

Exponent

2021

ESG Annual Report



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About Exponent

We're a London-based private equity Firm that partners with management teams to create market-leading businesses.

The Firm focuses on primary investment opportunities and specialises within sectors; applying operational expertise through an integrated industrialist model to deliver revenue-driven profit growth for its portfolio and investors.

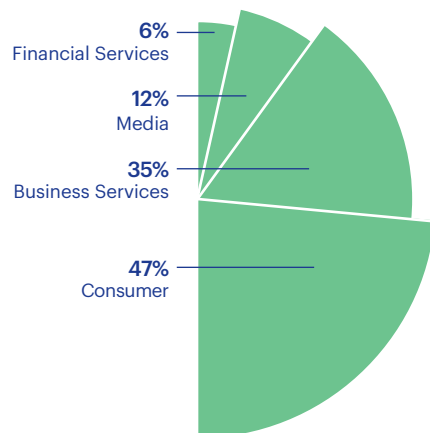
Our experienced team strive to unlock potential by pursuing unique opportunities, bringing in-depth knowledge and investment to companies, and supporting them to achieve transformational change.

Established in 2004, Exponent has grown to be one of the UK's leading private equity firms.

Our approach means we get under the skin of our investment companies and in the process trigger exceptional results for investors and management teams.

Our team of investment professionals focus on four core sectors: Media, Consumer, Financial Services and Business Services and originate companies headquartered across Europe; working in collaboration with our Operating Partners and integrated industrialists.

Current portfolio sector split:



€150–
500m
Enterprise Value

300+
years
Collective
private equity
experience

30+
investments
Over four
funds

€3bn
In funds
raised

4 core
sectors
Media, Consumer,
Business Services and
Financial Services

In the last 12 months

2 Exits
Dennis and BBI
as well as the
IPO of Moonpig

2 new acquisitions
WARP and Gu

7 bolt-on
acquisitions
at Isio, Enva, Vibrant,
GoCity, Evergreen

Exponent and Portfolio Awards

- Exponent was awarded “Mid-Market Exit of the Year” for the IPO of Moonpig at the Unquote British Private Equity Awards
- Dennis – nominated for UK Upper Mid-cap Deal of the year (Private Equity Awards)
- Moonpig – nominated for UK Upper Mid-cap Deal of the year (Private Equity Awards)
- Moonpig was awarded App of the Year award at the UK eCommerce Awards
- Moonpig was officially recognised as an outstanding company to work for by Best Companies

15 portfolio companies

(Across FIII and FIV) as of 31 Dec 2021.

BBI and Dennis were exited over the course of the year.



Headquarters: London
Annual Revenue: \$77.8m
Headcount: c.560
Acquired: March 2015
Sector: Consumer – leisure



Headquarters: Borehamwood
Annual Revenue: £94.3m
Employees: c.185
Acquired: February 2017
Sector: Financial Services – challenger FS



Headquarters: Glasgow
Annual Revenue: £293.6m
Employees: c.1600
Acquired: May 2017
Sector: Business services – waste management



Headquarters: Frimley
Annual Revenue: €455.5m
Employees: c.940
Acquired: August 2017
Sector: Consumer – garden care products



Headquarters: London
Annual Revenue: \$92.6m
Employees: c.120
Acquired: December 2016
Sector: Consumer – leisure



Headquarters: Bishops Stortford
Annual Revenue: £63.1m
Employees: c.190
Acquired: June 2021
Sector: Consumer – food



Headquarters: London
Annual Revenue: £100.5m
Employees: c.560
Acquired: March 2020
Sector: Financial Services – pensions and investments



Headquarters: Chester
Annual Revenue: £455.3m
Employees: c.430
Acquired: August 2018
Sector: Consumer – dairy ingredients



Headquarters: London and Amsterdam
Annual revenue: £304.3m
Employees: c.400
Acquired: January 2016
Listed: February 2021
Sector: Consumer – greeting cards and gifts



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



Headquarters: Thames Ditton
Annual Revenue: \$207.0m
Employees: c.1400
Acquired: April 2018
Sector: Business services – support services



Headquarters: London and Dublin
Annual Revenue: £78.5m
Employees: c.510
Acquired: September 2016
Sector: Media – branded media



Headquarters: Southall
Annual Revenue: £197.7m
Employees: c.740
Acquired: Nov 2019
Sector: Consumer – ethnic foods



Headquarters: London
Annual Revenue: £54.7m
Employees: c.240
Acquired: Feb 2021
Sector: Consumer – food



Headquarters: London
Annual Revenue: £47.5m*
Employees: c.200
Acquired: November 2015
Sector: Consumer – discount deals

* Gross profit

¹ 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'm pleased to present our fourth ESG annual report, which provides a detailed account of our ESG achievements over the course of 2021 and our ambitious goals for the year ahead.

Throughout the year, the impacts of COVID-19 appeared to lessen and with the easing of restrictions we have remained committed to policies that support wellbeing such as hybrid working and supporting our people in adapting to new ways of working.

Notwithstanding the challenges, Exponent has had a strong year, resulting in several successes in 2021. These include:

- Announced the acquisition of Proper and merger with Eat Real, two leading Better-For-You snacking companies
- Completed the sale of BBI Group, a leading B2B manufacturer and services provider to in vitro diagnostic healthcare and food safety to Novo Holdings, a specialist life science investor with a focus on creating long-term value
- Acquired premium dessert brand Gü in a carve-out from Noble Foods
- Sold Dennis, the leading international media group and publisher of The Week, to Future PLC
- Successful IPO of Moonpig on the London Stock Exchange in February 2021

Diversity, Equity and Inclusion was central to our agenda in 2021, with our Diversity and Inclusion Committee incorporating ILPA's Diversity in Action framework into our strategy. Our leadership conference in November, hosting over 100 senior executives from across Exponent and our portfolio companies, presented a golden opportunity to converge on diversity initiatives, alongside other ESG measures. We are proud of the enormous value of our collaborative approach in raising ESG performance across the business.

In 2021, we had three new senior hires joining the team, including two women and in our junior investment team we now have 50/50 gender balance. Although the Firm has made significant ESG-related progress, our Diversity & Inclusion Committee continues to challenge us to strive for better and meets regularly to discuss the Firm's strategic aims, approach and initiatives.

Exponent recognises climate change as both a risk and an opportunity for the Firm and our portfolio. We are implementing the recommendations of the Taskforce for Climate-Related Financial Disclosure ("TCFD"), in line with our commitments as a signatory of the United Nations Principles for Responsible Investment ("UN PRI") and will continue reporting based on this initiative throughout 2022.

In addition, we are delighted to announce that we are signatories of Initiative Climat International backed by the UN PRI, which demonstrates our commitment to reducing carbon emissions and bolstering sustainable investment performance amongst our portfolio companies. We look forward to working with our peers in the private equity industry in tackling climate change.

The more recent events surrounding the conflict in Ukraine has shocked the world and the Exponent team; like so many others, we are deeply saddened at what is happening in the country and the effects on its people. To ensure compliance with any relevant sanctions and consider any business exposure to Russia, Belarus and Ukraine, we undertook a thorough analysis of the investor base and the portfolio – confirming no material exposure to the region.

Nevertheless, the impact of the conflict and the resultant humanitarian crisis will likely be felt globally, specifically in regard to rising inflation as food and energy prices increase. We will continue to support our management teams, working closely to manage the pressure and protect margins. Our consistent focus on operational initiatives that drive revenue growth remains at the core of our value creation plans within the portfolio. We are confident in the strength of our businesses to navigate through and mitigate any impact from the geopolitical uncertainty throughout the next twelve months and therefore the ability for the businesses to continue to grow strongly and drive their ESG and sustainability strategies.

I hope that our fourth ESG report provides you with ample insight into our sustainability strategy for the Firm and our portfolio. We look forward to receiving your feedback and will be more than happy to discuss any aspect of the report with you.

Richard Lenane,
Managing Partner

June 2021

Responsible Investment

We have been committed to managing ESG risks in our business since 2010, when we implemented our first Responsible Investment strategy. Since then, we have made incremental improvements to our Responsible Investment approach, integrating ESG into every aspect of our investment cycle and working with our portfolio companies to embed standard ESG practices into their operations.

In line with our commitment to responsible investment, we are a signatory to the UN PRI and comply with the PRI's six principles.

2020 PRI Rating²

A+ Private Equity
A Strategy & Governance

² Due to technical issues, the PRI has not calculated or released ratings for 2021

PRI 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.



Richard
Lenane



Craig
Vickery



Lizzie
Stazicker

ESG Governance

Responsibility for ESG and all governance matters sit with Richard Lenane, our Managing Partner, with oversight of ESG delegated to Chief Operating Officer, Craig Vickery.

The day-to-day aspects of ESG management rest with Lizzie Stazicker, Head of ESG and Responsible Investment. Lizzie supports our portfolio companies, monitors progress, reports to the PRI, develops our approach to responsible investment and ensures we are aligned with industry best practice.

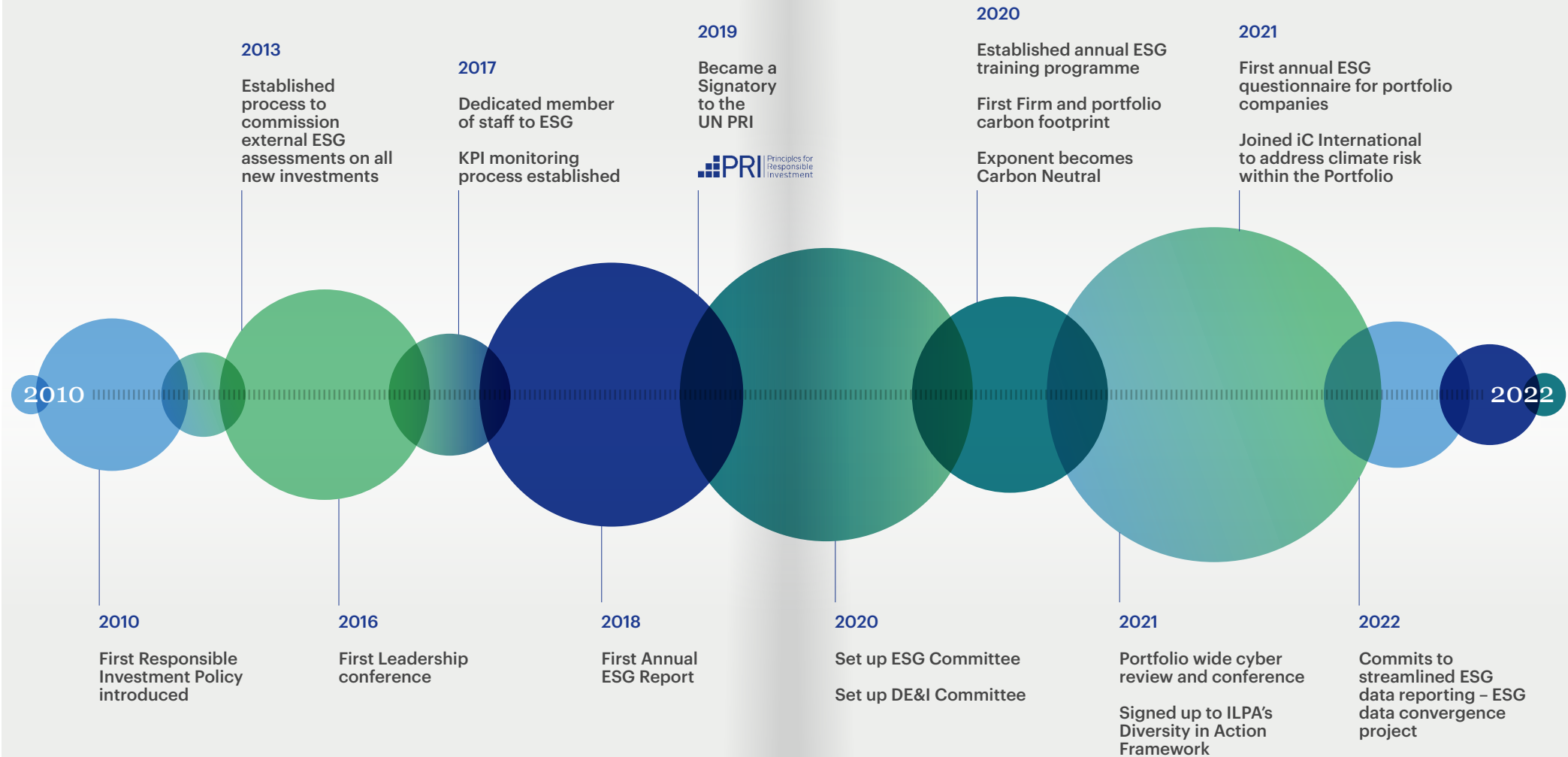
Our ESG Committee was established in 2020 and convenes quarterly to discuss the Firm's approach to ESG and climate risk. Craig Vickery, the Firm's COO and Partner, chairs the committee and is supported by Lizzie Stazicker. Other members include a Senior Partner, Partner and a member of the Investor Relations team.

To strengthen understanding of ESG across the Firm, we include ESG in our employee induction programme. We require new junior members of the investment team to undertake BVCA's Responsible Investment training. We also ask all members of the team to acknowledge the Firm's ESG processes within their Annual Declarations.

We provide annual ESG training to the team to maintain awareness, alongside quarterly updates from the Head of ESG and Responsible Investment.

Our ESG timeline

We have been committed to ESG for over a decade



Portfolio ESG Management

We care about what happens to our portfolio, even after exit. That's why we go further than making short-lived ESG changes with the companies we own. Our process works to create transformative and lasting impact, which will continue to flourish beyond our ownership period.

ESG is integrated throughout the deal cycle and a robust set of ESG processes keep ESG on the agenda. Responsibility and reporting are clearly mapped out and communicated to the investment team and management teams to further our ESG goals.

Through 2021, cyber security and climate risk were focal points in our business for each of our portfolio companies. We carried out a portfolio-wide cyber review to this effect, integrating this process into our standard post-deal strategy.

We are currently developing and integrating our approach to climate risk. In 2021, we engaged advisors and began to develop processes and collect data to prepare for more detailed climate risk analysis. We are also carrying out training, both in Exponent and in our portfolio, to ensure the necessary understanding for future climate risk work. This process will continue in 2022, when we will begin climate scenario analysis and work to identify climate risks, opportunities and mitigation measures.

ESG Data Convergence Project

We recently joined the ESG Data Convergence Initiative, which represents \$8.7 trillion USD in AUM and more than 1,400 private companies. The project aims to streamline the private investment industry's approach to collecting and reporting ESG data, to provide meaningful, performance-based and comparable ESG data from private companies.

Building on the information we already collect from our portfolio, we will share data with the ESG Data Convergence Initiative on a standardized set of ESG metrics. Reporting focuses on greenhouse gas emissions, renewable energy, board diversity, work-related injuries, and employee engagement. Sharing this information will allow us to benchmark the performance of our portfolio and identify ESG improvements while enabling greater transparency and more comparable portfolio information.



Enhancements we have made in the last 12 months

- Exclusion list reviewed to exclude fossil fuels
- Updated Responsible Investment policy
- Integrated ESG tracking into deal process
- Introduced climate related pre-deal screening questions for new investments
- Formalised ESG Committee

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 Head of ESG and Responsible Investment

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 Head of ESG and Responsible Investment to meet to identify ESG ambitions and create an action plan
- External cyber assessments are completed for new acquisitions
- Carry out an assessment of climate risk

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
- Annual discussions on climate and cyber at board meeting

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

100%
of executed deals commissioned
ESG Due Diligence in 2021

3 deals in process were
rejected due to ESG risks

6 external ESG reviews
completed in 2021

86%
of companies have a cyber report,
the remaining 14% have one underway

93%
of Portfolio report on their Carbon
Footprint with the remaining 7%
setting up reporting lines for 2022

100%
of Portfolio Companies complete
Annual ESG questionnaire

16 ESG Investor Questionnaires
responded to

2 Vendor Due Diligence
reports commissioned in 2021

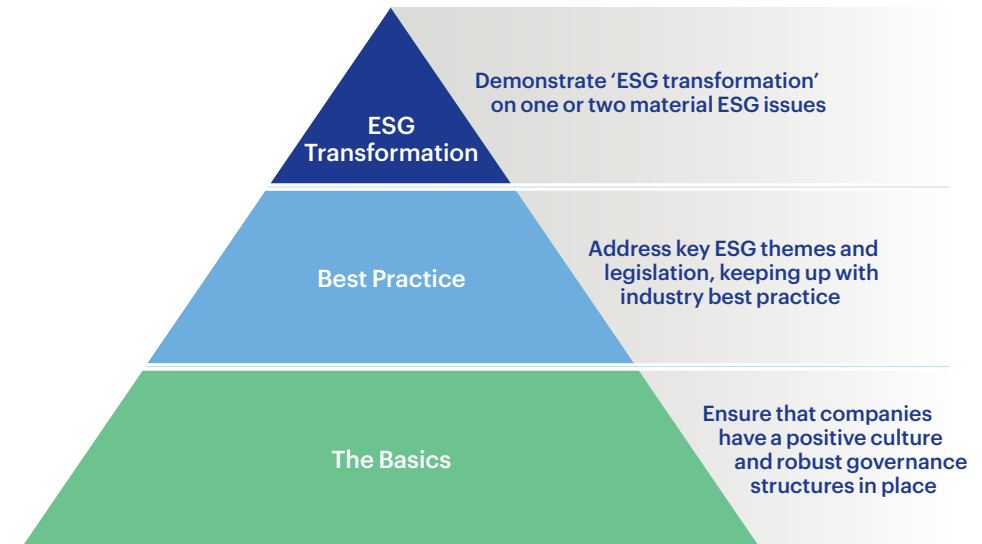


ESG Framework

Collectively, our ultimate aim is to support our portfolio. We do this by making lasting impact, which continues long after our ownership period.

“Whilst our ESG framework sets out to establish senior level accountability and oversight through ongoing monitoring, it’s through working in partnership with our management teams and developing tailored ESG roadmaps, that we are able to make progress against the issues that really count for each business.”

Tom Lightowler,
Partner, Exponent



From the basics to transformation, we've simplified the Firm's ESG strategy and created a framework that helps companies build upon a solid ESG foundation to developing ESG goals, that are meaningful and transformational for the business.

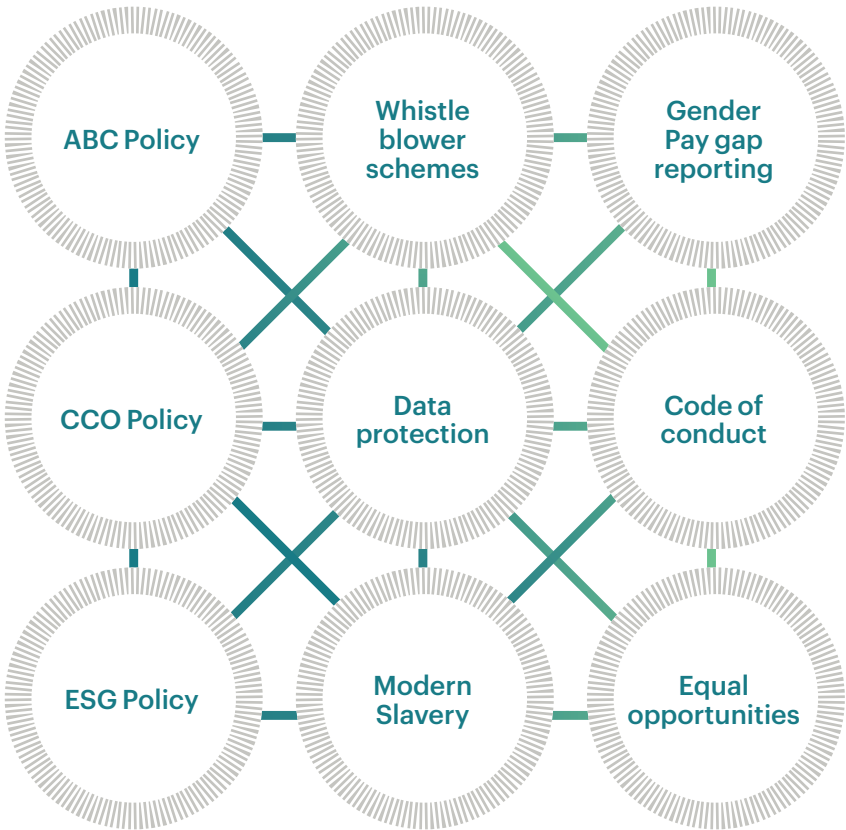
The basics

All portfolio companies must have 'the basics' in place within six months of our ownership. This covers a foundation of ESG policies before they can advance their strategy. The 'basics' contain core principles which we believe should be central to all businesses, regardless of size or sector, and should encourage companies to become inclusive and sustainable places of work.

Core policies and processes

We work with our portfolio companies to ensure they have a set of core policies and processes in place, covering key E, S and G factors.

38% Average Employee Growth



Best practice

We ask our portfolio companies to annually complete an ESG questionnaire. The aim of this exercise is to increase visibility of ESG across the portfolio, improving our reporting in the process. The questionnaire helps us to provide a benchmark for latter years, monitor key impact areas and provide support to our portfolio where necessary.

ESG transformation

The last step calls for ESG transformation within the business. The goals are bespoke to each business and are focused on a key ESG risk or opportunity. We support our portfolio to identify transformation goals and develop an action plan to achieve them.

50% of our portfolio companies have a dedicated Sustainability Specialist



ESG Framework

Whilst our portfolio is broad, our Annual ESG Questionnaire focuses on a framework of E, S and G topics designed to drive progress, regardless of sector. These focus areas are highlighted below.



Environment

	100%	93%
	compliance with Streamlined Energy Carbon Reporting Scheme	measure carbon footprint ³
57%	71%	
of portfolio use renewables	recycle waste from operations	

Social

93% ³	86%	93% ⁴
H&S tracking	set employee engagement surveys	Gender pay gap tracking
100%	100%	100%
equal opportunities	Code of conduct policy	Modern Slavery statement

Governance

100%	100%	100%
Anti-bribery & Corruption policy	Corporate Criminal Offence policy	whistleblower scheme
100%	86%	93%
GDPR compliance	of portfolio with Cyber assessments ⁵	with ESG policy ³

³ The remaining company, joined the portfolio in 2021 and is working towards this
⁴ The remaining company, that joined the portfolio in 2021 whilst not in scope for statutory reporting has started to gather this data
⁵ These are currently ongoing at the remaining companies

Case study

WARP

we are real + proper

Acquisition and merger of Eat Real and Proper, two Better-for-You (BFY) snacking companies to create the leading player in the UK BFY snacking market

Portfolio:
WARP Snacks

Acquired:
2021

ESG meetings with
Exponent since start 2021:
5

Progress:
Over the course of 2021, WARP Snacks strengthened their Sustainability team with the appointment of Katie Leggett as their Sustainability Manager. The business has been focusing on aligning with Exponent's core policies as part of its onboarding programme and developed its own ESG Strategy, with short-term and long-term targets. One of their ESG goals is for the group to become B Corp certified.



Looking forwards:

WARP are committed to submitting their BIA certification during 2022.

“The creation of WARP Snacks in 2021 brought together two exceptional snacking brands: Proper and Eat Real. Since bringing the two brands together, WARP is on a mission to make Snacks with Substance. To deliver on this mission, the company has a dedicated Sustainability team and strategy, with targets for both 2025 and 2030.

Exponent have been supporting WARP with creating our B Impact Assessment (BIA) Baseline and Improvement Plan for our B Corp certification. In order to become a B Corp, companies must meet an 80 point minimum on the BIA. The BIA is a complex tool which measures impact across a whole business, measured in 5 areas: Governance, Workers, Environment, Communities and Customers. The support WARP has received from Exponent has allowed us to work with an expert team of B Leaders at Seismic Change Consulting. With this support, we've created an accurate baseline score and are working now to create an impact improvement plan to outline clear steps that the WARP business can take to leave a more positive footprint across our whole business.”



Katie Leggett,
Sustainability Manager, WARP Snacks

Case study



The leading producer and distributor of South Asian ethnic foods in the UK and across continental Europe



9,000 kg

of food donated
to people in need

210k

meals flavoured and distributed
with donated spices

“Vibrant Food’s generous donation of spices and other ingredients to Felix’s Kitchen ensures that our meals are not only nutritious – more importantly they become delicious too. The wide range of products help us to make our meals more culturally appropriate for the many communities we serve. We are grateful for Vibrant’s support for these key ingredients which are not always available in surplus food.”

Leon Aarts,
Head of Felix’s Kitchen



Portfolio:
Vibrant Foods

Acquired:
2019

**ESG meetings with
Exponent since start 2021:**
5

Progress:
Upon acquisition, Exponent commissioned an external ESG assessment of the business, highlighting the Company’s ESG risks and opportunities.

In order to help Vibrant Foods develop its ESG strategy, Amirah Jiwah was brought in as their Head of Impact in April 2021.

Vibrant Foods’ 2021 ESG Action Plan, established reporting on Quality, Climate, Culture and Community. The following shows the progress made on their Community pillar over the course of the year.

Supporting food redistribution

The UK’s food poverty rate is among the highest in Europe. To support food charities at this time of national crisis⁶, Vibrant has partnered with The Felix Project and FareShare that specialise in food distribution.

These organisations collect fresh and nutritious food, from a variety of businesses and help distribute them to charities and schools in order to help the most vulnerable in society.

Vibrant’s primary charity is the Felix Project, whom they have worked with since 2020. The charity’s chefs and volunteers turn donations into healthy pre-packaged meals to be delivered to charities across London for individuals and families in need.

In 2021, Vibrant increased their contribution to monthly deliveries for Felix’s Kitchen. This included:

- 7,566kg of pulses, grains, and other veggies which formed the base of over 20,000 meals
- 847kg of spices which were used to flavour over 210,000 meals.

Looking forwards:

Vibrant Foods to produce their first Impact Report in 2022.

⁶ Between September 2020 and February 2021

Our ESG Focus

With a broad portfolio, the ESG topics the companies under our ownership focus on vary. We support them to make a positive impact in the areas most relevant to them.

Despite the differences, there remain commonalities, where we provide cross-portfolio support. These focus areas vary year on year, reflecting the topics our portfolio is focusing on, changes in our portfolio and emerging issues.

In 2021, our focus areas were:

- Climate action
- Diversity and inclusion
- Cyber security

To highlight our action in these areas, we have structured this report around these topics and chosen case studies that reflect the progress that's being made across our portfolio.

What we said we would do in 2021

- Renew or establish ESG action plans for all our businesses
Achieved
- Sign up to ILPA's Diversity in Action Framework
Achieved — we became a signatory in December 2021, more information can be found on page 37.
- ESG session at the 2021 Leadership Conference
Achieved — We ran a cross-portfolio ESG session at the Leadership conference, bringing in case studies on specific topics from the Circular Economy, developing and integrating an ESG strategy, becoming a B Corp and producing a materiality assessment. The roundtable discussion gave ESG leads the opportunity to share best practice and answer questions on topics relevant to their businesses.
- Commission 5 external ESG reports to set new goals
Achieved — we commissioned 6 external post-acquisition ESG reports in 2021 to support portfolio companies to set ESG goals.
- Include ESG at exit systematically
Achieved
- Sign up to the iC International
Achieved — we became a member in June 2021, more information can be found on page 32.

Climate Management

Integrating climate risk into the Firm and its portfolio

“The TCFD framework is helping us integrate climate risk considerations throughout our operations, ensuring we protect the long-term interests of our portfolio.”

Craig Vickery, COO,
Partner and Chair of ESG Committee,
Exponent

Climate change poses both risks and opportunities to Exponent's portfolio, as well as to our own operation and employees, and as such we have decided to support and implement the recommendations of the Taskforce for Climate-Related Financial Disclosures (TCFD), as supported by the UN PRI. Over the course of the year, the ESG Committee has been working with Advisors on reviewing our internal processes against the first two of the four pillars of the TCFD: Governance, and Strategy. We will continue to align with this framework over the course of 2022.

The four pillars of the TCFD



TCFD Governance

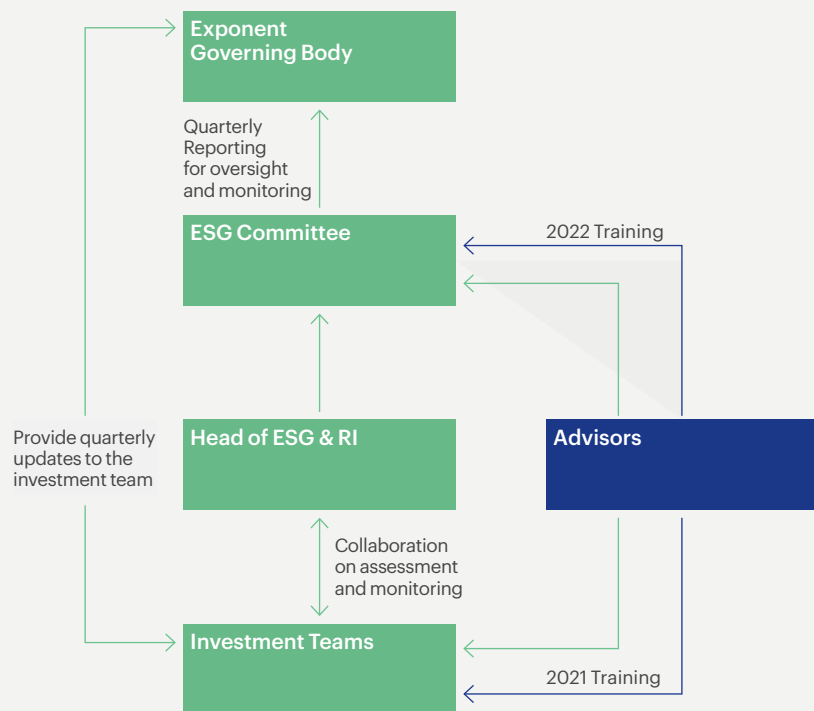
- Exponent's Governing Body oversees climate-related risks and opportunities at least once a year and supports the Firm's long-term objectives to influence Firm behaviour and consider potential effects of climate change.
- The Firm's ESG Committee meets quarterly to oversee climate risk as a key focus area. The Committee has senior level oversight and includes the COO, Senior Partner, Partner, Head of ESG and Responsible Investment and a member of the Investor Relations team.
- Exponent believes that climate analysis should be based on materiality and tailored to the specific risk and opportunity profile of the portfolio company. This approach enables the portfolio company and its board to integrate climate-related risk analysis in a focused manner.
- The Governing Body recognises that climate change is a risk and opportunity for all portfolio companies, but the degree and mechanism by which it may be material will vary depending on the sectors and jurisdictions of the company.

Climate Management *continued*

Education is key to us meeting our goals. Over the last year we held the following training sessions:

- ESG Committee received external training on Net Zero pathways both at Firm and portfolio level
- We ran a climate risk training session for the Investment Team on the risks and opportunities that climate change can pose to the Firm and the portfolio

Exponent's governance around climate-related risks and opportunities



TCFD Strategy

We have been working with a specialist Consultant on integrating climate-related risks and opportunities into our overall risk management framework across the Exponent deal cycle.

New Investments:

Exponent screens new investments for climate-change related risks and opportunities and where material risks are identified, more detailed and focused due diligence should be completed before an investment decision is made.

Existing Investments:

Our existing ESG monitoring considers energy efficiency, carbon emissions intensity and low-carbon opportunities where they are material. These insights are used by our investment team, allowing us to thoroughly assess the potential opportunity for a low-carbon transition.

1 Climate Screening:

Exponent is presently undertaking a portfolio-wide climate screening materiality exercise, using a third-party provider to tease out prioritized climate risks and opportunities for each portfolio company.

2 Scenario Analysis:

Exponent also intends to implement scenario analysis for modelling transition and physical risks at the portfolio company level.

Metrics and Targets

Climate change is a core part of our annual ESG monitoring.

- A new requirement is for each portfolio Company Board to consider climate change at least annually.
- Carbon emissions form part of the core KPIs of the ESG Data Convergence Initiative, which Exponent is part of.
- As a PRI signatory, we also participate in their annual transparency report, part of which is based on the TCFD recommendations – copies of which can be found on their website.

Partnership working

In 2021, Exponent became a signatory to the iC International, a UN PRI backed network of investors that are collectively committed to achieving the objectives of the Paris Agreement.

Members agree to analyse, manage and mitigate climate-related financial risk and emissions in their portfolios, in line with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD).



Climate Management *continued*

Carbon Footprint

This is the second year that Exponent has produced a GHG Inventory of the Firm as well as its portfolio and the first opportunity the Firm has to compare emissions data over a period of time. Reporting guidance has evolved since we produced our first carbon footprint. With the increased focus on the TCFD there has been a range of guides issued to help guide the Private Equity Industry report in a consistent and transparent fashion⁷. We have reported in line with the Greenhouse Gas Protocol and the Partnership for Carbon Accounting Financials' (PCAF) GHG Reporting & Accounting Guidance for the Private Equity Sector⁸.

Portfolio Footprint

99.9% of Exponent's total carbon footprint comes from our investments. Our work to support our portfolio to reduce their carbon emissions is the biggest area of opportunity for us.

The following charts show the portfolio's Scope 1 and Scope 2 emissions from 2019 / 2020 to 2020 / 2021⁹.

⁷ Following industry guidance we haven't included incomplete data that were new to the portfolio during this period. Our portfolio carbon footprint represents Exponent's share of emissions from our portfolio companies based on our equity share in each company (typically between 48% and 68%).

⁸ Greenhouse Gas Accounting and Reporting for the Private Equity Sector:

<https://www.unpri.org/download?ac=16265>

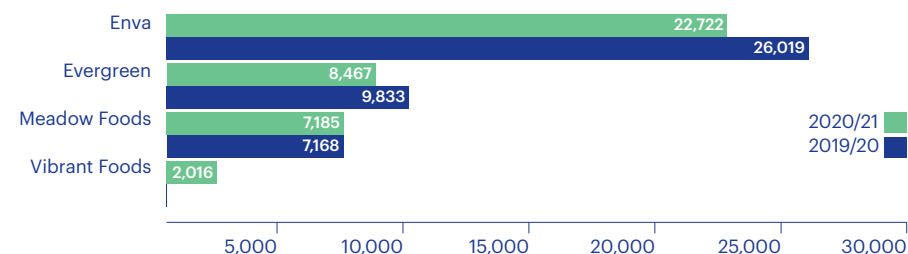
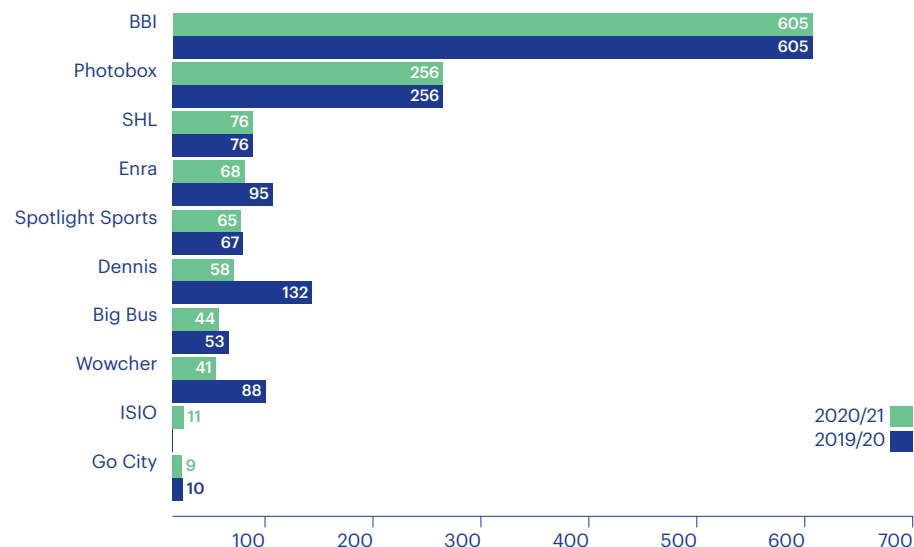
⁹ Data was gathered from SECR submissions

99.9%

of Exponent's total carbon footprint comes from our investments

6.1%

portfolio reduction from 2019/2020 to 2020/2021

Exponent's share of Scope 1 and 2 emissions (tCO₂e) — high energy useExponent's share of Scope 1 and 2 emissions (tCO₂e) — low energy use

Climate Management *continued*

Whilst the top four companies represent 96.9% of our portfolio companies' total emissions, this is also a reflection of the nature of their operations in energy-intensive sectors: recycling and resource recovery, garden care and food manufacture.

Our portfolio companies are taking steps to reduce their emissions and over the course of 2021 have implemented the following measures to help reduce their impact.

Enva

- Reductions created through fleet replacement
- LED lighting and solar panels installed
- Through their contribution to the circular economy and the alternatives they provide to virgin materials, Enva saved 10 times more carbon than it emitted over the course of the year

Evergreen Garden Care

- Sub-metering installed to help analyse energy consumption data
- Switched from standard to renewable electricity
- Change of manufacturing and heating equipment to move from LPG and diesel to electricity
- Change to electrical vehicles
- Better line efficiency for natural gas equipment in the UK



Meadow Foods

- Changing forklift trucks from propane to electric
- Internal 'Journey-to-excellence' scheme to help the Company reduce their impact, across a wide range of factors, with over £500K of annual savings
- Engaged Farmers in Sustainability programme
- Independent carbon measuring of all farms

Vibrant Foods

- 55% of electricity purchased was from a green tariff, reducing their Scope 1 & 2 footprint by 18%
- Partnered with a software platform to understand the emissions data for thousands of their key products
- Looking at emissions from packaging, focusing on reducing non-recyclable materials as much as possible
- Started to collect data from key suppliers on energy, fuel and water use to help calculate their Scope 3 emissions

Looking Forwards

- We recognise that for some of our portfolio companies, their most material impacts are their Scope 3 emissions. These indirect emissions are more challenging to report and so we will engage with our portfolio companies on this topic.
- We will continue our work with the TCFD recommendations, looking to further improve our Risk Management and Metrics and Targets.
- We will look to host a Climate Change conference for the portfolio, to help share best practice and knowledge on some of the challenges companies are facing.

Climate Management *continued*

Case study



Leading B2B dairy and speciality ingredients supplier

21%

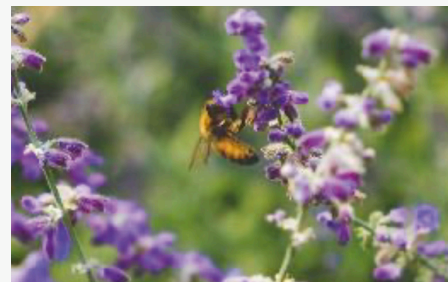
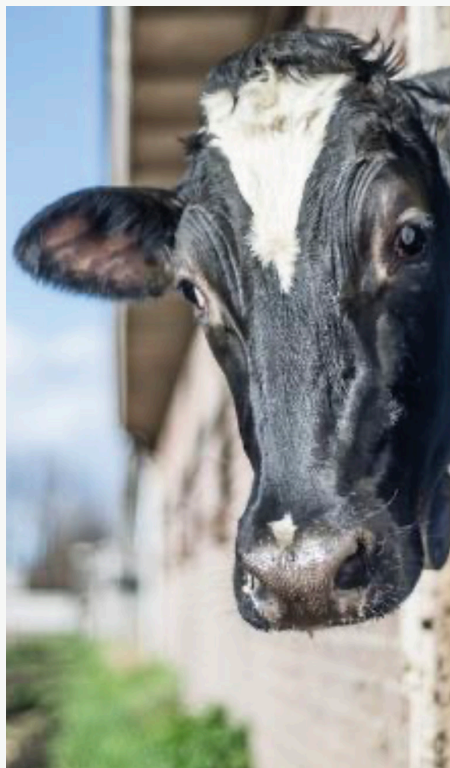
reduction in CO₂e since
2018 emissions per kilo of milk

Portfolio:
Meadow Foods

Acquired:
2018

**ESG meetings with
Exponent since start 2021:**
3

Progress:
Over the course of 2021, Meadow Foods has revised its ESG strategy using a materiality assessment to understand their ESG risks. Under our ownership, Meadow Foods has made great progress in the work they do with farmers, not only on reducing carbon emissions but also on prioritising biodiversity, led by their Head of Sustainability, Alun Lewis.



Since 2018, Meadow has been measuring farms' carbon footprints with partners Alltech E-CO₂. Using on-farm environmental tools and assessments, this process has provided benchmarks and improved efficiency, supporting greater profitability and sustainability.

Meadow's farm sustainability programme, which launched in 2019, uses this and other data to understand supplying farms' production methods and the key sustainability drivers for dairy farms, including soil management, animal feed and renewable energy production.

This data shows that Meadow's suppliers have been making changes to successfully reduce CO₂e emissions on their farms.

- Since 2018, they have reduced their CO₂e emissions per kilo of milk by 21%.
- This means Meadow's suppliers are producing milk 63% more efficiently than the global dairy production and 15% more efficiently than the UK average from a CO₂e perspective.
- 56% of Meadow's farmers now have specific biodiversity areas on their farms
- While a further 17% are creating biodiversity sites on their farms within the next 12 months, supporting wildlife populations and biodiversity.

Meadow is also looking at biodiversity, including a recent project completed at their Chester site with a local charity, looking at ways they can bring land back to natural conditions giving sanctuary for animals and insects.

Looking forwards:

Engage with farmers to reduce farm emissions by 10%.

Diversity

Increasing Diversity, Equity and Inclusion in the Firm and our Portfolio

“Establishing DE&I reporting has helped us learn more about the Firm and its portfolio, an essential step as we develop a meaningful and targeted DE&I strategy.”

Lizzie Stazicker,
Head of ESG and Responsible Investment
and member of the Exponent DE&I Committee,
Exponent

We recognise that our people are our most important resource. We're continuing to evolve our approach to Diversity, Equality and Inclusion ("DE&I") within the Firm because we understand the important role that an inclusive organisation can play in building a happy and productive workforce. Furthermore, we know that a fully representative workforce brings in diverse skills and disciplines, which help our business stay agile in a changing world.

We established our DE&I Committee in 2020, and throughout 2021, a smaller working group, with Partner-level oversight, steered the Firm towards becoming a signatory to ILPA's Diversity in Action Framework. The ILPA Diversity in Action framework is designed to help the Private Equity industry adopt practices that will help advance DE&I over time. The framework covers a broad range of initiatives that cover talent management, investment management and industry engagement. We have used 2020 as our baseline year, to help us measure our progress.



As part of this work we:

Created a DE&I statement to communicate our strategy to the team, on important topics such as recruitment and retention

Introduced Firm-wide ethnicity and gender reporting

Started collecting data on wider diversity metrics such as socio-economic backgrounds and sexual orientation, acknowledging that Diversity isn't restricted to gender

Reviewed our Recruitment practices and made important changes to allow us to access a more diverse pool of candidates

Committed to annual Firm-wide DE&I training

Improved our Diversity reporting with our portfolio, using ILPA's Diversity in Action template to gather ethnicity and gender data for Board members and Senior Management

Engaged with our investors and ran an informal Advisory Committee session on Diversity, sharing the progress we have made, whilst taking on board suggestions of best practice that had been observed elsewhere

Volunteered in outreach activities, designed to encourage junior women into the profession

Diversity *continued*

Our Vision

1 People:

to identify and attract a diverse team that leverages the talents, skills and perspectives that difference can bring.

2 Culture:

to create an inclusive environment that allows us to retain, develop and empower our people.

3 Performance:

to harness the benefits of diversity and inclusion to connect with a demographically broad range of stakeholders and continue to unlock unique opportunities.

4 Portfolio:

to use our platform to foster a diverse and inclusive culture at our portfolio companies and in our advisor networks.

When it comes to execution, our DE&I strategy is underpinned by these pillars.

Culture

Our aim is to create an inclusive environment that empowers our people. Annual DE&I training helps foster this culture. We currently employ individuals from 10 different nationalities, a clear reflection of the multi-cultural team we’re building.

Governance of the Firm is based on inclusive policies that ensure that all members of the team are treated equally, with dignity and respect. All members of the team are responsible for upholding these policies.

Recruitment

We reviewed our recruitment process and identified that by requiring candidates to have previous Private Equity experience we were limiting our access to diverse talent. So, we updated our approach and made some changes

- Worked with our recruiters to ensure they are providing us with diverse candidates and that our processes are aligned with our DE&I strategy
- Expanded our search criteria, allowing us to recruit from more diverse pools. Focusing on competence rather than experience

- Invested in a new training scheme to help those without Private Equity experience transition into their new roles at the Firm
- Conducted Firm-wide Unconscious bias training, sharing best practice on interview techniques
- Established gender balanced interview panels at our early-stage interviews

Although we are proud of the significant progress made since 2020, we recognise that there is much ground to cover. Since 2020, the percentage of women in the investment team (Principal and below) has grown from 22% to 40% and at junior level the gender split is now 50/50.

In the last 2 years, the Firm has integrated a network of Operating Partners to work alongside the investment team, to help bring diversity of thought and industrial experience to the Firm’s decision-making process. These senior industrialists bring unique perspectives and provide valuable insights into our core sectors. This is the first time we have recruited at this senior level, and it allowed the Firm to make progress in line with our DE&I strategy. Improving the Firm’s diversity at this senior level positively impacts other aspects of the Firm from its culture, to recruitment, to retention and development. The benefits of diversity are far-reaching.

40%

of Exponent’s Operating Partners are female

Gender diversity (% women)

	Exponent 2020		Exponent 2022	Women in investment roles (Firms with AUM >£100m) ¹⁰
Senior-level (Partner & Operating Partner)	0%	→	13%	10%
Mid-level (Director & Principal)	29%	→	25%	19%
Junior-level (Senior Associate & Associate)	0%	→	50%	33%

¹⁰ Source: BVCA and Level 2021 Diversity & Inclusion Survey

*Diversity continued***Retention and development**

We want our people to feel valued with ample opportunities to develop. In light of the pandemic, we've introduced a number of flexible and family friendly policies:

- Hybrid working, allowing employees to work remotely 2 days a week
- We've developed a leading maternity package, supporting team members as they balance maternity leave and returning to work
- Access to mentoring through Level 20's scheme

Partnerships

We're an active sponsor of Level 20, a not-for-profit organisation dedicated to improving gender diversity in the European private equity industry.

In 2021, Exponent became a member of Out Investors, an organisation which aims to make the investment industry more welcoming to LGBT+ individuals. Our membership helps us to create a structured and accessible LGBT+ network and foster an inclusive environment in the industry.



100%

of companies have an Equal Opportunities policy

86%

of portfolio companies conduct an employee engagement survey

93%

companies measuring their gender pay gap¹¹

¹¹ The company that hasn't for this period, whilst not in scope for statutory reporting, is starting to measure this for 2022

Portfolio

While we recognise that each company is at a different stage in their journey, we believe a successful People Strategy can benefit any company at any stage of their growth.

- We give these discussions board oversight and ask all of our portfolio companies to discuss their People Strategy at quarterly board meetings
- We also require the CEO / CFO to give time to this topic when they deliver their Annual Budget Presentation to the Exponent Partners
- We also require each company to have certain People related policies in place and have started to look at other areas that demonstrate best practice.

During the pandemic, Exponent established a portfolio network to help the Human Resources leads from our portfolio companies share best practices and address some of the immediate People challenges they faced as a result of COVID-19. What started as an Exponent initiative is now an active network chaired by the portfolio.

“The network helps us share best practice and see if there are any cross-portfolio efficiencies on resources such as training, managing appraisals and cultural initiatives and the potential savings that might bring. Given the breadth of experience collectively, sharing ideas and information is also beneficial to provide support to each other.”

Pauline Nelson,
People and Development Director,
Spotlight Sports Group



Diversity continued

“We support our junior employees with bespoke training programmes designed to proactively provide development opportunities and an attractive career trajectory. This initiative has allowed us to broaden our potential candidate pool and support our wider Firm objective to increase diverse representation in our workforce. Since 2019, we have made >40% diverse hires (either women or people of colour) and, by providing in role training tailored to new recruits’ professional backgrounds, we continue to invest in our most valuable asset, our people.”

Dan Hunter,
Senior Associate and member of
the Exponent DE&I Committee, Exponent

**Leadership Conference**

We run an annual leadership conference for our investee companies to further promote Exponent’s values throughout the portfolio. This event brings together the senior management teams and chairs of our portfolio companies, as well as our broader network of industrialists and the whole Exponent team.

The aim is to facilitate both networking and professional development, as well as, fostering the shared sense of community within the portfolio. DE&I continues to be a core feature of these conferences, with relevant talks and seminars at each of the three most recent events.

In 2021, we hosted a panel discussion on Inclusion within Employment with Kate Swann, Leon Mann and James Timpson.



Diversity *continued*

Case study

.SHL.

Largest provider of psychometric and cognitive talent assessment for business globally

Portfolio Company:
SHL

Acquired:
2018

**ESG meetings with
Exponent since start 2021:**
4

Progress:
SHL undertook an external ESG review in 2021, in line with Exponent's process to commission an external ESG review of each portfolio company every three years. The review reinforced DE&I as an ESG goal for the company.

Diversity was highlighted as a key opportunity for the business, not only as an employer but also for their customers. Since their review, SHL have made great strides in prioritising Diversity, Equity and Inclusion within the business, including:

- Townhall for all employees to hear SHL's DEI commitments
- Developed a charter and web materials to support this and a DEI education programme for all employees
- Created a Diversity handbook
- Promoting diverse communities e.g. LGBTQ
- Partnership work with diverse recruiters to allow them to work with people with disabilities, Skills not Schools, flexible working, capability not familiarity

Looking forwards:

Recruiting a full time Head of Inclusion in 2022.



“Diversity and Inclusion has been a major topic of discussion in the boardrooms of businesses across the globe for many years and for many reasons. The inclusion of different backgrounds dissipates the status quo in a team and makes room for innovation of ideas and actions. In addition, there is no greater way to reach a target audience or customer than having people on your company's team that fundamentally understand the language and values of your customer. And we know that increasing diversity within an organization can also have positive impacts on revenue.”

Andy Bradshaw,
CEO, SHL



Cyber Security

Mitigating cyber risks for
our Firm and portfolio

“Globally, cyber security risks
are rising on boardroom agendas.
We want to remain on top of any
threats to our Firm and portfolio.”

James Gunton,
Partner, Exponent



To help mitigate cyber risks we completed a portfolio-wide Cyber Assurance project in 2021. The aim was to develop a holistic, risk-based view of each portfolio company's exposure to and defence of cyber risk.

The Cyber Assurance project included an assessment in the following areas:

- Information security, governance and risk management
- Personnel security including user training
- Process maturity including incident response capabilities
- Technical countermeasures including monitoring platforms and defensive control
- Supply chain risk and management of third parties
- A technical penetration test

We appointed a specialist consultancy, Waterstons, as advisors on this review. With nearly three decades in the industry, they are perfectly positioned to advance our technical expertise and help us and our companies mitigate cyber risk.

Together, we developed a framework to assess the level of cyber security resilience that each company should target based on their individual size, characteristics and risk profile. This process allowed Waterstons to objectively assess our portfolio companies' approach to security control and governance against their individual benchmark. Following the review, bespoke reports were created for each company which laid out the results of the analysis, where they stood against their individual benchmark, and recommendations for any areas of weakness.

Cyber Security *continued*

Having completed the first phase of the work, Exponent hosted its first Cyber Assurance Conference in London in December 2021. Attended by all of our portfolio companies, we presented findings from the project, Waterstons highlighted recommendations for common areas of improvement, and three organisations from our portfolio presented on specific areas for best practice.

This project helped develop a community for the portfolio's Chief Technology Officers and / or IT Directors enabling collaboration and innovation. Plans to host a second event are in the pipeline, with a view of holding the next event in the summer of 2022.

Looking forwards:

Integrate cyber risk monitoring across the portfolio.

Host a second IT portfolio network event in 2022.



“The cyber review undertaken with the help of Exponent allowed Isio to compare its cyber security standards against other organisations and enabled us to share our best practices whilst learning from others in the group. Having the ability to talk with people in similar roles across a wide variety of organisations within the Exponent group was really helpful and has led to many positive outcomes including first-hand information on the best suppliers for key IT services.”

Matt Glover,
CTO, ISIO



ESG at Exponent

We believe that the approach we take in managing ESG at our portfolio companies represents good business so we apply the same principles in our Firm. In line with this we manage our social and environmental impacts and measure our carbon footprint.

We have a regular programme of training and in 2021 we ran six team training sessions on ESG topics including cyber-security, climate risk, DE&I and Financial Crime. To support junior members of the investment team we use the BVCA's Responsible Investment E-learning training for new joiners and in the last year invested in developing our own bespoke Associate training programme.

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's Responsible Investment Round Table, iC International and the PRI.



Community engagement

Our Charity Committee directs the community investment activities of the Firm, including identifying charity partners and supporting our employees to get involved in our community investment activities. In 2021, we continued to work with our charity partner, Impetus, who work with disadvantaged young people to improve their educational and employment opportunities. Impetus supports a portfolio of national and local education and employment charities, as well as supporting policy making and research so that all young people get the support they need.

Exponent also partnered with Dennis, one of our portfolio companies, to help the Big Issue with their digital transformation. More information on this can be found on the next page.



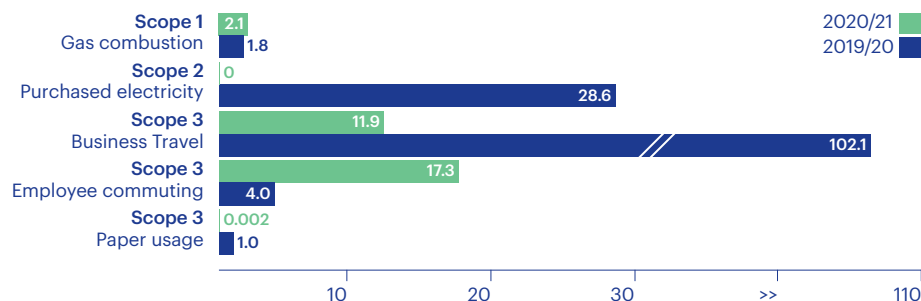
Volunteering days

To help our employees support the causes that matter most to them, we began offering 2-days paid leave to all Exponent employees to support charitable causes. The initiative launched in late 2021.

Firm's GHG Emissions

The following chart highlights the Firm's emissions.¹²

Exponent's GHG Inventory (tCO₂e)¹³



When looking at the Firm's emissions, excluding investments, they reduced by 77.1% over this period.

¹² This calculation uses a market-based approach which takes into account the type of electricity that has been purchased

¹³ Covers period April 2020 to March 2021 and April 2019 to March 2020

Purchased Electricity

Whilst we lease our office and have limited control on some aspects of the building, we were attracted to the property due to its excellent sustainability credentials. We work in partnership with the other tenants and sit on the landlord's Sustainability Group, working to help improve reductions in GHG emissions across the premises.

Market-based electricity

Working with the landlords and Consultants we are now able to demonstrate that 100% of the energy supplied for the building has been sourced from renewable sources.

Business Travel

The reduction in the Firm's business travel, is largely down to the disruption caused by the Covid-19 pandemic, where travel and in-person meetings were restricted. The Firm has since adopted a hybrid working pattern and a large proportion of the Firm's meetings are now held virtually.

Employee commuting

Whilst employee commuting was low during this period, we have added an allowance here to account for the emissions caused through employees working from home. The number of Full Time Employees (FTE) increased over the two reporting periods from 30 to 35. The Firm also offers a Cycle to Work Scheme and provides bike storage to support low-carbon commutes.

Paper Usage

Whilst this only accounts for a small proportion of the Firm's footprint, we are still mindful of our impact and the materials we consume. Office printing has been reduced as internal documents and board packs are now distributed electronically.

Whilst the Firm's primary aim is to reduce its emissions, we have decided to offset our residual emissions and are Carbon Neutral.

Supporting the Big Issue

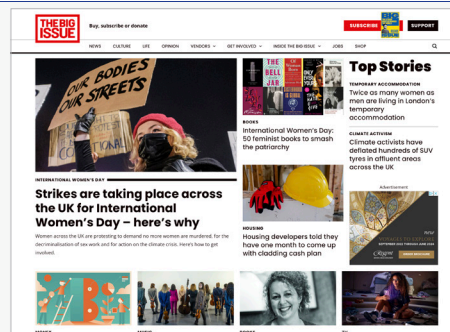


The Big Issue is in the business of impact. Through their magazine, they allow vendors to directly generate income while, Big Issue Invest provides funding for social enterprises that might otherwise struggle to launch or scale. The Big Issue Foundation also facilitates wraparound services for vendors and other vulnerable groups.

The pandemic took a big toll on Big Issue vendors and completely changed consumer buying behaviour. As well as making it tougher for vendors to earn an income, it meant more vulnerable people are facing unemployment and the risk of homelessness. To address this, it has been vital that The Big Issue reaches a larger, relevant audience through digital expansion.

To help The Big Issue address this, Exponent provided funding and support to kick start their digital transformation, alongside Dennis, an Exponent portfolio company. The newly launched bigissue.com includes vendor subscription sales and allows The Big Issue to signpost other parts of their work in a way they couldn't before. Through the new site, The Big Issue have been able to move flexibly to create digital campaigns and have also successfully launched their Breakthrough programme for 16-24 yr olds.

Overall, the new site has strengthened The Big Issue and provided additional opportunities for them to deliver social impact. Site traffic is up 96.7% YOY, Unique Page Views are up 68.5% and they are seeing increased financial support and subscriptions compared to the old site.



“Our need to deliver impact has never been greater: The pandemic took a big toll on our vendors and changed consumer buying behaviour beyond recognition. As a result, our vendors’ ability to earn an income was more challenged than ever before, increasing the risk of unemployment and homelessness.

The new bigissue.com site benefits the homeless and other marginalised groups directly. With greater reach, we are able to improve awareness and most importantly, through new, digital-led initiatives such as vendor subscriptions sales, our vendor support fund, and our commitment to creating new employment opportunities, we are making a real difference to people’s lives. It now positions The Big Issue in a stronger place to be able to extend and enhance the social impact that we deliver and ensure that we are building a world that works for everyone.”



Russell Blackman,
Managing Director Commercial,
The Big Issue

Looking Forward



In our work to date we have created a strong foundation and approach to ESG in our business and in our portfolio. In 2022 our work will focus on continuing to embed the good ESG practice we have developed. This work will continue to focus on climate, cyber security and diversity.

With the strong, and urgent, focus on climate change by stakeholders of all types, we intend to organise a climate change event for the portfolio. This event will provide the baseline information of how and why to respond to the climate crisis and highlight the good practice across the portfolio.

This will support further work on climate risk to meet the requirements of the Taskforce on Climate-Related Financial Disclosures and will include beginning to understand how climate change may affect our portfolio under various climate scenarios. We will report on our progress in 2023.

Our Leadership Conference represents an excellent opportunity to engage our portfolio on a wide range of topics. We will continue to use this as a platform to communicate our commitment to good ESG practice, share specific examples and create discussion around ESG.

Finally, to help bring the relevant team members together across the portfolio, we intend to organise a follow up IT conference. This will support continued best practice in this area and allow portfolio teams to discuss challenges and opportunities within their respective companies.

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