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Exponent Private Equity LLP
Policy on Responsible Investment ('RI')
March 2021

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About Exponent

Exponent Private Equity LLP (“Exponent”) was established in 2004 and is one of the UK’s leading private equity firms, investing in companies headquartered across Europe with enterprise values of between €150-500m.

Exponent 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.

We are based in London, investing in companies in UK, Ireland and across Europe, with a focus on the Media, Consumer, Financial Services and Business Services sectors.

With an experienced team of investment professionals, Operating Partners and a deep network of industrialists - Exponent’s approach is to identify and pursue unique opportunities, bringing insight, investment and stewardship to previously constrained companies, so that they achieve their transformational potential.

Responsible Investment (“RI”) at Exponent

Exponent is committed to developing, enhancing and promoting Responsible Investment (“RI”) principles across all aspects of its business and has had an active RI policy since 2010.

Exponent considers Responsible Investment to be an approach to both investing in and owning businesses that incorporates Environmental, Social and Governance (“ESG”) factors. We believe that by considering ESG risks and opportunities, we will better align ourselves with the long-term interests of our investors, employees and portfolio companies and that this will, in turn, have a positive impact on the performance of our investments.

Exponent’s approach to Responsible Investment is one of continuous improvement and an important milestone in the Firm’s journey was becoming a Signatory to the Principles of Responsible Investment (“PRI”) in 2019.

This policy summarises the Firm’s approach to RI and details the processes and procedures that are employed by the Firm to develop, promote and manage RI across all aspects of our business, including its own operations, suppliers and its portfolio companies.

Richard Lenane, as Managing Partner, is ultimately responsible for all governance matters, including this policy; however, he has delegated ESG oversight to the Firm’s COO, Craig Vickery, and day-to-day management of the policy to the ESG Manager, Lizzie Stazicker. It is the responsibility of Mr Vickery and, in particular, Mrs Stazicker to ensure that the Firm adheres to this policy and the PRI principles, that an appropriate record of ESG compliance is maintained on the Firm’s files and, where necessary and appropriate, ESG matters are reported to Exponent’s investors and other stakeholders on a frequent basis.

This policy has been reviewed and approved by Exponent’s Partners and all members of staff are aware of its contents and follow the processes and procedures contained within this document. This policy is reviewed annually.

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Approach to Responsible Investment

1. Negative Screening:

The Limited Partnership Agreements (“LPAs”) and Side Letters for each Fund have the effect of restricting investments in certain sectors by providing investors excuse rights with respect to those sectors and/or requiring the relevant Funds’ Advisory Committee to consent to an investment in such sectors. Most importantly, Exponent needs to bring judgement to bear on potential investments which are not in sectors that are formally prohibited, but which in Exponent’s view, carry unacceptable reputational risk to the Firm and its investors.

Exponent prohibits investments in the following sectors, where businesses are principally engaged in the following activities:

- The development, production or sale of any biological, chemical or nuclear weapons, cluster bombs or anti-personnel mines;
- The carrying out of illegal logging;
- The manufacturing, sale or marketing of weapons, artillery and ammunition to be used in the act of war or military conflict;
- Incitement of violence or racial hatred;
- Pornography and vice;
- Animal testing, live exports or the fur trade;
- Activities which constitute a material violation of locally applicable environmental laws or regulations; or
- Activities employing forced or child labour.

Note that careful consideration also needs to be given to businesses principally engaged in:

- Gambling;
- Tobacco; or
- Nuclear power generation or the production, handling or reprocessing of nuclear fuels.

2. Positive Screening and ESG Integration:

The Firm’s investment approach is bottom up, not top down and accordingly it is not in the investors’ interests for the Firm to limit its activities to particular fields. Exponent does however bring the same investment criteria to bear on each of the investments that it considers ensuring a common standard is applied across the portfolio as a whole.

The challenge is to think broadly about how ESG factors (issues and opportunities) apply to each of the situations that Exponent considers.

We recognise the importance of getting the best possible advice. The Firm has long standing relationships with some of the leading ESG advisors who assist with due diligence, regulatory updates and training.

As we invest in companies that operate in variety of jurisdictions and sectors, the ESG factors we consider for each company will differ. The following (non-exhaustive) list

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highlights some common focus areas for the Firm:

Environment – climate change, waste management, energy efficiency, hazardous materials, resource depletion

Social – customer satisfaction, data protection and privacy, diversity and equal opportunities, employee attraction and retention, employee engagement, human rights, product mis-selling, product safety and supply chain management.

Governance – anti-bribery and corruption, Compliance, Risk management, whistle-blower schemes.

Responsible Investment Processes and Procedures

Exponent has developed a robust set of ESG processes and procedures, as set out below, that are designed to ensure the ongoing development and promotion of Responsible Investment, in compliance with the PRI Principles. These processes and procedures are the minimum standard required to be followed by all members of staff.

An overview of Exponent's policy on Responsible Investment is given to all new members of staff upon joining the Firm, as part of their ESG induction. As a Firm, we have a robust annual programme of training designed to raise awareness of E, S and G topics and keep the team abreast of regulatory changes.

1. Investment Analysis and Decision-Making:

- As a first step, each deal team must ensure that an investment doesn't operate in a sector or have activities that are prohibited by this policy.
- It is the responsibility of each deal team to ensure that ESG issues and opportunities are considered during the investment analysis and decision-making phase and brought to the attention of the Investment Committee ("IC").
- A section headed Responsible Investment must be included in at least one Investment Paper. For the avoidance of doubt, where ESG matters are deemed to be material it is expected that a section on RI will be included in multiple Investment Papers.
- Where material ESG risks are identified the deal team should engage external consultants to undertake more detailed and focussed due diligence before a decision to invest is taken by the IC.
- The section on RI should be clear and contain sufficient detail to enable the IC to conclude on the relevance of the ESG issue(s) to the business under consideration and its significance to the investment case.

2. Ownership policies and practices:

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

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improvements at each investment during the course of the Funds' ownership. The Firm's aim is to ensure that all businesses embrace ESG and make it a core tenet of their culture that will survive the Funds' ownership period. To enable this to happen, Exponent has implemented the following post-acquisition ESG-focussed processes and procedures:

- A member of the deal team must be appointed as responsible for ESG. It is their responsibility to ensure compliance with all processes and procedures set out below.
- A senior member of the executive team at the portfolio company must be appointed as responsible for ESG oversight within the business.
- Unless a consultant was engaged to consider ESG risks during the investment analysis and decision-making phase, the company must engage, as part of its "100-day" plan, an independent ESG review. This review may form the basis of and assist with the company's ESG program during the period of the Funds' ownership.
- The independent review must be repeated on a three-year basis as a means of tracking progress against the identified ESG issues and opportunities.
- We require our portfolio companies to discuss ESG and, as a separate item, the People Strategy at board meetings on at least a quarterly basis. The People Strategy outlines a company's relationship with and approach to their employees. It sets out how an organisation plans to work with its employees to achieve its objectives.
- Each portfolio company must track a set of ESG KPIs which includes compliance with a standard set of policies that must be reported to the company board and Exponent quarterly and complete an annual ESG questionnaire.
- A summary of each Portfolio Company's ESG and People Strategy developments must be included in the quarterly Portfolio Review Paper.

3. Monitoring and Disclosures:

Given the nature of the investments made by Exponent (e.g. control positions), the Firm ordinarily has ongoing access to management and management information. Accordingly, the deal team are likely to be informed of any ESG issues at an early stage. Nevertheless, the following ESG reporting procedures should be followed by each business:

- Portfolio Companies are required to report on ESG KPIs to their boards and Exponent.
- Portfolio Companies are required to complete an annual ESG questionnaire, covering a variety of E, S and G topics.
- The company CEO/CFO must report to Exponent's Partners on ESG and the People Agenda as part of the annual budget review process.

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- An ESG issue that is material (e.g. it carries financial or reputational risk that could impact on the company, Exponent or our investors) must be reported to the deal team immediately. It is then the responsibility of the deal team to ensure that such matters are reported to the appropriate member of the Exponent team. Note that certain matters may be required to be reported to the Firm's Compliance Officer, Craig Vickery, in the first instance.
- ESG incidents must be reported to all investors unless, in exceptional cases, it is deemed to be commercially sensitive to do so. Depending on the severity of the incident, it may be appropriate, in some circumstances, to disclose the issue immediately by way of an exceptional communication to the relevant Advisory Committee or all investors. In other less material cases, Exponent will provide updates via the regular quarterly reporting, in accordance with the Fund LPAs.

4. External Reporting:

Exponent's policy is to be transparent about Fund and investment matters, including those related to RI and ESG. The Firm is therefore committed to the following reporting to investors:

- Consultant ESG Reports are shared with investors through the investor portal.
- ESG is a standing agenda item for all Advisory Committee meetings.
- Exponent will share publicly its annual ESG report that summarises the ESG activity of the Firm and the portfolio investments over the prior 12-month period and its ESG plans for the next year.
- Exponent is a signatory to the PRI and participates in its annual Transparency Report, which looks at the progress the Firm has made during the previous calendar year.

5. Exit

- Prior to exiting a Portfolio Company, we will assess the company's ESG performance and progress made during the ownership period and provide documentation to interested parties.

Exponent's Own Operations

Exponent is also committed to promoting and adopting ESG best practice within the Firm.

Since its formation in 2004, the Firm has developed a strong and well-defined governance and compliance framework that is set out formally and extensively in its constitutional documents, Compliance Manual and related policy documents, and Staff Handbook ("the Constitutional and Compliance Documents"). This framework includes this Policy on Responsible Investment and sets out, amongst other matters, the expectations of the Firm regarding the code of conduct against which all members of staff and the Firm should be judged.

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All members of staff are required to adhere to the Constitutional and Compliance Documents in accordance with their service agreement. Alongside this requirement, the Firm has established the following procedures to ensure ongoing compliance:

- All members of staff are provided with a copy of the Firm's Constitutional and Compliance Documents.
- All new members of staff receive induction training (both internally and externally led) covering Compliance and ESG.
- All members of staff receive annual Compliance and ESG training (including Cyber training).
- All members of staff are required to sign an Annual Declaration, setting out that they understand and have complied with the Firm's Constitutional and Compliance Documents.

The Firm has also established several committees that promote further ESG development within the Firm, as follows:

- The ESG Committee: considers, develops and implements new ESG policies and procedures at the Firm and across the portfolio.
- The D&I Committee: established to take the lead on and develop the Firm's diversity and inclusion activities.
- The Charity Committee: oversees the Firm's charitable activities, which include providing financial and volunteer support to local charities.

Finally, the Firm is committed to reducing the environmental impact of its activities and being certified carbon neutral.

Date:

6th April 2021

Signed:



**Richard Lenane
Managing Partner**