



Sustainability *and Social Value Creation*

JULY 2024

Message from *Our Leadership*



Cranemere was established with a set of distinct founding values underpinning a differentiated model. As a holding company with permanent capital, Cranemere's core principle is that better risk-adjusted returns could be achieved by acquiring, building, and owning good businesses for the long-term. Equally fundamental to this model is a recognition of the synergies between generating shareholder returns and enhancing sustainability and social impact value. Through long-term partnership with aligned management teams, we believe that business could be a force for good, benefited by the mutual reinforcement between addressing some of the planet and humanity's major existential crises and supporting resilient company performance. Our goal was not a grandiose attempt at changing the world, but rather to identify where we could make an impact, how we could bring enhanced transparency, and how we could align our acquisition and business-building investment activities with our values over the long-term.

Today, we have built Cranemere through partnership with like-minded entrepreneurs and shareholders who believe in our differentiated value proposition. What follows is our first-ever **Sustainability and Social Value Creation Report**, which details how our extended investment horizon allows for each of our operating companies to benefit from a focus on these topics. We are pleased to share with you the ways in which these businesses – together with the partnership of our Cranemere team – are scaling sustainability, with both near- and long-term positive business outcomes from their environmental stewardship and workforce wellbeing. In our view, the information shared in this report demonstrates concretely how a sustainability and stakeholder mindset, combined with permanent capital, fosters among so many other benefits: stronger decision-making, a better and more just employee experience, and a distinct long-term partnership to founder- and family-owned businesses.

We thank you for your being a part of Cranemere's ongoing journey and for joining us in celebrating the innovations of our operating companies.

Sincerely,
Vincent and Kamil



Vincent Mai

Founder and Chairman



Kamil Salame

Chief Executive Officer

Introduction



**Diana Propper
de Callejon**

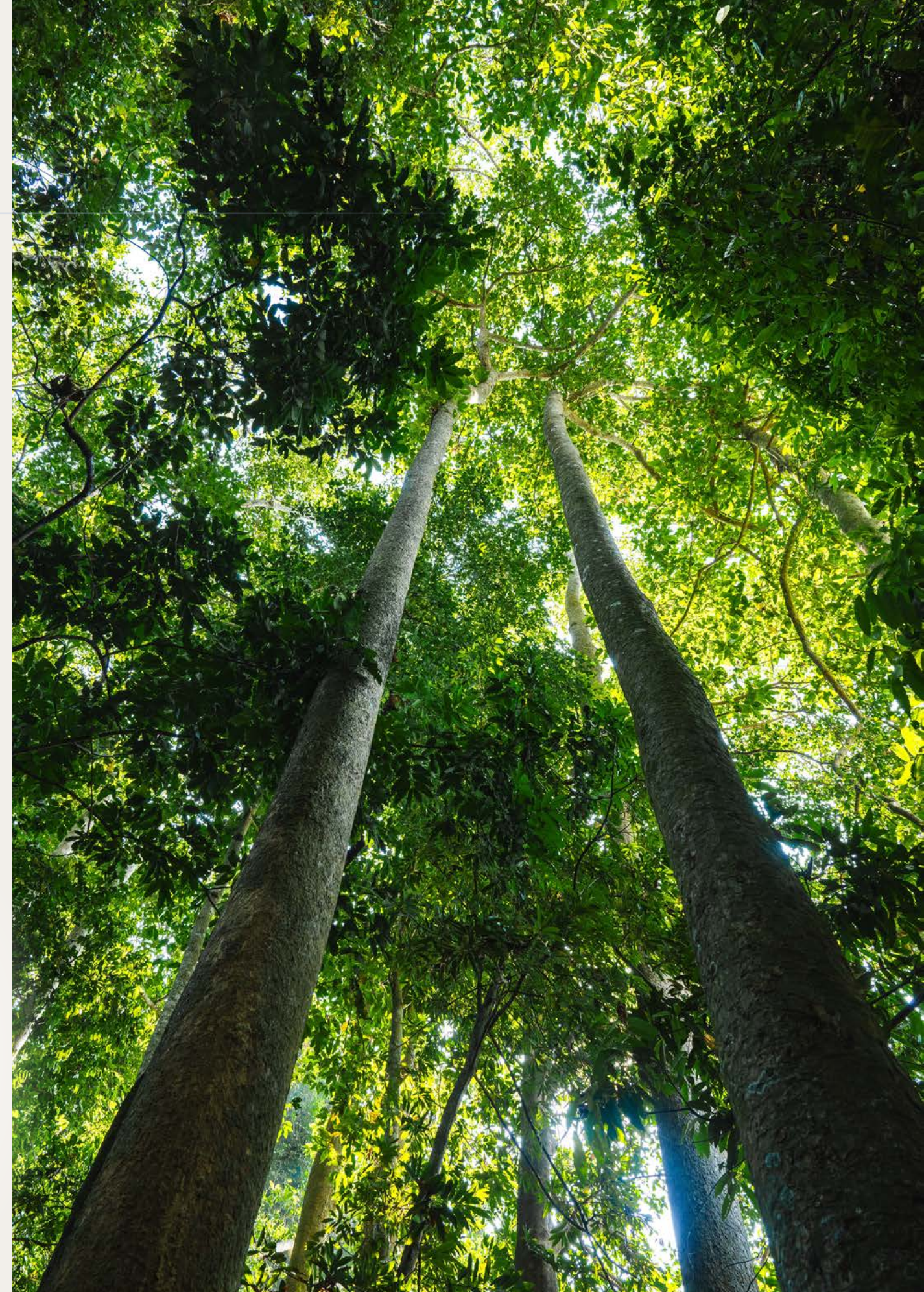
Managing Director

Since I was a child, I have been passionate about the environment and social issues. Before joining Cranemere in 2014, I spent most of my career helping to build companies whose success was linked to the environmental and social value the businesses created. That could come from diverse sources, including improving practices across the supply chain and becoming a destination workplace by investing in the wellbeing of the employees. These initiatives require years of time, focus and resources.

Cranemere's long-term model enables these investments and it's this model and shared values around business as a force for good which brought me to Cranemere. We believe that strong environmental and social performance is part of building great companies and it's the right way to do business. Our thesis is that companies that lead in these areas are more resilient, will find new sources of competitive advantage and outperform their industry peers in the long term.

While becoming leaders is our vision, we partner with each of our companies on two to three priority areas at a time that are core to each business, where creating sustainability and social value drives business value. This report provides an overview of Cranemere's approach to partnership with our operating companies in these areas and details their priorities and the progress they are making.

All of our companies have gone beyond compliance and risk management to focus on value-creating strategies such as product innovation, new sources of revenue, margin and market share expansion, and strengthened branding. In the end these are not only making a difference in reducing our collective carbon footprint, but in creating better, more meaningful lives for their workforce.



Our Firm

Cranemere’s *distinct approach*



Defining the Cranemere advantage

Operating with permanent capital for often founder- or family-owned middle market businesses, we are a private holding company driving value through a long-term, partnership-based approach. For shareholders, our distinct structure brings the efficiencies of long-term compounding of cash flows to generate strong equity value. For our management teams, we serve as strategic partners for the next chapters of growth and ongoing value creation. Today Cranemere has grown to seven platform companies collectively employing over 12,000 personnel and generating over \$5 billion in annual revenue.

Returns-driven, values-based

Key components of this long-term approach are the new opportunities and risk mitigation afforded by a focus on sustainability and social impact. We seek to partner with companies that have proven business models which can benefit by advancing their leadership in sustainability in their industries. We believe companies that operate with environmental resilience and human impact in mind outperform their peers over the long run – which matches our ownership timeline. We actively engage with our operating companies to identify where sustainable business practices can both reduce enterprise risk (e.g., safety, regulatory compliance, cost management, and cybersecurity) as well drive product innovations and strengthen competitive advantages in the marketplace.

In our view, this approach is highly differentiated in the private investment landscape. We believe it’s the right way to do business, something to be proud of, and that motivates us both financially and from the roots of our values. In partnering with management for the long-term, we look first and foremost for strong businesses, free cash flow, and the ability to scale. And, it is just as important that our partners are values-aligned to ensure a shared commitment to achieving sustainability and social impact leadership.

Key differentiators



Long-term time horizon

Permanent capital without the artificial time constraints or cost inefficiencies of short-term holds



Lasting approach to value creation

Focus on supporting management to build exceptional companies over the long-term to capture their full potential



Focus on the middle market

Successful record of partnering with businesses with enterprise values of \$200 million to \$2 billion



True partner to management

Connection to our global network, capital for liquidity and business expansion, board-level strategic input, and modest leverage supports operational performance and flexibility



Experienced business builders

Seasoned investors and operators from internationally known firms add diverse experience and networks



Sustainable and stakeholder mindset

Values-driven belief that long-term outperformance comes from environmental and social leadership

Long-Term Advantages

An extended journey: *sustainability and value creation*



Our vision for Cranemere and our operating companies is to be leaders in creating sustainability and social value as we believe these are both important to society and strategic pillars of value creation. The marketplace has clearly signaled that environmental and social impact factors are of increasing importance to business: from climate change; to consumer preferences for sustainable products / services; to workforce financial security, wellbeing, and engagement. True leaders go beyond compliance and risk management to focus on value-creating actions such as increased innovation, new sources of revenue, margin and market share expansion, supply chain dependability, and strengthened branding.

Towards these goals, Cranemere's long-term ownership approach uniquely enables our operating companies to make investments in sustainability and social impact that go beyond traditional corporate social responsibility. Traditional private equity focuses on environmental, social, or governance (ESG) initiatives that are often not core to the business and typically limited to options with short-term paybacks. In the Cranemere model, with the elimination of these time constraints and a permanent partner mindset, our companies capture both the near-term benefits of risk mitigation as well as the longer-term advantages of participating in broadscale industrial transformations.

Capturing benefits now and in the future

Near-Term Focus on....

Risk Mitigation

- Regulatory compliance
- Environmental health and safety
- Cybersecurity

Cost Management and Resource Optimization

- Efficient use of material and other inputs
- Streamlined use of energy and water

...Extends Value Meaningfully in the Long-Term

Relationship-Building (suppliers, employees, community)

Productivity and Engagement

Organizational Culture Shifts

Product and Business Model Innovation

Industry Disruption and Transformation

The Cranemere approach to sustainability and social impact mirrors the compounding value in our investment strategy. By focusing on these considerations, our companies achieve nearer-term benefits with significant longer-term gains.



Partnering for Sustainability and Social Impact

Business as a force for good



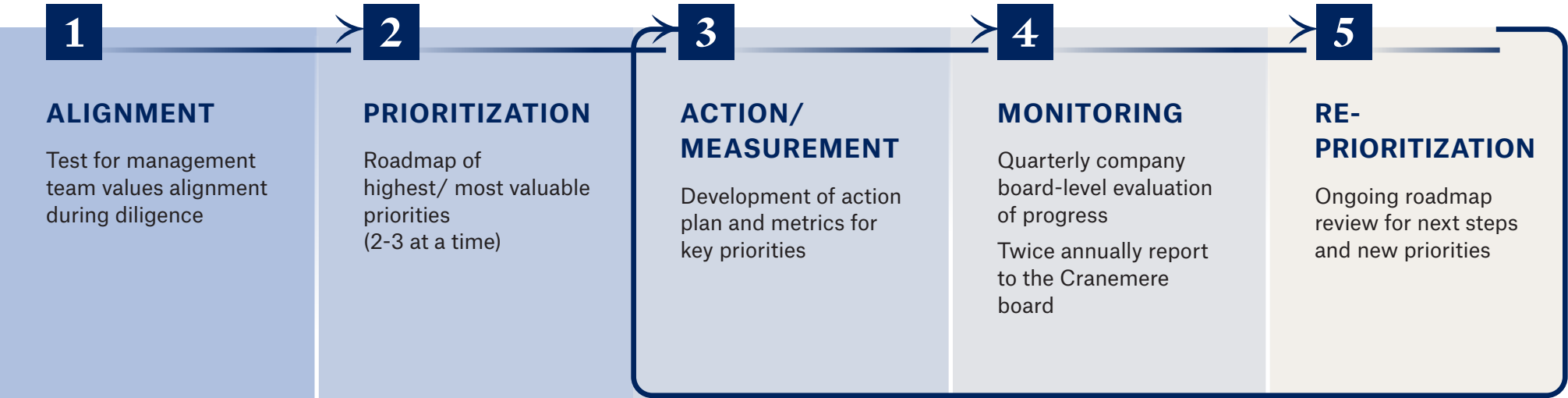
We partner with our operating companies to conduct rigorous, fact-based assessments of their material environmental and social risks and opportunities to develop concrete, value-driven action plans.

Cranemere uses the Integrated Value Analysis (IVA) framework to work with the CEOs and senior leadership of its operating companies on improving environmental and social performance. The IVA evaluates the end-to-end environmental and social impacts resulting from a business and its value chain and highlights the highest priority opportunities where the business can make a difference.

On the environmental side, the Integrated Value Analysis measures a business’ natural capital cost - its impact on the environment - across its supply chain, operations and product use and end-of-life management. These natural capital costs include greenhouse gas emissions, waste, air pollution, water use and pollution, and land use. The analysis then converts each environmental factor (e.g., metric tons of CO2, metric tons of waste disposed) into a monetary value (\$USD), thus presenting the environmental impact data in a format which is readily comparable. On the social side, the analysis evaluates factors such as health and safety performance, productivity, diversity, wage quality, career advancement, and training, and converts them into a monetary value as well.

With the data and findings, each company prioritizes the factors that are most material to its business and develops action plans to address areas with high potential for environmental / social performance improvement and business value creation. Action plans arising from this analysis have spanned product design innovation to reduce waste and greenhouse gas emissions and training programs to enhance productivity and career advancement. These initiatives are usually most impactful and deliver the biggest financial gain over a longer time horizon.

Generating sustainability and social value creation strategies



This actionable set of initiatives across a small number of critical areas establishes specific targets and timelines for implementation as well as KPIs to monitor and report on progress. With the achievement of each action item, Cranemere works together with its operating companies to continuously set priorities to enhance value.

Progress against goals — whether it be related to reduced energy consumption, social and environmental improvements in the supply chain, increased employee engagement levels, or increasing diversity in leadership ranks — is reported at the operating company board level.

Governance by Cranemere’s Board of Directors: Operating company annual goals and progress reports are shared with the Cranemere Board of Directors at least twice a year. In addition, the Cranemere leadership team meets at least three times a year

with the Sustainability, People, and Diversity Committee of the Cranemere Board, whose members have significant experience in these domains. The Committee reviews and provides input on key sustainability and social impact initiatives, and the meetings also serve as a forum for exchanging perspectives on trends and important developments. The full board is apprised of all the Committee’s activities. (See page 32 for Board governance on climate).

In February 2022, the Board of Directors adopted a Board resolution confirming its commitment to Cranemere’s stakeholders’ long-term well-being. Consistent with Section 172 of the UK Companies Act of 2006, the resolution calls for the Directors to consider the interests of employees, suppliers, customers, communities, and the environment in their decision-making. The resolution affirmed the belief that this approach contributes to business success and value creation for Cranemere’s shareholders.