

# Palladium Equity Partners, LLC

# 2024 Annual Stewardship Report

APRIL 2025

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# CEO Statement

In 2024, Palladium distributed \$1 billion to our funds representing 29% of our assets under management at a 29% Net IRR, making this the best year for realizations in our history.\*

These results demonstrated a meaningful acceleration in our processes and results. I cannot think of a better way to showcase our stewardship.

We have invested with founders of American businesses across the country to grow their companies into attractive regional and national platforms. Since 1997, we have acquired over 230 businesses representing 41 platforms and over 190 add-ons.\*\*

U. S. Hispanics account for approximately 65 million legal citizens and permanent residents - a young and dynamic economic force - representing \$3.6 trillion of our country's GDP.\*\*\*

Latinos represent 25% of American children.\*\*\* As our children are our future, I believe these demographic tailwinds will continue to represent some of the most exciting investment opportunities in America.

Accordingly, we are proud to present our Annual Stewardship Report.

Marcos A. Rodriguez  
Chairman, Founder and CEO  
April 2025



**From Marcos A. Rodriguez:**

*In my view, today's market may present some of the best investment opportunities that we have seen over the last 20 years. My partners and I have worked through periods of uncertainty before, including the great financial crisis and COVID, to generate strong returns for our investors. We are seeing those types of opportunities again today.*



\* Palladium's full track record is available upon request. The referenced distributions represent distributions made to Funds II-VI and the Fund IV continuation vehicle (collectively, the "Palladium Funds") in 2024 from the sales of EverDriven, Trachte and Del Real and include certain escrowed amounts and tax credits. See Disclaimer and Important Information for additional detail on calculation methodology.

\*\* As of March 30, 2025. Includes investments include fully realized investments and investments on which we have realized proceeds of over 50% of invested capital excluding sales of assets from Fund IV to the Fund IV continuation vehicle.

\*\*\* Sources for these figures available upon request to [crayes@palladiumequity.com](mailto:crayes@palladiumequity.com).



# 2024 Review





# 2024 Review

**Palladium generated value by driving the adoption of stewardship programs at the Firm and portfolio level.**

Palladium maintained its established approach to Stewardship in 2024 by taking significant steps to operationalize it across the portfolio. These steps included putting 100-day sustainability plans into motion, advancing a robust cybersecurity strategy, and rolling out a playbook to standardize governance practices across the portfolio. Additionally, Palladium continued to engage external third-parties such as Green Project Tech\* (GPT) and EcoVadis\*\* to conduct independent sustainability assessments across portfolio companies, promoting progress across the full portfolio. Palladium remains committed to delivering year-over-year improvement across key stewardship pillars through systematic due diligence assessments, independent sustainability evaluations, and data collection on greenhouse gas (GHG) emissions, benchmarking against baseline metrics established in 2022.

As a certified B Corp\*\*\*, our business strives to uphold the highest standards of verified performance and transparency for social and environmental programs, which are supported by robust internal governance structures to ensure ongoing accountability.

Further, our partnerships remain a core element of our stewardship program. In 2024, we continued our engagement in key industry-wide initiatives to advance the standardization of sustainability metrics, including the ESG Data Convergence Initiative (EDCI), the Global Impact Investing Network (GIIN), the UN Principles for Responsible Investment (UNPRI), and the ILPA Diversity in Action Initiative (DIA). 2024 also marked Palladium's first year reporting as a UNPRI signatory, and Palladium continued its role as a thought leader through its participation in the EcoVadis PE Client Advisory Council.



“Our comprehensive approach, leveraging our OKR framework, is designed to align Stewardship initiatives with our growth objectives to accelerate value creation across our portfolio.”



Daniel Ilundain,  
President, Co-  
Head of Flagship  
Funds

“Stewardship is systematically integrated into our investment and operations teams, ensuring that our commitment to sustainable practices is reflected in our decision-making processes.”



Carlos Reyes  
Managing  
Director & Head  
of Sustainability

\*Green Project Technologies is a third-party that was retained by Palladium to support GHG emissions calculations at the firm and portfolio levels. Palladium and its portfolio companies pay Green Project Technologies a fee to conduct such calculations based on information provided by Palladium and the portfolio companies.

\*\*EcoVadis is a third-party that was retained by Palladium to conduct assessments of Palladium and its portfolio companies based on EcoVadis' independent criteria. Palladium and its portfolio companies pay EcoVadis a fee to conduct such calculations based on information provided by Palladium and the portfolio companies.

\*\*\*B-Lab is a third-party that certifies businesses based independent criteria and information provided by its clients. Palladium pays a fee for its membership in B-Lab.

# 2024 Objectives & Key Results

Palladium leverages data-driven insights to ensure strong portfolio-wide stewardship performance.

Palladium's commitment to promoting stewardship across the Firm remains steadfast, continuing to emphasize Objectives and Key Results (OKRs) and 100-day sustainability plans, as in previous years. OKRs provide a robust goal-setting framework that enhances focus, alignment, and measurable outcomes both within the Firm and its portfolio. This methodology, supported by regular check-ins, fosters transparency, accountability, and cohesion across all teams. To further enhance alignment, Palladium has advocated for the implementation of strong governance and cybersecurity practices throughout its portfolio.

In 2024, Palladium intensified its stewardship focus by utilizing both qualitative and quantitative data to uncover actionable insights and drive significant improvements. This strategic initiative involved ongoing collaborations with Green Project Tech\*, EcoVadis\*\*, Malk Partners, and EDCI, enabling us to develop targeted plans that empower our portfolio companies to achieve their stewardship objectives. These efforts are meticulously designed to deliver measurable value and tangible outcomes for our Limited Partners.

## Our Framework:

### Resource Efficiency

- **Greenhouse Gas (“GHG”) Emissions:** Each portfolio company partners with Green Project Tech to calculate GHG emissions, and to the extent available waste management, identify potential reduction opportunities, and measure performance against improvement plans

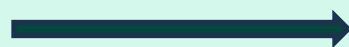
### People & Community

- **PXF:** Palladium’s X-Cellence Factor (“PxF”) is calculated twice a year to assess income and benefits disparities within the workforces of our portfolio companies, aiming to narrow these gaps over the course of our tenure.
- **Employee Satisfaction:** When relevant, portfolio companies measure worker satisfaction through an Employee Net Promoter Score (ENPS)

### Integrity & Accountability

- **Standardization of Corporate Governance Policies:** We are committed to standardizing corporate governance across our portfolio, ensuring that all our companies achieve industry best practices and procedures while efficiently managing resources in a cost-effective manner
- **Cybersecurity Program:** We provide our portfolio companies with cybersecurity guidance throughout the investment lifecycle, bolstering their ability to prevent, detect, and respond to incidents

## Acceleration Metrics



100%

of Palladium’s portfolio companies achieved overall stewardship improvements against 2022 baseline\*\*\*



32%

Portfolio companies’ average improvement in overall EcoVadis scores against 2022 baseline\*\*\*

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\*\*\* EcoVadis score improvements reflect portfolio companies for which 2022 and 2024 data is available; comparisons to 2022 baseline are not reflective of Palladiums full portfolio of active investments.

# Program & Operations





# Program & Operations: *Measuring Stewardship*

Integrating stewardship across our investments, activities, and processes is a core element of our approach.

At Palladium, we take pride in our proven track record of exceptional stewardship and asset growth. Through a focus on accountability, transparency, and leveraging our deep sector expertise, we have achieved strong financial returns and measurable impact for our stakeholders. We remain committed to embedding responsible investment practices throughout our investment strategies and deal-making processes.

## Palladium by the Numbers\*

**3**

offices

**41**

platform investments to date

**16 years**

average tenure of partners

**25+**

investment professionals

**190+**

add-on acquisitions to date

**60%**

of portfolio companies serving the U.S. Hispanic Market\*\*

**\$3.4B**

AUM

**\$1.5B**

invested in Hispanic market

## Key Milestones

**2013**

- ❖ First sustainability policy developed

**2020**

- ❖ Signed ILPA DIA Statement
- ❖ GIIN Membership

**2021**

- ❖ Signed onto UNPRI
- ❖ Launched PxP
- ❖ Institute stewardship working group

**2022**

- ❖ Attained B-Corp Certification
- ❖ EDCI Founding Membership

**2023**

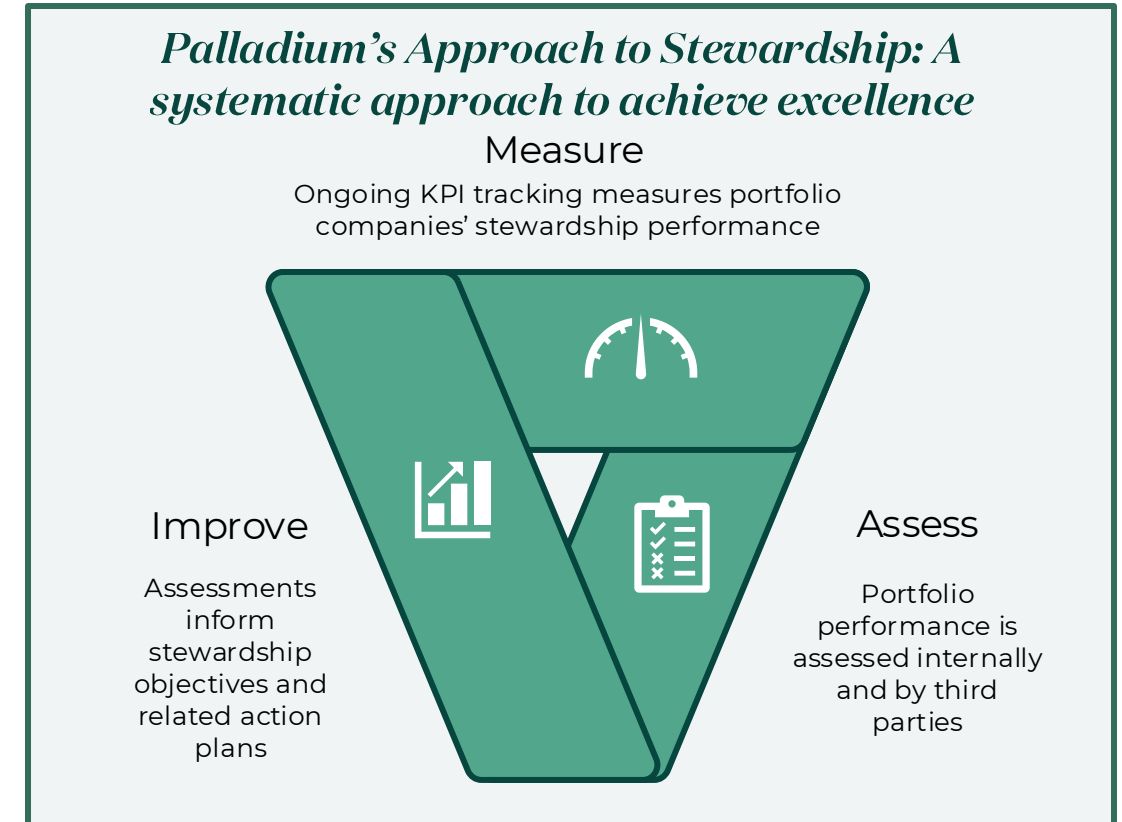
- ❖ Established corporate governance playbook

**2024**

- ❖ Formalized SFDR Article 8 for Fund VI Lux Vehicle
- ❖ Published 1<sup>st</sup> UN PRI transparency report

\*As of March 2025

\*\*Palladium defines a U.S. Hispanic business as an enterprise that is owned, founded, or managed by individuals of Hispanic heritage, or one that primarily markets or sells its products and services to Hispanic communities in the United States, or alternatively, offers Hispanic products or services to the broader U.S. population.



# Program & Operations: *U.S. Hispanic Market Focus*

Palladium continues to focus on the U.S. Hispanic market, supporting businesses and realizing on investment in a dynamic market.

Since 2000, Palladium has established itself as a leading private equity investor in the U.S. Hispanic market, with a dedicated focus on founder- and family-owned businesses. We believe that our long-standing presence in this space, extensive Hispanic network, and strong reputation have positioned the Firm to partner with Hispanic founders and family-owned businesses across multiple funds. With a consistent annual growth in Hispanic community spending, there is a great opportunity to improve our outcomes while simultaneously uplifting and engaging a valued market base.

In addition to collaborating with U.S. Hispanic businesses, Palladium works with companies that provide goods and services tailored to the rapidly growing and evolving U.S. Hispanic community, while also serving broader U.S. markets. This approach has consistently delivered strong returns, which we believe validates Palladium's focus on investing within the U.S. Hispanic market.\*

## *Hispanic Market By The Numbers\*\**

~\$1.5B

Invested in the U.S. Hispanic market since Palladium was founded

~\$3.6T

Size of the U.S. Hispanic market

29%

Increase in Hispanic household income between 2014 and 2022, higher than all other ethnic groups

71%

Growth of the Hispanic population in the U.S. between 2022 and 2023

## *Spotlight: Del Real Foods*

Palladium invested in Del Real Foods in 2016 after identifying an opportunity to deepen our engagement with the Hispanic community by transforming a regional, family-owned businesses and strengthening Del Real's brand and corporate culture to build a national platform.

During our ownership of Del Real, we supported the company in expanding its market reach, manufacturing footprint, and job creation. Through these efforts, Del Real added new product offerings and engaged new customers to expand the reach of its products across the Americas.

In October 2024, we sold our majority stake in Del Real Foods to Corporación Multi Inversiones, a family-owned multi-Latin corporation with a 104-year legacy, more than 50,000 team members, and operations in 16 countries across Latin America and the United States.



“Palladium is extremely proud of the results achieved at Del Real Foods, particularly the remarkable growth and acceleration over the past three years. We believe Del Real will continue to thrive and grow under CMI, and we are excited to remain a minority investor in the company.”

Justin Green (Partner and Co-Head of Flagship Funds at Palladium)\*\*\*

\*Track record available upon request

\*\*Hispanic Market data has been compiled by Palladium from the Latino Donor Collaborative – LDC US Latino GDP Report 2024 and publicly available data from the 2023 and 2024 US Census Bureau

\*\*\*Justin Green is a Partner and Co-Head of Flagship Funds of Palladium Equity Partners.

# Program & Operations: *Firm Level*

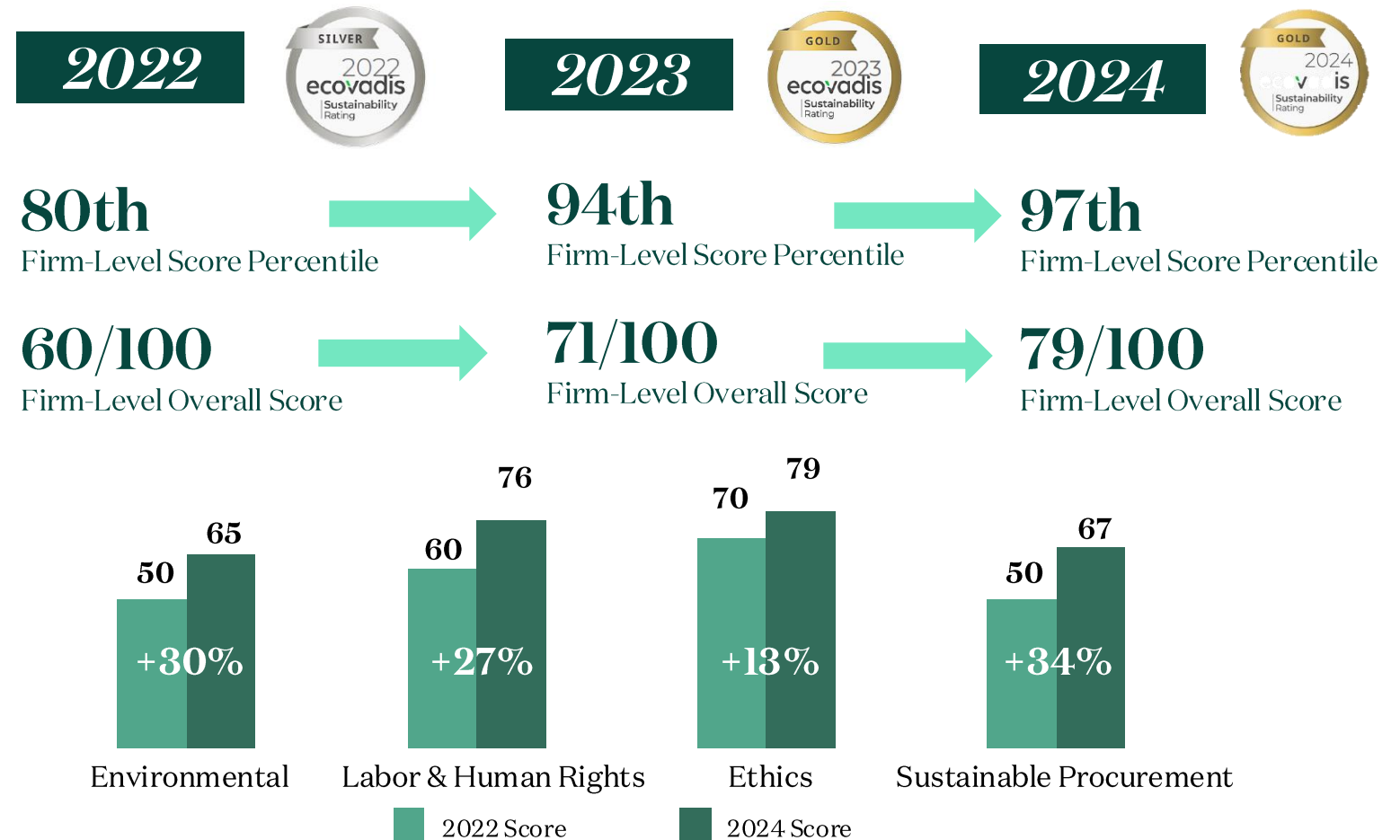
We differentiate ourselves from our peers through our internal focus on stewardship.

Over the past year, Palladium’s dedicated sustainability team has advanced our internal processes, training programs, and corporate governance and cybersecurity playbooks to strengthen the Firm’s position as a thought leader in sustainability within the U.S. middle-market buyout industry.

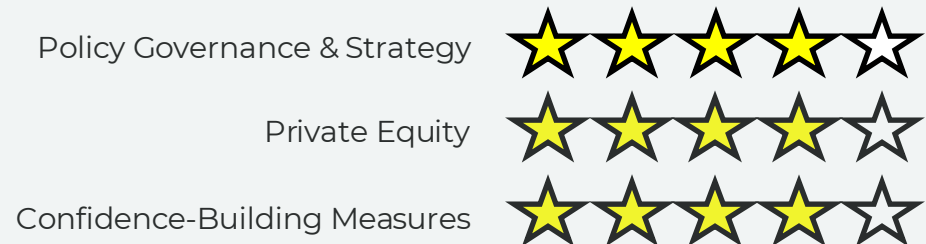
Our latest stewardship scores reflect significant progress. For the third consecutive year, we engaged EcoVadis to evaluate Palladium across four key dimensions of stewardship (refer to the table on the right). The resulting score improvements since our first assessment highlight our ongoing efforts to enhance performance heading into 2025. As compared to our 2022 baseline, our 2024 score reflects a 23% increase, reflecting our ongoing commitment to bolster our sustainability practices.\*

We also approached our first year of UN PRI reporting with a performance-focused perspective, conducting a UN PRI gap assessment to understand programmatic strengths and areas for potential improvement in future reporting years. Palladium’s 2024 scores demonstrated its commitment to excellence, outperforming industry benchmarks.

## Baseline & YoY Stewardship\* Score Improvements



### 2024 UN PRI Scoring Results



\*EcoVadis is a third-party that was retained by Palladium to conduct assessments of Palladium and its portfolio companies based on EcoVadis’ independent criteria. EcoVadis independently assesses advisors other than Palladium. Palladium and its portfolio companies pay EcoVadis a fee to conduct such calculations based on information provided by Palladium and the portfolio companies.



# Program & Operations: *Portfolio Management*

We operationalize our focus on stewardship through systematic implementation across our portfolio companies.

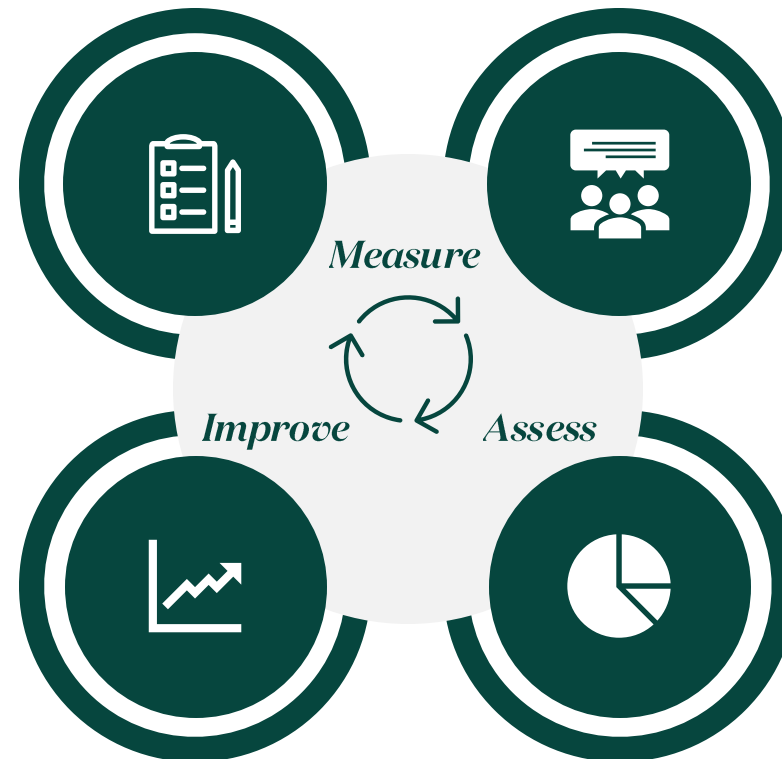
*At the heart of our stewardship vision is a three-step process: **measure, assess, and improve**—a virtuous cycle that drives our actions year after year.*

## '100 Day Plans'

Palladium leverages its **100-day framework** to ensure alignment across the portfolio's stewardship programs for new investments.

## Hold Period and Value Creation

Palladium fosters ongoing stewardship enhancement through customized plans that align new investments with the **Firm's OKRs** and promote accountability for year-over-year growth.



## Accountability

Together with management teams, Palladium designates a representative within each company and establishes protocols including, when appropriate, the formation of a **dedicated Board Committee** and designation of a point person to drive stewardship initiatives.

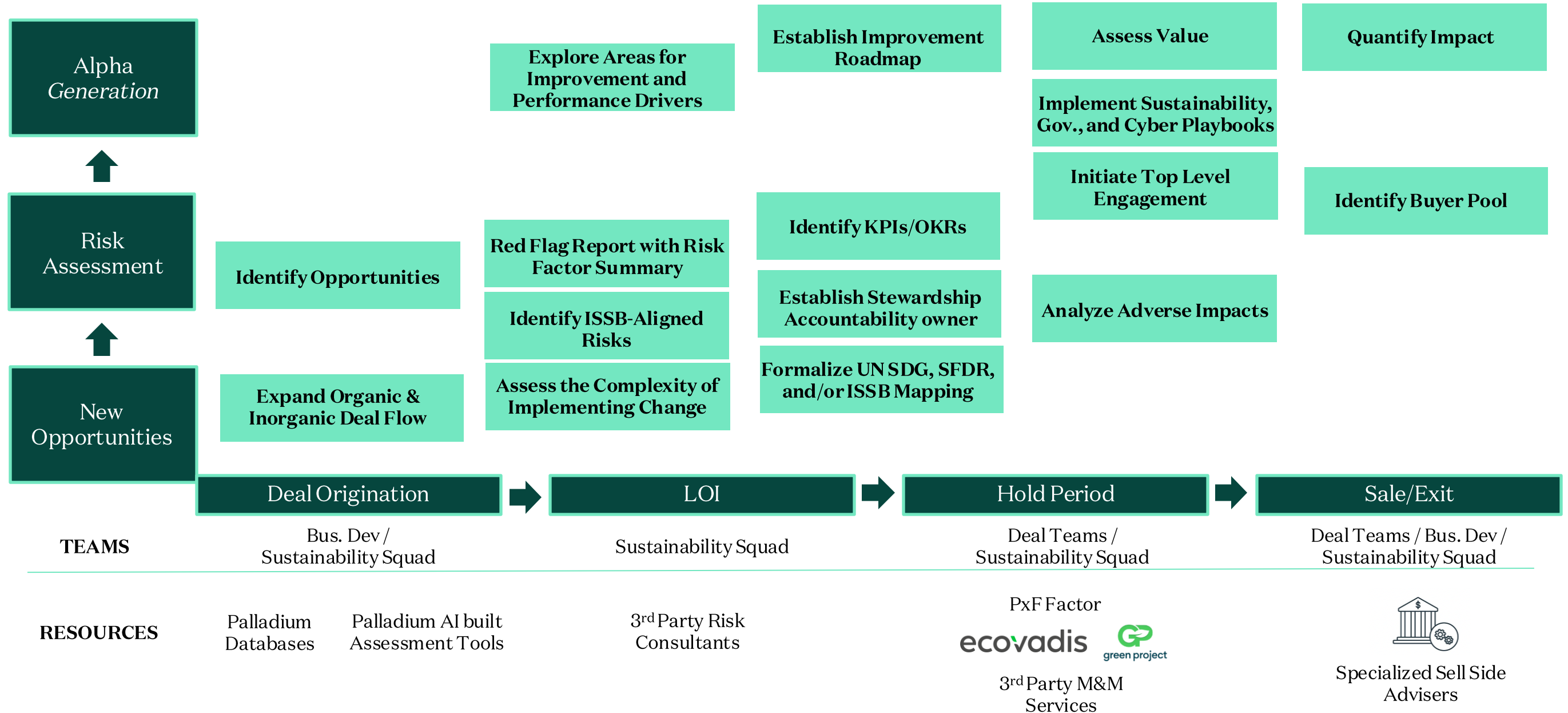
## Stewardship Reporting and Data Collection

Palladium begins the **stewardship reporting onboarding process**, which includes carbon accounting, PxF score calculations, EDCI-aligned data collection, and preparation for the annual EcoVadis assessment.



# Program & Operations: *Stewardship Integration*

Our investment teams build and maintain value through the integration of stewardship across our investments' lifecycles.



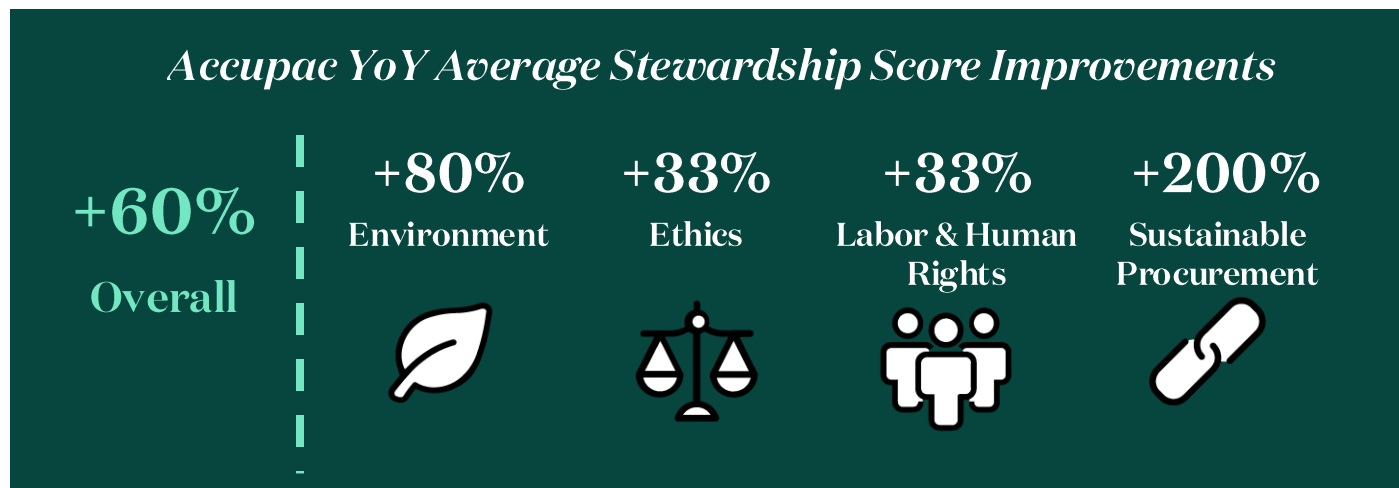
# Program & Operations: *Quantifying Progress - 1st Step to Achieving Excellence*

In 2024, Palladium has seen notable growth from portfolio companies across stewardship areas, with certain companies reporting performance since 2022 and beyond.

Palladium saw a significant improvement in its portfolio companies' stewardship scores over 2024 with 83% of qualified portfolio companies achieving improvements compared to the prior year.\* Such improvements highlight the Firm's portfolio-wide initiatives.

To achieve such results, in 2024, Palladium engaged its philosophy of measures, assess, and improve by identifying ways companies can bolster their Stewardship programming. While each company's journey is different, we are able to tailor our goals and initiatives to each unique situation by engaging with company leadership and working to solve their Stewardship challenges.

For this coming year, we anticipate continued acceleration of our programs by focusing on areas for further growth through updated portfolio-level action plans. We seek to ensure companies uphold performance standards enshrined by Palladium's governing documentation by providing our companies with handbooks, processes, and guidance to align to our leading stewardship principles.



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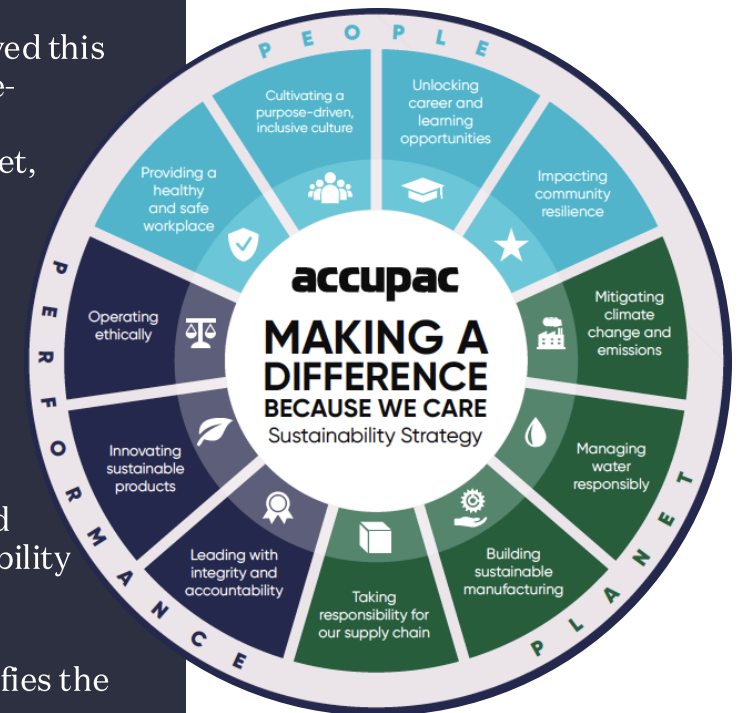
## Achieving Excellence: **accupac**



In June 2024, Accupac was awarded the Ecovadis Platinum Medal, which is reserved for the top 1% of companies participating in the annual assessment. Accupac achieved this distinction through its three-pillared approach towards sustainability – people, planet, and performance.

Accupac focused on improving safety and bolstering employee engagement, reducing the environmental impact of its operations, and supporting customers in developing and reaching their own sustainability objectives.

Accupac's progress exemplifies the transformative potential of Palladium's stewardship approach and marks the beginning of what we anticipate will be other portfolio companies reaching an increased level of excellence.





# Program & Operations: *Beyond Palladium*

Palladium funds exited three\* investments in 2024, allowing us to realize the successes of our stewardship initiatives throughout the hold period.



## Our Start

Palladium acquired Trachte in September 2020. As a provider of engineered buildings and related hardware for housing electrical controls and transportation equipment, we were excited to enter the Power and Utility space and support the business in growing to serve a wider customer base.

## Our Achievements:

Throughout our hold period, we supported Trachte in growing its stewardship program. By doing so, Trachte moved from achieving the EcoVadis\*\* bronze medal in 2023 to the silver medal in 2024, placing it within the top 20% of companies.

## Moving Forward:

During the sale process, we highlighted the value created through Trachte's stewardship efforts. Our ability to successfully transition Trachte to a strategic buyer emphasizes Palladium's commitment to supporting portfolio company growth and development.

“We are extremely pleased with the outcome of this investment which is another excellent example of how Palladium creates value and elevates the businesses in which it invests to the next level.

– Daniel Ilundain (Partner & Co-Head of Flagship Funds at Palladium) and Scott Kirschner (Principal at Palladium) \*\*\*”



## Our Start

Palladium acquired Everdriven in March 2020. Everdriven, previously known as ALC Schools, provides tech-enabled alternative student transportation to 28,000 students annually. A key element of our investment thesis was to increase the scale of non-emergency transportation supporting at-risk youth populations.

## Our Achievements:

Everdriven's improvements throughout the hold period included the strengthening of its corporate oversight, the development of proprietary routing technology, and the implementation of a driver education course, resulting in a 26 pct. points increase in its EcoVadis scores from 2023-2024.

## Moving Forward:

Our discussions during the sale process centered around Everdriven's ability to increase the safety of student transportation and ability to reach underserved populations, further demonstrating how our stewardship support is available to companies throughout all phases of the investment lifecycle.

“Over the past four years, EverDriven has tripled in size as a trusted partner to school districts nationwide, serving families who are among the country's most vulnerable.

– Marcos A. Rodriguez (Chairman & CEO at Palladium) \*\*\*”

\*For further detail on the third investment exited in 2024 (Del Real Foods), see Slide 9.

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\*\*\*Daniel Ilundain, Scott Kirschner, and Marco Rodriguez are employees of Palladium and are investors in a Palladium fund.

# Program & Operations: *Heritage Fund*

In 2024, we built upon our investments to amplify our leadership in the lower middle market.

Since the launch of our Heritage Fund in late 2022, we have strengthened our leadership in stewardship within the lower middle market.

Palladium Heritage Management, LLC focuses on transactions with some identified areas for improvement, including entrepreneur-led companies, carveouts, multi-seller deals, and other non-traditional situations requiring substantial guidance to scale or adapt to change. By supporting businesses that need assistance to grow, we uncover and develop unique opportunities with significant upside potential. To ensure success, we implement 100-day plans with tailored goals designed to address the specific needs of the Heritage Fund's portfolio companies.

The name "Heritage" reflects Palladium's legacy of investing in founder- and family-owned businesses that often lack institutional backing or infrastructure. While the scale of our average investments has grown over time, we remain committed to honoring this tradition, prioritizing smaller investments as part of our heritage while delivering value to investors through the Heritage Fund.



**Katherine Lehman** leads our Heritage Fund team.

In 2024, the Southwest Strategies Group welcomed two new add-ons to expand its reach in emergency response: **BergDavis** and **Collaborate**.



## SOUTHWEST STRATEGIES GROUP

After wildfires ravaged 49,484 acres of Los Angeles in January 2025, SWS quickly mobilized its community outreach forces to engage with local utility providers to open **28 Community Resource Centers (CRCs)** across the Los Angeles area, allowing recently displaced individuals to access critical resources. **Over 5,800 visitors** were provided with vital support throughout the two-week operations.

### CRC Items Distributed since 2020:

**83K**  
Snacks

**37K**  
Blankets

**64K**  
Chargers



# Resource Efficiency



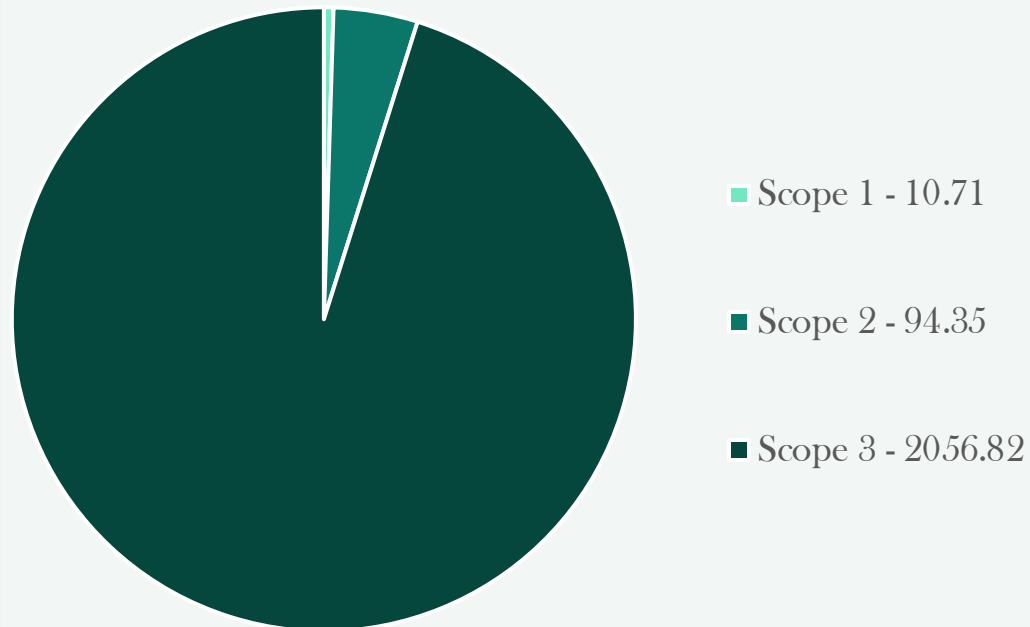


# Resource Efficiency: *Firm Level*

Palladium prioritizes the efficient use of resources in our own Firm-level operations, leading by example for our portfolio.

At Palladium, we monitor greenhouse gas (GHG) emissions at the firm level to gain a comprehensive understanding of our resource efficiency. This data not only sheds light on our current environmental impact but also allows us to perform detailed trend analyses over time. Through this process, we can identify opportunities for improvement in terms of cost efficiencies and drive innovation in our sustainability initiatives. With ongoing support from Green Project Tech\*, Palladium is dedicated to continually performing these assessments. We benchmark these practices against industry-leading standards in the asset management sector, consistently striving to align with best-in-class methodologies

Firm-Level 2024 GHG Emissions (mtCO<sub>2</sub>e)



\*Palladium retained Green Project Technologies to measure our GHG emissions based on their objective criteria. Palladium pays Green Project Tech a fee for its GHG assessments.



# Resource Efficiency: *Portfolio Level*

Palladium’s portfolio companies continued to increase efforts to combat their environmental impacts through resource efficiency.

Palladium incorporates resource efficiency into every stage of the investment lifecycle. Before closing, we evaluate physical and transition climate risk with an emphasis on emissions; moreover, we integrate the ISSB 5 dimensions into diligence, further considering GHG emissions, air quality, energy management, water and wastewater management, and ecological impacts.

Post-investment, Palladium collaborates with portfolio companies to track and reduce GHG emissions. As part of our standard 100-day plan, portfolio companies are onboarded onto Green Project Technologies, which facilitates annual emission tracking. Portfolio companies’ carbon footprints are also compared to revenue growth to assess resource efficiency. In 2024, portfolio companies have continued to implement action plans to minimize their environmental impacts.

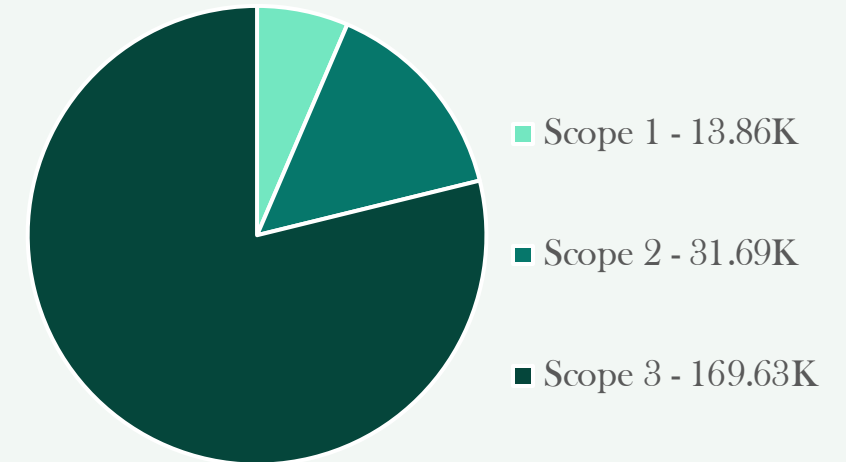
In the year ahead, Palladium will continue monitoring portfolio-level emissions and analyzing year-over-year trends using Green Project Technologies. Leveraging these insights, our Firm aims to drive additional value across the portfolio by expanding resource efficiency initiatives, such as scaling energy efficiency efforts.



As a provider of immigration software and services, Envoy’s emissions footprint is relatively limited. Still, in 2024, Envoy began developing a formal commitment to reduce its GHG emissions in alignment with the Science Based Target initiative (SBTi). The decision to formally pursue emissions reductions was driven by customer requests expressing a desire for such commitments.

In response to customer preferences, Envoy engaged Green Project Technologies (GPT) to support with emissions calculations, which will be leveraged to support the SBTi application process in 2025. Envoy’s responsiveness showcases the opportunity for many business models to drive resource efficiency, as well as the ways in which such practices can support continued competitiveness for customer acquisition and service.

Portfolio-Level 2024 GHG Emissions (mtCO<sub>2</sub>e)\*



\*Palladium retained Green Project Technologies to measure our GHG emissions based on their objective criteria. Where 2024 data was unavailable, 2023 data was used to estimate emissions.





# Resource Efficiency: *Kymera*



**Description:** Kymera is a global manufacturer of specialty materials, metal-based powders, and thermal coatings.

**Region:** Pennsylvania

**Sector:** Industrials

**Initiative:** Carbon Disclosure Project

## *Kymera in Numbers*

**26%**

YoY reduction in hazardous waste generated

**49%**

Percentage of energy procured from renewable sources

**6.8kt**

Reduction in annual emissions relative to 2019 baseline

“

We’re focusing on implementing best practice from Kymera and Fiven to achieve excellence in sustainability.

”

– Sabine Radoux (Chief Sustainability Officer)\*

## *Fiven Acquisition and Sharing of Best Practices*

Kymera prioritizes sustainability through renewable energy investments and robust energy management practices, as signaled by its ISO 50001 certification and plan to reduce operational emissions by 10 kilotons by 2025.

In 2024, Kymera acquired Fiven ASA, a global leader in advanced silicon manufacturing with a similar dedication to sustainability. Approximately 90% of energy consumed at Fiven’s two locations comes from renewable sources. In acquiring locations that consume renewable energy, Kymera has expanded its production capacity without majorly disrupting its emissions-reductions goals; still, Kymera plans to develop a new environmental roadmap to reflect its acquisitions by the end of 2025.

Notably, Fiven also maintained an emissions reduction commitment – to reach net zero by 2050; to facilitate this goal, Fiven actively tracks Scope 1, 2, and 3 emissions. While Kymera tracked Scope 1 and 2 emissions before Fiven’s acquisition, it can now leverage Fiven’s familiarity with tracking Scope 3 emissions to bolster its visibility into the GHG footprint of its broader value chain. From a governance perspective, Fiven’s Head of Sustainability now oversees the sharing of best practices across locations and entities.



\*Sabine Radoux is an employee of Palladium portfolio company Kymera and is not an investor in a Palladium fund.



# People & Community



# People & Community: *Firm Level*

**Palladium views robust human capital management and diversity of thought as critical inputs for operational excellence and value creation.**

Palladium recognizes that effective human capital management is essential for achieving operational excellence, fostering collective well-being, and driving strong financial performance. Starting at recruitment, we strive to promote fairness by anonymizing resumes and applicant case studies – ensuring an emphasis on talent and variety in perspectives. We are similarly committed to ensuring equal employment opportunities and fostering inclusion throughout the employee lifecycle.

By embracing employees with different perspectives, backgrounds, and experiences, we create an inclusive and innovative workplace that enhances our ability to connect with clients, understand a variety of market segments, and deliver solutions that meet the needs of our stakeholders. This dedication to varied perspectives not only strengthens our corporate culture, but also fuels our success, adaptability, and financial growth in an ever-changing world.



## Board Affiliations

In addition to charitable contributions (see above), several members of Palladium’s leadership serve as board members for organizations that further our mission:

- Marcos Rodriguez: *Toigo Foundation and the New America Alliance Institute (NAA) and The Milken Institute for Diversity, Equity, & Inclusion*
- Suzanne Wong: *Association of Asian American Investment Managers (AAIM)*
- Chris Allen: *National Association of Investment Companies (NAIC)*
- Kevin Reymond: *Palisades Park Conservancy*
- Matt Strabone: *Ample Harvest*

## Inclusive Organization Connections





# People & Community: *Portfolio Level*

At Palladium, we create processes to hold our portfolio companies accountable for human capital improvements.

We believe that actively managing our people and the communities impacted by our investments drives value creation in the companies we manage. In 2024, Palladium actively engaged portfolio companies to discuss the results of EcoVadis assessments and identify opportunities for improvement at each portfolio company.

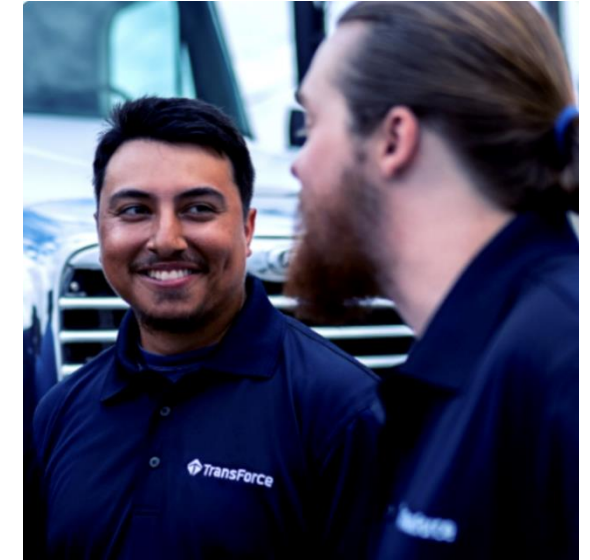
These customized approaches delivered significant benefits to our portfolio companies, resulting in measurable progress across labor-related areas. When compared to their 2022 baseline, portfolio companies have achieved an average 29% improvement in their EcoVadis “Labor and Human Rights” scores as of 2024.



Kymera hosted the **SEACOM Occupational Medicine Summit** in partnership with Duke Health. The event included a presentation and facility tour with Dr. Kristen Said and fellow occupational medicine professionals. The event fostered valuable discussions on occupational health trends, reinforcing Kymera’s commitment to employee safety and well-being.



TransForce partnered with Indeed to sponsor 500 scholarships for **TransForce’s Troops into Transportation Master Driving Program**, which aims to train military veterans for trucking careers. This program facilitates veterans’ transition to the workforce - all while bringing unique, varied perspectives into TransForce’s community.



## Charity Spotlights



Throughout 2024 **Spice World** supported charitable organizations in New Orleans, Orlando, and Coalinga, CA, among others, by donating time and over \$75,000 to help address food insecurity.



**Jordan’s Skinny Mixes** got involved in hurricane relief in Florida by participating in a telethon that raised \$935,000 for Hurricane Helene Relief, for which Skinny Mixes directly matched \$30,000. JSM also donated 100% of the net proceeds from select products and T-shirts directly to the Florida Disaster Fund.



# People & Community: *Accupac*

## accupac

**Description:** Accupac is a North American-based brand development partner providing formulation, manufacturing, packaging, and innovation solutions for the personal care and beauty end-markets.

**Region:** Mid-Atlantic

**Sector:** Industrials

**Initiative:** ESL Program

## *Accupac in Numbers*

**33%**

EcoVadis Labor and Human Rights score improvement in 2024 relative to 2022 baseline

**11**

Languages spoken in Accupac's workforce

**28**

Graduates from Accupac's English class in 2024

“

We saw a huge opportunity to better engage employees by communicating with them in their preferred language.

”

– Paula Darbeau (VP of HR)\*

## *Promoting Engagement Among ESL Employees*

Accupac recognizes the importance of empowering its employees to drive improved personal and collective performance. When reviewing HR data, the Accupac team noted that its workforce speaks 11 different languages and has many employees for whom English is a second language (ESL). To promote improved engagement, comprehension, and performance, Accupac leveraged ArrowOne, a training tool developed by SyntasiaAI, that allows Accupac's HR team to translate training videos (e.g., safety training, HR trainings) using different avatars reflecting their employees' backgrounds.

Further, in recognition that English skills are necessary for career progression, Accupac maintains a program that provides English classes to ESL employees. In 2024, 28 employees graduated from this English class – marking a 200+% increase relative to 2023, in which nine employees participated. Given the success of the program, and employee appetite to improve their English skills, Accupac is considering implementing a Level 2 English course in 2025, showcasing its responsiveness to workforce needs and commitment to improving its employee value proposition.



\* Paula Darbeau is an employee of Palladium portfolio company Accupac and is not an investor in a Palladium fund.

# Integrity & Accountability





# Integrity & Accountability: *Firm Level*

As a Firm, we prioritize our best-practice governance programs through robust oversight and guidance.

Palladium upholds strong stewardship governance structures through initiatives like the Sustainability Squad, ensuring the development and execution of effective policies and programs. This centralized approach enables the administration of standardized firm-wide initiatives while empowering staff to implement stewardship provisions across portfolio companies effectively.

Importantly, in 2024, Palladium received no complaints of ethical misconduct. To bolster oversight of corporate accountability, we elevated our legal and compliance function in September 2024 to the partner level. By doing so, we can increase accountability and oversight of legal and compliance matters and continue to promote a compliance mindset at the Firm.



## *Integrity & Accountability at Palladium*



**Formal reviews** of third-party partner information security and anti-corruption programming supported by **collaboration with suppliers** to promote a shared stewardship agenda



**Awareness trainings** on breaches and corruption with focused training for investment team members on stewardship in the deal process



Development of a **responsible AI program** comprised of a Generative AI and Information Security Policy, cybersecurity reviews and testing, and the engagement of Bain & Company for an initial GenAI assessment, with quarterly check-ins with our internal AI working group

## *Spotlight: Sustainable Procurement*

In 2024, Palladium enhanced its sustainable procurement program by updating our procurement policies with a focus on responsible sourcing. To do so, we supplement our responsible investing principles outlined throughout this report with additional guidance related to Quality and Safety, Community Development, and Compliance.

To ensure our supply chain aligns to our robust standards, we monitor and track KPIs related to supplier sustainability performance, including the maintenance of COI, fraud, and corruption policies. We also review our procurement policies regularly, making updates to ensure we continue to meet stakeholder needs.



# Integrity & Accountability: *Portfolio Level*

We provide portfolio companies with the resources needed to align to industry leading governance programs.

At Palladium, we are committed to continuous growth and improvement, driven by our dedication to enhancing governance processes across our portfolio. In 2024, we conducted baseline assessments of portfolio company governance programs, including those related to stewardship, diversity, and community engagement, and took steps to address any identified gaps. To support these efforts, we engaged portfolio companies in implementing our newly-developed corporate governance, sustainability, and cyber playbooks, with a particular focus on providing training for Boards of Directors.

Our initiatives are starting to yield positive results, as evidenced by a 15% increase in the average improvement score in the Ethics category of the EcoVadis Assessment over the past two years. Since we began collecting data in 2022, this significant progress highlights the effectiveness of our efforts and our commitment to ethical practices.

## Spotlight: Fora Financial

In 2024, Fora Financial underwent several cybersecurity assessments, the results of which showed robust capacity to proactively mitigate and respond to cybersecurity risks. Particularly, Fora achieved a 90% resilience score, substantially exceeding our benchmark of 70%. This was achieved through strong endpoint encryption, security awareness guidance for employees, and leading network security, all overseen by a Chief Technology Officer.

Looking towards 2025, Fora’s continuous improvement goals are focused on identity and access management and security testing, through which it aims to maintain a leading data privacy and security program.



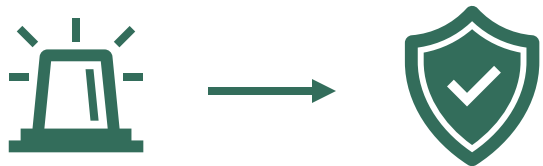
## Kymera’s Incident Response

Due to Kymera’s swift incident response, it did not experience any data or financial costs associated with the email compromise. Kymera has not reported any subsequent incidents to date.

## Cyber Governance

In 2024, Palladium rolled out a Cyber Program developed in consultation with external resources; the program provides a roadmap for portfolio companies across the investment lifecycle, incorporating collaborative oversight and management of risk assessments, insurance, and periodic audits. Through this playbook, Palladium endeavours to support portfolio companies with responding to and recovering from cyber incidents, if experienced, demonstrating our commitment to helping our companies improve their cyber performance.

In 2024, Kymera successfully deployed its incident response process after identifying a business email compromise. **Within 24 hours**, the incident was reported to third-party legal support. Additionally, Kymera engaged a third-party data privacy partner to support with an investigation of the incident and remediation planning, which is ongoing.



# Integrity & Accountability: *Envoy Global*

## ENVOYGLOBAL

**Description:** Envoy Global is a provider of immigration software and solutions to global enterprises.

**Region:** Illinois

**Sector:** Services

**Initiative:** Building customer trust

### *Envoy in Numbers*

0

Data privacy or security incidents

100%

Employee cybersecurity training completion rate

< 48 hrs.

Mean time to respond to data privacy threats

“

Our mission and objectives as a cybersecurity team are to facilitate growth and innovation

”

– Subhajit Deb (CISO)\*

## *Engaging with Customers on Cybersecurity*

Envoy Global engages with a wide variety of customer and end-user data due to its immigration, work authorization, and government assistance services across 180+ countries. As a result, not only does Envoy need to comply with security best practices while handling this sensitive data, it must also align to dozens of regional and national data-related regulations with varying levels of protections and controls required.

Envoy maintains a robust cybersecurity program that is SOC 2 and ISO 27001 aligned – Envoy also conducts benchmarking through SecurityScorecard to understand and communicate performance as compared to industry peers. Notably, Envoy has rolled out a customer-facing trust center, through which it communicates data privacy updates and provides insight into its data privacy program to customers. The goal of this leading initiative is to increase customer confidence in Envoy’s privacy program and increase internal accountability for data privacy by ensuring it is enshrined in all parts of the work process lifecycle.

Envoy also seeks to participate with Palladium in bolstering its cybersecurity programming. In 2024, Palladium supported Envoy in conducting a crisis management exercise, highlighting how stakeholder collaboration can improve incident response.



\*Subhajit Deb is an employee of Palladium portfolio company Envoy Global and is not an investor in a Palladium fund.

# Disclaimer and Important Information

While Palladium may consider stewardship factors when making an investment decision, Palladium does not solely pursue a stewardship-based investment strategy, nor does it expect to limit its investments to those that meet specific stewardship criteria or standards. Any reference herein to environmental or social considerations is not intended to qualify Palladium's objective to seek to maximize return on investment.

The performance metrics presented (e.g., stewardship score improvements, emissions reductions, financial growth) are based on data provided by the portfolio company and/or third-party assessments. These results are specific to the company highlighted and may not be representative of all portfolio companies or client experiences.

Metrics such as EcoVadis scores, GHG emissions, and governance ratings are calculated using methodologies established by third-party providers (e.g., EcoVadis, Green Project Technologies). Comparisons to prior years reflect available data and may exclude companies without complete historical information.

These improvements and ratings are subject to limitations, including reliance on self-reported data, third-party methodologies, and changing industry benchmarks. Results should not be interpreted as a guarantee of future performance or outcomes.

Third-party ratings (e.g., EcoVadis, UN PRI, B Corp) are based on criteria established by the respective organizations. Palladium pays standard fees for assessments and certifications but does not pay additional compensation for ratings. Ratings are not indicative of future performance.

Note on 2024 Distributions: These distributions represent the distributions made to Palladium Funds in 2024 related to the sales of EverDriven, Trachte and Del Real. 2024 Distributions for Del Real include deferred ERC tax credits. Invested Capital and 2024 Distributions to the Funds for Del Real are calculated by multiplying the Fund IV and Fund IV CF Invested Capital and 2024 Distributions to the Funds by the ratio of proceeds from the sale of Del Real, excluding the \$50 million rollover component, to each of Fund IV and the Fund IV CF, respectively, divided by total value represented to each of Fund IV and the Fund IV CF, respectively. These ratios are then applied to the Fund IV and Fund IV CF cash flows of Del Real to calculate Gross and Net IRR. Gross MOC represents the 2024 Distributions to the Funds as calculated above divided by the Invested Capital as calculated above, excluding the impact of recycled capital. The calculation of the Net IRR and Net MOC for the 2024 Distributions to the Funds allocates expenses on Invested Capital as it aggregates performance of Investments across various Funds.