Triton

Climate report 2023/24

Task Force on Climate-Related Financial Disclosures TCFD

Contents

Climate at Triton

This is Triton's first climate report to meet the requirements of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD is focussed on reporting and on the impact organisations such as ours have on the global climate. We believe that the TCFD is playing a role in making climate-related disclosures more consistent and, therefore, more comparable, and are thus in favour of the initiative. This allows stakeholders to engage with entities responsible, either directly or indirectly, for greenhouse gas emissions.

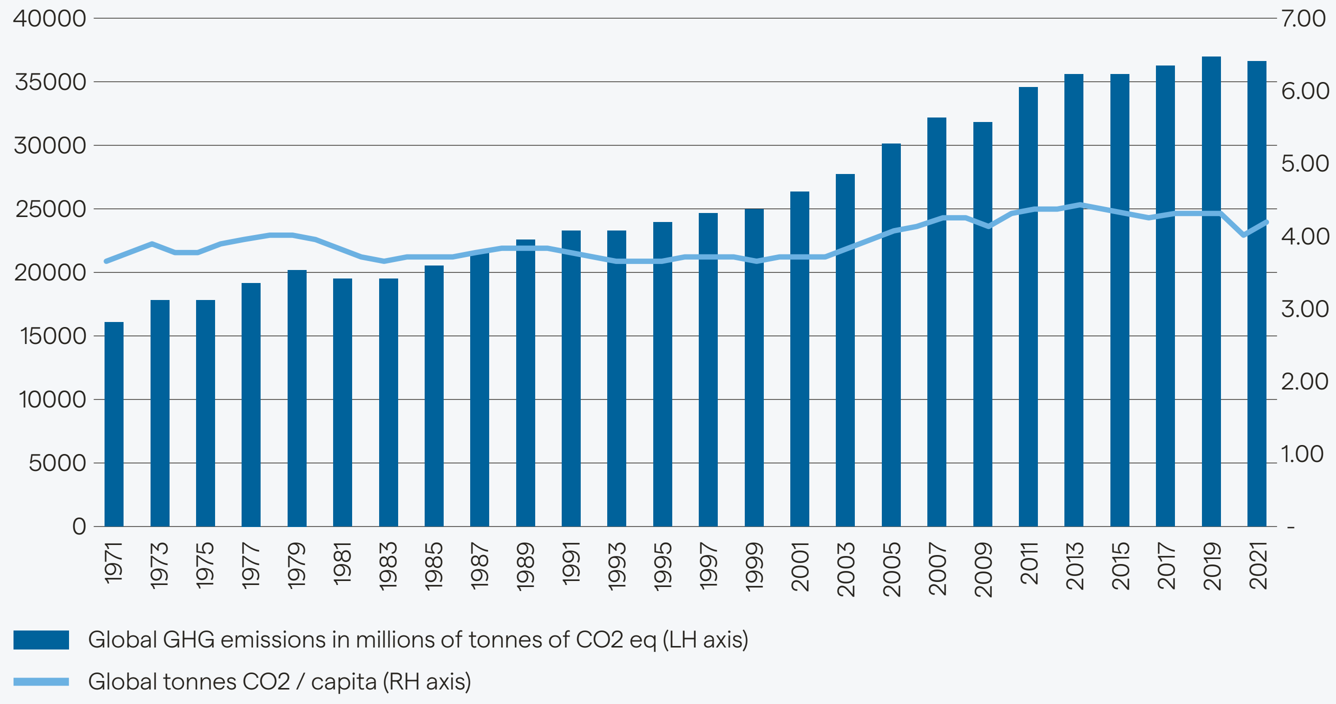
The planet is facing an existential threat from climate change. Every country, company and organisation must now address the societal, environmental and economic risks which global warming has brought.

We believe private equity managers, like Triton, have a role to play in the decarbonisation necessary to achieve the goals established by the Paris Agreement. We can use our capital, long-term strategies and influence with our portfolio companies to drive investments towards the low carbon economy. This is implementable both by investing in climate solution providers and by lowering the operational emissions of our portfolio companies.

"The transition to a low carbon economy will also bring its own risks and opportunities. Changes in climate policies, new technologies and growing physical risks will prompt reassessments of the values of virtually every financial asset. Firms that align their business models to the transition to a net zero world will be rewarded handsomely. Those that fail to adapt will cease to exist."

From a speech by Mark Carney at the Task Force on Climate-related Financial Disclosure Summit, Tokyo, on Tuesday 8 October 2021 (bankofengland.co.uk)

CO_2 emissions per capita hold steady, but the growing world population and more emissions of other GHGs - methane, F-Gases and nitrous oxide - mean the total keeps rising



CO_2 emissions in 2023 - Analysis' - International Energy Agency

Explanatory Note

This TCFD report is issued by Triton Investments Advisers LLP (TIA LLP), which is authorised and regulated by the UK Financial Conduct Authority. This is the first such report that has been prepared to meet the UK FCA requirements that are derived from the Task Force on Climate-related Financial Disclosures (TCFD).

While this TCFD report is issued by TIA LLP, the information covers Triton's general approach to responsible investment, ESG and climate-related matters.

Unless otherwise provided, the information included relates to the period from 1st January to 31st December 2023.

References to:

[a] "Fund Manager" are references to the Triton entity that is the fund manager or alternative investment fund manager, as applicable, of the relevant Triton Fund;

[b] "TIA LLP" are references to Triton Investments Advisers LLP;

[c] "Triton" are references to Triton Investors SCSp and any of its associates (including TIA LLP), but excluding, for the avoidance of doubt, any Triton Fund;

[d] "Triton Fund" are references to any investment fund or managed account arrangement managed or advised by a Triton entity from time to time.

Triton at a glance[1]

Founded in
1997

Professionals accross
11 offices

Integrated operating & specialist teams

€18 billion
Raised since inception

200+
Institutional investors

100+
Investment advisory professional across three investment strategies

60+
Operational and functional specialists supporting value creation through the investment life cycle

Portfolio companies

100+
Investments since inception

50
portfolio companies as at the end of 2023

€24 billion+
Combined portfolio revenues

100,000+
Full-time employees at portfolio companies

Core Triton sectors

- Business Services
- Industrial Tech
- Healthcare

Strategies

Capital raised

€15.5bn
Mid-Market PE

€1.3bn
Smaller Mid-Market PE

€2.1bn
Credit

[1] As of December, 2023

Triton and its portfolio companies (PCs) benefit from West Park and the services provided by it. Since its formation in 2007, West Park has become a core part of Triton's "Building Better Businesses" strategy and approach. West Park is able to provide a range of value-adding services to support the investment process and portfolio companies that would otherwise be provided by third parties.

Triton

Mid-Market PE | Smaller Mid-Market PE | Credit

West Park

- Full Potential
- Leadership & Culture
- Digital
- ESG
- Debt Financing
- Transaction Tax / Legal
- Procurement
- Communications
- Operational Specialists

Responsible Investment at Triton

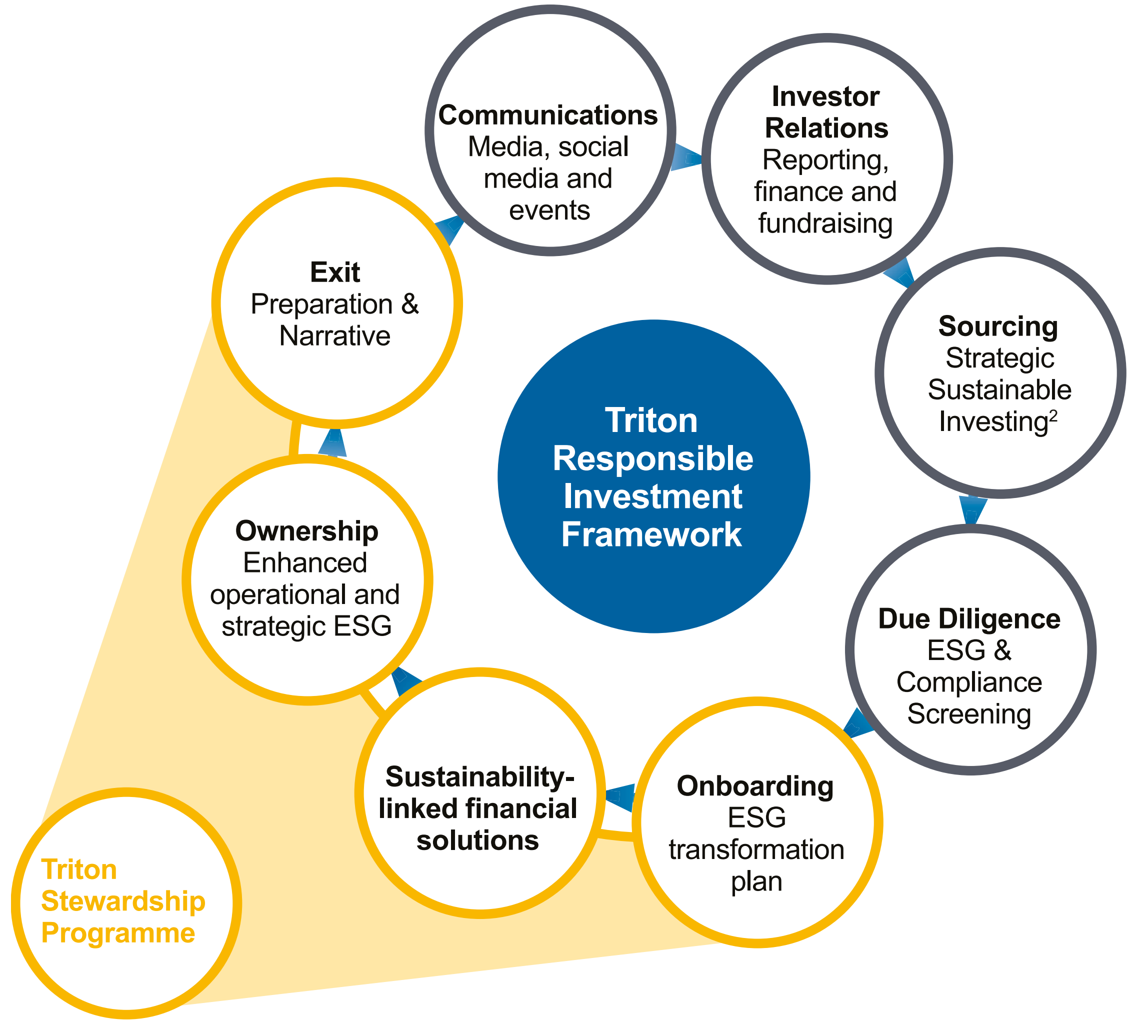
At Triton, we continue to be guided by the premise that investing responsibly is aligned with investing profitably. It is our firm belief that value can be created by mitigating risk and through a deep understanding of sustainability themes and drivers. The evidence that better management of environmental, social and governance (ESG) factors is linked to value creation has continued to build in external studies, as we have discussed in our Responsible Investment annual reports.

To build better, higher quality businesses, we integrate analysis of environmental risks and opportunities. This focuses on factors affecting a range of societal stakeholders, and setting robust governance programmes to deliver. To ensure effective delivery, we invest in our team, processes, and are continually improving transactional support offered to our investment teams.

> *"One of the essential functions of financial markets is to price risk to support informed, efficient capital-allocation decisions"*
>
> TCFD

Regulatory and industry initiatives continue to increase data and reporting requirements. We recognise that alignment and standardisation of reporting is an important step in the development of ESG, and continue to engage actively in multiple industry bodies to support this work. Utilisation of sustainability-linked lending – for access to better finance opportunities – remains a commercial focus.

For further details on our Responsible Investment Framework, please refer to our Responsible Investment Reports.



Our Responsible Investment framework applies to Triton and our investment strategies...

- Mid-Market PE
- Smaller Mid-Market PE
- Credit
- Triton

...and all sectors we invest in

- Business Services
- Industrial Tech
- Healthcare

[2] In the context described on this page, we do not use the term "sustainable investment" in the sense defined by the EU Sustainable Finance Disclosure Requirements (SFDR). Triton's working definition for sustainable investments is researching and investing in sectors with strong supporting environmental, social and governance trends and themes.

Our Climate-related Financial Disclosures

Our TCFD report covers all assets under management. This report sets out the 11 TCFD recommended disclosures, within each of the four pillars set out by the Taskforce, and required to meet the underlying regulatory requirements:

In the report, we outline the climate-related disclosures through two lenses:

1. for Triton's operations
2. for Triton's portfolio

In so doing, we aim to describe and illustrate the many ways in which we integrate climate change in analysis, risk-mitigation, opportunity-identification and overall investment business.

Governance

In line with TCFD recommendations and supplementary guidance for the financial sector, this section focuses on Triton's governance structure around climate-related risks and opportunities.

> *"At the United Nations climate change conference in Paris, COP 21, governments agreed that mobilizing stronger and more ambitious climate action is urgently required to achieve the goals of the Paris Agreement. Action must come from governments, cities, regions, businesses and investors. Everyone has a role to play in effectively implementing the Paris Agreement."*
>
> United Nations Framework Convention on Climate Change

Oversight of climate-related risks and opportunities

Portfolio management

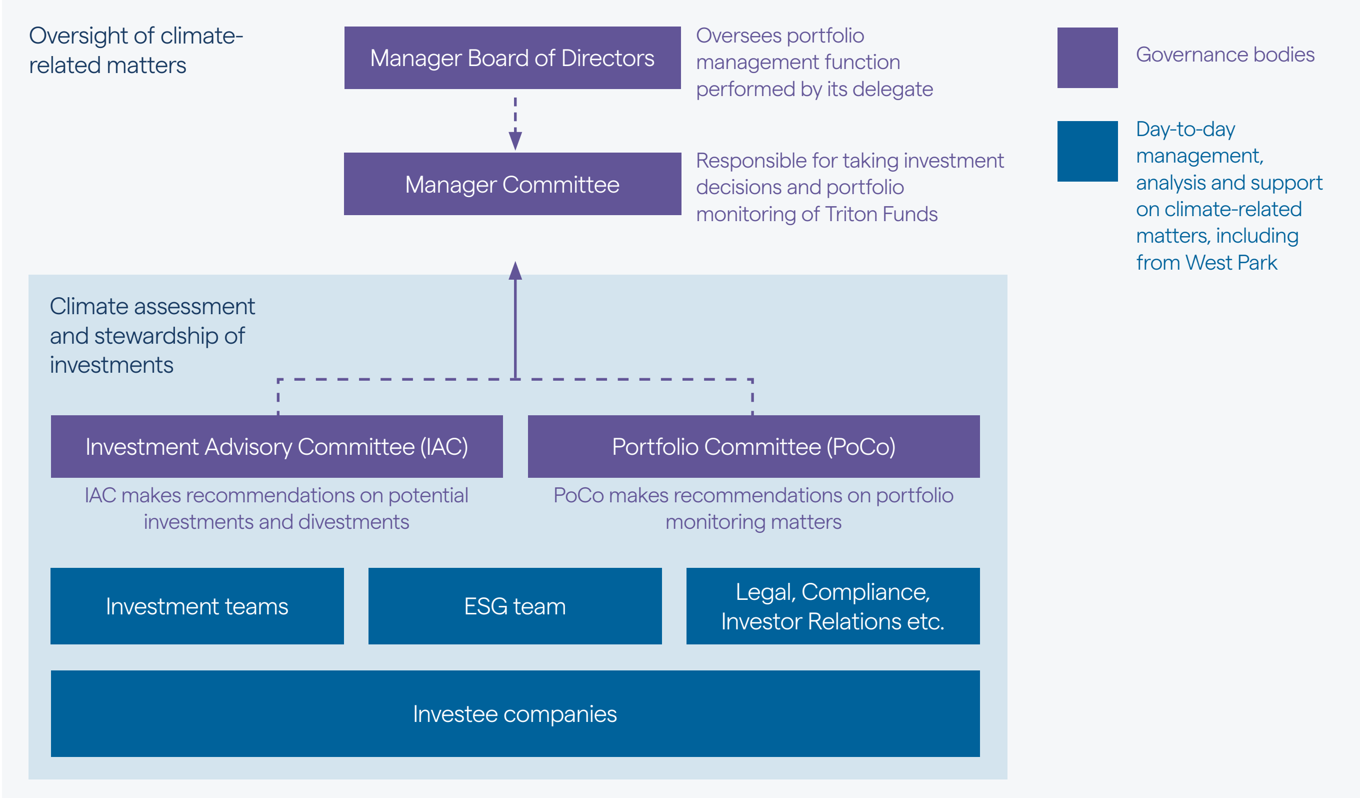
The approach of Triton Investments Advisers LLP (TIA LLP) to governing climate-related risks and opportunities is a key part of the firm's strategy to build better, higher quality businesses. It is also a key part of ensuring the effective implementation of Triton's Responsible Investment Framework.

TIA LLP's Manager Committee has ultimate accountability and oversight of, and is therefore responsible for climate-related issues across the investment process and portfolio. As the delegated portfolio manager in respect of the Triton Funds, TIA LLP is responsible for managing climate risks and opportunities as part of investment decision making and portfolio management. The Manager is responsible for overseeing climate-related risks and opportunities for the relevant Triton Fund as a whole as part of its risk management functions.

The Manager Committee receives general and portfolio-wide ESG updates, including on climate-related topics, at least twice a year. During Manager Committee meetings, detailed strategy and targets are discussed and approved, as well as progress against climate-related targets. The board of the Manager also receives similar ESG updates, both in the context of the Manager's risk management function in respect of the Triton Funds and for the purposes of the Manager's general oversight of TIA LLP, as its delegate.

The Investment Advisory Committee (IAC) of the relevant Triton Fund provides oversight on ESG topics, including climate, as part of its advice and recommendations to TIA LLP, in the context of investments, divestments and other uses of fund capital matters. The Portfolio Committee (PoCo) oversees ESG and climate-related topics and performance in the context of private equity portfolio monitoring. The Manager Committee receives advice from the IAC and PoCo.

The diagram below shows an overview of our governance structure for the oversight of climate related risks and opportunities:



TIA LLP, the Manager, the IAC and the PoCo are supported by West Park's ESG functional specialists (the ESG team). The ESG team collaborates with investment teams and functions including Legal, Compliance and Risk Management, Corporate Governance, Investor Relations, Communications and, where possible, with portfolio companies themselves, on climate-related issues.

Operations

Triton's CFO, reporting to the CEO, is responsible for ensuring that climate-related risks and issues are understood, mitigated and adequately addressed across Triton operations. The ESG team provides updates and advice to senior leadership on climate-related issues and recommends approaches and actions to support the firm's wider climate ambitions.

Management role in assessing and managing climate-related risks and opportunities

Triton's Responsible Investment (RI) Policy governs how ESG and climate factors are integrated across all investment strategies – both private equity and credit – and portfolio management.

For potential private equity investments, understanding the risks and opportunities associated with climate change starts with sourcing. Our Head of Sustainable Investing supports the investment teams in assessing attractive target companies with positive climate tailwinds. These include providers of products and solutions which support the energy transition, resource efficiency, circular economy and climate change adaptation.

The RI Policy requires potential investments to be reviewed for ESG and climate impacts, risks and opportunities. ESG factors, including topics and issues relating to climate change, form an integral part of the due diligence on potential investments. The ESG team coordinates an assessment of material climate-related risks and opportunities, which is analysed and assessed by the IAC in the context of making an investment recommendation to the Manager Committee.

Once an investment has been made, the ESG team and relevant investment teams monitor material climate-related risks and opportunities at the company, based on available information. For credit investments, information is gathered from public sources as well as leveraging third-party research providers, such as RepRisk. For private equity investments, the ability and progress of each portfolio company to analyse and manage ESG risks and opportunities, including around climate change, is actively monitored through Triton's Stewardship Programme. The Head of ESG reports to the Manager Committee and the board of directors of the Manager on portfolio-wide climate due diligence matters and the overall operation and effectiveness of the Stewardship Programme.

Triton's involvement with industry initiatives on climate change

Triton's CEO is a founding member of the Private Equity Sustainable Markets Initiative Taskforce (PESMIT). Triton is represented on the Climate Change Working Group and the Biodiversity Working Group, which also considers climate change factors, habitat preservation and nature-based solutions. In 2023, the workstreams published reports on valuing carbon in private markets as well as private equity guidance to drive positive change in biodiversity and natural ecosystems.

Triton's Head of ESG sits on the Global SteerCo of Initiative Climat International (iCI). In 2022, Triton worked in partnership with other investment firms through the iCI to publish guidance on TCFD reporting, greenhouse gas accounting and setting Science Based Targets within the private equity industry.

Triton is also a member of the ESG Data Convergence Initiative (EDCI), first reporting ESG data and assessing energy and climate-related benchmarks from comparable private companies in 2022.

Sustainable Markets Initiative

initiative climat international
Private equity action on climate change

ESG Data Convergence Initiative

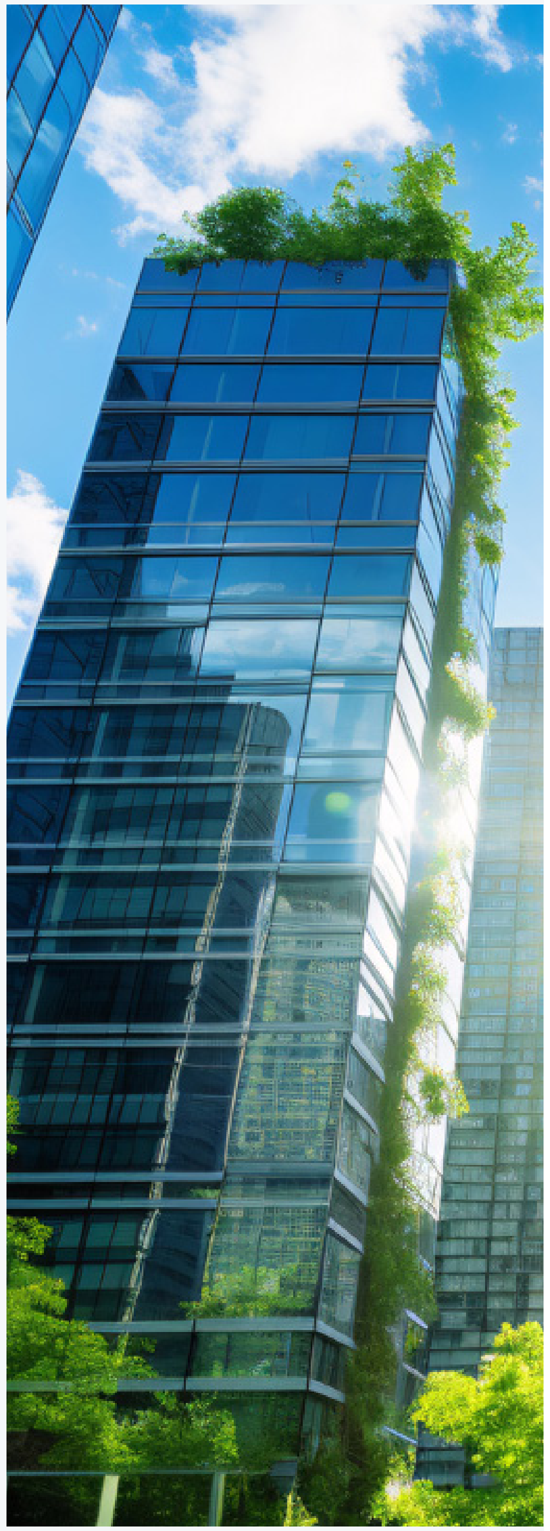
Strategy

> Triton works to understand the climate-related risks and opportunities facing the company and its portfolio over the short, medium and long term.

Triton proactively identifies and manages climate risks and opportunities throughout the investment cycle.

Climate-related risks and opportunities are assessed across three time horizons: short term (to 2030), medium term (to 2040) and long term (to 2050). The rationale for selecting these horizons is that it helps to inform the relevant Triton Fund's investment strategy, as well as assess risks and opportunities through an investment's hold period, the lifetime of a Triton Fund, and the longer term.

The tables below outline the latest assessment of material climate-related risks and opportunities that have been identified across operations, investment activities and private equity portfolio management.



Triton Climate Report 2023/24

Summary of principal climate risks

Category	Risk	Time horizon	Rating	Potential impact	Mitigation
Physical (acute)	Increased severity and frequency of extreme weather, including flooding (coastal, pluvial and fluvial), extreme heat and wildfires	Short term	High	Revenue impact from business disruption Capital expenditure to address damage Greater insurance premiums Impairment / asset write-downs	Location review for most vulnerable sites Ensure adequate insurance Engage PCs to ensure robust business continuity plans (BCPs)
Physical (chronic)	Changes in precipitation patterns Rising mean temperatures Drought & water stress Rising sea levels	Long term	High		
Policy & legal	Increased climate disclosure & compliance obligations Risk of penalties for non-compliance Increased regulation e.g. carbon pricing / taxation	Short term	High	Compliance (and / or non-compliance) costs Reputational damage Impact to fundraising / loss of investors	Enhanced climate reporting (at Triton level and for portfolio companies) Scenario analysis Regular regulatory horizon scanning
Technology	Market shift to lower emissions and climate-resilient technologies impacting portfolio companies	Medium term	Medium	Loss of portfolio company revenue, market share and valuations	Continuous market and peer analysis Investment in R&D & adoption of latest technologies
Market	Changing consumer demand towards lower emission products & services Higher raw materials pricing Market uncertainty	Medium term	Medium	Reduced sales for portfolio products & services, lower valuations	Support portfolio companies in conducting market analysis & developing low carbon products & services
Reputation	Stakeholder concerns Negative climate controversies Uncertainty	Short term	Medium	Negative stakeholder perception Impact to fundraising / loss of investors, lower valuations	Enhanced climate reporting and commitment to transparency (at Triton level and for portfolio companies) High level review / validation of portfolio company climate data to reduce risk of material misstatement Conduct regular climate scenario analysis Controls to avoid greenwashing

Summary of principal climate opportunities

Category	Opportunity	Time horizon	Rating	Potential impact	Action
Resource efficiency	More efficient buildings, technology, operations and transport Leverage energy incentives	Short term	High	Operating cost savings Greater value of fixed assets Supply chain resilience	Energy and carbon reporting including energy audits to drive resource & energy efficiencies
Products and services	Investment strategies with climate focus Products / services supporting climate mitigation or adaptation	Short term	Medium	Greater revenue / demand Access to new and emerging markets Higher valuations	Supportive climate-related drivers to be integrated into portfolio company value creation plans Portfolio company engagement to develop sustainable offerings
Market	Appeal to new investors through climate investment strategies	Medium term	Medium	Attraction & retention of investors Brand value and reputation Lower cost of capital	Sustainable investing as a strategic priority Clear climate strategy for investments Enhanced climate due diligence
Technology	Market shift to lower emissions and climate-resilient technologies impacting portfolio companies	Medium term	Medium	Greater portfolio company revenue, market share and valuations	Continuous market and peer analysis Investment in R&D & adoption of latest technologies

During scenario-based screening, we used location data analysis and engagement with portfolio companies, alongside our close understanding of the businesses, to prioritise climate-related risks and opportunities for financial analysis. Based on this assessment, we selected flooding (physical risk), policy & legal (transition risk) and resource efficiency (opportunity) to bring forward for more detailed scenario analysis and financial integration.

Impact of climate-related risks and opportunities on businesses, strategy, and financial planning

Triton's direct operations are relatively asset light. In 2023, Triton operated from 11 offices, all of which are leased, and employees have the ability to work remotely. The ESG team collaborates with Legal, Compliance and Office Managers to ensure compliance with the relevant climate-related regulation, including the UK Energy Savings Opportunity Scheme (ESOS) and the EU Energy Efficiency Directive (EED).

Our view is that the potential financial impact of climate change is more material for the portfolios we manage, than for our direct operations. For the calendar year to December 2023, we undertook qualitative and quantitative climate scenario analysis, covering physical and transition risks and opportunities, for the full private equity portfolio, which consists of 50 portfolio companies.

The limited availability of data for private credit investments makes comprehensive scenario analysis more challenging. The intention is to improve data quality and governance for credit going forward, to enhance climate screening and analysis.

We analyse three climate scenarios, aligned with Intergovernmental Panel on Climate Change (IPCC) assessment scenarios as well as the Network for Greening the Financial System (NGFS), as our base frameworks. The scenarios are as follows:

'Orderly transition'

Paris-aligned 1.5°C scenario

SSP1 (physical) and Net Zero 2050 (transition)

Stringent climate policies and ambitious intervention to transition and limit global warming to 1.5°C by 2050

'Disorderly transition'

Below 2°C scenario

SSP2 (physical) and Delayed Transition (transition)

Delayed transition policies result in a sudden response but sufficient enough to meet the upper limit of the Paris Agreement to hold "the increase in the global temperature to well below 2°C above pre-industrial levels"

'Hot house world'

Above 3°C scenario

SSP5 (physical) and Current Policies (transition)

If every country delivers on their nationally determined contributions (NDCs), this is expected to result in a global temperature rise of 3°C, with significant exposure to physical risks

Scenario analysis results, by sector, for selected material climate risks and opportunities for the short- to medium-term in a <2°C scenario, are summarised in the table below:

Triton Sector	Opportunity		Risk: Transition		Risk: Physical (Acute)	
	Short term	Medium term	Short term	Medium term	Short term	Medium term
Business Services	Lower-moderate opportunity	Moderate opportunity	Moderate risk	Moderate risk	Lower-moderate risk	Lower-moderate risk
Industrial Tech	Moderate opportunity	Moderate opportunity	Lower risk / opportunity	Lower-moderate risk	Moderate risk	Moderate risk
Healthcare	Lower risk / opportunity	Lower-moderate opportunity	Lower-moderate risk	Moderate risk	Higher-moderate risk	Higher-moderate risk
Consumer	Moderate opportunity	Higher-moderate opportunity	Moderate risk	Moderate risk	Moderate risk	Moderate risk

Key:

- Higher opportunity
- Higher-moderate opportunity
- Moderate opportunity
- Lower-moderate opportunity
- Lower risk / opportunity
- Lower-moderate risk
- Moderate risk
- Higher-moderate risk
- Higher risk

The table above shows the qualitative outputs of our climate scenario analysis, where we assessed impact pathways for selected priority risks and opportunities across all our portfolio companies. Risk scores were calculated as a function of both likelihood and impact. For each risk type, the likelihood and impact are scored on a scale of 1-5 and are multiplied together to calculate a risk score between 1-25. The risk scores are grouped into five bandings from lower risk to higher risk, as shown in the graphic above.

In the process of quantitative scenario analysis, we have assessed the financial impact of flooding, policy & legal and resource efficiency, by integrating portfolio company's asset value, greenhouse gas emissions, carbon pricing projections from NGFS and energy consumption data. Climate-Value-at-Risk (CVAR) is determined as a measure of the present value impact to financial performance by climate change.

Quantitative analysis has not been disclosed in this report given data gaps remain for our credit portfolio and certain portfolio companies. We are looking to improve data availability and quality for credit to consider as part of our disclosure in the coming year.

Portfolio company-specific outputs from our climate scenario analysis are shared with each respective portfolio company. Investment teams, supported by the ESG team, engage with companies to understand and evaluate climate change impact on their business operations, strategy and financial planning. The analysis will also be used to engage with companies on their action plan for climate mitigation and adaptation.

Triton is not currently using climate-related scenarios in our financial planning. The climate impacts assessed have interdependencies, long term impacts and have a range of uncertainty that is challenging to immediately incorporate into projections. This is something we are looking to build on and consider as part of future climate risk assessments and scenario analysis.

Building Triton's resilience in the face of climate change

Triton developed its climate strategy based on its assessment of climate-related risks and opportunities impacting operations and the wider portfolio.

Information on the extent to which our portfolio companies are exposed to climate risk can be found on page 28.

Committing to a Science Based Target

Triton took action in 2021 as one of the earlier private fund managers to announce a commitment to a Science Based Target (SBT). Triton has committed to a portfolio coverage target to align 100% of its portfolio companies with SBTs by 2040. This steers sourcing, influences investment strategies, and helps accelerate decarbonisation of the portfolio. Setting SBTs will ensure that our efforts are in line with the goals and ambition of the Paris Agreement.

Additionally, we believe that this strategy will also align with the ambitions of Triton's investors; attract potential portfolio companies and their management teams; and help develop businesses aligned with core sustainability drivers.

Triton continues to actively work with portfolio companies, supporting with the assessment of their carbon emissions (including Scope 3 measurements), the development of emissions reduction targets and developing SBTs before taking these through to implementation.

What is a Science Based Target (SBT)?

Emissions reduction targets are considered 'science-based' if they are in line with the level of decarbonisation required to keep global temperature increases to the target maximums set by the 2015 Paris Agreement. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

How are SBTs set?

Companies set and communicate at least near-term science-based targets that put them on the path towards achieving net zero emissions by 2050 or sooner.

Who checks SBTs?

All SBTs must be submitted to the Science Based Targets initiative (SBTi) for validation. The SBTi is a corporate climate action organisation that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

Sustainability-linked financing

In 2021, we implemented sustainability-linked loans for the private equity Triton V and the Triton Smaller Mid-Cap II funds. This includes ratcheting environmental metrics for portfolio SBT coverage; water and waste management practices; as well as governance metrics for board-approved ESG action plans. Sustainable financing further incentivises Triton's engagement with portfolio companies to accelerate their own decarbonisation journeys, reduce potential climate transition costs and encourage climate resilience through resource efficiencies.

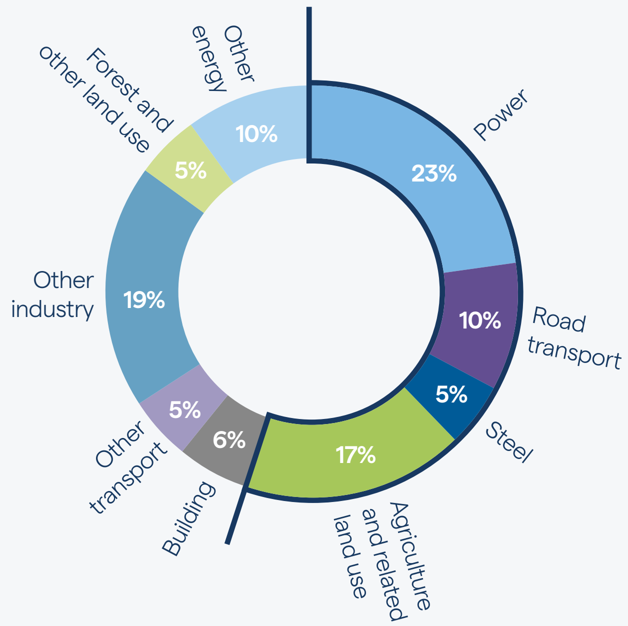
Article 8 fund classification

Triton's latest private equity funds, Triton Fund V, Triton Smaller Mid-Cap Fund II, Triton China Expansion Fund and Triton Fund 6, are classified as Article 8 funds under the EU's Sustainable Finance Disclosure Regulation. Article 8 funds are those that promote environmental or social characteristics, but do not position them as the overarching objective. Each of these Triton Funds tracks environmental indicators, including Greenhouse Gas emissions intensity and energy efficiencies over time.

Sustainable sourcing

Triton continues to believe that understanding thematic drivers and trends, such as the transition to a low carbon economy and climate impact adaptation, are crucial to driving better decision-making. Other sustainability themes include resource scarcity, diversity, and changing demographics.

Greenhouse gas emissions by sector, 2019



Source: IPCC data, taken from Executive summary – Breakthrough Agenda Report 2022 – Analysis - IEA

To address the global emissions gap, to decarbonise to meet a 1.5°C world, pace is gathering across sectors. A core part of the thesis of investing around the theme is to build understanding of which sectors will decarbonise, how deeply, at what pace, and through which specific means of technology switching or efficiency gains.

Triton Funds have made a number of investments in companies which provide of climate-positive products and services. Examples include:

FairWind

FairWind is a provider of one-stop solutions for the installation and service of onshore and offshore wind turbines throughout the world

Sustainability theme

Climate change

Decarbonisation and energy transition

IFCO

IFCO is a provider of reusable packaging solutions for fresh foods, with circularity built into the life cycle and high levels of recycled content

Sustainability theme

Natural resources

Resource efficiency and circular economy

Glamox

Glamox provides sustainable professional lighting solutions for the European building market and global marine market

Sustainability theme

Housing & construction

Green buildings

EQOS Energie

EQOS is an installer and service provider for the lifecycle of network infrastructure for energy, mobility, telecommunications

Sustainability themes

Climate change

Decarbonisation and energy transition

Climate change adaptation

Risk management

Triton assesses and manages climate-related risks at each stage of the investment process.

Pre-Investment

For a prospective investment, the ESG and investment teams conduct a preliminary risk assessment, considering potential material climate risks and opportunities, based on available information.

Where Triton seeks to acquire a company, or a majority thereof, external ESG due diligence is conducted, and where relevant, enhanced climate due diligence is included in scope. Triton assesses climate based on financial materiality and the likelihood and scale of any adverse climate impact. The result of the assessment is discussed, considered and assessed by the IAC, before any recommendation is made to the Manager Committee.

Post-Investment

Developing and emergent climate risks and incidents are continuously monitored through the ownership period for investments. This is part of our portfolio monitoring process for equity and credit (based on available information and through leveraging RepRisk, a third-party ESG research tool).

For private equity portfolio companies, Triton operates its Stewardship Programme. We have integrated climate factors into preserving and enhancing the value of businesses as a priority topic for several years.

As part of the Stewardship Programme, portfolio companies are supported to:

- Enhance emissions reporting
- Identify, manage and report material climate- and nature-related risks and opportunities
- Develop a climate strategy with a clear decarbonisation pathway, and levers for achieving this pathway, ideally in line with a SBT
- Establish a risk management framework and risk register
- Establish Business Continuity Plans (BCPs) and Crisis Management Plans, including adapting to the physical impacts of climate change
- Conduct their own enhanced climate scenario analyses for material risks

Portfolio companies are encouraged to identify and effectively manage climate-related risks and opportunities. We are leveraging our climate scenario analysis to accelerate engagement, prioritisation and drive action at the portfolio company level.

Triton recognises that developing a climate strategy drives resilience and allows portfolio companies to mitigate transition and physical risks and leverage climate opportunities. Certain portfolio companies may explore insurance options and collaboration opportunities as a means to partially transfer or share certain climate-related risks, that are more difficult to avoid or mitigate. Climate reporting is then critical to enable businesses to track and demonstrate progress internally and for external stakeholders, including investors. The investment and the ESG teams engage directly with portfolio company boards and senior management to support and encourage the adoption and implementation of an appropriate ESG action plan for the business.

In 2023, Triton drove several major undertakings on climate, including:

- Delivered portfolio-wide climate training to ESG representatives, including a webinar on decarbonisation of the supply chain with colleagues in the Procurement team
- Engaged portfolio companies to ensure compliance with Phase 3 of the EU Energy Efficiency Directive and country-specific requirements
- Held sector-based climate screening workshops to identify and discuss approaches to the most material physical and transition risks and opportunities
- Hosted PC webinars on other climate-related regulations such as the Carbon Border Adjustment Mechanism (CBAM) and the EU Deforestation Directive

The ESG; Compliance & Risk; Legal; and Corporate Governance teams collaborate closely and have formed a working group to identify material risks and manage escalated risks and issues, including climate-related risks. Material climate-related risks and mitigation measures are in the process of being centralised in Triton's enterprise risk management system. The working group regularly reviews new and upcoming regulations and coordinates responsibilities and planned actions across functions. The Head of ESG periodically reports to the Manager Committee on material climate-related risks, mitigation measures and upcoming regulation.

Metrics & targets

At Triton, we believe that establishing metrics and a baseline, setting targets and measuring progress against those targets is critical in driving performance and increased resilience to climate change.

Triton quantifies and reports its own Scope 1 and 2 GHG emissions, based on the GHG Protocol. For Scope 3, emissions from business travel, and importantly, finance missions from portfolios (Scope 3, Category 15), are measured based on available data.

A wide range of climate metrics are collected from portfolio companies on a periodic basis, including:

- Scope 1 and 2 GHG emissions
- Scope 3 emissions, split by Scope 3 category
- Total energy consumption and production, and the proportion that is renewable
- Water consumption and emissions-to-water
- Waste production, including the proportion that is recycled

As a member of the ESG Data Convergence Initiative (EDCI), we collect and analyse private market energy and climate benchmarks, such as GHG intensity ratios, and monitor our portfolio companies' performance relative to those benchmarks.

Triton does not currently incorporate carbon pricing into investment decisions or valuations; however, this is under consideration.

Triton's 2023 Scope 1, 2 and 3 emissions

Triton Scope 1, 2 and 3 emissions (tCO_2e) for the calendar year 2023 are summarised in the table below:

	2023 tCO_2e	2022 tCO_2e	change	Notes
Scope 1	-	-	-	No owned offices or fleet – all energy is purchased.
Scope 2				
Location-based	329	350	-6%	
Market-based	530	565	-6%	
Scope 3				
1. Purchased goods & services	-	-	-	Not currently estimated.
2. Capital goods	-	-	-	Not currently estimated.
3. Fuel- and energy-related activities	-	-	-	Not currently estimated.
4. Upstream transport and distribution	-	-	-	Not currently estimated.
5. Waste generated in operations	-	-	-	Not currently estimated; expected to be immaterial for leased offices.
6. Business travel	3,282	2,953	11%	
7. Employee commuting	-	-	-	Not currently estimated; considering ways to estimate this going forward.
15. Investments	949,762	879,819	8%	Financed emissions based on reported data from portfolio companies.

Other climate-related portfolio company metrics

Indicator	2023	2022	% change
% portfolio vulnerable* to physical risks	61.1%	n.a	n.a
% portfolio vulnerable* to policy & legal transition risks	34.2%	n.a	n.a
% portfolio aligned towards resource efficiency opportunities	25.9%	n.a	n.a

*Portfolio companies and their respective sites have been defined as 'vulnerable' if they are considered to have at least a 'moderate' exposure to risk in the short term (to 2030), as defined by the assessed risk score.

Companies[1]

Indicator	2023	2022	% change
Total emissions reduction of portfolio companies (Scope 1 and 2 tCO_2e)	12,128	n.a	n.a
Total carbon emissions intensity (tCO_2e/ €M revenue)	70	70	-1%
Carbon footprint (tCO_2e/ €M portfolio value)	57	65	-12%
Carbon intensity (tCO_2e/ €M revenue)	108	95	14%
Weighted average carbon intensity (tCO_2e/ €M revenue)	60	48	25%

Portfolio companies report carbon emissions data using a range of methodologies as appropriate relative to their maturity. The companies are encouraged, where possible, to ensure emission estimates are in line with the GHG Accounting & Reporting standard, Partnership for Carbon Accounting Financials (PCAF) or comparable.

[1] Portfolio company data is based on the 2023 calendar year and has not been third-party reviewed or independently assured. Metrics for 2022 have been updated to reflect more accurate data from certain portfolio companies. Climate metrics above are shown based on the TCFD recommendations for asset managers.

Engaging portfolio companies on climate mitigation & adaptation

As part of Triton's commitment to its Science-Based Target, we continue to engage portfolio companies on carbon footprinting, establishing a decarbonisation pathway, having targets submitted and approved by the Science-Based Targets initiative (SBTi), and decarbonisation implementation. In 2023, the ESG team engaged certain portfolio companies to provide direct support (such as on carbon accounting, SBTi submission) in addition to providing training webinars, recommendations for third-party climate advisers or technological solutions, as well as sharing best-practice across the broader portfolio.

Portfolio company SBT & decarbonisation progress in 2023 is summarised on these two pages.

Percentages shown are based on the number of companies per respective stage.

Findings from our climate scenario analysis, including estimated Climate Value at Risk (CVAR) figures, are being shared with portfolio companies. CVAR results are then used to drive internal engagement and influence investment and climate strategy.

Triton

Climate Report 2023/24

Across Triton's Private Equity portfolio...

16%
are in early stages

26%
are capturing data for their carbon baseline

38%
have completed data capture for their Scope 1 & 2 and are in the process of improving their Scope 3

20%
have completed a full carbon baseline

42%
have not yet set a target

20%
are in the process of developing a target

18%
have set targets which are not Paris-Aligned

12%
have submitted a Science-Based Target (SBT)

8%
have had their targets approved by the SBTi

56%
do not yet have a decarbonisation plan

20%
are in the process of developing a decarbonisation plan

18%
have a decarbonisation plan

6%
have published a decarbonisation plan but not aligned to the Transition Plan Taskforce (TPT)

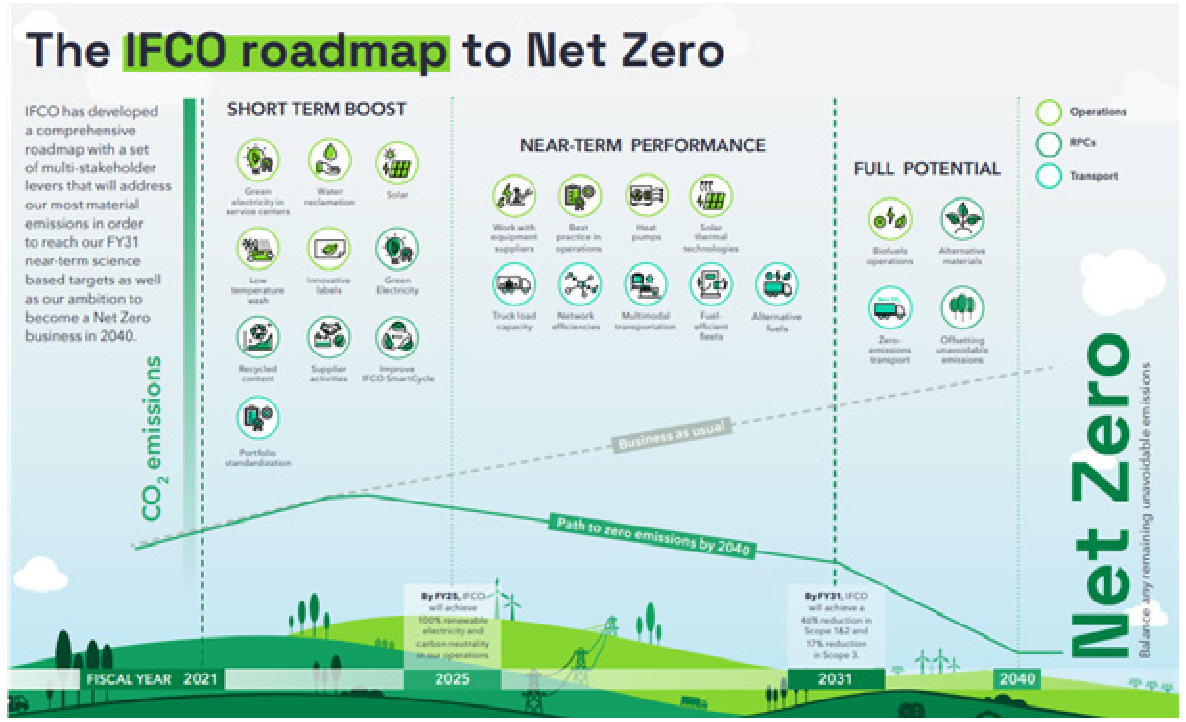
0%
have published a decarbonisation plan aligned to the TPT

Case study: IFCO's Net Zero Roadmap

In 2023, IFCO, a leading global provider of reusable packaging containers (RPCs) for the fresh grocery supply chain, submitted a Science-Based Target (SBT), which was approved by the SBTi in January 2024.

Achieving IFCO's near-term Science-Based Targets to 2031 is a key step for IFCO's overall ambition to reach Net Zero emissions by 2040.

To demonstrate IFCO's commitment, the portfolio company has published a Net Zero roadmap on its website. Their report provides an overview of the concrete steps the business will be taking to reach their ambitious goal, including leveraging breakthrough technologies, innovative partnerships and industry collaboration.



Incentivising engagement on climate change through remuneration

TIA LLP's Remuneration Policy is aligned with its business strategy and promotes sound and effective risk management. When assessing individual performance, both financial and non-financial criteria are considered. At present, whilst climate-related considerations or KPIs are not explicitly linked to remuneration, TIA LLP's Remuneration Policy is consistent with the firm's approach to integrate sustainability (and climate) risks and opportunities into the investment decision making process and portfolio management activities, as applied in Triton's RI Policy.

Through our Stewardship Programme, Triton actively encourages portfolio companies to consider linking remuneration to ESG targets for material topics, including climate change. In 2023, over 10% of portfolio companies have established some form of ESG- or climate-linked remuneration.

Case study: Engaging Pharmanovia's employees to meet the company's Science-Based Target

In 2023, Pharmanovia, the UK-based speciality pharmaceuticals company, made a public commitment to reach net zero by 2030, when the company's targets and proposed timelines were formally approved by the SBTi.

Pharmanovia has identified six net zero workstreams which are the focus for their decarbonisation goals:

- Air-to-sea & upstream transportation
- Vehicle fleet
- Business travel
- Purchased IT and infrastructure
- Sustainable procurement
- Distribution

That same year, Pharmanovia expanded its employee performance programme, developing and implementing an ESG objective for all employees. For the 2023 objective, Pharmanovia tasked employees to identify the specific workstreams for the Net Zero environmental goal, to which they could personally contribute.

Pharmanovia received Triton's Lighthouse Award 2024 for Overall ESG in recognition of their efforts in establishing an ambitious climate strategy, decarbonisation plan and embedding climate and social transformation into their governance and employment structure.

Triton Climate Report 2023/24

Investing in a changing climate

The world is facing an existential threat from climate change. Storms, floods and other extreme weather events, alongside exacerbation of health impacts, are posing increasing challenges to societies, economies and indeed the ecosystems which support lives and livelihoods.

Triton can play a positive role, in relation to climate change and the decarbonisation necessary to achieve the goals of the Paris Agreement. We can deploy the capital we manage in investments into companies which, through their products and services, support the low carbon economy. Furthermore, once invested, we can use our long-term approach and influence with our portfolio companies to explore additional opportunities in climate-positive solutions, to lower their operational emissions and to manage their own climate risks.

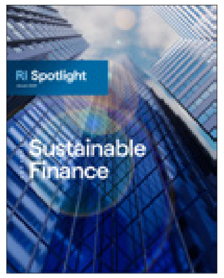
We believe that the TCFD is important in driving climate-related disclosures to be more consistent and therefore more comparable – in turn allowing stakeholders to engage with companies on their greenhouse gas emissions, climate risks and decarbonisation opportunities. We hope that this report will help stakeholders understand our governance of climate factors, our strategy to meet the challenges, how we seek to quantify progress and catalyse measurable change.

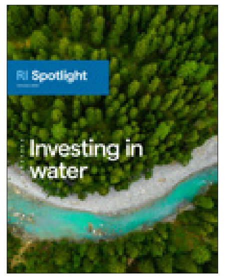
"Climate change and environmental degradation are an existential threat to Europe and the world. To overcome these challenges, the European Green Deal will transform the EU into a modern, resource-efficient and competitive economy, ensuring:

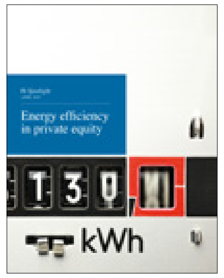
- *no net emissions of greenhouse gases by 2050*
- *economic growth decoupled from resource use*
- *no person and no place left behind"*

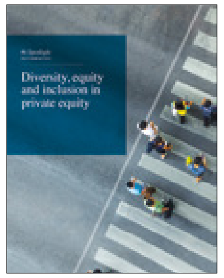
European Union Green Deal

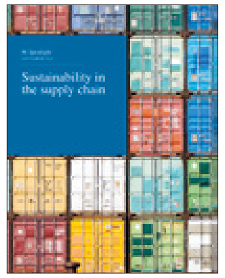
Spotlight reports

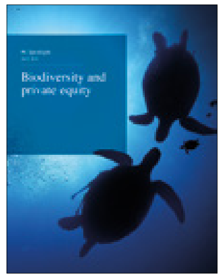


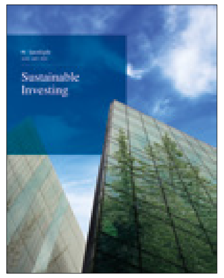


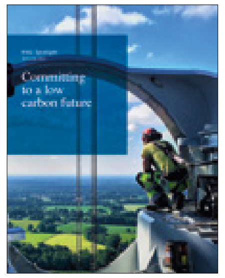




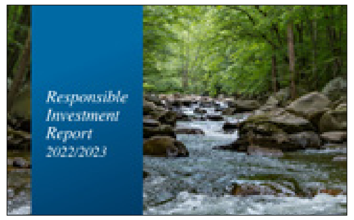


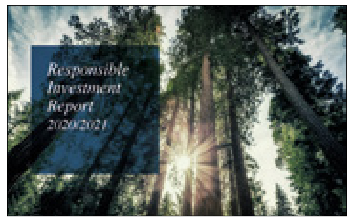


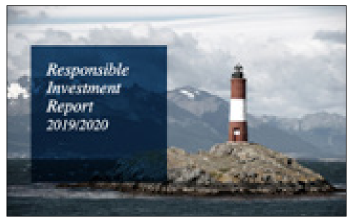




Responsible Investment reports







Triton

Climate Report 2023/24

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