



# Environmental, Social & Governance Annual Review

2020

# Introduction

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## A message from the Freshstream leadership

At Freshstream, we strongly believe that focusing on environmental, social and governance (ESG) criteria is more than a box-ticking exercise. As responsible investors, we naturally ensure our portfolio companies comply with the law and regulation while refraining from causing any harm to their employees, customers or the environment. But this is only the beginning. We actively work with our portfolio companies, leveraging their unique assets and capabilities, to find additional ways to make a positive contribution to society.

The global pandemic has reminded us that we cannot and should not take our employees' health and well-being for granted. During this challenging time, the strong leadership shown by our portfolio companies' management teams has been inspiring. Thanks to their decisive actions, we are grateful to report that employee Covid infections have been limited.

Across the portfolio, employees adapted to new ways of working during lockdown, while our companies doubled down on employee engagement and well-being. They created safe and flexible working environments and implemented innovative ways to maintain morale, such as regular CEO updates, Zoom pub quizzes, wellness weeks and food basket deliveries. Amazingly, employee engagement results actually improved in many of our companies.

Several of the businesses in our portfolio have also provided support to vulnerable communities. For example, Verwater donated masks and other personal protective equipment to care homes, while Avicenna partnered with EDF to deliver medication to vulnerable people shielding during lockdown.

Beyond Covid, the environment and particularly climate change continued to be a key area of focus during 2020. Freshstream has been carbon neutral for several years, but we have now extended this ambition to all of our portfolio companies. Last year, we established baselines for each business and developed plans to reduce or eliminate emissions at source. As part of these initiatives, Taziker started using sustainable fuels and Avicenna introduced its first electric delivery van.

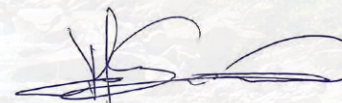
However, the journey to zero will take many years. Therefore we will be introducing a carbon offset scheme to neutralise the remaining footprint in the interim. We are pleased to announce that Freshstream and its portfolio companies have partnered with Natural Capital Partners and will purchase offsets for the next five years from the Rimba Raya project in Borneo. This important initiative, which contributes to all 17 UN Sustainable Development Goals, will protect an area of 65,000 hectares of tropical forest that was originally under threat of clearance for palm oil plantations.

In other exciting developments from 2020, we are proud to report Radley launched its first sustainable and recycled product line, and EuroCaps introduced an industrially compostable coffee capsule and is now developing a fully biodegradable alternative.

Finally, Freshstream recently became a signatory to the United Nations Principles for Responsible Investing. This will ensure we remain at the forefront of ESG as the landscape continues to evolve. It demonstrates our continued commitment to sustainability and ethical business conduct, and reinforces our willingness to be held accountable to the global benchmark for environmental, social and governance investing.



**Patrick Smulders**  
Managing Partner



**Lodewijk de Graauw**  
Partner, Head of Portfolio Operations

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# ESG Highlights in 2020



Introduced an innovative rotational construction process which does not require scaffolding, thereby reducing safety risks



Introduced a health and safety e-learning platform for employees and customers



Partnered with EDF to deliver medicines to people shielding during lockdown



Worked with the charity TAP for Bristol to reduce homelessness and employed several homeless people



Strengthened governance with introduction of anti-money laundering, anti-bribery and corruption and sanctions policies



Acquired its first electric delivery van



Launched first sustainable and recycled product line



Developed and launched an industrially compostable coffee capsule

# ESG Highlights in 2020



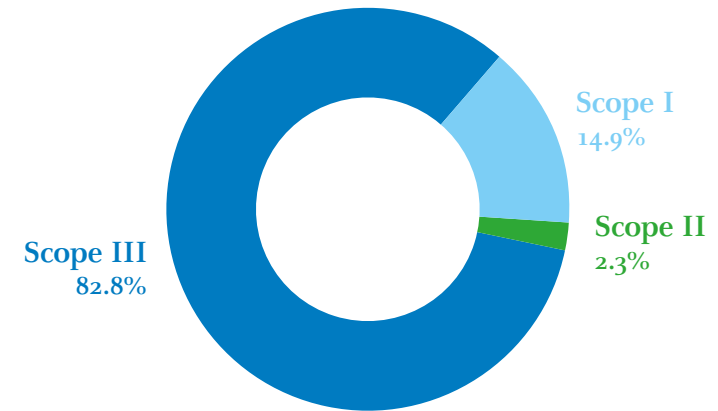
## Getting to carbon neutral

Freshstream is committed to reducing its footprint at the source of carbon emissions, and numerous reduction initiatives at the portfolio companies have been established over the last year. However, we recognise this is a gradual process, so have committed to offset any remaining carbon emissions over the next five years.

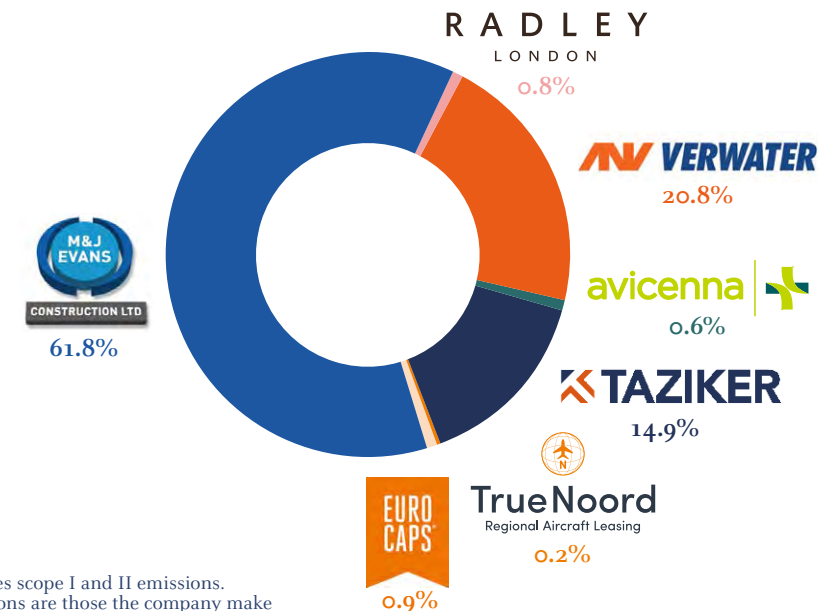
We'll achieve this by participating in the Rimba Raya Carbon Offset project in Borneo. It protects an area of 65,000 hectares (nearly the size of Singapore) of tropical forest, originally destined to be replaced by palm oil plantations. The initiative is expected to achieve over 125m tCO<sub>2</sub>e (tonnes of carbon dioxide equivalent) emissions reductions over its 30-year lifetime. Importantly, the project also contributes to all 17 Sustainable Development Goals from the UN, including:

- Protection of local wildlife, including several release centres for endangered Orangutans.
- Training local communities to make and sell water filtration systems and build water systems.
- Constructing a medical clinic and funding salaries of nurses and medical staff.
- Providing agricultural training programmes.
- Building community centres and libraries.
- Establishing a scholarship fund and provision of free books to enhance education.
- Installation of solar panels and lanterns.

Breakdown of CO<sub>2</sub> emissions by type



Breakdown of CO<sub>2</sub> emissions by company<sup>1</sup>



<sup>1</sup>. Only includes scope I and II emissions. Scope I emissions are those the company make directly (e.g. running boilers and vehicles). Scope II emissions are those the company make indirectly (e.g. electricity to heat/cool buildings). Scope III emissions include all indirect emissions up and down the value chain (supplier emissions).

# ESG Highlights in 2020



Avicenna partnered with EDF to deliver medicines to the most vulnerable



Euro Caps provided a home cinema surprise for employees



Verwater donated masks to care home workers and residents



## Case study

In April 2020, Avicenna organised a collaboration with EDF, which allowed their furloughed smart meter installation team to deliver medicine to vulnerable patients.

The initiative was made available to all the 1,000+ independent pharmacy members of Avicenna's buying and services group. Lockdown created extra demand on pharmacies to deliver medication to housebound patients, so Avicenna acted quickly to help its members ensure their patients were not denied vital medicines during this challenging time.

The EDF engineer volunteers provided a crucial distribution service by collecting medicines from Avicenna member pharmacies and delivering them to patients who were self-isolating or unable to access their local store.

Jonathan Power, Group CEO at Avicenna, was keen to stress the importance of this achievement:

"We've been working hard throughout this period to assist our members in every way we can. Our priority being to ensure pharmacies, the unsung heroes of the NHS, can continue to provide patients up and down the country with the important medical supplies they need.

We approached various potential partners for assistance and were incredibly grateful to receive this support from EDF which will ensure independent pharmacies can safely and securely scale up deliveries to reach the most vulnerable."

Introduction

ESG highlights in 2020

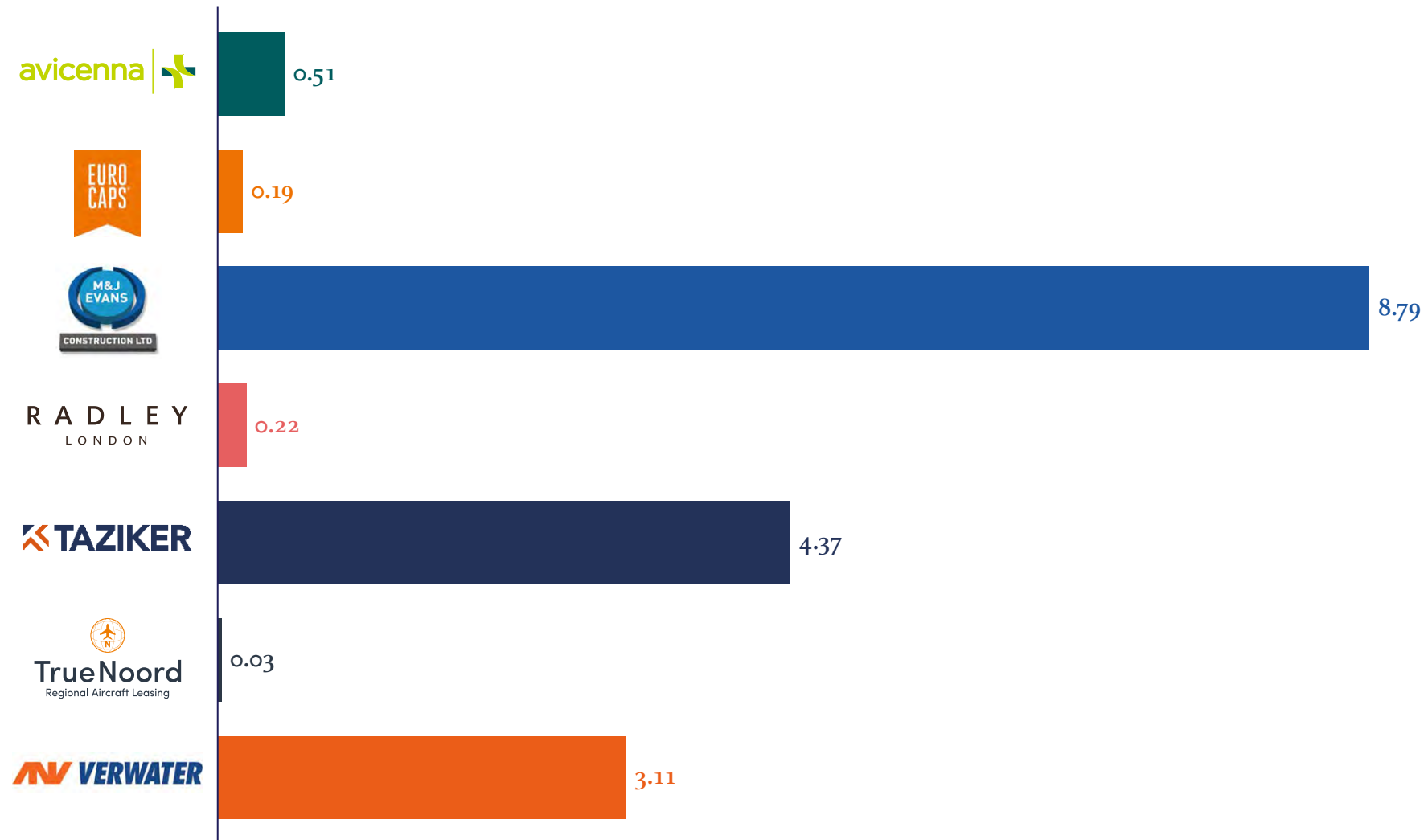
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# Carbon footprint<sup>1</sup>








Carbon intensity (CO<sub>2</sub>e/€100k turnover)<sup>2</sup>



1. 2020 represents the first year in which emissions have been tracked using this methodology and hence no targets or prior year data exists.  
 2. Only includes scope I and II emissions.

# Employee engagement

(Company specific metrics)

Question	2019	2020	Trend	Target
 Satisfied in my role and motivated to do my best	80%	70%	↓	–
 Average satisfaction score (out of 10)	7.2	7.6	↑	7.4 ●
 Share of positive scores from 5-question survey	–	93%	–	80% ●
 Radley is a great place to work	72%	89%	↑	100% ●
 Proud to work for Taziker	66%	–	–	70%
 Proud to work for TrueNoord (out of 5)	4.4	4.5	↑	4.5 ●
 Net Promoter Score (NPS)	–	-12	–	–

## Case study

Radley ran a series of wellness weeks for its employees during the pandemic, focusing on different themes. Examples included:

- Stoicism Week – ‘a journey into stoic calmness’ in conjunction with The Aurelius Foundation.
- Resilience Week – building resilience through connection and perspective in conjunction with Dan Jackson of Foundationpf.com.
- Mind, Body & Spirit Week – stretching and movement, ‘Hump Day Pump’, a nutritional seminar, resilience revisited and boxing. All in conjunction with MobGroup and Dan Jackson.

Each week featured a combination of live and pre-recorded daily activities, focusing on well-being issues related to the pandemic’s impact. The company used its intranet platform, RADLIFE, to promote the predominantly Zoom-hosted events. All sessions were recorded and posted on the intranet, maximising the opportunity for colleagues to engage with the content.



# Diversity

(Female representation as a percentage of total)

	Company	Management <sup>1</sup>
	73%	15%
	18%	17%
	19%	0%
	84%	60%
	11%	12%
	22%	0%
	4%	10%

## Case study

During their refurbishment of Bristol Temple Meads, Taziker has been working with Network Rail to help tackle youth homelessness in Bristol.

They engaged with 1625 Independent People, a local charity, to offer employment opportunities to young people who are homeless, leaving care, or at risk of homelessness in the South West.

We're pleased to announce that Taziker recently recruited one of the candidates as a trainee painter. To help this individual save for a rental deposit and get a good night's rest, Taziker also organised accommodation at the Hilton Hotel while he worked on the project.

He is progressing well and has bonded with his onsite team and mentor. Having passed his Personal Track Safety course e-learning, he is one step closer to obtaining his railway competencies.

Taziker's internal trainers will work with him to develop his skills, and he's currently eager to work towards his Industrial Coatings Applicator Training Scheme qualification.

Taziker is now looking to fill their site gatekeeper position through the same charity.



1. Management as defined by the portfolio company

# Safety

(Company specific metrics)

	KPI	2019	2020	Trend	Target
	Number of accidents resulting in absenteeism	2	2	➡	0 ●
	All Injury Frequency rate (AIFR)	0.8	0.5	➡	0.5 ●
	All Injury Frequency rate (AIFR)	0.5	0.3	➡	1.3 ●
	Total Recordable Incident Rate (TRIR)	1.5	1.8	➡	0.9 ●
	Dispensing errors (items dispensed per error)	1 : 9,300	1 : 8,300	➡	–

## Case study

Verwater has a strong Health, Safety and Environment (HSE) track record, having been awarded the Total refinery safety award for contractors four times between 2014 and 2018. In 2019, there were several serious incidents which resulted in a temporary suspension from mechanical works at the Total refinery.

Following the suspension, Verwater performed a complete review of its approach to safety. It incorporated best practices from all sites, particularly focusing on learnings from Verwater’s operations at Exxon Mobile in Belgium and the Netherlands, where HSE performance was outstanding, including several years with zero incidents.

Verwater developed a new HSE strategy, which implemented an additional set of tools focusing on verification and reinforcement.

After over two years without incidents at the Total site on civil works, and multiple presentations on the new safety strategy, Verwater was allowed to resume mechanical works and was awarded a three-year contract.

Furthermore, Total asked Verwater to support them with an international improvement of Total’s safety standards. Verwater’s CEO, Wichard Huigen, was also invited to the panel of Total’s annual Contractors Awards.

# Governance policies

Policy	avicenna	EURO CAPS	M&J EVANS CONSTRUCTION LTD	RADLEY LONDON	TAZIKER	TrueNoord Regional Aircraft Leasing	VERWATER
<b>Anti-bribery and corruption</b>	Green	Green	Green	Green	Green	Green	Green
Gifts	Green	Green	Green	Green	Green	Green	Green
Client DD/Anti-money laundering	Grey	Grey	Green	Green	Green	Green	Green
Anti-competitive price fixing / cartel formation	Grey	Grey	Green	Green	Red	Green	Red
<b>Data protection / privacy (GDPR)</b>	Green	Green	Green	Green	Green	Green	Green
<b>Code of Conduct</b>	Green	Green	Green	Green	Green	Green	Green
Whistleblower	Green	Green	Orange	Green	Green	Grey	Green
Regulatory compliance	Grey	Green	Red	Green	Green	Green	Green
Tax evasion	Grey	Grey	Green	Green	Orange	Red	Green
Inclusion and diversity	Orange	Green	Red	Green	Green	Red	Green
Equal pay	Orange	Green	Red	Green	Green	Red	Green
Social media	Orange	Green	Green	Green	Orange	Grey	Green
<b>Health, Safety and Environment</b>	Green	Green	Green	Green	Green	Grey	Green
<b>Supplier Code of Conduct</b>	Orange	Grey	Red	Green	Orange	Grey	Orange
Human rights (UN Global Compact & ILO standards)	Orange	Grey	Grey	Green	Orange	Grey	Orange
ESG supplier criteria (certifications)	Orange	Green	Grey	Green	Orange	Grey	Orange
Supplier audits on ESG	Grey	Grey	Red	Green	Orange	Grey	Orange
<b>Sustainability / ESG policy</b>	Green	Green	Green	Green	Green	Orange	Orange

● In place  
 ● Planned (< 1 year)  
 ● Not in place  
 ● Not applicable

DD: (due diligence)  
 GDPR: (Global Data Protection Regulation)  
 ILO: (International Labour Organisation)

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Avicenna is a chain of more than 135 community pharmacies across England and Wales, employing more than 1,000 staff. This is a buy-and-build strategy focused on acquiring high-quality community pharmacies dispensing 7,500 or more items per month.

The business has grown substantially over the past year following deals to secure two additional pharmacy chains (Dudley Taylor and Sheppards), and further acquisition is anticipated.

## Industry ESG relevance

- The most important ESG theme in the pharmacy sector is patient safety and well-being.
- Key focus for pharmacies is guaranteeing patient safety through an adequate set of procedures.
- Main objectives are to minimise errors such as dispensing issues and ensure sufficient inventory of essential medicine.
- Patient and stakeholder satisfaction is paramount.
- Effectively managing Health and Safety risks in branches is also critical.
- UK pharmacies and registered professionals are regulated by the General Pharmaceutical Council (GPhC) who set standards, and conduct inspections every three years.
- NHS England is responsible for ensuring all pharmacies are compliant with current pharmaceutical and local pharmaceutical services regulations.
- All pharmacies are required to conduct an annual community pharmacy patient questionnaire, and the results are publicly available.
- Future developments include the uptake of robotised dispensing systems, a likely increase in home delivery and the deployment of green electricity.

## 2020 achievements

Avicenna made significant progress addressing key clinical governance, Health and Safety and energy issues over the past 12 months whilst helping local communities navigate Covid. These initiatives included:

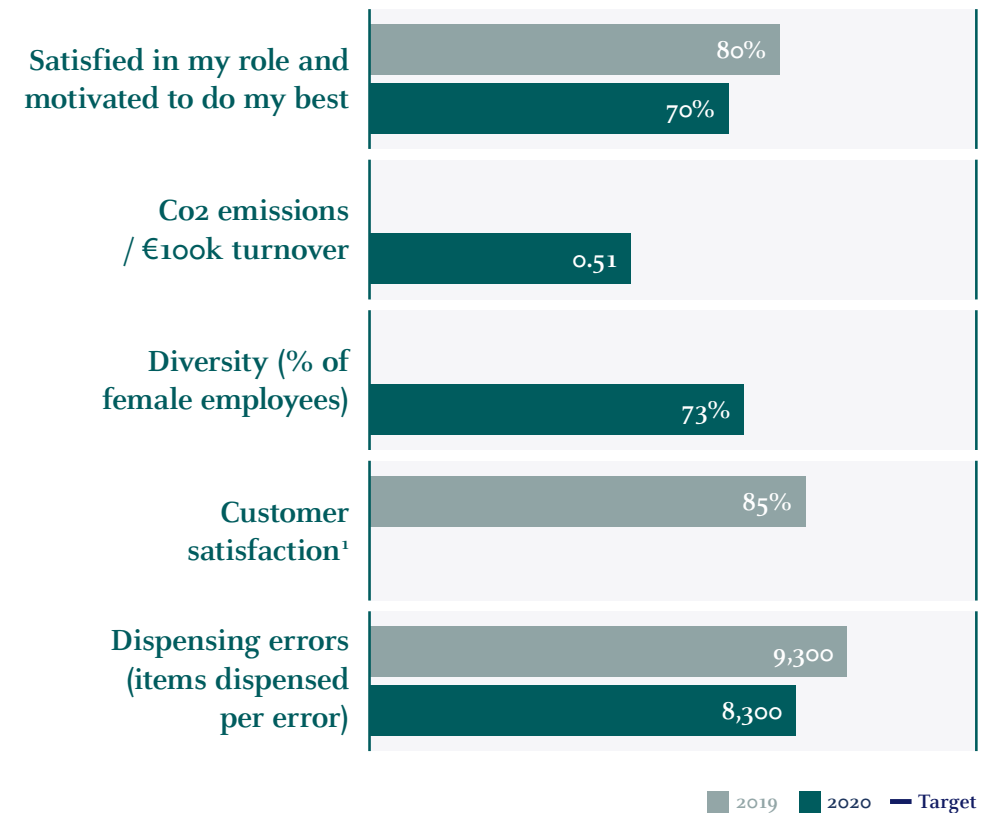
- Continued with the conversion of the company's electricity to 100% renewable and installation of LED lights as part of an estate-wide retrofit programme.
- Reduced paper usage by moving to paperless invoicing and launched a recycling initiative across the branches.
- Supported the delivery of medicines to vulnerable and shielding patients during Covid.
- Provided PPE to local charities and elderly care homes.
- Conducted Covid risk assessments to support colleague and customer safety.
- Introduced a company patient safety newsletter to support best practice, shared learning and risk management.
- Launched an employee leadership programme.

The current procedures and systems provided Avicenna with the necessary governance framework to support business expansion. However, they have identified opportunities to enhance their ESG performance within Human Resources through initiatives such as training programs, monitoring key metrics and employee engagement surveys.

## 2021 priorities

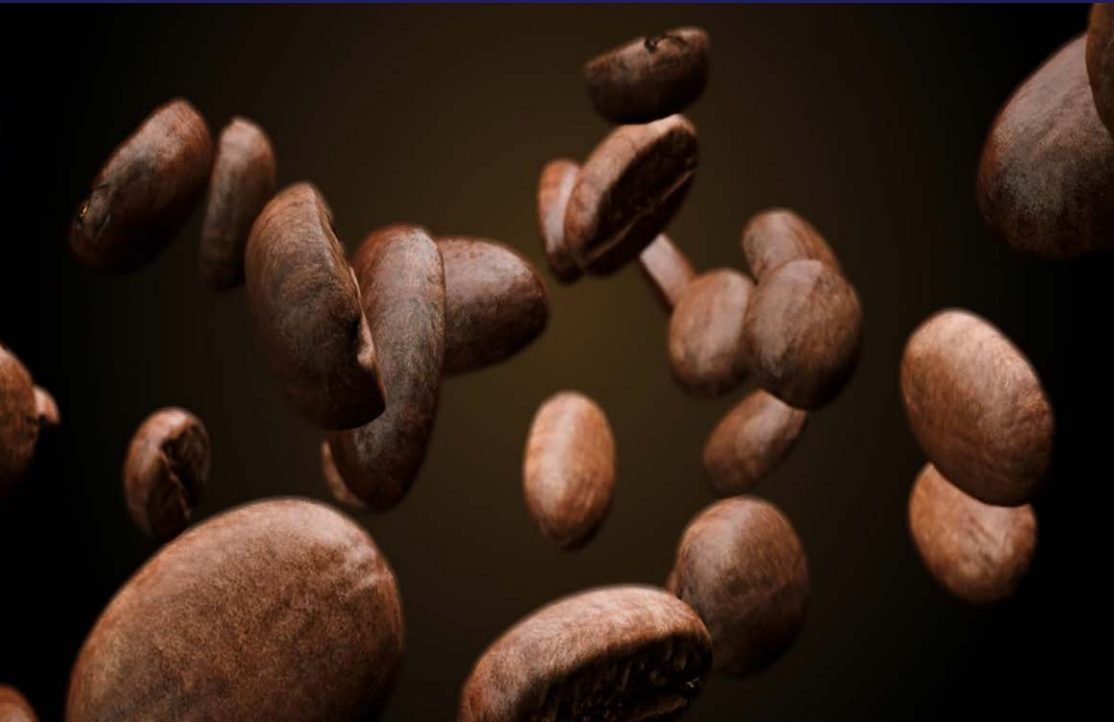
- Improve head office data security controls.
- Increase training content and webinar availability to all employees.
- Provide leadership programmes to high performing employees.
- Encourage branches to report near misses.
- Implementation of ESG standards and policies into recent acquisitions (Dudley Taylor and Sheppards).

## 2020 performance



1. Annual customer satisfaction survey did not take place in 2020 given Covid





Euro Caps was founded in 2012 as a private label manufacturer of Nespresso compatible capsules following the expiry of the patent by Nestle.

They currently employ over 280 employees and produce more than 4 million capsules per day at their two sites in Rotterdam. Since 2016, Euro Caps have also manufactured Dolce Gusto compatible capsules.

Products are primarily sold through food retailers but also via partnerships with coffee roasters and brands.

### Industry ESG relevance

- From a sustainability perspective, coffee is a high-risk industry with significant social and environmental issues throughout the supply chain.
- Consequently, multiple certification programmes aim to limit coffee's ESG impact, including UTZ, Fairtrade, and Rainforest Alliance.
- In the long term, maintaining current supplies of coffee might become problematic due to environmental pressures and climate change vulnerability.
- The main impacts of the coffee capsules industry are waste generation of the capsules and packaging.
- Public scrutiny and prospective regulation on single-use plastics are driving retailers away from packaging made from virgin plastic. Therefore, industry experts agree that the current plastic packaging of coffee capsules is not a future-proof solution.
- Consumer awareness and plastics legislation will impact the viability of different alternatives. This might potentially rule out alternatives and is likely to accelerate the transition to recycling, recycled content and compostability in plastic packaging.



## 2020 achievements

Despite the disruption caused by Covid, Euro Caps improved its employee satisfaction rating in 2020. The management team has focused on employee morale throughout the pandemic and implemented various initiatives, including digital pub quizzes, lunch and learn sessions, flowers for employees, and home-cinema goodie bags.

They also supported a number of charities and initiatives, such as:

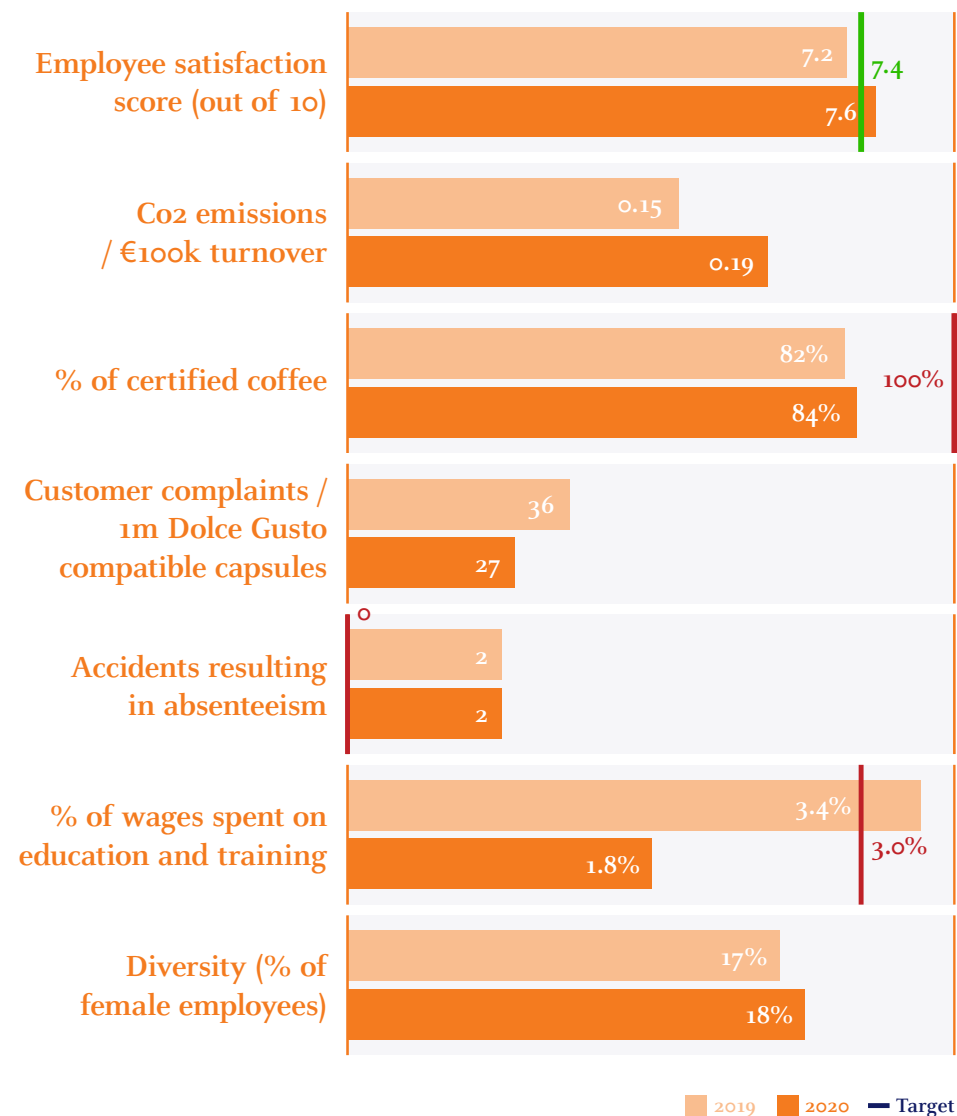
- A World Wildlife Fund project in Brazil, helping local coffee farmers.
- ‘Heilige Boontjes’, a local initiative assisting the reintegration of ex-convicts.
- The Rotterdam children’s hospital, Sophia Kinderziekenhuis.
- A cultural initiative to make a soundtrack of Rotterdam.

Furthermore, Euro Caps continued to invest in compostable capsules and successfully developed an industrially compostable version.

## 2021 priorities

- Develop a fully functioning home compostable capsule.
- Implement a vitality programme for all employees.
- Reduce deforestation in Brazil by supporting small scale farmers.
- Continue to provide internships for ex-detainees.

## 2020 performance





Founded in 2003, M&J Evans is a UK-based company offering a range of civil engineering, foundations and groundworks services to the residential building sector.

Operating in the Midlands and south of England with plans to scale nationally, the company provides technical expertise to its clients, focusing on value-added engineering advice to enhance and optimise tailored solutions.

Ground engineering is a fragmented and significant market in the UK. The top 10 firms only account for 20% of the total industry, which is valued at £4.5bn (of which the Midlands, M&J Evans' core market, is £0.8bn). M&J Evans is one of the largest groundworks and civil engineering providers in the UK.

## Industry ESG relevance

- In groundworks engineering and the wider housebuilding sector, employee health and safety always comes first. This is reflected in the growing emphasis on Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) and other similar metrics in the tender process.
- In recent years, carbon emission has become a key theme for all major housebuilders, and many have declared their intention to become carbon neutral.
- Using concrete and running their equipment and generators on diesel are the main ways housebuilders and their contractors contribute to carbon emissions.



## 2020 achievements

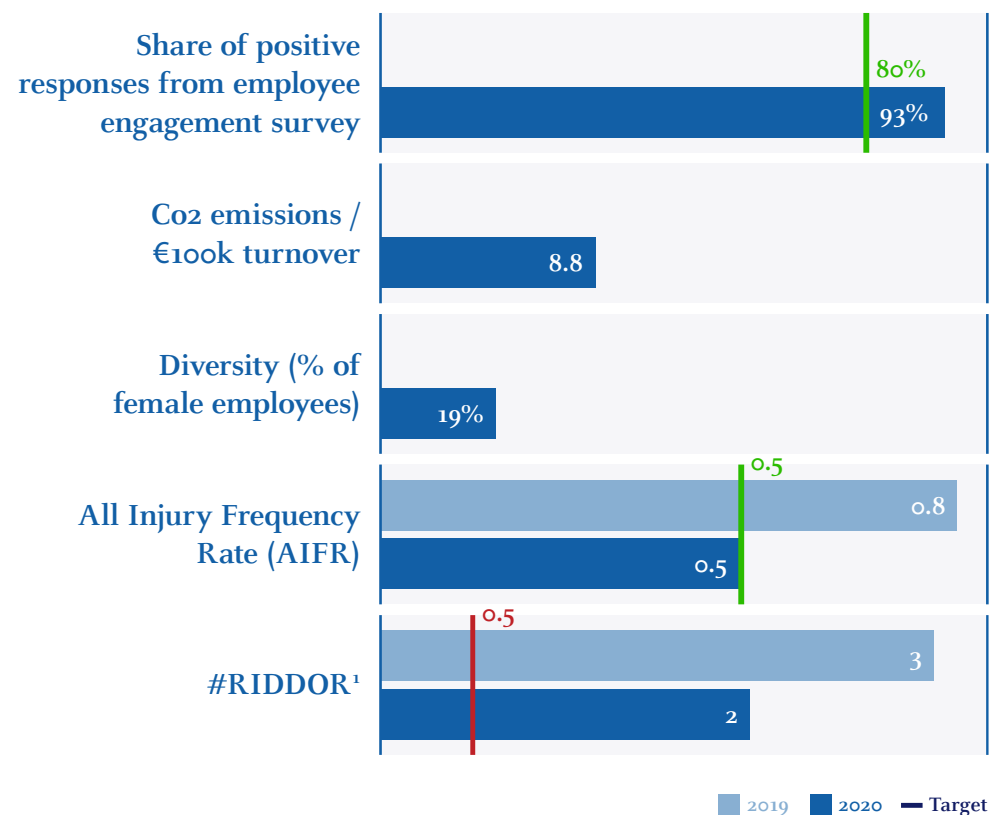
With a new management team on board, M&J Evans significantly increased its focus on ESG over the last 12 months, culminating in the implementation of a company ESG vision, strategy and action plan. Key achievements in 2020 included:

- Introduced a health and safety e-learning platform for employees and customers.
- Reviewed and strengthened the commercial tender processes.
- Improved waste management, sourcing and material use procedures.
- Refreshed health and safety strategy and launched a HSE app for site monitoring.
- Introduced an annual engagement survey for employees and sub-contractors.

## 2021 priorities

- Update Health and Safety strategy.
- Issue initial employee engagement survey.
- Recruit a People Director and develop a People strategy.
- Arrange for the leasing company to provide hybrid cars.
- Establish a company car policy with a low-carbon bias.
- Open discussions with clients about low-carbon concrete.
- Arrange a trial of hybrid excavators.
- Complete a thermal imaging survey of the office to create an insulation remediation plan.
- Introduce a policy allowing all staff to have an annual day's leave for charity work.

## 2020 performance



<sup>1</sup>. RIDDOR is a measure of the number of incidents which meet certain criteria



Radley London is a leading British affordable luxury handbag and accessory brand. Established in 1998 in the heart of London, the business is now evolving into a lifestyle brand across multiple product categories.

The business is digitally-led with enormous design creativity, reaching customers within a disciplined multi-channel international distribution. Radley London is rapidly growing its direct to consumer strategy across multiple platforms including a significant online presence.

This strategy, alongside a sustained elevation focus in both product and marketing, has seen a successful expansion into the US market through partnerships with Macy's department stores, direct online sales, digital platform partners and the initial successful opening of two retail stores (all of which auger well for the future).

### Industry ESG relevance

- Major ESG focus is on the use of cow leather, which is one of the most impactful materials used in fashion and is also exposed to risks of poor labour standards in the supply chain.
- Testing procedures for chemical substances are required to manage product safety and quality risks.
- Auditable certifications are required to ensure socially acceptable working conditions in tanneries.
- Transparency and traceability are becoming a concern for many consumers and is becoming a licence to operate.
- Driven by an increasingly eco-conscious audience, alternative 'leather' bags such as sustainable and recycled options are gaining popularity.
- Some competitors are primarily focusing on disclosing and mitigating supply chain issues.
- In the future, the semi-luxury goods industry will increasingly market leather alternatives and replace chemicals with vegetable-based tanning solutions.

## 2020 achievements

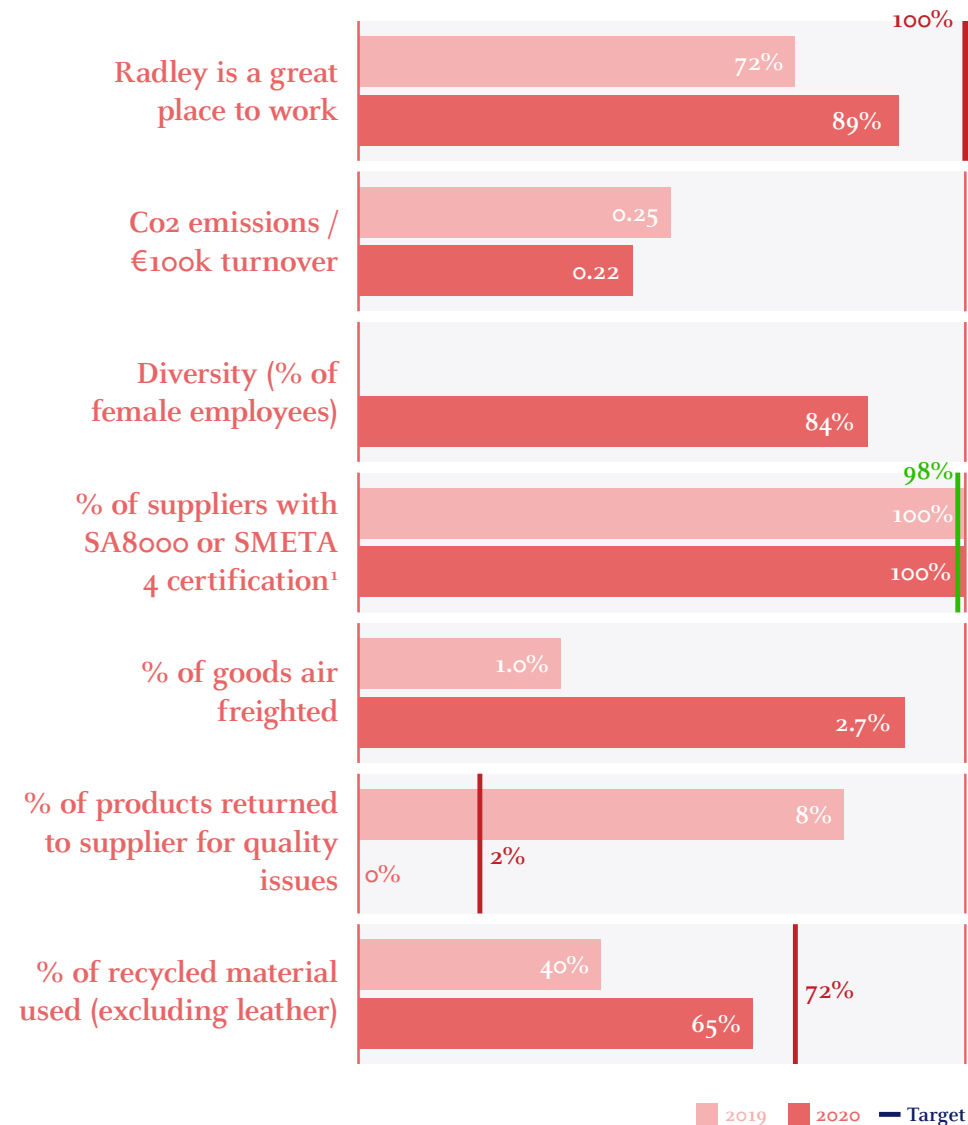
During 2020, Radley management maintained a strong focus on ESG, delivering key priorities for the year and adding new priorities in response to the pandemic. Key achievements include:

- Launched first sustainable and recycled handbag line.
- Increased use of recyclable materials for non-leather handbags and increased use of leather from Leather Working Council (LWC) approved gold standard tanneries
- Ran several wellness weeks for employees during the pandemic to maintain morale and focus on mental health.
- Supported vaccine programme with partners in Kolkata, India (3,000+ individuals have received at least one dose).
- Increased packaging recycling potential to 65% and restructured packaging leading to a 30% increase in carton loading.

## 2021 priorities

- Partner with ISNetworld to develop and launch a market leading ESG management platform focused on primary and secondary suppliers.
- Release carbon footprint questionnaire to primary suppliers.
- Increase locally or nationally sourced materials.

## 2020 performance



1. SA8000 and SMETA 4 are ESG certification standards for suppliers



Taziker is a multi-discipline engineering specialist founded by Tom Taziker in 1969.

With over 600 employees, the company provides services for the preparation, restoration, repair and surface treatment of structural steel bridges, buildings and major structures.

Today, half of Taziker's revenue is derived from the railway industry, and the company also undertakes remedial works in the marine sector as well as the term maintenance and outage support of UK industrial complexes.

Additionally, Taziker also operates specialist units, including a design and fabrication capability and a dedicated Environmental Engineering business.

## Industry ESG relevance

- Employee health, safety and well-being is a primary ESG theme in the industrial and rail maintenance industry. For example, protecting employees from exposure to lead content in old paints.
- The environmental impact and cost of landfilling heavy-metal contaminated abrasive waste is also a key focus. Abrasive waste disposal costs have risen from £30 to £300 per tonne in five years.
- Attracting and retaining young talent is a significant challenge in the industry.
- Energy and carbon exposure is an issue due to diesel use by generators and vehicles.
- The majority of smaller UK players in the industry have a reluctant approach to ESG, and the industry has limited improvement initiatives. However, larger UK construction companies have long-term climate targets.
- Climate regulation will become more stringent to meet the UK's Climate Change Act 2008 goals of achieving reductions of 57% by 2030 and 80% by 2050. The potential solutions include the use of hybrid generators, biodiesel and low-emission vehicles.

## 2020 achievements

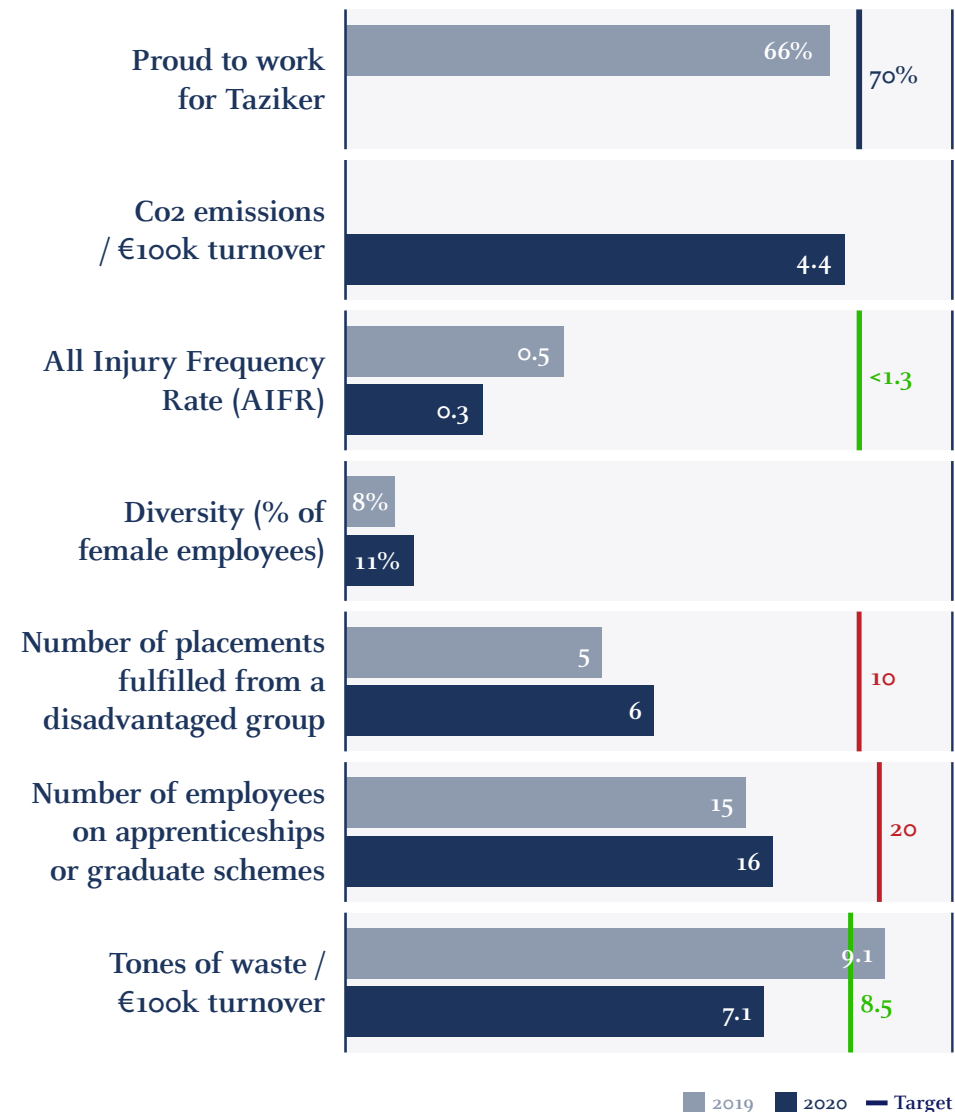
The management team has a strong focus on ESG, giving them a well-informed view of the key topics impacting the business. Employee health and safety has always been the number one priority, and Taziker is increasingly focusing on environmental, community and people initiatives. Key achievements during 2020 included:

- Changed primary fuel for plant and backup generators from red diesel to Hydrotreated Vegetable Oil (HVO).
- Delivered safety metrics materially ahead of industry safety standard.
- Worked with the charities TAP for Bristol and Action for Children to reduce homelessness and provide work placements for homeless and disadvantaged young people.
- Over 75% of the vehicles leased within the year were either a hybrid or full electric vehicle option.
- Used solar-powered lighting and site welfare facilities to drive significant carbon savings, averaging over 70%.
- Developed employees by hiring 16 apprentices across the business, and a further 22 employees benefited from management training.
- Established an EPIC employee recognition programme reflecting Taziker values of Excellence, People, Innovative, Collaborative (EPIC).
- Donated shredded waste paper from our support services to a hedgehog sanctuary for bedding material.

## 2021 priorities

- Increase the number of work placements provided to charitable groups including the homeless, ex-service people and ex-offenders.
- Expand the availability of placements for apprentices and post-graduates.
- Implement a waste reduction strategy and increase the amount of waste recycled.
- Reduce the amount of CO<sub>2</sub> generated through our operations.
- Prevent accidents and incidents occurring across the business.
- Implement an effective employee recognition programme and improve overall employee satisfaction scoring.
- A day of training for each month worked for all employees.
- Find a solution to recycle or otherwise dispose of grit blasting so it does not end up in landfill.

## 2020 performance







**TrueNoord**  
Regional Aircraft Leasing



The Group was established in 2002 by CEO Anne-Bart Tieleman as GA-Finance. Rebranded in July 2016, TrueNoord is an aircraft leasing firm focussing on regional air fleets.

The company has developed an extensive network of airline, technical, financial and manufacturing contacts and currently works with companies such as Air-France-KLM, AeroMexico, Tui, Finnair and British Airways.

The regional aviation sector represents a significant portion of the global industry, and approximately 50% of all passenger travel are journeys under 300 nautical miles. This is particularly the case in South East Asia and Latin America, where growing populations and infrastructure challenges are driving demand for local air travel.

In 2016, BlackRock and Aberdeen agreed to co-invest in equity alongside Freshstream to allow TrueNoord to build a diverse portfolio of regional aircraft.

## Industry ESG relevance

- The industry is subject to stringent safety regulations and standards and has a significant indirect climate change impact.
- Aviation climate impact is becoming an important industry issue. The air transport industry is part of the Emission Trading Scheme to decrease greenhouse gas (GHG) emissions. More efficient design, flight route optimisation, biofuels, and, in the long run, electrical engines will drive GHG reduction for airlines.
- TrueNoord believes it has limited options to mitigate risks related to carbon regulations.
- Lease companies' role in ESG management is restricted because aircraft maintenance and fuelling are the airlines' responsibility.
- Anti-bribery, corruption and good governance are topics of importance, as leasing firms make large global financial deals.
- Counterparty risk and reputation are key considerations when business is undertaken in high-risk jurisdictions.



**TrueNoord**  
Regional Aircraft Leasing

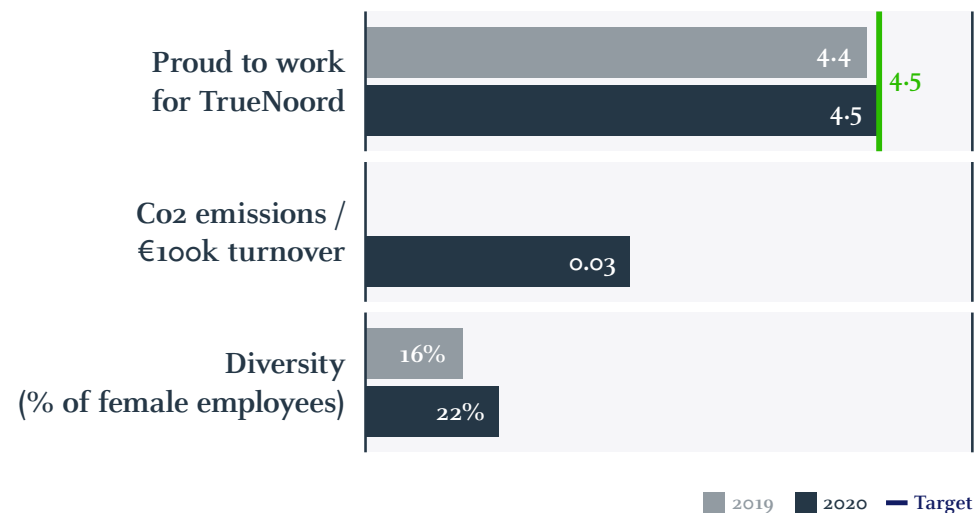
## 2020 achievements

- Over the past year, TrueNoord has upgraded its governance standards. Anti-bribery and corruption, anti-money laundering, sanctions policies and a code of conduct have all been drafted and formally adopted.
- The company conducted an employee satisfaction survey which, despite Covid, returned positive results, and follow-up actions have been defined.
- TrueNoord continued its emphasis on attracting diverse candidates and professionalising its work offering through internships and training programmes.
- Direct carbon impact is limited and mainly driven by employees' air travel, which reduced dramatically due to travel restrictions during Covid.
- Although TrueNoord's ability to lower emissions of its air fleet is limited, the company kept up to date with carbon and electrification market developments.

## 2021 priorities

- Define TrueNoord ESG principles and implement an ESG policy.
- Implement additional internal control processes.
- Work with a specialist consultancy to monitor and reduce the carbon impact of business travel.

## 2020 performance





Verwater is a Dutch and Belgian contractor in industrial and petrochemical installations, specialising in tank maintenance and construction.

Founded 99 years ago, the company now employs approximately 1,000 staff around the world. With a headquarters in Rotterdam, Verwater also has major operations in Antwerp and Amsterdam.

Generating an annual turnover of approximately €170m, the company has a large blue-chip customer base, including Shell, Total, BP, ExxonMobile, Teijin, Oiltanking and MOT.

## Industry ESG relevance

- The focus of ESG in the industrial tank industry is expanding. Safety remains the main area of attention, but other topics are gaining prominence, particularly carbon emissions and environmental impacts.
- The industry is characterised by limited gender diversity as the blue-collar workforce has historically been dominated by men. However, there is an increasing focus on attracting more female talent, especially as there is a shortage of qualified labour. The sector is very diverse in other areas, such as ethnicity, race, and national origin.
- Safeguarding employee and contractor health and wellbeing is critical for the industry, which has a deeply embedded culture of safety and related practices. In addition to the duty to protect staff, this is now an important factor in winning business. Customers, especially large multinational industrial companies, place significant emphasis on supplier safety records, so demonstrating a good track record is essential.

## 2020 achievements

Health and safety (HSE) remains the number one ESG priority for Verwater. Generally, HSE is well managed, with a dedicated team and effective policies and procedures in place. As a result of its strong HSE performance, Total invited Verwater to support improvements to its health and safety standards and policies.

Additionally, Verwater delivered several important ESG initiatives in 2020:

- Fully analysed CO<sub>2</sub> emissions and identified potential levers to reduce emissions.
- During the early stages of the Covid pandemic, donated and distributed facemasks to care home workers and residents when there was an acute shortage.
- Distributed gift baskets containing local produce to employees and subcontractors to maintain morale, and donated the excess to charity.
- Supported several initiatives to encourage children, particularly those from less privileged backgrounds, to consider a career in engineering and other technical fields.

## 2021 priorities

- Implement a new safety plan.
- Integration of Verwater and SJR Group teams (Verwater acquired SJR in 2020) including implementation of safety and other ESG policies and procedures.
- Offer leadership training.
- Increase cooperation with schools and provide internships.
- Regularly provide governance training for management, particularly on safety reporting.
- Incorporate environmental and sustainability criteria in the purchasing process.
- Improve safeguarding safety through “Plan Do Check Act” approach.

## 2020 performance

