



# Our ESG Impact Report 2023

*Photo of Salvin's albatross by Ben Jones, APEM Group*



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# Who we are

WestBridge is an independent private equity firm that invests in UK lower mid-market buyouts. We are investing our third fund, WestBridge III, to continue our strategy of acquiring controlling stakes of businesses with EBITDA of £2 million to £6 million and enterprise values of between £15 million and £60 million. We work in close partnership with our management teams to accelerate sustainable growth and optimise the value creation opportunities available to our businesses, whether organically, through acquisition or a combination of the two.

WestBridge's investment strategy has been specifically designed to identify those companies where we can deploy our Value Creation Model to accelerate growth. By systematically implementing value creation initiatives in partnership with our operating consultants and management teams, we continually raise each portfolio company's objectives, accelerating growth beyond original plans and building value in our investments. One of the central pillars to our Value Creation Model is our ESG strategy – we believe that focusing on continually improving our portfolio companies' ESG credentials creates the most value for the environment, the economy, our society, as well as our investors.

Our investors include a number of blue-chip institutions, family offices and industrialist high-net-worth investors. The senior management team at WestBridge has a long history of investing in and partnering with management teams to professionalise and accelerate growth in UK lower mid-market companies.



# Sustainable Investing

**Foreword from Guy Davies (left),  
Managing Partner and  
James MacLeay (right),  
Investment Director**

**We are delighted to present WestBridge's second ESG Impact Report. In last year's report, we outlined our ambition to be benchmarked as best-in-class for a manager of our type and size. Over the last 12 months, we have continued to enhance our approach to upgrading the ESG footprint of our business and all of those we invest and partner with. The systematic deployment of the WestBridge Value Creation Model, of which ESG improvement is a key element, automatically ensures that our businesses rapidly improve their ESG scoring. This report details our progress over the last year, whilst also highlighting best practices achieved by some of our portfolio companies.**



Improving the ESG footprint of our business and the businesses we invest in is a core element of our value creation approach. Enhancing a company's ESG attributes is not only a morally good thing, but also materially supports value creation and investor returns. The overwhelming weight of academic research finds that companies that pay close attention to ESG factors financially outperform their competitors. A recent study of over 100,000 EcoVadis companies found that positive ESG outcomes are a trait of successful companies and that sustainability measures correlate with better financial performance. In short, companies that are considered best-in-class ESG operators mitigate business risk and achieve premium valuations.<sup>1</sup>

Supporting ESG progression is a core element of our fiduciary duties and we work to ensure it is fully integrated within our investment practices. Our ESG

strategy and practices ensure that we make socially responsible investments and decisions, but also that we generate top quartile attractive returns for our investors. Not only over the last 12 months, have all our companies materially improved their ESG scoring, but also EBITDA (earnings before interest, taxes, depreciation, and amortisation) has increased by 33% across WestBridge II.

This year, we further upgraded our approach to portfolio management through our enhanced investment process that embeds ESG best practice in every aspect of our investments. This now starts with pre-deal screening, identifying assets that have a strong potential to improve their ESG footprint, and runs right through to our exit process, where having tracked detailed metrics over multiple years, we can demonstrate portfolio performance. We have partnered with sustainability experts, Sustainable Advantage since

2021, to score our investments over 45-65 ESG criteria each year. This provides our portfolio companies with a clear roadmap of the steps needed to deliver progress. We track performance against these criteria in real-time using our ESG Performance Tracker, enabling evaluation of how companies are performing against their targets and what additional support they may need to reach them. Furthermore, each company has an ESG advocate on its board ensuring that the topic is always on the agenda.

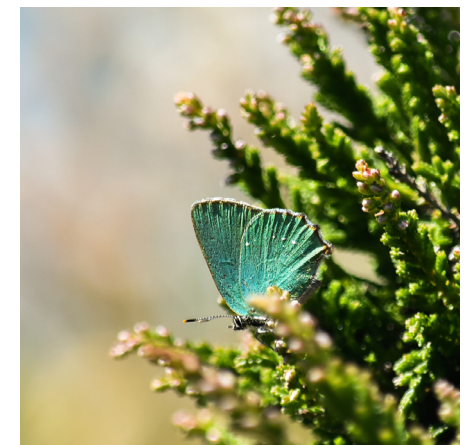


Photo of green hairstreak by Ben Jones, APEM Group

<sup>1</sup> <https://resources.ecovadis.com/news-press/esg-activities-correlate-to-stronger-financial-performance-reveals-new-study-from-bain-amp-company-and-ecovadis>





# Setting ambitious targets

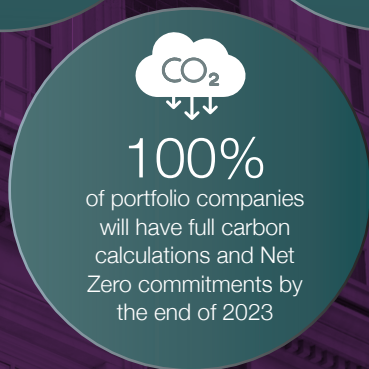
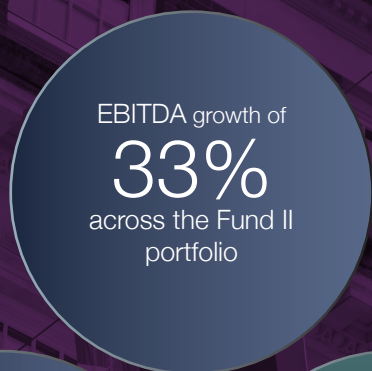
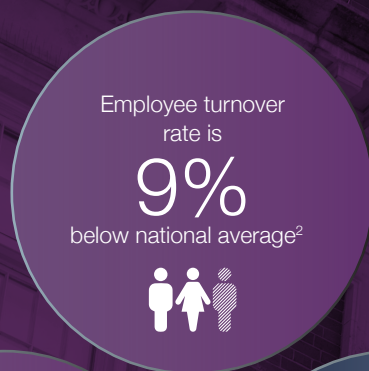
As we look forward to the next few years, we plan to move further and faster to develop the ESG footprints of our companies. During 2024, we will focus on two main areas – tackling carbon emissions made by our portfolio and upgrading our data and metric tracking to accurately monitor ESG enhancements.

By the end of 2023, all of our investee companies will measure their carbon emissions and have Net Zero plans in place. We will also review Net Zero readiness as part of our due diligence procedures for new investments. We view the commitment to Net Zero as a key differentiating factor in our market, and by all WestBridge portfolio companies committing to this, we can create measurable change and support our businesses to prepare for the economy of tomorrow.

Finally, we are delighted our ESG progress was recognised by WestBridge being shortlisted in the Real Deals ESG awards in 2023 for a second year running. This is a testament to our systematic focus on continually developing our businesses. We will continue to aim to be best-in-class for a non-impact fund manager of our size and scale, by continually improving our ESG strategy over the coming years.



# Our Portfolio – a Snapshot



Annual figures represent consolidated Fund II data year ending 31 March 2023.

<sup>2</sup> [https://community.cipd.co.uk/cipd-blogs/b/cipd\\_voice\\_on/posts/why-staff-turnover-data-matters#:~:text=The%20average%20turnover%20-%20or%20churn,%2C%20or%20retirement%2C%20for%20example.](https://community.cipd.co.uk/cipd-blogs/b/cipd_voice_on/posts/why-staff-turnover-data-matters#:~:text=The%20average%20turnover%20-%20or%20churn,%2C%20or%20retirement%2C%20for%20example.)

<sup>3</sup> [https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2022#:~:text=The%20sickness%20absence%20rate%20\(the,%2C%20when%20it%20was%202.7%25.](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2022#:~:text=The%20sickness%20absence%20rate%20(the,%2C%20when%20it%20was%202.7%25.)



# Our ESG Journey So Far

At WestBridge, we are clear that we want to be best-in-class amongst our peers, and we are continually developing our approach to ESG and responsible investing. We must remain flexible in our model to both fulfil our fiduciary duties and maximise returns, while also ensuring that we invest responsibly and create positive societal impact. While we are not an impact fund manager, we believe that the comprehensive ESG strategy outlined below positions WestBridge in the top bracket of private equity managers. However, we are aware that we cannot stand still. This is why we regularly refresh our detailed strategy and list of priorities which aim to keep us truly at the cutting edge.

## A structured approach to ESG strategy development

### Fund II ESG development







# Becoming 'Best-in-Class' – Our 2023 ESG upgrades

We aim to be best-in-class amongst our peers and are continually developing our approach to ESG and responsible investing. The diagram below highlights the key changes and commitments we have made this year.



## Net Zero

Our headline commitment for 2023 is ensuring that each portfolio company has a Net Zero plan in place by the end of 2023. By having a plan in place, we will be able to hold our portfolio companies accountable to these future goals, even if they are beyond our investment horizon. This truly sets us apart from our competitors, taking tangible steps at a portfolio level to reduce carbon emissions in a measurable way.



## Impact Report

We require each of our portfolio companies to produce an annual impact report. This allows management teams to showcase the progress they have made with all stakeholders.



## Ahead of Legislative Change

We are also aware of the impact that regulatory changes will have on our investee companies and the way that we operate. We recognise that there is increasingly a transition in relation to regulation around ESG as it moves from 'something you should do' to 'something you have to do.' In order to protect ourselves from compliance issues in the future, we are increasingly developing our knowledge and capacity around regulatory challenges that we will be facing.



## Collecting Metrics and Data

We have increased the number of key ESG metrics that we collect across the portfolio from approximately 10 to 150 different data points. We work alongside our specialist consultants to monitor, manage and secure oversight of our portfolio's progression over the course of a year to ensure that no material matters are missed.



## ESG Review and Action Plan

We work alongside our sustainability consultants to identify key areas to improve ESG performance within our portfolio. We score our investee companies across 45-65 ESG evaluation areas which are relevant to each company, providing them with a clear understanding of the steps they need to take to drive progress.



## Supporting Excellence

We have started the process of supporting some of our companies to achieve B Corp status, EcoVadis certifications and other recognised accreditations. B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits to supply chain practices and input materials. EcoVadis Sustainability Ratings ensures transparency on areas such as human rights, ethics and sustainability within supply chains and procurement programmes across the globe. Depending on the industry context for each of our portfolio companies, we will seek to target the most appropriate accreditations and certifications.



# ESG in our Investment Strategy

Responsible investing forms a core part of our investment approach. A longstanding, holistic and systematic approach to improving ESG credentials delivers sustainable growth within portfolio companies, enhanced returns for investors and has a measurable impact on the environment and society around us. The private equity industry is uniquely positioned to actively influence the rate and pace that a company improves its ESG credentials. We are working towards reducing climate impact, investing in people and diverse teams, partnering with suppliers, engaging clients, helping communities in need, and building long-term sustainable business models which simultaneously deliver significant value to our investors.

*A recent PWC study of 325 investors found that 79% believe that “ESG risks are an important factor in investment decision-making.”*

<sup>4</sup> <https://www.pwc.com/gx/en/services/audit-assurance/corporate-reporting/esg-investor-survey.html>

<sup>5</sup> <https://www.edelman.com/trust/2022-trust-barometer>



ESG's financial materiality is increasingly being recognised. A recent PWC study of 325 investors found that 79% believe that “ESG risks are an important factor in investment decision-making” and that 49% said they were “willing to divest from companies that aren't taking sufficient action on ESG issues.”<sup>4</sup> Furthermore, a recent study by the consultancy, Edelman, found that over half of those surveyed buy or advocate for brands and services based on their values. Customers increasingly want businesses to play a role in society. Edelman stated that a majority of those surveyed wanted to hear more from business leaders on issues as diverse as jobs and wage inequality to technology and automation to immigration.<sup>5</sup>

There is a direct link between responsible investing and creating value (please see chart on page 10). Companies that actively consider their ESG footprint are more likely to be well-governed, to maximise cost savings in areas such as energy usage, be able to capitalise on increasingly sustainability-conscious consumers, recruit and retain a high-quality workforce, and be forward-thinking in terms of regulatory compliance. ESG performance contributes to being able to identify attractive acquisition opportunities, while a strong ESG proposition is important to attract prospective buyers at the point of exit.



## ESG Score

ESG performance is increasingly being viewed as a driver of value creation, and with good reason. Every business is deeply intertwined with environmental, social and governance concerns. A company that proactively looks to respond to this ever-shifting landscape is likely to be far more durable in the long-term than one that ignores it.

A strong ESG proposition correlates with higher equity returns from both a tilt and momentum perspective. Better performance in ESG also corresponds with a reduction in downside risk, as evidenced among other ways, by lower loan and credit default swap spreads and higher credit rating.

A recent Deloitte study<sup>6</sup> found that an increased ESG score is associated with a significantly higher EV/EBITDA multiple – this is demonstrated on the adjacent graphic.

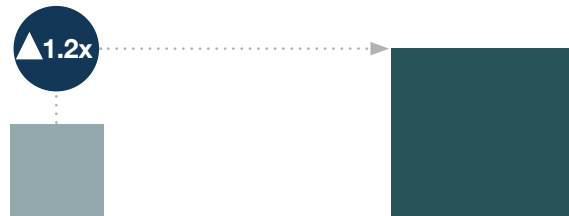
<sup>6</sup> <https://www2.deloitte.com/ch/en/pages/financial-advisory/articles/does-a-company-ESG-score-have-a-measurable-impact-on-its-market-value.html>.

## The isolated effect of an ESG score:

The higher the ESG score at a point in time...

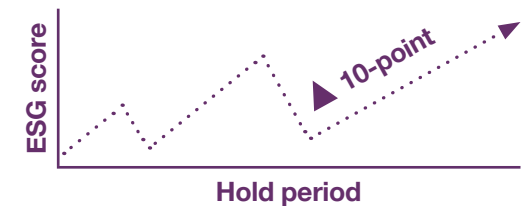


...the higher the EV/EBITDA

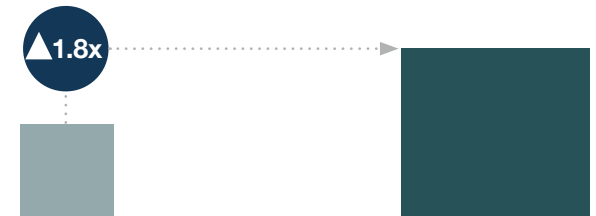


Our analysis supports the existence of an “ESG value premium”, and the notion that corporate investment and improvements in ESG practices within an organisation are reflected in higher valuation multiples.

The higher the change in ESG score...



...the higher the impact on exit multiple

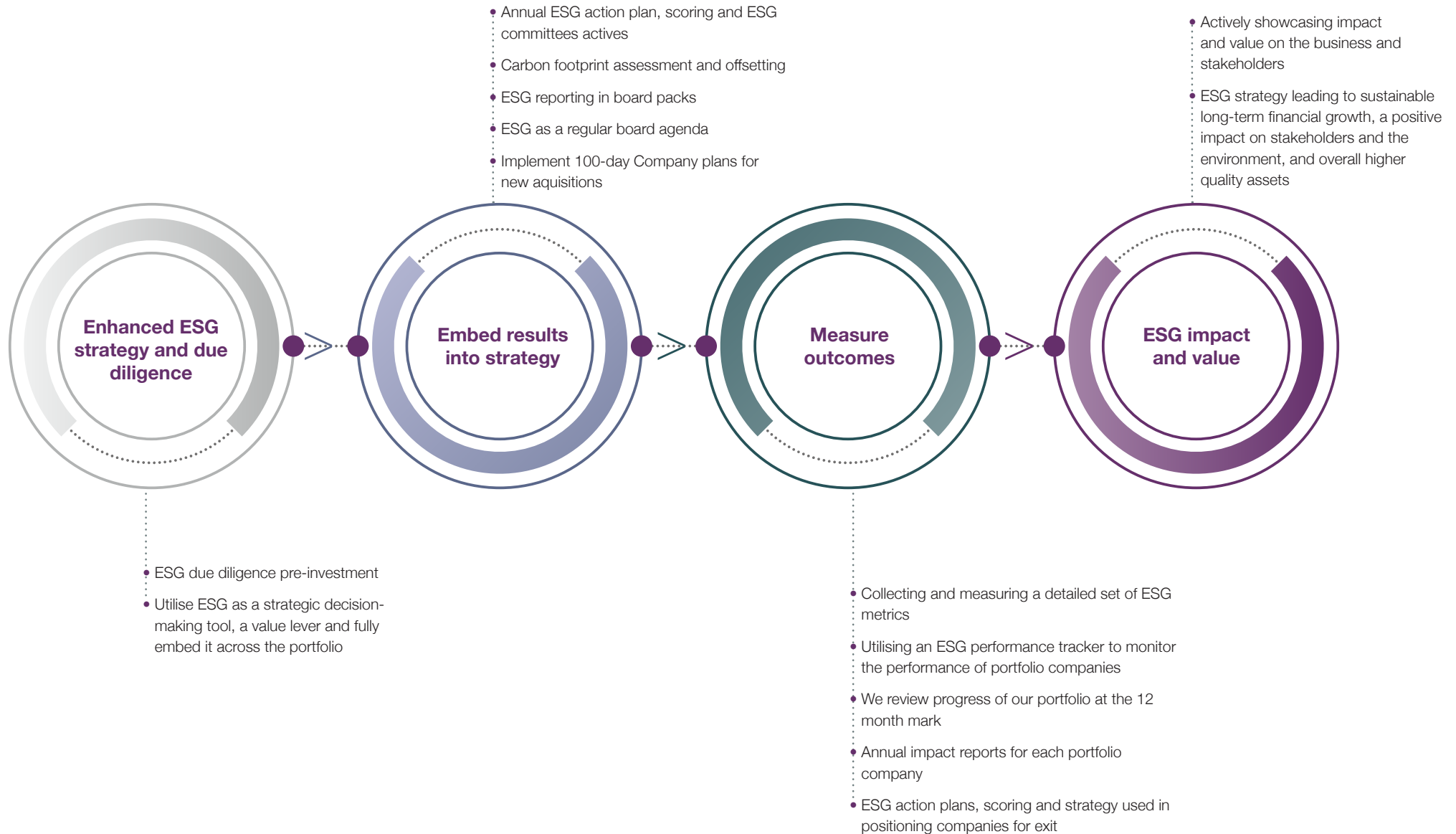


A 10-point improvement in the ESG score of the same company is associated with an approximate 1.8x higher exit multiple. The interesting conclusion from this analysis is the potential implication that the market rewards ESG performance improvements to a higher degree than status-quo peer performance.



# Our structured approach to ESG strategy development

Our strategy ensures ESG is used as a strategic decision-making tool, a value lever and is fully embedded across the portfolio.





## Investment sourcing and origination

As part of our investment sourcing and origination, deal teams make assessments of ESG related risks and opportunities. Whilst there are some sectors in which WestBridge does not invest (e.g., munitions, gambling, etc.), ESG factors do not necessarily qualify out investment opportunities. We aim to drive improvements in a company's approach to ESG rather than only invest in companies with very high ESG credentials. We believe we can maximise impact and hence the value to the environment, the economy and society by partnering with a management team of a company which has significant ESG improvement opportunities.

## Our due diligence procedures

We have a stringent process in place to assess the viability of an investment, and this includes pre-investment ESG risk and opportunity profiling. We work alongside our specialist sustainability partner, Sustainable Advantage, to conduct detailed due diligence

on our investment practices and we reject investment opportunities that do not meet our investment criteria.

Sustainable Advantage undertakes a detailed assessment of the ESG footprint at investment and makes initial improvement recommendations which are included in the rolling 100-day plan. In addition, and as required, further specialist advisers are engaged during due diligence to quantify significant potential risks.

The following key ESG potential risk areas are specifically considered during the due diligence stage:

- **Business activities**
- **Potential human rights violations – modern slavery, pay**
- **Employee welfare & relations – retention rates, grievances, health and safety**
- **Supply chain vetting – risk of ESG violations within the supply chain**
- **Customer relations – discontent, retention**
- **Environmental protection**

ESG improvement commitments are discussed and agreed with management teams during the due diligence stage. A commitment to improving each company's ESG footprint is included in the legal documentation, thus creating a legal obligation as part of the investment agreement between shareholders. As part of the due diligence work, we also explore how ESG is perceived within the target company's industry and how the business is strategically positioned. For example, we evaluate whether ESG factors are a key feature of bid or tender requirements, what level of information is requested by existing clients, and develop an understanding of the competitor landscape in terms of ESG sophistication on key material areas.

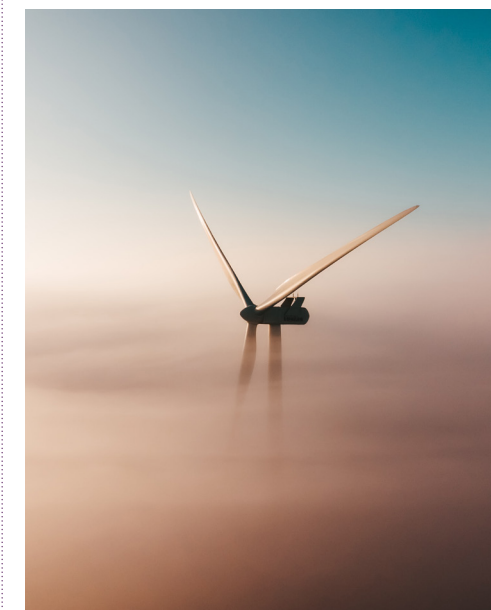
## Our first 100 days

WestBridge implements a rolling 100-day plan to ensure that key actions and initiatives are phased effectively and ultimately achieved. Each portfolio company creates an ESG committee which comprises representatives from a cross-section of departments and positions with at least one board sponsor. The committee uses the assessment provided

by Sustainable Advantage to create an ESG improvement programme. This can be monitored via the ESG Performance Tracker by both WestBridge and the portfolio companies.

## 12-month review

The 12-month plan addresses the remaining actions that must be undertaken by the investee company to achieve the score that they were recommended as part of the initial assessment. We use these reviews as catalysts for incremental improvements during our holding period.





# UN Principles for Responsible Investment

WestBridge is a signatory of the United Nations Principles for Responsible Investment (PRI). The PRI is the world's leading proponent of responsible investment and encourages investors to use responsible investment to enhance returns and to better manage risks. As signatories of the UN PRI, WestBridge subscribes to the core principles that the body promotes. These are:



Signatory of:





# Our Stewardship Approach – Driving value after investment

After investment, we are dedicated to working in partnership with our investee companies and our sustainability consultants to improve ESG performance. We take our role as a steward extremely seriously and work hand-in-hand with our companies to support them on their development journey. We have made some significant improvements to how we work with the management of our portfolio companies to ensure that we are helping them in every possible way to upgrade their ESG performance.

WestBridge's approach to ESG enhancement is based upon the assertion that there are significant benefits to improving a company's ESG credentials, as well as the societal benefit of creating a positive impact. These include:

- Increased top-line growth through more sustainable products and services
- Improved employee engagement and talent attraction
- Operational efficiencies and cost-savings
- Regulatory compliance
- Risk identification and management
- Enhanced brand reputation
- Increasing overall valuation metrics, including valuation multiples

We have already seen positive investment results including EBITDA and revenue growth across our Fund II portfolio in the year to March 2023. We see great value in improving the ESG performance of our investments to ultimately maximise value at the point of sale.



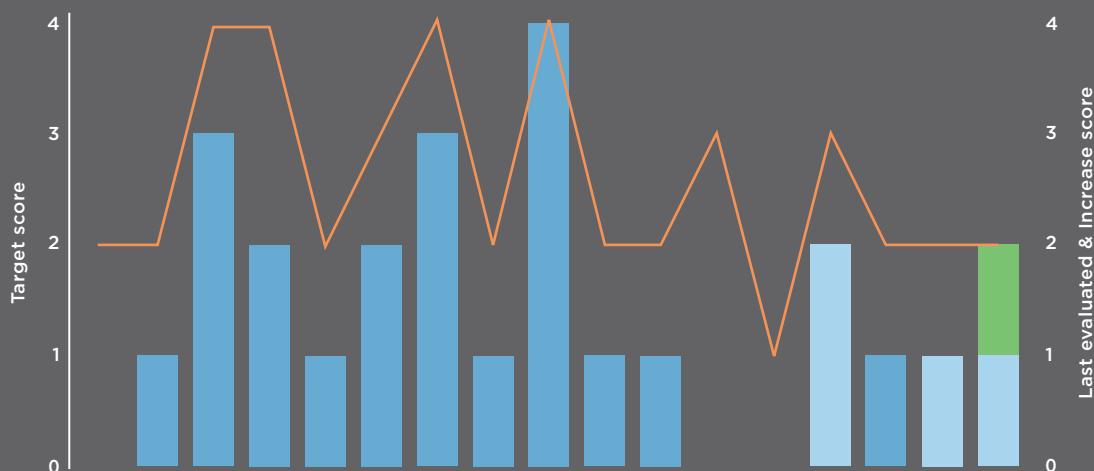
## Strategic portfolio engagement

The below diagrams illustrate our ESG performance tracker. This tool supports us in marking progress over the course of the year against targets set by our dedicated sustainability consultants. This performance tracker is vital in monitoring progress and engagement with our portfolio on their ESG journeys. More information on our metric gathering is available on page 16.

### Overall Performance

Score	First Evaluated Score	First Evaluation Date	Last Evaluated Score	Last Evaluation Date	Latest Score	Target Score	Target Comp. Date
Environmental	29%	01-09-2022	35%	18-02-2023	37%	65%	31-03-2024
Social	62%	01-09-2022	62%	18-02-2023	63%	83%	31-03-2024
Governance	75%	01-09-2022	75%	18-02-2023	75%	94%	31-03-2024
ESG Integration	19%	01-09-2022	42%	18-02-2023	42%	69%	31-03-2024
<b>Total Score</b>	<b>49%</b>		<b>54%</b>		<b>55%</b>	<b>79%</b>	

### Environmental



Number	Area
E1	Renewable energy
E2	Energy reporting
E3	Energy consumption reduction
E4	Energy awareness
E5	Water consumption reporting and reduction programme
E6	Waste reporting
E7	Waste recycling
E8	Waste to landfill targets
E9	Waste awareness training
E10	Serviced premises (not in charge of utilities)
E11	Biodiversity
E12	Company vehicles - hybrid and electric
E13	Team member vehicles - hybrid and electric
E14	Measuring and reporting on climate change risks and opportunities
E15	Carbon emissions calculated
E16	Carbon emissions reduction plan
E17	Carbon offset



## Scoring and action plan

The scoring and action plans we create annually with our portfolio companies are a critical part of developing each business. This builds on the initial ESG improvement programme conducted during due diligence. We work alongside our sustainability consultants to identify key areas to improve ESG performance within our portfolio. 45-65 ESG evaluation areas that are relevant to the company are selected and assessed, providing clear understanding of the steps they need to take to improve. WestBridge then utilises an online ESG Performance Tracker to monitor progress and reports improvements in its funds' quarterly reporting to investors.

It is critical that ESG attribute progress is closely monitored, that actions are taken and improvements are made. The ESG Performance Tracker is a live portal which tracks starting positions and improvements across 45-65 ESG evaluation areas. This tracker can also be accessed by our investee companies who review and update progress made against performance targets set.

## Metric collection

We now collect and monitor over 150 ESG metrics. By collecting metrics, we are able to respond efficiently to LP requests, track demonstrable progress by our companies year-on-year and collect data ourselves to develop future reporting. We and our advisers engage with each company's CEO and senior management team to explain

their scoring, as well as providing them with a detailed assessment to allow them to set new targets.

## Exit preparation

ESG credentials are high on the agenda for a strategic trade or financial buyer. ESG excellence enhances a valuation, but equally unaddressed perceived ESG risks or poor performance can be a valuation drag. Exit is a key time to showcase all of the positive improvements a business has achieved and illustrate how actions have benefitted the business and all stakeholders. WestBridge ensures that the benefits delivered through systematically improving the company's ESG footprint are highlighted in a comprehensive vendor ESG due diligence pack which supports the regular impact reports the company publishes. This also highlights any remaining potential ESG improvement areas along with the associated action plans for the prospective new business owners.





# Our Portfolio – ESG highlights

A photograph of two workers, a man and a woman, wearing high-visibility yellow and blue jackets and white hard hats. They are standing on a construction site, looking at a laptop held by the woman. The man is pointing at the screen. The background is dark with some blurred lights, suggesting an industrial or construction environment.



Techex is a leading broadcast design architect and software provider for live cloud and IP broadcast solutions, developing innovative technology since 2009. Their technology is trusted by many of the world's top broadcasters for the live delivery of their core content to over 100 million subscribers daily. Their progress over the last few years has been rapid, making them the embodiment of the type of company that we acquire; one that has great potential to improve its ESG footprint. Their ESG score as measured by Sustainable Advantage has increased by 29% since our investment in June 2022. This highlights management's determination to improve ESG practices, as well as the impact that our stewardship approach and support has had. On the right, is an example of some of the major changes and achievements Techex has made over the last year.

## Key 2022/23 Sustainability Highlights:

100% renewable energy

Zero waste to landfill

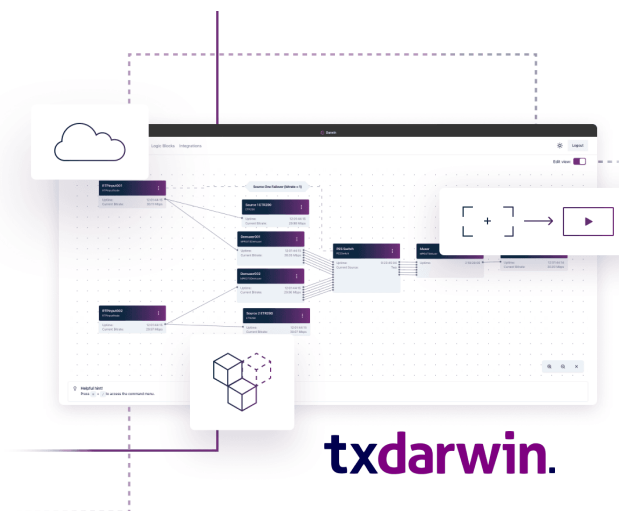
ESG Committee in place


71% of staff are satisfied with career development

100% of employees agree that Techex is a nice place to work

ESG topics actively discussed at board meetings

ESG considerations, including energy consumption of different technology solutions, being factored into new software products and go-to market strategy



 HQ Location:  
Bracknell

 Employee  
Number:  
40

## SDG alignment





**APEM provides environmental consultancy services focussed on aquatic environments, as well as advice to developers, regulators, and nature conservation bodies globally. This includes evaluating the effects of development, as well as conducting condition assessments for various ecosystem settings. WestBridge partnered with the management team in 2019 as part of an MBO and has now supported six complementary acquisitions over the last two years. ESG is considered by APEM both in its commercial offering as well as how it conducts itself as a business internally, from the way it selects suppliers, to the way it tenders for new projects and recruits its people.**

## Key 2022/23 Sustainability Highlights:

Commercial offering helps the protection of endangered species and vulnerable ecosystems

APEM is reporting on Scope 1, Scope 2 and more than 3 categories in Scope 3

DE&I Action Plan and Strategy to be rolled out across the Group

APEM is able to demonstrate supplier best practice with an approved supplier database, within which all suppliers are vetted through onboarding questionnaires and signing sub-contractor agreements. They virtually map suppliers and have put in place a suite of policies that are designed to consider DE&I best practice

APEM appointed an outreach lead for community engagement

A strong career framework is in place at Group level with annual appraisals


A diverse Board with a 50/50 male and female split



Photo of seal by Edward Rickard, APEM Group



APEM's Matthew Heeps holding some brown trout

 HQ Location: Stockport

 Employee Number: 600

## SDG alignment





**Aptus Utilities designs, builds and installs gas, water, electricity and street lighting infrastructure for housing developers and construction clients. Projects range from multi-utility connections on large scale multi-purpose sites to single connections on small plots. Aptus is also supporting the UK’s Road to Net Zero through the installation of EV charging points, district heating and heat pumps. In 2022, Aptus ranked ESG Excellent in Sustainable Advantage’s sustainability scoring, putting them in the top 10% of all companies surveyed.**



### Key 2022/23 Sustainability Highlights:

Energy awareness briefing initially held for all employees in June 2022 and now carried out annually

An ESG Committee has been established, with meetings held quarterly

Implemented an individual development plan (IDP) framework to track and assess learning and development

Launched the ‘Aptus Academy’ (November 2022) – which combines its training and apprenticeship schemes

Gender Pay Gap reported and published with the mean pay gap and median pay gap both decreasing

Report annual Scope 1 and Scope 2 emissions in compliance with the SECR regulation

Commissioned Sustainable Advantage to complete a full scope calculation including all Scope 3 categories material to the business

Health and Wellbeing Champions (Mental Health First Aiders) have been appointed



 HQ Location:  
Bolton

 Employee  
Number:  
330

### SDG alignment





# Walking the walk – Our own ESG performance

**We strongly believe in leading by example and set the ESG bar as high for WestBridge as we do for our investee companies. It is vital that we track and report our own ESG progress as well as ensuring that we have the right policies in place to guide our hand. Our firm is managed by an Operations Team which comprises the Partners and Directors.**



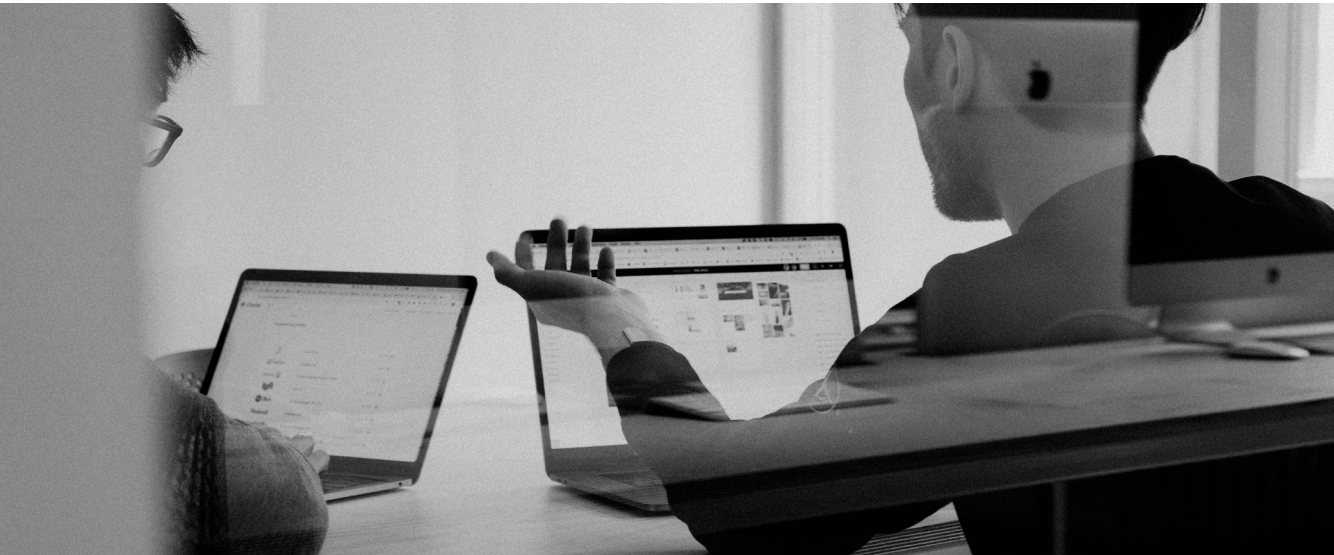
This group works closely together to set the direction of the firm, execute on our strategy, manage operational opportunities, challenges and pinch points. The Operations Team meets formally twelve times a year and is accountable for the overall performance of the firm. The Remuneration and Audit Committees comprise members of the Operations Team and meets at least annually or as required.

WestBridge's ESG strategy is overseen by our ESG Committee which meets quarterly and comprises James MacLeay, Guy Davies, James Wakefield and Katherine Bond. This committee sets the ESG Strategy and reviews progress against the firm's ESG continual enhancement plan. Each fund's Investment Committee is responsible for ensuring implementation of the WestBridge Value Creation Model, of which our ESG focus is a core element. ESG progress in each portfolio company is considered as part of a portfolio company's quarterly valuation and Strategic Value Drivers review.

◀ From left to right: Guy Davies, James MacLeay, James Wakefield and Katherine Bond



*WestBridge is a bright, inclusive and challenging environment where each team member brings their unique skills and perspective to what we do.*



## **Protecting our most important asset: Our people**

We firmly believe that the most important asset that we have is our people. It is our employees' abilities, knowledge, and experience that cannot be replaced. We are pleased to have such a dynamic team in place at WestBridge, who are aligned in making our organisation as ethical and sustainable as possible.

Our culture makes WestBridge a bright, inclusive and challenging environment where each team member brings

their unique skills and perspective to what we do. We promote independent thinking and innovation which align with our business values, ethos and policy guidelines and actively shape our proposition as one in which our people can grow and develop to realise their full potential. We firmly believe in an inclusive culture underpinned by honest and open communication with regular interaction between all team members through our open-door policy and formal feedback programme.

We are committed to developing our staff. In addition to informal coaching, we offer a regular and structured

training programme for each role using the British Private Equity and Venture Capital Association's (BVCA) industry-specific training courses and programmes. In addition, we fund professional qualifications for employees where a business case is presented.

We are committed to equal opportunities at WestBridge and believe passionately in ensuring that we have the right team to conduct the right deals with skill and expertise. A study in 2023 found that only 11% (up from 6% in 2018) of women in the UK private equity sector are in senior positions.<sup>6</sup> At WestBridge, this senior female team member ratio is closer to 30%, with two of our seven senior team members being female.

Our people's physical and mental well-being is key because we know that when we take care of our team, they are able to deliver their best for all stakeholders. We offer private healthcare which includes mental health support to ensure our staff have peace of mind should they require support. We have always welcomed flexible working and have now introduced a Working from Home protocol that has not only lowered our carbon footprint from staff commuting, but also improved the work-life balance of our teams by limiting lengthy commutes. Our cycle-to-work scheme encourages our team to incorporate healthy exercise into their daily routine with approximately half of our staff cycling to work.

<sup>7</sup> <https://www.bvca.co.uk/Portals/0/Documents/Research/2018%20Reports/BVCA-Women-in-PE-Report-2018.pdf?ver=2018-06-08-165005-370&timestamp=1530177682840>





## Our sustainable offices

### 20 North Audley Street, Mayfair, London

Argyll, who manages our London property, is committed to measuring, monitoring, and reducing its carbon footprint for all Scope 1 and 2 emissions with a target of achieving carbon neutrality soon. In addition, they are pleased to report that recycling rates improve each year and they have achieved zero waste to landfill. Argyll is a member of the UK Green Building Council, whose mission is to radically improve the sustainability of the built environment by transforming the way it is planned, designed, constructed, maintained, and operated.

### No. 1 Spinningfields, Quay Street, Manchester

Rated 'Excellent' by BREEAM (Building Research Establishment Environmental Assessment Method), No.1 Spinningfields has several high-efficiency features such as state-of-the-art LED lighting with intelligent control and a solar-optimised façade to minimise potential overheating while letting in as much natural daylight as possible. Other features include heat efficiency recovery, low-power air handling units, and three electric vehicle charging points installed in the basement car park.

### Capital Building, Tyndall Street, Cardiff

With a Sustainability Committee in place, Capital Law, which sub-lets to WestBridge, has undertaken a series of sustainability initiatives over the past two years. These include ensuring electricity is 100% renewable, substituting plastic with glass bottles and rewilding the front of the building to make it more attractive to insects and wildlife, including planting herbs for use by the in-house chef. The office is currently undergoing a refurbishment and reconfiguration to enable more effective team working.





### **Preparing for the unexpected: strong corporate governance**

WestBridge has a comprehensive Business Continuity Plan (BCP) in place ensuring that we are prepared for any unplanned disruptive events. The BCP was successfully deployed in response to the COVID-19 pandemic, resulting in minimal disruption to WestBridge's operations and it allowed us to provide significant support to investee companies combined with enhanced reporting to our investors. Furthermore, during the pandemic, WestBridge continued to deploy funds into high quality assets.

We have invested heavily into our IT infrastructure to ensure that we can communicate securely, both internally and externally, and store sensitive data in full compliance with GDPR. We review our IT systems and software regularly in partnership

with our external IT consultant, who advises us on all aspects related to our IT infrastructure, data security and cyber security, conducting penetration testing on our systems and simulated phishing attacks.

We also have in place a Whistleblowing Policy that sets out the importance and ease of reporting any arising concerns. This is communicated to staff regularly. Our external compliance officer ensures that any reported incidents are managed professionally and effectively. There have been no whistleblowing incidents since the firm's inception.

Our main component for internal ESG tracking and reporting is our ESG committee, which tracks and assesses our performance and regularly reports to the Board. As outlined in previous sections, we recognise utilising ESG data as a key element

of our fiduciary duty to produce value for investors. We have worked to ensure it is fully integrated as an essential element of our investment practices and stewardship of our portfolio companies. ESG enables us to develop deeper insights and understanding into our investments and how future value will be created. As ESG related regulatory frameworks continue to adapt and emerge, we are seeking to go above and beyond our current requirements in order to future-proof ourselves.





## Looking Forward

**Our ambition to become best-in-class amongst our peers remains central in shaping our ESG policy and responsible investment approach.**

For our investors, the benefits of embedding ESG into our investment practices and within our stewardship approach are clear. A strong ESG proposition promotes top-line growth for businesses, reduces costs by promoting savings in energy and waste and ultimately drives value at the point of sale. Companies which can demonstrate strong ESG performance are also shown to have increased productivity and workforce satisfaction, and are increasingly seen as attractive employers for the younger workforce. Growing a business in the coming years will require business leaders to get sustainable business practices right in a way that appeals to the business leaders of tomorrow, attracts talent, and ultimately helps retain every company's most important asset, its workforce.

Over the past few years, we have systematically upgraded and developed our approach to creating more valuable businesses. We see tackling climate change and reducing the carbon emissions of our portfolio as a key target. By 2024, we will require all of our investee companies to measure their carbon emissions

and to develop Net Zero plans. We also look forward to supporting our investee companies in their progress towards various accreditations and certifications, including BCorp and EcoVadis. By adopting these principles and setting such distinguished goals, we deliberately and systematically enhance the ESG credentials of our companies at exit, creating a measurable impact while driving value creation.

As this report has highlighted, many of the companies that we invest in can regard themselves as leaders in ESG. This means a great deal to us as we rarely seek to invest in the finished product or companies that have existing developed ESG propositions. We seek long-term value creation and sustainable growth within our investee companies and view this as being central to what we do.

We are well positioned to adapt to future legislative developments, to maintain legal compliance and to ensure our investments can maximise our investors' returns. This is a strong position to be in and the dedication of our management team towards ESG integration ensures that we continue to learn and develop. We are excited to report this year on the further progress that we have made along with our portfolio companies and look forward to reporting further progress in 2024.





Working in partnership with:



An intelligent approach to energy, waste & sustainability

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