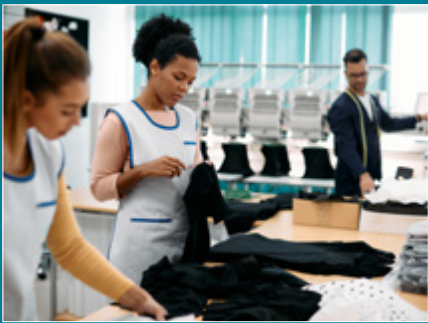


ESG Report 2021

Coller Capital



FAIRR
A COLLER INITIATIVE



ICGN MEMBER
Inspiring global governance standards
www.icgn.org

ilpa
INSTITUTIONAL
LIMITED PARTNERS
ASSOCIATION

PRI Principles for
Responsible
Investment

TCFD TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

CDP
INVESTOR
SIGNATORY



Coller Capital ESG Report 2021

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Section 1: Introduction

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Disclaimer

This document has been prepared by Collier Capital Limited ("CCL") and its affiliates (together, "Collier Capital") for the sole purpose of providing general information about (1) the ESG policies and practices of the general partners or managers of assets owned by funds sponsored by Collier Capital ("Collier Funds") and (2) the ESG framework at Collier Capital. It has not been prepared with regard to the circumstances or objectives of any particular person, or the suitability of a particular transaction or investment for any person, and no advisory or other relationship is created by this document or any related communication.

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Foreword

Jeremy Coller



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It's a pleasure to share with you Collier Capital's sixth annual ESG Report. Each year we enhance our reporting of sustainability and highlight the important role ESG plays in private markets.

Our commitment to strengthening our ESG efforts continues. Collier Capital retains its A+ rating from PRI across the board; we are a founding signatory of ILPA's Diversity in Action (DIA) initiative; and in our efforts to help tackle the climate crisis we are working closely with the PRI-endorsed Initiative Climat International (iCI), the CDP (formerly the Carbon Disclosure Project) and the Science Based Targets Initiative (SBTi).

Recent focus on global events, notably the Covid-19 pandemic, climate change and inequality across societies, has caused many in business to reflect upon their company values and purpose, with the rise of the 'purpose-led business' – something we are likely to see across more industry sectors.

We think this is both healthy and necessary, and it is something we continue to reflect upon, and measure ourselves against, across the business. Indeed, it is our intention to formalise this process of self-reflection and assessment moving forward.

We hope it comes across in this report that when we think about purpose and responsibility we take a holistic (firm and funds) approach, but one that is authentic – true to our mandate as investors and true to the communities in which we do business. It encompasses both our investment process and the wider role we can have as influencers across the market.

We see this as critical as we grow the firm and become a multi-strategy platform in the 21st century.

Jeremy Coller

Chief Investment Officer and Managing Partner

March 2022

View our 2021 ESG Report video





Insights

Adam Black



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For this sixth annual ESG report, we solicited responses from the GP organisations who manage assets in our active funds (CIP VI, VII and VIII).

Since our first ESG report was published in 2016, we have noted a year-on-year improvement in both the depth and quality of response from our portfolio GPs. Over that time, the trends that have stood out for me include the greater adoption of formal ESG policies by GPs across all geographies; the creation of more formalised roles and responsibilities; a focus on ESG in the investment process; the recognition that certain thematic ESG factors deserve additional attention (for example, DEI and climate change); and the emergence of truly innovative ESG practices.

Innovative practices are what move the industry forward. They challenge preconceptions about what is and is not possible within the asset class. Today, when I reflect on the scepticism about ESG in private equity that I encountered a decade ago, I think the position of those early adopters and pioneering firms has been more than vindicated.

As the asset class turns its attention to the future, notably in its response to the challenges arising from unsubstantiated ESG claims, or 'greenwashing', and more scrutiny of ESG in practice, it seems that now more than ever, there is the need for more of that ESG leadership and pioneering spirit from innovative firms within the industry.

I believe a growing focus on corporate purpose will engender greater innovation and collaboration and provide the impetus necessary for the asset class to realise the full potential of ESG over the coming years. While in part driven by investors and regulations, we will also see many initiatives coming from GP organisations themselves.

The supporting evidence comes from the thoughtful, collaborative efforts we have seen through our participation in industry-led initiatives around diversity, equity and inclusion (DEI) and in the asset class's response to climate change.

We are proud to have played a role alongside peers in developing formal guidance for private equity on net carbon zero, backed by science-based targets (and approved by the SBTi). We have also participated in the CDP Private Markets Pilot (focused on climate change, water security and deforestation) which seeks to encourage greater disclosure from private companies.

As investors in private capital's secondary market, and therefore less involved in directly managing portfolio companies, we are mindful of the need to focus on GPs themselves and on the 'art of the possible' as influencers within the market.

When we reflect on our own achievements and experiences, and on what we have seen across the wider market, we remain positive but not complacent. We will continue to consider our corporate purpose as a business and how this should influence what we do in the ESG arena within both our firm and our funds.

Adam Black

Partner, Head of ESG & Sustainability



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ESG development at Collier Capital

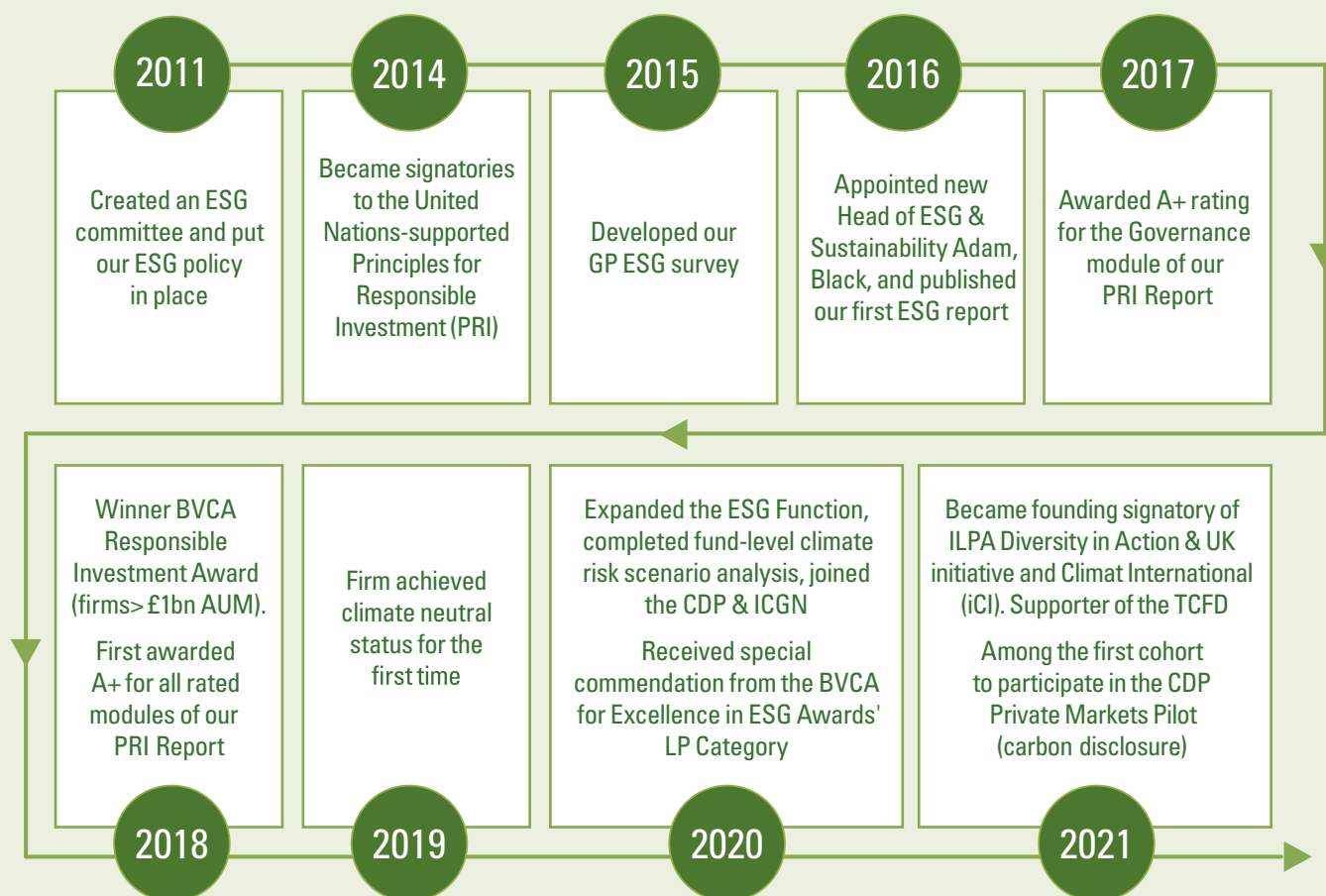
We are mindful that many firms talk about “integrating ESG into the investment process” and conscious that our approach must not simply tick a box. To that end, our ESG programme continues to evolve as the business develops and grows.

There have been a number of important milestones on our ESG journey as a business: formalising our ESG policy and the formation of a dedicated ESG Committee in 2011; becoming signatories to investor initiatives, such as the PRI in 2014; instigating our annual ESG monitoring and disclosure in 2015; and the hire of dedicated ESG expertise into the firm in 2016 and 2020.

We have made a conscious decision to be purposeful with the initiatives that we sign up to and to focus on those we feel are most directly relevant to the firm and our activities. Above all, our emphasis is on how best we can meet the various ESG requirements and aspirations of our investors.

Representing private markets (and secondaries in particular) through advocacy is an integral part of our work. For instance, 2021 was an important year for our work on climate change (with CDP, TCFD, iCI, SBTi and others).

Mindful not to over-promise and under-deliver, we believe our evolving ESG timeline will continue to show that the steps we take are innovative, often pioneering, and true to our mandate and values as a business.





Recognition

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It is always flattering to receive recognition, and while our focus is on evolving our ESG programme, it is nice to reflect on some of our achievements.

2021 is a pilot year under the new reporting framework and assessment rating. Under the former PRI reporting framework, we have achieved an A+ for every rated section of our PRI Reports since 2018.



Our programme continues to change as our business grows and evolves, and reporting standards and regulations continue to develop. As investors in the secondary market, we welcome a dialogue with the PRI and other stakeholders on reporting.

We were proud to make the short list of PEI's 30 innovators shaping ESG and impact within private equity in 2021. More so because this recognition was for some of our work in respect of climate change and our role as influencers.



We also received a commendation in 2020 from the BVCA for 'Excellence in ESG', in recognition of our outstanding commitment to ESG principles.





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Section 2: ESG in our funds



The investment
process and ESG



Focus on climate



In the words of our
stakeholders



Pre-investment
due diligence



Post-investment
engagement



Post-investment monitoring
and due diligence



External ESG initiatives/
engagements



Francois Aguerre
Partner & Co-Head of Investment

We believe in
driving genuine
ESG innovation
in our industry





The investment process and ESG

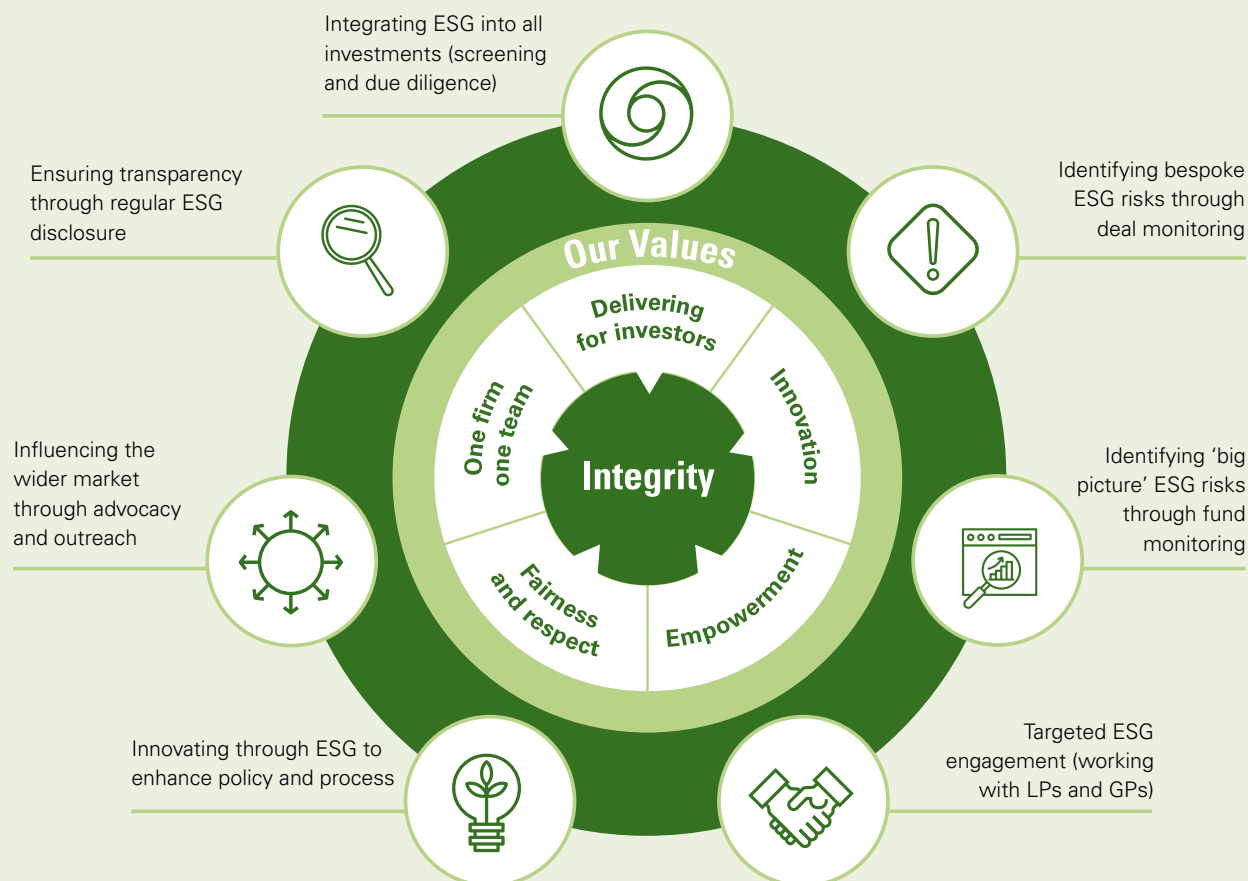
We believe in continual improvement and in giving full and proper consideration to the mechanics of ESG in our investment process – that is the focus of our ESG programme.

We have created a continuous process, where we plan, execute, review, question, influence, engage and improve across our whole programme, informed by our overarching ESG policy. Collier Capital’s corporate values are underpinned by our focus on a central core value: Integrity.

We believe that our pursuit of responsible investment as a business is very closely aligned with this strong sense of responsibility – to our investors and to each other. Our values inform our ESG policy and the selection of ESG initiatives that we undertake.

Fund-level ESG initiatives at Collier Capital

ESG is integrated into all stages of the investment process, with a focus on our portfolio GPs.





Focus on climate

Climate factors have always formed a part of our wider ESG analysis. We raise questions, when appropriate, about prospective investments; we have sought to understand our general exposure to higher carbon-intensive assets; and we have engaged on climate at the level of our portfolio GPs, as well as across the wider market.

Climate crisis – the Collier Capital response

From the issue of our first ESG Report in 2016, we have focused on thematic issues, including climate change. We have certainly observed progress over that time among our portfolio GPs. We have made progress too in measuring our own climate impact, at the level of both the firm and our funds.

We are mindful of the importance of making informed and considered decisions. The inclusion of climate risk in our ESG Commentary for Investment Committee was a natural extension to the work we undertook in 2019 and 2020 to better understand climate risk and climate scenario analysis at the level of the Collier funds.

Having undertaken in-depth analysis and built it into the mechanics of the investment process, we felt the time was right to publish our first Task Force for Climate-related Financial Disclosures (TCFD) report. We also felt it was an appropriate moment to become formal supporters of the TCFD, which we did in early 2021.

Our work in this area is ongoing and we will be updating the analysis in 2022 and beyond. To further promote a focus on climate among our portfolio GPs, we raise questions during due diligence, with a focus on the GP and, where applicable, the assets. We also include relevant questions in annual GP ESG surveys and, in 2017, we developed and issued a ‘GP Prompt’ on climate. This prompt (one of several on various ESG issues) has been issued to hundreds of our portfolio GPs and been updated over time. It’s one example of how we use the Collier platform to reach out and influence managers.

Climate change – the response from our portfolio GPs

On the question of net carbon zero and when GPs thought that might be possible, our GP survey found:

Horizon by which carbon neutrality is achievable at the ManCo and portfolio company level – GPs’ views

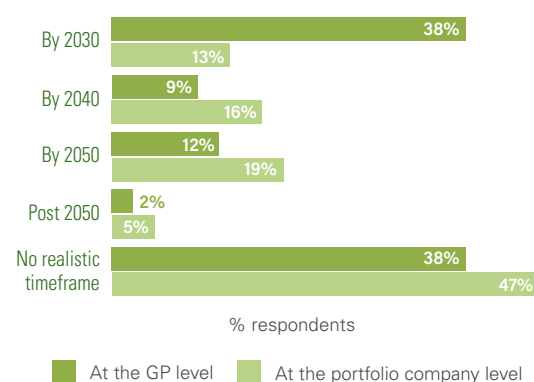


Chart 1

Similarly, the Summer 2019 edition of Collier’s Global Private Equity Barometer highlighted concerns among investors that GPs were not taking climate change seriously enough in their investment policies and practices. A more recent Barometer found that three quarters of all LPs will invest differently in response to sustainability and climate change issues, and half of all private equity investors think ESG investing will boost their portfolio returns. These observations should prove a wake-up call to anyone who thinks ESG is a “nice to have” or who simply pays lip service to it.



In the words of our stakeholders

Helping our portfolio GPs on their own ESG journeys goes to the heart of what responsible investment at Collier Capital is all about.

We look for substance over style when evaluating the effectiveness of an ESG policy and we believe that holding quality conversations about ESG is key, even more so during a crisis. That dialogue, our detailed ESG analysis on deals, and the data points gained over decades of investing provide us with unique insights into ESG across the private markets.

We are frequently asked for the ‘Coller view ’ and we hope this view comes across in the words of some of the GPs we work with:



“We thank Collier Capital for collaborating with us to create the first ever standardized environmental disclosure platform for private markets, and for using its influence with its own GPs to drive improvement in environmental disclosure.”



Collier Capital helped both the management team and our investors bring a sharper focus to the area of ESG. They encouraged Georg Jensen to break down its ESG journey into a series of attainable milestones and, in doing so, helped jump-start our efforts and created ownership within the business. Ultimately, it has enabled us to accelerate our overall progress and become more ambitious in our goals.”



“Safety, and the associated social mission of protecting people, is encoded into Dainese’s DNA. On top of this, the company has always been extremely conscious of its role as a ‘force for good’, not only in sports but also for its territory and Italy. Collier Capital, and its ESG function specifically, have been instrumental in raising our awareness of the absolute must for us to focus on delivering safety in the most environmentally friendly way possible. The entire management team now resonates with the absolute need for us to incorporate ESG in our strategic thinking and day to day operations.”



Pre-investment due diligence

In revisiting and refining our process over time we have enhanced our approach to ESG screening, and our analysis and outputs for our Investment Committee.

This has led to various improvements, including a revised format for our ESG Commentary by investment type.

When assessing ESG categories within deals, our analysis is split between assessment of GPs and assets.

We believe a mix of narrative, infographics and tabulated information (adjusted according to the type of secondary investment) helps bring ESG to life for the team.

Fund positions and primaries vs. directs and co-investments

		Fund positions; Primaries	Direct secondaries; Co-investments
GP assessment	ESG policy of GPs	✓	✓
	Full assessment: Strength of GP's ESG team, programme and policy; due diligence, monitoring & engagement processes; ESG reporting		✓
	Formal participation in ESG-related industry initiatives	✓	✓
	ESG risk rating (via RepRisk)	✓	✓
Portfolio assessment	Climate risk assessment	✓	✓
	Bespoke analysis on material ESG risks applicable to each asset		✓
	ESG risk rating (via RepRisk)	✓	✓



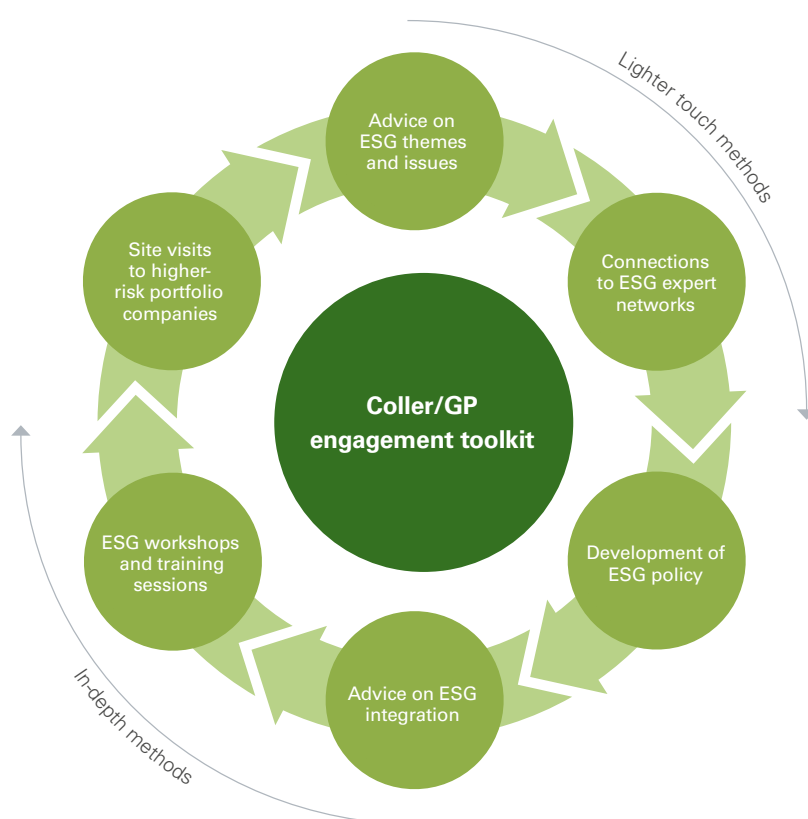
Post-investment ESG engagement

As a secondary investor, we recognise that the relationships we have with our portfolio GPs provide an opportunity to exert positive influence on ESG.

Given that we are typically one step removed from our portfolio companies, the central premise and objective of our engagement activities is to drive positive behaviours at the level of the GP. This is an integral part of our ESG programme, and we have developed a multi-faceted approach, to engage with managers from across our funds. We adapt this approach depending on our ability to exercise influence and the level of perceived ESG risk.

Recent engagement highlights:

- Developed and shared materials on deforestation with large portfolio GPs.
- Supported two GPs with ESG policy enhancement and development. (Over 50 GPs have been supported in this way since 2016).
- Delivered multiple ESG workshops.



Post-investment monitoring and due diligence

Monitoring

Over and above our annual GP ESG Survey, we continue to undertake an annual screening of our funds' portfolio companies using the RepRisk database. Our review once again highlighted that we have a well-diversified and relatively low-ESG-risk portfolio across all our funds, according to the RepRisk model.

RepRisk ESG Risk Ratings across the top 50 our portfolio companies in each of CIP VI, CIP VII and CIP VIII

% Exposure

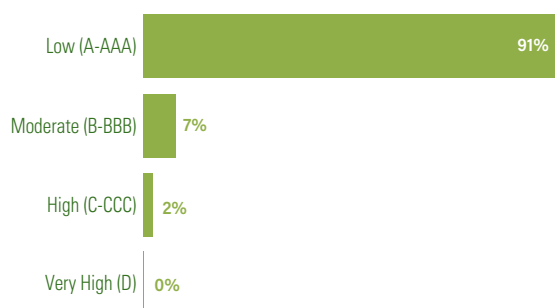


Chart 2

Enhanced ESG monitoring

We gave consideration to how we might address enhanced ESG reporting as a secondary firm and developed a reporting template on iLevel (our portfolio monitoring software) to capture certain ESG metrics across our largest asset-level exposures in the direct secondaries portfolio.

A reporting template was developed and target portfolio companies were identified. We adjusted certain questions according to the nature of the companies' business activities and the pilot reporting kicked off in early 2021. We have found the exercise helpful as an engagement and monitoring tool.

Coller reporting template

Environmental



- Renewable energy sourcing
- Scope 1, 2 and 3 emissions
- Emissions reduction targets
- Deforestation

Social



- Occupational health and safety
- Diversity, Equity and Inclusion
- Responsible sourcing

Governance



- Cyber/data loss
- Financial crime
- Governance of ESG

Deep dive ESG assessment using OSINT

Open-source intelligence (OSINT) refers to any information that can legally be gathered from free, public sources about an individual or organisation. That often means information found on the internet (web, deep-web, or dark web), although any public information can be considered OSINT (e.g., public reports, articles or press announcements).

At Collier Capital, we first began to explore the use of OSINT when we were undertaking enhanced due diligence on individuals with whom we might invest.

More recently, we have explored the application of OSINT techniques to organisations, especially when we were evaluating or monitoring assets to which we might have larger financial exposures.

We have worked with Neotas, a third-party specialist, to undertake deep-dive ESG assessments of several of our largest-exposure portfolio companies (especially those within our direct secondaries portfolios).

A detailed report is available on Collier Capital's website.

Example illustration of a deep-dive ESG assessment using OSINT



Source: Neotas and Collier Capital, 2021.



Post-investment monitoring and due diligence – continued

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The work focused on the identification of possible ESG red flags, such as the illegal use of animals and animal parts, deforestation, financial crime and unethical or unsafe work practices.

We used the findings to engage with the GPs responsible for the portfolio companies in question.

We view the exercise as complementary to our existing ESG due diligence and monitoring.

Our intention is now to expand the number of companies on which we undertake deep-dive OSINT ESG reviews throughout our fund lifecycles.

In the future, we intend this to become an annual or bi-annual exercise.

The United Nations Sustainable Development Goals (SDGs)

In 2019, to better understand the contribution of our business to the United Nations SDGs, we completed a high-level, top-down SDG analysis of over 3,000 companies in our portfolio.

This year, we undertook a deeper dive analysis on all companies within our direct secondary portfolios in CIP VI, CIP VII and CIP VIII. These assets were chosen because we have greater visibility and influence over these businesses. The findings will be used as a basis for further engagement with our portfolio GPs.

Impact of Sustainable Development Goals in Coller funds

Impact	Results by FMV at 31 Dec 2020 (direct secondary investment in CIP VI, CIP VII and CIP VIII)
Direct positive impact from products and services	26.6% of our assets were considered to contribute directly and positively to at least one of the SDGs through their products and services.
Labour-related impacts	11.6% of our assets were considered to contribute positively to SDG 8 through adding jobs in lower-middle- and low-income countries*. We have excluded companies rated medium or high risk on RepRisk for SDG 8 risk exposure.
Sustainability reporting	26.7% of our assets publish sustainability reports (Target 12.6).

* As defined in Table E, World Economic Situation and Prospects 2020 (United Nations).
https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/WESP2020_FullReport.pdf












External ESG initiatives and engagements

Advocacy

Advocacy is an important pillar of our programme as a secondary investor.

Initiative	Summary
	<p>CDP Carbon</p> <p>As signatories to CDP (formerly the Carbon Disclosure Project) we have played a role in promoting greater disclosure and awareness of private markets climate reporting. We have supported initiatives related to the adoption of science-based targets and joined a collaborative engagement for private equity carbon disclosure.</p> <hr/> <p>CDP Forests</p> <p>We became CDP Forest Champions and have played a role in promoting greater disclosure and awareness of deforestation.</p> <hr/> <p>CDP Water</p> <p>We became CDP Water Champions and have played a role in promoting greater disclosure and awareness of water risk. We are working with CDP to pilot a water risk tool and have used this to screen the active Coller funds.</p>
	<p>FAIRR</p> <p>In 2015, Coller founded the Farm Animal Investment Risk and Return (FAIRR) Initiative – the world’s fastest-growing ESG network. A collaborative investor network with over \$48 trillion of assets under management, FAIRR raises awareness of the material ESG risks and opportunities in protein supply chains, helping investors to safeguard the long-term value of their portfolios and exercise influence as responsible stewards of capital.</p>
 	<p>iCI</p> <p>We are founding signatories to the PRI-endorsed Initiative Climat International (UK) and work alongside private equity peers to share good practice, to facilitate collaboration, and to develop guidance for the wider asset class. We continue to play a specific role within the iCI Science Based Targets Working Group to develop guidance for private equity in committing to net carbon zero (backed by SBTs). We were members of the Expert Working Group that developed the published guidance, and we contributed the materials relating to secondaries.</p>
	<p>Neotas</p> <p>We worked with a service provider to enhance our use of OSINT techniques and to complete deep-dive ESG assessments on certain larger portfolio exposures.</p>
	<p>RepRisk</p> <p>We engaged with RepRisk to highlight how we use their data (ESG reputation risk) as an investor in the secondary market. We were also interviewed on this topic.</p>
	<p>ZSL SPOTT*</p> <p>We engaged with ZSL SPOTT (Zoological Society of London) to raise awareness of private markets’ engagement and disclosure in respect of supply chain deforestation. We developed a GP Prompt on deforestation during 2020, which was issued to our portfolio GPs. We also developed a case study on the issue with SPOTT and contributed to a panel discussion on the topic with industry and finance peers in Asia.</p> <p>https://www.spott.org/</p>

*Advocacy initiative (further description provided below).



January 2021
Case study #1

v.2 (01/2022)

Sustainable finance and tropical forestry

Moving the needle in private equity secondaries

Coller Capital

Coller Capital, founded in 1990, is one of the world's leading investors in the secondary market for private assets – and widely acknowledged as an innovator at the complex end of secondaries.¹ The firm provides liquidity solutions to private markets investors worldwide, acquiring interests in private equity, private credit, and other private markets assets.

Integrating ESG in Private Equity Secondaries

At Coller Capital, we believe that our funds' investment performance may be materially impacted by the risks and potential opportunities associated with environmental, social and governance (ESG) factors. ESG integration assists in ensuring our fiduciary duties to investors are discharged.

As a secondary investor we are one step removed from our portfolio companies. Our focus is therefore on *influencing* the General Partners (GPs) into whose funds we invest.

Secondaries : A new frontier

The private equity secondary market is recording significant growth with the volume of transactions at US\$130 billion in 2021 (Source: Coller Capital) and we predict this growth will continue over the long-term.

1. A strategy which consists in buying and selling of pre-existing investor commitments to private equity and other alternative investment funds.

Our Approach

We integrate ESG into every stage of our investment process; undertake ESG analysis on every investment; and seek to influence the behaviour of managers with whom we invest. Since 2016 we have analysed and provided a **bespoke ESG commentary** for 1,000+ investment opportunities. Where we could not gain comfort on important ESG themes, we have not proceeded with an investment.

When necessary, our communication with GPs extends far beyond the standard checklist approach to due diligence, and, where Coller has most influence, we often take a more hands-on role by **working directly with GPs**.





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Section 3: GP responses report



Respondent
breakdown



ESG adoption



Implementation
and monitoring



Reporting



Governance



Diversity, Equity
and Inclusion



Katrina Liao
Principal, Investment

It is gratifying to see how seriously GPs take their commitment to ESG and how far the industry has come in the last five years.

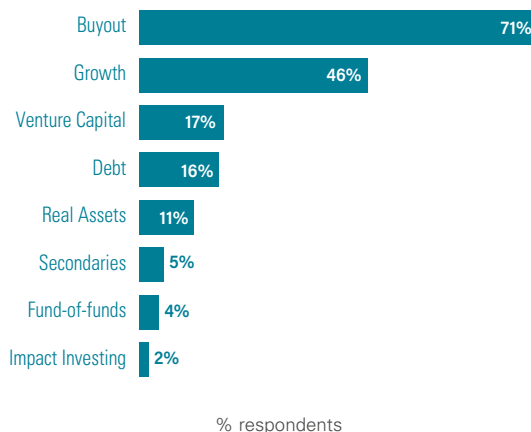




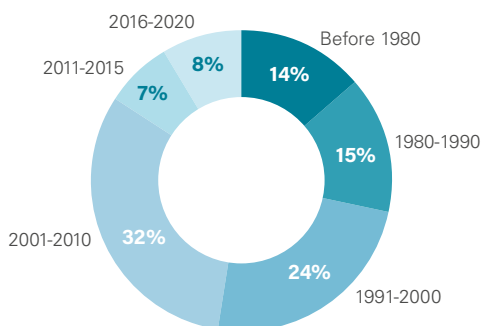
Respondent breakdown

- We sent our survey to the 160 GPs in the CIP VI, CIP VII and CIP VIII portfolios.
- The 95 GPs who responded represent 525 private equity funds, and those funds account for 80% of Collier funds' FMV at 31 December 2020.
- Three out of four respondents are independent PE firms and 53% of all responding GPs are experienced investors who have been investing since 2000 or earlier.
- Respondents are mainly headquartered in North America and Europe, while another 22% of respondents are based in Asia-Pacific, the Middle East, Africa, and Latin America.
- Most responding GPs focus on buyout and growth PE investment strategies.
- The comments and charts in this report refer only to the 95 GPs that responded.

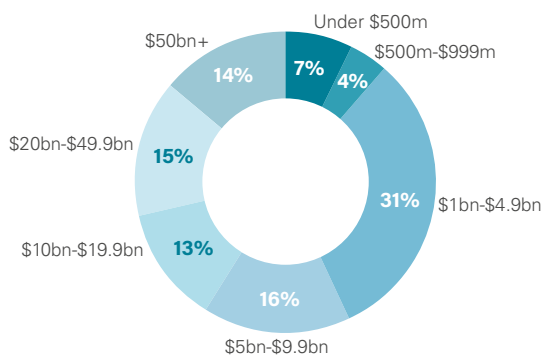
Investment strategy pursued by the responding GPs



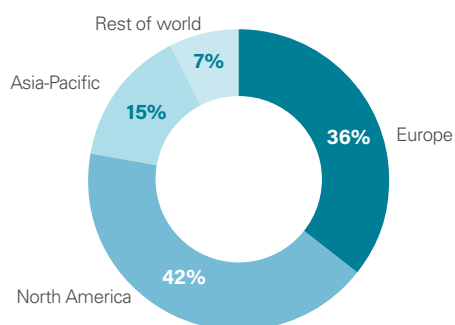
When GPs first started investing in private equity by year



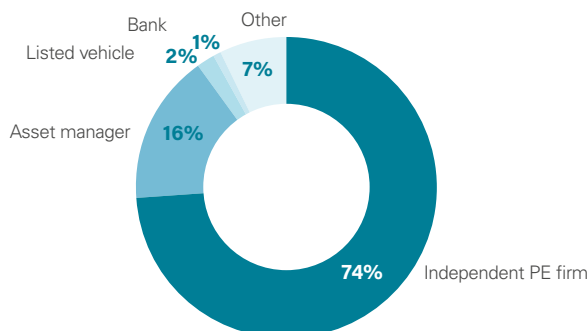
Individual GPs' total PE AUM



Location of GP headquarters



Type of firm



ESG adoption

PRI principles continue to be the ESG standards most adopted by GPs

In line with last year, about two thirds of respondents are signatories to a set of ESG standards. Europe has the highest adoption rate, with over nine in ten GPs having signed up to a set of ESG principles. North American and Asian GPs continue to lag, with most GPs in both regions not being a signatory to any set of ESG standards.

The UN-supported Principles for Responsible Investment ('PRI') is the most common set of standards adopted by GPs, with 56% of total respondents being signatories.

Proportion of GPs that are signatories to the UNPRI

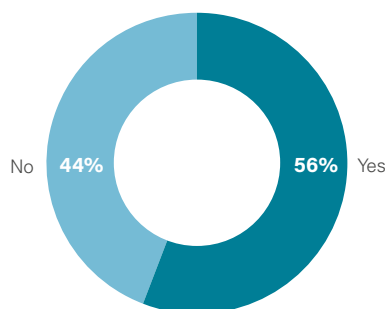


Figure 1

Almost all General Partners now have a formal ESG policy

The proportion of GPs who have a formal ESG policy increased to 94% from 89% in the 2020 and 2019 surveys. All the firms who do not have an ESG policy are relatively small (with AUM of less than \$5bn) and almost all are based in North America.

GPs with a formal policy that integrates ESG criteria into their investment process

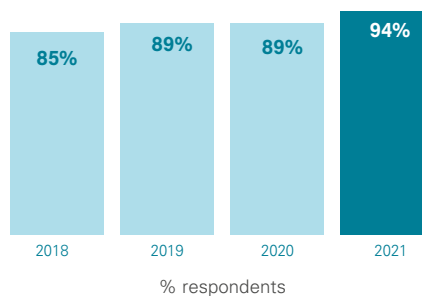


Figure 2

Farm Animal Welfare (FAW) principles are increasingly part of the ESG agenda

Over one third of responding GPs report that their portfolio companies have a policy to address FAW-related issues. This has more than doubled since 2018.

GPs with a FAW policy

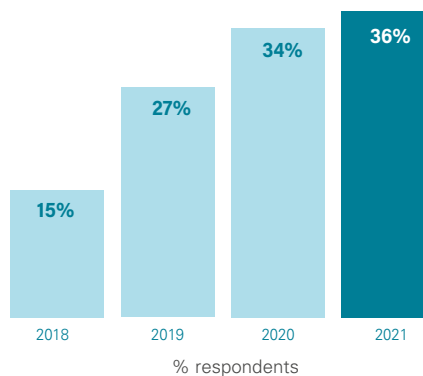


Figure 3

ESG adoption

IT security and diversity are the most common factors in GPs' ESG policies

The most common factor addressed by GPs in their formal ESG policies is cyber security, which was mentioned by almost all respondents, both at the firm and the portfolio level. Remote working during the Covid-19 pandemic and the increased incidence of cyber-attacks made IT protection a priority for many fund managers.

The second most common factor reported is diversity and inclusion, with nine in ten GPs now tackling these issues in their ESG policy. The focus on these issues has increased over the last two years: in 2019, only half of General Partners were addressing them.

Climate-related issues show a mixed picture. Although almost three quarters of GPs are addressing carbon footprint and carbon intensity in their portfolio company ESG policies, only around a quarter of GPs say the same is true for 'net carbon zero' commitments.

ESG factors addressed within GPs' ManCo or portfolio companies' ESG policy

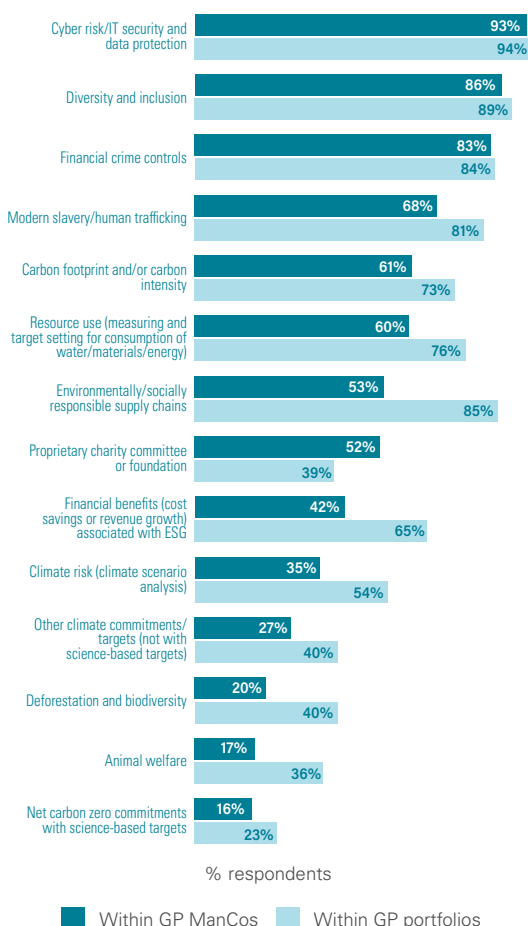


Figure 4

Almost all GPs have a sector exclusion policy

The most excluded sectors for investments are pornography and weapons, as reported by 96% of responding GPs globally (and by all European and Asia-Pacific GPs). The majority of GPs also exclude tobacco, alcohol and gambling.

Conversely, cryptocurrencies do not appear to be an area of concern for two thirds of responding GPs globally, and over four in five European GPs.

Sectors and activities which are excluded from GPs' acceptable investment criteria

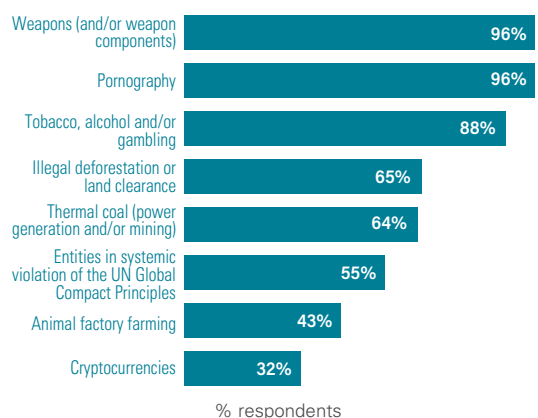


Figure 5

Implementation and monitoring

Two thirds of GPs have dedicated resources for ESG monitoring

64% of GPs responding to the 2021 survey employ dedicated ESG professionals, compared with 55% in 2020. Seven out of ten General Partners with dedicated ESG professionals have more than one person working in this area.

Of the responding GPs who do not employ dedicated ESG professionals, three in five have less than \$5bn of assets under management.

Proportion of GPs with dedicated ESG staff

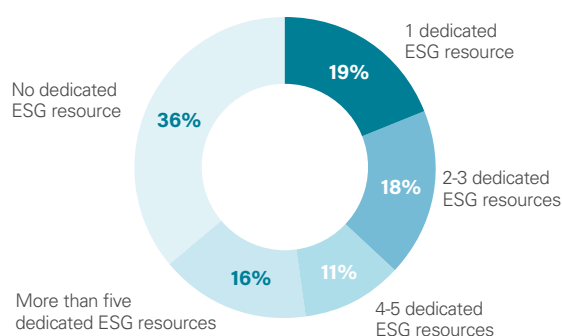


Figure 6

ESG function is embedded in the investment team at a third of GPs

The ESG function sits within the investment team for 31% of respondents – pointing towards ESG becoming increasingly embedded in GPs' investment processes. A similar proportion of respondents stated that ESG is structured as a standalone department.

Department where the ESG resources sit within the organisation

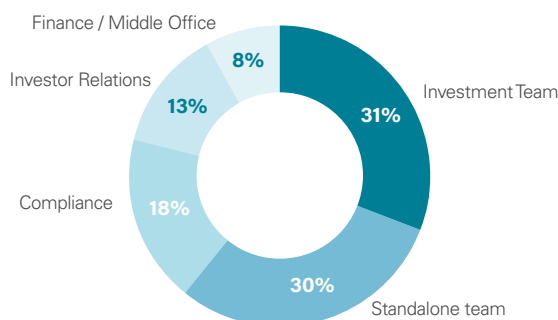


Figure 7

Two thirds of GPs will expand their ESG function in the next three years

Over the next three years, two thirds of GPs expect to increase their in-house ESG resources (compared with 55% of respondents in the 2020 survey).

European GPs are the most focused on ESG team expansion, as reported by 82% of respondents in the region. In line with last year, none of the responding GPs expect to decrease the size of their ESG teams.

GPs expecting to expand their ESG resource over the next three years

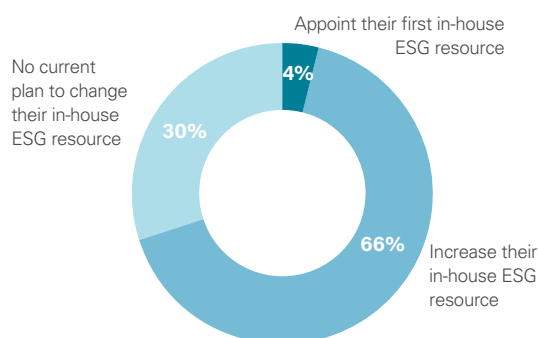


Figure 8

For most organisations, ESG oversight is a responsibility held at senior level.

For three out of five GPs globally, members of the ESG function have a direct reporting line to the organisation's Executive Committee/C-suite. For an additional 16% of GPs ESG is the ultimate responsibility of the Board or Trustees.



Figure 9

Four-fifths of GPs provide ESG training

Eight in ten respondents provide ESG training to their investment professionals – two fifths of GPs provide such training on at least an annual basis.

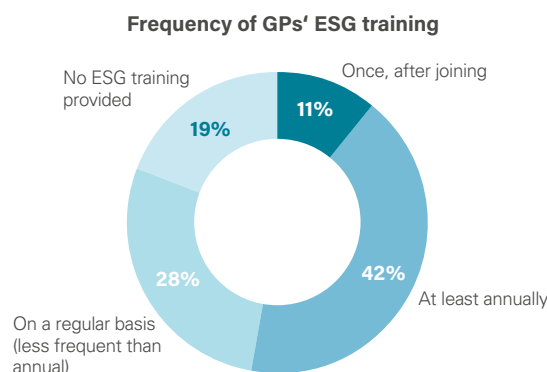


Figure 10

Nine in ten GPs initiate ESG best practices within their portfolios

Almost all GPs suggest or initiate measures to improve ESG performance within their portfolio companies, broadly in line with the prior two years. A similar proportion of respondents reported pursuing such initiatives at the management company level.

GPs suggesting or initiating measures to improve ESG performance within their portfolio companies

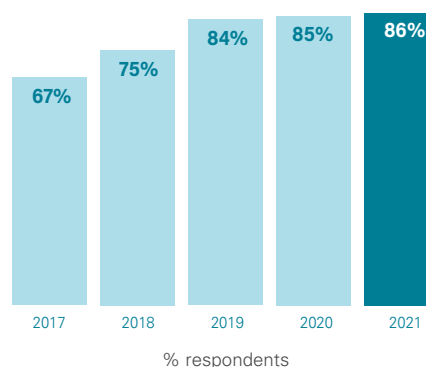


Figure 11



Almost half of respondent GPs have screened out investment opportunities on ESG grounds at the ‘early screening’ stage

Early screening remained the most frequent stage at which a GP declined an investment opportunity for ESG reasons primarily.

Investment opportunities being declined primarily for ESG reasons over the last twelve months by investment process stage

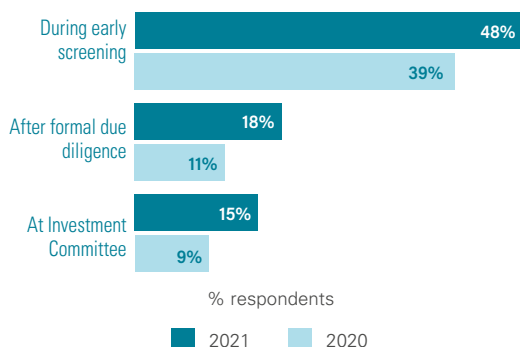


Figure 12

The proportion of GPs focusing on ESG during the holding period continues to grow

Most GPs are planning to increase the emphasis on ESG during the holding period and this has risen over the last two years. Around seven out of ten respondents will focus on ESG at the time of due diligence and/or exit.

GPs’ plans to increase ESG focus on the following aspects of the investment process over the next three years

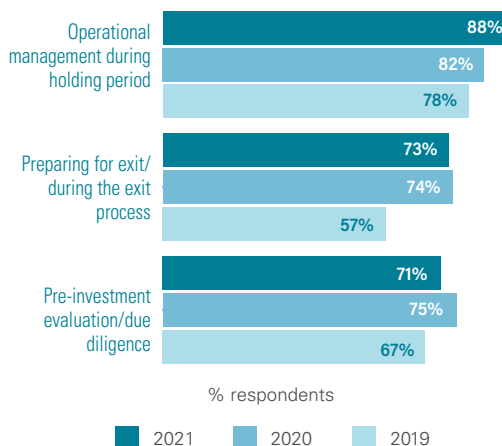


Figure 13



GPs' key areas of focus are improving diversity and providing ESG training

Diversity and ESG training are GPs' primary areas of focus. Conversely, ESG-linked employee remuneration and ESG-linked subscription lines are a priority for only one in ten General Partners.

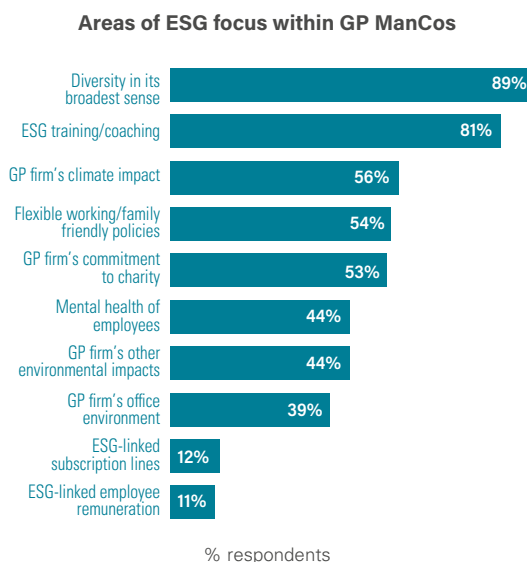


Figure 14

Two fifths of GPs view carbon neutrality as unachievable by their firm

38% of GPs do not believe there is a realistic timeframe for achieving carbon neutrality within their own firms. Exactly the same proportion of General Partners believe that their management company could realistically reach such a milestone by 2030.

In line with last year, significant regional disparities on the achievability of carbon neutrality remain, with most North American and Asia-Pacific respondents not having a realistic timeframe for their firm, compared with one in five European GPs.

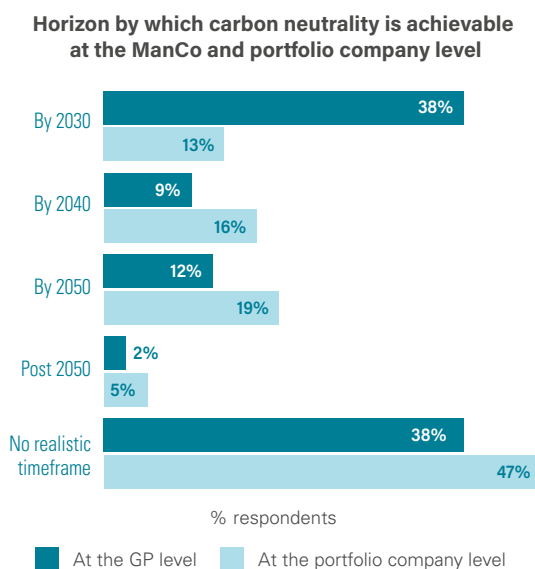


Figure 15



Reporting

- 1. Introduction
- 2. ESG in our funds
- 3. GP responses report**
- 4. ESG at the firm

Most GPs include ESG comments in their investment and/or exit memoranda

The proportion of GPs including ESG comments in their investment and/or exit memoranda reached 86%, in a return to the level of recent years.

GPs including ESG comments in their investment/exit memos

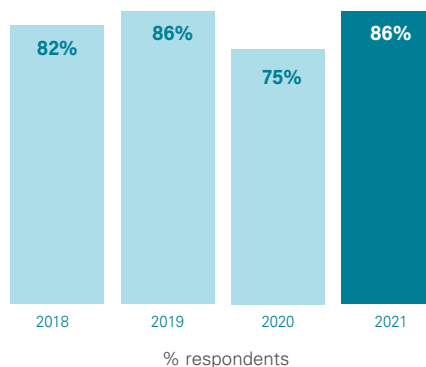


Figure 16

An increasing proportion of GPs are reporting to their investors on ESG

The proportion of GPs reporting on ESG to their investors has increased consistently over the last five years. For those GPs who regularly report on ESG, over one third do so both via a standalone publication *and* their Manager reports. The remaining two thirds report on ESG using *either* a dedicated report *or* as part of their general fund reporting.

Proportion of GPs reporting to their investors on ESG

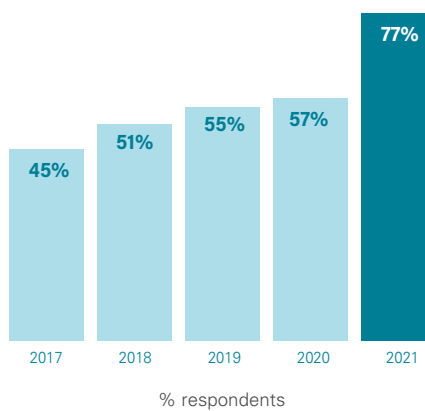


Figure 17



Almost all GPs report material issues to their LPs

Over nine in ten responding GPs report material events or incidents to their LPs at both management company and portfolio levels, representing an improvement on last year.

GPs who would/do report material incidents or events at their management company and portfolio companies to their LPs

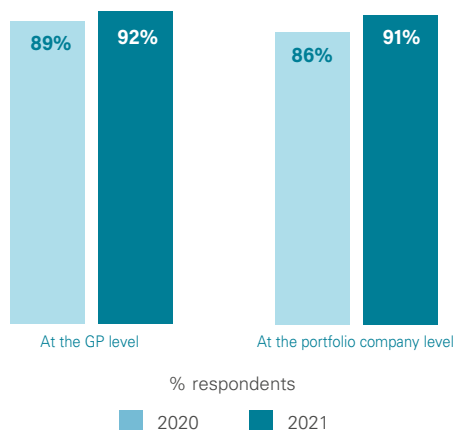


Figure 18

GPs increasingly recognised for their ESG efforts

Over the last two years, the proportion of GPs who reported having won an award for ESG practices more than doubled, from 5% of respondents in the 2019 survey to 11% in 2021.

ESG-specific awards won by GPs in the last 12 months

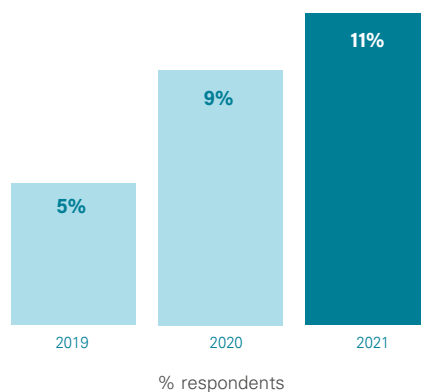


Figure 19



Governance

- 1. Introduction
- 2. ESG in our funds
- 3. GP responses report**
- 4. ESG at the firm

Senior promotions are the primary reason for changes to GPs' organisational structures

Overall, 44% of the responding GPs reported changes to their firm's organisational structure. Change in the management company's ownership structure continues to arise primarily from promotions to Partner level. Partner retirement was the reason behind changes in shareholder structure for around two in five GP respondents.

Reasons for changes to GPs' ownership structures

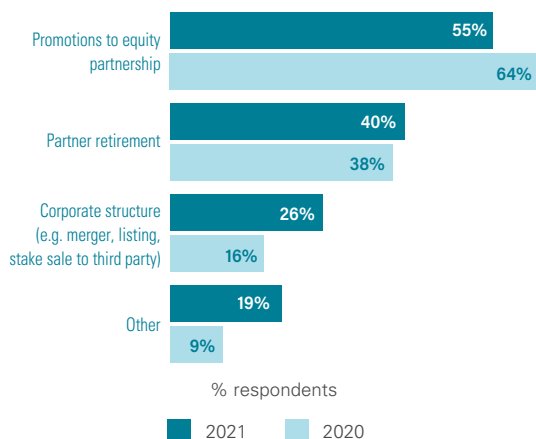


Figure 20

Adverse events relating to ESG are rare

In line with last year's results, only 14% of responding GPs reported any ESG-related adverse events at their own firms, and 32% at the portfolio level. Litigation cases, adverse publicity and targeted ESG campaigns continue to be the most common instances of ESG-related adverse events, both at the firm and portfolio level.

Incidence of ESG-related adverse events in the last 12 months

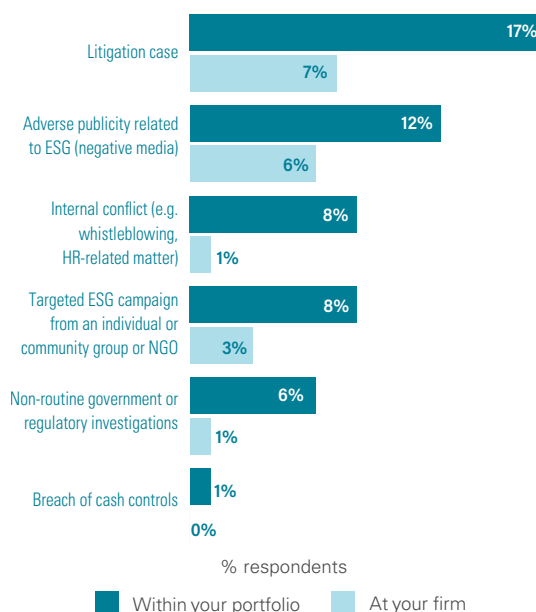


Figure 21



Diversity, Equity and Inclusion (DEI)

The level of female representation at Partner level is again little changed

Just over two thirds of responding GPs have female Partners, in line with the proportion reported over the last two years. Asia-Pacific GPs reported a significantly higher-than-average level of female representation within their Partnership at 86%.

General Partnerships with female Partners

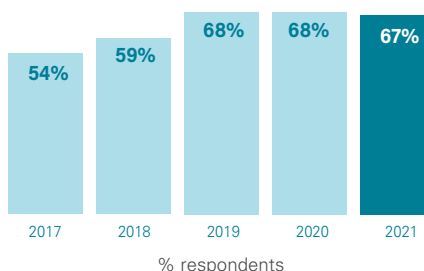


Figure 22

Female Partners continue to represent a minority of the Partner base for all GPs

In the subset of GPs that have female Partners, 81% (versus 76% in the 2020 survey) stated that women accounted for 20% or less of the Partnership. In line with last year, no respondents reported having a Partnership which was predominantly female.

Percentage of female Partners - by GP

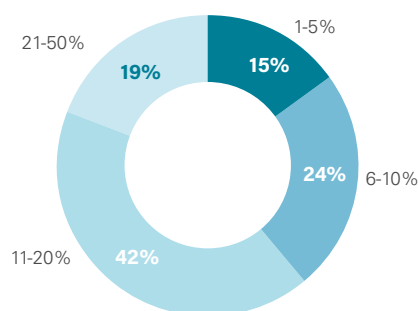


Figure 23

The proportion of GPs with women on their Investment Committees is improving

The share of respondents who reported having women on their Investment Committee improved further in 2020. Just under half of GPs now have female Partners sitting on their IC.

GPs with women on their Investment Committees

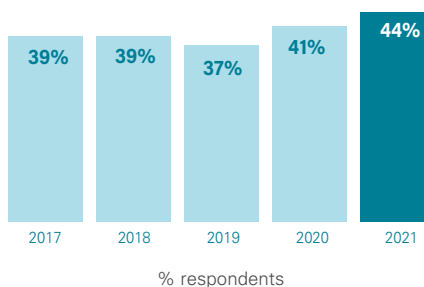


Figure 24

Female representation among the IC voting membership remains low

Of those GPs who have female Partners on their Investment Committee, three-quarters report that they accounted no more than 20% of the voting members.

Percentage of female Partners among GP Investment Committees' voting members

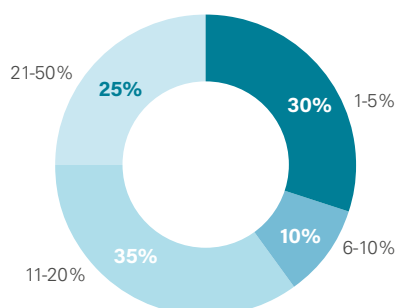


Figure 25

Three quarters of GPs have a formal plan to improve gender diversity at their firm

The implementation of formal plans aimed at improving gender diversity at GP firms has improved since 2019. However, a full quarter of respondents reported not having such plans in place.

GPs with formal plans in place for increasing gender diversity at their firm over the next three years

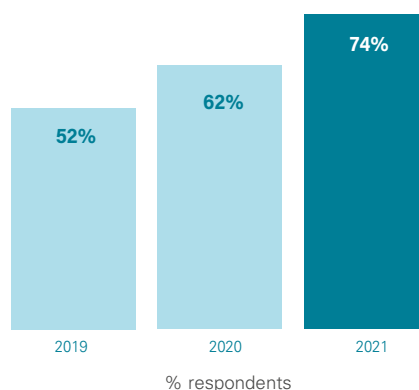


Figure 26

Two thirds of GPs have ethnic minority representation in their Partnerships

Eight in ten North American GPs employ Partners with an ethnic minority background, approximately twice the proportion of their European counterparts.

Percentage of Partners who identify as having an ethnic minority background – by GP

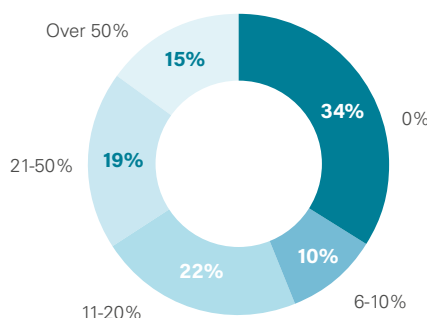


Figure 27

Most GPs are looking to increase ethnic diversity at their firm

Improving ethnic diversity is being tackled via formal plans by 55% of respondents globally, and by seven in ten North American GPs.

GPs with formal plans in place for increasing ethnic diversity at their firm over the next three years

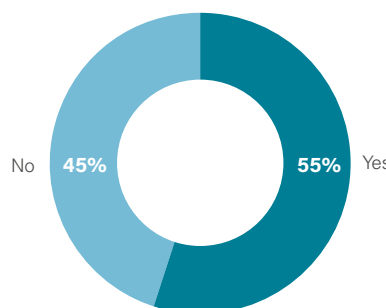


Figure 28

Section 4: ESG at the firm



Our Values



Diversity, Equity &
Inclusion (DEI)



Sustainability



Cyber security

- 1. Introduction
- 2. ESG in our funds
- 3. GP responses report
- 4. ESG at the firm**



Rani Swords
Partner, Head of HR & Talent Management

Our values are the
lifeblood of our
organisation.



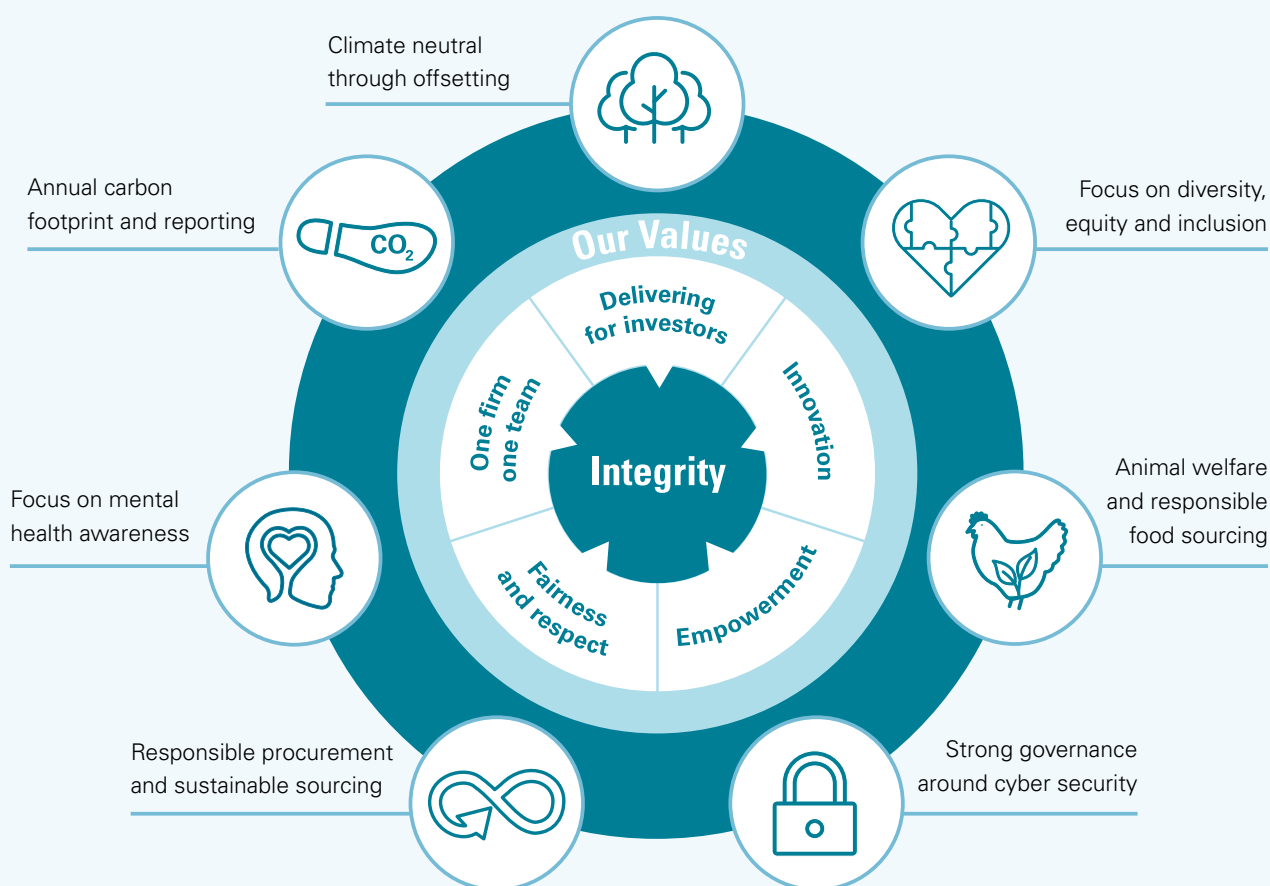


Our Values

- 1. Introduction
- 2. ESG in our funds
- 3. GP responses report
- 4. ESG at the firm**

A set of shared values is the lifeblood of any organisation and, by working with everyone across the firm, our mission is to embed and encourage the firm's values in everything Collier Capital does.

We believe that our pursuit of responsible investment as a business is aligned with the strong sense of responsibility – to our investors and to each other – expressed in our corporate values.





Our Values – continued

1. Introduction

2. ESG in our funds

3. GP responses report

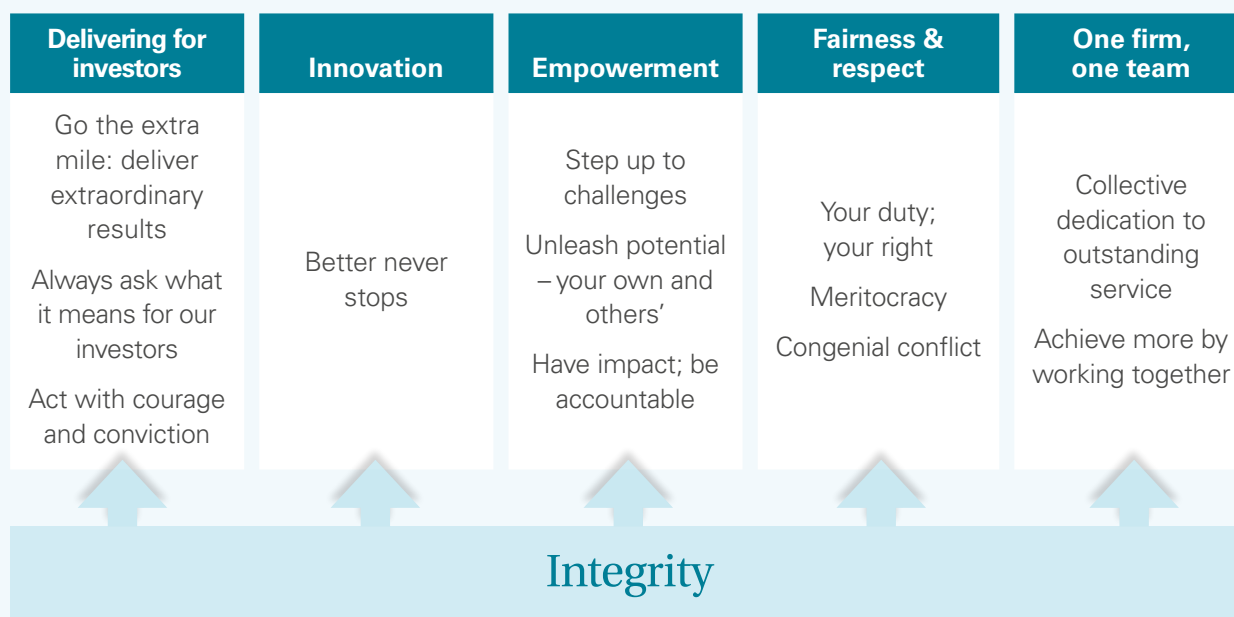
4. ESG at the firm

Our Values Committee meets regularly to discuss how to live and promote the Collier Values and approve Values Awards in recognition of exceptional contributions that go above and beyond normal duties. This year we have made nine awards to members of our team.

The Values Committee also works with our DEI Committee and Corporate Charity working group to facilitate the firm's and individuals' charity initiatives. Our London team, for example, is proud to support St Mungo's, a charity which works to prevent homelessness and support people at every step of their recovery from homelessness.



Our company values





Diversity, Equity and Inclusion (DEI)



DEI initiatives

Our Diversity, Equity and Inclusion Committee, which reports to our Executive Committee, undertakes initiatives to enhance diversity, equity and inclusion at the firm.

We are a founding signatory of ILPA's Diversity in Action initiative, which brings together Limited Partners and General Partners who share a commitment to advancing diversity, equity and inclusion in the private equity industry. The goals of the initiative are to motivate market participants to become more diverse and inclusive and to build momentum around the adoption of specific actions that advance DEI over time. As a signatory we undertake four essential DEI actions and at least two additional actions (from an optional set of nine). The Diversity in Action framework includes a broad range of possible actions that span talent management, investment management and industry engagement.

We host 'women in private equity' dinners and have launched a Women in Secondaries network in association with Akin Gump. We speak on diversity at conferences and work with several business schools to promote private equity as a career choice.

Coller has implemented flexible working policies across all its offices. We have a firm-wide subscription to Cityparents, an online platform which provides Coller's employees with expert-led webinars, podcasts and support groups across a range of topics, including: work/life balance; career progression; home/family life and parenting; wellbeing at work; inclusion; and creating flexible and inclusive workplaces.

The firm is partnering with three organisations: Sponsors for Educational Opportunity (SEO), Generating Genius, and Women Societies Alliance, all dedicated to providing access to investment careers for young professionals from diverse backgrounds. The firm has signed up to the #10000BlackInterns initiative and in the Summer of 2021 we on-boarded our first intern through the programme. We are also partnering with Out Investors, an LGBT+ investment professional network whose mission is to make the direct investing industry more welcoming for LGBT+ individuals.



Wellness and mental health

Our DEI Committee has a dedicated Mental Health & Wellbeing sub-group.

In association with the Executive Committee, the group launched a series of webinars called 'What it's like ...' with Coller colleagues discussing their experiences and perspectives on different topics, from coping with mental illness to natural ways to improve the immune system.

A better understanding of our colleagues' experiences in their lives inside and outside the office is key to our becoming a truly inclusive firm.

We have Mental Health First Aiders across all our offices; we make use of the meditation app Headspace; and we host a wellbeing portal on our intranet.



Gender and ethnicity statistics

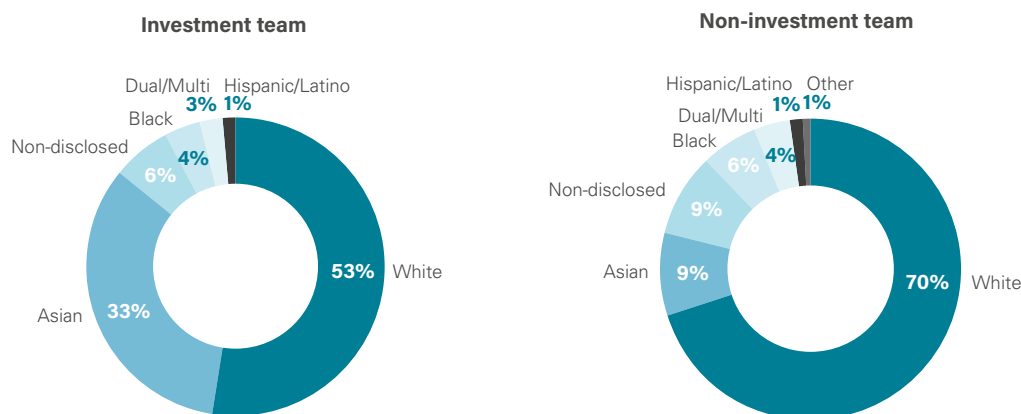
Like many firms in our asset class, we are not yet where we want to be on diversity, equity and inclusion, and this remains a work in progress.

Coller Capital gender split

	% women (end of June 2020)	% women (end of June 2021)
Total employees	36%	38%
Investment team	21%	23%
Non-investment team	44%	45%
Senior* roles in the investment team	5%	9%
Senior* roles within the firm	6%	6%

*Senior means Partner, Function Head or Principal.

Coller Capital ethnicity split



Data collected at 30 June 2021.

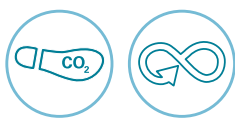
Chart 3

Chart 4



Sustainability

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Sustainability policies

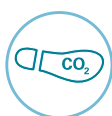
We have an established sustainability team, which is responsible for our ESG footprint across our three offices, as well as our relationships with suppliers. Much of their work relates to the consideration of sustainability and ESG factors in the procurement of goods and services, and in general building/facilities management.

Examples include: ensuring our cleaning contractors are paid the London Living Wage; assisting with ESOS (the UK's Energy Saving Opportunities Scheme); working to measure, reduce and report on Collier's carbon footprint (to

support our climate neutral status); and compliance with the UK's Modern Slavery Act.

Where possible, all procurement has endeavoured to avoid single-use plastic. Unfortunately, Covid-19 restrictions have created some issues with shared packaging, so some single-use plastic has been unavoidable. However, this has been minimal.

Collier Capital sources its food in line with the Firm's ESG policies and food standards, especially with regard to animal welfare and sustainable farming practices.



Carbon footprint

In 2019 the firm first achieved climate neutral status and we retained this in 2020 and 2021. As in prior years, Collier Capital had its direct and indirect emissions independently measured for a 12-month period (1 January to 31 December 2020).

A total of 1,375 tonnes of greenhouse gas emissions have been offset by investing in a climate protection project that supports the conservation of Ecuador and Peru's Alto Huayabamba area through preventing deforestation and protecting natural ecosystems. The project spans 53,000 hectares (approximately a third the size of London) and contributes to the following Sustainable Development Goals:

Sources of GHG emissions in 2020 - as measured by south pole.

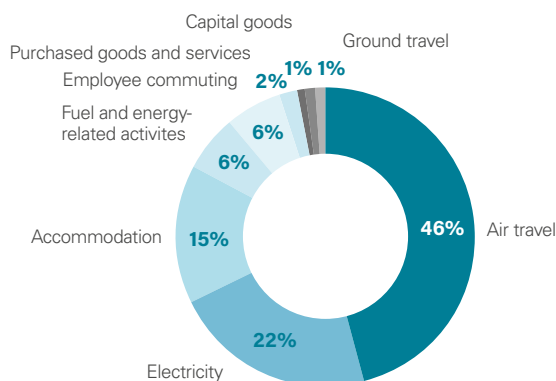


Chart 5





Cyber security

1. Introduction

2. ESG in our funds

3. GP responses report

4. ESG at the firm



Cyber governance

Coller Capital has established strong governance around cyber security and has developed an Information Security Programme, with the Head of Cyber Security reporting directly to the COO. Cyber security is treated as a significant business risk.

An Infosec Group with departmental representation provides strategic and operational focus on cyber threats, risks and mitigation. This cyber risk approach is directly aligned to wider business risk management via the Operational Risk & Controls Committee, with cyber security updates presented at every board meeting.

Our Bitsight Cyber Rating is 780¹, which is in the advanced category and Coller Capital therefore ranks better than 95% of its peer group of 857 firms in private equity and venture capital. A range of suppliers and security products, which make use of industry-leading

concepts such as machine learning and AI, are used to supplement the in-house IT and cyber functions in order to extend our cyber reach. Our core cyber systems are monitored by an outsourced 24/7 Security Operations Centre (SOC), which helps to identify and mitigate any security incidents. We also have a documented Cyber Security Incident Response Plan.

All staff complete mandatory cyber security training, which is conducted annually. In addition to this, several simulated phishing emails and security bulletins are sent throughout the year.

We have also engaged a number of external testing, audit and benchmarking experts to independently check our cyber security health, performance, and maturity.

(1) Source: Bitsight. (November, 2021).



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For more information on ESG at Coller Capital go to:
www.collercapital.com/investments/responsible-investment

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