

The background of the cover is a photograph of a modern office interior. A large window on the right side shows a view of a city with other buildings. In the foreground, there is a black ergonomic office chair with a five-star base. To the left of the chair, there is a small table with some potted plants. The entire image is overlaid with a semi-transparent green filter. A pattern of thin, light green lines forms a grid of diamond shapes across the bottom half of the cover. The text 'Exponent' is in the top left, '2020' is in the middle left, and 'ESG Annual Report' is below it.

Exponent

2020

ESG Annual Report

Contents

02	About Exponent
06	Message from Managing Partner
06	Responsible Investment
12	Portfolio ESG Management
14	ESG Evolution
18	Our ESG Focus
20	Responding to COVID-19
26	Reducing our environmental impact
34	Supporting our people
42	Doing the right thing
48	Making a positive social impact
54	ESG at Exponent
58	Looking Forward

About Exponent

We are based in London, investing in companies headquartered 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 companies, so that they achieve their transformational potential.

Our Culture

We have a strong culture of expertise, flexibility, trust and personal responsibility at Exponent. This culture is expressed as our corporate ways of working:

With knowledge

We believe that knowledge has the power to be transformative when it combines professional rigour with common sense. A combination of strategic acumen and market analysis, the operational insight of our Chairperson network and two centuries of collective private equity experience is how we seek to bring value, manage risk and deliver results.

With focus

We believe that a lean, experienced and stable team is best placed to find and develop exceptional companies. At Exponent, we don't have layers of bureaucracy that cloud our focus. We commit the people, the time and the hard work necessary to transform the assets under our care from purchase to exit, making decisions swiftly and solving problems effectively.

With trust

We believe that building trusted relationships builds better companies. To build that trust, we act with integrity in everything we do, and empathise with the needs of those we work with. That means listening to business owners, backing management teams and always making decisions in our investors' best interests.

With spirit

We believe that success is a collective endeavour, best achieved with a spirit of collegiality and enthusiasm. At Exponent, this energy comes naturally from our commitment to shared goals and a quiet confidence in our method and the transformations it can bring.

With responsibility

We believe that process and procedure is never a substitute for individual responsibility. This same belief informs our approach to responsible investing. At Exponent, environmental, social and governance (ESG) issues are considered at every stage in the deal cycle and we ensure they are raised in each of our fund communications.

Our team also seeks to embed greater awareness and action on ESG issues in the operations of all our portfolio companies.

Responsible investing is an efficient and progressive way of doing business. Not only does it protect and create profit, it creates a world that is better for people and the planet.

For more information, please visit exponentpe.com

200+

years

Collective private equity experience

1

new acquisition

ISIO, plus bolt on acquisitions at BBI, Vibrant, Enva and Evergreen

£2.9bn

In funds raised

€150–500m

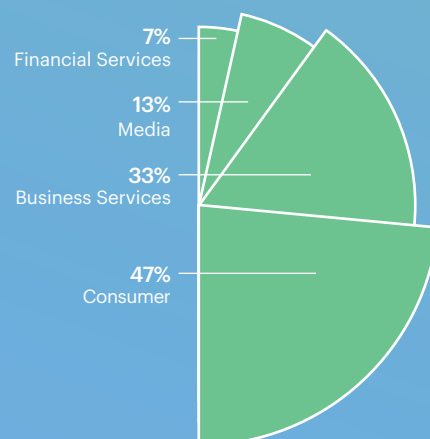
Enterprise Value

30+

investments

Over four funds

Current portfolio sector split:



15 portfolio companies

(Across FIII and FIV)
as of 31 Dec 2020



Headquarters: Crumlin
Annual Revenue: £60m
Headcount: c.480
Acquired:
November 2015
Sector: Business services – healthcare



Headquarters: London
Annual Revenue: \$34.5m
Headcount: c.690
Acquired: March 2015
Sector:
Consumer – tourism



Headquarters: London
Annual Revenue: £185.1m
Headcount: c.530
Acquired:
October 2018
Sector: Media



Headquarters:
Borehamwood
Annual Revenue: £73.9m
Employees: c.140
Acquired: February 2017
Sector: Financial Services



Headquarters: Glasgow
Annual Revenue: £255.6m
Employees: c.1600
Acquired: May 2017
Sector: Business services – waste management



Headquarters: Frimley
Annual Revenue: €416m
Employees: c.940
Acquired: August 2017
Sector: Consumer – garden care products

isio.

Headquarters: London
Annual Revenue: £70.6m
Employees: c.540
Acquired: March 2020
Sector: Financial Services – pensions and investments

LEISURE PASS GROUP

Headquarters: London
Annual Revenue: £48.6m
Employees: c.110
Acquired: December 2016
Sector: Consumer – tourism



Headquarters: Chester
Annual Revenue: £382m
Employees: c.380
Acquired: August 2018
Sector: Consumer – dairy ingredients

moonpig

Headquarters: London and Amsterdam
Annual revenue: £263m
Employees: c.400
Acquired: January 2016
Listed: February 2021
Sector: Consumer – greeting cards and gifts

PHOTOBOX

Headquarters: London and Paris
Annual Revenue: £246.9m
Employees: c.870
Acquired: January 2016
Sector: Consumer – photos and gifts

.SHL

Headquarters: Thames Ditton
Annual Revenue: £191.1m
Employees: c.1400
Acquired: April 2018
Sector: Business services – support services

SPOTLIGHT

Headquarters: London and Dublin
Annual Revenue: £280.9m
Employees: c.470
Acquired: September 2016
Sector: Media



Headquarters: Southall
Annual Revenue: £280.5m
Employees: c.740
Acquired: Nov 2019
Sector: Consumer – South Asian foods



Headquarters: London
Annual Revenue: £163m
Employees: c.250
Acquired: November 2015
Sector: Consumer – discount deals

* As a listed company, the information we have access to is restricted. Further information can be found from their website www.moonpig.group/responsibility/

Message from Managing Partner



Richard Lenane
Managing Partner

As Exponent's Managing Partner, I am pleased to present our third ESG Annual Report, which provides a detailed account of our ESG achievements over the course of 2020 and our ambitious plans for the year ahead.

Few would have foreseen the events of the last twelve months and the far-reaching effects of COVID-19. Conducting one's business responsibly has been paramount as we supported our staff, management teams and their employees through uncharted times.

It has been encouraging that given world events, attention hasn't been diverted away from the risks of climate change. 2020 has seen consumers, businesses and governments strengthen their commitment, reinforcing the pressing nature of the challenge ahead. We also see this from our investors who remain committed to driving this agenda.

The Black Lives Matter movement was an important catalyst for both individuals and organisations to question the status quo and to push Diversity to the top of the agenda. We recognise the importance of this to Exponent and to wider society, and this will remain a focus for the coming years.

As our ESG ambitions evolve, so has our ESG process. Over the last year we have refined our ESG engagement and monitoring as we strive for greater transparency and greater ESG transformation. Ultimately, we want our companies to set ambitious goals to tackle their most material ESG topics. Many of our portfolio companies are already doing this with Evergreen achieving their carbon neutral target this year and Enva wanting to increase the CO2 avoided as a result of their activities from 8 times the carbon they emit to 10 times over the next three years.

To continuously promote good ESG management and to ensure it remains a top priority, Lizzie Stazicker our ESG Manager, worked actively with all our portfolio companies on ESG topics through the year. We are proud to support our portfolio companies' ESG journeys and, despite the challenges that we all face are delighted with the successes 2020 has brought, including:

- A new plant-based range from Meadow, supporting customers who want to follow an animal-free, lower carbon diet;
- An ambitious, new Responsible Investment consulting approach from Isio;
- Photobox aiming to be zero waste to landfill in all sites by 2022
- Enva publishing its first ESG report covering the progress they made in 2020

During 2020, we acquired one new company, Isio in a carve-out from KPMG. Isio is a leading UK pensions advisory firm which was formerly KPMG's UK Pensions and Investments Advisory Practice. Isio brings a strong commercial reputation, deep relationships with its customers and a commitment to responsible investment which we intend to build on. Bolt-on acquisitions were also made at BBI, Vibrant, Enva and Evergreen. During the year, work was ongoing with Moonpig, which successfully listed on the LSE in early 2021, with Exponent retaining a significant shareholding in the business.

At Exponent, our team continued to expand, welcoming, among others, Jeroen Regeur as Head of Benelux, as we further establish our presence in the region. While much of Jeroen's time will be focussed on the Benelux, Jeroen joins as a senior member of the Exponent investment team, generating and executing transactions within our key sectors in the UK, Ireland, the Nordics, and other European markets.

2020 also saw Exponent roll out its Operating Partner model, with two members joining the team. The core of the Operating Partner role is to work with the Exponent investment team to develop investment opportunities and have an ongoing involvement in Exponent investments, principally as Chairperson or as an active board member. Both individuals come with a track record of driving ESG integration in their careers to date and complement the Firm's ESG ambitions. We look forward to expanding this network over the coming years.

I hope you enjoy our third ESG report, which aims to give you an honest look into ESG in our business and in our portfolio companies during a challenging year.

We welcome any questions or feedback and would be delighted to discuss any aspects of this report or our approach to ESG with you.

Richard Lenane
May 2021

Responsible Investment

We are committed to developing, enhancing and promoting Responsible Investment principles across all aspects of our business. For us, this means building robust systems to manage environmental, social and governance factors into our business, into our investment approach and throughout our ownership of a business.

We believe that building a culture of responsibility is in the long-term interest of our investors and can have a positive impact on business performance. We see managing ESG risks and opportunities as not only the right thing to do, but the most prudent course of action.

2020 PRI Rating

A+ Private Equity / A Strategy & Governance

Our commitment to the UN PRI

To demonstrate our commitment to responsible investment, we are a signatory to the UN PRI. This commits us to complying with the PRI's six principles:

- 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.

These principles are inherent in our business practices and in our Responsible Investment policy, which we first developed in 2010. Our RI policy is reviewed and updated every year by our partners and sets out a robust set of processes and procedures to develop and promote strong ESG management within Exponent and our portfolio.

To ensure strong compliance with this approach, we ask our employees to commit to ESG as part of the Annual Declaration that all employees sign and also include ESG in our employee induction programme.

In 2020, we voluntarily participated in the PRI reporting process and were delighted to get an A+ rating for Private Equity and an A for Strategy Governance.



ESG governance

Responsibility for ESG, and all governance matters, lies with Richard Lenane, Exponent's Managing Partner.

Oversight is delegated to Craig Vickery, the Firm's Chief Operating Officer.

Responsibility for the day-to-day management of ESG within the Firm lies with Lizzie Stazicker who is the Firm's ESG Manager. Lizzie works on ESG with our portfolio companies, monitors progress, reports to the PRI, develops our approach to RI, and ensures we align to industry best practice.

The Partners receive updates on ESG management, along with the rest of the Firm on a quarterly basis. Investors are updated on ESG issues at the AGM and through this report.



Richard Lenane



Craig Vickery



Lizzie Stazicker

What we said we would do in 2020

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

What we achieved in 2020

ESG is now part of the Annual Declaration that all employees sign and is included in our employee induction programme. We are also trialling a Responsible Investment e-learning module for new members of the investment team and those who have joined in the last year. We also ran a team wide ESG training session in 2020.

Target for 2021

Sign up to ilpa's Diversity in Action initiative.



Portfolio ESG Management

We want to do more than just make temporary ESG improvements in the companies we own. Our process is designed to achieve meaningful and long-term transformation which will survive beyond our ownership period.

We have long had a set of robust ESG processes and procedures, which consider ESG throughout the deal cycle. The nature and structure of this engagement is monitored to ensure that it best supports our ESG goals and has clear lines of responsibility and reporting requirements.

In 2020 the Firm had a specific focus on the People Strategies within our portfolio companies. People are at the heart of our companies and so we require our portfolio company boards and investment team to report against this as part of our monitoring programme.

A 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.

“Having grown a business through several phases of its growth curve with several private equity partners an area that is often overlooked and under invested in, is its People Strategy. For me the more prepared and aligned management teams are with their investors on the people strategy, the greater chance of success on delivering their value creation plans.”

James Cornell
Exponent Operating Partner

Our ESG Process



Pre-acquisition

- Screen deals against our exclusion list
- Bring any ESG risks and opportunities to the attention of the investment committee
- Include Responsible Investment in at least one Investment Paper and in sufficient detail
- If material ESG issues are identified, conduct ESG due diligence

Ownership

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 assess portfolio companies' risks and opportunities on acquisition and every three years
- Reports shared with Exponent's investors
- CEO, Deal team and ESG Manager to meet to identify ESG ambitions and create an action plan

Monitoring

- Annual ESG Questionnaire
- ESG and, separately, the People Strategy to be discussed at quarterly board meetings
- ESG and, separately, the People Strategy to be included in Annual Budget presentations
- Annual portfolio ESG progress meetings

Reporting

- Material ESG incidents reported to deal teams
- Annual Exponent ESG report
- Respond to Investor ESG Questionnaires

Exit

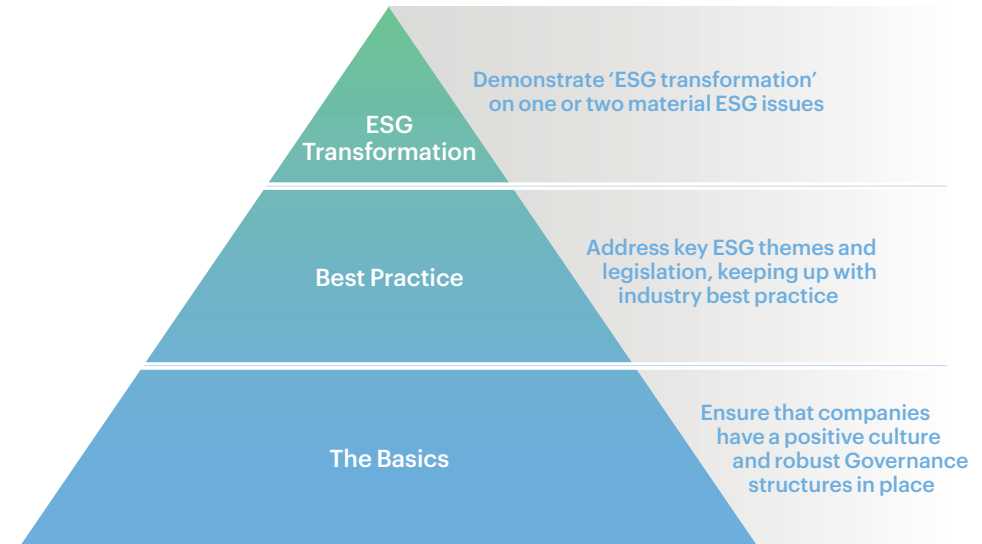
- ESG progress to be documented in data room for new buyers

ESG Evolution

In 2020 we reviewed the Firm's approach to ESG and simplified our strategy, separating out activities that will provide companies with a solid ESG foundation to those that will bring about ESG transformation.

Whilst the government suspended the Gender Pay Gap reporting in 2020, we still felt it was important for companies to track this data and not lose a year's worth of oversight on this important topic.

We created a Roadmap presentation, to help set out our expectations and aid alignment across the Firm and the portfolio. By sharing this and best practice case studies we hope to inspire Management Teams to see the benefits of a strong ESG programme.



The Basics

We require our portfolio companies to have 'the basics' in place to ensure that each business has a solid E, S and G foundation before they can focus on advancing their ESG strategy further. The 'basics' cover core policies that we believe are essential to all businesses, regardless of sector and promote companies to be fair, inclusive and sustainable places to work. In 2020 we revised this list of policies to include Code of Conduct, Equal Opportunities and Whistle-blower schemes. We ask our portfolio companies to have these in place within the first 6 months of our ownership.

Best Practice

Exponent's ESG engagement extends to ESG themes or legislation which have a cross-portfolio impact. These initiatives promote best practice on topical issues.

In 2020, we created an ESG questionnaire to improve Exponent's visibility on the portfolio's ESG progress beyond the basics and provide the necessary detail to aid Exponent's ESG reporting. This was disseminated to the portfolio in Jan 2021 and so we will start to see the real benefit of this when this exercise is repeated in 2022. Over time, this will allow us to benchmark and monitor our portfolio-wide impact in key areas such as carbon and diversity, better understand the impact we have, and see where our portfolio is excelling or requires support.

In 2020 we supported our companies with the Stream-Lined Energy and Carbon Reporting Scheme and established a Portfolio HR Network, designed to support and facilitate the sharing of best practice across the portfolio.

We recognise that companies that have a dedicated Sustainability professional are able to move beyond compliance and drive change in a meaningful way. Producing a CSR report is a good way for a company to demonstrate commitment and show leadership. As of 2020:

21%

CSR reports produced by Exponent's portfolio companies

21%

of Exponent's portfolio companies has a dedicated ESG professional



ESG Transformation

Finally, we want to unite the company behind ESG goals designed to transform the business and create lasting change. These goals are bespoke to each business and are aimed at addressing a key ESG risk or opportunity. These goals have already been identified in some companies and are being developed in others. We will be supporting the portfolio companies to identify transformational ESG goals over the next year and develop action plans to achieve them.

Transformational ESG goals

enva

Increase the CO2 avoided as a result of their activities to 10 times their carbon footprint by 2023

EVERGREEN
Garden Care

Packaging to be 100% reusable, recyclable, compostable or biodegradable by 2030

PH*TOBOX

Zero waste to landfill across all sites by 2021

moonpig

Moonpig to be net zero by 2030

Our ESG Focus

In revising our ESG approach, we identified four key focus areas for our business and portfolio companies which will guide our ESG activities over the coming years. In 2020, we have supplemented these focus areas with our response to the COVID-19 pandemic, which has clearly affected our businesses, employees, customers, suppliers and communities.

To demonstrate our activities in these areas, we have structured this report around these topics and chosen case studies that reflect the progress that is being made across our portfolio.

Our 2020 focus areas are:

- Responding to COVID-19
- Reducing our environmental impact
- Supporting our people
- Doing the right thing
- Making a positive social impact

What we said we would do in 2020 – Portfolio

- Schedule annual ESG catch-ups with our portfolio companies.
Achieved: All our portfolio companies have had an annual ESG catch-up or external review.
- ESG session at the 2020 Leadership Conference.
Not achieved: Due to the COVID-19 pandemic our 2020 Leadership Conference was cancelled. We will include an ESG session at our 2021 Leadership Conference.
- Arrange a cross-portfolio network initiative.
Achieved: We held four forum events with the HR leads at our portfolio companies and two portfolio CFO events.
- Measure Exponent portfolio and operational carbon footprint.
In progress: Due to the Government's extension to file annual reports following the COVID-19 pandemic, the collection of some of this information has been delayed. We intend to report 2020 carbon figures next year. Exponent's operation carbon footprint is published on pg 56.

Target for 2021

- Renew or establish ESG action plans for all of our businesses
- ESG session at the 2021 Leadership Conference
- Commission 5 external ESG reports to set new goals
- Include ESG at exit systematically

Responding to COVID-19

Supporting employees and communities through the pandemic

The COVID-19 pandemic has thrown employee health, wellbeing and engagement into sharp relief. Our businesses have weathered the impacts differently with some shifting to home working, while others have needed to make use of furlough schemes.

100%

100% of portfolio companies ran welfare initiatives for their staff during 2020

The pandemic has shone a light on the people at the heart of our portfolio companies. Throughout these unsettling times, we have worked closely with the HR personnel at each of our portfolio companies; organising regular forums to provide support, expert knowledge and facilitate information sharing. This work has been strengthened by internal working groups looking at improving our management of social factors on a portfolio and firm level.

Exponent responded quickly to the pandemic with a range of measures intended to support portfolio companies, their workforces and the broader PE industry and UK economy. Echoing the PRI's guidance, we acted by:

- Instituting weekly dialogue with portfolio companies, monitoring financial, operational and health and safety performance on a "live" basis, allowing us to make quick decisions and actively support management in crisis management.

- Setting up an internal taskforce to monitor the rapidly evolving set of government support packages (both in the UK and international markets) and share learnings across the deal team and portfolio companies. This included coordinated support on applications for CBILS (and equivalent) financing and grants.
- Supporting management to invest in appropriate safety measures and in transitioning their employee base to a working from home environment where possible. As time went on, this extended to safely re-opening offices/facilities and establishing preventative measures such as PPE equipment and testing.
- Liaising with industry bodies such as the BVCA, offering input on how best to support the dialogue with government to secure the right aid to businesses to enable a rapid economic recovery.

Supporting employees and communities through the pandemic *continued*

As part of this, where necessary, we provided new capital to our portfolio and have maintained a long-term view of investing, evidenced with funding our leisure businesses through a sustained loss-making period. We have encouraged broader employee engagement in portfolio companies via surveys and board meeting interaction and kept a constant dialogue with a broader stakeholder group including LPs, lenders and advisers.

We also invested in work from home capabilities and testing for our own team, as well as offering (when possible) office space for members of the team without a tenable home-working environment. Meetings were conducted virtually where possible, including the majority of board meetings and the Firm's Annual General Meeting.

We remain engaged with the senior teams as they think through their longer term / post-COVID approach to the working environment.

What our portfolio is doing



Specialist finance lender and broker, providing bridging, development finance, buy-to-let and 2nd charge mortgages



Responding to the crisis

The FCA first published "payment holiday" guidance in March 2020 promising customers they could claim 3 months' immediate respite from mortgage payments without incurring arrears, fees or any negative impact on their credit record. Within a week, the call volume into Enra's Servicing team increased tenfold.

Enra responded quickly to the challenge, doubling capacity by redeploying Lending and Broking staff into the Servicing team. Enra deliberately avoided a blanket, digital approach, focusing instead on preserving contact with customers and assessing individual circumstances. Enra's COO led the design of new policies and procedures, with dedicated Compliance support throughout.

They rapidly responded to the challenge by swiftly training staff, creating an assurance framework, and even creating a bespoke payment calculator to clarify the long-term cost impact of the payment holidays.

The response worked. Enra granted 431 payment holidays, for up to 6 months, allowing customers much-needed respite to rearrange their financial affairs. Payment holiday volumes peaked at c.11% of Enra's portfolio – substantially less than the industry average. Despite repeated extensions of the scheme, Enra now has less than 2% of cases still on payment holidays. Arrears and complaint volumes have remained low, with the vast majority of customers resuming payments following their payment holiday.

431

payment holidays granted, for up to 6 months

Supporting employees and communities through the pandemic *continued*

What our portfolio is doing



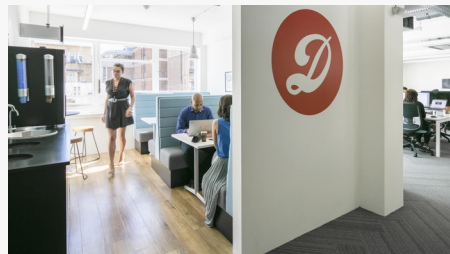
Consumer media and e-commerce business

Mental wellbeing programme

Recognising the changes, challenges and additional pressures the COVID-19 pandemic brought to their employees, Dennis Publishing introduced a comprehensive wellbeing programme, to support their staff through this period drawing on diagnostic tools, team coaching and education.

The first step of the programme utilised an online tool to produce personalised health checks, designed to provide employees with confidential assessments and aggregated results to improve team awareness of what was working well and where additional support was needed.

Dennis introduced a comprehensive wellbeing programme, to support individuals and teams to adapt to changes.



With colleagues forming an essential support network in the shift to virtual working, externally hosted team coaching sessions were designed to strengthen how teams operated, support them to become more effective and ensure the right level of support was in place.

For individuals this was supported by workshops to promote health and wellbeing in the way employees work, think, eat, move and recharge. Dennis also provided confidential support services with professionally trained psychotherapists via 1:1 mental health sessions, to complement their existing Company Employee Assistance Programme. This engagement ties into Dennis' long-term strategy to improve employee wellbeing.

What our portfolio is doing

LEISURE PASS GROUP

Leading city pass provider with operations in 30+ cities across Europe and the US

200,000

estimated printed guide books phased out in favour of digital versions

Digital access to thousands of sights

When travel and tourism resumes following the COVID-19 pandemic, Leisure Pass Group has decided to phase out physical passes and guides in favour of digital versions. This initiative was documented as part of the company's external ESG report, which was commissioned in their first year of ownership. This change is estimated to save the equivalent of 200,000 books being printed a year – or approximately 15m pages. As well as reducing resource use this transition will improve operator insight and the overall customer experience with additional features.



Reducing our environmental impact

Reducing our climate and environmental footprint

We recognise that our business and our portfolio companies all have a climate change impact, and that climate change will have an adverse effect on the global economy and society.

Climate change presents both risks and opportunities for investments, and we are committed to engaging with our portfolio companies to reduce and manage their carbon footprint. We have been working with our companies on their carbon footprint and we anticipate reporting our 2019 and 2020 carbon footprint for the entire portfolio in next year's report. Within our portfolio there remains strong commitment to measure, manage and reduce our climate impact. Some of our portfolio companies have been managing their carbon footprint for many years and are taking decisive and ambitious action, as shown in the case studies below. We are also publishing our Exponent level carbon footprint for the first time, which can be found on pg 56.

Beyond carbon management, we are supporting all our portfolio companies to use more sustainable materials in a responsible way. This means choosing materials that have a lower environmental impact throughout their lifecycle, that help customers reduce their environmental impact and that are easier to manage at the end of life. By making these choices we will reduce the waste we generate throughout the portfolio and the materials we send to landfill, promote the circular economy, use water responsibly and protect biodiversity.

100%

of relevant portfolio companies have considered investing in renewable energy

83%

of relevant portfolio companies are or will be investing in renewable energy*

0% waste

sent to landfill by 3 portfolio companies with Photobox setting a zero waste to landfill ambition for 2021

* Large energy users – Enva, Evergreen, Photobox, Vibrant and Meadow have or are investing in renewables and BBI have considered installing renewables.

Reducing our climate and environmental footprint *continued*

What our portfolio is doing



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

Carbon neutral company

Reducing Evergreen's environmental impact has been a core objective of the business since acquisition. We are pleased that in 2020 Evergreen Garden Care's activities and manufacturing are now certified Carbon Neutral (Scope 1 and 2). The company has offset their scopes 1 and 2 carbon emissions from the energy used across their sites, by investing in tree planting in developing countries.

As well as offsetting, Evergreen are reducing their impacts, by investing in lower carbon equipment and vehicles and using energy meters to control and monitor their consumption. The company is choosing cleaner energy where possible and have invested in solar panels at some sites which they will expand where appropriate.

Evergreen are reducing their impacts, by investing in lower carbon equipment and vehicles and using energy meters.

Direct impacts are only part of the picture. Evergreen are working with their value chain to reduce their broader impact and become carbon neutral for their indirect emissions. This includes championing circular economy best practices, exploring alternative ingredients for their natural products, and looking to more renewable packaging.

By being the first Carbon Neutral and Circular Economy Systems* certified business, Evergreen Garden Care is leading the garden care industry, worldwide.



* AFNOR Certified, for Circular Economy Systems, with a bronze standard.

What our portfolio is doing



Leading B2B dairy and speciality ingredients supplier

Offering plant-based alternatives

With 46% of consumers trying dairy alternatives at least once in 2019, Exponent made the decision to develop a plant-based range, with Meadow Foods investing £4m into a 8,000 square foot segregated facility. The new range is produced from sustainably sourced oats, and rice and includes yoghurt, soft cheese, milk, cream, sour cream, mousse and custard. As well as reflecting the growing consumer preference for dairy alternatives, the range supports lower impact lifestyles, as plant-based ingredients typically have a lower carbon footprint and are less resource intensive to produce throughout their lifecycle.

£4m

invested into developing an 8,000 square foot facility to produce a plant-based range



As well as reducing the impact of products, Meadow Foods has signed up to the Responsible Plastic Management (RPM) programme to reduce the impact of their packaging. RPM is a voluntary global plastic management assurance programme with a mission to reduce plastic waste and pollution. This initiative was shared with another company in the portfolio that is also actively trying to reduce its plastic consumption.

Meadow Foods are now looking at how they can reduce plastic waste and their use of non-recyclable plastics with plans to move from plastic to cardboard where possible. Meadow Foods already offer a returnable packaging scheme and, within the new plant-based range, yogurt pots will be 100% recyclable.

Reducing our climate and environmental footprint *continued*

What our portfolio is doing

enva

Leading waste management, recycling and resource recovery business

318,000

tonnes CO2 avoided through Enva's services...

...8 times

their organisational carbon footprint of 39,175 tonnes. With the goal to increase to...

...10 times

their organisational carbon footprint by 2023

“Enva’s passion is the recovery of materials from waste and using them to create high value products, materials and sustainable fuels. In doing so, we provide alternatives to consumption of Earth’s natural resources and make a significant contribution to the avoidance of CO2.”

Tom Walsh, CEO, ENVA

Beyond CO2 neutral

Enva are specialists in waste management solutions, recycling waste materials so they can be used time and again. Their activities to recycle and recover waste clearly support the circular economy, but they also have a significant, positive carbon impact. Exponent commissioned an ESG report in 2018 which highlighted ‘carbon management’ as a key focus for the business. Enva has calculated that, through their activities, they are delivering 318,000 tonnes of CO2 avoidance, eight-times their total organisational carbon footprint of 39,175 tonnes.



This carbon avoidance is achieved because products manufactured from recycled and recovered materials are far less carbon intensive than those from virgin resources. Recycling materials such as metals, plastics and wood reduce the need to grow or extract primary resources whilst the composting of food waste retains valuable nutrition for the soils, displaces peat-based composts and reduces emissions from landfill. Materials that cannot be efficiently recycled are converted to waste-derived fuels which replace fossil-based fuels.

Enva are committed to taking this further and want to increase the CO2 avoided as a result of their activities to 10 times their operational footprint over the next three years. This will see them reducing their operational impacts with a 2-year, £12 million fleet upgrade programme bringing in 100 new, low emissions vehicles. Enva are also working to better understand and influence their indirect (scope 3) carbon impacts.

Exponent commissioned an ESG report in 2018 which highlighted publishing a CSR report as an ESG opportunity for the business. We are pleased that the business achieved this in 2020. Further details can be found here: enva.com/2020-sustainability-report

Reducing our climate and environmental footprint *continued*

What our portfolio is doing



Consumer media and e-commerce business



Removing plastic packaging

Exponent acquired Dennis in 2018 and engaged external Consultants to review the business and produce an ESG report highlighting Dennis' key ESG risks and opportunities. Following this process a set of KPIs were identified, with "Responsible Consumption" and in particular paper and plastic, becoming a core focus for the business.

The bulk of Dennis's titles are subscription-based and the company is seeing impressive increases, with new subscriptions up 20% in 2020.

Dennis have been on a drive to slash packaging waste and have reduced the plastic wrap from 98.9% to 15% since March 2019. While 59% of their magazines sent out in the UK have made the move from plastic to paper wrapping, Dennis managed to go even further with the *The Week Junior*. The publication is now sent out totally naked, due to the fact that the title does not carry any revenue associated inserts. The remaining brands will discontinue plastic packaging in 2021 and to date the feedback from customers on this initiative has been positive.

20%

increase in new subscriptions

59%

UK magazines have transitioned from plastic to paper wrapping

How it started: March 2019

1.1%
Potato starch,
compostable98.9%
Polywrapped

How it's going: January 2021

15%
Polywrapped26%
Naked59%
Paper

Sustainability has always been at the core of Dennis' work with a particularly strong link to The Heart of England Forest charity. With this in mind, just moving from plastic is not enough, Dennis is committed to ensuring that they responsibly source paper, which is the largest raw material they consume. Another objective for the business was to produce a Responsible Paper Purchasing policy which it achieved in 2020. All paper purchased is sourced from either recycled fibre or from sustainably managed forests, where at least one tree is planted for every tree that is felled.

Supporting our people

An engaged, diverse workforce across our portfolio

People perform an extraordinarily varied number of roles across our portfolio from driving tour buses to providing specialist financial advice. No matter what their role, we want them to be safe and well, have opportunities to train and develop, and feel valued and included.

We are proud of the steps the portfolio companies have taken to create workplaces where employees are engaged and feel valued. This not only creates happier, more productive working environments, it helps the companies retain the talent and knowledge they need. Strong wellbeing initiatives support this, and this was an area many of our portfolio companies were focused on even before the COVID-19 pandemic hit.

We monitor diversity and inclusion across the portfolio and require all our portfolio companies to report this data to us. In 2020, the government suspended the UK's Gender Pay gap reporting due to the global pandemic but we still asked our portfolio companies to produce this data and continue to consider this important topic within their business.

93%

of our portfolio companies considered their gender pay gap in 2020

20%

increase in portfolio headcount since acquisition

73%

of our portfolio companies carry out and employee engagement survey

An engaged, diverse workforce across our portfolio *continued*

What our portfolio is doing



Leading B2B manufacturer and services provider to in vitro diagnostic healthcare and food safety

In 2020, Exponent integrated People Strategy discussions into quarterly board meetings. Over the course of 2020, BBI managed to reduce their staff turnover from 36% to 14% by focusing on employee engagement, wellbeing and talent management. BBI launched an Employee Engagement Program in February 2020 to recognise the talent and diversity of their workforce around the globe, support collaboration and improve the employee experience.



A monthly employee engagement forum in each region engages employees, and works to identify ways to improve culture, communication, and wellbeing as well as supporting communications between employees and senior management. Every quarter the regional employee forums come together, along with the CEO, to improve collaboration and share best practice.

With employee wellbeing and mental health a priority, BBI introduced Mental Health First Aiders, a programme of wellbeing training for managers and employees and increased access to Employee Assistance Programmes. This is supported by a Global Wellbeing and Benefits Hub which provides access to wellbeing resources such as videos, articles and podcasts which has received over 4,000 visits to date. BBI are now working to achieve all core standards in the UK Government's 'Thriving at Work' guidance.

BBI have also improved learning and development provision; putting people in charge of their own learning and development, launching their Career Pathways programme to support career progression, rolling out succession planning processes, providing ongoing performance management as well as offering on-the-job training, coaching, shadowing, buddying and mentoring. BBI significantly expanded access to formal leadership and management and technical qualifications with 50 employees embarking on qualifications in Leadership and Management in 2020 alone.

4,000

visits to date of the Global Wellbeing and Benefits Hub

50 employees

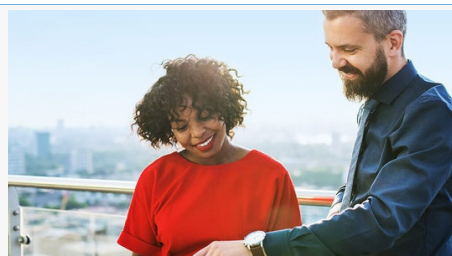
embarking on qualifications in Leadership and Management in 2020

An engaged, diverse workforce across our portfolio *continued*

What our portfolio is doing



Specialist finance lender and broker, providing bridging, development finance, buy-to-let and 2nd charge mortgages



Women in Finance

In 2017, Exponent commissioned an ESG report of the business which highlighted board gender diversity as best practice amongst its peers. In 2019, Enra proudly signed the Women in Finance charter to underline its commitment to supporting the progression of women into senior roles in the financial services sector. The charter includes pledges to identify responsibility for gender diversity and inclusion, to set targets and publish progress against them.

In the 12 months since signing the charter, Enra has made good progress. The Chief Operating Officer is leading the gender diversity and inclusion plans and Enra have set a target to have women in 33% of senior management roles by September 2023.

As of September 2020:

- 48% of the total workforce is female
- 27% of senior managers are female.

“At Enra Specialist Finance we have long recognised the value of diversity among our workforce. Inclusion and diversity are at the centre of our hiring practices and overall approach to workforce management. We are delighted to formalise our commitment to a diverse workforce by signing the Women in Finance charter.”

Stephen Hogg,
Chief Operating Officer, Enra

What our portfolio is doing



Largest provider of psychometric and cognitive talent assessment for business globally

Increasing engagement

During 2020, SHL saw a measurable rise in colleague engagement, with a peak during the first lockdown. The company achieved this by strengthening global communications and engagement initiatives, including quarterly surveys, a recognition platform and an employee mental health programme to support employees with a connection while locked down and working from home.

To begin the process of improving and promoting diversity across the company, SHL have invested in developing a Diversity, Equity and Inclusion (DEI) framework and action plan. This has included providing basic DEI training globally, changing hiring practices towards a more open and transparent process and using the company's own tools in selection processes to lessen unconscious bias.



An engaged, diverse workforce across our portfolio *continued*

What our portfolio is doing

moonpig

Online retailer of personalised cards and gifts



Creating a better, more personal workplace

Moonpig Group, which comprises the Moonpig.com brand in the UK and Greetz in the Netherlands aims to create better, more personal, connections between people that care about each other and this extends to their workplace.

Moonpig Group's employees are the vital connection between its products and customers. The Group has a dynamic and entrepreneurial team. Employee engagement is at an all-time high.

During the COVID-19 pandemic, the Group's caring, high performance culture provided a solid foundation for the business and its employees. The Group pivoted quickly and kept delivering to its customers by supporting its employees in Covid-safe environments or to work comfortably at home. They reported zero job impacts and through 1 December 2020 onboarded approximately 50 people to the team while working remotely.

64%

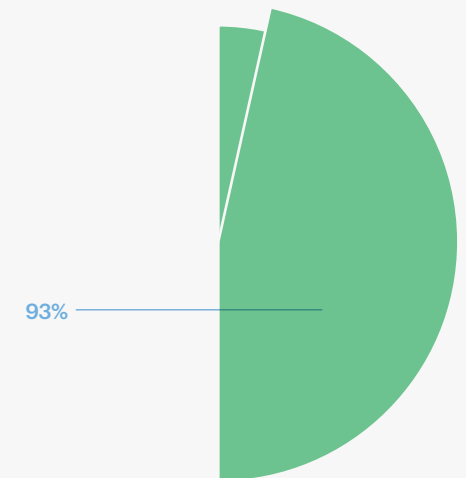
increase in employee engagement since 2018

The Group is a diverse organisation and a deliberate reflection of its customer base. This creates a deep sense of belonging for employees and helps thread diversity of thought throughout the workforce. However, the Group considers redressing the gender balance at senior levels and improving the representation of Black, Asian and Minority Ethnic employees a priority for the business.

Diversity and inclusion*

5 stars

CEO Approval*



* Source: Company information, Glassdoor.

Doing the right thing

Developing a strong ESG Foundation

Making sure the basics are in place is the first step of our portfolio companies' ESG journey. But it is not a single action; policies and procedures need constant revision and training to meet best practice and keep employees engaged.

The core policies and processes we expect portfolio companies to cover include anti-bribery and corruption, tax, code of conduct, stakeholder engagement, and whistle blowing. These policies support a strong ESG foundation from which our portfolio companies can take the next step to reach best practice and make the transformational changes we believe will make the difference.

With very different markets, business activities and impacts, we provide an ESG framework for our companies but require them to develop their own policies and procedures that respond specifically to their business and their sector. There is not a one-size fits all approach.

In our businesses, we are committed to promoting human rights at all levels, and this extends to our supply chains. We want to procure materials that are made in a way that respects workers and that have a lower environmental impact. While our businesses are, on the whole, low risk, we take a zero-tolerance approach to modern slavery in our business and supply chains and all our businesses have a modern slavery policy in place.

100%

of portfolio companies have the following:

- ABC policy
- whistle-blower scheme
- equal opportunities policy

93%

of portfolio companies have an ESG policy

86%

of portfolio companies have a Code of Conduct

100%

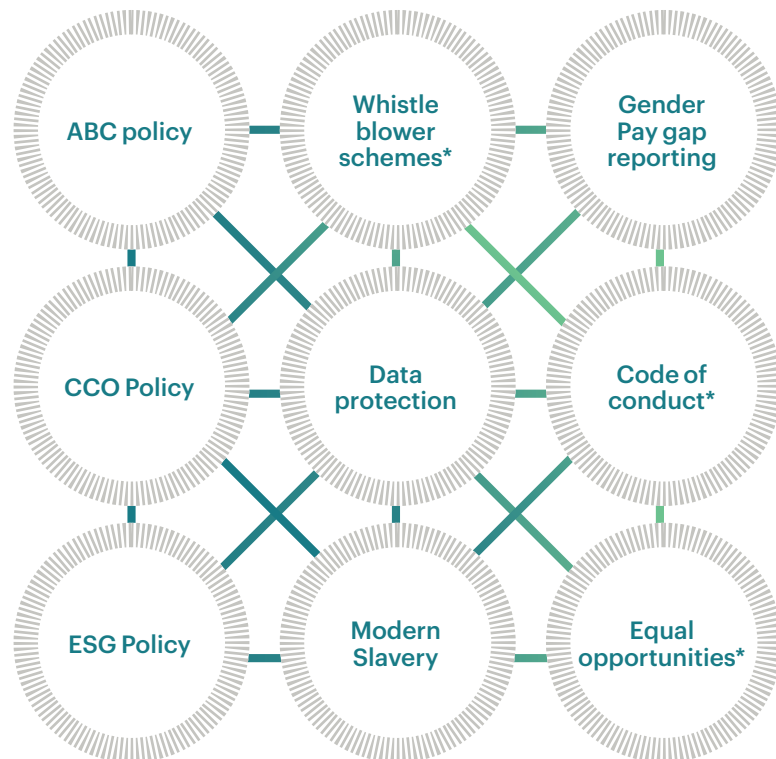
of portfolio companies have a Modern slavery statement

Developing a strong ESG Foundation *continued*

Core policies and processes

To ensure that our portfolio companies have solid ESG foundation to build upon, we ask them to have 'the basics' in place. This includes a suite of core policies that we believe are essential to all businesses, regardless of sector, which we ask our portfolio companies to have in place within the first 6 months of our ownership. We keep this list of policies under review and added three additional requirements in 2020.

* new requirements in 2020



What our portfolio is doing



Specialist finance lender and broker, providing bridging, development finance, buy-to-let and 2nd charge mortgages

Enra audits panel suppliers at varying levels of frequency depending on the volume of cases they are handling.



Managing critical outsourcers

As a specialist financial services business, Enra does not consume or purchase raw materials. Instead, suppliers include software vendors, panel valuers and solicitors, and mortgage intermediaries.

To ensure these supplier relationships are managed responsibly, Enra adheres to the Financial Conduct Authority's (FCA) Regulations on managing suppliers and operational resilience.

Under these rules Enra identify those suppliers they deem to be 'material' and/or 'critical outsourcers', and in these cases go beyond their standard contract management processes.

These suppliers, in particular critical technology suppliers, and legal and valuation panels, are subject to regular reviews, data requests, and performance benchmarking. Enra audits panel suppliers at varying levels of frequency depending on the volume of cases they are handling, and the criticality of the services supplied.

Developing a strong ESG Foundation *continued*

What our portfolio is doing

isio.

Leading independent provider of advisory and administration services to the sponsors and trustees of UK pension schemes and other institutional investors

“We are committed to helping our clients tackle challenges and capture opportunities that lie ahead through responsible investment.”

Pat Race, Partner,
Isio Investment Advisory

Responsible investment approach

Isio is one of the country's leading independent pensions advisory firms. The firm take the view that considering Environmental, Social and Governance (ESG) factors in their investment advice will add significant value to clients. While the evolving, good management of ESG factors represents best practice, they recognise that climate change represents a systemic risk and investors' portfolios will have to adapt during the transition to a low carbon economy.

Their new policy sets out the company's approach to integrating consideration of ESG throughout their advice, from investment strategy to manager selections, manager engagement and monitoring funds.

The policy is built on three pillars:

Managing Risk

Failure to address key ESG issues can damage the value of pension portfolios and sponsoring companies. In the long-term, factors such as climate change will have an increasing impact alongside traditional risks.

Realising Returns

Pension fund trustees and other fiduciaries with a good governance structure that can manage ESG factors effectively are better placed to deliver long-term sustainable returns.

Unlocking Opportunities

In a changing economy where regulators and consumers are paying more attention to sustainability, there is potential to find better risk and return management opportunities through a responsible approach.

While the policy aims to integrate ESG considerations into all investment decisions, there is also the opportunity for investors to receive bespoke ESG advice and build their personal ESG priorities into their portfolio.



Making a positive social impact

Making a difference to communities, customers and suppliers

What we and our portfolio does affects communities close to our operations and beyond through the charities we help, the suppliers we buy from and the customers we support.



Our portfolio has always supported local and national charities that speak to their business, employees and customers. COVID-19 has affected fundraising efforts for many charities, while simultaneously increasing the help individuals and communities have needed. Our portfolio companies have stepped up to help where they can, providing protective equipment for NHS staff, supporting mental health charities, and donating surplus food.

73%

of portfolio companies have a community engagement programme

Making a difference to communities, customers and suppliers
continued

What our portfolio is doing

envaLeading waste management, recycling
and resource recovery business**24,000**250ml bottles of hand sanitiser
donated to care homes in Ireland**5 tonnes**of wood and wood chip donated
to a nearby peace garden**Supporting local and
national charities**

As a presence in so many communities, Enva and its employees support a number of local and national charities and community events, with donations, products and expertise.



A peace garden close to Enva's wood recycling facility in Manchester provides horticulture opportunities for refugees, asylum seekers, ex-offenders, and other members of the local community. In addition to donating 5 tonnes of wood and wood chip, Enva also gave residents vouchers for a local garden centre to provide flowers to add some colour to the garden and to the lives of the residents involved in the project.

To support the battle against COVID-19 the company reengineered its supply chain to provide additional supplies of 100% Isopropyl alcohol used to produce hand sanitiser. Enva donated 24,000, 250ml bottles of hand sanitiser to care homes in Ireland.

Making a difference to communities, customers and suppliers *continued*

What our portfolio is doing

moonpig

Online retailer of personalised cards and gifts

£200,000

contributed to various charities

Supporting charities to create connections

To support charities, Moonpig Group provides donations to those causes closely connected to the business. In 2020, the Group's Christmas campaign supported Mind, a mental health charity in England and Wales, and in total it contributed more than £200,000 to various charities.

Going forward, the Group will look to create more strategic partnerships to tackle loneliness and its associated challenges.



What our portfolio is doing

**meadow
foods**

Leading B2B dairy and speciality ingredients supplier

Donating surplus ingredients

As the COVID-19 pandemic disrupted our lives it also disrupted food supply chains, in particular with the closure of bars and restaurants. Meadow Foods donated surplus milk to the Real Junk Food Project during the first national UK lockdown and supported local hospice Derian House Children's Hospice with food and drink supplies.

What our portfolio is doing

wowcher

Leading provider of online discount deals in the UK and Ireland

What our portfolio is doing

**BIG
BUS
• TOURS •**

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

Helping NHS patients keep in touch

In May 2020, Big Bus Tours donated 5000 headphones to PeoplePowered, which are normally used on the bus tours. The donation allowed hospital and care home patients to keep in contact with loved ones while visitors were being restricted, and also use entertainment systems – helping to keep them connected and boost their mental health.

Supporting the NHS

Wowcher teamed up with their merchants to donate 500 safety goggles to the NHS.

500

pairs of safety goggles donated

ESG at Exponent

At Exponent we are also committed to promoting and adopting ESG best practice within the Firm.

By making positive changes in our own operations and developing strong ESG practices, we can demonstrate the value of a responsible mindset.

Training

We invest in training and developing our people and want to build a diverse and inclusive team. In 2020, we ran six training sessions on ESG topics for our employees covering financial crime, diversity and inclusion, People Strategy and ESG, with additional training covering topics including cyber-security. To support new employees' ESG knowledge, we are trialling the BVCA's Responsible Investment E-learning training for new joiners and employees who joined us in the last year.

x6

training sessions on ESG topics
ran in 2020

“Our ambition is to run another D&I Training session in 2021 and define the Firm's 2 year ESG Strategy.”

Community investment

In 2019 we set up our charity committee to direct our community investment activities. This led to identifying our first charity partner, Impetus, who work with disadvantaged young people with a view to improving their educational and employment opportunities. Impetus' portfolio of charities adapted their support to provide remote outreach during the COVID-19 pandemic and were able to maintain engagement with many young people who would have fallen through the cracks without this support. We continue to support Impetus and the work they do.

We have also continued to support Level 20, a not-for-profit organisation that aims to address gender equality in the private equity industry, not just financially but through providing mentoring opportunities.



Diversity and Inclusion

In 2020 the Firm established a Diversity and Inclusion committee to consider the Firm's internal culture as well as the influence and impact we can have with our portfolio, advisors and suppliers. The Firm hosted an externally led session on Diversity and Inclusion for the full team and plans to build on this in 2021.

Associations and memberships

Exponent actively contributes 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.



Signatory of:



Exponent becomes
Carbon Neutral

We recognise the impact that global warming is having on the planet and the part we all need to play in transitioning to a low carbon economy.

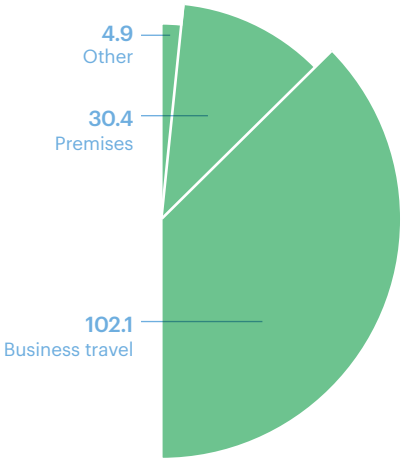
We are committed to managing our footprint to limit global warming to well below two degrees Celsius.

In light of this, in 2020 we measured the Firm’s Scope 1, Scope 2 and Scope 3 emissions for the 2019 / 2020 financial year and produced a carbon footprint, to help us understand how we can reduce this over time.

Whilst the Firm’s environmental footprint is small, we still aim to conduct our operations responsibly. Exponent’s sole London office is committed to sustainability and was constructed to BREAMM excellent standards. Office initiatives include recycling all paper, cardboard, food, glass, plastic and batteries and providing lunch containers and keep cups for use by staff for local catering. Purchased energy is from renewable sources and the Firm has a Cycle to Work Scheme, with showers and bike storage offered to all employees.

As well as taking actions to reduce our footprint, Exponent became Carbon Neutral by offsetting unavoidable emissions through two world leading clean cooking projects in Kenya and Ghana. These clean cooking projects not only cut carbon emissions, helping tackle climate change, they improve lives by halving fuel bills for families and reducing exposure to toxic fumes. By cutting fuel requirements the projects also reduce deforestation, protecting precious habitat.

April 2019 – March 2020 data (tCO₂e)



Footprint	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 3 (tCO ₂ e)	Sub Total (tCO ₂ e)
Premises				
Mains gas	1.8			30.4
Electricity		28.6		
Business travel				
Air			92.5	102.1
Rail			2.3	
Taxi			2.9	
Hotel			4.4	
Other				
Staff commuting			4.0	4.9
Paper usage			0.9	

Looking Forward

As we look forward to 2021 we plan to sign up to the PRI's Initiative Climat International (iCI), a collective commitment, from the Private Equity industry, to understand and reduce carbon emissions of private-equity backed companies. Climate change is a key topic for our industry as we focus our efforts on phasing in the Task Force for Climate Related Disclosures in the next two years. Internally this will mean working with our portfolio companies to set reduction targets and better understand their carbon footprints.

The deal team will work with our portfolio to define ESG action plans for each of our businesses. We want each company to have clear ESG goals, with defined milestones and steps to help them achieve this. We will continue to implement our new ESG programme for our portfolio companies and issue our new questionnaires for a second year, which will enable us to track progress against our baseline.

Diversity and Inclusion is an ongoing area of focus for the Firm, as we strive to make improvements across the Firm and its portfolio. We have implemented portfolio wide diversity reporting to help us better assess the progress we make in this area and look to the Firm's Diversity and Inclusion Committee and leadership to make tangible improvements which we can share in future reports. We plan to become a Signatory to ilpa's Diversity in Action initiative, this framework is designed to guide GPs and LPS to address Diversity and Inclusion within their own organisations as well as the industry more broadly. We are also looking at the internal reporting we can conduct as a Firm so that we can employ these best practice principles within our own culture.

“It's really rewarding working with the portfolio and taking them through our ESG process and, by enhancing our monitoring, we now have a greater understanding and oversight on how our portfolio companies are progressing.”

Lizzie Stazicker,
Exponent's ESG Manager

2020 saw the Charity Committee select its second partnership with The Big Issue Foundation. This donation will be used to support Vendors of the award-winning Big Issue magazine that offers employment and support opportunities to people in poverty as they rebuild their lives. In 2021 Exponent will partner with Dennis Publishing to support the Big Issue as it transforms its business model to focus on digital content. Dennis has been supporting the Big Issue for many years, but the events of the last twelve months have shown the need for significant investment to ensure the Big Issue can thrive post-COVID. Having recently launched a new platform for Dennis's digital brands, Dennis will be supporting the Big Issue with technical and financial support and Exponent will be matching that donation.





