



CARNE ANNUAL **SUSTAINABILITY REPORT** **2020**





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CARNE GROUP SUSTAINABILITY POLICY

Introduction

2020 has been an extraordinary year for everyone on the planet for obvious reasons. It has been a very difficult and challenging and heart-breaking year for many through the loss of loved ones, economic hardship or mental or physical health difficulties. However, from a climate and sustainability perspective COVID will likely leave a hugely positive legacy on the world. It has made us all focus on the importance of nature and the environment rather than just the relentless economic cycle. By necessity we all have had to slow down and enjoy the simple things in life. There is a book by a well-known Buddhist monk, Haemin Sunim which encapsulates it well: The things that you can see only when you slow down. So, despite the challenges we have faced, people have adapted to delivering productivity, generally, in a more flexible manner and for many one which is a better work life balance. We believe that people and organisations now will be much more mindful of unnecessary travel and that staff will want and organisations will offer more flexible work environments and I believe people will want to enjoy more and protect the nature and environment around them. This I believe will be very positive for the Climate Action that is needed across the world to meet the various accords and agreements that have been signed up to by the world's leading nations.

Carne's commitment to UNPRI

Carne started its formal Sustainability journey in 2019 and recognised the great value of becoming a UNPRI member to help foster and steward ESG principles in the investment fund industry. In this last year COVID has re-enforced and energised these efforts and we have started to see its accelerating effect on the wider industry's approach to Climate Action.

General Sustainability

Carne despite the pandemic has made significant progress on its Sustainability Strategy over the past year following the set-up of our Sustainability Committee in late 2019. This is particularly in the areas of Social and Environmental. We have put in place an extensive Charity and Philanthropy programme called Carne Cares and have become Carbon Neutral. Carne has put in place a working group to explore products that we can bring to market to further the governance aspect of ESG principles, and we are currently developing our Investment Manager Due Diligence to include a review of ESG and Sustainability elements. These various initiatives and projects will help us in furthering our commitment to the UNPRI.



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Carne's Impact Investment

At Carne we believe in thoughtfulness, togetherness and being a force for good. We work with many of the largest and leading impact investing asset managers in the world and understand their importance and the difference they can make.

In December 2020 we agreed a €100 million investment from Vitruvian Partners for an equity share in the business. We saw this as an opportunity to make a significant positive impact and proposed the inclusion in the share arrangement of a facility whereby our shareholders are incentivised to potentially raise millions of euro for charity over the coming years. The mechanism, linked to the ultimate exit valuation of the Vitruvian investment, triggers the release of share capital into a charitable fund. Thus as Carne's valuation increases so does the ultimate extent of the material charitable contribution raised.

Environmental

One of Carne's objectives in our first version of Sustainability Policy was to be Carbon Neutral by 2025. This was achieved by the end of the 2020 (for the period year ended 31/03/2020) where we offset our emissions through two programs – planting Kenya & Amazon Trees and the purchase of Fuel-Efficient Stoves in North Dafur. Carne's annual Carbon Footprint per person was independently assessed as 1.87 tonnes of CO₂E. Carne's strategy is to build on this and organically decrease our per person Carbon Footprint over the coming years and to put in place a program to become Carbon Zero. The pandemic has given us the opportunity to make a number of changes to the way we operate and engage with staff that by its very nature reduces carbon footprint. This has been facilitated greatly by the strategic investment in our staff communications and engagement platform – Workvivo and in our management company solutions platform CORR.

Examples of areas and processes and procedures that we have developed through Workvivo:

LMS System – Carne has developed a Learning Management System on Workvivo that delivers all work training in an automated on-line fashion. This reduces energy consumption in the delivery and attendance of training courses and facilitates a 100% paper free delivery of all courses.

F&P Process and Staff Onboarding – Through Workvivo Carne now performs all Fitness and Probity reviews and staff onboarding thus making this a paperless process.

During 2020 we embraced the use of Microsoft Teams for internal and client communication and we believe the everyday adoption of video conferencing will reduce the need for travel for internal and client meetings.



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CORR System

Carne has made and is continuing to make considerable investment in our governance and operating platform through which we deliver all our management company solutions. As a business we are reviewing all our existing processes and procedures and re-engineering through the workflow and other capabilities of CORR. This will result in almost 100% of all activities we do as a management company being performed automatically and in paperless environment.

Social

Carne and its principals have always been very active supporters of charitable and other philanthropic endeavours and in previous years have donated significantly to many charities and in particular to Chernobyl Children International where Carne donated funds to build a house in the affected area which gives children a start in life which otherwise they would not have. In 2020, Carne formalised its Charitable initiatives by putting in place a charity committee and framework that involves all staff and all regions globally where Carne operates. The donations are made up of staff donations and matching by the firm. In 2020 the funds available for granting were €276,000. Please see separate Appendix on Carne Cares.

In addition to the Charitable donations, Carne will continue to provide pro-bono work to support other community charities and initiatives, including participation in Junior Achievement, by our staff members and participation on the committees of various industry charities including basis point.



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Staff Wellbeing and Support

In the last year Carne has made great strides in supporting our staff in their physical and mental wellbeing. These have all been initiatives that have promoted both diversity and sustainability in a broad sense. The initiatives (which were facilitated through Workvivo) have included:

Fitness challenges - we have run a number of challenges through the organisation including the Step Challenge, Duathlon and a Carnathon.

Social events - we have run virtually a series of quiz nights and a personal development book club to help staff unwind from our daily work and to keep in touch.

Webinars – we have run a number of sessions during the year on topics including

- Nutrition
- Resilience
- Mental Toughness
- Self- Care Session

Exercise classes – regular classes are run including: boxing, pilates and yoga

Wellness Programmes – the below programs have been run

- 8 Week Recharge: Mental Wellbeing
- Spring into Summer: Sustainability, Respect and Kindness
(Meatless Monday, Transformation Tuesday, Wellness Wednesday, Try-it Thursday, Friendly Friday)

Involve project - we have embarked on a research programme with InVolve People (involvepeople.org) to redefine our Diversity Strategy.

Governance

Carne has set up a working group that is undertaking a project to look at ESG products that Carne can develop that will be commercially viable while at the same time furthering the UNPRI principles. There are three main areas that are being explored:

- Due diligence of asset managers in the context of ESG within their investment process
- Shareholder engagement e.g. Proxy Voting; and
- Asset manager support in ESG analysis



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EU Taxonomy

During the last year Carne has spent considerable time in supporting and helping all our clients implement phase I of the EU Taxonomy legislation. We will work further with them in the implementation of the further phases over the next number of years and will look to provide thought leadership in educating them in the various benefits of being proactive in their approach to ESG integration through the understanding and knowledge we have gained through our relationships with a number of the leading organisations in this area including Generation, Rockefeller and TCI. We will also look at how we can support this endeavour through product development as discussed above.

Thought Leadership

We have begun to spend time engaging with some of the leaders in the ESG space to gain an understanding of best practices and the practical implementation of ESG that will truly make a difference in furthering the UNPRI principles. We will look then to use this understanding and knowledge to help us influence our clients in a positive way in how they view and use ESG in their investment processes and also to develop products to deliver better outcomes.

Sustainability Objectives Progress

1. Being Carbon Neutral

- Develop inventory and action plan by the end of 2020
- Be Carbon Neutral by the end of 2025

Progress: We have achieved this and were certified as Carbon Neutral for the year ended 31 March 2020. We are currently going through the review exercise for certification for 2021.

2. Give back to communities by volunteering and donating resources.

- Value of pro-bono work: €50,000 per annum by 2021

Progress: We are on target to meet this objective



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3. Donate to strategic charitable causes

- Value of charitable donations: €100,000 per annum by 2020

Progress: We have greatly surpassed this with donations totalling €276,000 for 2020

4. Ensure our supply chain has responsible social and environmental practices.

- Percentage of vendors used who meet company minimum sustainability guidelines: 75% of vendors compliant by 2022

Progress: We are on target to meet this

5. Create innovative approaches to minimize negative environmental impacts, improve economic bottom lines and integrate the social elements in our employee and business practices.

- Number of sustainability innovation projects introduced for employee and client engagement: 3 minimum by 2021.

Progress: As discussed earlier in the report we have greatly surpassed this with many projects that have been successfully implemented.

6. Be active members of relevant ESG/Sustainability organisations

Progress: We are beginning to be active member of relevant organisations however we believe our engagement will greatly increase over the coming 12-18 months.

John Skelly

Head of Sustainability Committee

May 2021