

Annual ESG Report

2024

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We believe that
sustainability is
paramount to
long-term success.



Andrew Elder
Deputy Managing Partner, ESG Leader

Companies that integrate sustainable business practices offer better products and services, reduce operational costs, support healthy company culture and allow all employees to thrive.

They are better equipped to mitigate risks, whilst identifying opportunities for innovation and growth.

We've learnt that companies with a long horizon and solid foundations are the ones that outperform over time.

Establishing sustainable business practices both within our own business and across the companies we back has been ingrained in Albion from the early days. This process has become systematised since 2019, governed by UN PRI principles.

This report highlights Albion's annual ESG activities to March 2024.

Our guiding ESG principles



Build sustainably

Recognising that the most successful businesses are those that prioritise sustainability, we are committed to driving change and constantly evolving our practices.



Invest responsibly

ESG considerations are entrenched in our investment process and internal operations to create lasting value for all stakeholders.



Contribute positively

We're always motivated to do better through involvement with external initiatives devoted to driving new industry standards and societal outcomes.

Our commitments

Albion is a signatory of UN Principles for Responsible Investment (UN PRI) and commits to the six key principles to incorporate ESG issues into investment practice.

In making our commitment to responsible investment, we are aligned with the UN Sustainable Development Goals (SDGs). By focusing on a few specific and actively monitoring them, we are creating tangible positive action towards meeting the global challenge.

We are also a:

- Member of VentureESG, a community-based non-profit initiative pushing the industry on ESG best practice
- Proud signatory of the Investing in Women Code, designed to support the advancement of UK women business leaders

Signatory of:



Our investment impact

Number of companies across the Albion business aligned with UN PRI impact goals to March 2024:

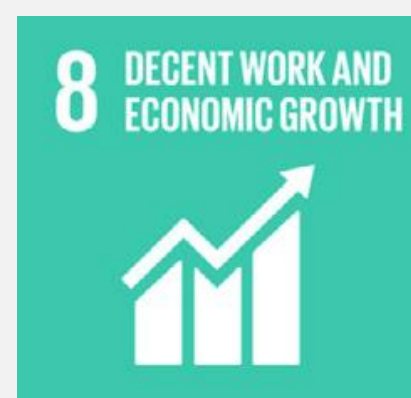
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Themes:
Access to quality
healthcare



3

Themes:
Financial Inclusion



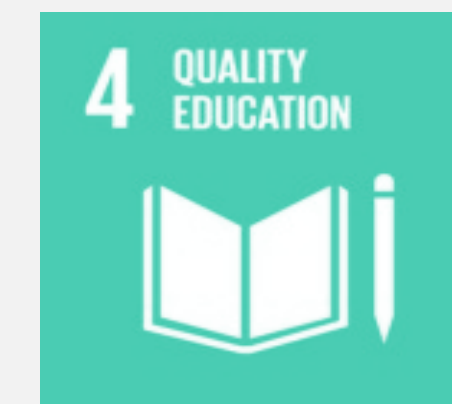
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Themes:
Energy efficiency



2

Themes:
Access to quality
education



The year summarised



Environmental

- A new platform, Greenly, has been deployed to calculate our emissions
- Our carbon footprint has increased as supplier data is now captured for a more accurate reporting
- Unavoidable emissions for 2022/23 were offset using Biochar



Social

- Fair HQ results highlights the diversity of our team
- Two high impact social initiatives:
 - Radia Accelerator
 - Social Outreach programme

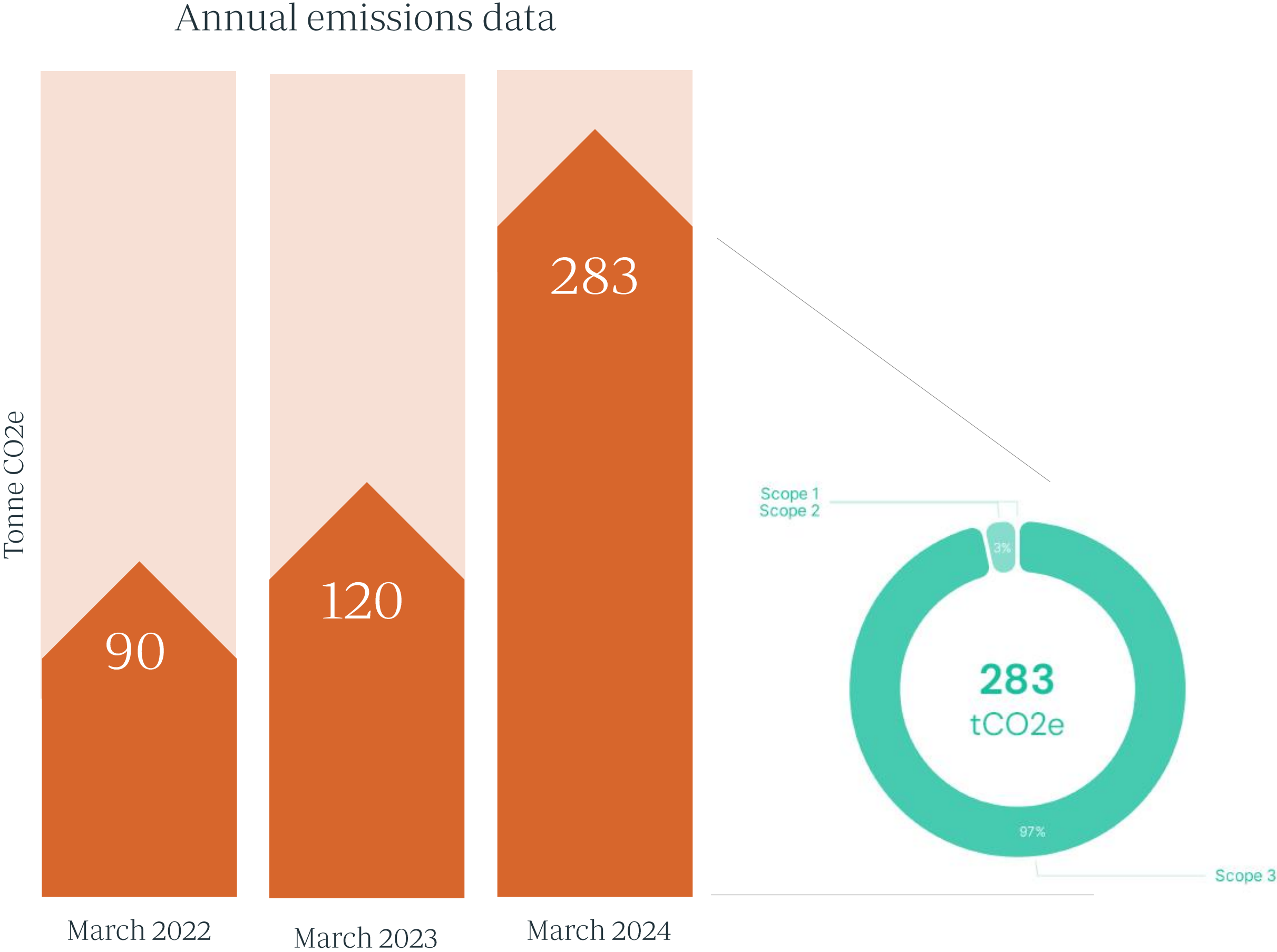


Governance

- Improvement in female presence on portfolio companies' boards
- Increased number of companies with higher overall ESG scores
- BVCA 'Excellence in ESG' award
- Improved UNPRI 2023 private equity score of 69

Firm

Our carbon emissions



- We are committed to playing our part in tackling the climate crisis
- Our goal is to transition to net zero carbon emissions
- Supplier emissions were captured for the first time in 2024, reflecting the big increase in emissions
- A dedicated Net Zero team was formed in 2023 to formalise the process and build out a route to drive sustainability within Albion
- We continue to offset our annual footprint using Biochar, which removes our share of carbon emissions from the atmosphere

Diversity, equity & inclusion

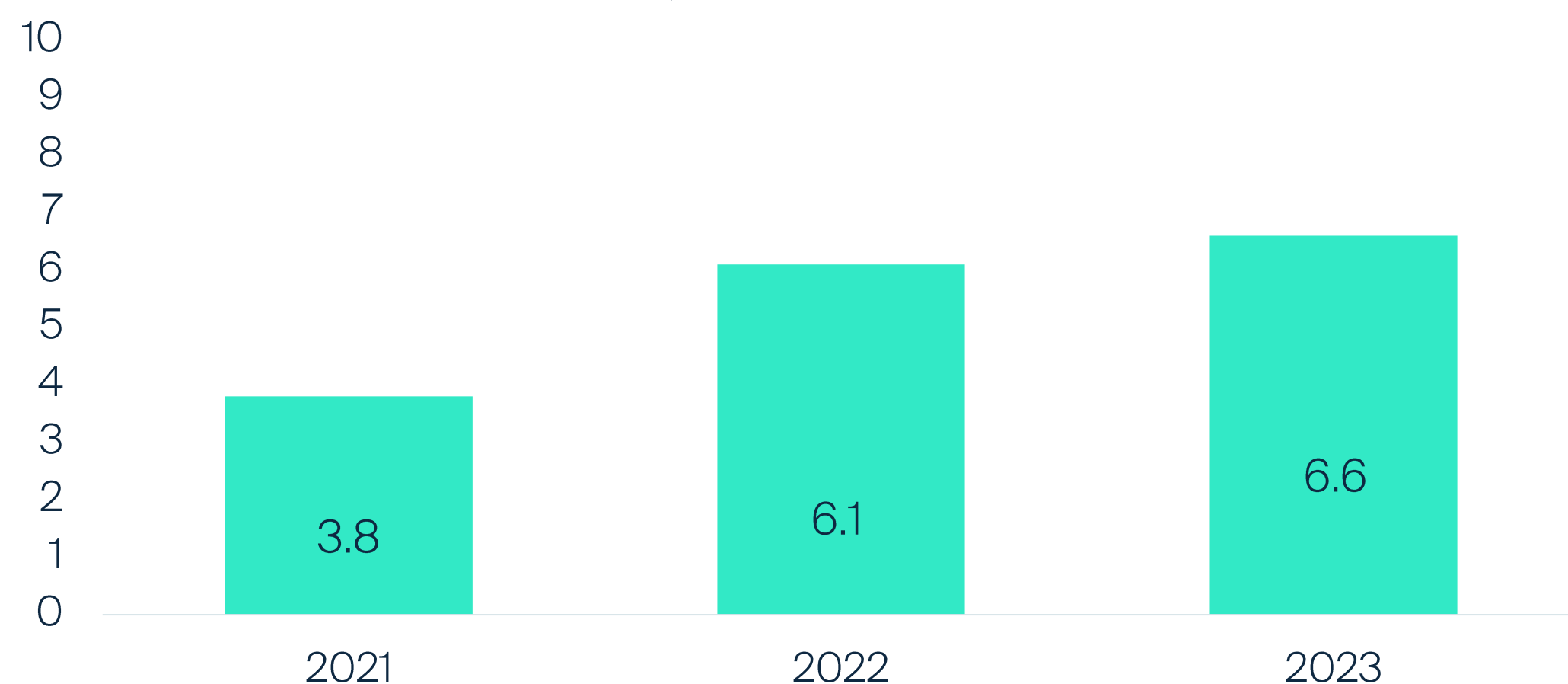
We partner with Fair HQ, a diversity and inclusion provider, to help drive Albion's practices and policies. Part of the process includes an annual employee "belonging survey" and a review of all firm processes and policies.

Diversity in the hiring funnel is closely monitored and our process incorporates blind CVs, standard interview questions and case studies for all candidates.

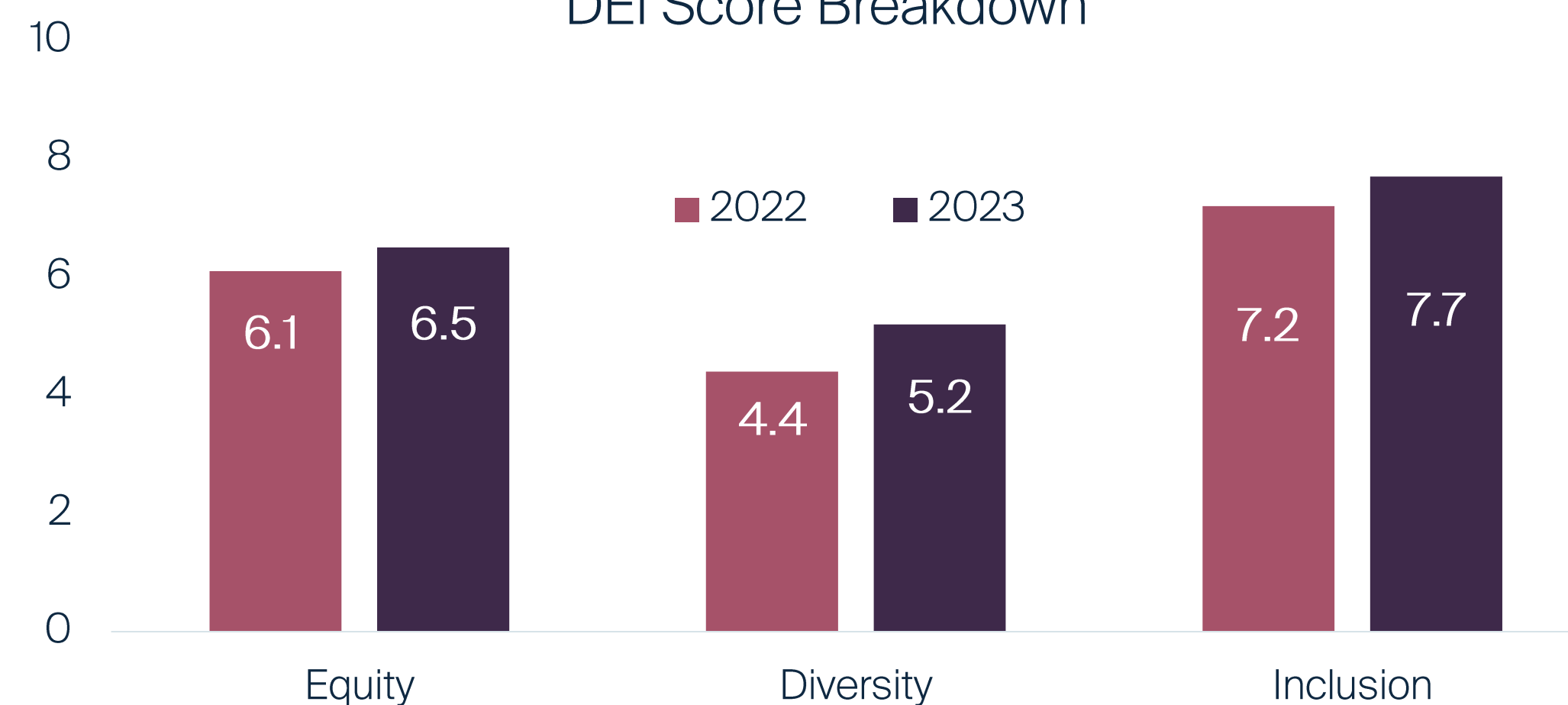
We also work with recruitment consultants and a variety of job boards to improve the diversity of our candidate pool. This is reflected in our Fair HQ score, which continues to improve.

We continually work on new initiatives to improve across all aspects of diversity, equity and inclusion.

Fair HQ Overall DEI Score



DEI Score Breakdown

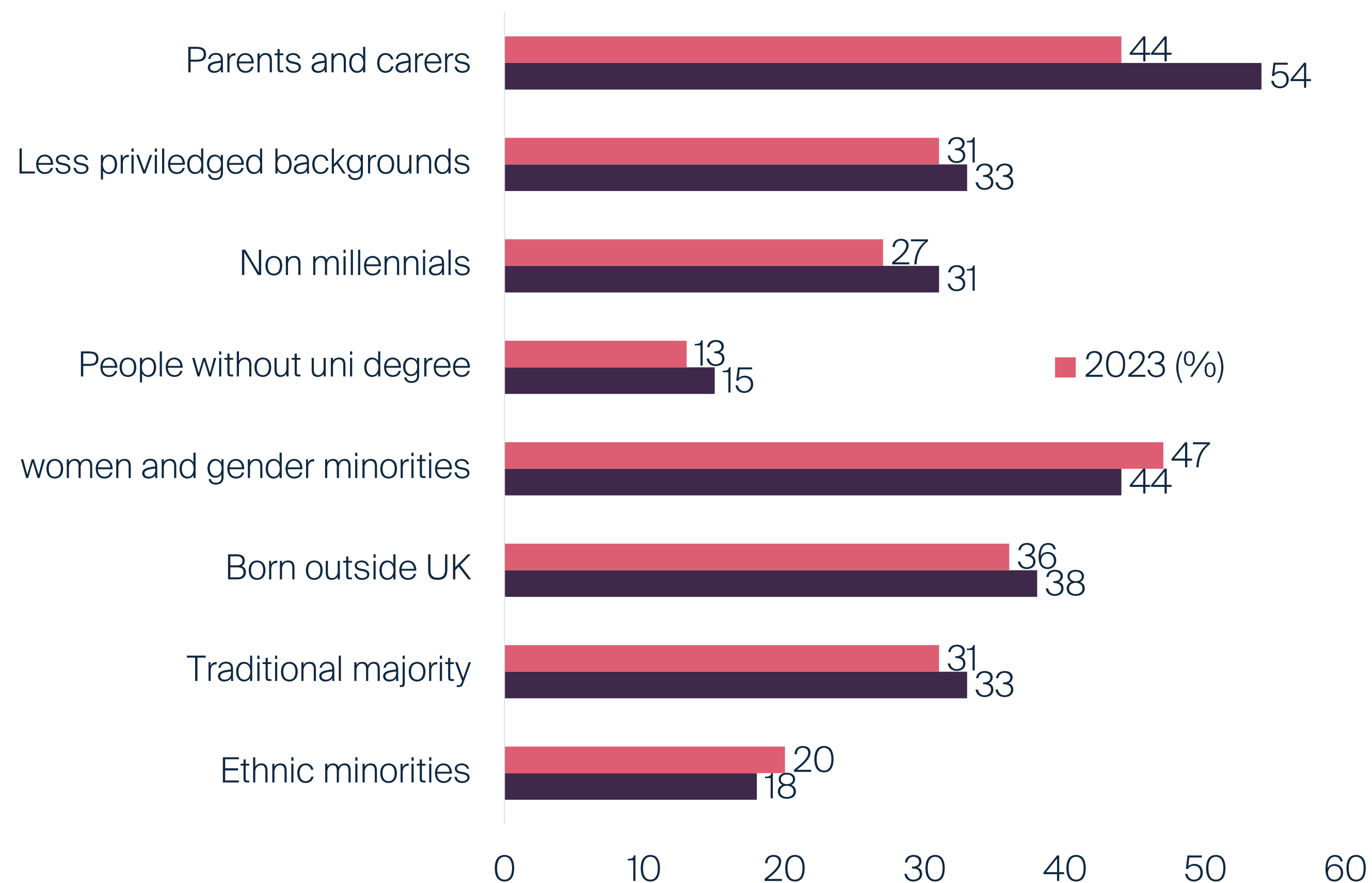


Diversity, equity & inclusion – firm make-up

Since Albion's formation in 1996, we have fostered a culture that welcomes everyone, where everyone can succeed.

We believe that teams perform best when individuals feel safe to bring their whole selves to work.

Our firm make up is diverse and includes a range of people from a mix of race, gender, age and socio-economic backgrounds.



Governance initiatives

We have policies and procedures relating to governance matters such as the operation of the executive committee and its various committees for risk management, investments, valuations and remunerations

ESG policy in place
and reviewed annually

Compliance with
SFDR and all
emerging regulation

ESG embedded in
company OKRs and
team objectives

UN PRI annual
reporting

Formalised reporting
for listed vehicles:
VCTs

Quarterly reports to
LPs

Social initiatives

Radia Accelerator

Albion launched Radia Accelerator in 2023 with SpeedInvest. The 8-week programme provides access to capital, networks and content for women looking to start software companies.

Following a recruitment campaign, 25 were invited to take part.

The formation of 9 companies was supported by the programme

Social Outreach

Whilst we continue to refine our own recruitment processes, that doesn't address the more systemic issue of the under-representation of lower income backgrounds in venture capital.

Driven by the desire to inspire young people to pursue a career in venture capital, we partner with IntoUniversity to host workshop days for young students in our local schools.



Investment process

ESG embedded into our investment process

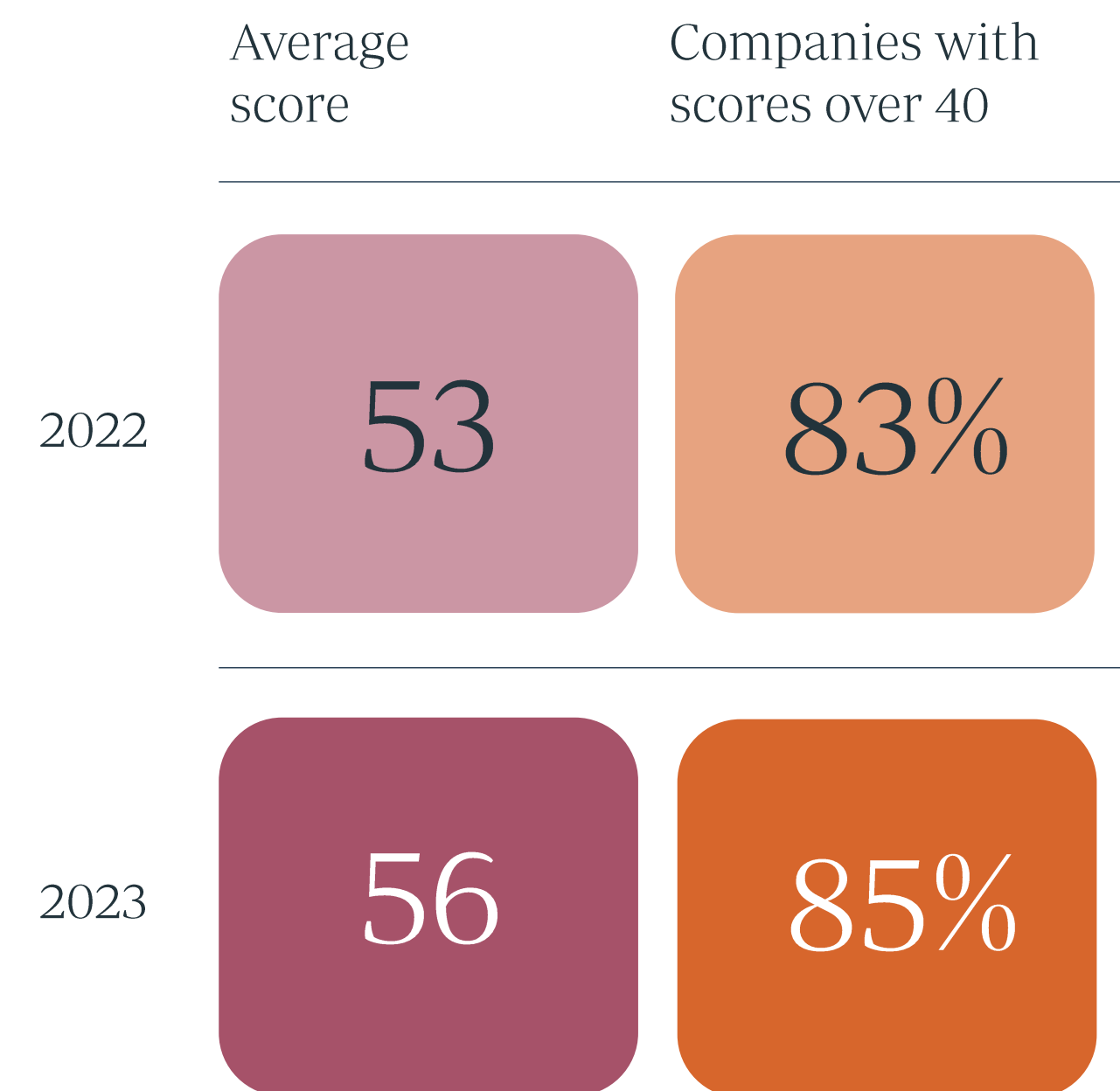


Portfolio companies

VCTs: Summary findings

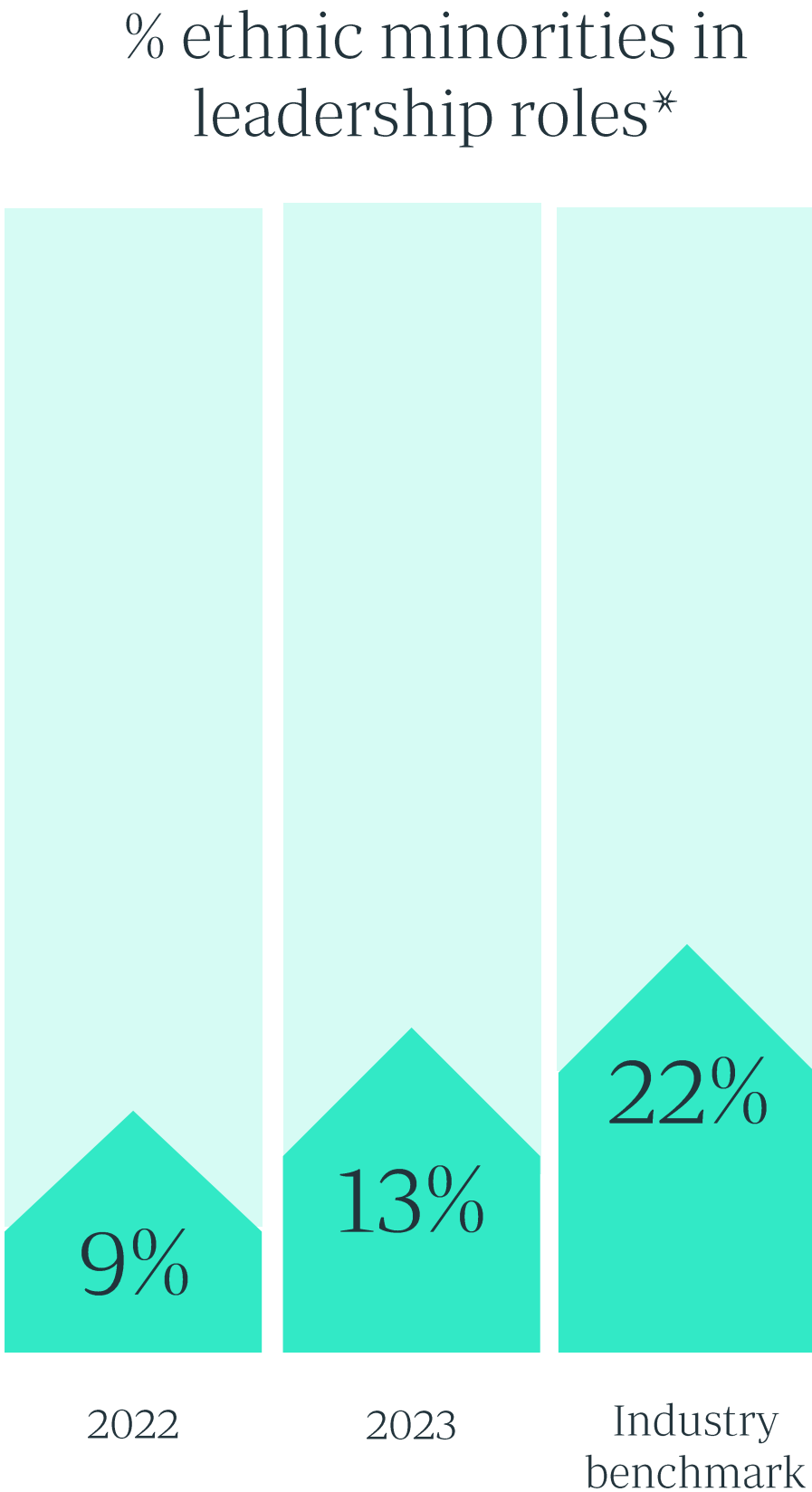
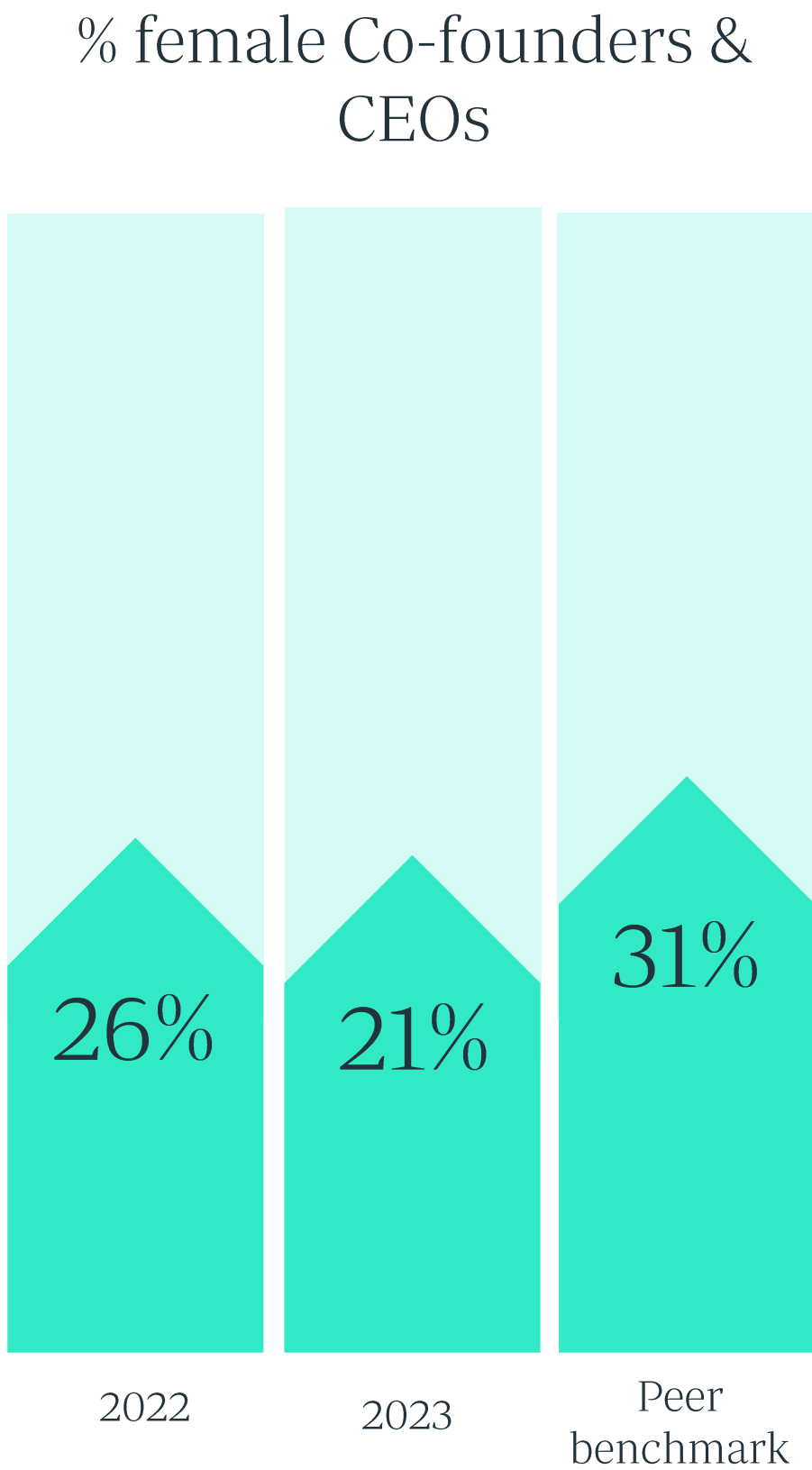
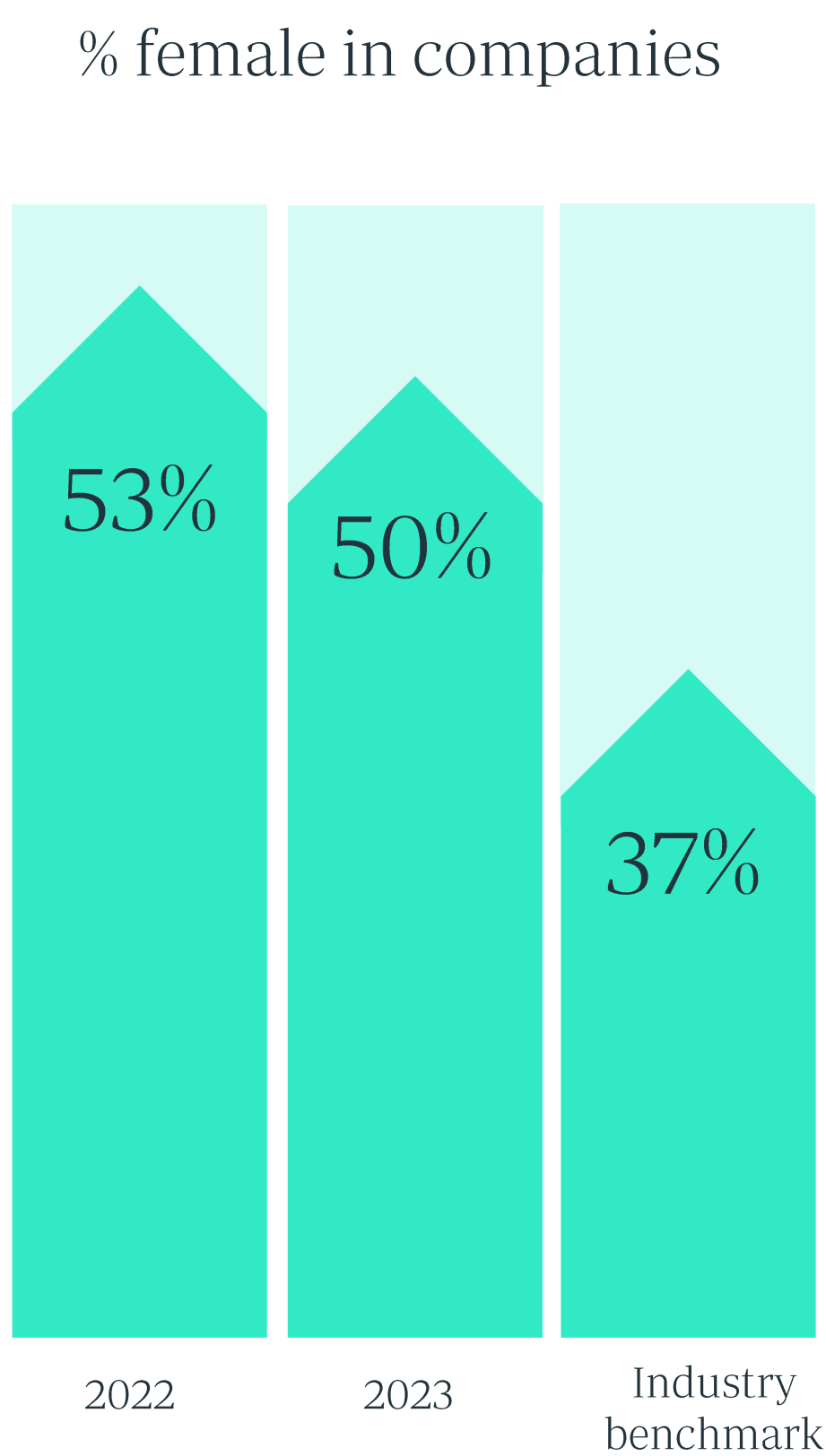
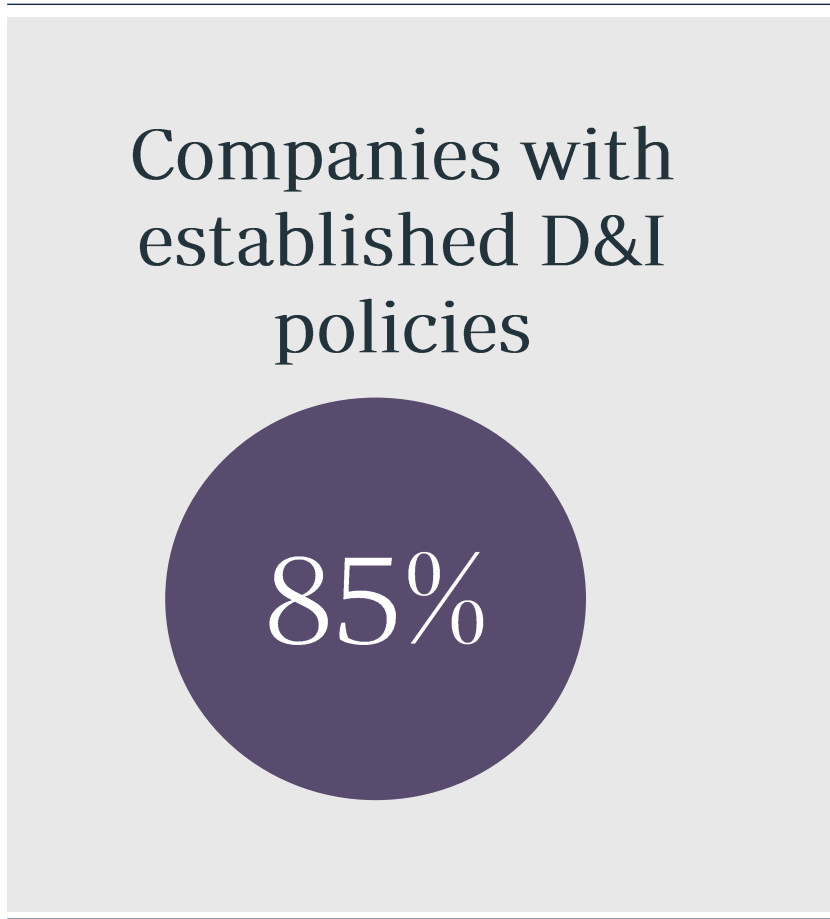
Our portfolio companies' ESG activities are assessed annually using Albion's Balance Score Card (BSC), based on a survey that is completed by our VCT portfolio companies.

- 38 companies (90% participation) completed the BSC in 2023
- Overall trend of improvement from 2022 to 2023 across most of the companies
- Despite progress in female representation in leadership, there's an identified need to improve ethnic diversity within company structures
- Performance across key governance metrics is varied



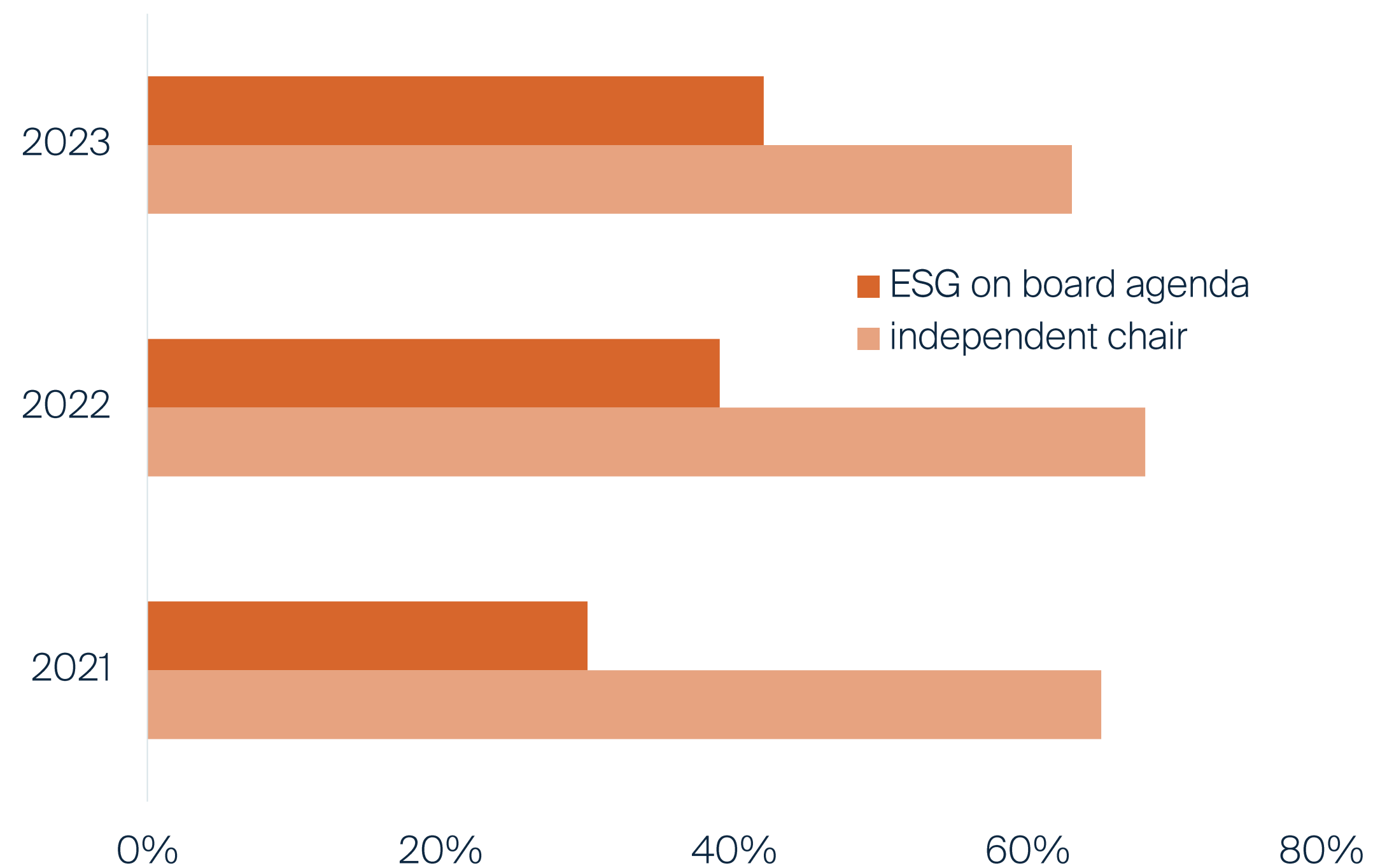
Each question in the BSC is weighted equally as we consider every facet of ESG of equal significance. All positive responses are aggregated and divided by the total number of questions, resulting in an ESG score that is scaled to a maximum of 100.

Diversity, equity & inclusion



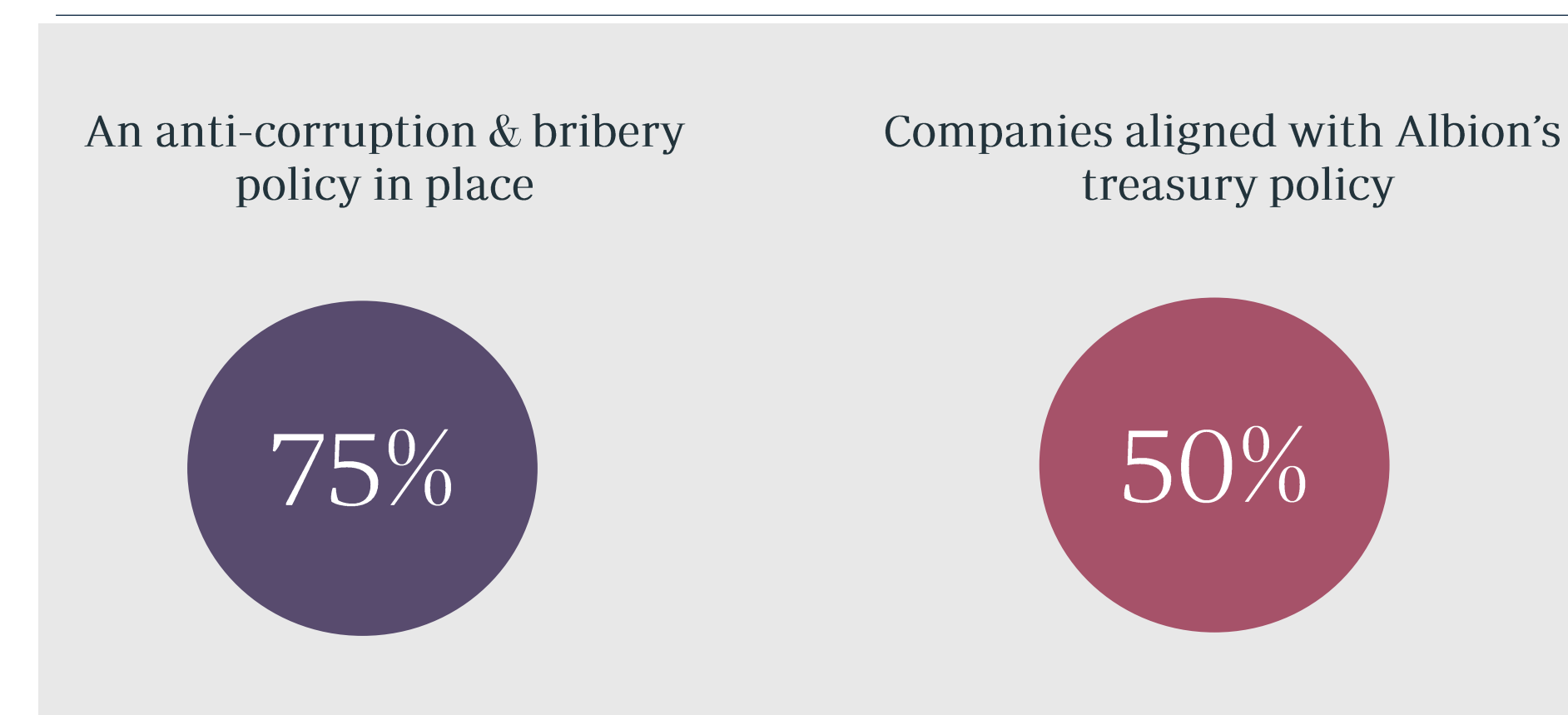
* Ethnic minority representation is not an enforced measure across portfolio companies and the numbers are indicative only as only 50% of companies measured this at senior management level and only 30% for overall staff

Governance overview



Two new metrics were introduced in **2023** and the strong adoption of these policies demonstrates a commitment to upholding high standards across our portfolio.

We will continue to emphasise the importance of robust governance frameworks in driving sustainable growth and mitigating risks associated with unethical conduct.



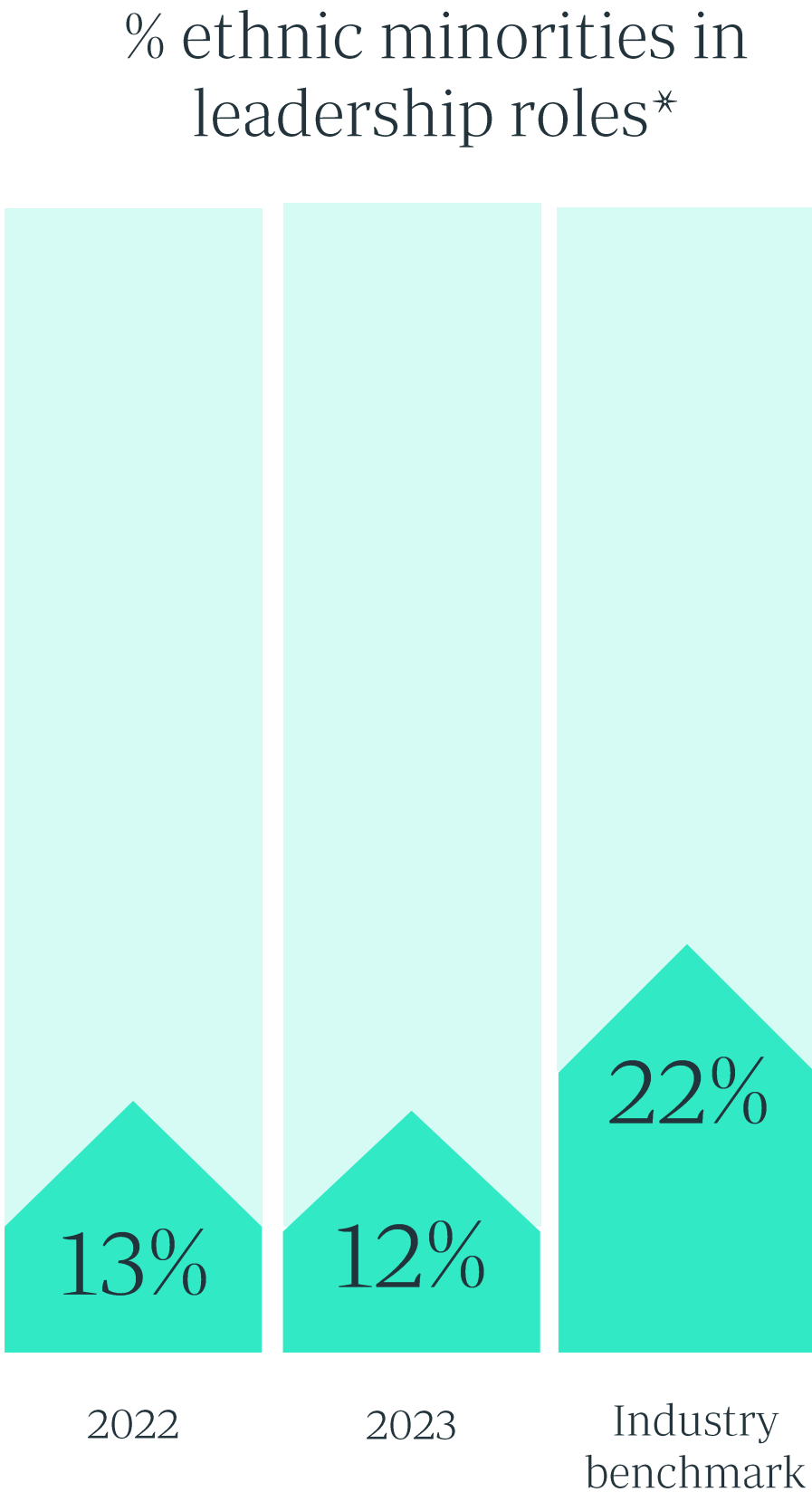
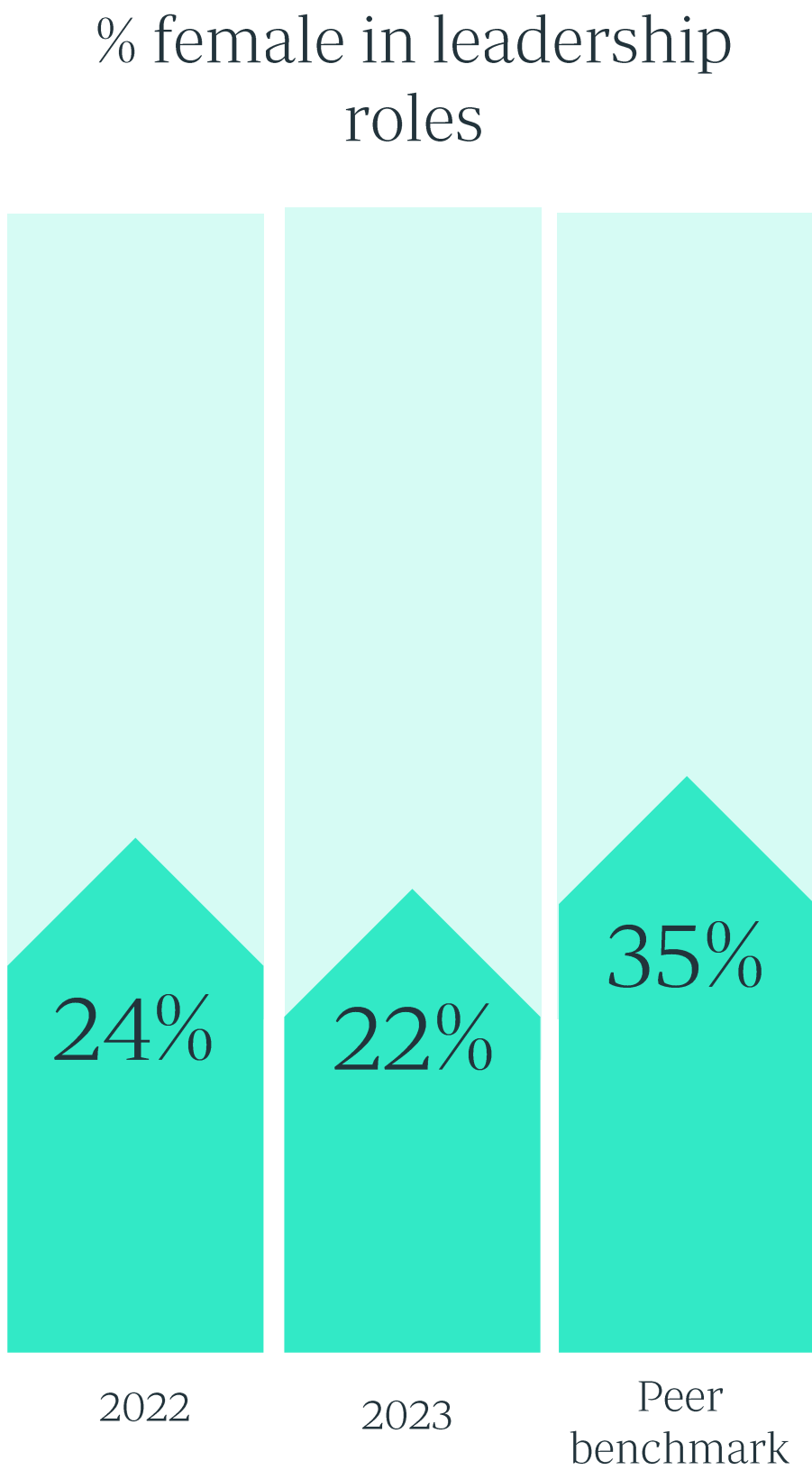
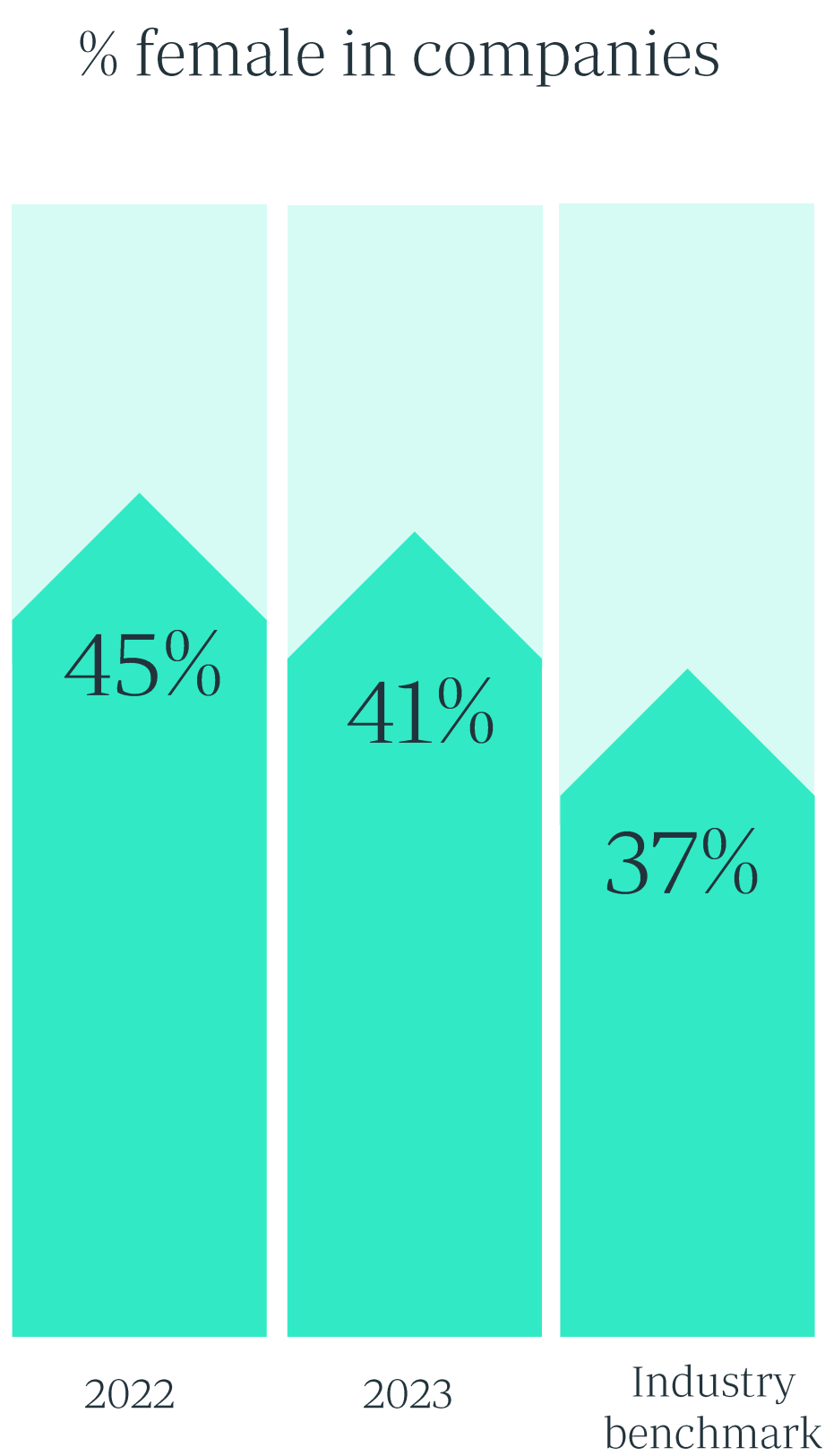
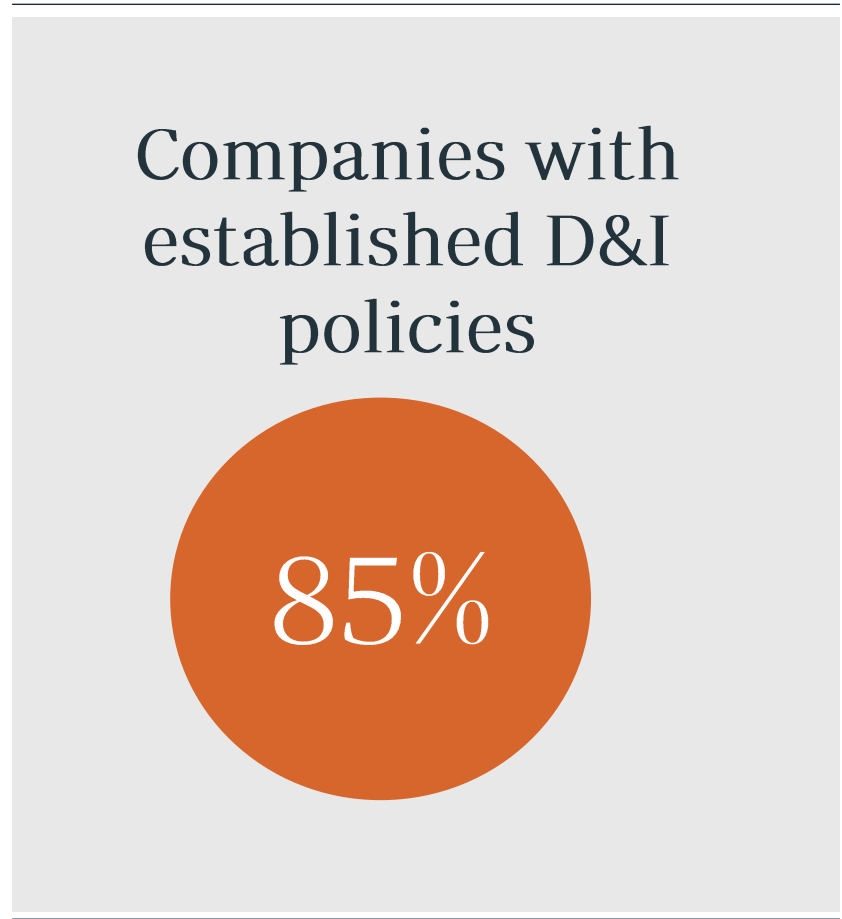
UCL: Summary findings

- 20 companies (87% participation) completed the BSC in 2023
- Overall trend of improvement from 2022 to 2023 across most companies
- Diversity: 40% women as co-founders/ CEOs
- The number of companies without an independent director rose from 8 to 12, signalling a potential governance issue
- 75% of the portfolio are creating positive impact across healthcare, climate and education, as measured by alignment with the UN Sustainable Development Goals

	Average score	Companies with scores over 40
2022	45	9
2023	55	13

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Diversity, equity & inclusion



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Governance overview

- 55% of companies discussing ESG in board meetings annually is consistent with last year's figure but does fall short of our 100% target.
- The strong adoption of anti-corruption and treasury reflects our portfolio's heightened emphasis on ethical business practices.

ESG raised on the board'
agenda at least annually

55%

An anti-corruption &
bribery policy in place

85%

Companies aligned with
Albion's treasury policy

55%

Infrastructure: Summary impact

18,486

MWh clean energy
produced

5,195

Tonnes in CO2
savings

6,374

No. of UK homes'
annual electricity
use

8,072

Equivalent acres of
newly planted forests

Infrastructure governance

Further embedding ESG into the process



Development

- Exclusion list for screening
- ESG due diligence



Investment

- ESG factors are included within the investment memorandum
- ESG factors raised at investment committee



Operations

- Review ESG improvements and support
- ESG incident reporting in place
- LP reporting including impact metrics

Next steps

Actions for 2024



Build a sustainable business with
a happy, high performing team



Help create a more diverse
venture capital ecosystem



Supporting our companies to
become sustainable and enduring
category leaders



Advocate for principles of
responsible investment and help
create an industry wide ESG
framework for venture capital

Thank You

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