

Exponent

Environmental, Social and
Corporate Governance
Annual Report
2022



Message from Managing Partner

I'm delighted to present Exponent's fifth annual ESG report, which, as ever, provides a detailed account of our approach to ESG and Responsible Investment, our achievements throughout 2022, and our plans for 2023.

2022 continued to be a successful year for the Firm, with several standout achievements including:

- We made two platform acquisitions in 2022: H&MV, the largest UK and Ireland high-voltage engineering group, and Xeinadin, the leading accountancy and business advisory group focused on SMEs in the UK and Ireland – both acquired from founders and existing management
- Completed the sale of Enra, a leading specialist UK property lender, to Elliott Advisors in September
- Announced the merger of Photobox Group and Albelli Group, creating the leading online personalised photos and gifts business in Europe
- 12 bolt-on acquisitions at Go City, Enva, albelli-Photobox, Isio and Xeinadin

We hosted another successful leadership conference, bringing together over 100 senior executives from our portfolio, as well as the Exponent team for a day of inspiring talks. ESG featured heavily on the agenda as we support management teams to tackle their environmental and social impacts.

We engaged our portfolio on climate change, hosting a climate conference back in June. With the aim of helping our portfolio on their path to net zero, the conference brought together portfolio ESG professionals and board members, along with the Exponent ESG Committee and our Advisors to engage, inspire and collaborate on this important topic.

Through our climate screening work, we engaged all our portfolio companies to help them understand the potential impacts of the increasing climate emergency, and how to mitigate these risks. This continues our work to implement the recommendations made by the Taskforce on Climate-Related Financial Disclosures (TCFD) in line with our commitment as a signatory to the UN PRI. Sustainable businesses are more resilient and we see this as an important topic for our portfolio.

We continue to see uncertainty in the UK and on a global scale, with the devastating ongoing conflict in Ukraine and the linked cost-of-living crisis impacting us closer to home. We remain confident in the strength of our businesses to navigate these uncertainties and support their people through challenges. Our focus on operational initiatives to drive revenue growth remains core to our approach, and creating strong ESG and sustainability strategies are an integral part of this.

I hope that this report provides insight into our ESG approach and our successes and progress in 2022 and we welcome any feedback on our ESG strategy and approach to Responsible Investment.



Richard Lenane,
Managing Partner
July 2023

About Exponent

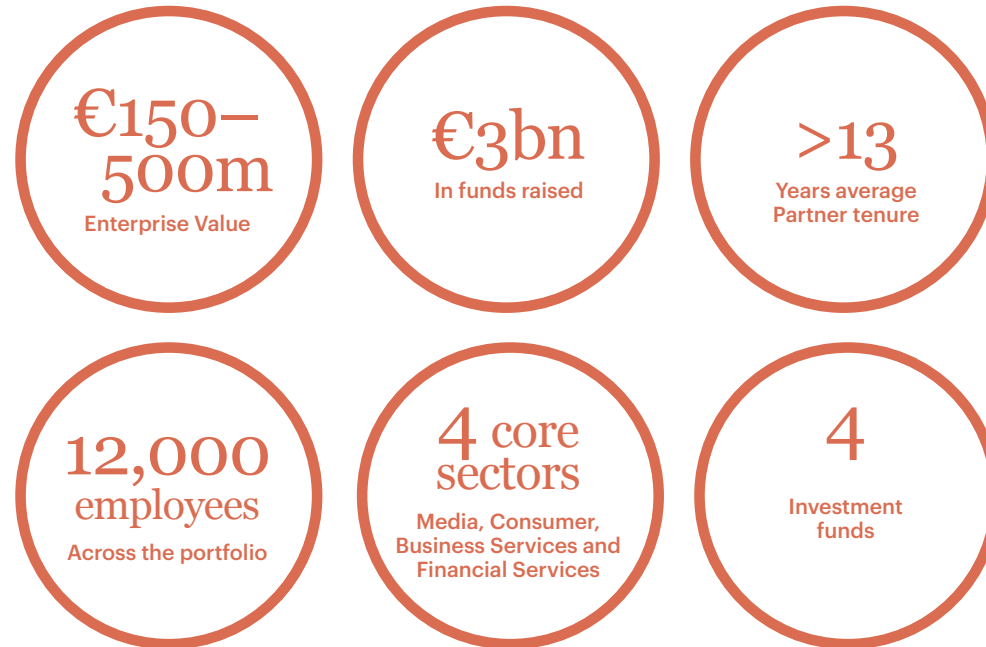
Established in 2004 with offices in London, Dublin and Amsterdam, Exponent is a leading private equity Firm that partners with management teams to create market-leading businesses.

The Firm focuses on primary investment opportunities, purchasing businesses from corporates and families/entrepreneurs where new ownership enables the business to realise its full potential.

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: making “good companies, growth companies”.

Exponent has a distinctive approach, central to which is identifying latent potential in primaries, specialisation within subsectors, and industrialists who are integrated into the Firm’s investment process.

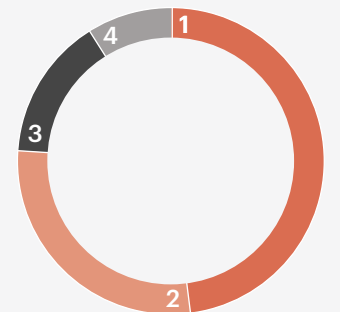
Our team of investment professionals, in collaboration with our Operating Partners, focuses on four core sectors: media, consumer, business services, financial services. Within these core sectors, Exponent has developed specific excellence in subsectors characterised by a high degree of repeat investment, extensive networks, and a proven track record.



Awards

- Evergreen Australia – Australian Packaging Covenant Organisation (APCO): Improving Sustainable Packaging Award for Agriculture and Nursery
- Evergreen – PRCA DARE award: Mental Health Awareness Week Campaign
- Evergreen Garden Care France – Awards of Human Capital 2022: Golden Trophy in the “Quality of Life at Work” category
- H&MV – National Irish Safety Organisation (NISO) awards: Consistent High Achiever Award
- H&MV – Royal Society for the Prevention of Accidents (ROSPA): Gold Medal Award
- Isio – Pensions for Purpose Content Awards 2022: Best Environmental Impact Thought Leadership

Current portfolio sector split*:



1	Consumer	48%
2	Business Services	28%
3	Financial Services	15%
4	Media	9%

*Percentage split by Fair Value as of December 2022

Our Portfolio

16 portfolio companies (Across FIII and FIV) as of 31 Dec 2022. Enra was exited and Xeinaadin and H&MV acquired over the course of the year.



Headquarters: London
Annual Revenue: \$167.5m
Headcount: c.1,020
Acquired: Mar 2015
Sector: Consumer – leisure



Headquarters: Glasgow
Annual Revenue: £335.2m
Employees: c.1,600
Acquired: May 2017
Sector: Business Services – waste management



Headquarters: Frimley
Annual Revenue: €482.3m
Employees: c.1,120
Acquired: Aug 2017
Sector: Consumer – garden care products



Headquarters: London
Annual Revenue: \$218.5m
Employees: c.170
Acquired: Dec 2016
Sector: Consumer – leisure



Headquarters: London
Annual Revenue: £67.7m
Employees: c.220
Acquired: Jun 2021
Sector: Consumer – food



Headquarters: Limerik
Annual Revenue: €195.1m
Employees: c.470
Acquired: Apr 2022
Sector: Business Services – industrial services



Headquarters: London
Annual Revenue: £112.1m
Employees: c.800
Acquired: Mar 2020
Sector: Financial Services – pensions and investments



Headquarters: Chester
Annual Revenue: £585.0m
Employees: c.460
Acquired: Aug 2018
Sector: Consumer – dairy ingredients



Headquarters: London and Amsterdam
Annual revenue: £304.3m
Employees: c.320
Acquired: January 2016
Listed: Feb 2021
Sector: Consumer – greeting cards and gifts



Headquarters: London and Paris
Annual Revenue: €339.0m
Employees: c.1,340
Acquired: Jan 2016
Sector: Consumer – photos and gifts



Headquarters: London and Dublin
Annual Revenue: £84.1m
Employees: c.515
Acquired: Sep 2016
Sector: Media – branded media



Headquarters: Thames Ditton
Annual Revenue: \$223.2m
Employees: c.1,600
Acquired: Apr 2018
Sector: Business Services – support services



Headquarters: Southall
Annual Revenue: £173.4m
Employees: c.610
Acquired: Nov 2019
Sector: Consumer – ethnic foods



Headquarters: London
Annual Revenue: £64.4m
Employees: c.340
Acquired: Feb 2021
Sector: Consumer – food



Headquarters: London
Annual Revenue: £159.7m
Employees: c.230
Acquired: Nov 2015
Sector: Consumer – discount deals



Headquarters: London
Annual Revenue: £133.0m
Employees: c.1,500
Acquired: May 2022
Sector: Financial Services – challenger FS

Responsible Investment

Since introducing our first Responsible Investment strategy in 2010, we have been committed to making continuous, incremental improvements to our approach. We integrate ESG into every aspect of our investment cycle and are working with our portfolio companies to embed ESG practices into their operations.

Sustainable Finance Disclosure Regulations

Exponent's most recent fund, Fund V, falls under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR) as Exponent promotes specific environmental and social characteristics for the fund, and ensures that the companies in which the fund invests follow good governance practices. However, Exponent does not commit to make any purposeful sustainable investments or have sustainable investment as the fund's objective.

ESG Governance

Our ESG governance structures are now well established and embedded. Responsibility for ESG and all governance matters sits with Richard Lenane, our Managing Partner, with oversight of ESG delegated to Chief Operating Officer and Partner, Craig Vickery.

Day-to-day aspects of ESG management sits 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 chairs the committee, supported by Lizzie Stazicker. Other members include a Senior Partner, Partner, and a member of the Investor Relations team.

ESG Committee

Lizzie Stazicker,
Head of ESG and
Responsible Investment



Simon Davidson,
Senior Partner



James Gunton,
Partner



Craig Vickery,
Partner and COO



Sophie Porter,
Investor Relations Principal



ESG is included in our employee induction programme to highlight the importance of ESG, and new junior members of the investment team are required to complete the BVCA's Responsible Investment training. We also provide annual ESG training twice a year. Quarterly updates from the Head of ESG and Responsible Investment help maintain overall ESG awareness and we ask that all members of the team acknowledge the Firm's ESG processes within their Annual Declarations.

Commitments and Industry partnerships

In line with our commitment to responsible investment, we are a signatory to the UN PRI and comply with the PRI's six principles as well as working with other leading industry bodies.

UNI PRI



We became a signatory to the UN PRI in 2019 to demonstrate our commitment to responsible investment and comply with the PRI's six principles. In 2021 we scored 4 **** across both modules:

- Investment and Stewardship: 81/100 [median 60%]
- Private Equity: 79/100 [median 66%]

ESG Data Convergence Initiative



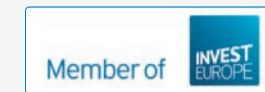
We support this initiative that aims to streamline the private investment industry's approach to collecting and reporting ESG data, by collecting meaningful, performance-based and comparable ESG data from private companies

BVCA



We have been an active member of the British Private Equity & Venture Capital Association since 2004

Invest Europe



We have been a long-standing supporter of Invest Europe, who are the world's largest association of private capital providers. Exponent also sits on the Responsible Investment round table and in 2022 participated in a working group looking at reporting standards

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.

2022 at a glance

We have been committed to ESG for over a decade.

1 exit
Enra in Q3 2022

12
bolt-on acquisitions at Go City, Enva, albelli-Photobox, Isio and Xeინadin

2 investments
Xeინadin in Q2 2022 and H&MV in Q2 2022

- Hosted Portfolio Climate Conference
- Completed Portfolio-wide Climate Screening
- Achieved 4* rating with the PRI
- Ran Level 20 outreach event
- Continue to support Impetus, our charity partner
- Industry engagement – participated in Invest Europe’s Reporting Guidelines working group
- Supported ESG Data Convergence Initiative
- Ongoing Cyber programme
- Completed Cyber Essentials

2022 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. ESG continues to be a core theme of the conference, with 2022 presentations covering the circular economy, the power of purposeful business, employee retention, and the future of work.



Portfolio Climate Conference

→ Find out more on page 17

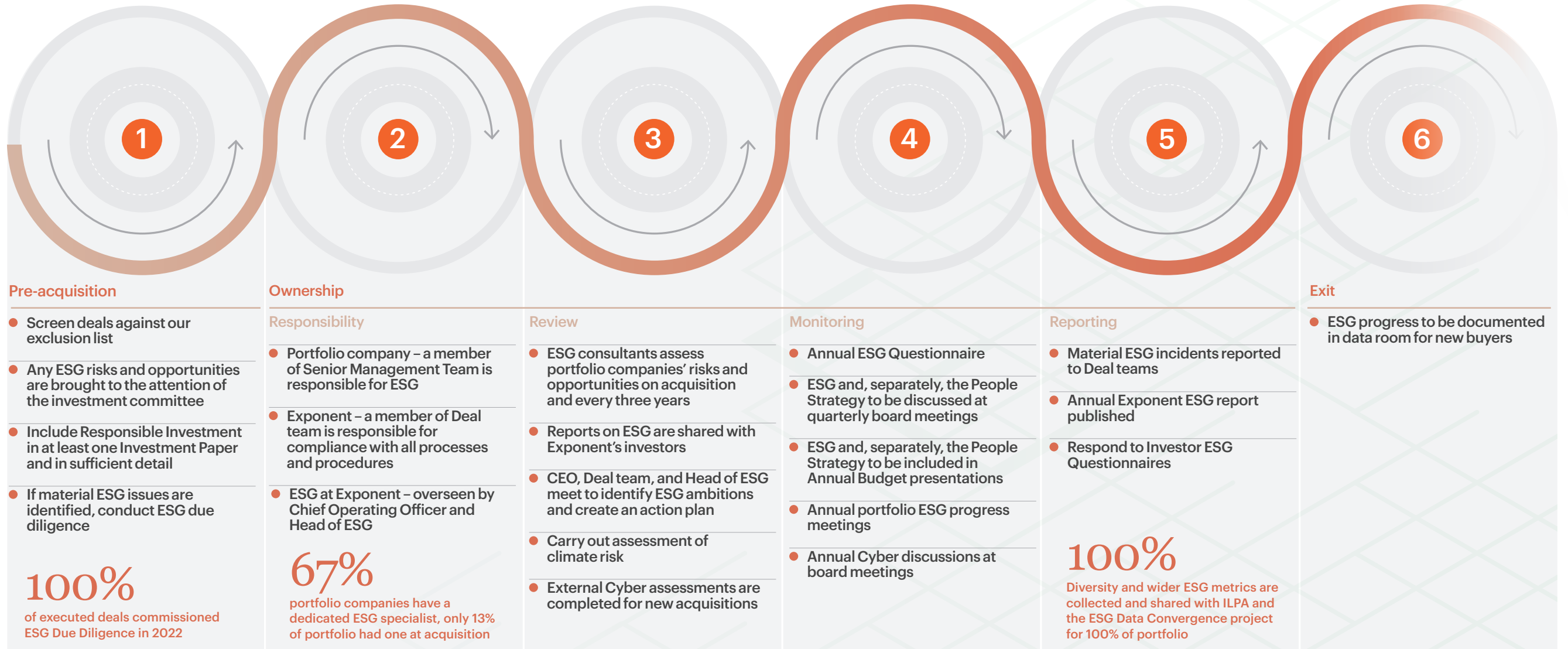


Level 20 outreach event

Portfolio ESG Management

In line with our commitment to Responsible Investment, we are a signatory to the UN PRI and comply with the PRI's six principles as well as working with other leading industry bodies.

Our ESG Process



Making ESG a strategic priority

Gü

A leading premium chilled dessert brand in the UK, Europe & US, with an expanding range of indulgent, multi-layered treats across key segments including cheesecakes, mousse, hot and 'free from'.

Portfolio:
Gü


Acquired:
June 2021

ESG meetings with Exponent since start 2022:
5

“Gü is on an exciting journey to respond to ESG challenges and improve our impact. This affects every part of our business, from sourcing and manufacturing to packaging and marketing. We see huge opportunity from our ESG strategy in building stronger processes and strengthening our brand.”

Rachael Ramotowski,
Head of Sustainability, Gü



 Visit the website

ESG is a key priority in Exponent's value creation strategy at Gü. Since acquisition in 2021, Gü has been building a comprehensive ESG strategy spanning its entire operations and supply chain.

Upon acquisition, Exponent commissioned ESG Consultants to assess the business and identify any material risks and opportunities.

Gü subsequently appointed a Head of Sustainability and conducted an extensive materiality assessment to identify the most significant ESG-related risks and opportunities relevant to the business and its stakeholders. It also benchmarked its performance against competitors through market and consumer analysis, whilst gaining valuable insight into any historical ESG actions and capabilities via employee surveys and engagement sessions. Several priority topics were identified, including sustainable sourcing, waste reduction, and diversity, equity, and inclusion – with climate action as a key focus area.



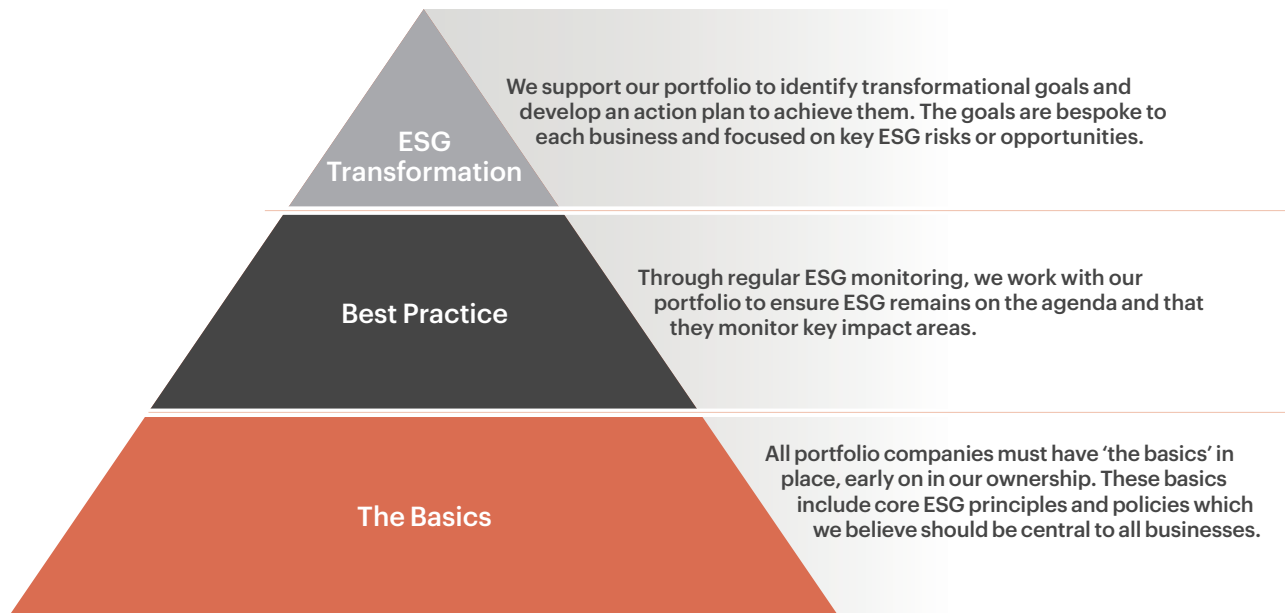
Exponent has supported Gü throughout this process, with the Board of Directors playing a pivotal role in guiding the company's strategic direction. Gü also collaborated closely with other portfolio companies that have established sustainability strategies, including Meadow, who were able to provide valuable knowledge, support, and guidance.

- 99.9% recyclable packaging
- 100% Renewable Electricity
- 100% of Suppliers ESG Audited

Gü's sustainability strategy is now a comprehensive and ambitious plan designed to reduce the company's environmental impact while building a stronger, more ethical brand. Next steps include carrying out a full scope carbon footprint, including Scope 3, developing sustainability performance metrics and producing an ESG report in 2024.

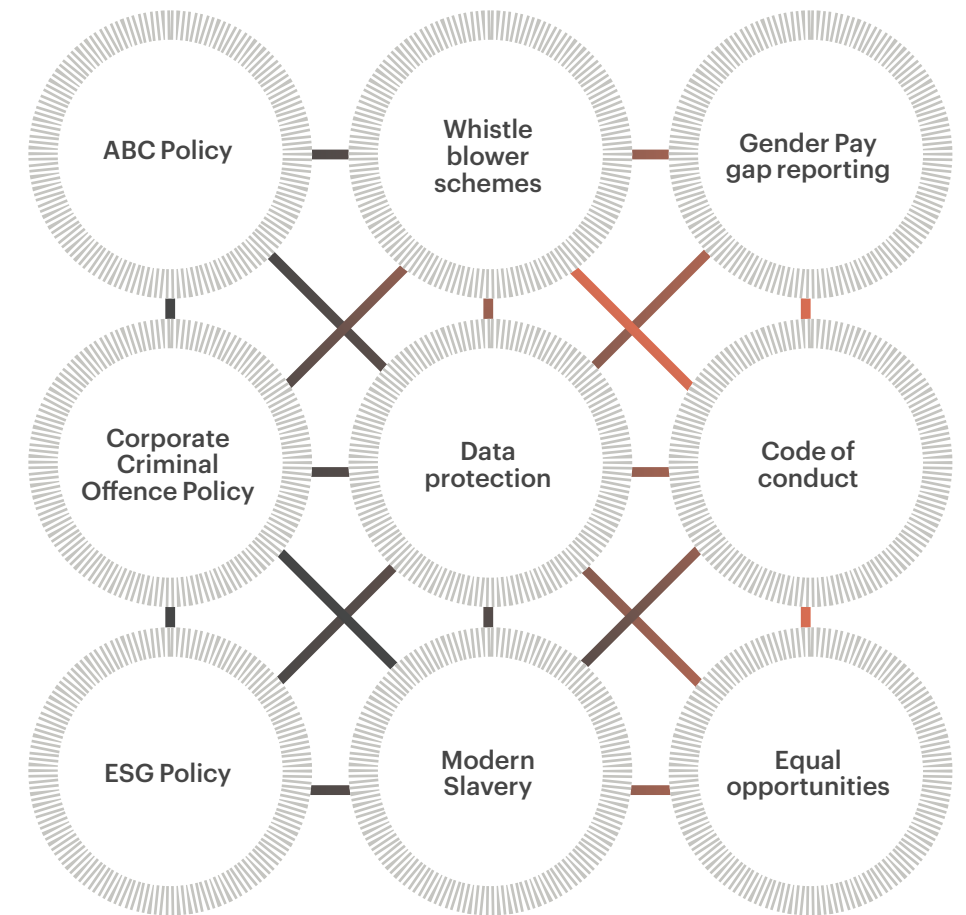
ESG Framework

Our ESG framework supports our portfolio companies in building a solid ESG foundation and developing meaningful ESG transformation goals that create value for the business.



Core policies and processes

Working with our portfolio companies to ensure they have a set of core policies and processes is a fundamental part of our ESG framework. All our portfolio companies have the expected policies in place, except recent acquisitions which are working to implement these policies:



Governance

100%
of the portfolio has completed an annual ESG questionnaire

100%
have a Whistle-blower policy

81%
of the portfolio have completed a cyber assessment and this is ongoing at the remaining 19%

100%
have an Anti-bribery & Corruption Policy

Good governance is the foundation of our ESG approach. The 'basics' provide the foundational policies and governance structures which should be central to all businesses.

While strong foundational governance structures are important for all businesses, it is particularly important for some of our portfolio businesses, chiefly those in the finance sector, which is heavily regulated. The progress made by Xeinaadin demonstrates the work carried out to achieve this in one of our newest portfolio companies.

→
Find out more on page 12

What we said we would do in 2022

- Integrate cyber risk monitoring across the portfolio
Achieved
- Host a second IT portfolio network event in 2022
Achieved

Looking forwards

- Host an IT portfolio network event in 2023
- Assess portfolio compliance with ESG process and share report with Exponent portfolio teams
- Schedule CEO ESG Catch ups

Enhancing risk management



The UK's leading provider of accountancy services and business advice for SMEs

Portfolio:
Xeinadin

Acquired:
2022

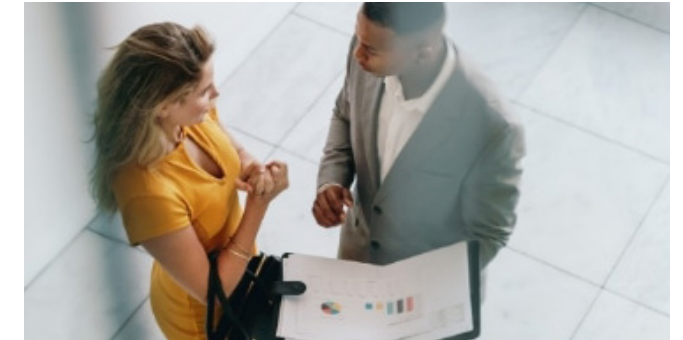
ESG meetings with Exponent since start 2022:
3

“Risk, Compliance, and Data Protection are of huge importance to Xeinadin and to all regulated businesses – Xeinadin regards best practice in these areas as essential for protecting its customers and its employees.”

Charanjit Dhillon,
Group Head of Risk and Compliance, Xeinadin



Visit the website



Xeinadin is the UK's largest group of accountancy and advisory practices focused on small and medium sized customers (“SMEs”). Our pre-deal diligence confirmed that the business had solid governance structures in place but it was clear that we could build on this during our ownership.

One of the first steps was to develop a Group-level Compliance Strategy with formal policies, procedures, and standards to ensure consistency across its operations. We brought in a Group Head of Risk and Compliance to provide assurance to regulators that the Group is following all regulatory requirements and overseeing Xeinadin's internal compliance and risk programme. Since joining, Charanjit Dhillon, has rolled out an AML electronic verification system Credit Safe to ensure all clients, existing and new, are correctly identified and verified in line with regulation.

The Group continues to work with colleagues at all levels, from the C-suite through to individual practitioners, to ensure that compliance messaging is consistent. It considers complete transparency essential for effective risk management, including identification and mitigation efforts across each business line. This is supported by the Group's hub-and-spoke model, which ensures strong leadership of the individual practices and enables Xeinadin to implement policies and initiatives efficiently.

In 2023, Xeinadin is looking to shift its organisational compliance to a more forward-facing and preventative model by creating a centralise hub for compliance matters. This will allow the business to monitor and report all risk and compliance matters, relieving pressure on regional offices and giving the Group more oversight to improve regulatory compliance. It has also begun rolling out Group Data Protection policies and procedures via the Hub, ensuring the same improvements and assurance in its GDPR management.

Cyber security

Data privacy and cyber security is a focus for all our portfolio. To support robust action and share best practice, we hosted our second cyber conference in 2022. Representatives from all of our portfolio at the time attended the event, where we presented progress made on cyber security across the portfolio, and shared learning and best practice.

We have integrated cyber security monitoring into our ESG process including carrying out an external cyber assessment for new acquisitions, and including an annual discussion on cyber security at board meetings.

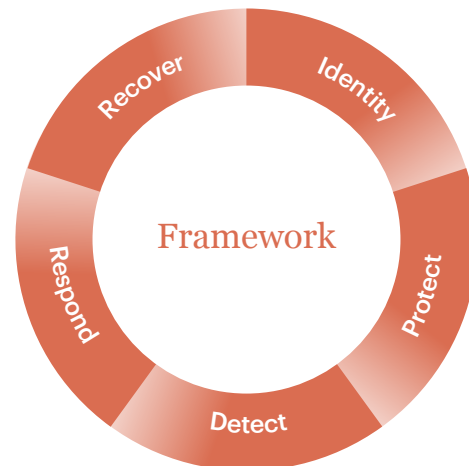
In just 12 months, we saw a portfolio-wide improvement against all five measures, including:

- **Identify** – a greater understanding of critical data assets and the risks to those assets
- **Detect and Respond** – enhancement of security operations capabilities in portfolios by using outsourced managed security service providers
- **Recover** – improvements including tamper-proof backups, offsite vaulting, and recovery testing

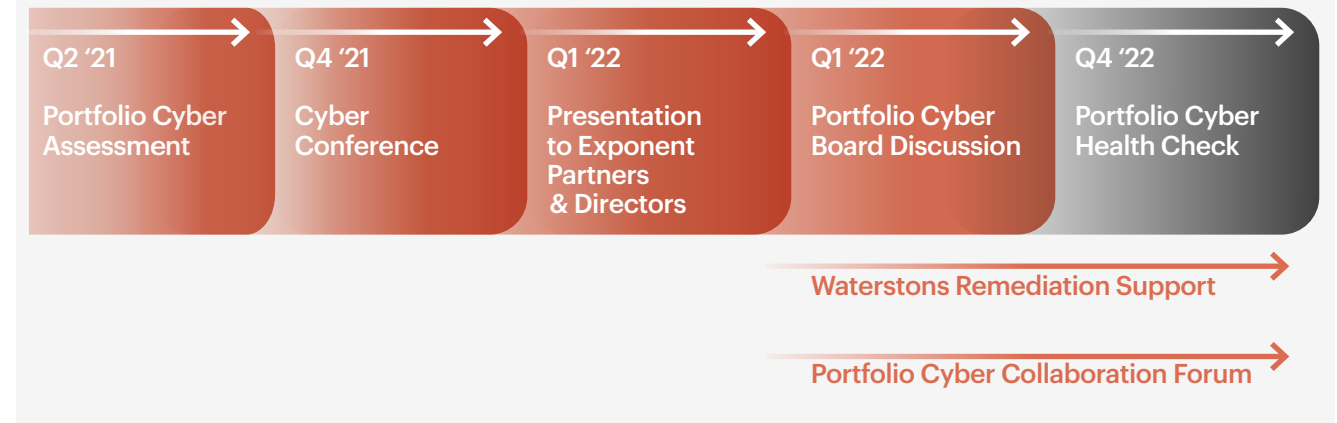
Annual health checks will continue across the portfolio to ensure standards are upheld, whilst new companies will undertake a full assessment to be benchmarked and baselined.

In its simplest form, the cyber framework is a 5-point scale:

- **Identify** – how well companies understand the value of their assets and threats against them
- **Protect** – whether the appropriate technological and people processes are in place to protect these assets
- **Detect** – the ability to detect a cyber breach of defences
- **Respond** – the capability to respond to a potential breach
- **Recover** – the efficacy of recovery processes



Cyber portfolio assurance: the journey to date



“Cyber Security is a core pillar of Evergreen Garden Care’s IT programme, as we look to protect our business and our customers. Being part of the Exponent portfolio, and the annual health check, gives us another opportunity to review, improve and share good practice with other portfolio companies.”

James Davies,
 Group IT director, Evergreen Garden Care



Environment

2

portfolio companies have committed to setting a Science-based Target

100%

portfolio companies have completed a climate screening exercise

80%

80% recycle waste from operations

93%*

measure carbon footprint*

Climate action continues to be of central importance to the Firm and plays a large role in our portfolio engagement. Given the variety of industries we cover, individual portfolio companies set their own priorities and agendas and so core focus areas will vary depending on the materiality of risks and opportunities for each business. Our robust ESG framework helps to support our portfolio in this regard to identify and champion the areas where they can and do have the greatest impact.

Operating in the waste sector, Enva focuses on waste management, recycling, and circular economy, as well as their broader energy consumption and biodiversity impacts. In the food sector, Gü, WARP, and Meadow consider supply chain, packaging, and energy and water consumption. Evergreen, creating garden products, considers packaging and biodiversity, not only through peat and pesticides but also through the potential positive impact of customers' gardens. Whilst our office-based businesses, such as SHL and Isio, may have smaller climate impacts, they remain committed to reducing energy consumption and office waste.

*the remaining company was acquired in 2022 and we are working on this for 2023



Biodiversity loss and habitat degradation is a major threat to ecosystem function and the resiliency of our social and economic systems. Enva seeks to operate at the forefront of the circular economy through its resource recovery activities, diverting 94% of collected waste from disposal or landfill.

Exponent commissioned an external ESG review which identified community engagement as an ESG opportunity to the business. The Enva Foundation launched this year and looks to identify, fund, and regenerate lost ecosystems.

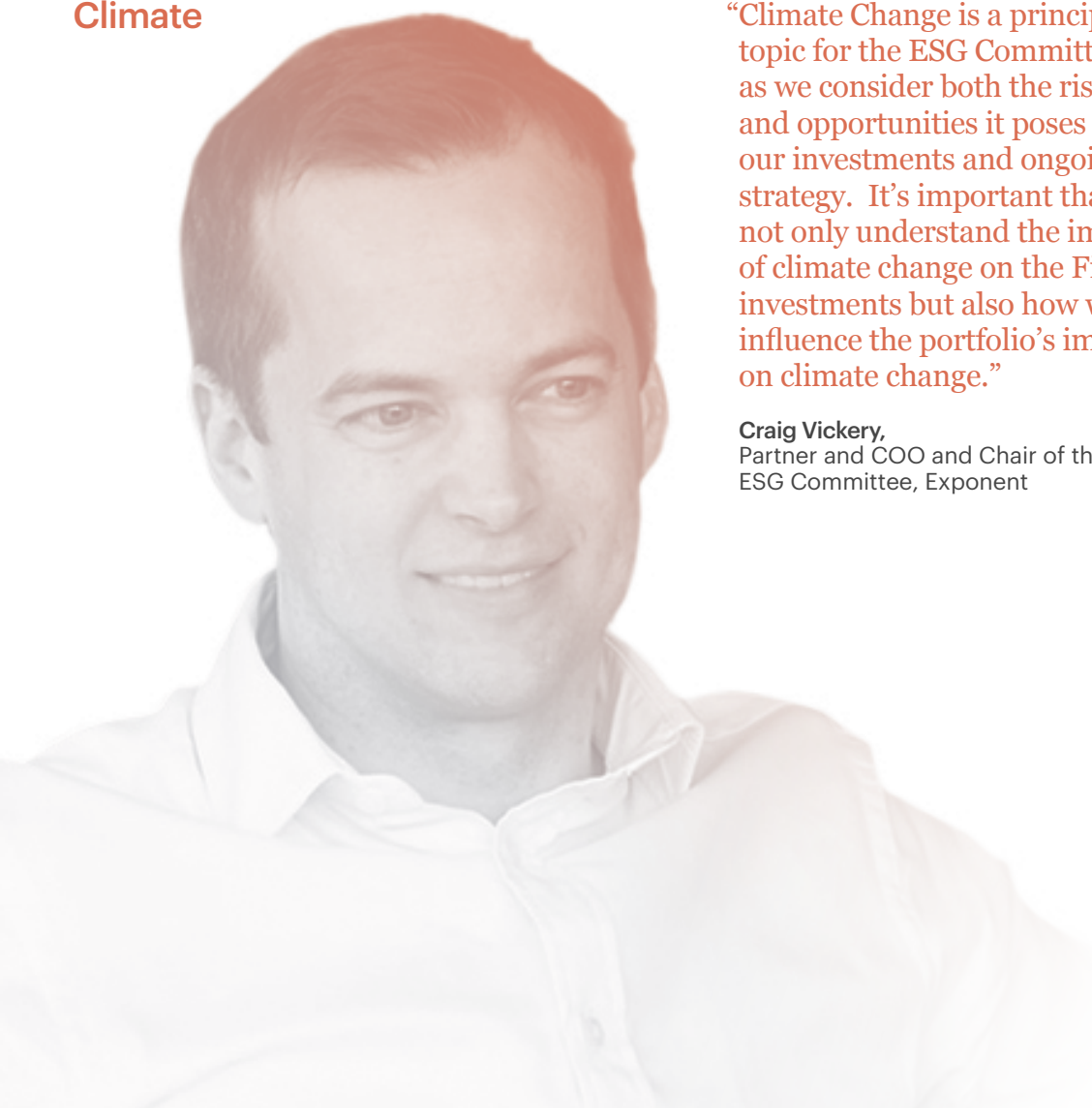
The Enva Foundation funds regeneration projects that restore contaminated areas that have been subject to severe ecological damage from industrialisation, such as:

- Landfills
- Quarries and mines
- Fuel storage
- Brownfield sites
- Degraded peatland
- Rivers

The Foundation partners with industry bodies, government, local councils, and environmental NGOs to deliver multi-partner projects to restore sites before actively rewilding them as native habitats. Enva is uniquely positioned with the resources and expertise to go further than typical rewilding initiatives, addressing the devastating impact industrialisation has had on the environment.



Climate



“Climate Change is a principal topic for the ESG Committee as we consider both the risks and opportunities it poses for our investments and ongoing strategy. It’s important that we not only understand the impact of climate change on the Firm’s investments but also how we can influence the portfolio’s impact on climate change.”

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

Industry Participation



We became a signatory to iC International in 2021, to address Climate Risk within the Portfolio

At Exponent, we acknowledge both the risks and opportunities that climate change presents to our portfolio, operations, and employees. In recognition of this, we choose to report according to the recommendations of the Taskforce for Climate-Related Financial Disclosures (TCFD), in line with our commitment to the UN PRI. We support the Paris Agreement and review our internal processes to ensure they meet the four pillars of the TCFD: Governance, Strategy, Risk Management, and Metrics & Targets.

Governance

Exponent’s Governing Body oversees climate-related risks and opportunities annually, and our 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.

In January 2022, our ESG Committee underwent training from a third-party to provide an overview of net zero pathways both at a Firm and portfolio level.

Strategy

Over the course of 2022, we worked with external consultants to conduct a climate screening of our full portfolio in a comprehensive process involving workshops and surveys. The results of the screening were shared with each portfolio company and required to be discussed at board-level.



Portfolio Climate Screening

The aim of the climate screening was to inform our portfolio of common climate-related risks and opportunities faced by their sector, discuss which climate-related physical and transition risks were of material financial concern to each business and where there might be related opportunities, and understand the approach of each business to mitigating or adapting to these risks and opportunities both at present and in future.

The results of the screening identified flooding from extreme precipitation as the highest physical risk across the portfolio followed by extreme heat, due to their potential impacts to operations and supply chains, including raw materials, damage to plants and machinery, and increased operational expenditures due to cooling and air conditioning. In terms of transition risks, increased fuel costs are considered the most significant, with shortage of raw materials ranked second, and both carbon taxation and market demand for net zero products and services placed equal third. Reputational risks were also flagged as a potential concern across all sectors, evidencing that balancing sustainability commitments and authentic brand communications are a key challenge. On the other hand, shifts in consumer preferences were identified as a leading opportunity across the portfolio—offering companies a way to gain a competitive advantage—followed by the adoption of energy efficiency measures and lower emissions energy sources. Developments in the latter two can reduce emissions, improve energy security, and shield companies against high energy prices.

Each portfolio company was required to discuss material risks at board level. Looking forwards, we plan to use the top physical and transition risks to form the basis of our Scenario Analysis.

Risk Management

Climate change forms a core part of the ongoing monitoring of our portfolio, including through our annual ESG survey. Engagement with our portfolio includes sharing best practice, teach-ins and network events. We work with our portfolio companies to improve the level of data and disclosure they provide over the course of our ownership.

We look to understand the potential climate-related risks and opportunities throughout our deal cycle:

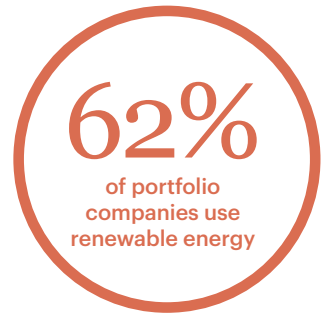
- **New Investments:** Exponent screens new investments for climate-related risks and opportunities and, where material risks are identified, more detailed and focused due diligence is completed before an investment decision is made.
- **Existing Investments:** Our existing ESG monitoring considers energy efficiency, energy usage, emissions, use of renewable energy and low-carbon opportunities where relevant. These insights are used to assess the portfolio company's maturity when it comes to the transition to Net Zero.

Metrics and Targets

We monitor a number of climate-related metrics and targets as part of our annual ESG monitoring, both of our own operations and those of our portfolio.

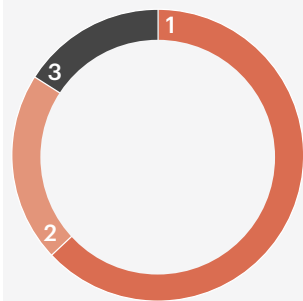
- **Carbon emissions fall within the core KPIs of the ESG Data Convergence Initiative—an industry framework that Exponent is proud to be a part of, designed to streamline ESG data collection and facilitate peer benchmarking for portfolio companies and investors.**
- **Each portfolio company Board is required to consider climate change at least annually.**
- **As a PRI signatory, we also participate in the annual transparency report, based partly on the TCFD recommendations.**
- **Exponent has been a signatory to the iC International since 2021, 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 TCFD recommendations.**

Our ESG Focus continued
Environment



99.9% of Exponent’s total carbon footprint comes from our investments. Supporting our portfolio to reduce their carbon emissions is the biggest opportunity for us to reduce our own emissions.

Financed Emissions



1 Scope 1	55,630
2 Scope 2	19,209
3 Scope 3*	14,469
Total 2022 Emissions (tCO2e)	89,308
Total Scope 1 & 2 emissions	
2021/2022 emissions (tCO2e):	74,839
2020/2021 emissions (tCO2e):	64,065

*7 out of 13 portfolio companies reported on their Scope 3 emissions

While our portfolio has grown, with 50% more employees across the portfolio in 2022 compared to 2021, our portfolio emissions have grown more slowly. In fact, they dropped 15% per FTE from 8.9 to 7.6 tonnes CO2 per employee over the same period.

Financed emissions (portfolio companies) have been calculated in line with the iCI and ERM’s Greenhouse Gas Accounting and Reporting for the Private Equity Sector guidance. The control approach has been used for the organisational boundary. Reported emissions have been used, meaning the emissions for each company came from annual reporting or GHG inventory exercises.

Portfolio Engagement

In June 2022, we hosted a climate event bringing together ESG professionals and senior management from across the portfolio to discuss climate change. Our aim was to help our portfolio on their path to net zero. Given the scale of this challenge, collaboration and knowledge sharing will be key moving forward. We wanted both to engage and inspire our portfolio and to understand the challenges they are facing, so that we can best support them.

The agenda of the event was designed to address the topics most material to our portfolio in a highly interactive manner. We asked companies to share best practice examples and identify any progress they had made on specific topics.

The day also consisted of a teach-in from our expert advisors, Anthesis, on leading initiatives such as the TCFD and Science Based Targets Initiative (SBTi), as well as practical case studies from a variety of companies on their path to net zero. Evergreen Garden Care spoke on the commercial benefits of their sustainability programme, highlighting external verification and certification; Moonpig shared their Science Based Target and the steps they are taking to meet this commitment; Meadow Foods talked about the engagement initiatives they are undertaking to reduce their impact, both externally with farmers across their Scope 3 supply chain as well as internally, leading to annual savings of c. £500K; and Vibrant Foods shared the progress they have made on tracking their Scope 3 emissions.

“It was really helpful to hear from the other organisations in the room and to discuss the challenges that everyone is facing.”

Attendee

Over the course of 2023, the Firm will work with its Advisors on its Net Zero Roadmap, looking at emissions reductions across the portfolio and the Firm.



Innovating for circularity



A leading provider of recycling and resource recovery solutions across the UK and Ireland

Portfolio:
Enva

Acquired:
May 2017

Exit:
Q2 2023


ESG meetings with Exponent since start 2022:
4



“Innovation is part of Enva’s culture. We work closely with our large customers to design and deliver solutions to complex waste issues, particularly for niche specialist waste streams in the highly regulated hazardous waste sector.”

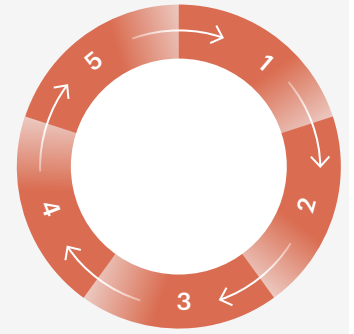
Simon Dick,
Managing Director, Enva



 Visit the website

Fly ash recycling process

- 1 Biomass energy facility – fly ash is produced at energy-from-waste facilities, these are tricky hazardous small particles that are precipitated out of the flue gases when incinerating waste.
- 2 Collection – fly ash is collected and taken to a local treatment facility.
- 3 Processing – Here it is processed to be decontaminated, producing a final sand-like aggregate material.
- 4 Concrete production – the final aggregate is used to replace a portion of virgin quarried aggregates in concrete production.
- 5 Concrete usage – concrete containing processed fly ash is used reducing the impact of a high carbon product.



Enva is a resource recovery business, operating from 32 facilities across the UK and Ireland. It takes waste from business and industry and applies a range of processes and technologies to convert this back into useful materials and products.

As recovered materials have a much lower carbon footprint than virgin equivalents, Enva avoided 336,000t of CO2 in 2022, saving 11 times more CO2 than they generate through their own operations. They are on track to achieve their ambitious target multiple of 15 times by 2025.


As manufacturers look to decarbonise their products, they are seeking out more recovered materials. As a result, the percentage of Enva’s revenue from selling recovered materials has risen from less than 10% to one-third in five years, and is on target to grow to over half by 2025.

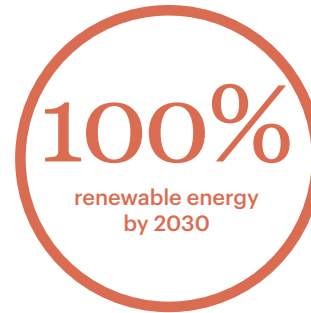
Innovation is part of Enva’s culture. The company works closely with its large customers to design and deliver solutions to complex waste issues. A recent solution is Fly Ash recycling in Scotland. This is in direct response to customer demand at Energy from Waste facilities to divert waste from landfill into useful products – in this case as a replacement aggregate in concrete block products.

Overall, this circular economy solution avoids landfill, supports carbon reduction goals, and protects biodiversity by avoiding having to quarry virgin material. It’s also scalable: up to 20,000 tonnes of fly ash is produced per annum.



Planning for Net Zero

 Visit the website



A leading garden care company producing high quality products designed to help people create their own green oasis amid the rush of modern life

Portfolio:
Evergreen

Acquired:
August 2017

ESG meetings with Exponent since start 2022:
4

“Evergreen Garden Care and our gardeners are on a journey to create a better, more sustainable gardening future. With a focus on People, Planet and Responsible Business, we’re building on years of work, to transform our business and gardening practices.”

Mark Portman,
CEO, Evergreen Garden Care



Evergreen Garden Care is the leading garden care company outside North America. Its purpose is to “help everyone create a better space” so that gardeners of all levels can grow and protect their plants, lawns, fruits, and vegetables.

As part of its Net Zero Commitment, Evergreen Garden Care tracks a series of environmental KPIs to support its carbon reduction initiatives.

- **100% renewable electricity by 2030**
Since we acquired the business, Evergreen has increased the proportion of renewable energy sourced, across all sites, from 40% to 75%, with the goal of reaching 100% by 2030. Looking forwards the business is looking to align its Net Zero target with the Science Based Targets Initiative.
- **Carbon Neutral**
The company is certified carbon neutral for emissions resulting from direct operations (Scope 1 and 2), including manufacturing and offices.

Evergreen has made several commitments to improve the circularity of its products, including a Zero Waste to Landfill policy.

- **Packaging:**
Globally, 85% of product packaging currently contains recycled content and the business is on track to increase this to 100% by 2030. In the UK, 90% of its packaging contains at least 30% recycled material.
- **Sourcing:**
Evergreen is an accredited member of the Responsible Sourcing Scheme (RSS) and began conducting Life Cycle Assessments (LCAs) of its products, packaging, and ingredients in 2022. The business seeks to reduce its impact and create peat-free product alternatives. Evergreen is on track to have 0% peat in its Growing Media by 2025, across all regions including the UK, EU, and Australia and New Zealand, having studied over 90 new ingredients as replacements for peat. The natural product offer is increasing year on year, covering all markets and all product ranges.

These initiatives are only a few ways in which Evergreen is striving to remain the market leader in sustainability and to drive positive change in the industry by supporting its customers and supply chain on their sustainability journeys. Further information can be found in their most recent CSR report by clicking the link below.

 Read the Evergreen CSR Report

Creating an ambitious sustainability roadmap

MEADOW

Leading B2B sustainable dairy, confectionery, and plant-based speciality ingredients supplier for many of the UK's favourite food brands

Portfolio:
Meadow


Acquired:
August 2018

ESG meetings with Exponent since start 2022:
5

“In our first year post our sustainability roadmap rollout, a lot of work has been done in laying the foundations towards achieving our targets. Fundamentally, measurement and data form the backbone of most of what we do, and by utilising this data we can fully understand the changes needed for the future.”

Alun Lewis,
Head of Sustainability, Meadow



 Visit the website

Meadow partners with the world's leading food manufacturers to solve complex challenges: helping to maintain a secure and stable supply base, create bespoke ingredients at scale, ensure traceability of supply, with a leading sustainability programme.

With an ambition to provide the lowest carbon footprint and most sustainable dairy and non-dairy ingredients to the world's best companies, sustainability is at the core of Meadow's strategy. The company has set ambitious targets and a clear sustainability roadmap including:

- Net zero across all operational sites (Scope 1 & 2) by 2030
- 50% reduction in Scope 3 emissions by 2035
- Fully Net Zero by 2050
- Complete a TCFD report by 2025
- Reduce carbon emissions per litre of milk by a further 10% by 2025

Meadow looks to achieve this by investing in their data tracking processes and engaging with their supply chain. They have already measured their supply chain carbon emissions which has highlighted hotspots where they will focus their attention. Plans include:



- Implementing carbon reduction plans following energy and carbon audits at Meadow's sites.
- Continuing to measure all producers' carbon footprints to help each one identify opportunities to become more efficient and reduce their carbon footprint.
- Launching a farmer engagement programme in February 2023. This will bring together groups of producers to share best practices.

Customer interaction on sustainability has increased in recent years and an increasing number of customers realise that Meadow can provide the help and support they need in achieving their own targets. Many opportunities are presenting themselves where Meadow can add value to their customers' sustainability journey ensuring Meadow remains the ingredient supplier of choice.

Carbon is the company's greatest challenge and primary sustainability priority, followed by environmental commitments to preserve natural resources and protect global ecosystems to support health and wellbeing. Environmental initiatives cover packaging, waste, water, farming practices, biodiversity, and supplier engagement to support Meadow on their net zero journey.

The company has set targets to have 100% certified responsibly sourced ingredients by 2025. Meadow emphasises that a resilient supply chain is key. Through policies that benefit society and the environment, it seeks to ensure that resources continue to be available for future generations.

Social

The 12,000 people who work across our portfolio are the focus of our social pillar. It is in partnership with these teams and individuals that we build value and create transformational change to make “good companies, growth companies”.

We want to support our portfolio companies to engage employees, support health and wellbeing, encourage development, and promote diversity across their businesses.

Outside our direct sphere of influence, our portfolio works with their supply chain to ensure they partner with responsible businesses and protect human rights. This is a particular focus in our food and consumer-focused portfolio companies such as WARP, Vibrant, and Evergreen.

100%

Equal Opportunities policy

100%

Code of Conduct policy

93%*

H&S tracking

71%

set employee engagement surveys

12,000

employees across the portfolio

*we are working with the remaining company that was acquired in 2022

Embedding inclusion and belonging

isio.

A leading independent UK provider of actuarial consulting, pensions administration, investment advisory, employee benefits, and wealth management services.

Portfolio:
Isio

Acquired:
March 2020


ESG meetings with Exponent since start 2022:
4

Isio's purpose is to create better outcomes for its people, clients, and society, founded on a strong belief in being a sustainable and responsible business. Inclusion and belonging are strategic priorities at the heart of the company.

In 2022, the company launched a strategy to embed inclusion and belonging into its culture, sponsored at Board level and led by one of the Partners. By reviewing the successes and shortcomings of its previous DEI approach, with feedback from a broad range of colleagues and independent specialists Inclusive Employers, Isio identified seven focus areas with the greatest impact going forward for 2023:

- 1 Launch inclusion and belonging (I&B) vision
- 2 Prioritise role models and mentoring
- 3 Promote leaders as allies
- 4 Refresh I&B volunteering
- 5 Understand current diversity data
- 6 Launch I&B aspiration;
- 7 Receive Inclusive Employers' accreditation.



 Visit the website



Under our ownership, Isio has made great strides to fulfil its purpose. 2022 initiatives include supporting both the Social Mobility Foundation and 10,000 Black Interns – mentoring students, running skills workshops, and providing internships for the future talent pipeline. The company is a signatory to the UK Stewardship Code and the UN Principles of Responsible Investment, and has received accreditation from the Living Wage Foundation and the Institute and Faculty of Actuaries Quality Assurance Scheme. Isio is actively driving towards other accreditations that provide a powerful framework aligned with its purpose.

Our ESG ambitions and strategies are championed by the Board and three partner-level leaders, along with everyone at Exponent, who are all committed to driving and achieving sustainability at Isio.

Julie Gray,
Partner, Inclusion & Belonging Lead



Andrew Coles,
Partner and CEO



Ed Wilson,
Partner, Sustainability Lead



Diversity, Equity, and Inclusion (DEI)

At Exponent, we understand the crucial role that an inclusive organisation plays in building a happy and productive workforce, with the knowledge that a fully representative workforce brings in diverse skills and disciplines that help our business stay agile in a changing world.

This is something we work to promote both internally, supported by our DEI Committee and working group, and across our portfolio. To measure and monitor diversity across our portfolio companies and Firm, we are a signatory to ILPA's Diversity in Action Framework. This framework covers a broad range of initiatives to promote DEI, including talent management, investment management, industry engagement, and measurement.

Our Vision

Exponent

- 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.

Ongoing DEI initiatives within the Firm include:

- Annual DEI training
- Inclusive policies
- Recruitment strategies based on competence rather than experience to broaden our recruitment pool
- Hybrid working
- Leading maternity package
- An outreach session in partnership with Level 20
- Collect wider diversity metrics including socio-economic backgrounds, sexual orientation, acknowledging that diversity isn't restricted to gender
- Have a DEI statement which brings together the Firm's DEI vision, policies and processes
- DEI Committee with partner level involvement

Industry Participation

OUT^{LGBT+ NETWORK} INVESTORS

Exponent supports Out Investors, a global organization that was founded with the mission to make the direct investing industry more welcoming for LGBT+ individuals.

LEVEL 20

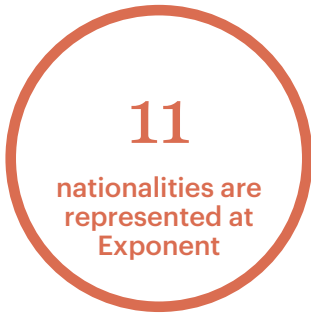
We're an active sponsor of Level 20, a not-for-profit organisation dedicated to improving gender diversity in the European private equity industry. We participate in research, provide mentors and support outreach initiatives.

ilpa INSTITUTIONAL LIMITED PARTNERS ASSOCIATION

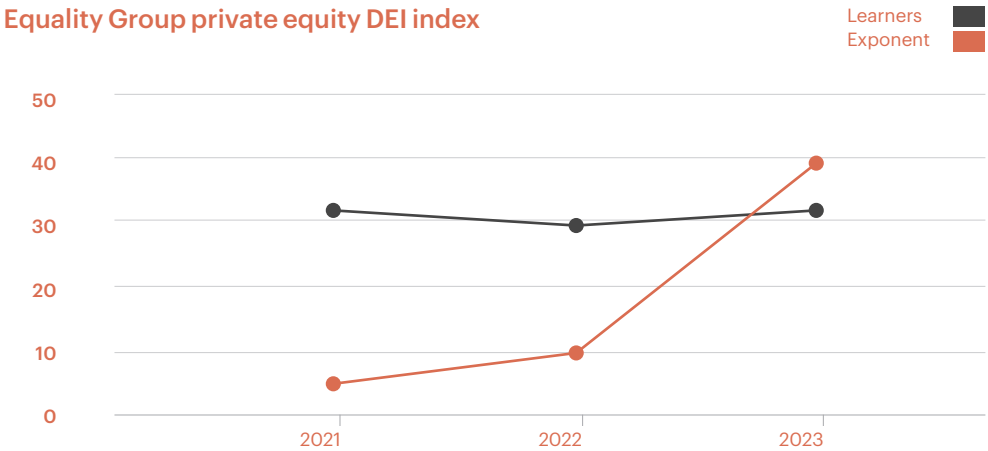
We signed up to ILPA's Diversity in Action Framework in 2021 to demonstrate our commitment to advancing diversity, equity and inclusion and work with others in the Private Equity Industry.

The low number of women in investment roles is an issue across our industry. While we still have a long way to go, we have made great improvements in the last few years. In January 2023, we compared the number of women in investment roles in Exponent to the industry benchmark provided in the BVCA and Level 20, Diversity & Inclusion 2023 Report. We are delighted to be performing above the industry average at all levels of the business, and will continue to monitor and work to improve representation in our Firm.

	Exponent 2020	Exponent 2023*	Women in investment roles (firms with AUM > £100m)**
Senior-level (Partner & Operating Partner)	0%	13%	11%
Mid-level (Director & Principal)	29%	33%	22%
Junior-level (Senior Associate & Associate)	0%	50%	35%



We are keen to benchmark our DEI performance and progress and have used Equality Group’s annual private equity DEI index (“Honordex”). Now in its third year, Exponent continues to make progress, ranking 31 out of 175 firms. The framework evaluates firms against core DEI principles, including DEI support, inclusive teams, working conditions, actions and data, leadership, and portfolio DEI. We will use this framework as a tool to make impactful interventions as well as a mechanism to judge our progress. We have engaged the Equality Group to help steer the Firm’s DEI Committee and develop an action plan for 2023.



Leading the way on inclusion

.SHL.

Largest provider of psychometric and cognitive talent assessment for business globally

Portfolio:
SHL

Acquired:
April 2018

ESG meetings with Exponent since start 2022:
4

“I am delighted to be leading Inclusion at SHL. With millions of candidates taking an SHL assessment every year, we have a great opportunity to make sure our assessments are supporting our customers’ ambitions around creating a diverse workforce. That means we need to be leading the way internally too – unlocking all the benefits, innovation, creativity, and productivity associated with diverse teams by making sure SHL has a truly inclusive culture.”

Lucy Adler,
Inclusion & Engagement Director, SHL



[Visit the website](#)

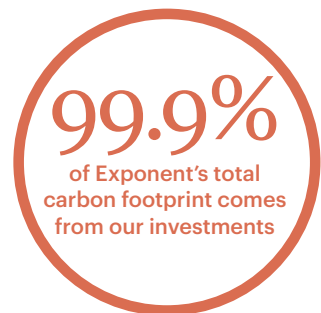
Diversity, Equity, and Inclusion is a key priority for SHL. Following an ESG review in 2021, the company hired a full time Inclusion Director to progress DEI both internally and as a thought leader for customers.

In 2022, SHL launched an inclusion framework centered around four key areas: Recruitment, Progression, Culture, and Customers. The focus was to create tangible action across the company, with initiatives such as:

- Setting gender representation goals to address the imbalance in senior roles (50% by 2024);
- Creating a culture of psychological safety with four Employee Resource Groups that host regular “community conversations” to provide a safe space to discuss inclusion topics;
- Focusing on education with its top 50 leaders undertaking “Inclusion Fluency” training;
- Continuing partnership with Purple Tuesday to profile its industry leading Neurodiversity Research Program.

SHL is now looking to expand its Neurodiversity Research Program and set tangible goals to increase representation by ethnicity.





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.

Environmental impact

We continue to monitor our environmental impact and have over the last three years measured the Firm's Scope 1, 2 and 3 emissions.

Whilst reduction is our primary aim, we have decided to offset the Firm's emissions and have done this in partnership with Climate Impact Partners, who develop and support independently validated and verified projects to global carbon standards. These include Verified Carbon Standard (VCS), Gold Standard, the American Carbon Registry (ACR), and the Climate Action Reserve (CAR).

Over 99% of our emissions comes from our financed emissions portfolio, or Scope 3 category 15, our approach to working with our portfolio to manage and reduce these emissions is covered in the Climate section on page 17.

Exponent's carbon footprint has been calculated in line with the GHG Protocol: A Corporate Accounting and Reporting Standard (revised edition, 2015). Responsibility for emission sources was determined using the operational control approach. Energy was converted to GHG emissions using the Department for Business, Energy & Industrial Strategy's (BEIS) 2021 factors.

Exponent's Carbon Footprint data 2022

Exponent Private Equity		Current year: 2021/2 emissions (tCO2e)	Previous year: 2020/21 emissions (tCO2e)
Scope 1	Direct emissions from the organisation's activity (gas)	0.1	2
Scope 2	Indirect emissions from the use of purchased electricity (Location-based)	29	30
	Indirect emissions from the use of purchased electricity (Market-based)	0	0
Scope 3	Indirect emissions that occur in the upstream and downstream activities of an organisation		
	Waste	0.2	0.002
	Business travel	27	12
	Employee commuting	16	17
Total	Absolute Scopes 1,2,3 emissions	46	36
Intensity	Total Scope 1 & 2 emissions (tCO 2e) per FTE (market-based)	0.02	0.6

In 2022 the Firm's total emissions were 46 tCO₂e, this was an increase from 2021 largely due to increased business travel and team size. The Firm sources 100% of its electricity from renewable sources and works with the landlord on recycling office waste streams.

Community engagement

Our Charity Committee leads the Firm's community investment activities, including identifying charity partners and supporting our employees to get involved in our community investment activities.

Impetus



Impetus

We continue to work with our charity partner, Impetus, supporting 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.

Volunteering

In July 2022, Exponent's support team spent the day away from the office upcycling furniture for the Hackney Loop Project. The Loop is an award-winning community hub designed to help communities recycle and reuse old household goods, reducing fly-tipping and waste sent to landfill. It also gives local residents an opportunity to purchase upcycled goods at affordable prices. The team upcycled an old wardrobe and a table for reuse.

Looking forward

We strive to continuously improve our Responsible Investment processes and our approach to ESG across our Firm and in our portfolio. Key focus areas for 2023 include:

- Working with our sustainability advisors to undertake a full scenario analysis of our portfolio in line with the recommendations of the TCFD. This process will assess the top risks identified in the prior portfolio climate screening across three different climate scenarios and time horizons (2030, 2040, and 2050).
- Setting out a Net Zero roadmap and pathway for the Firm and its portfolio.
- Spotlighting the “S” in ESG. We will go deeper with investment training and guidance on how we can better understand social issues, many of which lie beyond our direct value chain, with a specific focus on human rights.
- Continuing our cyber and data security work and look to obtain Cyber Essentials plus. This UK government-backed certification is overseen by the National Cyber Security Centre and demonstrates that an organisation has a minimum level of cyber security protections. It provides a guideline to improve internal processes and protect against the most common security threats.
- Organise a Charity fundraiser, alongside our portfolio.

“Given the magnitude of global challenges, collaboration is increasingly vital for sectors seeking to develop and share best practices. We actively support industry initiatives aimed at elevating standards by participating in research, events, and working groups.

We appreciate the guidance and resources developed by iCI and the PRI, as they play a leading role in shaping responsible investment within our industry. In terms of diversity, we take pride in our involvement with ILPA’s Diversity in Action framework, Level 20, and Out Investors. We look forward to collaborating with advisors on a customised roadmap for diversity, equity, and inclusion (DEI) in 2023.

In the past year, we have made significant progress in integrating considerations of climate risks and opportunities into our deal cycle. This has included strengthening our pre-deal climate screening assessments, engaging with our portfolio, and educating our investment team. Looking ahead, I am enthusiastic about further advancing the Firm’s commitment to achieving Net Zero. Having recently completing the University of Cambridge’s Business to Net Zero Course, I am passionate about the influential role Exponent can play.”

Lizzie Stazicker,
Head of ESG and Responsible Investment,
Exponent



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