

Sustainable Investment

2021 Annual Report



PIPER

Building
Brand
Legends

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Welcome from our Managing Partner

We are pleased to be presenting our second Sustainable Investment report. Within this report we look at how our portfolio in 2021, particularly our Fund VI brands, are increasingly focusing on sustainability to drive their development, looking both inwards to support their teams and outwards to how they impact the world. The integration of ESG factors is now essential in any successful business and we are proud to have a portfolio that takes their impact seriously.

A portfolio that works together

We made great progress in our sustainable investing process in 2021. With the addition of a dedicated Sustainability Manager, Georgia Jones, we were able to begin a number of new projects including portfolio wide carbon reporting and creating our Sustainability Champion community, both of which we discuss in more detail in this report.

The idea for this community, initiated by our ESG lead and partner, Dan Stern, was to promote ESG at board level in each of our businesses. We want to encourage our brands to take advantage of our internal network, skill share, and participate in group learning sessions. Piper has always promoted skills sharing and we are now taking this further within our portfolio community by holding learning sessions as well as social events to encourage relationships between our partner brands.

B Corp

We are in the final stage of verification and believe we should complete the process B Corp certification by autumn 2022. B Corp certification is well regarded by UK business and is a clear indicator of our commitment to ESG.

2021 – Recovery and sustainable growth

Our central focus in 2021 was of course our businesses' recovery following the pandemic. After a countrywide lockdown that lasted from January until March 2021, our hospitality businesses reopened and we were delighted to watch them bounce back, with seven new sites opening. For the rest of our portfolio, the repercussions from the pandemic have been through supply chain issues and staffing, which has been felt by businesses around the world. These issues have increased the focus on ESG, with supply chain sustainability and looking after employees becoming a priority.

Already midway into 2022, we are continuing to make improvements in our Sustainable Investment process that I look forward to reporting next year. We are also delighted to have commenced investing from our new Fund VII, and we will introduce you to those businesses in next year's report.

Peter Kemp-Welch
Managing Partner

PIPER



Fund V

Invested: Oct 2014

Placing 11th on The UK's 100 Best Large Companies to Work For in 2021 was a well-deserved accolade for the family friendly BBQ restaurant chain.

Invested: Aug 2016

We exited this purpose driven healthy snacking B Corp in 2021 and they continue to be a sustainable leader in their field.

Turtle Bay
Caribbean social

HICKORY'S
SMOKEHOUSE

MONICA VINADER

PROPER

BARKING HEADS

FLAT IRON

NEOM

Invested: Jun 2013

The experiential Caribbean bar and restaurant chain launched a full vegan menu in 2021 encouraging easy swaps to plant-based meals.

Invested: Feb 2017

The quirky pet food brand introduced a plant-based dry food in Jan 2021 to complement their existing natural range. We exited in December 2021.

Invested: Feb 2016

By only using recycled silver and gold, the jewellery brand estimated they would save 2.25 million kg of GHG emissions in 2021.

Fund VI

Invested: Mar 2017

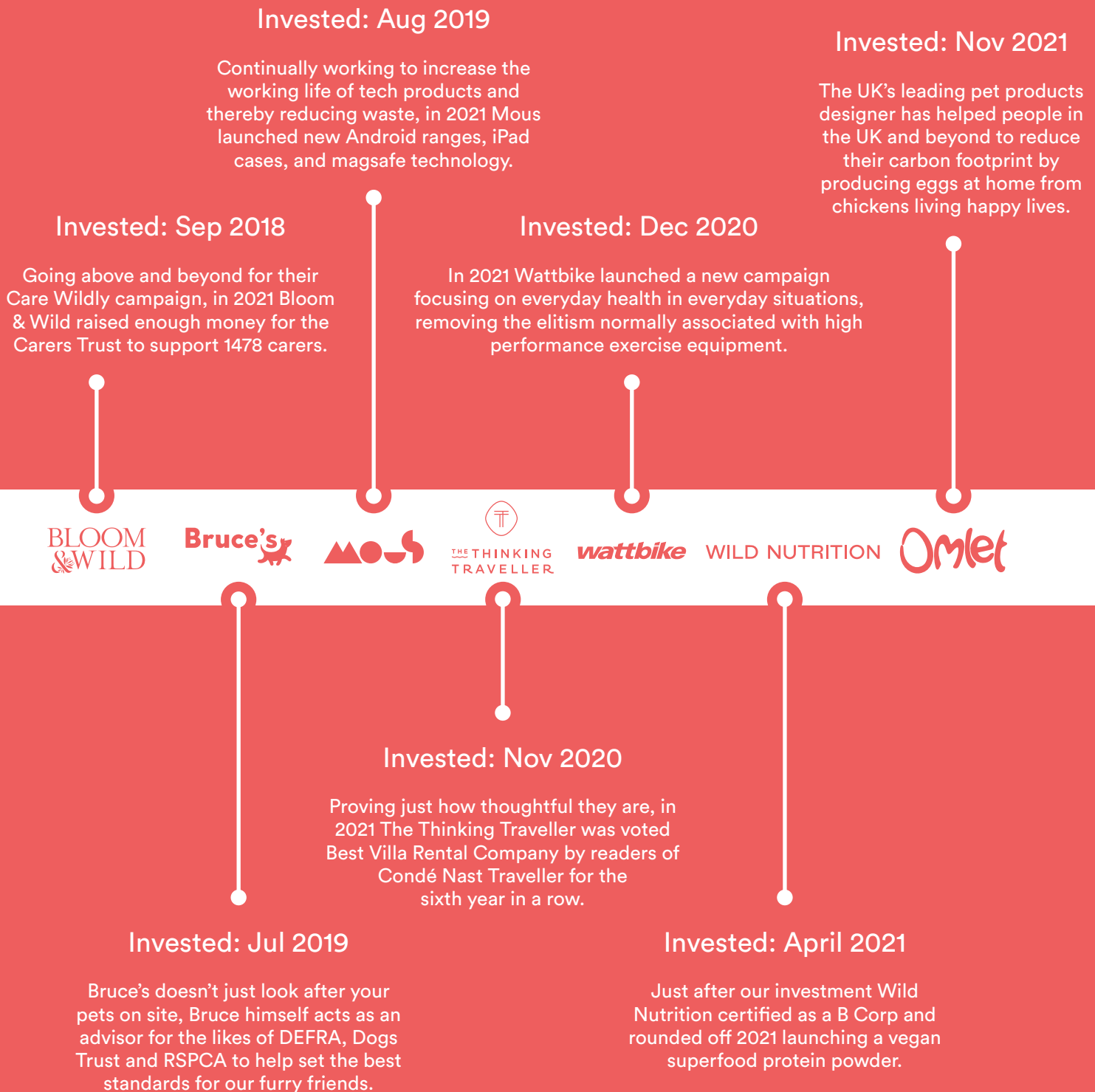
With their own UK based cattle herd and a growing list of independent UK suppliers, this steak restaurant chain proves you can expand and increase sustainability at the same time.

Invested: Dec 2017

In 2021, beauty and wellness brand NEOM committed to eco packaging by swapping to recycled & recyclable plastic bottles, FSC cardboard, and removing all excess packaging.

Our brands at a glance

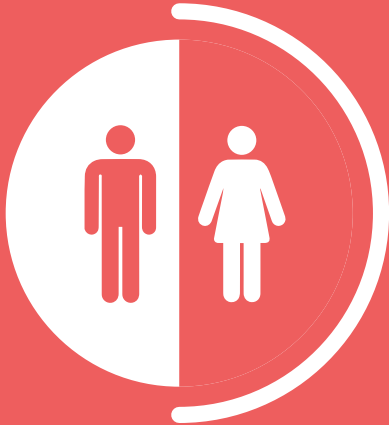
– a sustainability minded 2021



PIPER

2021 in numbers

The Piper team is



50:50

male & female

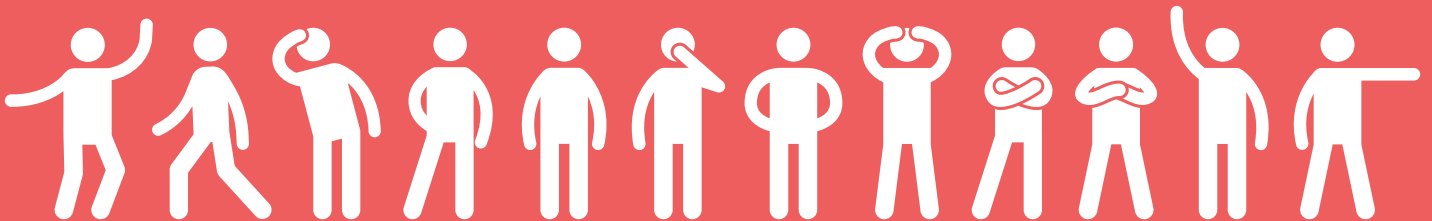
Our office sent



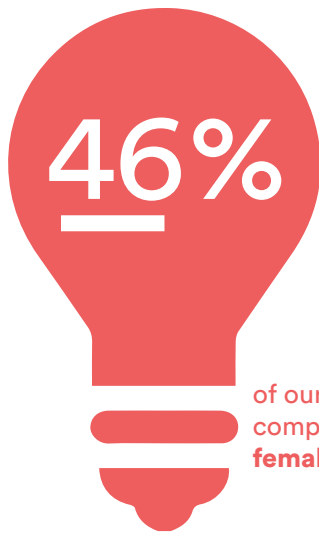
0

waste to landfill

12



of us took part in **Body Language training** to be able
to **communicate and understand others better.**



of our 13 portfolio companies have **female founders**



of our portfolio companies have people in leadership positions that are part of our **Sustainability Champions network**, turn to page 12 to learn more.

Through the year we **invested in**

2 brands



and **exited**

2 brands

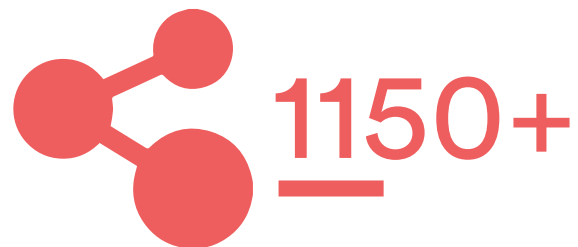


Across fund VI companies there are **1343 FTE** jobs with



new jobs being created in 2021 (that's **2.5x** the new jobs created in 2020 by our companies)

We **share insights and learnings** with a network of



founders through our ePromos and LinkedIn

Our approach to Sustainable Investment

Why sustainability matters to us

At Piper we have long held the belief that our brands need to intersect with the sustainability agenda in order to grow successfully. Many of the founders that we meet express a strong desire to build a brand that has a clear purpose, where people are drawn to work and do their best because the business is committed to doing the right thing.

We believe that having made a similar clear commitment ourselves is one of the reasons we have attracted some of the brightest and best growth companies in recent years.

Our journey in sustainable investment

In 2016 we decided to formalise our approach by undertaking a facilitated process, guided by specialist advisors, to establish our sustainable investment strategy and policy, build a well defined and functional SI system and put all the necessary tools and training in place for effective integration into the way we do business.

At this time, we also established our SI Committee, shown overleaf, to support the implementation of our strategy and lead on periodic review of its effectiveness and further development, always mindful of the evolving nature of the wider ESG and sustainable investment agenda.

Our Sustainable Investment Principles

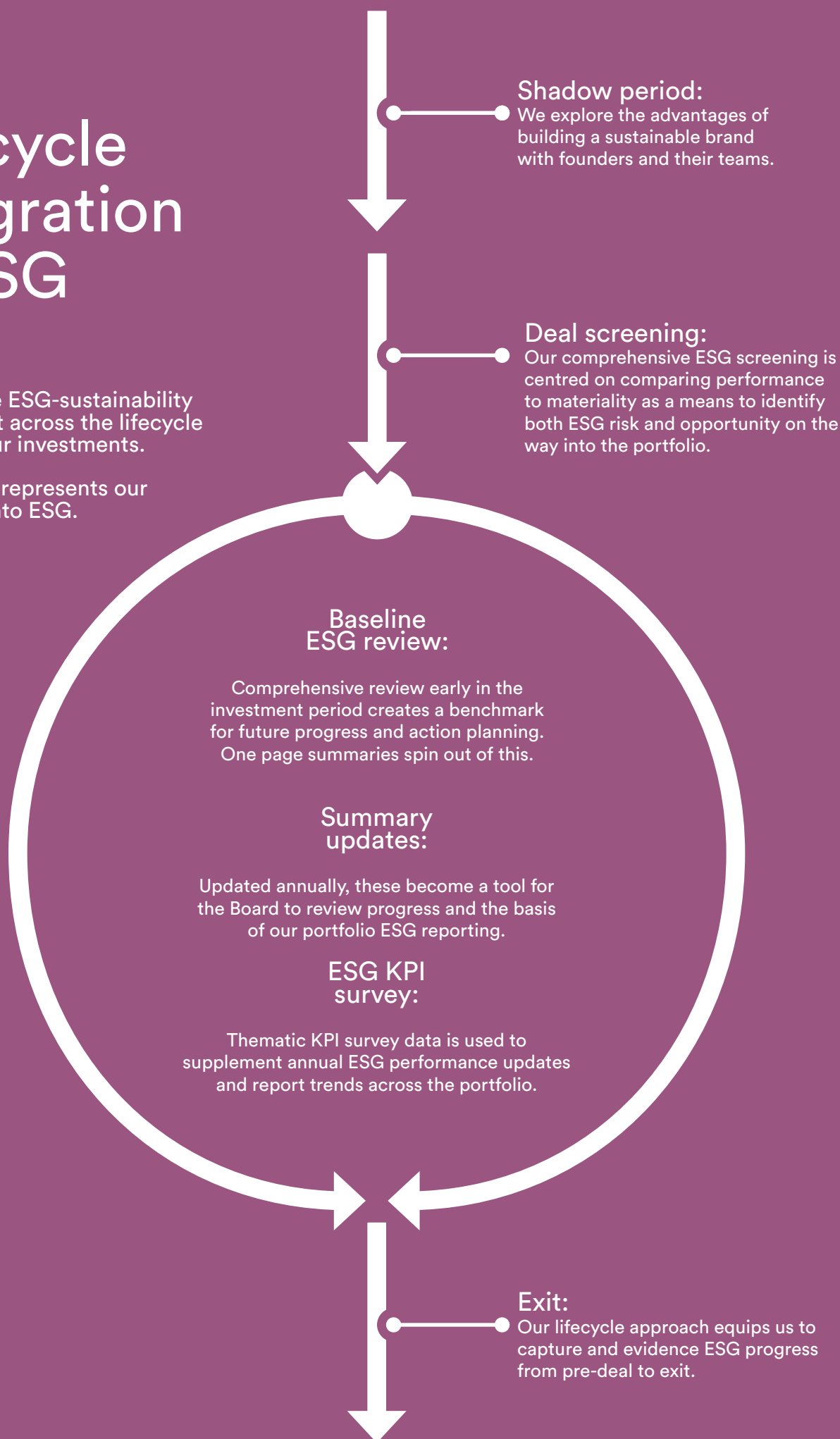
These principles head up our policy as follows:

- To build future-proof brands that will be successful and resilient, creating a legacy beyond our investment.
- To assess and understand impacts on the environment, people, society and the business itself in all key decision-making.
- In particular, to take steps to recognise climate change related matters in our investment decisions and support our companies to address climate change risks and impacts in their business operations and strategies.
- To meet all relevant compliance requirements proactively and steer our companies to do the same.

Lifecycle integration of ESG

We integrate ESG-sustainability management across the lifecycle of each of our investments.

This graphic represents our 'deep dive' into ESG.



A framework driven approach

We use a set of key frameworks within our SI system to drive rigour and consistency:

Our lines of enquiry and assessment, action planning and reporting are organised around a set of ESG themes, shown below. We assess performance against a five point scale representing increasing commitment, integration and innovation. Finally, we factor in how material each thematic topic is on a scale of one to five to help assess where our brands should focus their efforts and resources.



Piper thematic ESG-sustainable investment framework

The Piper Sustainable Investment Committee

Now in it's sixth year, our committee ensures ESG is prioritised at a senior leadership level as well as being actively managed by the wider team. Partner Dan Stern heads the committee and leads on our commitment and development to our SI and ESG processes. Sustainability Manager Georgia Jones supports our brands' continued improvement and makes sure Piper is up to date with the ever-changing issues and solutions in the ESG area.



Dan Stern

Partner & Committee Chair



Chris Curry

Managing Partner and Chairman



Peter Kemp-Welch

Managing Partner



Georgia Jones

Sustainability Manager

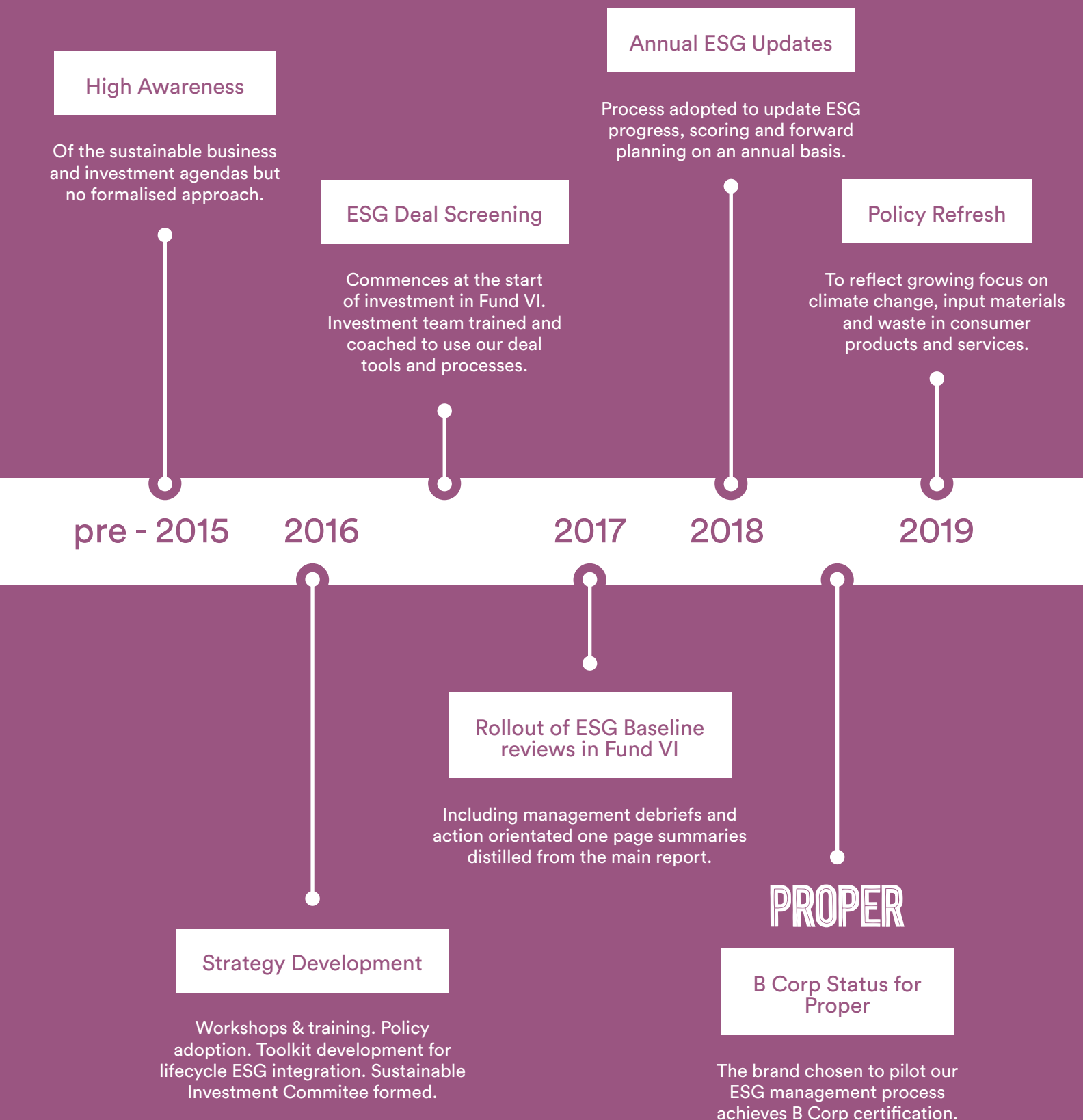


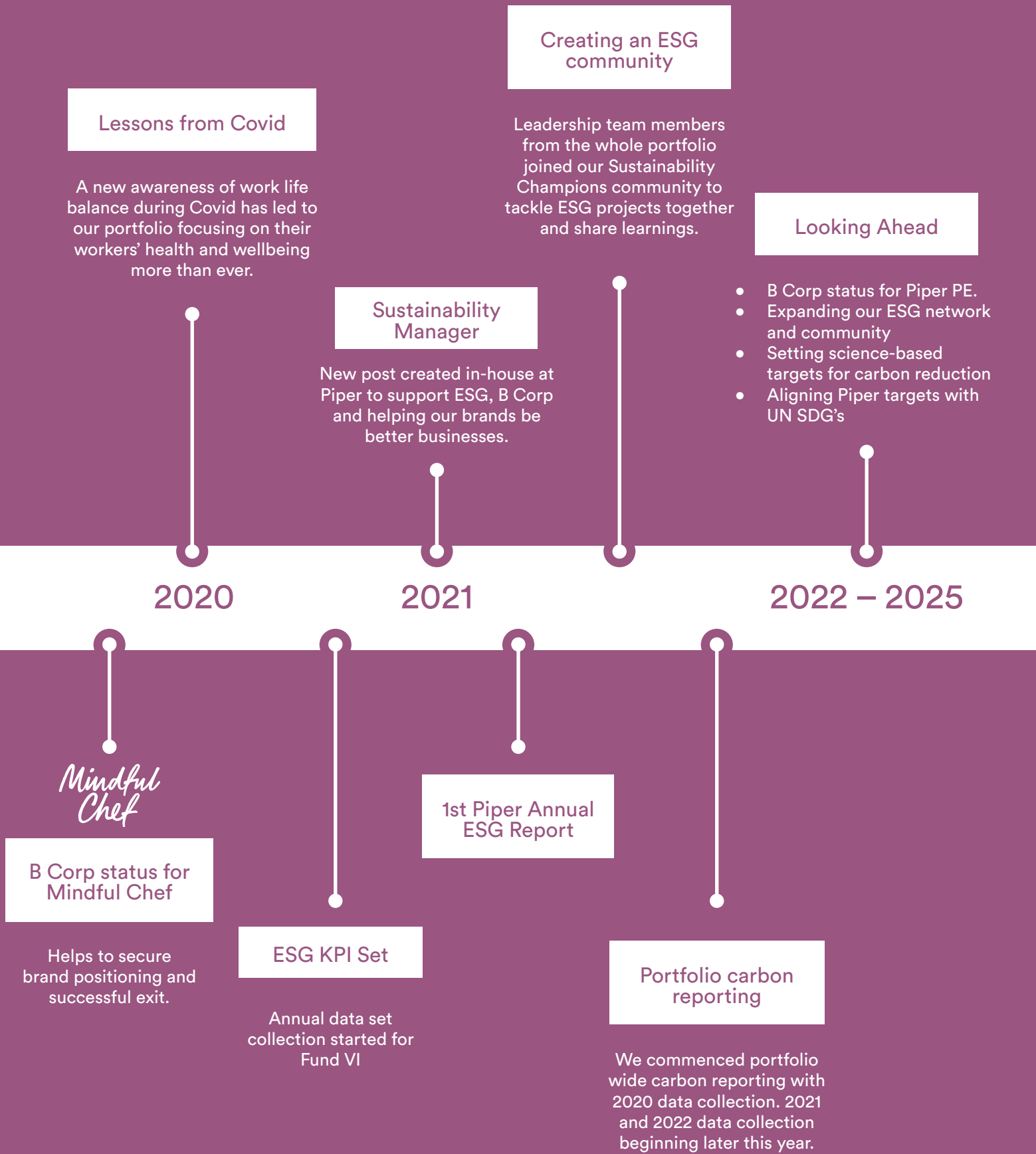
Yasha Estraiikh

Associate Partner



Our Sustainable Investment journey





Our Sustainability Champion Community

In 2021 we invited leadership from across our portfolio to join our newly coined Sustainability Champion community.

We had three goals for this group:

1. Commitment at board level on ESG issues
2. Improve the whole portfolio by running group ESG projects
3. Encourage skills and learning sharing from one brand to another

100% of our Sustainability Champions are board level

1x
Co-founder

1x
COO

3x
CFO

2x
FD

1x
Head of
People

1x
Head of
Sustainability

1x
Ops Director

1x
Head of
Culture &
Engagement





10

brands joined our portfolio carbon reporting project (with the others completing independently or joining in 2022)



8

partner brands attending our Becoming a B Corp talks held by Sustainability consultants Seismic.

Commitment from our brands at a board level was important to us because engagement from the top opens up the doorway to real change. By engaging these decision-makers in sustainability projects and learning, we believe they will drive the ESG agenda throughout their organisations. Whole teams are needed to embed best practice into the business, but a champion can lead the charge.

We knew that neither ourselves nor our partner brands can become perfect overnight. By doing this together we can take meaningful steps alongside others taking those same steps, supporting and guiding each other. When faced with challenges we can ask the group, find experts to help and learn from shared experiences.

We are hugely lucky to have a portfolio of exemplar partner brands who are constantly inspiring us to be better. Because they come from different sectors, they bring varied experience and perspectives. In some cases, our brands have more expertise and experience than us, in others we can help guide their progression, but either way the ultimate goal is to encourage improvement and positive change.

Looking to the future:

- More skill sharing events on topics like sustainable supply chain and biodiversity.
- Improve the policies and process of all our brands with a range of 'how to' guides and templates.
- Expand our network of ESG experts so our brands can get the right help.



Measuring our Portfolio's carbon impact

In 2021 we engaged emissions experts Carbon Responsible to take our portfolio through carbon reporting. By bringing our Sustainability Champion community together to do this we reduced costs for the portfolio, as well as allowing for skills sharing.

Carbon data collection is **firstly an education piece**. The breadth of data required brings huge challenges, particularly for site based businesses, and many existing processes are not designed to complement carbon data collection. We knew that there would be gaps in our partner brands' data and so we treated our initial reporting as the beginning of a long running project, and a chance to learn how to collect the data correctly. Because of this we will not be reporting our portfolio's impact on our own Scope 3 impact yet. It is currently an incomplete data set and would not fairly represent our impact.

We can however report the success of the project, with all of our partner brands either commencing data collection for the first time, or engaging with Carbon Responsible to discuss their existing process and get expert advice on their data.

Carbon Responsible use a data first approach that **avoids estimation to limit greenwashing**. When choosing our partner for the process we were conscious of the huge influx of companies offering this service and quick offsetting routes to net zero. While setting and achieving these targets has the appearance of success, it is also rife with room for error and rushing into claims that may not be fully backed up. By choosing to work with Carbon Responsible **we chose accuracy of reporting and thoroughness of data over quick results**, and already their work has helped our partners gain a more complete understanding of their impact.

We will shortly be finalizing the next phase of data collection, we have our Scope 1 & 2 calculated for 2021, presented below. From July 2022 onwards we will begin quarterly reporting. By treating carbon data as equal to other major business metrics, **we know our brands will quickly be able to gain a thorough understanding of their impact and their capability to reduce it**.

In 2022 we will look inwards and create a reduction plan for our Scope 1 & 2. Processes are already in place limiting business travel and reducing waste, but we know more can be done to reduce our impact.

Piper PE's 2021 emissions calculated by Carbon Responsible

Scope 1



Total tons of CO₂e

Scope 2



Total tons of CO₂e



Fund VI ESG KPIs Highlights from 2021

For our second year collecting ESG KPI data, we decided to expand and hone the range of questions we asked to gain a more in-depth look at the ESG performance of the portfolio.

On the following pages you will see new data points presented alongside the data we reported on last year.

Fund VI now contains nine brands, having exited one and invested in two more in 2021. Because of this, not all the data is directly comparable with last year's report. Some of our investments are just beginning their sustainability work and others have had material shifts due to the pandemic. As a result, improving our impact will not always be a linear trajectory and we want to show the true picture of our Fund VI companies in 2021.

While there is much still to be done, we are hugely proud of their continued work and improvements to their impact management.



Governance & Ethics

For every company, sustainability begins in the board room with good governance. Whenever we engage with a new brand we work to place an independent chairperson in the business, someone with experience and knowledge beyond the founders. In fact, the below stat should be 100%, but one of the chairs we placed was such a good fit, they now work one day a week in the business and so can no longer be classed as independent.

	2020	2021	
GE1	87%	89%	companies have an independent chairperson
GE2		100% 55%	of companies have non-executive directors of which are not part of the Piper team

According to the Gender Index only 16.8% of UK businesses are female led, as such we are proud that 46% of our fund VI businesses have female founders. While our % of female directors has gone down in 2021 due to exits from two female led businesses, our partner brands still champion women in leadership roles, with roughly half of them being women.

		2020	2021	
GE3	Female directors	89%	77%	of our fund VI companies have a female director
GE4	Women attending the board	100%	100%	of companies had 1 or more woman attending board meetings
		75%	78%	of companies had 2 or more women
GE4b			36%	women make up 36% of the Piper fund VI board rooms
GE4c	Women in senior leadership	49%	51%	of people in Senior Leadership Positions across our Fund VI companies are women (inc. NEDs, Directors & Heads of Dept.).

Good governance comes from commitment in action, policy and strategy, which is why we are beginning to capture our partner companies' policies and processes. Two key areas of focus for us in 2021 were getting ESG related commitment from the portfolio and ensuring that everyone was protecting themselves and their customers from cyber-attacks.

	2020	2021	
GE5		77%	of fund VI companies have dedicated ESG staff
GE6	50%	89%	of fund VI companies have undertaken a cyber security risk assessment

Employment and Staff Care

The state of recruitment and retention in the UK has been a highly debated topic since business reopened in 2021. CIPD data suggests that 'the great resignation' may be exaggerated in the UK, with the rise merely a delayed response after a huge drop during the pandemic. Regardless the same data suggests that there has been a 40% rise in resignations, so our fund VI's attrition rate is unsurprising, and two of our companies bucked the trend and reduced their attrition rate.

		2020	2021	
ESC1	Permanent FTE jobs	737	1343	
ESC2	New FTE jobs	144	399	an 177% uplift from 2020
ESC3	Permanent staff turnover rates	21%	37%	

Number of RIDDORS, The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations, has risen this year, but many of our high risk restaurant businesses were closed for large portion of 2020. Of the two companies that did RIDDORS in 2021 there were only four reported incidents, none of which were severe. Causes have been investigated and relevant action taken by the companies, with no action from employees or regulators.

		2020	2021
ESC4	% of Fund VI companies that had 0 RIDDORS	100%	78%

Inclusion and Diversity is something we see as highly important for our portfolio. This year we introduced a KPI to capture the growing number of companies that are beginning to monitor this data as an important first step to creating strategy and policy.

	2021	
ESC5	44%	of companies in fund VI are monitoring the diversity of their team

What your employees think of your business is a powerful success indicator and we are advocates of regular employee surveys. As such, all but our most recent investment surveyed their teams in 2021 and we introduced it as a KPI. The preeminent comparison indicator is the NPS, Net Promoter Score. This is called eNPS when used within business and consists of two questions, the first asking for a rating on how likely an employee is to recommend the organization as a place to work, and then a follow up asking why they chose the rating they did.

		2021	
ESC6		89%	of companies ran an employment survey in 2021.
ESC7	Avg. Employee approval rating	42.7 eNPS	Seven of our Fund VI ran eNPS surveys in 2021. Five of these scored over 30 which is considered great, with one scoring over 70 which is considered excellent. The two under 30 have been working on a comprehensive people plan to improve this for next year.

Customer Care

Engaging with your customers through feedback, socials, reviews, and surveys all amount to true understanding of your market, who they are, what they want, and what they think of you. While no one piece of data can fully capture this, we again believe NPS is a strong indicator of how a business is doing. In this circumstance the question is, how likely would you be to recommend the brand to a friend or colleague.

2021			
CC1		100%	Collected customer satisfaction rates.
CC2	Avg. Customer satisfaction	73.7 NPS	Over 70 NPS is considered excellent.

Environment

We commenced portfolio wide carbon reporting in 2021, with only our most recent investment, Omlet, not yet taking part (they commence in 2022). We will be agreeing formal time-bound reduction targets across the portfolio in the future, but with the unusual business years due to the pandemic, only two of our brands have the data set to enable them to do this currently. All of the businesses have begun their work to reduce carbon emissions at least informally.

		2020	2021	
E1	Carbon reporting	12%	89%	Started carbon data reporting
E2		2	2	companies have set formal time-bounded targets for energy/carbon reduction

The other key area for improvement across our businesses is materially reducing material and resource inputs and outputs to minimise waste and impact. While there are easy wins here by initiating recycling plans and reducing plastic use, there are also larger scale supply chain efficiencies and circularity systems that we hope to report on in coming years.

	2020	2021	
E3	62%	56%	have implemented a sustainable waste plan to reuse, and recycle
E4	3	4	took significant steps to reduce input materials and waste outputs
E3	75%	78%	of companies took active steps to significantly reduce or remove Single Use Plastics from their value chain

Supply Chain Sustainability

Within business supply chains there is an opportunity to future proof by increasing oversight and implementing sustainable practices. Key areas include carbon emissions, waste & raw material reductions, and risk management from unknown third party suppliers. We will increase the number of companies focusing on improvements in this area in coming years.

2021			
SCS	ESG screening of supply chain	4	companies have ESG screening mechanisms profiling suppliers

NEOM

Sustainability Case Study

Examining how small sustainable steps can make a big difference.

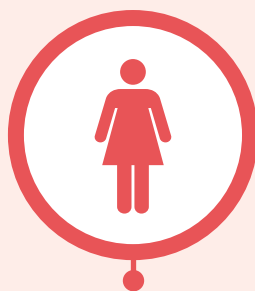
As a brand that creates products to improve your wellbeing, simply & naturally, NEOM's purpose innately aligns with being sustainable. Since their origins they have used natural ingredients and fragrances, and in the last few years they have taken incredible steps to drive sustainable action throughout the business. Going far beyond products and packaging, they also prioritise caring for their employees and giving back to their community.

2021 Achievements



Recycled & Recyclable

NEOM are working to make their range fully recycled & recyclable. In 2021 all new products launched included PCR plastic (Post-Consumer Recycled) and are fully recyclable.



Dedicated ESG team member

In 2021 NEOM made an internal commitment to prioritising sustainability by assigning a dedicated ESG team member.



Employee Satisfaction

NPS of 70+ is considered excellent. NEOM asked their employees to rate if they "would recommend NEOM as a great place to work" in an engagement survey.



People

- NEOM focuses on the importance of work wellbeing and have put in place a number of initiatives including wellbeing support plans, spontaneous afternoons off, life skill workshops and 1-1 sessions with professional psychologists.
- This is reflected in the data with an excellent eNPS of 72 in their most recent employee survey and reducing their staff turnover by 13.5% from 2020 to 2021.

Packaging

- In 2020 NEOM launched their first PCR and 100% recyclable packaging and began to remove unnecessary boxes and other packaging from their products.
- They've made it easier for customers to be sustainable by launching a reusable soap dispenser in 2021.
- NEOM has pledged to be zero waste by 2025, meaning all their products are either recyclable, refillable, reusable or compostable.

Ingredients

- NEOM has always been focused on natural and organic ingredients. Since their launch all of their products have used 100% natural fragrances and their candles are made with 100% natural waxes.
- They have a clearly defined ingredient philosophy that promises no petroleum based ingredients, no parabens, no synthetic colours, no phthalates, no SLS, and no animal testing.

Community

- NEOM's NPD focuses on improving the lives of their community, which is why their ranges focus on what the products can do for you such as Better Sleep, Less Stress and More Energy.
- They also give back to the community through their charity partnership with the Mental Health Foundation.
- Beyond raising money, the team have time out to volunteer locally for different causes with the aim to give back to the local communities they are a part of.

Want to know more about our Sustainable Investment Policy?

Have questions about becoming
a B Corp or how to manage your ESG?

Get in touch

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