

ESG Report

July 2024

Reported metrics are for the period ended 31 December 2023



LETTER FROM THE PARTNERS



Welcome to Allegro's inaugural ESG Report which incorporates a standard set of ESG metrics for Allegro Funds and our Fund III and Fund IV portfolio companies. These metrics are aligned to the 6 key focus areas of our ESG strategy and the ESG Data Convergence Initiative which over 425 LPs and GPs globally have joined.

Allegro's ESG vision is to be a high impact investor which builds great businesses through Active Complex Transformation (ACT) to deliver superior returns with sustainability and social responsibility embedded in our approach.

This first report outlines our first measurement result across the reported ESG metrics. In effect, these set our baseline, our starting point, and we will report these ESG metrics every 6 months. Over the course of the next 12 to 18 months, we will work with our portfolio companies to develop and implement strategies to improve their performance across these metrics.

In March 2024, we successfully implemented Pulsora, an ESG data capture and reporting system, across Allegro and our platform. All of our Fund III and Fund IV portfolio companies have reported their 2023 ESG metrics to us via this system. Importantly, this system forms the basis of ongoing monitoring and improvement as strategies are implemented.

By the end of 2024, Allegro and 100% of Fund III and Fund IV portfolio companies will have developed their own ESG strategies, and we are excited about the uplift in value that these strategies will create. We look forward to sharing our next update with you at our AGM in September 2024.

Adrian Loader
Founder & Partner

Chester Moynihan
Founder & Partner

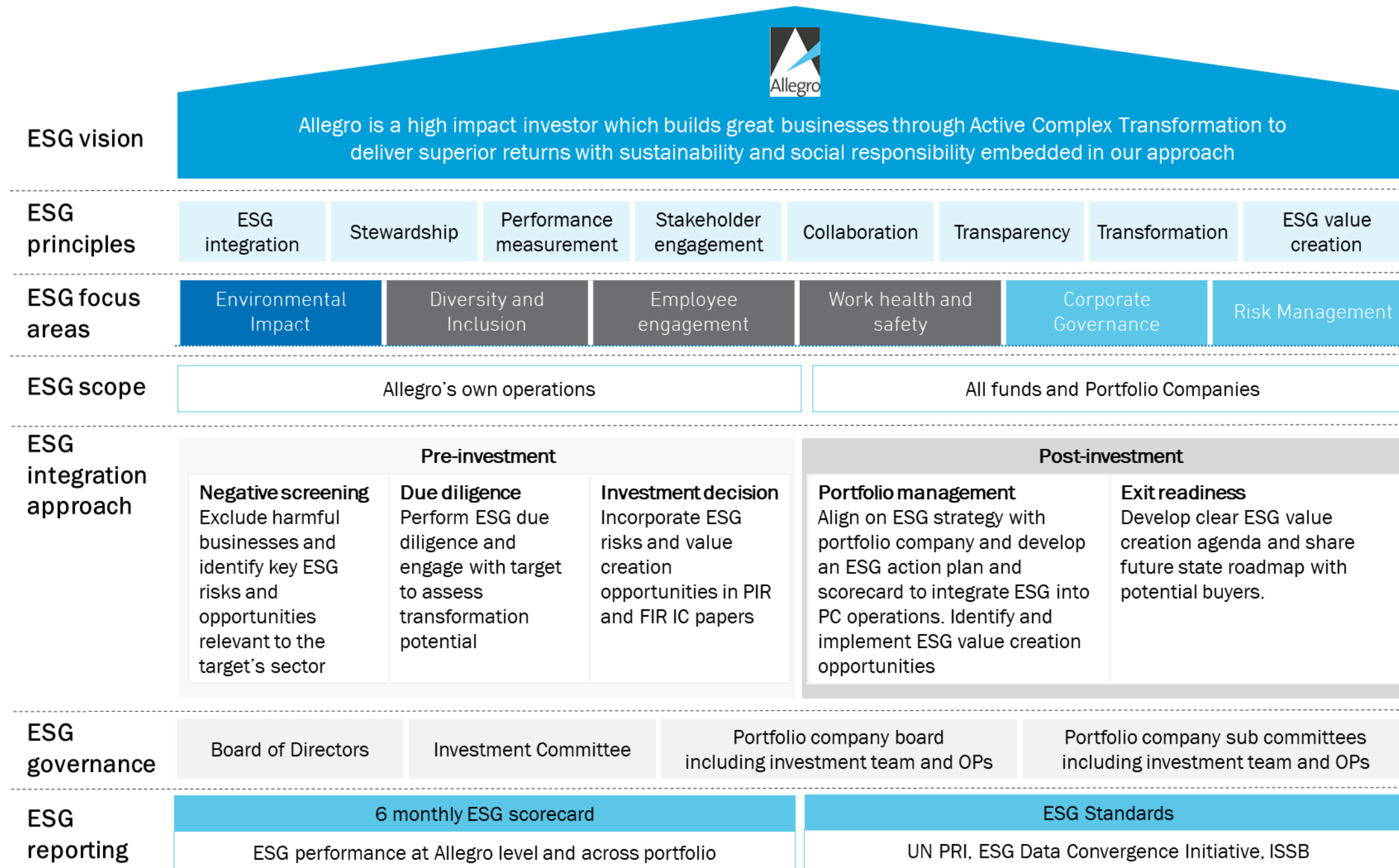
Fay Bou
Partner



Allegro's ESG Strategy workshop to formulate our ESG Strategy and which has been cascaded throughout our portfolio companies (March 2023)

ALLEGRO ESG STRATEGY

OUR ESG REPORTING IS ALIGNED WITH THE 6 ESG FOCUS AREAS OUTLINED IN OUR ESG STRATEGY AND EDCI'S FOCUS AREAS



FUND III & IV PORTFOLIO COMPANIES



RECENT ESG ACHIEVEMENTS – ENVIRONMENTAL

WE ARE PROUD OF THE ESG ACHIEVEMENTS ACROSS OUR PORTFOLIO COMPANIES



ENVIRONMENT

All of our portfolio companies are progressing environmental initiatives that ultimately add value to the business.

Team Global Express' (TGE) vision is to become the most sustainable transport and logistics provider in Australia and New Zealand

TGE recently launched their EV delivery truck fleet which was attended by Prime Minister Anthony Albanese and Minister for Climate Change and Energy, Chris Bowen.

TGE is leading industry change with such initiatives including securing green financing from ARENA which was a part of the fleet financing package.



GHG EMISSIONS BASELINE FOR ALLEGRO PORTFOLIO COMPANIES



Fund	III	III	III	III	IV	IV	IV
Industry:	Hydraulics	Radiology	Transport	Childcare	Fuel	Legal Services	Fund III & IV
Environmental – as at 31 December 2023							Combined
Scope 1 and 2 GHG emissions (tCO2e)	7,033	2,869	382,057	103	241	521	392,824
Emissions intensity (tCO2e/Sales \$m)	23.4	11.2	116.5	0.7	0.2	2.7	75.1

Source: Carbon baseline assessments conducted by Pangolin Associates using the GHG Protocol for Questas, Perth Radiological Clinic, Camp Australia and Slater & Gordon. TGE and Gull assessed their carbon baselines internally using the GHG protocol and completed mandatory carbon reporting in Australia and New Zealand.

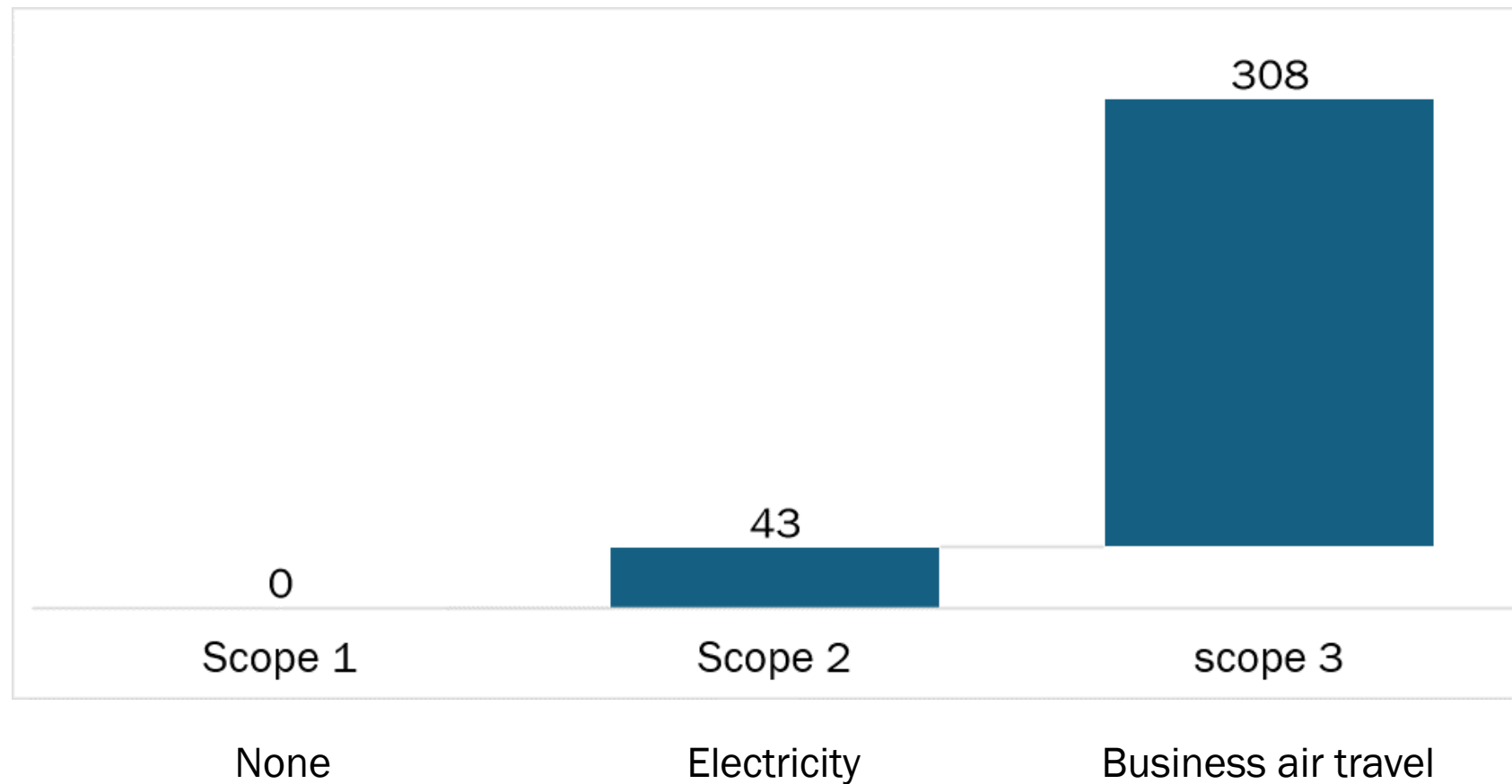
Note: Two new Fund IV portfolio companies, Scyne and Nutun Australia, plan report their carbon baselines in Allegro’s next ESG reporting cycle in October 2024.

GHG EMISSIONS BASELINE FOR ALLEGRO FUNDS

ALLEGRO FUNDS GENERATED 351 TONNES OF CO₂E IN 2023



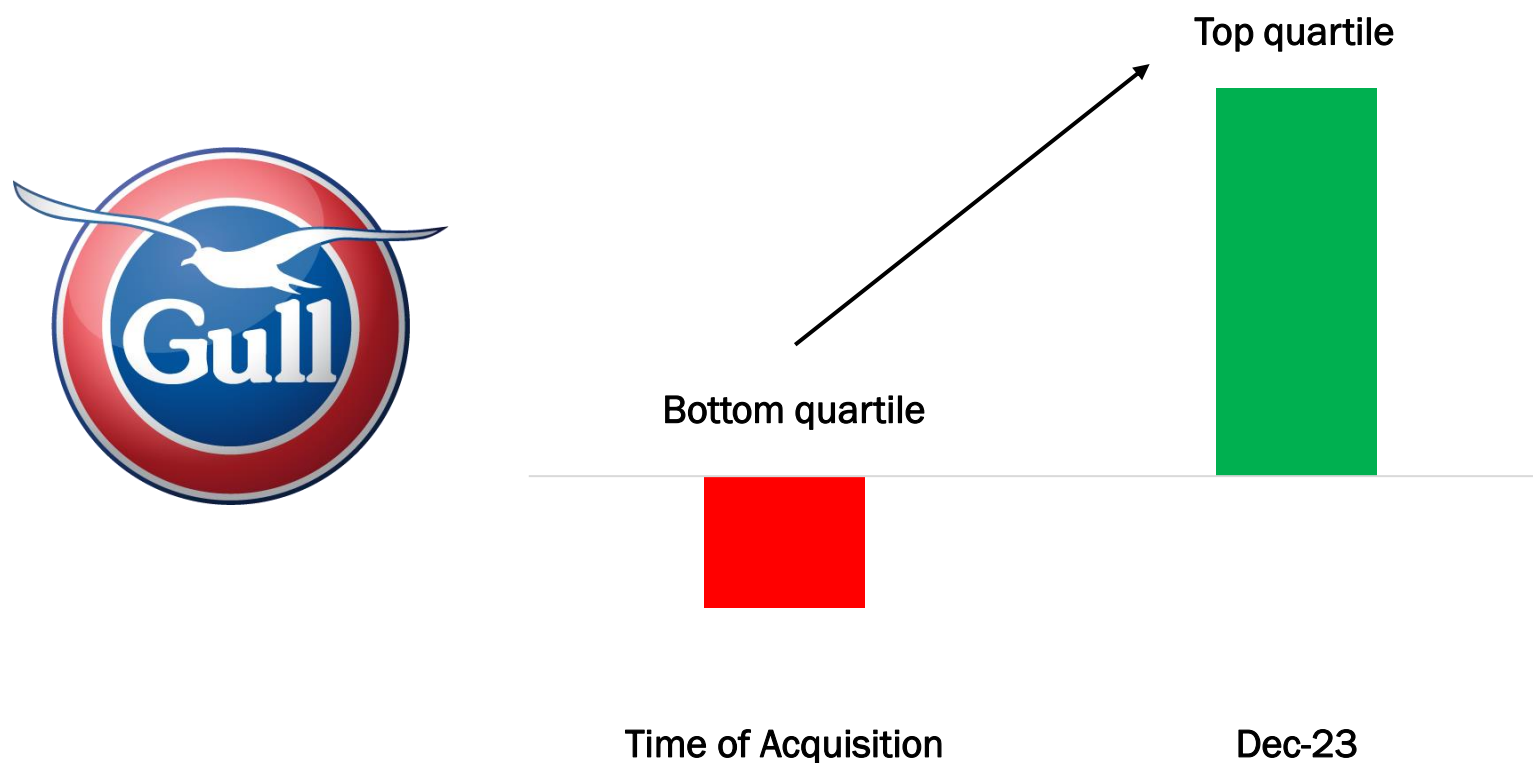
Allegro Funds Carbon Baseline Calendar 2023, t CO₂-e



Total carbon baseline: 351 t CO₂-e

Note: The operational boundary for Allegro's scope 3 emissions for FY23 included business related airline travel.
Source: Pangolin Associates

eNPS Improvement at Gull



SOCIAL

At the heart of the social side of every business is its employees, and high employee engagement and satisfaction are critical for building and growing successful companies.

Gull has made significant progress with its employee engagement and satisfaction evidenced by its employee Net Promoter Score.

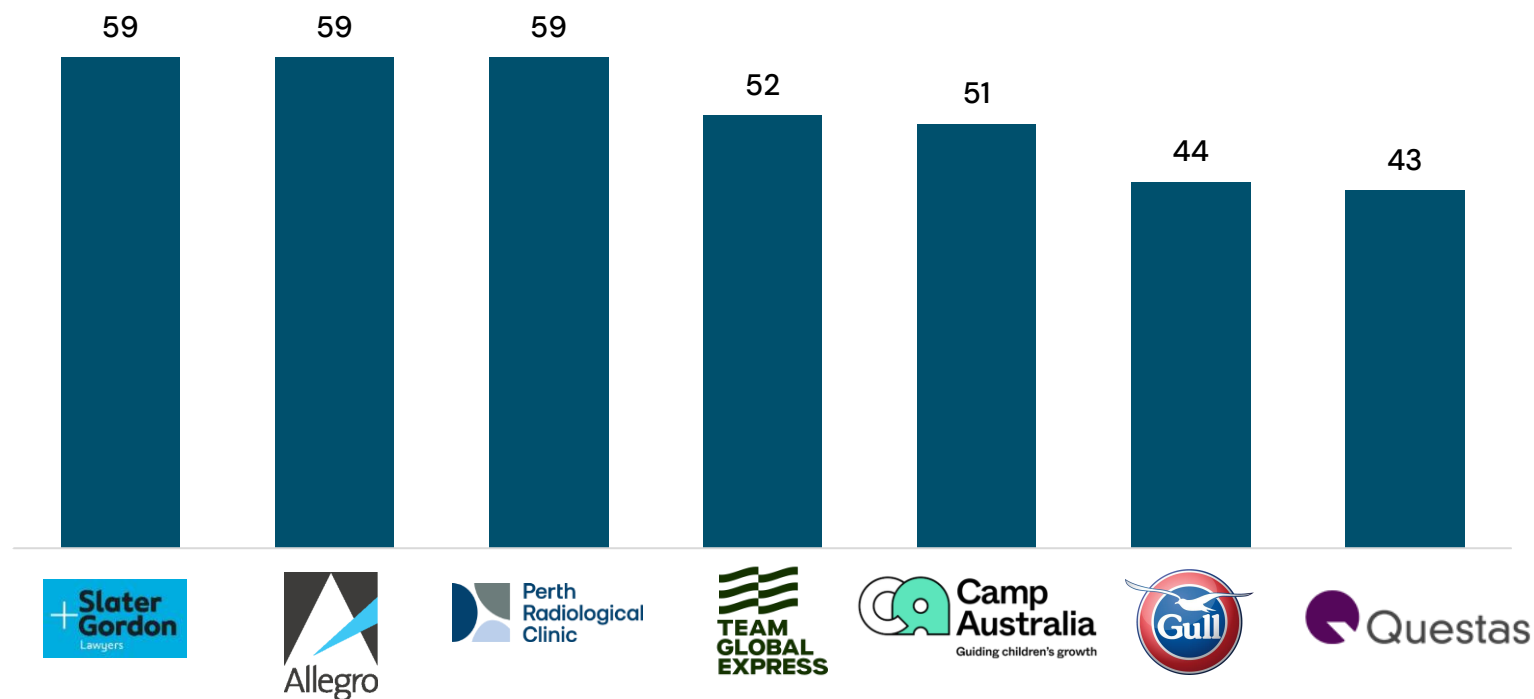
When first measured soon after acquisition by Allegro, Gull's eNPS was negative. By the end of 2023 Gull's employee engagement was transformed to top quartile in New Zealand.

RECENT ESG ACHIEVEMENTS – GOVERNANCE

WE ARE PROUD OF THE ESG ACHIEVEMENTS ACROSS OUR PORTFOLIO COMPANIES



Number of ESG datapoints uploaded in March 2024



GOVERNANCE

Good governance requires accurate and reliable data that is reported regularly to create transparency and accountability.

We are proud to have successfully implemented Pulsora, an ESG data capture and reporting system, across all of our Fund III and Fund IV portfolio companies, with all now reporting EDCI aligned ESG metrics centrally on a half yearly basis.

In addition, each portfolio company has appointed an ESG Lead who is responsible for ESG strategy which includes development, implementation and monitoring of prioritised ESG initiatives as well as an ESG Data Lead who manages data collection and uploading into Pulsora.

2023 ESG METRICS HIGHLIGHTS

THE ESG DATA COLLECTED AND REPORTED HIGHLIGHTS SEVERAL OF THE ACHIEVEMENTS ACROSS THE PORTFOLIO, BUT ALSO BRINGS TO OUR ATTENTION SEVERAL AREAS THAT REQUIRE FURTHER ATTENTION AND WHERE OUR EFFORTS WILL BE FOCUSED



Environmental Impact (E)

Scope 1 and 2 emissions baseline

All portfolio companies and Allegro Funds have completed Scope 1 and 2 GHG emissions baselines.

Decarbonisation initiatives

A number of portfolio companies have started implementing decarbonisation initiatives in order to achieve Net Zero within their target timeframe.

Gull's unmanned petrol stations in New Zealand are ~80% less carbon intensive than manned sites due to much lower electricity consumption.

Diversity and Inclusion (S)

Gender diversity of employees

All portfolio companies and Allegro Funds now assess and monitor workplace gender diversity.

Gender diversity in Exec Teams

The target female representation in Executive Teams for ASX200 listed companies is $\geq 40\%$. Three out of six portfolio companies meet this target.

In the last two years Team Global Express has transformed its executive team from having no female representation to now having over 40% female representation.

Employee Engagement (S)

Employee engagement survey

All portfolio companies and Allegro Funds completed employee engagement surveys in the last 12 months.

Employee Net Promoter Score

Four of six portfolio companies have Employee NPS scores of 28 or higher with 30+ considered "very good". Two portfolio companies achieved big eNPS improvements.

Gull has achieved a remarkable turnaround in its employee engagement by pro-actively addressing a number of issues following Allegro's acquisition.

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Work Health and Safety (S)

Injuries and Lost workdays

All portfolio companies and Allegro Funds track injuries and lost workdays for all employees.

Injury Frequency Rate (TRIFR)

All portfolio companies are focused on building or maintaining a strong safety culture to minimise their TRIFR. Each Board sets a TRIFR target for their company.

Questas has halved its employee injuries by building a safety culture focused on 'home safely every day.'

Corporate Governance (G)

Data collection and reporting

All portfolio companies and Allegro Funds are now collecting and reporting ESG data in Pulsora, a ESG data capture and reporting system.

Employee Code of Conduct

50% of portfolio company employees completed Code of Conduct training in the last 12 months, with all portfolio companies prioritising achieving 100% in the next 6 months.

We look forward to submitting our CY2023 ESG metrics to EDCI imminently and getting access to ESG benchmark data for all our portfolio companies.

Risk Management (G)

Risk management metrics

Half of our portfolio companies have completed climate risk assessments, with the remainder to be completed in the next 6 months.

Cybersecurity training

Over 90% of portfolio company employees completed Cybersecurity training in the last 12 months.

We consider Cybersecurity to be of utmost importance. Our current focus is to ensure that all employees with access to company systems receive cyber training in the next 6 months.

LOOKING FORWARD



ESG FOCUS AREAS FOR OUR PORTFOLIO COMPANIES

OVER THE NEXT 6 MONTHS WE ARE WORKING WITH OUR PORTFOLIO COMPANIES TO UPLIFT PERFORMANCE ACROSS A NUMBER OF ESG FOCUS AREAS



Environmental Impact



Team Global Express is rolling-out a fleet of 60 EV trucks in its Sydney metro pick-up and delivery fleet with EV charging to reduce its carbon emissions



Gull NZ is completing the build and commissioning of a vapour recovery unit at its terminal which will reduce its carbon emissions by over 1,000 tpa

Diversity and Inclusion



Team Global Express is implementing an initiative to increase the number of female truck drivers in its operations in order to improve gender diversity and tap into a new labour pool

Employee Engagement



Questas is implementing several initiatives to improve its eNPS score including an enhanced employee value proposition and an employee recognition program. Questas is also moving its head office to a new building in a better location which will help to attract and retain talent

Work Health and Safety



Camp Australia is focused on reducing its employee TRIFR by increasing employee awareness of the most common causes of trips and slips in classroom settings

Corporate Governance



Four portfolio companies (Gull, PRC, Questas and Team Global Express) are organising employee Code of Conduct training to ensure that all employees fully understand what is expected of them and to ensure that employees feel safe and supported in their workplace

Risk Management



Several portfolio companies are organising Cyber Security training in the next few months for employees that did not complete training during CY23 to improve awareness of common cyber crimes and drivers of data security breaches

ESG REPORTING CALENDAR

WE ARE COMMITTED TO ONGOING ESG DATA MONITORING AND TRANSPARENCY, AND DELIVERING THIS TO OUR STAKEHOLDERS IN THE FORM OF REGULAR REPORTS AND UPDATES

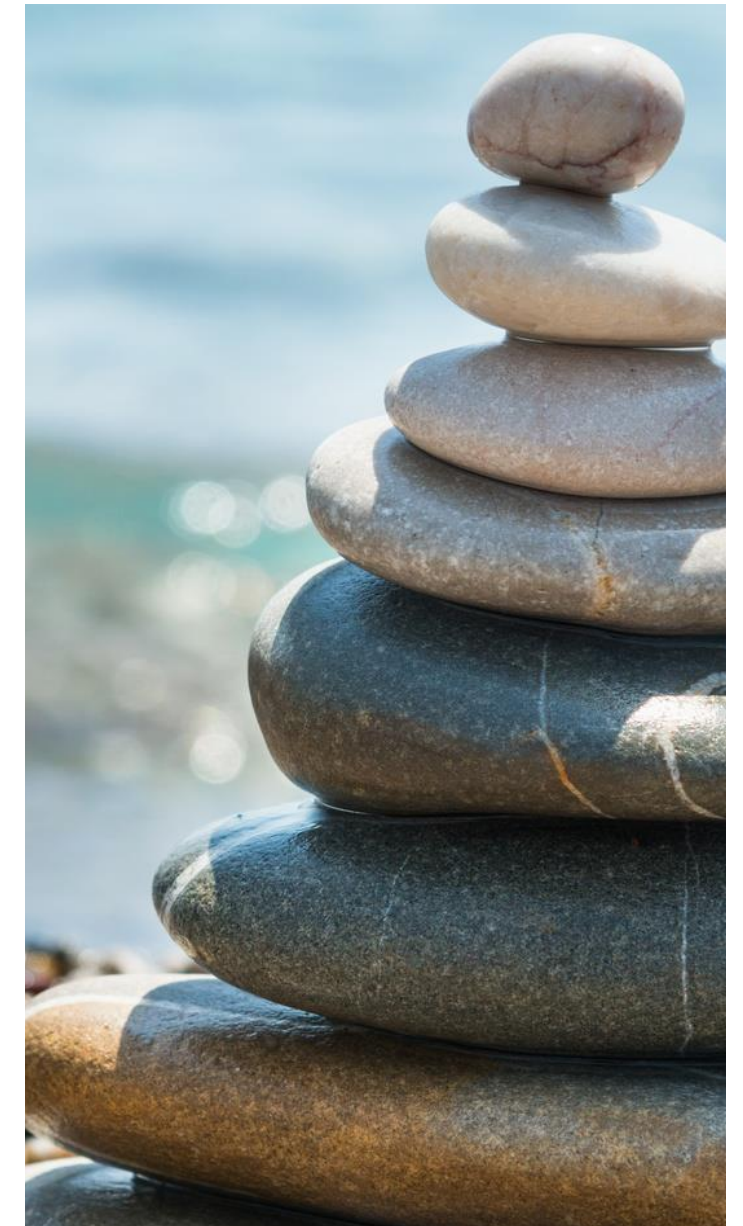


- **First half yearly ESG report issued to Allegro investors (this report)**
- Incorporates ESG metrics for the 2023 calendar year

• Allegro and portfolio company ESG highlights presented to investors at our annual AGM

- Second half yearly ESG Report issued to Allegro investors
- Will incorporate ESG metrics for the 12 months to 30 June 2024

- First Annual ESG report issued to Allegro investors which will include more detailed portfolio company ESG performance and case studies
- Will incorporate ESG metrics for the 2024 calendar year



For any questions relating to the contents of this report, please contact:

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