


 Oakley Capital

Task Force on Climate-related Financial Disclosures Report 2023



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Introduction



“We are proud to introduce Oakley Capital’s inaugural Task Force on Climate-related Financial Disclosures (TCFD) Report, describing our approach to integrating climate-related risks and opportunities into our business.”

David Till

Senior Partner and Co-Founder

As the global economic impacts of climate change become more apparent, we have reinforced our efforts to help mitigate and manage the risks posed by a changing climate. In 2023, natural disasters accounted for \$380 billion in economic losses worldwide¹. From extreme weather events to energy insecurity and market volatility, the far-reaching impacts of climate change intersect with governance, social and economic challenges around the world. While we believe that there has been clear acceleration of climate adaptation and mitigation by governments and industry, the COP28 UN Climate Change Conference renewed awareness of the lag between commitment and action.

While Oakley typically focuses its investments in Western Europe, our portfolio spans a diverse range of geographies, each with its own set of social, economic and environmental risks and opportunities. Although the level of climate risk may vary across sectors and geographies, we consider the impact of climate change as an important factor for our businesses. Integrating climate change risks and opportunities with the aim of protecting and increasing the value of our investments is an important element of our fiduciary duty to our investors. For this reason, climate is one of the three key themes central to our firm and portfolio sustainability programme.

As many of our portfolio companies are in the earlier stages of their sustainability journey, over the past year we have prioritised improving data collection and carbon footprint measurement.

Setting this baseline is an essential first step to understanding where we can take thoughtful and decisive action to reduce our greenhouse gas (GHG) emissions and mitigate climate risks. In 2023, we partnered with a leading sustainability platform for GHG emissions measurement, which provided a structured tool for carbon footprint calculations and an invaluable educational resource for our portfolio companies.

We also supported our portfolio in preparing for climate transition risks as sustainability regulation was high on the agenda in 2023. With many of our portfolio companies falling under numerous climate regulations around the world, we engaged with our portfolio to provide guidance through a combination of our annual Sustainability Forum and site visits.

¹ [Climate and Catastrophe Insight Report](#), 2024. AON. Accessed on 10/06/2024

Introduction continued

This involved discussions and training with our portfolio companies and external providers on topics including the EU Corporate Sustainability Reporting Directive (CSRD), the UK Energy Savings Opportunity Scheme (ESOS), and Streamlined Energy and Carbon Reporting (SECR).

We acknowledge that Oakley has a considerable way to go in our climate journey, and are committed to playing our part in this transition. As we continue to develop our approach to climate change risks and opportunities, we remain committed to being both transparent and meeting the evolving expectations of our investors, regulators and wider stakeholders.

This report gives you an update on our progress, and I hope it provides useful insights into Oakley's ambition to drive climate action across our firm and portfolio.

Compliance statement

This report applies to the approach to climate-related risks and opportunities taken by the Oakley Capital group as a whole. The report is also published in satisfaction of the entity-level disclosure obligations applicable to Oakley Capital Limited (OCL) under Chapter 2 of the Financial Conduct Authority (FCA) Environmental, Social and Governance (ESG) sourcebook.

The disclosures herein for the Oakley Capital group are relevant to OCL and cover OCL's TCFD in-scope business, and references to Oakley should be read to include OCL.

David Till

Senior Partner and Co-Founder



Governance

Oakley’s governance of climate-related risks and opportunities

Oakley considers governance with respect to climate-related risks and opportunities as a necessity for establishing clear lines of accountability and facilitating collaboration on key topics.

The oversight and management of climate-related risks and opportunities are incorporated into the firm’s governance structure and risk management approach.

The diagram below summarises Oakley’s governance structure for the oversight, assessment and management of climate-related risks and opportunities at the executive and management levels.

Organisational oversight of climate-related topics



Senior Management Team

The Senior Management Team personnel overseeing climate-related topics comprise Oakley’s Senior Partner, David Till and two additional Partners, Rebecca Gibson and Arthur Mornington.

The broader Senior Management Team is responsible for setting Oakley’s strategic direction, allocating resources and implementing the firm’s operational plans and policies.

The Senior Management Team receives annual updates on the progress of sustainability-related initiatives and commitments, and considers the Sustainability Committee’s advice when making decisions regarding Oakley’s sustainability approach. However, when material sustainability matters are identified, including climate-related risks and opportunities, these are escalated to the Senior Management Team as necessary.

Investment Committee

The Investment Committee is made up of a selected group of Partners overseeing different areas of Oakley and our portfolio.

Oakley’s Investment Committee is responsible for making investment recommendations to its Investment Manager for final examination and approval. During the due diligence process, the Sustainability and Investment Teams work together to gather and assess sustainability topics and

Governance continued

material ESG information relevant to the sector and the business. Findings from the sustainability due diligence assessments, including climate-related risks and opportunities, are incorporated in the Investment Committee memoranda to be considered in the investment decision-making process.

Sustainability Committee

Oakley's Sustainability Committee was established in 2020. As of 2023, the Committee comprised two Partners, our Chief Operating Officer, Head of Sustainability, Head of Compliance as a standing attendee, and two senior investment professionals who attend meetings as observers. During the year, the structure of the Sustainability Committee was reviewed, and meeting frequency changed from monthly to quarterly.

The Sustainability Committee is responsible for providing guidance, oversight and recommendations to the Senior Management Team and across the organisation on matters related to sustainability, including climate-related risks and opportunities. The Sustainability Committee acts as the driving force to embed sustainability considerations in decision-making and promote sustainable practices throughout the business as we continue to develop a proactive approach to responsible investment. The Sustainability Team reports to the Sustainability Committee and is responsible for implementing the sustainability strategy across the firm and investment process. Material sustainability issues and opportunities discussed by the Sustainability Committee are escalated to the Senior Management Team.

Investment Team

The Investment Team is responsible for the implementation of Oakley's [Responsible Investment Policy](#). Working closely with the Sustainability Team and considering their guidance, the Investment Team integrates material sustainability topics into each stage of the investment cycle.

Sustainability Team

In 2023, Oakley's Sustainability Team grew from one to five people, creating a team with diverse industry and subject matter expertise. The Sustainability Team is responsible for setting Oakley's strategic sustainability objectives, developing an action plan and embedding our sustainability approach across the firm. As part of this broader scope of work, the Sustainability Team provides expertise and support in assessing and managing climate-related risks and opportunities for the firm and our portfolio, developing strategic objectives to reduce our climate impact, building climate knowledge across teams and collaborating with the private markets industry. The Sustainability Team is also responsible for collecting climate metrics for Oakley as a firm as well as the portfolio, and has responsibility for developing and implementing Oakley's climate strategy.

The Sustainability Team works closely with the Investment and Compliance Teams and key committees to ensure alignment on climate issues across Oakley's governance framework.

**Compliance Team**

The Compliance Team is responsible for monitoring and preparing the organisation for upcoming regulations across Oakley's relevant jurisdictions.

The Sustainability Team supports the compliance function and other teams through Oakley's quarterly Regulatory Watch Group Discussion meetings, which incorporate sustainability regulation as a standing agenda item. This ensures that the Compliance Team is kept up to date on climate- and sustainability-related regulatory developments, enabling cross-functional support in meeting our requirements.

The Head of Compliance also sits on the Risk Committee to ensure that climate transition risks can be effectively conveyed to Oakley's Risk Manager.

Strategy

The actual and potential impacts of climate-related risks and opportunities on Oakley's businesses, strategy and financial planning

Climate-related risks and opportunities in the portfolio

Due to the nature of our business, we recognise that climate-related risks and opportunities materialise most prominently in our fund management activities, which could result in material impacts on the performance and long-term value of our investments.

Across our four sectors – Technology, Consumer, Education and Business Services – every company is unique. At Oakley, we prioritise understanding the material sustainability topics for each of our investments. Climate is one of the three themes central to our sustainability programme, which we view as essential for our businesses. However, several factors, including sector, geography and the external market environment, determine the level of exposure to climate-related impacts that each of our companies face.

The Sustainability Team has developed Oakley's initial responsible investment processes across the investment cycle to enable us to identify and understand where sustainability

and climate-related risks are in our portfolio, as well as the materiality and severity of these risks. In 2022, with the support of an external partner, we conducted a physical and transition climate risk scenario analysis to assess 13 portfolio companies in Oakley's three sectors at the time² (Technology, Consumer and Education) and their main countries and regions of operation. For Oakley's initial analysis, we assessed the impact of climate-related risks and opportunities for the portfolio over a time horizon of seven years to 2030, in line with Oakley's investment cycle. At present, in order to manage the risks and opportunities within Oakley's portfolio, taking into account our current investment holding periods, a 2030 scenario is sufficient to understand the portfolio's exposure. Given our pace of acquisition, duration of holdings and recent expansion into a new sector, we intend to undertake scenario analysis on a regular basis as our portfolio evolves in the future.

Physical climate risk assessment

The physical climate scenario analysis assessed acute and chronic physical risks for Oakley's portfolio under an orderly (2°C) and hothouse world (4°C) scenario. Under the 2°C scenario, we assumed the implementation of global climate actions, capping and reducing greenhouse gas (GHG) emissions and therefore limiting physical climate change impacts. In contrast, the 4°C climate scenario assumes little to no action to limit climate change, and rapidly growing GHG emissions would result in higher physical risks as global temperature rises and climate events become more extreme.

We did not consider a disorderly scenario in this analysis, given the limited divergence of climate impacts between a 2°C and 4°C temperature increase within a 2030 time horizon. We would not expect there to be any material change under a disorderly scenario by 2030.



² Business Services was established as one of Oakley's sectors in 2023 after the scenario analysis was completed.

Strategy continued

Transition climate risk assessment

We conducted the climate scenario analysis for transition risks only under a 2°C by 2100 scenario, and assessed the portfolio impact to 2030. This scenario assumes that to limit global temperature rise to 2°C or less by 2100, governments will implement strict policies, and the economy would invest strongly in decarbonisation in line with the 2015 Paris Agreement.

Alternately, under a 4°C scenario, we have assumed there would be no significant transition risks in our portfolio, as this scenario expects global GHG emissions to increase in line with historical trends due to lack of policy and action taken to limit climate change.

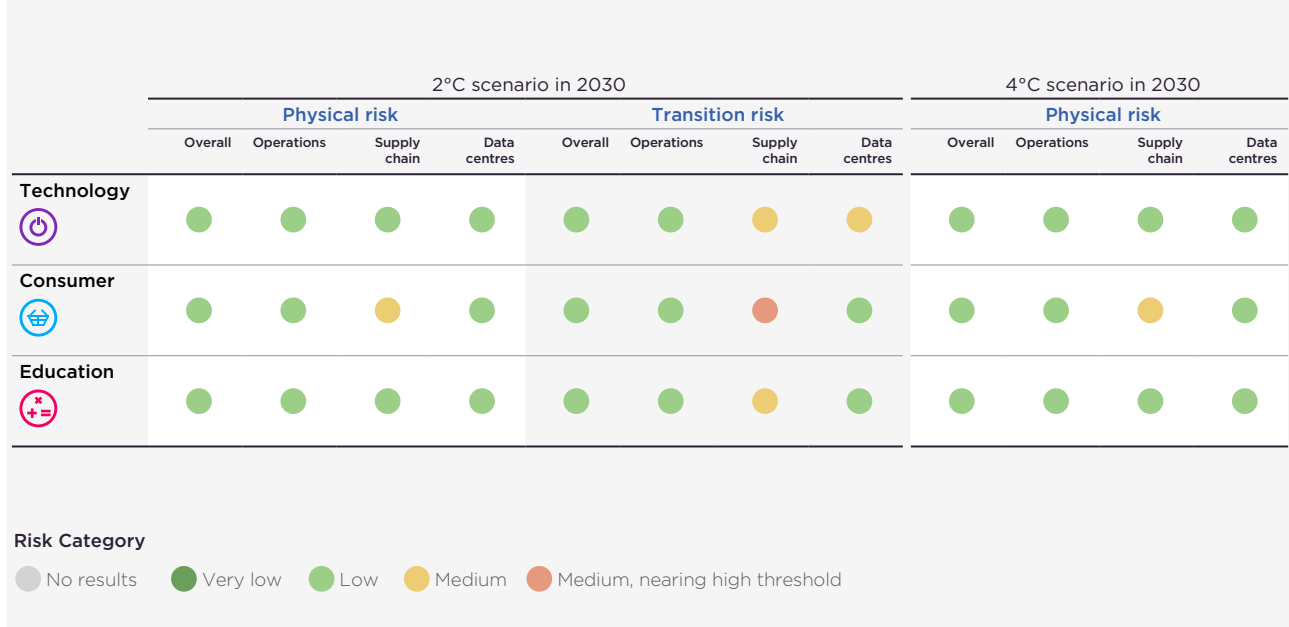
Climate risk assessment results

The heat map below provides an overview of the level of physical risk to 2030 under the 2°C and 4°C scenarios and the level of transition risk under a 2°C scenario for the operations, supply chains and data centres of Oakley’s investment sectors. Additionally, the table on [pg. 8](#) outlines the key climate risks and opportunities identified across our portfolio and the potential business impact for our investments. These portfolio risks and opportunities not only impact our investments but also Oakley as a firm. If we do not effectively manage and mitigate portfolio climate risks, the outcomes of such risks could result in lower fund performance, lower asset valuations, increased costs and negative stakeholder perception for Oakley. On the other hand, where we support our portfolio

companies to take advantage of climate-related opportunities, this can result in positive outcomes such as improved portfolio company resilience, higher fund performance, increased revenue, enhanced reputation and growth in assets under management (AUM).

Although our initial climate scenario analysis demonstrates that Oakley’s portfolio overall has limited exposure to climate-related risks, by performing this analysis we were able to better understand the potential impacts of climate change on our investments (as further described on [pg. 8](#)), including physical and transition climate risks. Our approach to scenario analysis will continue to evolve over time to further incorporate industry best practice and to ensure we can obtain meaningful climate insights that are actionable in Oakley’s decision-making.

Portfolio heat map of climate-related risk by 2030



Strategy continued**Physical risks**

As reflected in the heat map, there is limited change to our portfolio physical climate risk exposure between the 2°C and 4°C scenarios. This is linked to the short time horizon (2030) used for the scenario analysis, as the most significant climate risks for the relevant geographies to which the portfolio is exposed are expected to manifest over a longer time horizon. As we conduct climate scenario assessments in the future on an extended timeline, we expect the two scenarios to diverge later in the century, in line with climate science predictions for emissions reductions plans by 2050 and beyond.

Transition risks

The heat map highlights that, across all sectors, higher climate-related transition risks are found predominantly in the supply chain. As many of our portfolio companies are based in, and have supply chain operations in,

countries that have set public climate targets and commitments, there is greater exposure to a range of climate regulation and disclosure frameworks across multiple jurisdictions, resulting in higher climate transition risks. The associated costs of compliance and risks of non-compliance will therefore fall on portfolio companies.

Technology

The majority of our technology portfolio companies are software-based and do not manufacture hardware, relying primarily on third-party data centres and resulting in lower supply chain risk exposure. Additionally, many of these businesses operate in countries with low physical risks under the disorderly and hothouse scenarios within the 2030 time horizon. However, these portfolio companies have a higher exposure to data centre transition risks as many countries move toward low-carbon technology and energy efficiencies.

Consumer

Both transition and physical risks are highest for the consumer sector supply chain. While Oakley invests primarily in digitally enabled consumer businesses where overall risk remains low, for our consumer investments that manufacture or distribute physical products, the supply chain risk increases. These businesses are more exposed to varying levels of physical and transition risks in their countries of sourcing and operations across their supply chain.

Education

Most of our education businesses operate in low climate-risk jurisdictions, therefore physical risks are low across the orderly and hothouse scenarios. However, as the majority of Oakley's education portfolio is based in Europe – where there has been an influx of climate-related regulation and disclosure requirements in recent years – the underlying assets are exposed to medium-level transition risks.

Strategy continued**Summary of portfolio climate risks and business impact**

This table relates to the heat map on [pg. 6](#), providing a summary of the climate risk drivers identified as part of the climate scenario analysis. The potential portfolio impacts outlined below were broadly consistent across Oakley's sectors for this assessment.

Risk type	Description	Potential portfolio impact
Acute physical risk	Increased severity and frequency of extreme weather events such as drought, coastal flooding and wildfires, that may cause damage to physical assets or disrupt operations	<ul style="list-style-type: none"> • Reduced revenue and increased operating expenses (opex) and capital expenses (capex) • Higher insurance premia • Investment in adaptation to protect asset value and operability
Policy and legal	Increased regulatory pressure as jurisdictions adopt climate-related requirements (e.g. carbon prices and energy efficiency standards) to support a transition to a low-carbon economy	<ul style="list-style-type: none"> • Increased cost of compliance to meet requirements • Increased litigation costs and/or financial penalties if compliance requirements are not met
Market and reputation	<p>Increasing demand from investors and financiers for companies to demonstrate good climate-related performance</p> <p>Customer demand for new or enhanced products and services in line with changing preferences and expectations on climate change</p>	<ul style="list-style-type: none"> • Increased costs to meet market demands • Increased expenditure to build capability around climate • Loss of customers and/or market share if the business does not meet changing demands

Opportunity type	Description	Potential portfolio impact
Products and services	Increased demand for sustainable products/services to support customers with sustainability ambitions e.g. new Software as a Service (SaaS) businesses for GHG emissions data (tech), sustainable materials (consumer) or new climate modules (education)	<ul style="list-style-type: none"> • Increased product innovation • Increased market share
Market and reputation	<p>Shift in customer preferences towards low-carbon products and services</p> <p>Climate-linked financing reducing the cost of capital</p>	<ul style="list-style-type: none"> • Increased demand for sustainable products and services • Opportunity for business growth • Enhanced brand and competitive reputation

Strategy continued

Firm operations and operational strategy

Oakley's direct operations are not considered to be materially exposed to physical climate risks as the firm comprises four European offices that primarily source business and professional services without complex supply chains. However, we recognise our firm still has a role to play in reducing our operational climate impact. We have been measuring our carbon footprint since 2019 and are actively looking at improving our data quality, expanding our carbon footprint to incorporate material

GHG Protocol Scope 3 categories and moving from spend-based calculations to activity-based calculations. Additionally, in 2024 we will be developing our climate strategy to provide the foundation to establish a transition plan for Oakley in the future.

To strategically address the firm's transition risks, the Sustainability, Legal and Compliance Teams work closely together to ensure risks are mitigated.

With respect to its portfolio management activities, Oakley does not rely on third-party delegated managers.

Industry collaboration

While approaches to climate risk management and mitigation are still nascent for asset managers across the private markets industry, Oakley recognises the importance of sharing knowledge and experience with our peers to make meaningful progress on addressing climate change risks and opportunities.

We see collaboration as a catalyst to progress on complex global issues surrounding climate change and the challenges the industry is facing, such as data collection, transition planning and reporting standards.

Members of our Sustainability Team are active participants in several working groups and industry initiatives that aim to drive industry action on climate, including³:

Initiative Climat International (iCI):

A collaborative network of private equity firms working together to tackle climate change within our industry. Oakley has been a member since August 2021 and our representatives sit on bodies such as the Regulatory Working Group, which aims to help provide clarity and guidance to private equity firms on climate-related regulations.



Invest Europe:

The world's largest association of private capital providers. Oakley is a long-standing member, and our representatives sit on its Responsible Investment Roundtable, a permanent forum dedicated to responsible investment and ESG within the sector.



ESG Data Convergence Initiative (EDCI):

An open partnership of private equity stakeholders committed to streamlining ESG data collection in the sector. Oakley joined the initiative in 2022.



Principles for Responsible Investment (PRI):

A UN-supported network to advance responsible investment. Oakley became a signatory to the PRI in 2016 and we are committed to its six Principles, reporting annually on how we are implementing them.



³ Further details on Oakley's contribution to these industry initiative can be found in our Responsible Investment Report on our website.

Risk management

The processes used by Oakley to identify, assess and manage climate-related risks

Managing climate risks throughout the investment process.

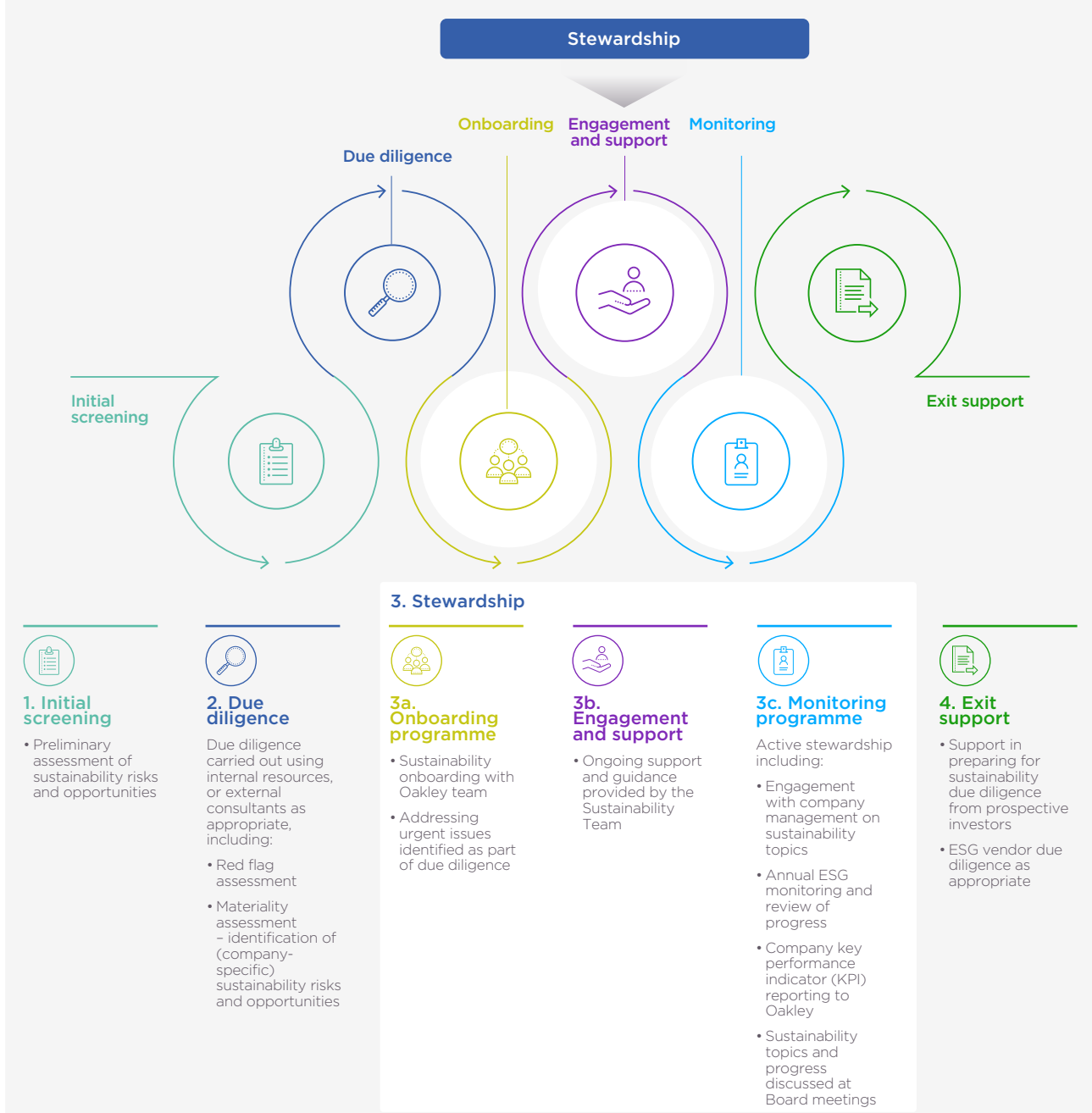
At Oakley, identifying and managing climate-related risks is an important aspect of our overall risk management framework, which we implement

as part of our fiduciary duties to safeguard investors' financial and non-financial interests.

We consistently evaluate climate risks as a potentially material factor for both our new investment opportunities and existing portfolio.

The Sustainability Team works closely with the Investment Team to integrate sustainability throughout the investment life cycle.

Our responsible investment process consists of four key stages:



Risk management continued**Pre-investment****1. Initial screening**

During the initial screening phase, the Sustainability Team, in collaboration with the Investment Team, identifies whether the entity operates in industries or geographies that are new to Oakley, where our understanding of climate risks may be less developed.

Although Oakley's target sectors are not classed as highly emitting⁴, if an investment opportunity arises in an industry considered high risk for climate impacts, the Sustainability Team engages with the Investment Team to assess the potential climate risks. A decision is then made during this screening on whether it is appropriate to progress with the deal.

2. Due diligence

During the due diligence phase, the Investment Team and Sustainability Team work together to identify sustainability risks and opportunities, including climate, and determine the extent to which they can be managed or mitigated post investment.

Where material risks are identified, the Sustainability Team conducts an in-depth review and, if necessary, engages external advisers to deepen our understanding of these risks.

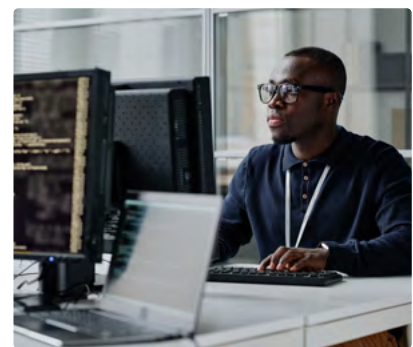
This phase also marks the beginning of our collaboration with the company's management team. Findings from the sustainability due diligence process are integrated into the investment memoranda and presented to the Investment Committee for review as part of its decision-making process.

3. Stewardship programme

Our aim is to empower management teams during our ownership phase, providing them with the knowledge and tools to identify and manage climate and broader sustainability risks and opportunities in their business and sector.

3a. Onboarding

If an investment is successful, the findings are incorporated into the business's 100-day plan, which includes a sustainability onboarding session with the management team, including climate. During this session, the Sustainability Team introduces Oakley's sustainability processes, presents due diligence findings and agrees on an initial sustainability action plan.



⁴ High-emitting sectors may include energy, materials and buildings, and agriculture, food and forest products.

Risk management continued**3b. Engagement and support⁵**

Sustainability initiatives and action plans are driven by each management team, with our Sustainability Team providing guidance throughout the ownership phase. The team is available to support and offer necessary tools to facilitate progress on key initiatives, including climate areas.

We hold on-site meetings with the majority of our portfolio company management teams at least annually and host events and webinars to foster collaboration, knowledge-sharing, and best practices. These touchpoints enable discussions on common sustainability issues and provide a platform to learn and hear from leading industry speakers.

As our whole portfolio faces physical and transition climate risks to some degree, emerging challenges, such as data collection and reporting, are always discussed at these meetings. Through these efforts, we strive to advance sustainability and climate practices and build stronger partnerships with our portfolio companies.

**3c. Monitoring and reporting**

Our goal is to improve the sustainability and ESG performance of our companies while they are part of our portfolio. Monitoring and reporting allow us to regularly assess performance and identify areas for development and improvement across each fund and at portfolio company level.

We ask portfolio companies to report annually on progress and KPIs through our annual sustainability survey, which measures data for the previous calendar year. In 2023, for the first time, we collected climate and wider ESG data from both our majority and minority investments. The KPIs and questions we ask are based on a combination of the Sustainability Accounting Standards Board (SASB) industry guidelines, EDCI metrics and our knowledge of the sectors we invest in. All portfolio companies are asked, at a minimum, to report on Oakley's core ESG KPIs in line with the previously mentioned frameworks. Climate-related metrics include GHG emissions, non-renewable and renewable energy consumption, and progress on decarbonisation.



In addition to the major post-reporting touchpoint with the Sustainability Team between the end of Q1 and early Q2, the Investment and Sustainability Teams regularly discuss ESG KPI progress and sustainability topics with portfolio management teams throughout the year and present material updates to Oakley on a quarterly basis as part of our Quarterly Portfolio Reviews.

4. Exit

As a responsible investor, we prioritise sustainability and climate factors not only during our ownership phase, but during the exit process where we see showcasing areas of sound sustainability management as an essential part of a business's exit strategy.

To achieve this, we remain transparent about sustainability and climate risks and opportunities throughout the exit process. We reflect on how the business has progressed against its sustainability action plans and related KPIs, including climate where material, and the value creation opportunities resulting from these initiatives and risk mitigation practices.

⁵ Further details and examples of Oakley's portfolio engagement and support can be found in our Responsible Investment Report on our website.

Spotlight: Climate transition risk

Preparing for climate regulation

In recent years, there has been a surge in sustainability and climate-related regulation around the world.

According to an analysis by data management firm ESG Book, the number of sustainability regulations has increased by 155% globally over the past decade, encompassing more than 80 jurisdictions worldwide⁶. This regulatory landscape has amplified the transition risk for both Oakley and our portfolio. In 2023, managing regulatory risks through capacity building and ensuring compliance readiness emerged as a priority.

Firm level

As numerous jurisdictions continue to make commitments to the transition to a low-carbon economy, financial service regulators are acutely aware of the threat climate change poses to financial stability and the positive contribution investors are in the position to make to climate action.

To ensure Oakley remains well informed and equipped to navigate the evolving sustainability and climate-related regulation, we conduct a quarterly cross-functional Regulatory Watchlist Discussion, engaging colleagues from the Sustainability, Compliance, Legal, Tax and IT Teams. For these meetings, we have developed an Oakley regulation tracker to monitor updates and track progress against emerging regulations. Sustainability legislation is a standing agenda item in these discussions, enabling the Sustainability Team to provide updates, outline next steps and request support to all relevant teams on climate-related disclosure regimes including the UK Sustainability Disclosure Requirements (SDR), the Sustainable Finance Disclosures Regulation (SFDR) and the EU Green Claims Directive.

Portfolio level

With the rapid influx of sustainability regulations, particularly those centred around transparency and disclosure, many companies find themselves grappling with the complex and varied reporting requirements across different jurisdictions.

To support our portfolio companies in mitigating this risk, in 2023 the Sustainability Team developed an internal sustainability regulation tracker. This tracker is updated throughout the year to monitor emerging legislation and identify which portfolio companies fall in scope of the various regulations. When companies are found to be in scope, the Sustainability Team engages with management teams to provide knowledge, resources and guidance, to develop the necessary systems to meet requirements. The tracker is not intended to identify and monitor all sustainability-related regulations, but instead is used to flag the major regional and occasionally country-level regulations.

Through the portfolio sustainability regulation tracker, we found that over 50% of our majority investments will be required to report under the Corporate Sustainability Reporting Directive (CSRD), which includes climate as a material topic for all businesses. To support our portfolio ahead of reporting, we invited external advisers to speak at our 2023 ESG Forum on the requirements of CSRD and what steps need to be taken in preparation. This included sector workshops on double materiality as well as extensive discussions and Q&A opportunities for our portfolio companies.

⁶ [ESG regulations have increased 155% in the last decade](#). Written by Matt Mace, published on 20th June 2023.

Metrics and targets

The metrics and targets used by Oakley to assess and manage relevant climate-related risks and opportunities

Oakley recognises the importance of disclosing relevant, consistent and comparable data to our investors and wider stakeholders.

Corporate emissions

As a firm of over 160 people, we believe it is important to monitor our carbon footprint. Due to the nature of our business, our financed GHG emissions constitute the largest part of our overall carbon footprint. However, we view decarbonisation across Oakley’s direct operations as a strategic opportunity to improve energy efficiency, achieve cost savings and improve resource

management. We are committed to identifying, assessing and reducing, where possible, our operational Scope 1, 2 and material Scope 3 GHG emissions alongside our portfolio.

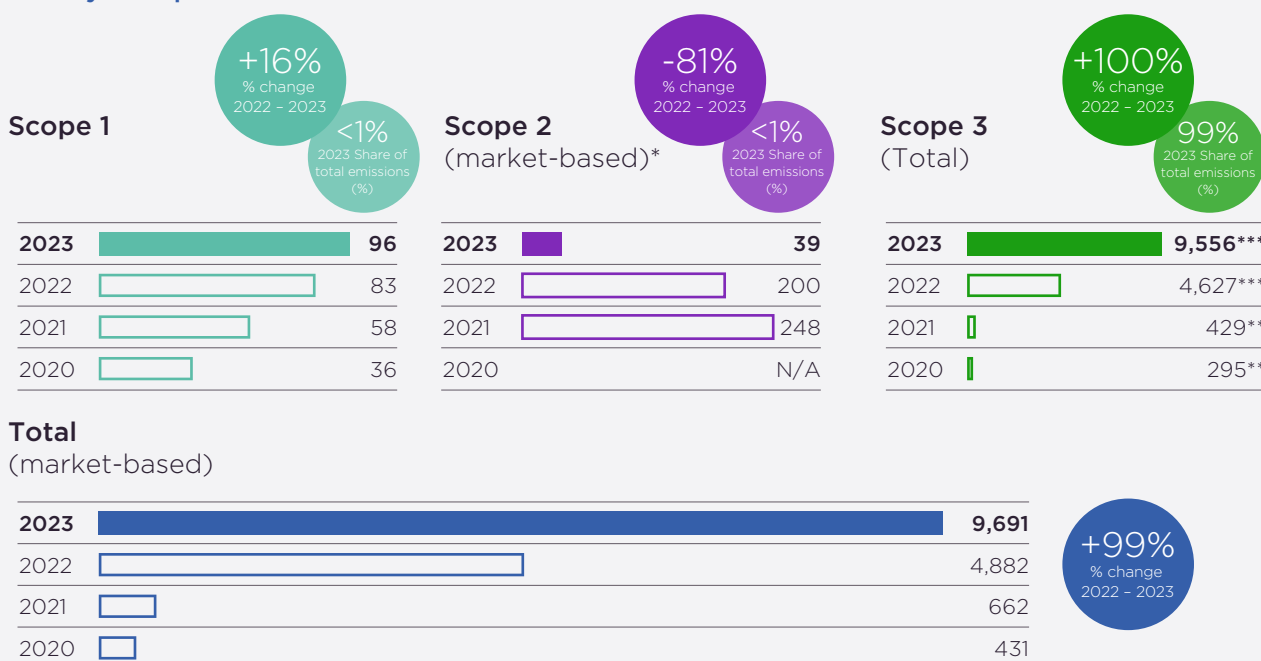
To identify our emissions hotspots and the most impactful drivers for decarbonisation, we completed our first operational carbon footprint assessment in 2021, which included data from 2019, 2020 and 2021. Since 2022, Oakley’s carbon footprint assessment has included Scope 1, Scope 2 and all relevant operational Scope 3 categories. Our operational footprint is based on actual data for Scopes 1 and 2, and a combination of activity- and spend-based approaches

dependent on data availability for Scope 3. We measure our carbon footprint across Oakley’s four offices in London, Munich, Milan and Luxembourg.

In 2023, our Scope 1 GHG emissions increased by 16% due to a refrigerant leak in our London office. However, Scope 1 GHG emissions represent less than 1% of Oakley’s operational carbon footprint.

Our Scope 2 GHG emissions account for less than 0.5% of our total operational GHG emissions. Despite our firm’s growth, we achieved an 81% reduction in Scope 2 GHG emissions in 2023, primarily due to our London office switching to a 100% renewable tariff in Q4 FY22.

Oakley’s corporate emissions



* In previous years we reported location-based Scope 2 emissions (see our 2022 Responsible Investment Report for historical emissions). Oakley’s 2023 location-based emissions are 94 tCO₂e, however we will be reporting market-based emissions going forward.

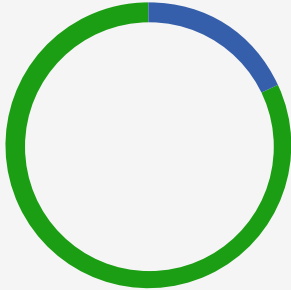
** 2020 and 2021 Scope 3 emissions are limited to business travel and employee commuting.

***Scope 3 emissions only cover operational emissions and excludes category 3.15 financed emissions. 2023 financed emissions are disclosed separately on [pg. 16](#).

Metrics and targets continued

Total electricity consumption:

443 MWh



Total renewable electricity consumption:

362 MWh

Total non-renewable electricity consumption:

81 MWh

Oakley’s operational Scope 3 GHG emissions have doubled due to increases in business travel and employee commuting, which are directly linked to the rise in headcount from 140 to 168 in 2023. The impact of organisational growth is also evident in the increase in our spend-based GHG emissions for purchased goods and services, such as laptops, and capital goods.

Carbon intensity by revenue:



87 tCO₂e/€m

of total consumption

Renewable electricity



82%

of total consumption

Following our carbon footprint assessment and hotspot analysis, in 2024 we will develop Oakley’s climate strategy for our operations. This strategy will explore the most appropriate approaches to reduce our climate impact, set targets and assess potential initiatives to identify achievable commitments.

Additionally, our Munich office reduced its Scope 2 GHG emissions by 72% by increasing its renewable energy tariff to 52% of electricity purchased and improving data quality from square footage estimates to actual measurements.



Metrics and targets continued

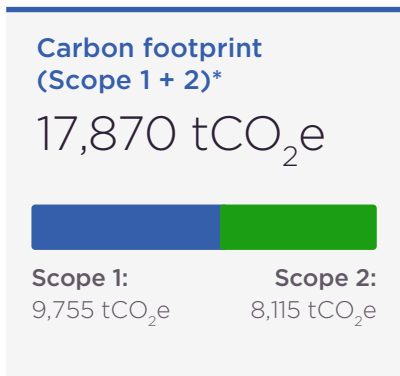
Financed GHG emissions

Through our annual ESG survey of portfolio companies, we collect climate metrics, identify risks and monitor the progress of our portfolio. As Oakley invests in private companies that are often in the early stages of their sustainability journey, data availability is typically lower than in public markets.

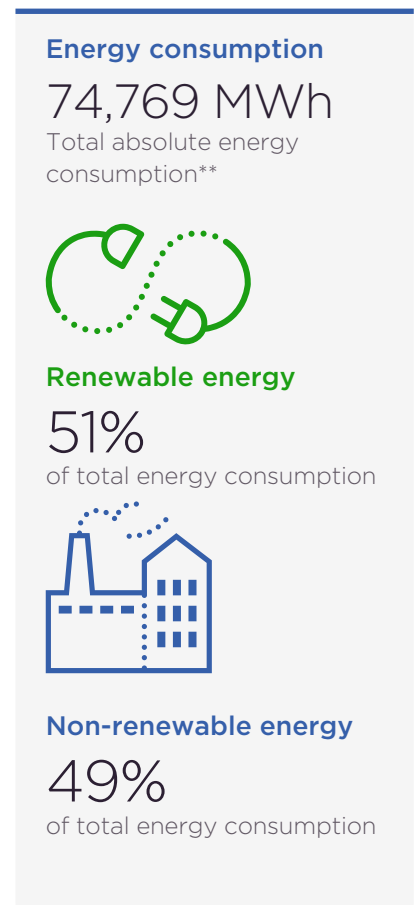
In 2023, a growing number of our portfolio companies expanded their in-house capabilities or engaged external partners to calculate their Scope 1, 2 and Scope 3 GHG emissions where data is available; however this remains a challenge for many. For this reason, in Q4 of 2023 we partnered with a leading sustainability platform for GHG emissions measurement and reporting, to set a baseline for Oakley’s financed GHG emissions. For the purpose of our FY23 reporting, we excluded investments made in Q4 2023 onwards as we deem the timeframe too short to engage with portfolio companies with respect to the management of their operations and their carbon footprint. We considered investments post management onboarding, in line with industry guidance.

Through this partnership, our portfolio companies were able to use the platform to take a structured approach to calculating their carbon footprint. For the FY23 reporting period, five portfolio companies used the platform to calculate their GHG emissions, with an additional five companies signing up to measure their carbon footprint in the future. In FY23, 39% of our majority investments and 38% of our minority investments were able to measure their carbon footprint through their own initiatives or through the support of our external partner platform. This amounts to 38% of the total portfolio measuring their GHG emissions. As a result, we expect data quality and availability from our underlying portfolio companies to improve and consequently strengthen the quality of our climate risk assessment in the following reporting periods.

All actual and estimated carbon footprint calculations are attributed Oakley’s investment in each portfolio company in line with the Greenhouse Gas Protocol and with the Partnership for Carbon Accounting Financials (PCAF) framework, the industry standard for GHG emissions accounting in financial services. We will continue to support our companies in improving data collection as we move toward collecting their actual GHG emissions data.



For the remaining 62% of portfolio companies that are not yet measuring their carbon footprint and were unable to provide actual data, our external partner supported Oakley to bridge this gap by calculating carbon emissions estimates using sector intensity averages and specific company information and financial data.



* This figure includes carbon emissions that were calculated by external consultants where portfolio companies provided the data, a mix of activity and spend-based estimates, estimates using company financial data and sector-specific emission factors, depending on data availability.

** This figure represents 64% of all portfolio companies.

Oakley TCFD disclaimer

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