PUBLIC DISCLOSURE STATEMENT

CRESCENT CAPITAL PARTNERS MANAGEMENT PTY LTD

ORGANISATION CERTIFICATION

FY2022–23

Australian Government

Climate Active
Public Disclosure Statement

CrescentCapitalPartners

An Australian Government Initiative

Climate Active

NAME OF CERTIFIED ENTITY	Crescent Capital Partners Management Pty Ltd
REPORTING PERIOD	Financial year 1 July 2022 – 30 June 2023 Arrears report
DECLARATION	*To the best of my knowledge, the information provided in this public disclosure statement is true and correct and meets the requirements of the Climate Active Carbon Neutral Standard.*
	Lucy Cooper Director – ESG 31st October 2023

Australian Government

Department of Climate Change, Energy, the Environment and Water

1.CERTIFICATION SUMMARY

TOTAL EMISSIONS OFFSET	817 tCO_2-e
OFFSETS USED	100% ACCUs
RENEWABLE ELECTRICITY	49.23% total renewable electricity (Market-based)
CARBON ACCOUNT	Prepared by: Pathzero Pty Ltd
TECHNICAL ASSESSMENT	Next technical assessment due: October 2025

Contents

2. CARBON NEUTRAL INFORMATION

Description of certification

This carbon inventory has been prepared for the financial year from 1 July 2022 to 30 June 2023.

The emissions boundary has been defined based on the operational control approach, in accordance with the principles of the National Greenhouse and Energy Reporting Act 2007. The boundary comprises the business operations of Crescent Capital Partners Management Pty Ltd (‘**Crescent Capital**’, or ‘**Crescent**’) of ABN 18 180 571 820 at the following location:

- Level 29 Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000, Australia

In step with the operational control approach, the emissions boundary does not include emissions directly attributed to the Fund Trustees, or emissions related to the investment portfolio of Crescent Capital Partners Management Pty Ltd. In addition to the emissions within the defined boundary, all flights taken by Crescent Capital staff on behalf of Fund Trustees and investment portfolio companies have also been quantified and optionally included.

The greenhouse gases included in the inventory include all those that are reported under the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF_6). All emissions are reported in tonnes of carbon dioxide equivalent (tCO_2e) and uses relative global warming potentials (GWPs).

Organisation description

Crescent Capital is an independent private equity fund manager founded in 2000. Through deep in-house expertise assisting emerging and growth companies across Australia and New Zealand, Crescent have raised over $3 billion across seven funds, completed more than 45 foundation investments and assisted our portfolio companies with over 150 follow-on acquisitions.

Crescent is an active and experienced investor in healthcare companies in Australia, with a strong return profile in all PE healthcare investments, and with healthcare representing 36% of investments in the last 10 years. The diverse portfolio also contains companies across industrial, financial services, technology, education and consumer brands.

With large investment and ESG teams, the investment approach combines strategy consulting and management experience, that delivers a highly structured and disciplined approach to portfolio management and ESG integration.

3. EMISSIONS BOUNDARY

Inside the emissions boundary

All emission sources listed in the emissions boundary are part of the carbon neutral claim.

Quantified emissions have been assessed as relevant and are quantified in the carbon inventory. This may include emissions that are not identified as arising due to the operations of the certified entity, however are **optionally included**.

Non-quantified emissions have been assessed as relevant and are captured within the emissions boundary, but are not measured (quantified) in the carbon inventory. All material emissions are accounted for through an uplift factor. Further detail is available at Appendix C.

Outside the emissions boundary

Excluded emissions are those that have been assessed as not relevant to an organisation's operations and are outside of its emissions boundary or are outside of the scope of the certification. These emissions are not part of the carbon neutral claim. Further detail is available at Appendix D.

Inside emissions boundary

Quantified

Accommodation and facilities

Cleaning services and chemicals

Climate Active carbon neutral products and services

Construction materials and services

Electricity

Food

ICT services and equipment

Postage, courier and freight

Professional services

Transport (Air) (direct)[2]

Transport (Land and Sea)

Waste

Working from home

Office equipment and supplies

Base buildings

Venue hire

Non-quantified

N/A

Optionally included

Transport (Air) (Indirect)[3]

Outside emission boundary

Excluded

Purchased goods and services – minor business expenses, membership costs and fees[1]

[1] Irrelevant per the Climate Active 'Relevance Test' (category includes various fees and membership costs) *(See Appendix D for further information)*

[2] Flights taken by Crescent Capital staff members on behalf of Crescent Capital Partners Management Pty Ltd *(See Appendix A for further information)*

[3] Flights taken by Crescent Capital staff members on behalf of Fund Trustees and investment portfolio companies *(See Appendix A for further information)*

4. EMISSIONS REDUCTIONS

Emissions reduction strategy

Ambition

In accordance with our Responsible Investment Policy, we commit to taking positive action to reduce the risks and impacts of climate change and reduce our impact on the environment. As such we are committed to maintaining ongoing carbon neutrality in line with Climate Active certification, and to implementing emissions reduction actions as outlined below.

Reduction target

We aim to reduce Scope 1 and 2 emissions by 42% by 2030, compared to a 2022 base year. We have selected this reduction target to align with the science-based target methodology (SBTi) scenario to limit global warming to well-below 2°C.

In addition, we commit to more detailed analysis of our Scope 3 emissions including engagement with our suppliers, so that in the future we can commit to Scope 3 emissions reduction targets that are ambitious and achievable.

Strategy

We have identified the following actions to support emissions reductions. They will be put into place in the future where they are not already enacted:

Scope 1 and 2 emissions reduction

- **Energy management** (100% of Scope 1 and 2 emissions) –

  Actions include the continued procurement of 100% GreenPower electricity, which Crescent began purchasing in March 2023, and exploration of further energy efficiency enhancement opportunities in our office facilities.

Scope 3 emissions reduction

- **Air travel** (56% of Scope 3 emissions) –

  Actions include the continued engagement with travel partners on Climate Active offsetting options at the point of purchase, and a review of business travel practices, to identify opportunities reducing travel frequency.

- **Purchased goods and services** (33% of Scope 3 emissions) –
  Includes Professional Services, Food, ICT Equipment, and Other Services

  Actions include the continued engagement with suppliers to understand data availability and identify opportunities for new practices, and development of indicators to monitor supplier emissions intensity over time. Professional services will be a priority area of focus.

- **Base buildings** (6% of Scope 3 emissions) –

  Actions include engagement with building services manager to identify ways to support emissions reduction opportunities across the facility, such as HVAC activities, as well as data quality improvement solutions to increasingly accurately capture base building emissions.

Other

- **Internal engagement** –
  Crescent's Sustainability Working Group will continue its work in supporting these ambitions, through data collection and analysis, the education of colleagues, and implementation of meaningful actions.

Emissions reduction actions

Scope 1 and 2 emissions reduction

- **Electricity** – (*estimated 16.53 tCO2-e avoided)*
  In March 2023, Crescent transitioned to 100% GreenPower energy resulting in a 100% decrease in scope 2 emissions for the final quarter of FY23. This resulted in an estimated reduction of 31% in this category across the financial year. Crescent is expecting to reach 100% reduction in scope 1 and 2 emissions in FY24 when compared to a reference year of FY22.

Scope 3 emissions reduction

- **Transport (Air)**
  In FY23 Crescent began the process of engaging with a commercial airline partner to facilitate the offset of flights at point of purchase. This engagement process is ongoing in FY24.

- **Staff Commuting** – (*estimated 17.35 tCO2-e avoided)*
  Engagement with staff on the nature of their personal transit improved the data available for estimating staff emissions generated by employees travelling to and from work. This reduced staff commuting emissions by 51% despite an increase in the total number of employees. This engagement also had a positive effect on staff commuting preferences, with a 16% increase in the proportion of staff choosing to walk, cycle, or catch public transport to commute to work as their primary form of transport.

Other

- **Internal engagement** –
  During FY23, internal trainings enhanced awareness and understanding of greenhouse gas emissions, emissions reduction initiatives, and the actions that could be taken to reduce the footprint of our own activities, as well as those of our portfolio companies.

- **Portfolio engagement** –
  We use direct engagement with our portfolio companies as a way to motivate and enable change. We see that this is a significant opportunity to magnify the positive impact that we can achieve, through our direct ability influence and assist on key topics. In this reporting period, we engaged actively with many of our portfolio companies on ESG topics including emissions measurement and reductions, educating them on the importance of emissions reduction actions as well as providing support to help them enact them.

5. EMISSIONS SUMMARY

Emissions over time

Emissions since base year			
		Total tCO_2-e (without uplift)	Total tCO_2-e (with uplift)
Base year/Year 1:	2021–22	489.40	N/A
Year 2:	2022–23	816.03	N/A

Significant changes in emissions

Summary

Emission source name	Previous year emissions (t CO_2-e)	Current year emissions (t CO_2-e)	Detailed reason for change
Transport (Air)	148.93	439.54	Restrictions on global travel reduced the number of flights taken in the first half of FY22. The emissions increase in FY23 is due to an increase in the number of flights when covid restrictions were removed. However, the volume of flights in FY23 is estimated to be approximately 72% of pre-COVID activity (using CY19 as a reference year).

In the last financial year, our overall emissions increased notably, from 489tCO2e to 816tCO2e. This is almost entirely attributable to an increase in indirect Transport (Air) emissions that are optionally included in our baseline.

Discussion

A breakdown on contributors to the net movement of total emissions is as follows:

Contributors to net movement in emissions FY22 – FY23				
		tCO_2-e	% change vs FY22	Contributors
Total: Last financial year (FY22)		**489.40**		
Direct reduction actions taken	*Emissions reduction*	-24.30	-34%	Data quality, GreenPower
Increase in air travel	*Emissions increase*	+290.61	+195%	Flights taken
Increase in other activities	*Emissions increase*	+68.99	+62%	FTE, renovations, taxi, accommodation
Other net movements	*Emissions reduction*	-8.68	-6%	Expenditure and emission factor change
Total: This financial year (FY23)		**816.03**		N/A

Transport (Air) emissions increased from 148.93 tCO2-e to 439.54 tCO2-e. Transport (Air) emissions are made up of flights taken by Crescent's operations as well as flights taken by Crescent Capital personnel allocated to Funds or Investee companies. Flights taken within Crescent Capitals operations only represent 4% of all flight emissions. Please see further clarification on our approach towards Crescent's emissions boundary in Appendix A.

We consider that the FY22 air transport emissions were not an accurate representation of baseline emissions activities; in the first half of FY22, both domestic and international flights were still significantly disrupted as a result of the ongoing global COVID-19 pandemic.

Our FY23 activities have been generally unaffected by the COVID-19 pandemic in that the ability to travel is no longer restricted, and the increase in travel and transit related activities including flights, taxi, and accommodation are a reflection of this.

To better understand the relative impact of our reduction measures we have compared our activities to pre-covid levels. Overall the flights taken is trending down: in FY23 our flights were only 72% of CY19 levels (based on km-travelled), despite a 31% increase in FTE. We believe this is due to the increased awareness and uptake of alternatives to flights, such as virtual meetings, accelerated through the pandemic, as well as increased staff consideration of alternate options. As such we are comfortable that on a covid-adjusted basis we have achieved reduction in activities in this category.

We are committed to reducing our scope 3 emissions and will continue to engage with commercial airlines partners to build collaborative solutions that reduce Crescent's total scope 3 emissions. For more information on this ongoing engagement please see section *4. Emissions Reductions.*

Use of Climate Active carbon neutral products, services, buildings or precincts

Crescent Capital Partners used Climate Active certified services within Professional and ICT Services categories, which resulted in avoidance of 31.18 tCO2-e emissions.

Certified brand name	Product/Service/Building/Precinct used
Gilbert + Tobin	Legal Services
Pathzero	Carbon Neutral Management Platform

Emissions summary

The electricity summary is available in the Appendix B. Electricity emissions were calculated using a market-based approach.

Emission category	Sum of scope 1 (tCO_2-e)	Sum of scope 2 (tCO_2-e)	Sum of scope 3 (tCO_2-e)	Sum of total emissions (t CO_2-e)
Accommodation and facilities	0.00	0.00	4.65	4.65
Cleaning and Chemicals	0.00	0.00	0.32	0.32
Climate Active carbon neutral products and services	0.00	0.00	0.00	0.00
Construction Materials and Services	0.00	0.00	47.35	47.35
Electricity	0.00	29.99	3.97	33.96
Food	0.00	0.00	41.07	41.07
ICT services and equipment	0.00	0.00	47.28	47.28
Postage, courier and freight	0.00	0.00	0.31	0.31
Professional Services	0.00	0.00	91.63	91.63
Transport (Air)	0.00	0.00	439.54	439.54
Transport (Land and Sea)	0.00	0.00	17.61	17.61
Waste	0.00	0.00	18.95	18.95
Working from home	0.00	0.00	1.51	1.51
Office equipment and supplies	0.00	0.00	13.51	13.51
Base buildings	0.00	0.00	48.62	48.62
Venue hire	0.00	0.00	9.71	9.71
Total emissions	**0.00**	**29.99**	**786.04**	**816.03**

Uplift factors

N/A

6. CARBON OFFSETS

Offsets retirement approach

This certification has taken an in-arrears offsetting approach. The total emission to offset is 817 tCO_2-e. The total number of eligible offsets used in this report is 850. Of the total eligible offsets used, zero were previously banked and 850 were newly purchased and retired. 33 are remaining and have been banked for future use.

Co-benefits

Jawoyn Fire 2 & Wilinggin Fire Project

Jawoyn Fire 2 is located on the Traditional lands of the Jawoyn people, in the northern regions of the Northern Territory, and the Wilinggin Fire Project is located on the Wilinggin Indigenous Protected Area in the Kimberley, Western Australia. In both these projects the respective Traditional Owners carry out wildfire land management using indigenous practices derived from thousands of years of cultural experience, with the aid of modern tools and equipment.

By supporting these projects, Crescent Capital is supporting the training and employment of Traditional Owners as fire specialists and rangers. Fire management practices such as early dry season burning reduce the amount of greenhouse gas emissions released into the atmosphere from unmanaged wildfires that occur in the late dry season.

In addition, enacting fire management practices protects vulnerable habitats, cultural sites, and community infrastructure from wildfires, and mitigates the impacts of weeds and feral animals on local threatened species.

Eligible offsets retirement summary

Offsets retired for Climate Active carbon neutral certification											
Project description	**Type of offset units**	**Registry**	**Date retired**	**Serial number (and hyperlink to registry transaction record)**	**Vintage**	**Stapled quantity**	**Eligible quantity retired (tCO_2-e)**	**Eligible quantity used for previous reporting periods**	**Eligible quantity banked for future reporting periods**	**Eligible quantity used for this reporting period**	**Percentage of total (%)**
Jawoyn Fire 2 Project	KACCU	ANREU	19 October 2023	8,330,557,069 - 8,330,557,835	2021-22		767	0	33	734	90%
Wilinggin Fire Project	KACCU	ANREU	19 October 2023	8,332,632,982 - 8,332,633,064	2021-22		83	0	0	83	10%
									Total eligible offsets retired and used for this report	817	
								Total eligible offsets retired this report and banked for use in future reports	33		

Type of offset units	Eligible quantity (used for this reporting period)	Percentage of total
Australian Carbon Credit Units (ACCUs)	817	100%

7. RENEWABLE ENERGY CERTIFICATE (REC) SUMMARY

Renewable Energy Certificate (REC) summary

N/A

APPENDIX A: ADDITIONAL INFORMATION

Emissions Boundary clarification

This section clarifies the treatment of flights, and the difference between direct flights (which fall inside the emissions boundary), and indirect flights (which have been optionally included inside the emissions boundary).

<u>Direct flights</u> – *18.14 tCO2e*

Direct flights are flights that were taken by Crescent's staff members for activities related to *Crescent Capital Partners Management Pty Ltd* activities. These expenses are included in the Statement of Profit & Loss of *Crescent Capital Partners Management Pty Ltd*, and decisions related to the necessity and timing of these flights are always made by *Crescent Capital Partners Management Pty Ltd*. As such, under accounting and operational control measures, these fall naturally within the emissions boundary, and so are included under relevant, quantified emissions.

<u>Indirect flights</u> – *421.40 tCO2e*

Indirect flights are flights taken by Crescent's employees for business activities for the benefit of the investors into the Crescent managed funds, for example, flights taken to meet the management of a potential investee company (a company the Crescent managed fund is looking to acquire). These flights are expenses in the Statement of Profit & Loss of the respective fund and not *Crescent Capital Partners Management Pty Ltd* and generally decisions related to the necessity and timing of these flights are dictated by the party on whose behalf they are taken. As a result, under the operational control approach, these would not be included within the emissions boundary.

Crescent Capital recognises that these indirect flights would not regularly be included in the emissions boundary but has chosen to optionally include these activities inside of the emissions boundary. This is because Crescent believes this is important to do in line with the ethos of Climate Active Certification, and to truly account for the impact of Crescent's business activities. This is because although these flights do not fall in the scope of what is generally recognised by carbon accounting principles, the flights were taken by Crescent staff in the course of supporting Crescent portfolio companies and funds. Crescent has made this distinction clear in this document, to support the greater transparency of carbon accounting in a Private Equity context.

APPENDIX B: ELECTRICITY SUMMARY

There are two international best-practice methods for calculating electricity emissions – the location-based method and the market-based method. Reporting electricity emissions under both methods is called dual reporting.

Dual reporting of electricity emissions is useful, as it provides different perspectives of the emissions associated with a business's electricity usage.

<u>Location-based method:</u>

The location-based method provides a picture of a business's electricity emissions in the context of its location, and the emissions intensity of the electricity grid it relies on. It reflects the average emissions intensity of the electricity grid in the location (State) in which energy consumption occurs. The location-based method does not allow for any claims of renewable electricity from grid-imported electricity usage.

<u>Market-based method:</u>

The market-based method provides a picture of a business's electricity emissions in the context of its renewable energy investments. It reflects the emissions intensity of different electricity products, markets and investments. It uses a residual mix factor (RMF) to allow for unique claims on the zero emissions attribute of renewables without double-counting.

For this certification, electricity emissions have been set by using the **market-based approach**.

Market-based approach summary

Market-based approach	Activity Data (kWh)	Emissions (kg CO_2-e)	Renewable percentage of total
Behind the meter consumption of electricity generated	0	0	0%
Total non-grid electricity	**0**	**0**	**0%**
LGC Purchased and retired (kWh) (including PPAs)	0	0	0%
GreenPower	21,312	0	30%
Climate Active precinct/building (voluntary renewables)	0	0	0%
Precinct/Building (LRET)	0	0	0%
Precinct/Building jurisdictional renewables (LGCS surrendered)	0	0	0%
Electricity products (voluntary renewables)	0	0	0%
Electricity products (LRET)	0	0	0%
Electricity products jurisdictional renewables (LGCs surrendered)	0	0	0%
Jurisdictional renewables (LGCs surrendered)	0	0	0%
Jurisdictional renewables (LRET) (applied to ACT grid electricity)	0	0	0%
Large Scale Renewable Energy Target (applied to grid electricity only)	13,169	0	19%
Residual Electricity	35,565	33,965	0%
Total renewable electricity (grid + non grid)	**34,481**	**0**	**49%**
Total grid electricity	**70,046**	**33,965**	**49%**
Total electricity (grid + non grid)	**70,046**	**33,965**	**49%**
Percentage of residual electricity consumption under operational control	100%		
Residual electricity consumption under operational control	**35,565**	**33,965**	
Scope 2	31,408	29,995	
Scope 3 (includes T&D emissions from consumption under operational control)	4,157	3,970	
Residual electricity consumption not under operational control	**0**	**0**	
Scope 3	0	0	.

Total renewables (grid and non-grid)	**49.23%**
Mandatory	**18.80%**
Voluntary	**30.43%**
Behind the meter	**0.00%**
Residual scope 2 emissions (t CO_2-e)	**29.99**
Residual scope 3 emissions (t CO_2-e)	**3.97**
Scope 2 emissions liability (adjusted for already offset carbon neutral electricity) (t CO_2-e)	**29.99**
Scope 3 emissions liability (adjusted for already offset carbon neutral electricity) (t CO_2-e)	**3.97**
Total emissions liability (t CO_2-e)	**33.96**

Figures may not sum due to rounding. Renewable percentage can be above 100%

Location-based approach summary						
Location-based approach	**Activity Data (kWh) total**	**Under operational control**			**Not under operational control**	
Percentage of grid electricity consumption under operational control	**100%**	**(kWh)**	**Scope 2 Emissions ($kgCO_2$-e)**	**Scope 3 Emissions ($kgCO_2$-e)**	**(kWh)**	**Scope 3 Emissions ($kgCO_2$-e)**
ACT	0	0	0	0	0	0
NSW	70,046	70,046	51,134	4,203	0	0
SA	0	0	0	0	0	0
VIC	0	0	0	0	0	0
QLD	0	0	0	0	0	0
NT	0	0	0	0	0	0
WA	0	0	0	0	0	0
TAS	0	0	0	0	0	0
Grid electricity (scope 2 and 3)	**70,046**	**70,046**	**51,134**	**4,203**	**0**	**0**
ACT	0	0	0	0		
NSW	0	0	0	0		
SA	0	0	0	0		
VIC	0	0	0	0		
QLD	0	0	0	0		
NT	0	0	0	0		
WA	0	0	0	0		
TAS	0	0	0	0		
Non-grid electricity (behind the meter)	**0**	**0**	**0**	**0**		
Total electricity (grid + non grid)	**70,046**					

Residual scope 2 emissions (t CO_2-e)	**51.13**
Residual scope 3 emissions (t CO^2-e)	**4.20**
Scope 2 emissions liability (adjusted for already offset carbon neutral electricity) (t CO_2-e)	**51.13**
Scope 3 emissions liability (adjusted for already offset carbon neutral electricity) (t CO_2-e)	**4.20**
Total emissions liability	**55.34**

APPENDIX C: INSIDE EMISSIONS BOUNDARY

N/A

APPENDIX D: OUTSIDE EMISSIONS BOUNDARY

Excluded emission sources

The below emission sources have been assessed as not relevant to this organisation's operations and are outside of its emissions boundary. These emissions are not part of the carbon neutral claim. Emission sources considered for relevance must be included within the certification boundary if they meet two of the five relevance criteria. Those which only meet one condition of the relevance test can be excluded from the certification boundary.

Emissions tested for relevance are detailed below against each of the following criteria:

1. **Size** The emissions from a particular source are likely to be large relative to the organisation's electricity, stationary energy and fuel emissions.

2. **Influence** The responsible entity has the potential to influence the reduction of emissions from a particular source.

3. **Risk** The emissions from a particular source contribute to the organisation's greenhouse gas risk exposure.

4. **Stakeholders** Key stakeholders deem the emissions from a particular source are relevant.

5. **Outsourcing** The emissions are from outsourced activities previously undertaken within the organisation's boundary, or from outsourced activities typically undertaken within the boundary for comparable organisations.

Certain emissions from Purchased Goods and Services (minor business expenses, membership costs and fees) has been excluded as it has been assessed as not relevant according to the relevance test.

Excluded emissions sources summary

Emission sources tested for relevance	Size	Influence	Risk	Stakeholders	Outsourcing	Justification
Purchased goods and services (minor business expenses, membership costs and fees)	N	N	N	N	N	**Size:** In these categories total spend is negligible and emissions are thus considered insignificant. **Influence:** We are not able to change costs related to business membership fees to a different lower-emissions supplier, nor do we have influence over reducing the emissions of these activities **Risk:** Emissions from these sources are unlikely to cause significant risk in a regulatory, reputational, or other capacity. **Stakeholders:** Key stakeholders are unlikely to consider this a relevant source of emissions for Crescent. **Outsourcing:** No emissions fall within this category.

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