Markets Decarbonisation Roadmap to map portfolio activities</div></div> <div><div>100% of companies measuring carbon emissions*</div><div>48% of companies are now carbon neutral*</div><div>62% have net zero commitments*</div></div>
<div>S</div> <div>A diverse workplace with broadened representation of gender, ethnicity and socio-economic backgrounds representation at all levels</div>	<div><div>25% Women on portfolio Boards / Executive leadership by 2025</div><div>At least 1 person from an ethnic minority on portfolio Boards</div></div> <div><div>Decrease gender pay gap meaningfully over life of investment</div><div>Improve financial health through responsible financial products and access to finance</div></div>	<div><div>26% women on PE portfolio Executive leadership*</div><div>18% women on portfolio company Boards*</div><div>Average portfolio gender pay gap decreased by 4%*</div><div>4x New Credit facilities supporting SMEs with appropriate funding</div><div>Continued investment in socially impactful products and propositions</div></div>
<div>G</div> <div>Confidence that appropriate policies, programmes and governance are in place</div>	<div><div>100% of companies with ESG matters on the Board agenda</div><div>Strong governance across all businesses, exemplifying industry and regulatory best practice</div></div> <div><div>100% of Suppliers assessed on sustainability credentials</div></div>	<div><div>100% of companies addressing ESG on Board agendas*</div><div>100% of companies with ESG policies in place and assigned responsibility*</div><div>100% of companies have anti-bribery policies*</div><div>Achieved and process improvements in progress</div></div>

\* Private Equity portfolio



# 3. ESG AT POLLEN STREET





» “We believe in the potential for positive outcomes through collaboration and a data-driven approach”

We are committed to operating and investing responsibly, constantly maintaining and improving our approach to make sure we focus on actions that generate positive impact for our investors, people, portfolio and wider society.

Over the past year, Pollen Street continued to make progress, helping portfolio companies and borrowers to achieve their sustainability goals. This has been achieved through the spotlight on data and scoring, cross-portfolio collaboration, and effective monitoring and measurement through KPIs and ESG ratchets. With the evolving regulatory landscape, we have also been working to strengthen our approach to reporting and climate risk management.

**Highlights include:**

- » Continued focus on ESG measurement and scoring
- » Strengthening approaches to climate risk and working towards net zero
- » Continuing to drive strong governance and building a strong ESG community of best-practice and collaboration across the portfolio



**Alison Collins**  
Head of ESG

**SDG ALIGNMENT**

Our ESG Impact framework at Pollen Street helps us support the UN Sustainable Development Goals (SDGs). These help us invest in ways that benefit the broader world and society. The metrics we gather from our Private Equity and Credit portfolios help us understand where our investing makes a difference.

Across both Private Equity & Credit, our investments align with multiple SDGs. We conducted an internal assessment on our contributions to the advancement of the SDGs by portfolio company and credit platform. SDGs where we believe we have a significant impact are shown with the biggest area and SDGs with a smaller impact are shown with a smaller area.

**HOW OUR INVESTMENTS ALIGN TO SDGS**



**HOW WE DO IT:  
ESG IN THE INVESTMENT PROCESS**

As a core part of our investment process, we engage with both our Private Credit and Private Equity partners to identify ESG risks and impact areas that are relevant to them and where we can support them.



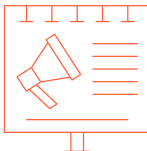
**1. UPFRONT DUE DILIGENCE**

As new partners join our portfolio, we assess their existing ESG programme and impact, identifying areas of improvement and ways to support.



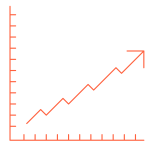
**2. ACTIVE MANAGEMENT**

We engage with management teams to set impact goals and ambitions. Senior deal team members sit on the board of our PE portfolio companies and ensure ESG is on the management team agenda and achieves senior-level buy-in.



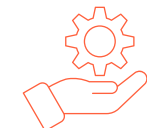
**3. CROSS-PORTFOLIO COLLABORATION**

We hold collaborative workshops where we benchmark best-practice and identify development opportunities. The Pollen Street Hub leads ESG best practice sharing, assisting with impact assessments and project activity within individual companies.



**4. EFFECTIVE MONITORING & MEASUREMENT**

We have developed a set of standard KPIs to enable consistent tracking and benchmarking across our portfolio, using our proprietary scoring mechanism ESG is a standing agenda item as part of quarterly monitoring.



**5. GOVERNANCE & OVERSIGHT**

The Pollen Street ESG Committee reviews implementation of the ESG programme and recommends any changes or improvements.



# 4. ESG INSIGHTS





PORTFOLIO DATA & SCORING: DRIVING CONSISTENCY AND TRANSPARENCY

Our proprietary ESG scoring mechanism has been in place since 2022. This is a critical tool for us to track progress and monitor ESG performance across our investments. It provides consistent analytics for transparent reporting to our investors, aligned with the areas of ESG and sustainability that are important to our stakeholders.

Comprehensive data collection across portfolio:

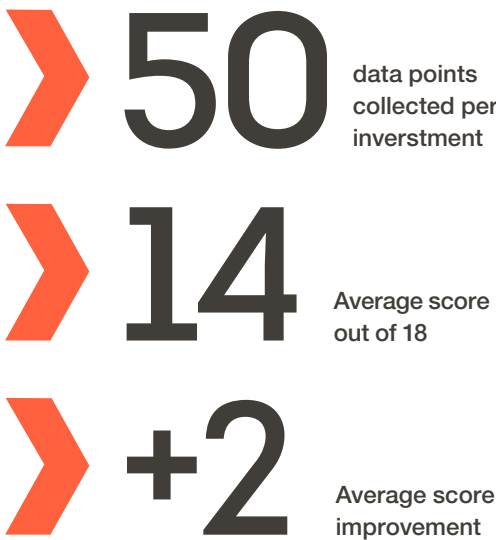
- › Collecting over 50 data points for each portfolio company and credit borrower
- › Submitted portfolio metrics to ESG Data Convergence Initiative for 3<sup>rd</sup> year in a row
- › Developed PAI indicators as required for SFDR Article 8 funds

Pollen Street ESG scoring system in place to benchmark investments and monitor overall performance:

- › Gating: Overall ESG programme status
- › Environment: Carbon strategy and net zero commitment, renewable energy usage
- › Social: DEI, charitable activity, employee engagement
- › Governance: Policy coverage, board composition, ESG reporting

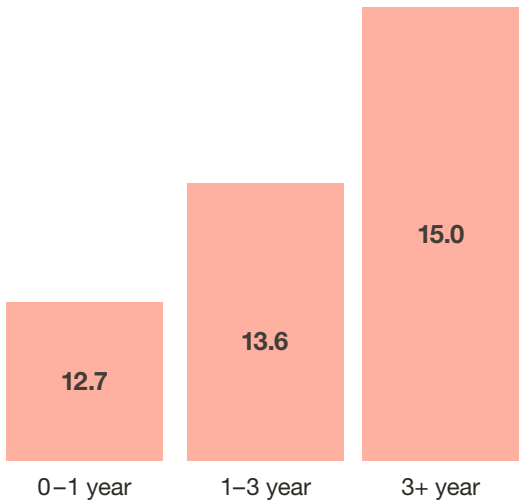
Reporting dashboards to engage and inform:

- › Scoring used to engage PE and Credit partners to implement action plans to improve ranking and overall ESG practice



Scores improve with length of time in portfolio

Average ESG Score by Companies' Tenures in Portfolio



Portfolio companies with longest tenures have higher scores reflecting more mature ESG practice. We see spikes in improvement in the initial 1-2 years of investment where companies implement actions identified in the initial scoring exercise.

ESG AS AN ENABLER FOR GREAT BUSINESSES

We believe that ESG is an important tool for us. At Pollen Street we take a hands-on approach to our portfolio management and value creation, and so we are in a privileged position to drive improvements that build value and sustainable growth in our portfolio businesses. Whether through best-in-class governance, attracting the best talent by improving DEI at a firm, or efficiencies gained through a focus on the environment and waste, we see ESG as a key part of how we build better businesses and positively contribute to society.

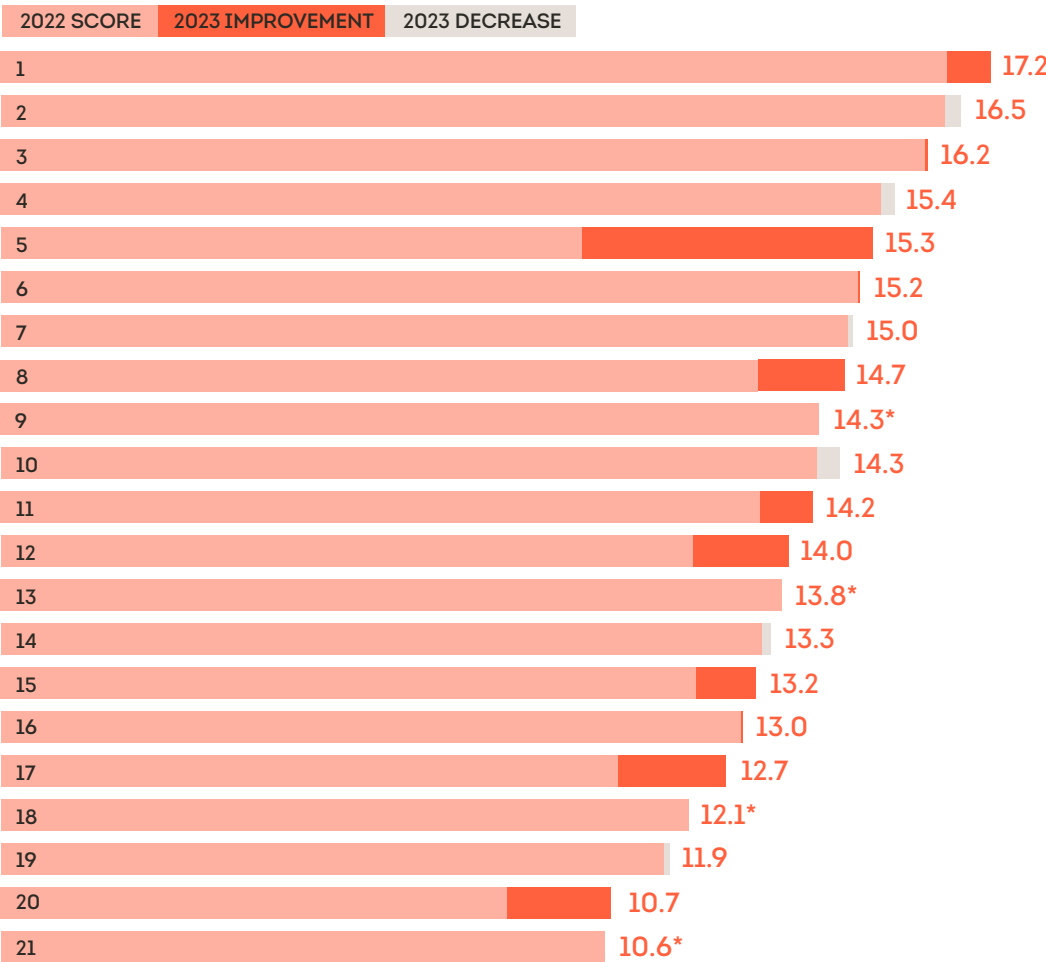
We do this through our investment professionals and our dedicated Hub team. A key tool is data collection,

measurement and transparency. We have developed a proprietary scoring mechanism and this data is invaluable in helping us to engage with our portfolio to make plans for improvements and opportunities. However, it is also particularly important in our communication to investors, our network and the wider industry. We are committed to transparency and this consistent scoring mechanism means we are well equipped to share ESG data clearly and concisely.



Michael England  
Partner, Pollen Street

ANONYMISED PE PORTFOLIO COMPANY SCORES FOR 2023 REPORTING PERIOD



\*denotes new portfolio company in 2023





Ding was created with a simple intention - to help those with less gain access to more. Ding delivers prepaid airtime top-up every second, via 550+ operators, across 140+ countries; helping families and friends around the world to stay connected. As such, ESG has been at the core of what the Company does since the very beginning.

Ding formed an ESG committee and in 2022, with the support of Pollen Street, formalised its ESG Policy and identified opportunities for improvement focusing actions on the following key areas:

**Environmental – Carbon Reduction Strategy**

We became carbon neutral in 2023 and are committed to achieving Net Zero by 2035. We have made a commitment to actively reduce our avoidable carbon emissions and have moved physical servers to cloud hosted solutions powered by renewable energy and implemented a conscious travel policy across the group.

**Social - DEI**

With 200 team members from 27 countries, Ding is a hugely diverse organisation. Ding formalised its DEI strategy in 2023, which included a DEI Committee made up of team members from across the organisation, introducing DEI training and a commitment to regular engagement surveys.

**Social - Expansion of Product Offering**

As Ding expands, we are sourcing products that can deliver real benefits to recipients struggling with access to essentials. In 2023, Ding introduced vouchers for food parcels and prepaid utility top-up services, and aims to make these and other vital services available in more geographies in the coming years.

**Governance – Reporting**

Ding continues to maintain strong governance practices and compliance programs. Building on an existing knowledge of ESG matters, in 2023, we implemented formal ESG reporting to Ding's Risk and Compliance Committee as part of the agenda moving forward.

“There has always been a strong social purpose to Ding’s core mission; keeping families and friends connected however distantly they live. We are proud of the momentum achieved with ESG matters in 2023 as our efforts to formalise and document our existing practises are now reflected in our score. We are looking to build on this into 2024.”



**Mark O'Donoghue**  
Chief Executive Officer



**POLLEN STREET CREDIT: ESG RATCHET**

In our Private Credit strategy we aim to be more than just a provider of capital, we aim to be a true partner for our borrowers. One of that ways we do this is through ESG ratchets. We introduced these in 2022 and in 2023 nine new ESG ratchets were rolled out with our borrowers. Through these ratchets we offer margin reductions to our lending facilities based on whether borrowers improve their ESG score or reach specific milestones such as net zero. There is a corresponding margin increase if their scores do not improve or meet agreed thresholds. Aside from the opportunity to reduce margins, borrowers are also able to engage more closely with our Investment and Hub teams to understand and improve their scores.

We're pleased to be able to drive this positive impact and work more closely with our borrowers on these important issues.



**Michael Katramados**  
Partner, Pollen Street

**BORROWER ESG SCORES**



**ESG ratchets rolled out across our borrowers.**



**Average score**



**Average score with ESG ratchets**

Using scores to set targets and improvement plans across all Borrowers



Since partnering with Pollen Street in May 2023, we've made fantastic progress on our ESG initiatives.

At the beginning of 2023, a voluntary ESG committee was created, to be the driving force behind building a better future for our company, industry, community and the environment. In June 2023 we publicly launched our ESG strategy – Foundations for Better Futures. This was supported by Pollen Street.

The tools provided by Pollen Street helped the committee and MSP Board better understand the areas that required further improvement, which has helped shape our ESG strategy and ensure continued improvement in years to come. This included launch-

ing our first employee satisfaction survey, beginning to understand and track our scope 3 emissions and proactively offset 125% of our scope 1 and 2 emissions.

As well as being inwardly reflective on how we can improve, we have had another year where we successfully have made an impact on the local community around our office that we are very proud of. From food bank donations to hosting our annual Charity Volleyball tournament hosting over 250 fundraising competitors. We managed to give back £37k to charities in 2023.



**Nicky Hollamby**  
Associate Director of Finance and Chair of MSP ESG committee



E

OUR CARBON  
AND CLIMATE STRATEGY



One of the most urgent challenges of our time is climate change, and Financial Services can make a significant contribution to creating a more sustainable future. We aim to fund companies that are committed to sustainability and collaborate with them to help them reach their net zero and carbon reduction ambitions. This includes establishing carbon reduction objectives, monitoring progress, and offering assistance and resources to enable companies to accomplish their goals.

We also have a pledge to lower the operational carbon emissions of the firm and its portfolio, encouraging sustainability practices such as travel policies, sourcing renewable energy and waste reduction.

In 2023, we again commissioned a third-party to assess the carbon footprint of the firm, our Private Equity portfolio and Credit partners. We measured our scope 1, 2 and partial scope 3 greenhouse gas emissions.

POLLEN STREET FIRM		2023 TCO2E	2022 TCO2E	2021 TCO2E
Scope 1	Direct emissions from the organisation's activity	-	-	-
Scope 2	Emissions from the use of purchased electricity	1.2	2.4	5.8
Scope 3	Indirect emissions that occur in value chain, including emissions upstream and downstream			
	Business travel	376.9	117.0	24.3
	Employee commuting including working from home	14.9	11.0	53.7
	Waste	8.0	2.7	1.8
	Water	0.5	0.4	0.4
	Upstream leased assets	1.1	-	-
	Downstream transportation and distribution	-	-	0.5
	Total Scope 3 emissions	401.4	131.1	80.8
Total	Total Scopes 1,2, and 3 emissions	402.6	133.5	86.6
Intensity	Scope 1 and 2 emissions per FTE	0.01	0.03	0.08
	Scope 1,2 and 3 emissions per FTE	4.8	1.7	1.2
	Scope 1,2 and 3 emissions per £bn AUM	95.9	38.9	26.9

The method used for calculating GHG emissions is in line with the GHG Protocol Corporate Accounting and Reporting Standard. Scope 1 represents the direct emissions from owned or controlled sources (such as gas boilers or owned fleet vehicles), Scope 2 represents the indirect emissions from the generation of purchased electricity and Scope 3 represents other indirect emissions across our value chain (including business travel, employee commuting including work from home, waste and water and excluding purchased goods and services and financed emissions).

Pollen Street Firm

We have performed an annual carbon footprint measurement exercise since 2019 with the results for the Group shown below for the past three years. The numbers in the table below were calculated using a third-party, KeyESG, for Pollen Street.

Comparisons with previous reporting year

In 2023, the firm's total measured emissions were 402.6 tCO2e, an increase from 133.6 tCO2e in 2022.

As per previous years, the Group has no Scope 1 emissions. Scope 2 emissions have decreased in the year due to vacating the US office facility part way through the year. Scope 3 emissions have increased predominantly due to increased travel supporting international fund-raising, and due to recent portfolio investments and pipeline activity across Europe.

Maintaining carbon neutral status with actions taken to reduce carbon emissions

We continue to support our employees to make greener choices through cycle-to-work schemes and a salary sacrifice scheme for electric vehicles. We purchase renewable electricity for our London offices which reduces our Scope 2 emissions under the market-based GHG protocol methodology, and we continuously optimise processes and technologies to reduce energy consumption and to minimise travel where possible.

Whilst we recognise that these do not reduce our operational emissions, we also purchase accredited carbon credits via Ecologi to achieve carbon neutral status. These cover our scopes 2 and 3 emissions as recorded in the above table.

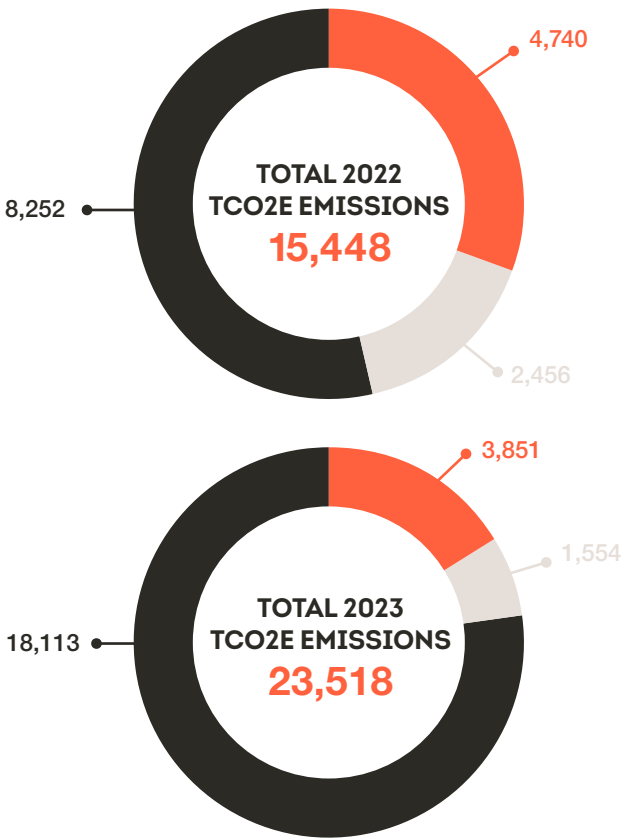
PORTFOLIO EMISSIONS PROFILE

PE PORTFOLIO

● Scope 1 ● Scope 2 ● Scope 3 \*

INTENSITY

tCO2e intensity per FTE



2023

2.1

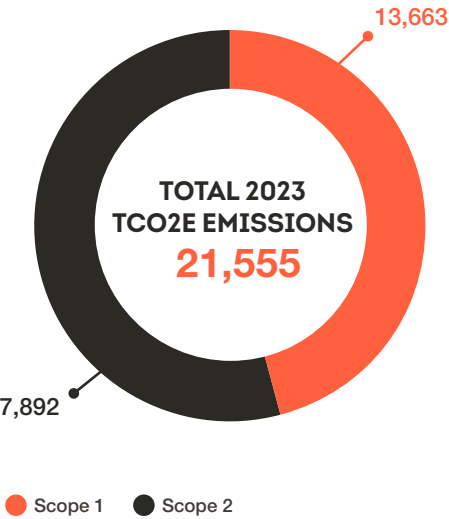
2022

1.5

\* Scope 3 excludes purchased Goods & Services & Financed emissions



CREDIT PARTNERS



\* Scope 3 excludes purchased Goods & Services & Financed emissions

**Intensity**  
tCO2e intensity per FTE (Scopes 1 & 2 only)

**2023: 2.7**

91% of Scope 1 emissions and 34% of Scope 2 emissions in 2023 relates to one borrower which owns and operates a fleet of vehicles.

LEVERAGING THIRD PARTY EXPERTISE FOR IMPROVED PROCESSES

We have been working with Key ESG since 2022 to support the portfolio-wide carbon measurement exercise.



KEY ESG provides a centralised ESG data platform for both Pollen Street and its portfolio companies for carbon emissions measurement. Using the platform has given companies autonomy, and has increased

the adoption and engagement thanks to the user-friendly data collection, automated calculations and decision-useful dashboards. Leveraging KEY ESG has improved efficiency, clarity, and accuracy with data collection and reporting.

The portfolio companies in turn benefit from using the platform's upskilling and educational materials as well as expertise to solve any challenges. They also benefit from Key ESG's input in portfolio collaboration workshops to share learnings and project management to ensure reporting timings are met.





BUILDING A DECARBONISATION ROADMAP ON THE PATH TO NET ZERO

Programmatically working with each portfolio company towards achieving net zero

As we disclosed in last year’s report, we are working with organisations across our PE and Credit portfolio to make net zero commitments creating a clearly defined, practical pathway to hit these targets using science-based methodology. As part of our collaboration with the Initiative Climat International, we are further challenging ourselves and supporting the drive to create a common understanding of what net zero really means using the Private Markets decarboni-

sation roadmap developed in 2023 to show our PE portfolio’s progress against targets. The roadmap addresses three essential questions that determine how GPs classify its investments:

- › What measures has the company taken to reduce greenhouse gas emissions.
- › Is there a recognised transition pathway for this company?
- › Do the company’s operations enable the net-zero transition?



NOT ALIGNED		COMMITTED		ALIGNING		ALIGNED TO TRANSITION	
Unable to align	Not started	Capturing data	Preparing to decarbonise	Carbon Neutral	Net zero plan in place	Operations aligned to NZ plan	
<ul style="list-style-type: none"><li>› Operating in a sector incompatible with net zero</li></ul>		<ul style="list-style-type: none"><li>› Not started to measure emissions or plan how to reduce them</li><li>› Minimal or no emissions data</li><li>› No decarbonisation plan in place</li></ul>	<ul style="list-style-type: none"><li>› Reporting emissions data but currently no plan in place to reduce emissions</li><li>› Measuring Scopes 1&amp;2 emissions from operation alongside material scope 3 emissions, and making data available to fund</li></ul>	<ul style="list-style-type: none"><li>› Committed to reducing emissions with a plan in place</li><li>› Decarbonisation plans in place but level of ambition not aligned to a net zero pathway</li></ul>	<ul style="list-style-type: none"><li>› Carbon neutral status achieved</li><li>› Verified Carbon Credits to offset residual emissions</li></ul>	<ul style="list-style-type: none"><li>› Committed to a decarbonization plan aligned to a transition pathway</li><li>› Committed to near term science based target aligned to a long-term net zero pathway</li><li>› Measuring and reporting publicly scopes 1, 2 &amp; 3 emissions</li></ul>	<ul style="list-style-type: none"><li>› Delivering against a NZ plan and operations aligned to science-based NZ targets</li><li>› Demonstrated YOY emissions portfolio in time with pathway</li></ul>
% OF PE PORTFOLIO		100%74%		48%46%		IN DEVELOPMENT	



ADDRESSING CLIMATE RISKS & OPPORTUNITIES



In an era marked by increased awareness of climate change, evolving stakeholder expectations, as well as requirements related to evolving ESG related regulation, Pollen Street is dedicated to integrating climate considerations into our investment strategy and decision-making processes.

As a key component of this commitment, in the past year we have undertaken a TCFD assessment to evaluate the potential impact of climate-related factors on our operations and overall financial performance.

2023 HIGHLIGHTS

GOVERNANCE

- › Continued to strengthen Board and ESG Committee oversight.
- › Building capacity through engagement with a third-party specialist advisor on ESG matters, SLR Consulting, to build a robust operational framework.

STRATEGY

- › Engaged SLR Consulting, to perform GAP analysis, develop TCFD roadmap and to support scenario analysis and risks and opportunities identification.
- › Engaged with UNPRI, Initiative Climat International and other industry groups to incorporate best-practice climate and decarbonisation frameworks.

RISK MANAGEMENT

- › Identified and assessed climate-related risks and opportunities at the firm level and produced a qualitative scenario risk assessment.
- › Strengthened climate considerations in business processes and decision-making.

METRICS AND TARGETS

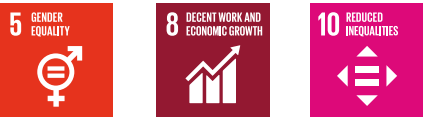
- › Fourth year of carbon emissions measurement at firm and portfolio level.
- › Maintained carbon neutral status at a Group level and committed to setting net zero target by 2025.

Further detail is set out in the [Pollen Street Plc Annual Report and Accounts](#).



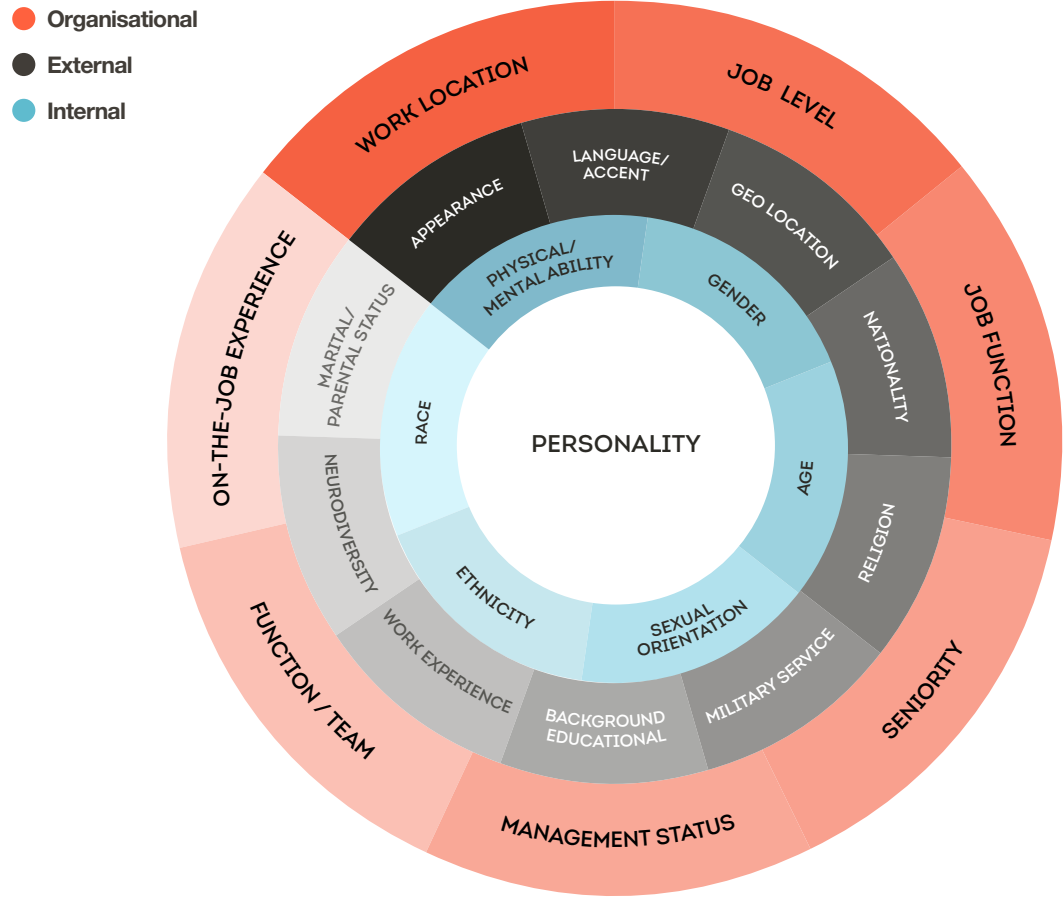


# S ADVANCING DIVERSITY, EQUITY AND INCLUSION



At Pollen Street, we are committed to advancing DEI in everything we do. We appreciate the uniqueness of each and every one of us, respecting our different experiences, backgrounds, skills and identities. Our diverse population fosters a truly creative, progressive and entrepreneurial culture, linked to our values. To fully embrace, support and celebrate diversity, it is important to acknowledge all differences. To do this

we use the following image when discussing DEI and thinking about how we can drive positive change within Pollen Street and across the industry and our portfolio. This visualisation serves as a reminder of what ‘whole’ might look like when we are encouraging our people to bring their whole selves to work in order to deliver their best.



We continue to ensure DEI remains a strategic focus and we have implemented the following initiatives:

- › **Data & Insights:** Using surveys to understand DEI dynamics and sentiments for a better-informed strategy and to assess progress year on year.
- › **Focused engagement:** A DEI working group as part of the People Agenda, selecting a calendar of events to boost engagement, share experiences and drive inclusion. These include International Women’s Day, Pride and Black History months.
- › **Employee life cycle:** Challenging traditional recruitment frameworks and biases for candidate sourcing and promote opportunities for talent development.
- › **Education outreach:** We partner with Future First, a charity that supports social mobility for state school students. Initiatives have included volunteering at Insight Days and careers training, and broader fundraising across the portfolio.
- › **Advocacy and Commitments:** We are signatories to and members of a number of industry initiatives such as Level 20, Social Mobility Pledge and OutInvestors.

## OUR CURRENT TEAM

We have recently completed our fourth DEI survey across the team to understand the demographics across our workforce, as well as to gain insights to focus our future initiatives.





SPOTLIGHT ON INTERNSHIPS:  
DRIVING SOCIAL MOBILITY



We recognise that advancing **social mobility** is essential if we want to make true progress from a DEI perspective. As Pollen Street has a high percentage of state school representation, we have a good platform to support broader change, and are proud to provide learning and internship opportunities via the following initiatives:

We offer annual internship placements for under-represented talent to gain skills and insight into the Asset Management industry. We are excited to again be partnering with **10,000 Interns Foundation** in 2024, and **GAIN (Girls are Investors)** to build a pipeline of talented female and minority talent and advancing diversity within the industry.

“My six-week internship not only honed my technical and interpersonal skills but also provided me with deep insights into the private equity and private credit sectors. The supportive and collaborative environment at Pollen Street played a crucial role in shaping my career, leading to further opportunities post-graduation. The team’s mentorship and guidance were instrumental in my professional development, and I am immensely grateful for the lasting impact it has had on my career.”



**Joshua Osei**  
Pollen Street 2023  
10,000 Interns intake

EY Foundation

Pollen Street is one of the first organisations to support EY’s Private Equity Smart Futures programme. Students are given paid work experience, interactive employability skills training and mentoring. We hosted 3 students in 2023 and are excited to be partnering with the Foundation again in Summer 2024.

“Working with Pollen Street to deliver our Private Equity Futures programme has been such a brilliant experience. Together we have supported 11 young people from low-income backgrounds to develop their employability skills and gain paid work experience in an exciting and innovative organisation. It has been great to give young people the chance to witness first-hand the job opportunities in Private Equity as the Financial Services sector seeks to attract a diverse talent pipeline. We are delighted to be working with Pollen Street again in 2024 to support even more young people.”



**Lynne Peabody**  
CEO of EY Foundation

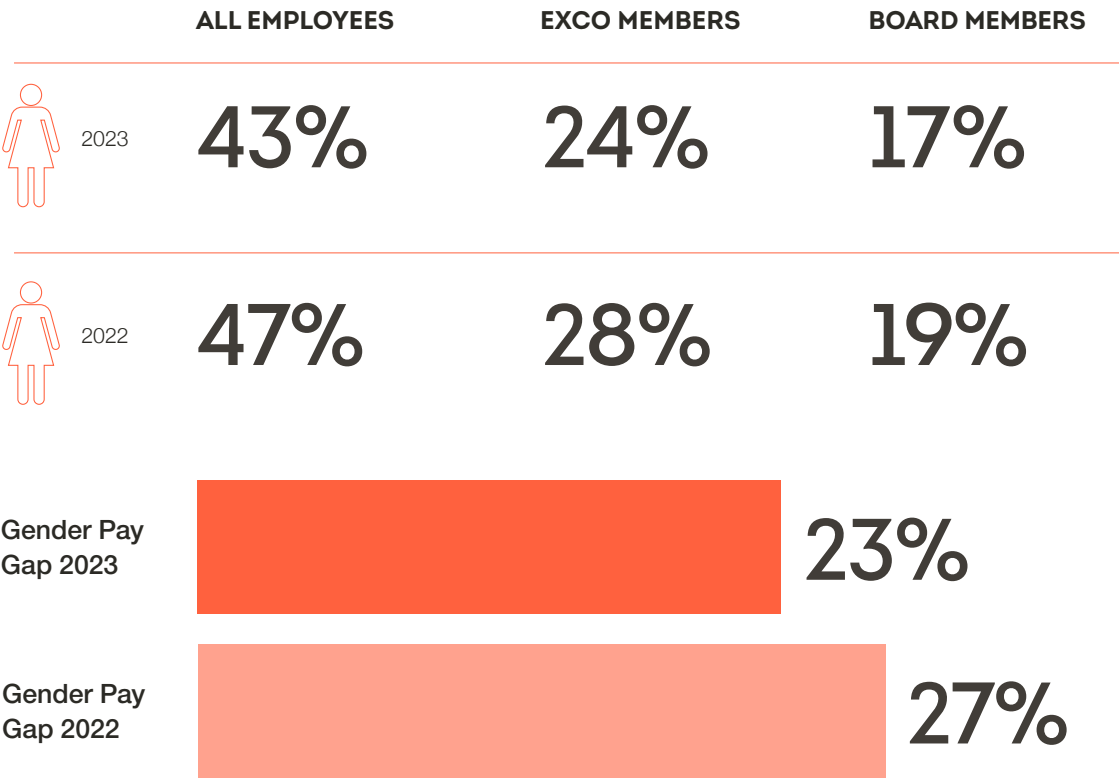
PE PORTFOLIO GENDER DIVERSITY

DIVERSE HIRING

Over 50% female hires in past 12 months

OUR TARGET

25% women on portfolio boards /executive leadership by 2025



ADVANCING  
DEI ACROSS  
THE PORTFOLIO

We collaborate with our portfolio companies through the ESG and People Forum to examine the diversity and inclusion aspects in their business, and establish goals and actions, using the Hub to exchange best practice. This covers topics such as employee involvement, training and development and assessment of DEI organisational aspects. DEI KPIs are also key elements in the portfolio ESG scoring mechanism.

INVESTING IN FEMALE  
ENTREPRENEURS

Pollen Street has continued to support the “Invest in Women Hub”, which launched in 2021 to assist female entrepreneurs in the UK to access finance to grow their businesses. The new website was re-launched in 2023 to reach even more female entrepreneurs with revamped content. Pollen Street sits on the editorial Board, supporting the strategic direction of the initiative.



# EXAMPLES OF DEI PROGRESS ACROSS THE PORTFOLIO

## Cashflows

### Championing Diversity & Inclusion

Cashflows' ESG focus is an integrated part of its strategy and management process. With only 5% of leadership positions in the technology sector held by women\*, Cashflows has a good platform to operate as a role model for the firm and the industry, through our female CEO, Hannah Fitzsimons as DEI champion.

We are committed to creating a workplace environment where diverse talents are recognised as superpowers, leading to greater success and innovation within the industry. We have established a number of initiatives as part of the people agenda:

**Diverse recruiting:** We train hiring managers on how to select candidates effectively, being aware of unconscious bias. We ask recruitment agencies for diverse pools of candidates and are seeing great results - of 2023's new joiners, 40% were female, 31% were from an ethnic minority and 11% were neurodiverse.

**Championing inclusion:** We celebrate inclusive campaigns, sharing blogs, resources and people's stories to raise awareness. We provide training on all areas of diversity and inclusion, to break stigmas and highlight the benefits of being a company that has DEI in its DNA.

**Giving employees a voice:** We hosted 7 lunch & learns celebrating Pride, International Women's Day, Mental Health awareness, Neurodiversity, Black History Month. These supported Cashflows' culture of inclusion, as people felt safe to share their personal stories.

**Effective KPIs:** We hold ourselves accountable, so we've set KPIs that are reported to the board quarterly. Our headcount consists of 44% females, 56% males, 17 different nationalities, so we benefit from different backgrounds, experiences, perspectives and talents - we value different.

**Collective responsibility:** Following the 2023 engagement survey, we are launching a DEI forum aimed at fostering authentic, grassroots engagement rather than being solely "HR-driven." This forum will include a diverse cross-section of employees committed to driving meaningful actions and generating real impact.

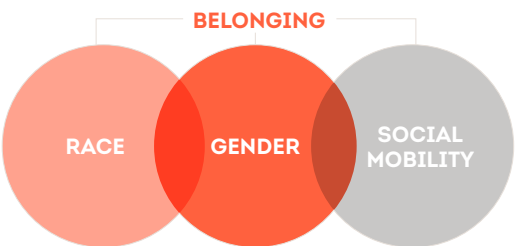
We also get involved with industry initiatives - I personally had the opportunity of being invited to participate in Harrington Starr's [DEI Discussions #WomenofFinTech podcast](#). This was a great chance to share progress across all the wonderful initiatives we are doing at Cashflows, with the hope of inspiring others.



**June Ahi**  
Chief People Officer

## shawbrook

Over the past 12 months, Shawbrook has made good progress against their DEI agenda. The bank's priority has been to further embed our DEI strategy across four key focus areas, while also building a culture of trust and belonging.



\*Source: PWC Research  
<https://www.pwc.co.uk/women-in-technology/women-in-tech-report.pdf>

# BUILDING BUSINESSES THAT ARE GREAT PLACES TO WORK

## invest in women hub

Creating a positive and engaging culture for our people is a strategic priority for us, and we also value this across our portfolio companies, whether they have a few employees or many. A people-centric approach in organisations is essential for employee engagement, retention, well-being, creativity, innovation, and the overall organisational culture. This makes Pollen Street and its portfolio companies attractive to candidates, and enables them to recruit diverse talent across the various sectors and geographies they work in. We support companies to measure engagement through employee surveys, and to take appropriate actions to grow and develop their people, backed by progressive leadership and growth policies and practices. This approach helps foster a positive culture and performance results.

**76%**  
of PE companies use engagement surveys

## tandem

Tandem Bank has been recognised among the UK's top employers in Sunday Times Best Places to Work 2024 list.



## proactis

Proactis, the global spend management and procurement solutions provider, has grown broadly via a number of acquisitions. This posed an interesting People Experience (PX) challenge, given the mix of existing organisational cultures, historic ways of working and local approaches to incorporate and consider. The business has to operate with international lens.

The ethos we are trying to promote and drive across the PX team is 'let's be different' and 'let's build our own path'. Operating across five regions, in 2023, we realigned our people organisation to Centres of Excellence, which will in turn build operating leverage and efficiency, as well as an engaged workforce.

We are working with the business to roll out the following activities:

- › Performance Management system with relevant KPIs
- › Global HR System – a one stop shop for all the key PX activities
- › Skills and Competency Frameworks
- › Group-wide Engagement and Communications Forum
- › Group wide Mental Health First Aiders
- › Management and Leadership Training – including a future talent pipeline framework
- › Talent and Development programme for Manila Operations – to be a competitive employer in the Philippine market

I am really excited to see these initiatives grow across the business and see them grow with Proactis, building a great place to work.



**Adrian McShane-Chapman**  
People Experience Director



# G STRONG GOVERNANCE TO BUILD SUSTAINABLE BUSINESSES

Strong governance is core to our operating model, where we believe that a fairer, more transparent business supports strong and sustainable growth. We also ensure that our investments comply with industry standard guidelines as fundamentals, and aim to set the standard for best practice, actively managing ESG considerations and risks effectively.



## TARGETS

100%

of companies with ESG matters on the Board agenda at least once a year

## RESULTS

100%

of companies with ESG matters on the Board agenda at least once a year

100%

of companies with formalised ESG policy

100%

of companies with formalised ESG policy

## ESG REGULATIONS

We continue to see a number of ESG regulatory and reporting announcements. Changes to rulemaking and disclosures are taking shape around required climate-related and other ESG disclosures, depending on size, scale and jurisdiction of the organisation.

As part of our ESG engagement, we are working through the reporting requirements and impacts for portfolio companies to ensure that companies have a solid understanding and are developing reporting roadmaps where applicable and what further support is required. This is also a focus as we consider ESG in our due diligence process, assessing preparedness for ESG reporting.

## FINANCIAL CRIME

We are dedicated to providing training on ESG matters to equip our team with the necessary knowledge and skills to address ESG risks and opportunities. Leveraging both external and internal expertise, we recently conducted training sessions on the ESG regulatory environment, climate action, and consumer duty for our firm and relevant individuals across our portfolio.

Our policies and processes help deter, detect, and disrupt financial crime – Protecting individuals and businesses from frauds and scams.

By investing in many businesses that offer financial services, Pollen Street’s portfolio companies can help lower the amount of financial crime, and also educate consumers on how to safeguard themselves.

## DATA PRIVACY AND CYBER SECURITY

Businesses are facing an increasing number of cyber threats ranging from data breaches to ransomware attacks. These incidents not only pose financial and regulatory risks but also damage the company’s reputation and can damage trust with stakeholders. We remain focussed on ensuring that cyber security and cyber resilience practices stay robust and properly ingrained at both the operational and board level internally and across our portfolio companies.

Last year saw an unprecedented rise in the opportunities from artificial Intelligence and those opportunities are as available to cybercriminals as they are to companies’ innovators and security defenders. The security industry is dealing with significant increases in the quantity and sophistication of automated attacks underpinned by AI.

Our expertise in maintaining robust cyber security and data privacy measures is essential as an asset manager. In addition to building trust with our investors, we are also able to support long-term value creation in our portfolio companies by enhancing their resilience to these threats and mitigating risks. Our work in this area contributes to our own growth and the sustainable growth of our portfolio companies and borrowers over time.



**Adrian King**  
Pollen Street CTO



# SPOTLIGHT ON SUPPLY CHAIN SUSTAINABILITY

We recognise the significant impact that supply chains can have on the environment, society, and business performance. It's not only imperative that portfolio companies comply with applicable laws, regulations, and international standards related to supply chain sustainability, but also for us to help them to address their own customers' needs in this area.

In 2023, this was a key agenda item at the annual ESG Forum where we heard from external experts on the upcoming legislative arena on Supply Chain Due Diligence, including CSDDD, as well as a portfolio best-practice discussion. This includes areas such as environmental protection, labour rights, health and safety, anti-corruption, and importantly tools and policies for responsible sourcing.



Their wide-reaching third-party supplier network provides them with the goods and services to deliver good outcomes for stakeholders. They regularly review their supply chain and engage with the supplier community to help ensure they are acting responsibly and continue to align with the bank's core values and regulatory requirements.

ment Policy. This sets out the relevant rules and guidance to ensure that procurement, contracting and supplier management activities are undertaken in line with relevant regulatory standards.

They have also set an ambition for at least half of suppliers, with annual spend of over £200k, to be net zero aligned by the end of 2025.

Throughout 2023, Shawbrook has embedded the Group Procurement and Third-Party Risk Manage-



The Sustainable Supply Chain Programme will allow Markerstudy to work with suppliers on innovating new and exciting ways to do business, from reimagining packaging through to new products and services that add value to customers.

important to engage with suppliers to achieve sustainability goals.

Following a pilot in 2023, Markerstudy is launching a programme to all key suppliers in 2024. This includes signing a Sustainable Supply Chain Charter, and self-assessment on their Sustainability initiatives, to map output such as carbon footprint of products and services.





# SPOTLIGHT ON AI

## AI for Sustainability: Increasing Efficiency and Value Creation

Artificial Intelligence (AI), particularly Large Language Models (LLMs), represents a pivotal advancement with significant implications for sustainability and operational efficiency. While AI has been enhancing business processes for years, the recent progress in LLMs marks a transformative shift. These models democratise knowledge, enabling organisations to leverage and automate expertise, and provide rapid data insights, crucial for capturing, analysing, and generating insights swiftly.

### CEO priorities:

**88%\*** of CEOs reported existing or planned capital investments to AI-Drive products or service innovations and;

**38%\*** of CEOs reported they prioritise sustainability issues when making capital allocation decisions.

### Responsible AI

AI has immense potential to address critical social and environmental challenges. It can optimise energy consumption by selecting the most efficient LLM models for various tasks and mitigate hiring biases, fostering inclusivity, fairness, and objectivity in the workforce.

### Future-proofing the portfolio

Financial services, particularly, benefit from AI integration. By leveraging machine learning and LLMs, we can streamline risk management, fraud detection, customer service, and underwriting processes.

### Common portfolio use cases include:

- › Risk Management: AI algorithms analyse vast datasets in real-time to identify risks and anomalies, enhancing efficiency.
- › Decisioning and Underwriting: Machine learning algorithms convert raw data into valuable insights, reducing decision times.
- › Customer Service: AI-powered chatbots and virtual assistants provide personalised support, improving service quality and reducing costs.
- › Regulatory Compliance: AI tools automate compliance processes, ensuring efficient adherence to regulatory requirements.

These applications enhance operational efficiency, profitability, governance, transparency, and accountability.

### Highlighting Our Commitment

Pollen Street Capital is proactive in ensuring AI's potential is realised at the Board and Management team levels. Our recent LLM Forum, featuring industry leaders like OpenAI and AWS, showcased innovative LLM applications across our portfolio, emphasising practical advances in customer support, coding, and document management. This forum illustrated our dedication to embedding sustainable, tech-driven initiatives that boost efficiency and agility.

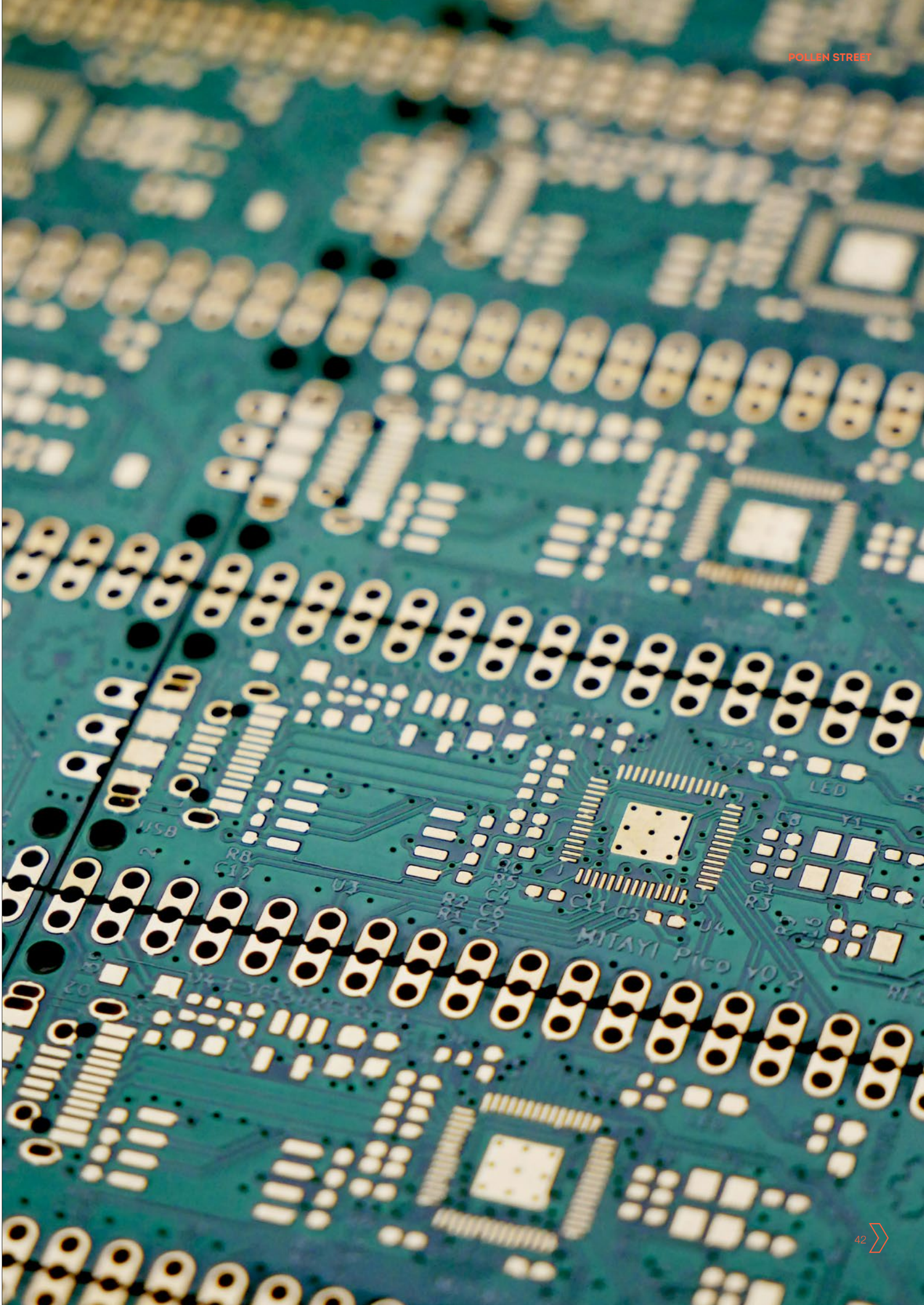
Beyond the forum, our work with portfolio companies includes a robust LLM operating model aimed at staying ahead of the curve with this transformative technology. This model emphasises continuous learning, responsible AI adoption, and a commitment to leveraging LLMs for sustainable business transformation.

By harnessing LLMs, we aim to drive impactful change, ensuring our portfolio companies not only operate more efficiently and profitably but also more sustainably.



**Gilad G. Amir**  
Digital Operating Partner

\*EY - Artificial Intelligence ESG stakes, Discussion Paper





# 5. IMPACT IN ACTION





# CREATING A LASTING ENVIRONMENTAL IMPACT


We believe financial services play a crucial role in funding green initiatives and driving sustainable change, significantly contributing to addressing the climate crisis. We recognise our responsibility to support solutions with a positive environmental impact, enabling businesses and individuals to make a real difference and support broad net-zero targets.



With almost 35% of UK emissions coming from households, Tandem's mission is to make it easier for consumers to live more sustainable lifestyles, helping them on their journey of transitioning to a low-carbon economy.

 **110k**  
customers on green or "pathway to green" lending

 **£523m**  
green and "pathway to green" lending

 **74k tCO<sub>2</sub>**  
saved through financing of green or "pathway to green" products in 2023

Tandem aims to provide customers access to a suite of greener lending products and services that address those areas, while offering cost-saving opportunities.

The biggest opportunity to make an impact is to reduce the emissions associated with its financial products, therefore Tandem has developed **Green**

**Product Criteria** for transparency for where and how products make a green impact. Products are defined 'Green' if they meet EU Taxonomy standards; others can qualify under 'Pathway to Green' if they outperform national averages and contribute materially to sustainability. These products include:

- › **Motor Finance** – Electric vehicles
- › **Home Improvement loans** – including solar, heat pumps, and energy efficient doors and windows
- › **Mortgages** – EPC A&B rated properties
- › **Savings** - funding lending, some of which support Green and 'Pathway to Green' products.

## Strength through partnerships

For the past 4 years Tandem have partnered with **Project Solar UK**, a leading solar panel installer, saving 150,000 tonnes of carbon since 2011.



Project Solar UK Introducing Better Energy is rated Excellent  
Based on 4,778 reviews  
★★★★★  
★ Trustpilot

**Impact:** Since the inception of this partnership, Tandem has financed **9,041** home improvement products worth **£114.5m**, including 2,616 installations worth **£37.5m** in 2023.





# ACCELERATING THE TRANSITION TO GREEN MOBILITY

The transition to green transport is critical to reduce overall carbon emissions and meet net zero targets. Pollen Street's credit facilities focus on funding the gaps in this green transition, supporting lenders and businesses to build and grow a variety of green transport initiatives and programmes.



Our credit facility with Octopus Electric Vehicles, the UK's go-to electric vehicle salary sacrifice leasing specialist, has entered its second year.

Pollen Street's credit facility has facilitated the purchase of over 1900 Electric Vehicles across the UK. These vehicles have been calculated to avoid more than 4000 metric tonnes of Co2 emissions every year versus a standard ICE vehicle, furthering our alignment to UN Sustainable Development Goal 13: to limit and adapt to climate change.

**> 1.9K**  
electric vehicles purchased

**> 4K**  
tCO2e saved

# A GROWING OPPORTUNITY FOR ESG IMPACT IN PRIVATE CREDIT

Through our Private Credit strategy, we believe that we have an opportunity, and responsibility, to support businesses and solutions that accelerate positive change. We see this across all areas of our ESG framework; environmental, social and governance.

As stewards of capital, we have a role to play in supporting solutions with the potential to generate a positive environmental impact. Over the last year we have continued to see attractive opportunities for funding green alternatives for homes and transport for example our facility with Octopus Electric Vehicles. Financial services also have a critical role to play in funding socially impactful products and propositions. We see this through our recent facility with Capify which provides capital for SME funding across the UK and Australia.

Finally, governance is imperative in how we assess and then work with our borrowers. We engage with borrowers throughout our investments process to help identify gaps and provide support. The ESG ratchets we have rolled out represent an effective mechanism to encourage this engagement and ensure we are driving governance best practice.

Overall, it is clear that, alongside a large and growing strategic investment opportunity, there is a real opportunity to deliver positive change and support better more sustainable businesses through our funding.



**Mathew Potter**  
Partner Pollen Street





SOCIALLY IMPACTFUL PRODUCTS  
AND PROPOSITIONS

Many businesses in our private equity and credit portfolios have a positive social impact linked to their core business proposition.

Financing for positive change

We aim to achieve positive impact through our Credit strategy, such as helping SMEs through reliable lending partners or boosting regional economic development by funding real estate developers across the UK and Europe that address regional inequalities and supports social mobility.

Our investments are regionally balanced with facilities and end borrowers across the UK & Ireland.

> 86.9%

investments outside London





Working with Credit partners to provide financing to reduce inequalities and to support SMEs to grow their businesses



Capify, established in 2008 and headquartered in Manchester, provides short term lending to SMEs. The business is passionate about the vital role SMEs play in the success of the UK economy. The funding provided by Capify addresses a gap in the market providing much-needed capital for SMEs to help them manage and prosper.

Capify lends to a wide range of industries in the UK and Australia providing capital to businesses that might otherwise be unable to receive traditional bank financing, in turn fuelling growth and job creation.

“As a responsible capital provider, Pollen Street integrate environmental, social and governance (ESG) considerations into all its investment decisions. We look forward to utilising its experience and expertise in this area to help us on our own journey toward driving positive impacts in the communities and environments in which we operate”.



Enabling development of affordable, efficient and good value homes

Our credit partners include real estate development and bridging lenders. We support communities in meeting the critical housing gap in the UK and Europe through the construction of quality primary housing, adopting sustainable living standards and improving the impact property has on the environment.

- Currently constructing over 3,000 homes across the UK and Ireland
- ~23,000 tonnes of carbon savings
- Minimum EPC B on all new-build residential housing in UK
- Our real estate credit partners direct employ ~180 people with over 4,500 indirectly employed on financed construction sites

“Our focus in this sector has centred around financing the construction of mass market affordable homes in which people want to live – homes that are close to areas of employment, schools and amenities. Each new build house that we finance in the UK needs to have minimum environmental standards, and open space. The financial support of these SME developers is key to creating much needed homes and communities across the UK. We aim to integrate ESG principles into our real estate partnerships – delivering more homes, with environmental stewardship underpinned by robust governance.”



James Bevans  
Investment Director,  
Real Estate

Creating fairer, more inclusive workforces



Assessio joined the private equity portfolio in August 2023. The business is a leading talent assessment software platform in the Nordics. Assessio works with businesses across many industries, including many financial and professional services businesses.

Assessio’s offering is based on proprietary technology that provides solutions for the entire HR cycle. Assessio tools optimize the recruitment, development and performance of both employees and leaders as well as supporting its clients’ DEI goals for a fairer and inclusive workforce.

An example of the platform in action driving DEI outcomes was an Assessio-powered study about how psychological testing used alongside structured interviews during the hiring process can impact diversity. Participants in the study were job applicants for a business in the hospitality industry, with a total of 823 candidates participating. One control group continued with a traditional recruitment process, while another group used the tools of Assessio. The results were compelling as the Assessio tools and methodology increased the likelihood of receiving a job offer by 80% for candidates with non-European sounding names, without compromising on skill requirements.



Improving Financial Health



Aryza is always looking for ways to improve financial health and well-being. They help customers cope with the challenges of rising living costs and market volatility by developing innovative products. They have significantly enhanced consumer outreach platforms, built new SME support platforms, and expanded insights and analysis tools. Aryza is also collaborating with the Centre for Social Justice and the Vulnerability Registration Service. By using a comprehensive approach that covers the whole credit and debt journey, they can help customers make a lasting and positive difference in their end-customers’ financial health.

Case study: VRS

Aryza has joined the Vulnerability Registration Service (VRS) to assist its consumer lending clients in better identifying and supporting vulnerable customers. The VRS is the UK’s first central database for vulnerability, allowing individuals to register their vulnerable status free of charge. This includes those in financial distress, with mental health issues, at risk of financial abuse, victims of fraud, and their representatives.

By integrating with the Aryza Lend system, all lenders using this system can automatically check the VRS database during the loan application process. This integration not only improves operational efficiency for the more than 200 businesses using the Aryza Lend system but also enables them to identify vulnerabilities more effectively and implement the most appropriate measures in their underwriting process to achieve the best possible outcomes.



Driving Financial Education  
and awareness

tandem

Tandem's Financial Education programme has progressed into its second academic year, they've experienced significant expansion both in delivery volume and in leveraging collaborative partnerships.

KEY ACHIEVEMENTS FOR 2023 INCLUDE:

> 2474

Direct delivery to 2474 students

> 61

Classroom sessions conducted

> 60

Total teaching hours

> 46

Bus sessions organised





# 6. CREATING PARTNERSHIPS FOR LASTING IMPACT

## GIVING BACK

Since 2020, our flagship ESG programme “Ten Years’ Time” has been working to make a significant change to society and planet. Our goal is to link our ESG impact with the firm and its amazing people and skills and collaborate with charities and causes to make a difference. Pollen Street’s people have been giving their time, knowledge and enthusiasm to a core group of charity partnerships linked to our values to increase our positive impact as a firm.

- › **Ambitious – to make lasting change**
- › **Integrated – to align our corporate strengths and assets to deliver social change**
- › **Aligned – to ensure our ESG programme is integrated into our corporate objectives, culture, and values**

We promote the reach of our programme by offering all employees the option to support the causes referenced here, or charities of their choice through volunteer days.



### Unlocking Opportunities and empowering the next generation



Future First is on a mission to ensure that every state school and college in the UK is supported by a thriving and engaged community of alumni and relatable role models. Their vision is to equip young people with the skills, confidence, and inspiration they need to reach their full potential and contribute fully to society.

As an active supporter of Future First we recently hosted our second Insight Day with Future First, welcoming over 20 students for a careers insight day, giving a taster of the world of Asset Management, Private Equity and Credit. We spotlighted different roles and functions within the firm, and a session on good CV and interview skills.

We encouraged students to dream big, ask questions, and envision their own paths in the financial world. By bridging the gap between academia and industry, we hope to inspire the next generation of finance professionals.



Leveraging the network to expand Future First's reach



A number of portfolio companies are now conducting strategic partnerships with Future First to improve opportunities for young people and to connect with up-and-coming talent. We are able to share learnings and conduct joint events.

Lumon conducted an Insight Day in 2023 with students providing feedback:

➤ 100% ➤ 80%

Gained understanding about the world of work

Feel more confident about their future

➤ 100% ➤ 12

Said they gained practical tips and advice

Lumoneers volunteered (10% of workforce)



Other Charity & Community Partners



In 2023 we furthered our strategic partnership with The Felix Project, a food redistribution charity that collects surplus fresh food that cannot be sold. Pollen Street volunteer teams made weekly food deliveries to central London charities so they can provide healthy and nutritious meals and help the most vulnerable in our society.

Raising awareness and providing fundraising opportunities for causes close to our heart



Auditory Verbal UK's vision is that all deaf children have the opportunity to listen and speak as equals alongside their hearing peers. Pollen Street has continued to support AVUK over the past years with a number of fundraising events and awareness campaigns.





# 7. ESG STEWARDSHIP

## ALL PLAYERS ARE PART OF THE SOLUTION

### INDUSTRIES INITIATIVES ALIGNMENT

We are proud to participate in a number of organisations and initiatives to advance collaboration, best-practice and transparency on ESG and sustainability across the industry and broader society.

#### Responsible Investment

We have been a signatory to the United Nations' Principles for Responsible Investment since 2019. We received a 4\* rating in the Policy Governance and Strategy module and 5\* in Private Equity and Private Debt modules in the most recent rankings.

Under the EU SFDR, Pollen Street has committed to progressive Article 8 for current PE and Credit funds and is working to align processes and disclosures with Article 8 requirements across all future funds.



#### Climate Change

Pollen Street has joined the initiative Climat International (ICI) and is signing up to the ICI commitments in order to participate with industry peers and share best practice to address Private Equity's exposure to climate change risk.

We are also a member of Fairr Initiative, the world's fastest-growing investor network focusing on ESG risks in the global food sector.



#### ESG Reporting Excellence

We have been an inaugural member of the ESG Data Convergence Initiative since 2021, participating in working groups to improve the metrics and benchmarks.

This is a joint investor initiative to collectively increase the quality, consistency and comparability of ESG data in private markets.



#### Diversity, Equity & Inclusion (DEI)

We are advocates and partners to a number of diversity organisations and initiatives, to advance awareness and representation across the industry:





# 8. OUR ONGOING FOCUS

## OUR ESG STRATEGY

We have established a strong foundation for ESG and sustainability. We continue to improve our practices and collaboration within our ESG framework, with a focus on improving the sustainability performance of our investments, managing risks and creating value for our investors and stakeholders.

### OUR KEY FOCUS AREAS FOR ESG

<b>DRIVE PERFORMANCE THROUGH DATA AND SCORING</b>	Continue to improve reporting and scoring mechanism to assess and monitor sustainability performance of potential investments and engage with portfolio companies to improve scores with ESG ratchets deployed across Borrowers' credit facilities.
<b>STRONG GOVERNANCE AND ADHERENCE TO ESG REGULATIONS</b>	Continue to enhance Regulatory and Governance frameworks, including approaches to ESG risk management and the highest standards of reporting. Ensure education and awareness across the firm and portfolio.
<b>SOCIAL IMPACT</b>	Drive broader societal change through financing socially impactful products and propositions, and continue to promote diversity, equity and inclusion in our firm and wider industry.
<b>NET ZERO &amp; CLIMATE</b>	Work programmatically with each portfolio company towards achieving net zero, and continued identification and development of climate and sustainability propositions.
<b>SUPPLY CHAIN SUSTAINABILITY</b>	Take steps to assess the environmental, social and economic performance of Pollen Street's suppliers, enabling us to implement action plans and monitor progress towards sustainability goals.
<b>STEWARDSHIP</b>	Act as a role model for the industry, working with key stakeholders – investors, portfolio companies and industry bodies to drive sustainable value creation across our sector.
<b>PURPOSE-LED ASSET MANAGER</b>	Continue to embed responsibility and sustainability into the Pollen Street culture. Scale a lasting programme with our community partners.



# 9. SUPPLEMENTARY INFORMATION





FURTHER DETAIL ON PORTFOLIO ESG METRICS  
FOR THE YEAR ENDED DECEMBER 2023

Below we set out some summary ESG metrics from across the PE portfolio, which are a sub-set of the comprehensive data collection that we use to monitor ESG performance.

METRIC	VALUE
% of companies with ESG policies	100%
% of companies with ESG on Board agenda	100%
% of companies with Human Rights / Modern Slavery policies	71%
Exposure to controversial weapons	0%
% of companies with cyber incidents in the year	0%
% of companies measuring carbon emissions	100%
% of companies with carbon reduction plans in place	62%
% of companies with carbon neutral status achieved	48%
% of companies with net zero plans in place	62%
Average carbon intensity of revenue Scopes 1 & 2 (tCO2e / €m)	2.81
Average carbon intensity of revenue Scopes 1, 2 & 3* (tCO2e / €m)	9.1
Average carbon emissions per FTE (Scopes 1 & 2) (#,tCO2e)	0.5
Average carbon emissions per FTE (Scopes 1,2 & 3*) (#,tCO2e)	1.7
% of companies sourcing renewable energy	76%
Average renewable energy consumption (KWh)	829,000
% of companies with sites / operations located in / near to biodiversity sensitive areas	0
Emissions to water	0
Hazardous waste radio	0
% of companies with DEI policies	86%
% of companies conducting engagement surveys	76%
% of companies with charitable / community initiatives	90%
Amounts donated to charity	£1m
Female Board % representation	18%
Female Executive Committee % representation	26%
Average unadjusted pay gap	22.9%

RESPONSIBILITY FOR ESG

Pollen Street has established an ESG committee (“ESGC”) which is responsible for setting the strategy, framework, and processes for ESG integration across the investment process.

The ESG Committee is composed of a cross-section of teams to enable appropriate engagement and allocation of responsibilities.



**Alison Collins (Chair)**  
Head of ESG



**Lindsey McMurray**  
Managing Partner



**Matthew Potter**  
Partner



**Michael England**  
Partner



**Chris Palmer**  
General Counsel



**Gary Wong**  
Chief Compliance Officer



**George Harwood**  
Investment Manager



**Ethan Saggu**  
Investment Director





## CONTACT

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Pollen Street Capital	+(44) 203 728 6750
11-12 Hanover Square	info@pollencap.com
London	pollencap.com
W1S 1JJ	

## ALISON COLLINS

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Head of ESG  
alison.collins@pollencap.com