

Sustainable Investment

—
2022 Annual Report



PIPER

Building
Brand
Legends

Contents

- 1 Welcome
- 2 Our Brands
- 4 Piper's Sustainable Development Goals
- 6 Sustainable Investment
- 12 Achieving B Corp Certification
- 14 Why we invest in sustainable brands
- 16 Piper & Portfolio Emissions Report
- 18 Carbon "Offsetting"
- 20 Fund VI ESG
- 24 The Thinking Traveller Case Study

Welcome from our ESG Lead

I am happy to welcome you to our third Sustainable Investment report. In this report, our version of an impact report, we will dive into our Fund VI and Fund VII's sustainability performance and explore how we are continually working to drive best practice across our portfolio.

With our recent sale and reinvestment into leading ethical jewellery brand Monica Vinader, we are seeing increased evidence that sustainability is not only the right thing to do but it also drives profits. We are particularly proud to work with sectors like jewellery, travel, and hospitality that are not traditionally seen as sustainable, but are actively working to change that while still demonstrating substantial financial growth.

Balancing People and Planet with Profit, a Certified B Corp

In 2022 Piper became a certified B Corp. With its rigorous assessment process, B Corp rewards positive impact- the more action the business takes, the more points you receive. On page 12, we dig into the actions we have taken at Piper to achieve this certification and then on page 14, we take a look at why B Corps and sustainably minded businesses make strong reliable investments.

Taking Responsibility for Our Emissions

With our partner, Carbon Responsible, we are very proud to have spent 2022 developing our GHG emissions reporting processes. On page 16, you can see our first portfolio emission report. We are in the early stages of setting both internal and portfolio-wide reduction targets.

While we work on reduction, we also wanted to take responsibility for the emissions we are still making. With offsetting becoming an increasingly dirty word, we researched and spoke to experts to try and find a solution that had a truly positive impact. You can read about our thinking and action on page 18.

Bettering our community

Beyond our internal and portfolio work, we are also keenly aware of the impacts of the investment community and want to be a force for good within it. We have worked to understand the UN SDGs we can have the largest positive impact on, page 4, and have contributed to Investing in Women and the ESG Data Convergence Initiative.

As always, we look forward to the year to come and continually improving Piper's and our portfolio's impact on people and the planet.

Dan Stern
Partner

PIPER



Our brands at a glance

– a sustainability minded 2022

Fund V

With extensive training and development, restaurant staff can progress from bus boys to Sous Chefs or Area Managers, reducing new staffing costs and increasing engagement.

Turtle Bay
Caribbean inspired

HICKORY'S
SMOKEHOUSE

MONICA VINADER

Introduced a 4-day working week, '4 Days at the Bay', for restaurant staff to make unsocial hospitality hours a thing of the past, improving staff retention and work life balance.

Their dedication to product sustainability, from 100% recycled silver & gold to traceable to-source collections, makes them an industry leader & the consumer choice for ethical jewellery.

Fund VI

To become three stars rated by the Sustainable Food Association, Flat Iron are investing in understanding its supply chain lifecycle to reduce impact, waste and costs.

FLAT IRON

NEOM

BLOOM & WILD

Bruce's

All but their Wellbeing Pods are made in the UK creating jobs, improving supply chain oversight and creating NEOM advocates who naturally promote and share the brand.

Transporting their doggy clientele safely is an essential part of the business, so Bruce's are trialling EVs to understand capabilities and plan for costs ahead of the legislation change.

Mous products are built to last and improve the working life of tech. With a new range of bags, they are expanding their mission to reduce tech damage and waste.

Mous

THE THINKING TRAVELLER

The Thinking Traveller invests in local communities, donates to local environmental causes, and creates local experiences for guests, protecting the areas they operate in for years to come.

Wattbike embrace the right to repair, with a workshop situated below their head office, a paid at home service, and a database of self-help instructions that increases value and customer loyalty.

wattbike

WILD NUTRITION

Vertically integrated their logistics which creates local jobs and a seamless same-day pick-and-pack workflow that reduced packaging by 50%.

Increasing designed sustainability of their products, from recycled fabric dog beds to refillable cardboard cat scratchers, they disrupt the plastic-reliant pet category with innovation.

Omlet

rabbie's

Rabbies actively consider the communities they impact when planning and scheduling tours, ensuring they bring in business but not hoards of people to create great relationships with local shops and services.

Fund VII

Piper's Sustainable Development Goals

The UN Sustainable Development Goals are 17 targets that act as global calls to action to create an equitable and prosperous future for people and our planet. The goals guide countries, and increasingly businesses, on best practice actions to achieve this long-term aim. All B Corps can use the SDG Action Manager to assess and benchmark their performance to the goals.

Piper has reviewed the goals and targets and found the below six as the most relevant to our business and current activities. We hope in the future to expand and develop these as we progress.

The SDGs that are most relevant to Piper



Ensure healthy lives and promote well-being for all at all ages.

- Invest in brands in the fitness & wellness sectors.
- All investments are audited on Health, Safety & Wellbeing
- Advocate and encourage employee wellbeing initiatives across all our portfolio businesses.
- Invest in companies that are reducing or do not use hazardous chemicals and do not contribute to air, water and soil pollution and contamination.



Achieve gender equality and empower all women and girls.

- Participate in Investing in Women to increase access to funding for female-led businesses.
- Monitor and report on female leadership in our portfolio.
- Monitor & report on portfolio's equality activity including inclusion & diversity processes and gender pay gap reporting.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

- Invest in conscious businesses that have a positive impact on their employees, communities, and their environments.
- Invest in diverse, inclusive, innovative businesses.
- Invest in businesses that create good quality high-value jobs.
- Ensure all our investments have Modern Slavery policies and promote responsible supply chain management.

SUSTAINABLE DEVELOPMENT GOALS



Reduce inequality within and among countries.

- Policies, processes and training at Piper and across the portfolio that create an inclusive workspace.
- Promote inclusive hiring processes that remove discrimination and offer equal opportunities.
- Require portfolio-wide employee surveying to allow feedback & inclusion.
- Ensure all portfolio has an adequate team to manage people and create a culture of wellbeing and equality.



Ensure sustainable consumption and production patterns.

- Invest in brands that are sustainable and consciously reduce their impact.
- Invest in brands that create products/services that are responsible, reusable, recyclable, and reduce resource use and waste.
- Work with our portfolio to make their products/services responsible, reusable, recyclable, and reduce resource use and waste.



Take urgent action to combat climate change and its impacts.

- All portfolio monitoring and working to reduce emissions and impact.
- Encourage our portfolio to complete climate risk analysis and planning through annual progress reviews and action reports.
- Educate and share learnings on best practice and action to combat climate change.

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.

Governance & Ethics	Employment & Staff Care	Marketplace Responsibility	Carbon, Pollution & Waste
Risk Management & Compliance	Supply Chain Sustainability	Community Care & Engagement	Natural Resources & Input Materials

Piper's thematic ESG-sustainable investment framework

The Piper Sustainable Investment Committee

Now in its seventh 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

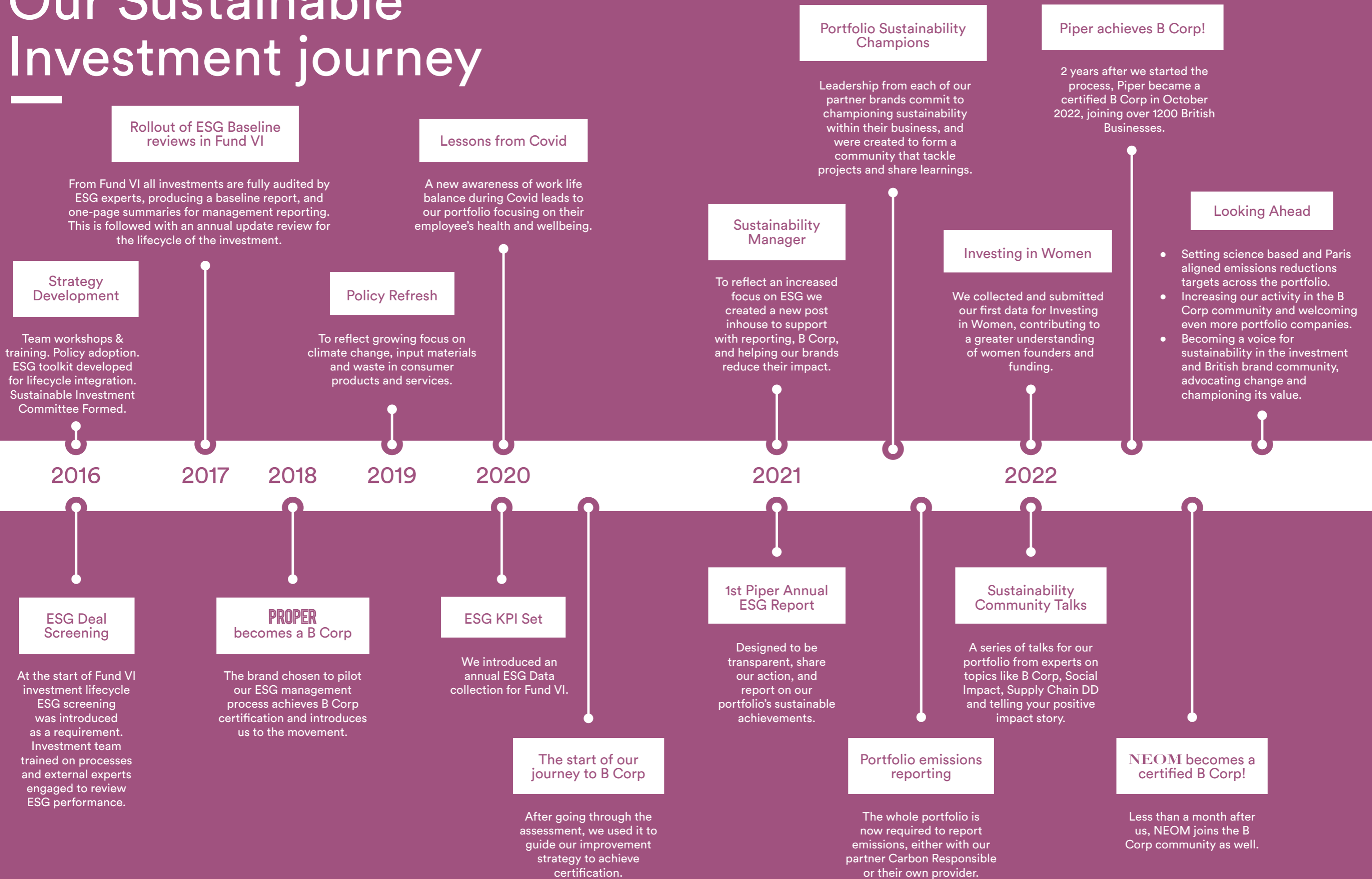


Yasha Estraiikh

Associate Partner



Our Sustainable Investment journey



Achieving B Corp Certification

In October 2022, we achieved B Corp Certification; this is our journey:

We began focusing on the sustainability of our portfolio in 2016 and introduced ESG (environmental, social and governance) analysis and reporting.

In 2020, inspired by Proper and Mindful Chef and many other brands we were meeting who were certified B Corps or on the certification journey, as well as a drive to become more committed to sustainability, we began the B Impact Assessment.

With the help of Amy Bourbeau of Seismic, we completed the assessment and created an action plan to improve so that we could reach the 80 points required. The assessment was an incredible tool that both guided positive action and helped us understand all the good already built into Piper's practices.

As every B Corp would agree, certification is just the beginning. Every year we will work to improve our performance and reduce our impact. We are hugely proud to have two current portfolio brands, NEOM and Wild Nutrition, that are certified, and a few more on their way to certification.



What we were already doing:

- A mission to invest in brands that make people's lives healthier, happier and more fulfilling.
- Supporting the entrepreneur community with events, network sharing, and pro bono advice.
- Whole team input into decisions and annual company-wide strategy days.
- Buying better in the office by supporting local and British brands.
- Providing free healthy breakfast for staff and a weekly team lunch.
- Green electricity tariff in our building.
- Providing budget for cross-skills training and external professional development.
- Transparent financial disclosures to employees, investors, and the public.
- All employees receive an extended Christmas break on top of their holiday allowance.
- Annual team trip away.
- Best practice financial controls.

What we did to reach 80+ points:

- Legally changed our Members Deed to commit to considering all stakeholders in all our business decisions.
- Reviewed our handbook and implemented policies suggested by B Corp – such as Flexible working, Environmental Policy and Employee Advancement Policy.
- Introduced annual Inclusion & Diversity training, I&D policy and processes around hiring, deal origination and working with our portfolio.
- Made our office greener – green & non-toxic cleaning products, B Corp stationery provider, using recycled, low-impact products everywhere possible.
- Switched to a green gas supplier.
- Moved to a 'zero-to-landfill' waste provider.
- Partnered with Hatch Enterprise, a charity supporting underrepresented founders with accelerators and tools to grow their businesses.
- Began publicly reporting our impact in this report.

Why we invest in B Corps and Sustainable Businesses

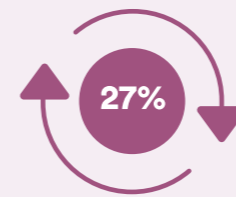
Since our origins as founders ourselves, we have been mindful of growing businesses sustainably – looking after people through pay, training and empathy; minimising impact on the environment; ensuring a profitable business model that can withstand shocks and can invest in the brand and its people; and a business run by a diverse range of minds and backgrounds that can keep the brand relevant for decades to come. This has always been our approach to building brand legends.

The EU's Sustainable Finance Disclosure Regulation, and the UK's incoming Sustainable Disclosure Regulation, are increasing the investment in businesses with a positive impact. EU investors are already legally required to disclose their investment mandate and 55% of EU funds have committed to being somewhat or wholly focused on positive impact. Many of these are our investors, who ask us to be committed to and report on the sustainability of our portfolio just as we report on financial performance.

This means that for both our investors and for us, sustainability is a core issue. Sustainability isn't just carbon reporting, recyclable packaging, or a DEI policy, sustainability runs throughout a business, in every department, and is treated with equal importance to the profit of the business.

B Corp certification looks at the whole business and rewards those who are working for the benefit of people, communities and the planet. B Corps are great for workplace culture, have increased engagement and retention, have a focused strategy that reduces impact and benefits people and the planet, and are future-proofing themselves against societal and environmental shifts by being ahead of the curve.

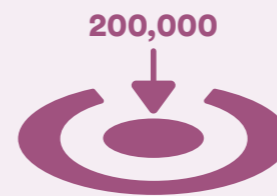
Both our own decades of experience and a growing number of studies and statistics build up a convincing picture. Sustainability is an essential part of building brand legends.



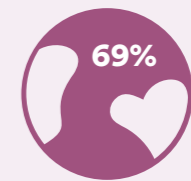
2021 data from B Corp shows that B Corps have a faster growth in **turnover 27% vs 5%**.¹



2023 Research by Bain & Company and EcoVadis found that **sustainability measures correlate with better financial performance**.²



Over **200,000 businesses** are measuring and managing their impact using the **B Impact Assessment**.³



A 2021 study by LinkedIn found that **69% of professionals** want to work for a company that has a positive impact on the world.⁴

¹ <https://bcorporation.uk/reinventing-business/by-b-lab-uk/how-we-got-1000-times-better/>

² <https://www.bain.com/insights/do-esg-efforts-create-value>

³ <https://bcorporation.uk/>

⁴ <https://business.linkedin.com/content/dam/me/business/en-us/talent-solutions/resources/pdfs/purpose-at-work-global-report.pdf>

Piper & Portfolio Emissions Report

We have been working with our portfolio since 2020 to measure emissions. We follow the Equity Share approach in our emissions accounting. Significant impacts derive from activities and portfolio companies that are not 100 % owned by Piper, but over which we exert financial control through our equity shares.

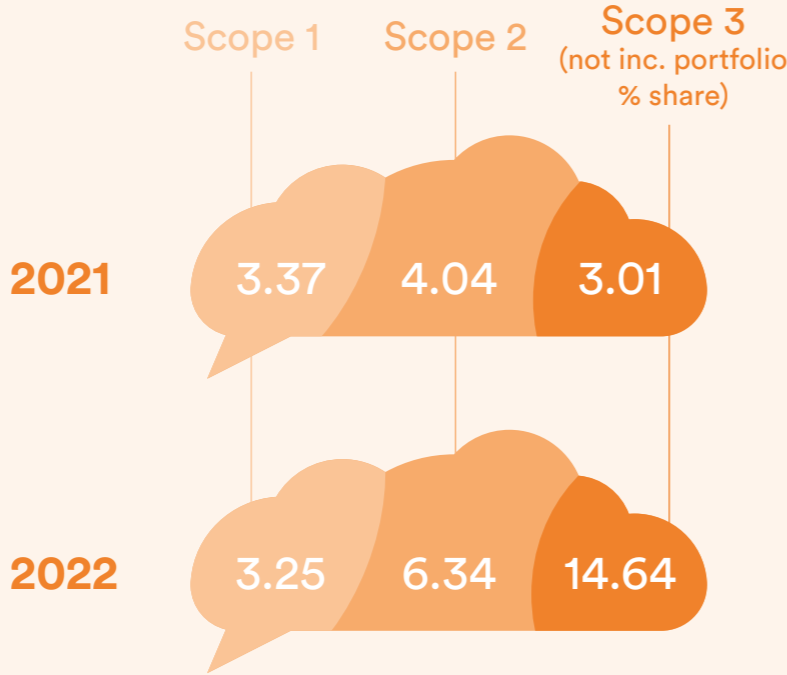
Our report was prepared by Carbon Responsible using the GHG Corporate Reporting and Accounting Standard, using UK Government Reporting and Conversion methodology and conversion factors.

The 2022 reporting shows an increase in emissions relative to the 2021 reporting, attributable to improved Scope 3 reporting, changes in the make-up of the portfolio and reduction in impact of Covid-19 pandemic restrictions in 2022.

Because of this continued increase, we are working internally and with our portfolio to reduce emissions but cannot set formal targets. We are committed to Net Zero and aim to set science-based targets to achieve this in future.

In this report, we are focusing on Scope 1 & 2 emissions. In our full internal reporting, we include Scope 3, but the data is irregular from company to company and as such not accurate to report.

Piper's emissions calculated by Carbon Responsible (in Tonnes CO2e)



Portfolio Scope 1 & 2 emissions (in tCO2e)

8305.41



Piper % share of Scope 1 & 2 emissions

2492.83

The potential cost of carbon taxes for the portfolio

While not yet legal in the UK, Carbon Responsible use average European carbon tax costs, excluding the Emissions Trading Scheme, to illustrate the risk cost in line with global averages and the likely direction the UK will take.



Scope 1 & 2 emissions per sector

(% of portfolio tCO2e)



Carbon “Offsetting”

When it comes to reducing our GHG emissions, our core goal is to reduce our portfolio’s impact. As a single office with 15 in the team, Piper’s emissions are very low and we take every opportunity to reduce them. We have worked with our building managers to move onto green energy tariffs and we only take flights for business when absolutely necessary. We will continue to find and implement low-carbon processes across our operations.

Until we hit Net Zero there will be emissions that we are responsible for, and we didn’t want to ignore them. Unfortunately, offsetting is increasingly problematic.

Offsetting generally means paying a price per ‘tonne of carbon used’ to a project that claims to mitigate carbon emissions. These are usually projects like tree planting, renewable energy projects or financing rainforest protection. However, offsetting is an unregulated market with massive disparities in pricing, quality of project oversight, and efficacy. Public attention has been brought to these issues with recent headlines including, “More than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows”, which could create reputational risk for companies making claims about offsetting and carbon neutrality.

Following consultations with offsetting providers, carbon experts, and other businesses, we decided that we still wanted to contribute something for our emissions but did not want to go down the route of claiming those emissions were ‘offset’.

We decided to set an internal carbon price of £75 (\$93) per tonne. \$40–\$80/ tCO₂ e is estimated to be consistent with a 2°C pathway, and \$170/tCO₂ e is required by 2030 to be consistent with a 1.5°C pathway (IPCC 2022b; World Bank 2022a).

We have partnered with a climate action charity Cool Earth and are donating the equivalent cost of our carbon usage. Cool Earth is a long-running charity that directly funds projects supporting indigenous people on the ground protecting rainforests.

An aerial photograph of a tropical village nestled in a lush green forest. The village features several buildings with blue and red roofs, surrounded by dense palm trees and other tropical vegetation. A wide river flows through the landscape, and in the background, misty mountains rise under a blue sky with scattered clouds.

**COOL
EARTH**

Fund VI & Fund VII 2022 ESG KPI Highlights

ESG Data is a big conversation in the investment industry. Many EU investors are now required to report a specific data set for the SFDR, but most are already aligned with other formalised data sets or bespoke in-house sets, causing complications and overlap. To reduce this, we have signed up for The ESG Data Convergence Initiative and amended our in-house data set to align with SFDR requirements.

For 2022 we are introducing Fund VII into our reporting. As there was just one company in the fund in 2022, we will include it alongside Fund VI to create a portfolio report. Fund VI contains nine companies, which are all at differing stages of growth and their sustainability journey. This continual variance means our data will never have a linear improvement trajectory, but we are proud of where positive change has happened and continually working to help all of our investments improve their impact.



Governance & Ethics

For every company, sustainability begins in the boardroom with good governance. When we invest, we place two Piper team members on the board as Non-executive Directors (NEDs). We believe that external perspectives are vital for the success of a business and encourage our portfolio to take on further NEDs.

2021	2022	
89%	90%	companies have an independent chairperson
100%	100%	of companies have non-executive directors
55%	44%	of which are not part of the Piper team

To align with the ESG Data Convergence Initiative, we have simplified our board gender data collection to focus on women board members. Some personnel movements mean this has gone down, but all of our portfolio partners are actively working to improve. We have also introduced ethnicity data collection and want to work towards this being representative of the UK population.

	2021	2022	
Women board members	100%	80%	have women board members
Women make up	36%	29%	of the Fund VI & VII board rooms
Women in senior leadership	51%	46%	across our portfolio
Minority ethnic board members	-	3%	of the Fund VI & VII board rooms are minority ethnic

Good governance comes from a commitment to policy and strategy. This year we saw an increase in the companies with core policies that promote ethical and sustainable business and an increase in risk assessment and future-proofing. We are working with the portfolio to bring these up to 100%. We are particularly proud that an additional three companies are optionally preparing a Modern Slavery Statement to publish in 2023.

2021	2022	
55%	90%	have an anti-bribery & corruption policy
67%	90%	have a whistler-blower policy
33%	40%	have a public Modern Slavery Statement
89%	90%	have undertaken a cyber security risk assessment
77%	100%	have dedicated ESG individuals or groups

Employment and Staff Care

We are delighted to see a decrease in turnover rate for 2022, showing the beginnings of employment stabilisation post-pandemic. The rise in Organic Net New FTE Hires is a growth indicator, with 67% of Fund VI increasing their new hires in 2022.

2021	2022	
1343	1704	Permanent FTE jobs
399	490	Organic Net New FTE Hires
37%	32%	Permanent staff turnover rates

None of the Fund VI & VII companies had any accidents that were RIDDORS, The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

2021	2022	
78%	100%	had 0 RIDDORS

Having set this as a priority with our portfolio last year, the majority now have an inclusion and diversity policy. We advocate focusing on inclusion as a route to diversity which is why we do not use the standard DEI terminology. While still small, businesses have the opportunity to embed practices that create inclusive cultures and naturally attract a diverse talent pool.

2021	2022	
44%	50%	are monitoring the diversity of their team
-	60%	have an inclusion & diversity policy

eNPS scores businesses by asking how likely an employee is to recommend the organization as a place to work. As businesses grow and culture becomes harder to maintain, it is usual to see fluctuations in these scores. Not all businesses use eNPS, but it is essential that they survey and receive feedback from their employees, which our whole portfolio now does. The high employee engagement in these surveys shows the teams care about the places they work and want to help them be as good as possible.

2021	2022	
89%	100%	ran an employment survey in 2022
-	66%	% of employees that responded
43	32	average eNPS score from 80% of Fund VI & VII companies. Scoring over 30 is considered great.

Customer & Community Care

Feedback is a core part of Piper's strategy because we believe that brand legends are companies that customers love. A company that takes responsibility for its impact on its customers can listen and improve where needed. Beyond customers, there is an opportunity to give back to communities through charity work or donations, especially when they're meaningfully linked to brand purpose.

	2021	2022	
	100%	100%	Collected customer satisfaction rates.
Avg. Customer satisfaction	74 NPS	70 NPS	Over 70 NPS is considered excellent. 90% of the companies use NPS scoring
	56%	80%	Have a charity/ good cause partner or a nominated charity/ good cause

Supply Chain Sustainability

Increasingly there is an expectation of supply chain responsibility, whether direct or not. As an example, The German Supply Chain Act 2023 goes beyond expectations and into legislation. While a lower % have a policy, it is more significant that 70% have a Supplier Code of Conduct with most including human rights issues in this. All of our portfolio partners have some form of supply chain screening, and we are working to help them build ESG into this.

	2021	2022	
Sustainable or ethical procurement policy	-	40%	
Supplier Code of Conduct	-	70%	
Of those with a Supplier CoC	-	86%	include human rights issues
ESG screening of supply chain	44%	30%	

Environment

This year we amended our environmental KPIs to capture and highlight work in the important areas of circularity and waste reduction, which means they aren't directly comparable to last year's data. The reduced % of companies removing single-use plastics is due to the inclusion of Rabbits, who's use of them is already low and less material to impact for their business.

2021	2022	
-	50%	have reduced or have reduction targets for input materials/waste
-	70%	have reduced or have reduction targets for output materials/waste
-	90%	have circular, re-use or recycling systems
78%	60%	of those who use Single Use Plastics in their value chain took active steps to reduce or remove them.

THE THINKING TRAVELLER Sustainability Case Study

How thoughtful businesses can benefit communities and meaningfully reduce their impact.

Voted by Conde Nast Traveller readers Best Villa Rental Company in the World 7 years in a row, it's no surprise that The Thinking Traveller care deeply about their impact. Ecotourism and socially responsible travel are core to the experiences that they create for their guests, from the locally sourced food cooked by local chefs to protecting the natural landscapes surrounding their villas. The Thinking Traveller invests in local economies, participates in conservation projects, and sponsors cultural events, not only because it's something they passionately believe in, but also because they genuinely love their destinations.



Their Villas

The Thinking Traveller ask their partners to ensure that their villas have the smallest environmental impact possible. They share governmental and local eco-initiatives to ensure that owners are aware, inspired and motivated to continuously improve their properties. If work needs to be done on the properties, it is carried out by local, usually family-run contractors and artisans. They use locally sourced materials, employ traditional techniques and wherever they can make environmentally friendly choices such as installing solar panels.



Their Experiences

Beyond villa rental, The Thinking Traveller's expert and local teams curate experiences that make their guests' trips unforgettable. These are steeped in local culture and environment which in turns invests back into the communities and protects them. Often the food cooked by chefs is grown in the villa gardens and the wine from vineyards in the region. They are partnered with The Conservation Collective who work to protect the environment in their destinations, restore natural habitats and safeguard against climate change.



Their Business

Internally, The Thinking Traveller works just as hard to minimise their impact. They measure and monitor their carbon emissions per FTE and are working to reduce. Their London headquarters is zero waste to landfill, and they have numerous sustainable initiatives for the office. They run regular surveys and engagements with the team to help improve wellbeing but also take suggestions for improvements to both the business and sustainable practices. Employees are encouraged to volunteer and to support both on-the-ground regional and national sustainability initiatives.



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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