

Exponent

2019

ESG Annual Report



Exponent is a private equity firm that believes that greater understanding leads to greater transformation.

We seek to identify untapped potential, navigate complexity and nurture positive relationships in order to unlock meaningful growth for our portfolio companies and investors.

Contents

02	About Exponent
04	Message from Managing Partner
	Responsible Investment
06	Policy and Commitment
10	Management and Performance Process Key Topics for Exponent
16	ESG in Action
17	Portfolio overview
	Company Deep Dive
24	BBi
28	Enva
32	Evergreen
36	Sportslight
	ESG at Exponent
40	Our Values
41	Community Investment
43	Increased training
44	Looking Forward

About Exponent

Welcome to our second ESG Annual Report.

Established in 2004, Exponent is a private equity manager based in London. We are a transformational investor in the European middle-market focused on UK and Ireland, originating deals from within core sectors: Media, Consumer & Leisure, Financial Services and Business Services.

We currently have 15 portfolio companies at Exponent and are attracted to acquiring high-quality businesses that have been constrained in their growth under prior ownership. We work closely with each portfolio company and with management to drive growth and ensure future success, mobilising our expertise by focusing on enablers to execute strategic and effective business plans.

Since inception in 2004, the firm has raised £2.9bn and is currently investing from its fourth fund.

Across all funds, half of the portfolio companies have made bolt-on acquisitions. In Fund III, the fund's portfolio companies have to date, made 31 bolt-on acquisitions, 19 of which are from outside the UK. The revenue composition of the portfolio reflects the European or global reach of the businesses that Exponent targets, with more than 50% of the revenues originating from outside of the UK.

2019 was a busy year with the exit of Loch Lomond, a Fund II investment, TRS & East End joined the portfolio and bolt-on acquisitions were made at Dennis Publishing, SHL, Meadow Foods and Enva Group. Work was also ongoing on carving out a leading independent pensions advisor from KPMG, now named Isio, which joined the portfolio in early 2020.

200+
years

Combined private equity experience

14 years

Average Exponent Partner tenure

£2.9bn

In funds raised

£2.1bn

Assets Under Management

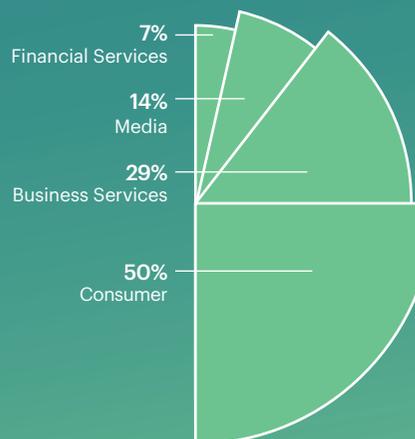
£100-400m

Enterprise value

30+
investments

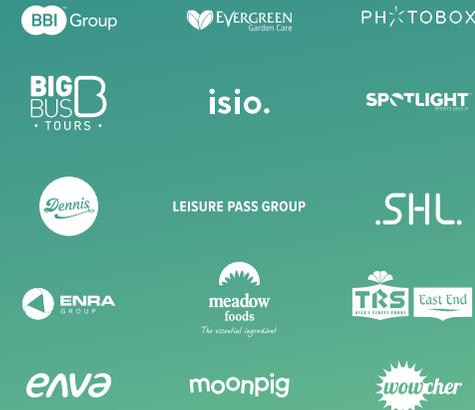
Across all funds

Our core sectors:



15 portfolio companies

(Excludes residual holdings in FI and FII)



Message from Managing Partner



Richard Lenane
Managing Partner

As Exponent's Managing Partner, I am pleased to present our second ESG Annual Report, which provides a detailed account of our ESG achievements over the past year and our ambitious plans for the year ahead.

At Exponent, we continue to prioritise ESG and 2019 saw us become more transparent about our approach. For the first time, ESG featured on our main agenda at our AGM demonstrating that ESG is not only at the heart of what we do but also that it is of primary importance to our investors. This increasing interest in ESG is not just restricted to our investors and so we have improved our transparency by adding more information to our website,

allowing everyone the opportunity to understand our strong ESG position and commitments.

We are delighted to have established our very first charity committee, with money so far being donated to Impetus, a charity which supports young people from disadvantaged backgrounds. We will identify a second charity partner during 2020.

Last year saw us host our most successful leadership conference to date, which was attended by 120 executives and gave senior managers the opportunity to network and hear engaging talks on a variety of topics including employee engagement, managing people and diversity.

The impacts of climate change have been well documented and in the last year the challenges we face have become ever more pressing. As a responsible investor we are looking at how we can address this and we will be taking steps to measure and understand the entire portfolio's carbon footprint during 2020. We are also pleased that Evergreen, one of our portfolio companies has taken leadership on the issue by pledging to go carbon neutral by 2025.

We have also started to visit some of our portfolio companies to specifically discuss ESG and to ensure it's a top priority. We are proud to support our portfolio companies on their ESG journey and delighted that 2019 brought some successes, including:

enva

Enva Group received a prestigious Recycling & Waste Management (RWM) Circular Economy Award for their Easichick Animal Bedding.

EVERGREEN
Garden Care

Evergreen achieved a Circular Economy Accreditation, a French initiative which is the basis of an ISO standard.

RACING POST

Racing Post became founding members of the Responsible Affiliates in Gambling (RAIG) Association, working to help raise standards within the gambling sector.

Dennis

Dennis Publishing delivered its first wrapper-less magazine with The Week Junior, saving 3 million plastic wrappers per year.

While ESG will continue to be a priority for our business in the coming year, from our position in May 2020, we can see that it is set to be a challenging year for individuals and businesses everywhere. As we face the threat from the Covid-19 pandemic, the resilience of Exponent and our portfolio companies will be tested.

As our portfolio covers a broad spectrum of sectors, the pandemic and global response will affect each business differently. We are working hard to address those challenges and opportunities and to support customers, investors and employees through this unprecedented period. This will, undoubtedly, affect the activities undertaken within Exponent and our portfolio, but throughout we will work to achieve the best results for all our stakeholders, the environment and the communities we serve.

I hope you enjoy our second ESG report, which aims to give you an honest and transparent look into our business and portfolio companies, showcasing the positive steps we have made so far.

I would be delighted to address any aspects of this report with you, if you have any questions.

Richard Lenane
May 2020

Responsible Investment

Policy and Commitment

Responsible Investment (RI) is integral to our business and our approach to both investing in and owning businesses incorporates Environmental, Social and Governance (ESG) factors.

In January 2019, Exponent became a signatory of the UN Principles for Responsible Investment (PRI).

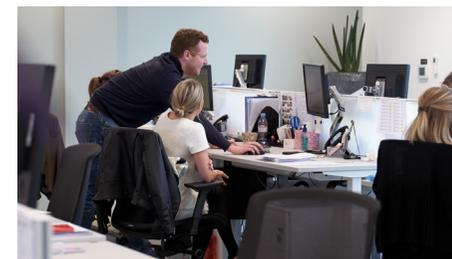
We are committed to incorporating their six principles, and consider ESG issues as part of our investment practices:

- 1 We will incorporate ESG issues into investment analysis and decision-making processes.
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices.
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 We will promote acceptance and implementation of the Principles within the investment industry.
- 5 We will work together to enhance our effectiveness in implementing the Principles.
- 6 We will each report on our activities and progress towards implementing the Principles.

We have had an active Policy on Responsible Investment since 2010, which has paved the way for our commitment to developing, enhancing and promoting RI principles across all aspects of our business. The policy sets out a robust set of ESG processes and procedures to ensure the ongoing development and promotion of RI in compliance with the PRI principles.



To ensure this policy stays relevant and core to our values, it is reviewed and approved by Exponent's Partners every year. This policy is embedded within the work of all members of staff and in 2019 we began asking employees to commit to ESG as part of the Annual Declaration that all employees sign. It is vital that our employees follow the processes and procedures contained within the policy, which ensure that RI remains fundamental to us. Reflecting this, ESG will now form part of our staff induction programme. By making RI core to our approach, Exponent can have a positive influence and impact on the performance of the companies in our portfolio.



“Exponent is committed to developing and promoting strong ESG principles across all portfolio investments. It is the Firm’s ambition to make credible and tangible ESG improvements at each investment during the course of the Funds’ ownership”.

Extract from Exponent’s Policy on Responsible Investment

Responsible Investment

Policy and Commitment *continued*

Our RI Approach

1 Investment Analysis and Decision Making

- a The deal team must consider ESG issues and opportunities during the investment analysis and decision-making phase and raise them with the Investment Committee (IC).
- b As a minimum they must include responsible investment in at least one investment paper and provide enough detail to enable the IC to understand the relevance of the ESG issues.
- c If material ESG issues are identified, the deal team must engage independent consultants to review ESG risks before a decision to invest is taken.

2 Ownership Policies and Practices

- a We promote ESG activities and improvements during ownership, with a member of the deal team and senior member of the executive team given responsibility for ESG.
- b We arrange for an independent ESG review to be carried out as part of due diligence or the “100-day” plan and repeat that review every three years, to identify and monitor ESG issues and opportunities.
- c To engage the broader management team, ESG must be included on the board meeting agenda every quarter.



3 ESG Monitoring

- a To monitor progress, we require our companies to partake in our quarterly ESG KPI programme.
- b In addition to our standard KPIs, portfolio companies focus on bespoke KPIs that highlight the material issues that are specific to each business.
- c The Annual Budget Review gives the CEO and CFO an opportunity to report on ESG issues to the Exponent Partners and encourages Senior Management involvement.

4 Disclosure on ESG issues to investors

- a We hold seats on the board of each portfolio company and so are aware of the material issues our businesses face, we still however expect timely reporting of material ESG issues to the Firm.
- b Depending on the severity of the incident, we will disclose the issue with our investors or with the Firm’s Advisory committee. In other less material cases, we will provide updates via regular quarterly reporting.
- c Exponent will provide all our investors with an annual ESG report, highlighting the developments over a 12-month period.

What we said we would do in 2019

“We review and update our Policy on Responsible Investment every year. In 2019, we will ask employees to commit to ESG as part of the Annual Declaration that is signed by each member of staff”.

What we did in 2019

- 1 RI policy is reviewed annually and last reviewed in December 2019.
- 2 Further enhanced by adding ESG to part of our staff induction programme.
- 3 Policy commitment included in Annual Declaration, added in December 2019.

Target for 2020

ESG to become part of our annual training programme for all Exponent employees.

Responsible Investment Management and Performance

Exponent's Managing Partner, Richard Lenane is responsible for all governance matters within the Firm, with oversight delegated to Craig Vickery, the Firm's Chief Operating Officer.

Lizzie Stazicker is the Firm's ESG Manager and is responsible for the day-to-day management of ESG within the Firm and with its portfolio companies. As well as promoting ESG within Exponent and the portfolio companies, Lizzie monitors progress and KPIs, reports to the PRI, and develops the approach to RI, ensuring it aligns to industry best practice.

Craig spoke at the AGM with investors on ESG topics and opportunities for the first time in 2019.

To embed ESG principles throughout the business we need senior management teams to take it seriously. We have devised our ESG processes to increase the frequency and prevalence of ESG discussions on a portfolio and Firm level.

“Embracing sustainability and demonstrating that we had an advantaged position on it was a game changer for us in Quorn. During Exponent's ownership, this went from being something that the Executive Team never talked about to being at the heart of our pitch when selling the business. I have no doubt that the multiple we achieved was significantly higher because of this.”

Martin Lofnes, previous CFO of Quorn and current CFO at Evergreen

Process

Exponent wants to make credible and tangible ESG improvements at all portfolio companies during its ownership. To sustain and continually develop robust ESG processes and procedures, we have established a structure around the portfolio company lifecycle, determining how ESG is considered at each stage and how portfolio companies can embrace ESG.

What we require from our Portfolio Companies:



Responsibility

- Portfolio company – Member of Senior Management Team responsible for ESG
- Exponent – Member of deal team responsible for compliance with all processes and procedures
- ESG at Exponent – overseen by Chief Operating Officer and ESG Manager

Review

- ESG Consultants assist portfolio companies with KPI selection and review of the business
- External ESG review to be repeated every three years
- ESG review reports shared with Exponent's Investors via Investorzone

Eight ESG reports were commissioned in 2019

Monitoring

- ESG KPIs reported quarterly
- ESG to be discussed quarterly at the board meetings of each portfolio company
- Inclusion in Annual Budget presentation to the Exponent Partners
- Participation in investor ESG questionnaires
- In 2019 we started to visit our companies to specifically discuss ESG and look forward to continuing these discussions annually, whether virtually or in person

Reporting

- Material ESG incidents to be shared with the Exponent deal team, these may need to be communicated to our investors
- Exponent to publish annual ESG report
- Exponent to comply with annual PRI reporting

Exit

- ESG progress to be documented in data room for new buyers

Aim: to achieve long-term transformation, achieve meaningful ESG improvements which survive beyond the ownership period

Responsible Investment

Management and Performance *continued*

Process *continued*

We recognise that the senior management at our businesses need to be aligned with our ESG programme and values and so to help our companies understand their obligations, we have created a Roadmap presentation to clarify their reporting requirements and their timelines. We look forward to rolling this out to management teams in 2020.

We have also set out a timeline for newly onboarded portfolio companies, detailing realistic milestones within their first year that we deem as vital to maintaining ESG objectives from the beginning of the partnership.

The First 12 Months:

- Allocate ESG responsibility
- Introductory call with Exponent
- Consultants engaged
- KPIs established
- ESG – board agenda item
- Participate in Quarterly KPI programme
- ESG – board agenda item
- All ESG objectives to be met
- ESG to be included in Budget Presentation to Partners

What we said we would do in 2019

“We are committed to developing our ESG processes and procedures to drive the adoption of responsible investment principles at Exponent and across all portfolio companies. In 2019 we will enhance ESG reporting on our website, provide formal ESG training for the team; and create an ESG roadmap for new portfolio companies”.

What we did in 2019

- 1 Added a new webpage to our website titled ‘Our Responsibility’, which includes our 2018 ESG Report and our Policy on Responsible Investment.
- 2 Arranged formal ESG training for the deal team.
- 3 Created an ESG roadmap for new portfolio companies, outlining our values, expectations and processes.

Target for 2020

- Schedule annual ESG catchups with our portfolio companies.
- ESG session at the 2020 Leadership Conference.
- Arrange a cross-portfolio network initiative.
- Measure Exponent portfolio and operational carbon footprint.

Responsible Investment

Management and Performance *continued*

Raising awareness across the portfolio

We took an important step in 2019 and started to visit some of our portfolio companies specifically to discuss their ESG progress. We want to continue this area of work throughout 2020 by visiting all our portfolio companies on annual basis alongside the quarterly ESG KPIs reporting.

We ask portfolio companies to report against a standard set of KPIs as well as a set of four to five bespoke KPIs that are specific to the business. This is critical to encouraging each company to monitor and report on ESG topics that are material to them on a regular basis and that these topics remain a business priority. It also gives the Firm an opportunity to discuss ESG progress in this area on a quarterly basis.

Over the course of 2019, we worked with our portfolio companies to support them in responding to key legislation, such as the UK's second phase of the Energy Savings Opportunity Scheme (ESOS). These schemes help our businesses to better understand their energy usage and highlight key areas of improvement and success.

We also worked to build awareness across the portfolio on Diversity, as we require all our companies to report on their Gender Pay Gap, regardless of whether they meet the qualification threshold.

We held a standalone ESG training session in January 2020, to help our deal teams understand trends and developments in the Private Equity landscape, including the impact of ESG risks and opportunities on deals and the portfolio. Following this, we decided to include ESG in our annual programme of training.

“Hearing speakers like Margaret Heffernan talk about the importance of diversity in leadership teams, alongside sharing real-life experience within the portfolio is incredibly valuable. It really brings ESG topics to life and demonstrates their critical importance to business”.

Emmie Hackett, General Counsel,
Chief Compliance Officer & Global Data Protection Officer, SHL

ESG topics at Leadership Conference

While our portfolio companies operate in very different sectors, there remains a great deal of cross over and we recognise the opportunity to share learning. Our leadership conference saw 120 executives and senior managers attend from portfolio companies and Exponent. This was a positive opportunity for everyone to network and participate in productive discussions on a range of different topics.

This year's conference agenda included talks on employee engagement, managing people and diversity. These inspiring speakers help reinforce the importance of ESG issues and next year we hope to have a specific session on ESG to further reinforce this message.

ESG in Action

As part of our ongoing monitoring, we work with our portfolio companies to track meaningful KPIs on a quarterly basis.

Here is a selection of some of the achievements made in 2019.

BBI Group



Leading B2B manufacturer and services provider to in vitro diagnostic healthcare, food safety and military bio-threat detection companies globally.

Key achievement

0 reportable Environmental, Health & Safety incidents in 2019

Headquarters	Acquired
Crumlin	November 2015
Annual Revenue	Sector
£57.9m	Business Services



Big Bus Tours

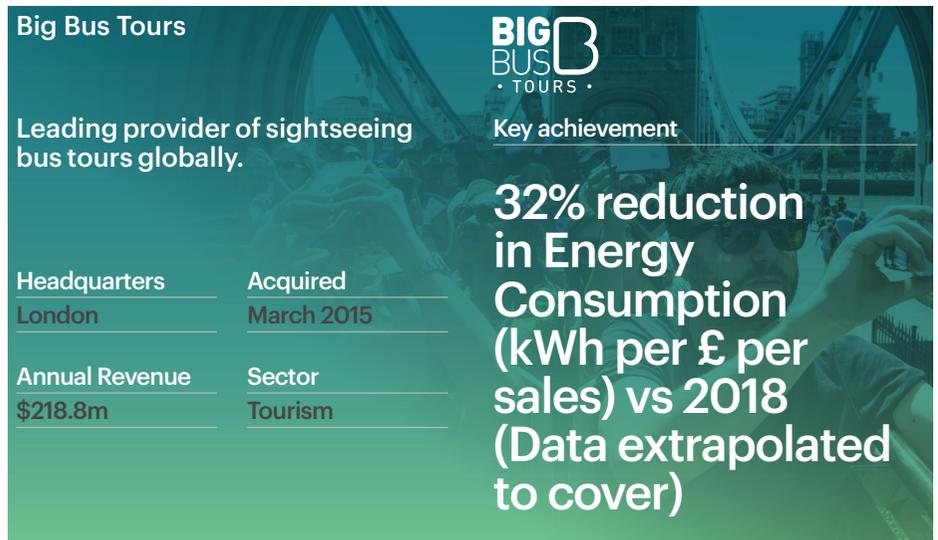


Leading provider of sightseeing bus tours globally.

Key achievement

32% reduction in Energy Consumption (kWh per £ per sales) vs 2018 (Data extrapolated to cover)

Headquarters	Acquired
London	March 2015
Annual Revenue	Sector
\$218.8m	Tourism



ESG in Action *continued*

Dennis Publishing



Consumer media and ecommerce business.

Key achievement

Dennis UK is now recycling 97% of their waste

Headquarters	Acquired
London	October 2018

Annual Revenue	Sector
£121.8m	Media

Envva Group



Leading waste management, recycling and resource recovery business.

Key achievement

Investing £2.8m to double the recycling capacity of two of their sites

Headquarters	Acquired
Glasgow	May 2017

Annual Revenue	Sector
£226.4m	Business Services

ENRA



Specialist provider of mortgage finance, lending and brokering short term bridge mortgages.

Key achievement

100% of staff had completed Whistleblowing training and Managers are currently undergoing specific training on how to handle concerns

Headquarters	Acquired
Borehamwood	February 2017

Annual Revenue	Sector
£75.7m (Net Income)	Financial Services

Evergreen Garden Care



Leading garden care company outside North America, producing high quality and sustainable garden care products.

Key achievement

Reduced packaging in 2019 by 1000 tonnes of plastic and 2225 tonnes of carton, with a 28% reduction of virgin material

Headquarters	Acquired
Frimley	August 2017

Annual Revenue	Sector
£374.4m	Consumer

ESG in Action *continued*

Leisure Pass Group

LEISURE PASS GROUP

Leading city pass provider with operations in 19 cities across Europe and the US.

Key achievement

In 2019, Leisure Pass Group introduced regular Mindfulness sessions, open to all staff

Headquarters	Acquired
London and Boston	December 2016
Annual Revenue	Sector
\$458.6m	Tourism

Moonpig Group

moonpig

Online retailer of personalised cards and gifts.

Key achievement

Employee engagement score has increased from 45% in 2018 to 62% in 2019, with a positive shift in 14 out of 15 engagement factors that are measured using the Culture Amp survey solution

Headquarters	Acquired
London and Guernsey	January 2016
Annual Revenue	Sector
£120.0m	Consumer

Meadow Foods

meadow foods

Leading B2B dairy ingredients supplier.

Key achievement

4.9% reduction in Energy used per Tonne of product (FY18 – FY19)

Headquarters	Acquired
Chester	August 2018
Annual Revenue	Sector
£63.3m (Gross Profit)	Consumer

Photobox Group

PH*TOBOX

Leader in Europe for digital consumer service for personalised products and gifts.

Key achievement

We have gained ISO14001 accreditation for two of our sites and have a full plan for ISO14001 accreditation for all manufacturing facilities by the end of FY20

Headquarters	Acquired
London and Paris	January 2016
Annual Revenue	Sector
£219.6m	Consumer

ESG in Action *continued*

SHL

Largest provider of psychometric and cognitive talent assessment for business globally.

Headquarters	Acquired
Thames Ditton	April 2018

Annual Revenue	Sector
£191.1m	Support Services

.SHL.

Key achievement

Reduced energy consumed by total sales by 37% in 2019

Spotlight Sports Group

SPOTLIGHT
SPORTS GROUP

Global data, content and media business for the horseracing and sports betting industries.

Headquarters	Acquired
London and Dublin	September 2016

Annual Revenue	Sector
£80.0m	Media

Key achievement

97 stories published in 2019 which reference problem gambling

Wowcher

wowcher

Leading provider of online discount deals in the UK and Ireland.

Headquarters	Acquired
London	November 2015

Annual Revenue	Sector
£45.2m (Gross Revenue)	Consumer

Key achievement

0 reportable health and safety incidents in 2019

ESG in Action *continued*

Responsible Sourcing



BBI Group is a leading B2B manufacturer and services provider to the in vitro diagnostic market.

Exponent completed the purchase of BBI in November 2015 and the team have been working with the business on their ESG initiatives, with a focus on responsible sourcing.



Responsible sourcing is intrinsic to the Group and has become a company-wide focus. With customers and operations globally, BBI has been affected by the increase of human rights-focused supply chain regulation such as the Dodd Frank Act in the US and UK's Modern Slavery Act.

Employee awareness

BBI has developed training to ensure that all employees working in supply chain management have a good understanding of ethical procurement and are aware of the signs and risks as well as procedures required if modern slavery and human trafficking activities are identified. Working with partners, training has been delivered to both staff and suppliers.

All procurement staff are members of the Chartered Institute of Purchasing Supply (CIPS) which has a strong focus on promoting supply chain human rights and sustainable procurement practices.

ESG in Action *continued*

Responsible Sourcing



100%
of new suppliers are now
vetted for ethical compliance

128
strategic suppliers signed up to the
supplier code of conduct in 2019

Supplier management

BBI has developed a thorough risk assessment and management approach within their supply chain. The supply chain is monitored to identify and assess key risks. Based on this information new suppliers are evaluated based on risk factors including their size, sector and location alongside their labour practices, code of conduct and compliance. All suppliers are required to sign up to BBI's supplier code of conduct. 100% of new suppliers are now vetted for ethical compliance and 128 strategic suppliers signed up to the supplier code of conduct in 2019.

By implementing and enforcing effective systems and controls, BBI is working to ensure that modern slavery and human trafficking is not taking place within their supply chain. If any suppliers are unwilling to participate with the policies and procedures, then BBI will take appropriate action, such as cancelling orders and alerting local authorities of any suspected or confirmed illegal activity.

Where possible BBI use certified providers to ensure conditions and sustainability standards throughout the supply chain. This includes only working with Department of Agriculture, Forestry and Fisheries (DAFF) certified abattoirs and certified smelters for gold.

“The oversight and governance from Exponent helps to drive ESG through the business, this helps to engage our employees to make a difference in many sectors from reducing energy consumption to partnering with charitable causes. I found the ESG workshop during the 2018 leadership conference particularly useful.”

Damian Evan (Global Head of Quality at BBI)



By maintaining this as a business priority, BBI is acknowledging and addressing a serious global issue while minimising regulatory risks and meeting customers' expectations.



ESG in Action *continued*

Circular Economy

enva

Enva is a waste management, recycling and resource recovery company, with 33 facilities across the United Kingdom and Ireland and a workforce of over 1,500 people. Enva manages a broad range of hazardous and non-hazardous waste materials from industrial, commercial and municipal customers and creates valuable products for re-use in manufacturing, restoration and energy generation.

The due diligence conducted prior to investing in Enva revealed that the business had a good reputation within the waste industry and strong relationships with regulators, which included an excellent track record in environmental compliance. Since Exponent acquired Enva in May 2017, we have been working with the company to better articulate and drive a broader ESG agenda, that includes tracking a range of KPIs and the publication of an annual CSR report.

Enva is focussed on maximising the recovery of resources from its waste streams and we plan to develop the company into a leading recycling business, with the circular economy at its heart. Enva has strongly defined values and a positive culture which drive the business strategy:

- Support lifecycle of waste products – providing a second life, such as production of energy or closed-loop recycling solutions.
- Developing new innovative products and solutions – extending the life cycle of the world's resources.
- Continually improve operating efficiency – saving energy and saving resources.

The overall aim at Enva is to reduce pressure on the earth's limited virgin supplies and support the development of more circular business models. As part of this strategy, we have allocated significant capex to improving processing technology and invested in eight acquisitions focussed on resource recovery, often in specialised waste streams that are traditionally hard to manage.



ESG in Action *continued*

Circular Economy

enva

£1.8m

invested in its plastics infrastructure

Wood recycling

Enva purchased Hadfield Wood Recyclers, one of the oldest and largest wood recyclers in the UK with c. 40 years in the industry. The business handles wood waste for many national and international waste management companies, local authorities and other public sector bodies, as well as businesses from all industries including construction and retail. This recovered wood is then refined to create the 'easi' range of animal bedding products, as well as alternative sources of energy and materials for the panel board industry.

Enva works collaboratively with suppliers to help them grade and segregate their wood waste, so that the customer can get a higher price and Enva can obtain a cleaner supply of raw materials, which can be converted into more premium products.

This is paying off, with Enva producing high value products from recycled materials, implementing a circular economy model. In September 2019 Enva won a prestigious Recycling & Waste Management (RWM) Circular Economy Award for their Easichick Animal Bedding, which is produced from clean recycled wood and is manufactured to the specific needs of the animal concerned.

The judges were impressed that it was the only bedding producer to hold an 'Organic Farmers and Growers' accreditation, which meant that the bedding could be spread on the land post use or used as biomass fuel in the generation of sustainable energy. The judges were especially pleased that Enva was able to use its internal resources to recycle the plastic bale bags to give this material another life too.

Plastic recycling

Under Exponent's ownership, Enva acquired a plastics recycling facility in Lincolnshire. This facility specialises in recycling plastic waste from 85% of the small waste electrical and electronic equipment (WEEE) waste in the UK. Using state-of-the-art separation technology Enva is able to sort plastics from other materials. Enva aims to 'close the loop' by using recovered plastics to substitute virgin plastic material in manufacturing processes, including use in small electronic and electrical equipment.

Exponent has invested £1.8 million in its plastics infrastructure, enabling the site to produce an extra 2,000 tonnes recycled plastic a month, doubling its output capacity. This increase in recycled materials reduces manufacturers' reliance on virgin resources and supports a lower carbon economy as recycled plastic has a lower carbon footprint.

The facility upholds a rigorous, quality-controlled process, that the team are extremely proud of, enabling a high degree of traceability, with all products tested in the laboratory.

Enva is committed to innovation and to continually working towards becoming a leading waste management, recycling and resource business.

“Enva is committed to developing new and innovative products and solutions to extend the lifecycle of the world's resources and drive our business forward.”

Vicky Hughes, Group Business Development Director – Wood Recycling, Enva Group

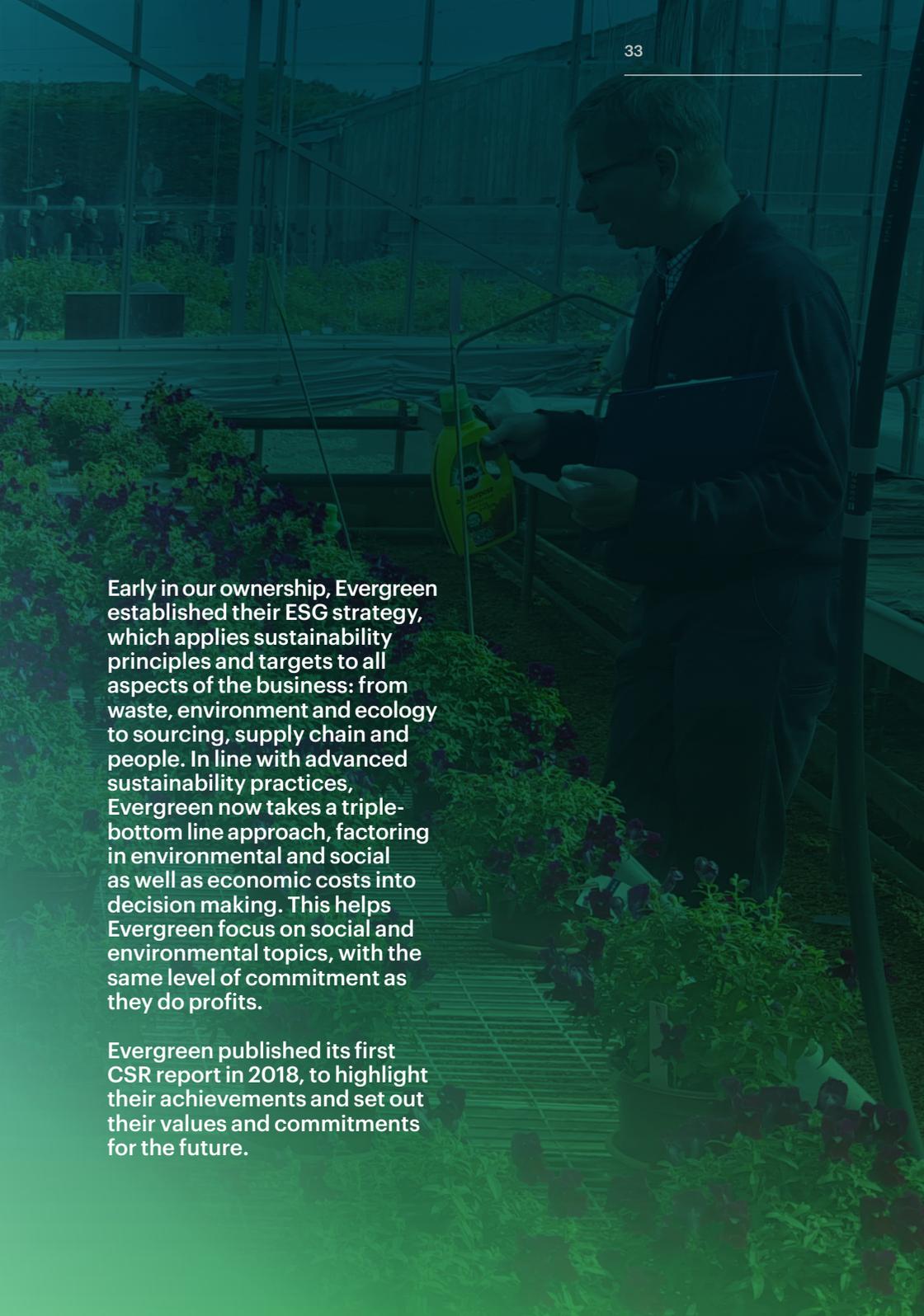


ESG in Action *continued*

Developing natural formulations



Evergreen Garden Care is the leading garden care company outside North America, producing high quality gardening products. Since Exponent acquired Evergreen in August 2017, we have put ESG principles at the heart of the business, in the firm belief in the value that ESG can bring. Part of this commitment is the importance of sustainability to Evergreen's customers.

A man in a dark suit and glasses is working in a greenhouse. He is holding a clipboard and a yellow tool, possibly a sprayer or a measuring device. The greenhouse is filled with various plants, including purple flowers. The background shows the structure of the greenhouse and other plants.

Early in our ownership, Evergreen established their ESG strategy, which applies sustainability principles and targets to all aspects of the business: from waste, environment and ecology to sourcing, supply chain and people. In line with advanced sustainability practices, Evergreen now takes a triple-bottom line approach, factoring in environmental and social as well as economic costs into decision making. This helps Evergreen focus on social and environmental topics, with the same level of commitment as they do profits.

Evergreen published its first CSR report in 2018, to highlight their achievements and set out their values and commitments for the future.

ESG in Action *continued*

Developing natural formulations



£10m

invested in improving the environmental profile of products



We have invested in Evergreen's R&D department, evolving it into one of the most advanced facilities in the industry.

Plastics

Evergreen has a four-year strategy to reduce packaging and virgin material within its products. In 2019 they reduced the virgin material used by 28% and saved 91 tonnes of plastic and 68 tonnes of carton. In 2019, the company became a member of Recoup (Recycling Of Used Plastics charity), to understand best practice, receive guidance, lobby for improving plastic recycling in the industry and share their experience.

Sustainability by design

We have invested in Evergreen's Research and Development (R&D) department, evolving it into one of the most advanced facilities in the industry. To date, £10 million has been invested in improving the environmental profile of their products.

As well as creating new products and processes, we are committed to improving those that already exist. Evergreen deem science-based innovation as having a significant role in helping them achieve high quality, environmentally sustainable products. They are also keen to move from synthetic to natural formulations, with the ambitious goal of 70% of all formulations to be natural by 2021.

Circular economy

We are pleased that Evergreen Garden Care are the first Garden Care company to achieve the AFNOR France standard for Circular Economy Systems. To receive this accreditation the business applied circular economy systems throughout their value chain. From sustainable sourcing, eco-design, industrial partnerships, management of consumer and customer requirements as well as post-consumer use management, sustainability is at the heart of the business.



ESG in Action *continued*

Responsible Gambling



Spotlight Sports Group is a global data, content and media business for the horseracing and sports betting industries. Following the platform acquisition of Racing Post by Exponent in September 2016, the business has invested in several bolt-on acquisitions to create a new group comprised of affiliate businesses in a number of jurisdictions.

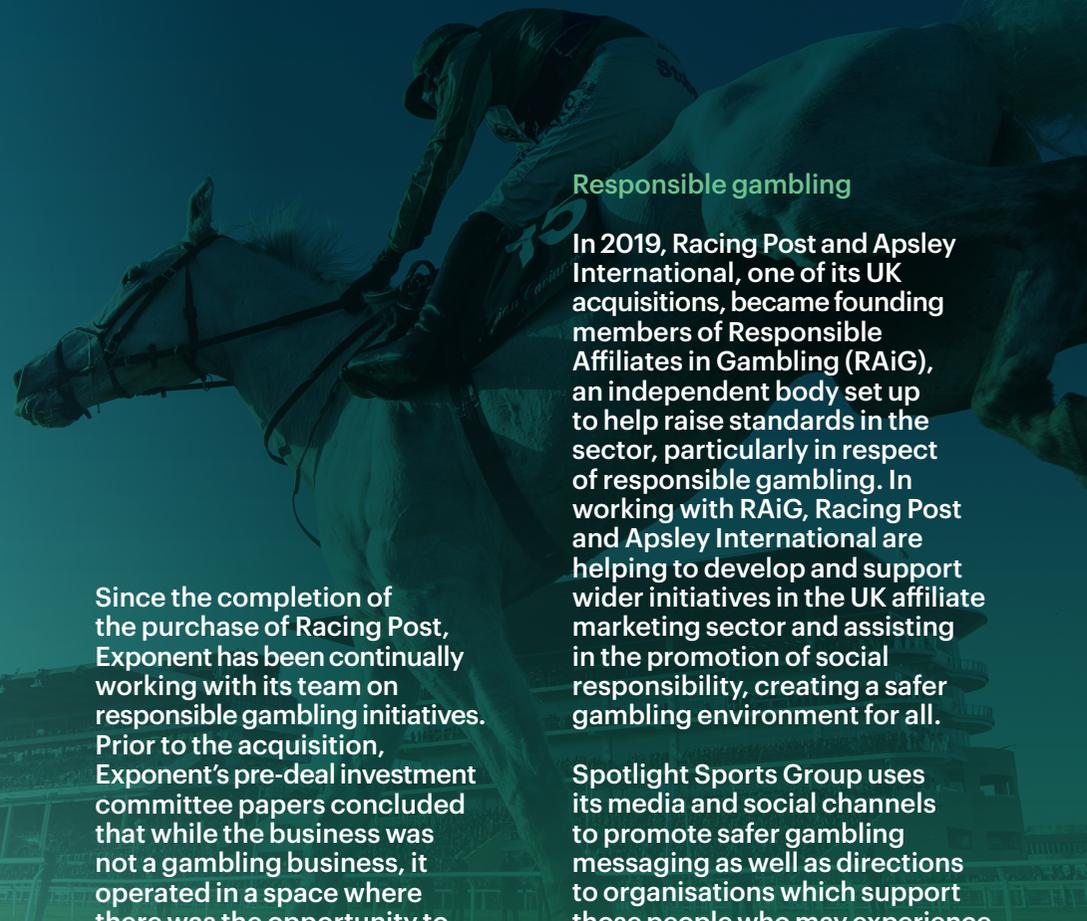
Responsible gambling

In 2019, Racing Post and Apsley International, one of its UK acquisitions, became founding members of Responsible Affiliates in Gambling (RAiG), an independent body set up to help raise standards in the sector, particularly in respect of responsible gambling. In working with RAiG, Racing Post and Apsley International are helping to develop and support wider initiatives in the UK affiliate marketing sector and assisting in the promotion of social responsibility, creating a safer gambling environment for all.

Since the completion of the purchase of Racing Post, Exponent has been continually working with its team on responsible gambling initiatives. Prior to the acquisition, Exponent's pre-deal investment committee papers concluded that while the business was not a gambling business, it operated in a space where there was the opportunity to "explore additional preventative measures to confront problem gambling under our ownership".

In response, Spotlight Sports Group has developed a 23-part responsible gambling framework to help assess how effectively the company is addressing responsible gambling in relation to employees, customers and third parties. The framework has helped identify opportunities for improvement within the company and roll out best practice on a group level.

Spotlight Sports Group uses its media and social channels to promote safer gambling messaging as well as directions to organisations which support those people who may experience harm from gambling. Spotlight Sports Group is striving to keep its customers safe and ensures its own advertisement activities and content do not induce customers to gamble beyond their means and limits. These efforts extend to the development of its new data platform and digital products that the Racing Post is building, with responsible gambling tooling a core part of the design principles.



ESG in Action *continued*

Responsible Sourcing



All newly appointed staff have a mandatory responsible gambling discussion to attend within the first few weeks of joining the team.

To raise awareness, Spotlight Sports Group and its companies participated in the Responsible Gambling Week and ran the Responsible Gambling logo and messaging across all channels as well as producing daily content in support of this initiative. This has continued since and the Racing Post carries regular columns on responsible gambling, inviting charities and other respected organisations to contribute their views, the latest being from Gambling Integrity, the organisation which carried out the Responsible Gambling audit.

In 2019, Racing Post marketing staff members underwent training specifically in relation to responsible gambling, with training and exams in the CAP code (Code for non-broadcast Advertising and direct & Promotional marketing) as well as further training from Gamcare, a leading provider of advice and support for anyone affected by gambling-related harm.

Spotlight Sports Group fully understands the importance of supporting responsible gambling initiatives and it contributes to charities every year, including Gamble Aware, Problem Gambling in Ireland, Gamcare and Gamblers Anonymous.

External auditing

As part of its membership of RAiG, Racing Post and Apsley International have been externally audited by Gambling Integrity, a leading provider of consultancy assessment services to the gambling industry, which provided positive results and helped identify minor areas for improvement. Working with third-party organisations ensures the company is aligned to industry standards, that any gambling activity is conducted in an open and fair manner and that all children and other vulnerable groups are protected from being harmed or exploited by problem gambling.

Employee support

As well as focusing on customers, Spotlight Sports Group promotes responsible gambling with its employees, as the wellbeing of its staff is paramount. Racing Post's headquarters is designed around an informal breakout area, where weekly 'show and tell' sessions take place on various matters, including ESG where speakers from responsible gambling charities, including those who have experienced harm, have been invited to present to Racing Post employees at these sessions. All newly appointed staff have a mandatory responsible gambling discussion to attend within the first few weeks of joining the team.



This is helping to keep company values core to the business while dispersing a positive message among employees about sustaining a safe gambling environment in the office and at home.

Racing Post has a bi-monthly internal group that focuses solely on responsible gambling. Establishing this team of dedicated individuals allows for proactive discussions to take place on current issues and to ensure there is a culture of continuous improvement.

The company's internal policy on responsible gambling is reviewed annually and circulated to staff to ensure employees fully understand the support mechanisms available to them and how to maintain a healthy working environment.

ESG at Exponent

Our Values

At Exponent, we have embedded a set of values into our business strategy that have become intrinsic to our Firm's culture and the way we do things.

In addition to promoting and guiding ESG best practice among our portfolio companies, we are making positive changes within our own operations to continually evolve, building strong and proactive ESG initiatives and maintaining a responsible mindset.

With Knowledge

Optimising our expertise and resources, we share our knowledge and learnings across our business and portfolio companies. Exponent hosts ESG related events, with past topics covering GDPR, Corporate Criminal Offence legislation and Cyber security. We are dedicated to ensuring that we align key areas of ESG focus across all portfolio companies to amplify the importance of pertinent issues.

With Focus

We have developed long standing relationships with some of the leading ESG consultancies and they help our portfolio companies focus on key risks and opportunities. Through collective efforts, we are ensuring that our portfolio companies are advancing in the ESG topics most relevant to them, which could present positive opportunities for growth or highlight important areas for improvement.

“We started a charity committee this year to enable the firm to give back and to bring people together through volunteering. So far we have made a significant commitment to Impetus and we look forward to making a commitment to 1 or 2 other charities in the coming months”.



Jacqueline Abu-Haidar, Exponent

With Trust

Exponent strongly believes in being transparent and shares its ESG report publicly on its website.

With Spirit

We are passionate about our portfolio companies and about investing in our management teams. We host an annual Leadership Conference to promote cross-portfolio development and build relationships. To build on this, we have plans to host a cross-portfolio ESG Network event in 2020.

With Responsibility

Responsible investment is the foundation of our business, providing direction at all stages of acquisition, ownership and final sale. In January 2019, Exponent became a signatory to the UN Principles for Responsible Investment, formalising this commitment to RI.

Community investment

Last year Exponent established a charity committee to direct our community investment activities to help us make positive changes and support initiatives our employees feel passionate about. Our first charity partner is Impetus, who work with disadvantaged children to get them the right support to succeed in all aspects of life. They aim to close the gaps in education and employment between disadvantaged young people and their better-off peers.

We are working to identify another charity partner and encourage our employees to make suggestions on potential charities that we can support, with the ultimate decision being made by our charity committee.

ESG at Exponent

Community investment *continued*

We are also a sponsor of Level 20, a not-for-profit organisation that aims to address gender equality in the private equity industry.

As part of our commitment, a number of our Partners have volunteered to take part in Level 20's mentoring programme that is designed to support women and their progression into senior positions.



Associations and membership

Exponent contributes actively to industry bodies and associations that aim to promote best practice in the private equity industry.

We are members of the BVCA, Invest Europe and the PRI.

Lizzie Stazicker participated in a panel discussion at the 2019 BVCA Summit on 'The Future of ESG' and is an affiliate member of Invest Europe's Responsible Investment Round Table.



Signatory of:



Increased training

As well as sharing knowledge and building awareness across our portfolios, we also offer development opportunities to the people within Exponent. In 2019, training was a key focus area for us, as we increased our ESG related team training sessions.

We doubled the sessions we hosted on Financial Crime and supplemented these with a standalone session on Cyber Security and another on ESG. By investing in our team, we hope to minimise business risk and maintain the team's awareness of their regulatory requirements.

Looking Forward

With growing concern about climate change, some of our portfolio companies have independently been working to measure and manage their greenhouse gas emissions. There are some excellent examples of best practice, including Evergreen, which has pledged to be carbon neutral by 2025 and is making good progress towards this goal.

In 2020, we will be working with the portfolio to support all companies to take action in this area and see the Streamlined Energy Carbon Reporting (SECR) scheme as an opportunity to help us understand the carbon footprint of our portfolio. Whilst we do not fall within scope as a Firm, we will also measure our own emissions and look in the first instance to see how we can mitigate and offset these.

With the Covid-19 pandemic creating unprecedented social and economic upheavals we will be focusing on our employee base; retaining roles wherever possible and making our employees' health and well being a priority.

We have been having discussions with the HR leads from our portfolio companies to better understand and support the people issues and initiatives they face. Whilst the needs and challenges for each company differ, there are common threads. The portfolio has a wealth of HR experience and knowledge and so we have formalised a cross portfolio network to capitalise on this. Structured round table discussions have been designed to promote the cross fertilisation of ideas and to develop a network that will survive beyond this crisis. We hope this engagement will promote and encourage behaviour that looks beyond the balance sheet and protect the mental and physical welfare of employees.

To understand our broader impact on climate change we will collate all the carbon emissions data from our portfolio to create an Exponent-wide carbon footprint.

