

2023

# ESG Report

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HOLLYPORT  
C A P I T A L

# Hollyport ESG Report 2023

## I am pleased to present Hollyport's first annual ESG report.

Founded in 2006, Hollyport Capital is a leading private equity secondaries manager. We buy portfolios of mature private fund positions, enabling institutional investors to realise non-core investments (LP Portfolio sales). These investments represent only a small proportion by value of the original fund commitments and are typically highly diversified in terms of investment strategy and geography. We also work closely with the managers of mature funds to provide fund-level solutions which can deliver both liquidity to investors and additional capital to support further growth in underlying portfolio companies (Complex Secondary transactions).

Hollyport is passionate about having a positive impact on its people, culture and the world. That is why ESG is embedded in our values and policies, which we formalised in 2021.

We are dedicated to integrating ESG considerations across all investment decisions and we demonstrated this commitment in 2021 by signing the internationally-recognised UN Principles for Responsible Investment.

We are proud of our progress so far, but we will challenge ourselves to do better and continue to evolve and improve our ESG efforts. In this report we set out our approach to ESG issues: how we integrate ESG analysis in our investment process, how we handle ESG as a firm, alongside our achievements so far.

*John Carter*

**CEO**  
Hollyport Capital



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# Our ESG policy

Using the following six Principles for Responsible Investment as a guide, we will continue to ensure our ESG efforts incorporate best practice:

We will incorporate ESG issues into investment analysis and decision-making processes

01

We will be active owners and incorporate ESG issues into our ownership policies and practices

02

We will seek appropriate disclosure on ESG issues by the entities in which we invest

03

We will promote acceptance and implementation of the Principles within the investment industry

04

We will work together to enhance our effectiveness in implementing the Principles

05

We will each report on our activities and progress towards implementing the Principles

06

# Our investment policy

01

Our approach to ESG integration consists of three elements:

01

Negative screening

02

Pre-investment due diligence on GPs

03

Post-investment monitoring and reporting

## Negative screening

In addition to prohibited sectors from applicable legal and regulatory restrictions, Hollyport applies a negative screening process for portfolio companies involved in:

Pornography

Tobacco

Indiscriminate or conventional weaponry

To date, no notification obligations have been triggered.



## Pre-investment due diligence on GPs

We carry out ESG due diligence on GPs. LP Portfolios are scored 'red' where there is low coverage of portfolio NAV that is managed by GPs with an ESG policy.

For all LP Portfolios the ESG rating is an important factor that the Investment Committee considers when making an investment decision.

The scoring system of LP Portfolios at the GP due diligence stage:

The % of NAV that is managed by GPs who have a formal ESG policy for their investment process



Above 50%

20% - 49%

Below 20%

We are typically able to exert a greater degree of influence over GPs on Complex Secondary transactions. We therefore assess whether the GP has an ESG policy and if not, we will seek side letter provisions to provide comfort.

Our scoring system is:

- GP (or key co-investor) has a formal ESG policy incorporated into their investment process
- GP does not have a formal ESG policy incorporated into their investment process but will make a commitment to implement one through a side letter
- GP does not have a formal ESG policy incorporated into their investment process and there is no commitment to implement one

Hollyport research **goes above and beyond the track record** and reputation of the GP firm; we also conduct research on each of the individual partners' background and reputation.

Progress since incorporating ESG considerations into our investment due diligence process:



**71% of completed transactions and 100% of Complex Secondary transactions** scored green

## Post-investment monitoring and reporting



Hollyport participates as an LP in a broad range of GPs across diversified portfolios. We use this platform to create awareness and encourage best practice across the industry.

We have commenced a GP outreach programme, whereby we target and engage with key GPs that do not have an ESG policy. We actively discuss ESG progression and encourage adoption.

We have **rejected deals** due to ESG reasons.

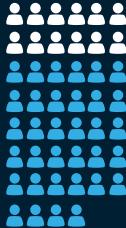
- 01 Around 70% of NAV of the latest Hollyport fund is managed by GPs with an ESG policy
- 02 We are seeing an upward trend in the number of GPs adopting ESG policies across Hollyport funds

As a PRI signatory, we report under that framework and we will publish our first UN PRI transparency report in 2023.

[1] ESG risk rating and policy considerations were implemented in August 2021. Chart includes all deals signed up to and including Q3 2022, by count

# Our team

Having grown from a firm of **12 to 46 in just five years**, Hollyport is committed to creating a diverse workforce and an inclusive environment for all our staff.



We are committed to creating a culture which **fosters respect and celebrates the diversity** of people's backgrounds and circumstances.

## Our values

**01 Innovation**

Our company values run through all our initiatives, with teamwork and supporting others being a key focus.

**02 Integrity**

We are continually learning and improving our efforts in this area.

**03 Teamwork**

## DEI Committee

To further support our **diversity, equity and inclusion goals**, we formed a working group that is responsible for steering the DEI programs for the firm. The committee **comprises employees across all levels and functions**.

## Data transparency

Hollyport collects and analyses data on **gender, ethnicity and education** to understand and track our progress on these different metrics.

Currently, our statistics show that our workforce is made up of:<sup>[1]</sup>



**41% women** (2021: 33%)

In the Investment Team,  
**31% are women** (2021: 27%)



**26% people of the global majority** (2021: 31%)

**12 native languages** spoken

**46%/54% split** between private and state educated employees

## Recruitment and outreach

As a committed equal opportunity employer, we support the hire of diverse talent in two main ways: by **running fair and inclusive recruitment processes** and by having a wide and diverse range of candidates.

Our recruitment policy ensures there is a **diverse panel of interviewers**, spanning all departments, seniorities and genders for each hire.

We request recruitment firms that we work with to formally confirm that they are **equally committed to finding candidates** which represent all ethnicities, gender and socio-economic backgrounds.

As a result of our efforts, of the new joiners in 2022:

**67%**  
are women  
(2021: 22%)

**60%**  
of Investment Team recruits  
are women  
(2021: 17%)

**27%**  
are people of the  
global majority  
(2021: 22%)

[1] As of 31 December

## Annual employee surveys

In 2022, we engaged with a third-party DEI consultant to conduct anonymised surveys:

“Employees report high levels of belonging. Furthermore, most employees, regardless of demographic characteristics or position, feel that Hollyport values innovation, integrity, and teamwork.



## Inclusion

Hollyport works hard to create an inclusive environment and reinforces this culture through our daily practices:

An open plan office to promote collaboration and an “open door” policy that encourages staff to seek help from others, regardless of seniority

01

New joiners are paired with a mentor to help them settle in and get to grips with business basics

02

Broad range of social events

03

Focus on mental wellbeing through offering tailored mental and physical health care packages

04

Focus on staff safety, with annual anti-sexual harassment and discrimination trainings

05

We hired our first Head of People to overlook and build on these initiatives as the firm grows

06

# 03

## Our industry



Hollyport is passionate about supporting diversity in the wider industry.

We hosted two successful networking events in London and New York. Our aim for the events was to **facilitate networking** and to help build relationships with a **diverse range of individuals** in the industry.

We hope to continue to attend and sponsor events like this going forward to encourage open dialogue and recognise the importance of **diversity, equity, and inclusion**.

Furthermore, we look to support diversity in the wider industry through our participation with organisations such as Level 20 and take part in industry surveys for bodies such as the BVCA.

# 04

## Our community

Hollyport aims to give back to the community by committing not only funds, but also time and knowledge.

### Our current initiatives



#### Community teamwork days

We promote volunteering opportunities via a platform called Matchable, encouraging employees to **engage with charity work** and connect with projects they really care about.

In 2020, we formed our **Charity Committee**. It meets quarterly to review current initiatives and drive new ideas.



#### A donation fund

Set aside for staff to **nominate charities close to their hearts** every quarter.

So far, we've donated to 36 charities from this fund.



#### The Hollyport scholarship

We are taking **action to improve** the accessibility of private equity to women and people from diverse backgrounds through our scholarship programme, managed by registered charity Crowd Scholar.



# Our environment

05

Hollyport is serious about sustainability. We encourage best environmental practice across our suppliers and staff. We have dedicated sustainability champions, whose role is to push forward and review these initiatives.

## Carbon emissions

We track our carbon emissions to identify ways we can reduce or completely remove their causes, comparing results year-on-year with the aim to become carbon neutral in line with the **UN “Race to Zero” initiative**.

We work with Clear, one of the **first carbon offset providers** offering **QAS-certified carbon offsets**, to offset our annual emissions by contributing to eco projects, including:



### REDD+

Diverts funding to the local Amazon economy to prevent further deforestation.



### GOLD STANDARD

Wind power project based in India, connecting 26 windmills to the grid and reducing 48 thousand tonnes of CO<sub>2</sub>e.

To make commuting healthier for our employees and the planet, we also **champion a Cycle to Work scheme**.

Due to working from home in 2020, our **carbon emissions were significantly reduced**. We have maintained this reduced level in 2021 and 2022.

## Reduce and recycle



In 2018, we introduced **recycling facilities in our communal areas to promote a culture of sustainability**. We work with First Mile to recycle as much waste as possible, tracking our efforts with the target of becoming a zero-waste office.

We carry out an annual audit of our suppliers, to make sure firms we work with are also **complying with sustainability targets**.

In 2020, we switched to a cleaning contractor that uses natural, **non-toxic products** to maintain high hygiene standards without polluting and poisoning the environment.



## Cybersecurity

Malware rose **11% year-to-date** over the first half of 2021, and attack volume remains at **near-historic high in 2022**.

Cybersecurity is an ever-evolving consideration, with businesses now needing to ensure their **data is secure both inside and outside the company** network due to flexible working patterns following COVID-19.

Hollyport takes this very seriously, with **substantial upgrades made to our cybersecurity software** and policies since the pandemic and continuing over the last year.

**01** We continue to run an annual penetration test of our networks, as well as publicly discoverable information, interchanging between independent industry-leading firms to avoid potential provider blind spots.

**02** We moved to an enhanced security package from our IT support provider, which includes Mobile Device Management for all devices holding company data.

**03** We introduced an education portal to test and educate employees throughout the year, which complements our annual live training session from our IT provider.

**04** Key internal recruitment made during the year, including a Head of People and a Compliance Officer to strengthen corporate governance.

## Looking ahead in 2023

We will publish our first UN PRI transparency report in 2023 and we will continue to issue an annual ESG report to enhance transparency.

Continue to implement UNI PRI's principles for responsible investment.

Widen GP outreach programme.

Enhance ESG review and monitoring during due diligence and post-investment, including the exploration of external data tools.

Continue to monitor emerging ESG related regulations.

Rotation of DEI and Charity Committee members to bring fresh ideas to promote these initiatives.

Continue to offset our carbon footprint with the goal to become fully neutral.

Join the Sustainable City Charter launched by Westminster Council.

Join Cyber Essentials, a Government-backed, industry-supported scheme to help organisations protect themselves against common online threats.

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