

# Creating a network effect





ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT 2021

# Creating a network effect

A Message from our CEO

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“The core of what we do is investing capital around a vision of a future.”

**Dear Limited Partners and other stakeholders,**

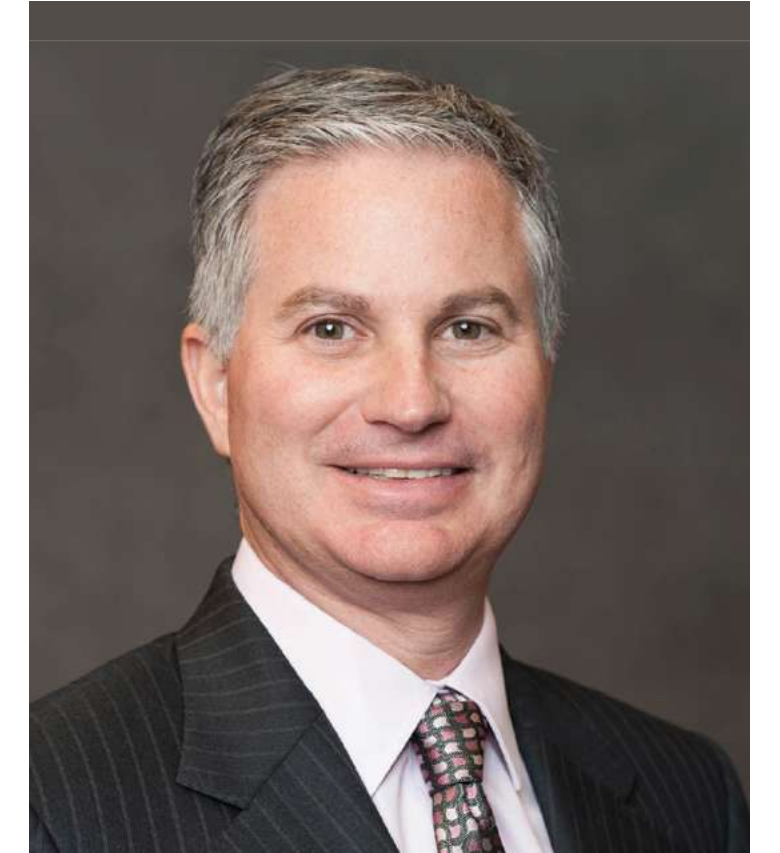
As growth investors, we are constantly developing hypotheses about how the world might change and refining them over time. The core of what we do is investing capital around a vision of a future. As the world emerges from the devastation wrought by COVID-19, we have a unique opportunity to revisit our beliefs about what lies ahead. The pandemic transformed our daily lives and forced us to reimagine the way we work, the way we study, and the ways in which we interact with our colleagues, friends, and family. How lasting those changes are and how they will reshape our world are questions that are front and center as we deploy capital to help build the businesses of the future. Without a doubt, it reinforces our core conviction that we must invest in and build companies with an eye on the long term.

This year's report offers you a snapshot of how we think about building a company for the long term. We aim to give you a sense of how we model risk beyond the core financial performance of a company to assess how stronger management of environmental, social, and governance risks can affect a company's success over time. That frame of mind is a critical component of how we have always invested, considering a wide range of factors that can deliver value and mitigate risk over time. That broader context is critical for a successful investment.

In a post-pandemic environment, we see an evolving set of compelling challenges that will require significant capital investment and create new investing opportunities. From the transition to a low carbon economy to greater financial inclusion to address inequities in our economy and a more resilient health care system, there are ample opportunities to invest in

ways that will build a stronger economy that works better for everyone. This report details how many of our portfolio companies are already meeting those challenges. And we share some examples of how we partner with those companies to share best practices and ensure that we put them in the best position to succeed.

Thank you for taking the time to read this report and for your interest in how we think about investing for the long term. We hope you find it a useful perspective on how Warburg Pincus operates in an environment that is rapidly evolving. The expectations of all stakeholders around ESG are rising, and we are committed to staying ahead of them. As investors, we will only succeed if we do.



A handwritten signature in blue ink, appearing to read 'Chip Kaye', written in a cursive, flowing style.

Chip Kaye  
*Chief Executive Officer*



# A snapshot of this year's progress

Our ESG program continues to be integrated into our operations and actions with our portfolio companies. In the past year, we have improved upon and expanded our efforts at the firm and in support of our portfolio companies.

Contributing to the responsible investment community, we:

Joined

ILPA Diversity in Action Initiative

in collaboration with GPs and LPs to further DE&I efforts in the industry

Newly partnered with

12

organizations focused on DE&I and ESG

On the firm level, we:

Held

10<sup>+</sup>

ESG educational briefings, including quarterly ESG Committee meetings, trainings for new hires, and sector-focused updates

Expanded overall charitable giving by

3x

and supported a significant program focused on gender equity and climate justice

For our portfolio companies, we:

Conducted briefings and engagements on ESG topics, reaching

130<sup>+</sup>

portfolio companies globally

Established tools to further DE&I initiatives including

a supplier diversity program and DE&I resource portal

Expanded our ESG toolkit in

cybersecurity, ESG strategy development, and greenhouse gas emissions management

Launched several initiatives aimed at

improving diversity, equity, and inclusion

at our firm and through our portfolio

Developed a

climate strategy

to address portfolio transition risk to a low carbon economy





## Goals for the year ahead

We aim to evolve and strengthen our program every year. Following are some goals we have planned for 2021 – 2022.

Enhance  
existing

processes

to further integrate  
ESG considerations  
during

diligence,  
ownership,  
and exit

Continue to develop portfolio  
company toolkits to improve on:

ESG and DE&I strategy  
development, climate  
and cybersecurity

Encourage

greater board  
governance

on a broad set of  
ESG topics







# Warburg Pincus in Brief

SECTION

1



# Using our network for positive change

Warburg Pincus is a leading global growth investor. Our goal is to create larger, durable, thriving businesses by making long-term investments, and our active portfolio of more than 205 companies is highly diversified by stage, sector, and geography. Since 1966, Warburg Pincus has partnered with management teams, activating an experienced network to support accelerated growth and empower companies

to shape their own pathways to success. We believe our approach not only creates value for our limited partners and portfolio companies, but it also results in stronger businesses, more organic job growth, and, in turn, more stable economies and communities. Warburg Pincus is committed to environmental sustainability, social responsibility, and effective corporate governance.

\$64<sup>+</sup>

billion AUM

We have invested over \$94 billion in companies since the firm’s inception.

*As of June 30, 2021. AUM includes uncalled capital.*

940<sup>+</sup>

companies

Warburg Pincus has invested in hundreds of companies in more than 40 countries, along the spectrum of maturity from startup to late stage.

14

global offices

Our global network of professionals works collectively across geographies and sectors to ensure that the right people with the right experience are available to every entrepreneur and every business.

55

years

Founded in 1966, Warburg Pincus is one of the longest tenured private partnerships focused on growth investing around the world.



PORTFOLIO OVERVIEW

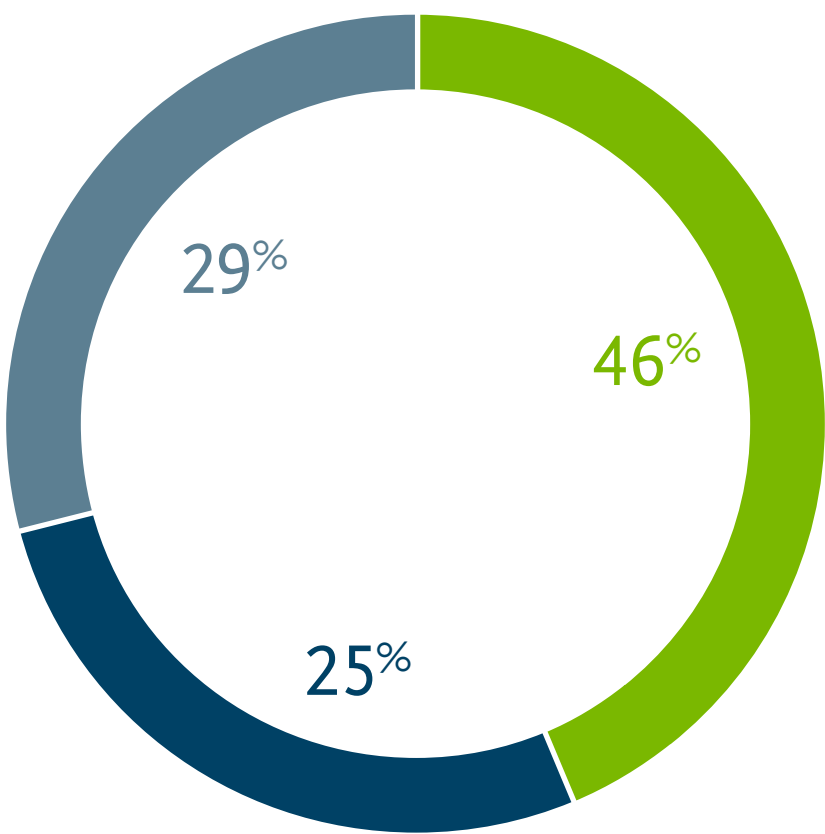
# Creating a ripple effect across industry sectors, geographies, and company life stages

Warburg Pincus applies a thesis-driven approach to a diverse portfolio. Taking a long-term perspective, we invest in businesses at all stages of development, from founding start-ups and supporting growth in new and developing companies, to leading complex recapitalizations or large-scale buy-outs of more mature businesses. We provide them with supportive resources and tools that help them grow along the way and navigate the pressing issues of our time.

Our investing professionals are organized into sector groups and possess deep domain expertise, which includes a full understanding of their sector’s specific products, services, technologies, and market trends. This extensive sector knowledge, tailored to the local context as well as global trends, distinguishes Warburg Pincus as a preferred partner for executives and entrepreneurs.

## Using a Thesis-Driven Approach

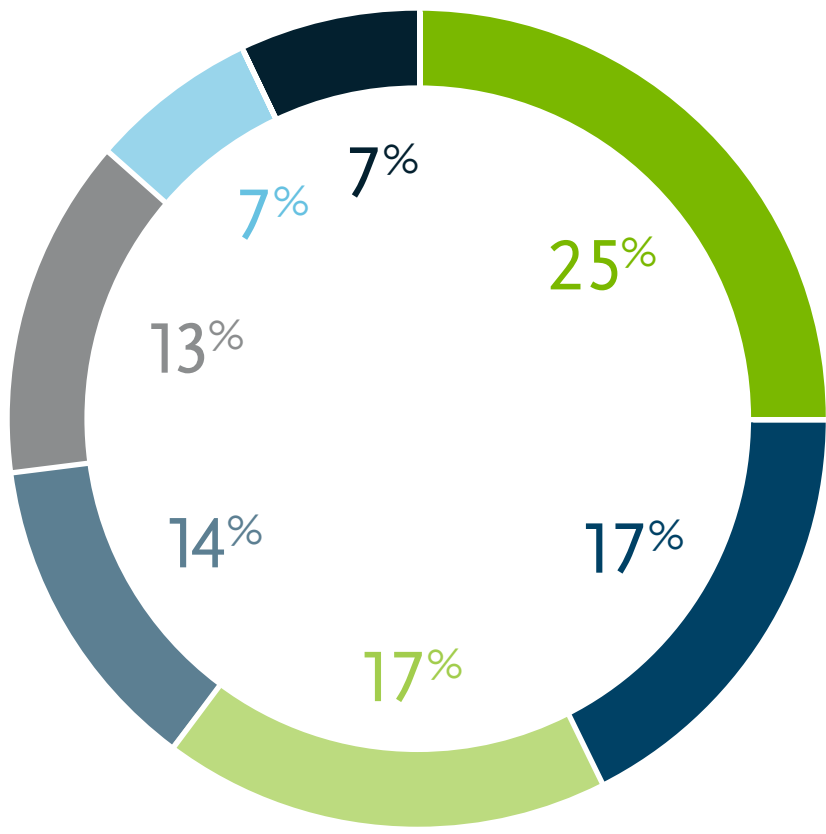
- 1. Develop a thesis that draws upon the firm’s experience and expertise.
- 2. Form a strategic view on the future of a particular industry or sub-sector and an actionable plan for value creation.
- 3. Identify the platform and management team to pursue and execute the thesis.



### BY STAGE

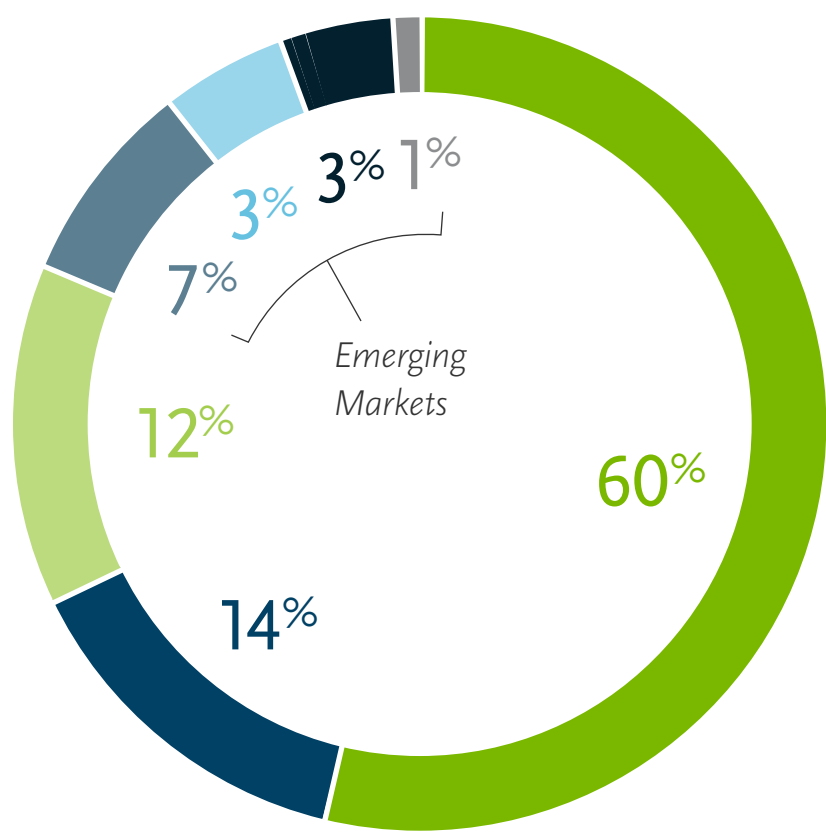
- Growth Capital
- Early Stage
- Late Stage

*All locations are based on total cost of invested capital for each stage, sector, and geographic region (excludes committed but undrawn lines of equity). Although Warburg Pincus seeks to construct a diverse portfolio of companies in WP XII, the fund has no specific allocation requirements in this regard, other than certain broad concentration guidelines.*



### BY SECTOR

- Technology
- Energy
- Industrial & Business Services
- Financial Services
- Healthcare
- Consumer
- Real Estate



### BY GEOGRAPHY

- North America
- China
- Europe
- India
- Southeast Asia
- Other Emerging Markets  
*Includes Brazil, Israel, Poland, and Nigeria.*
- Other Asia

Chart data as of June 30, 2021.



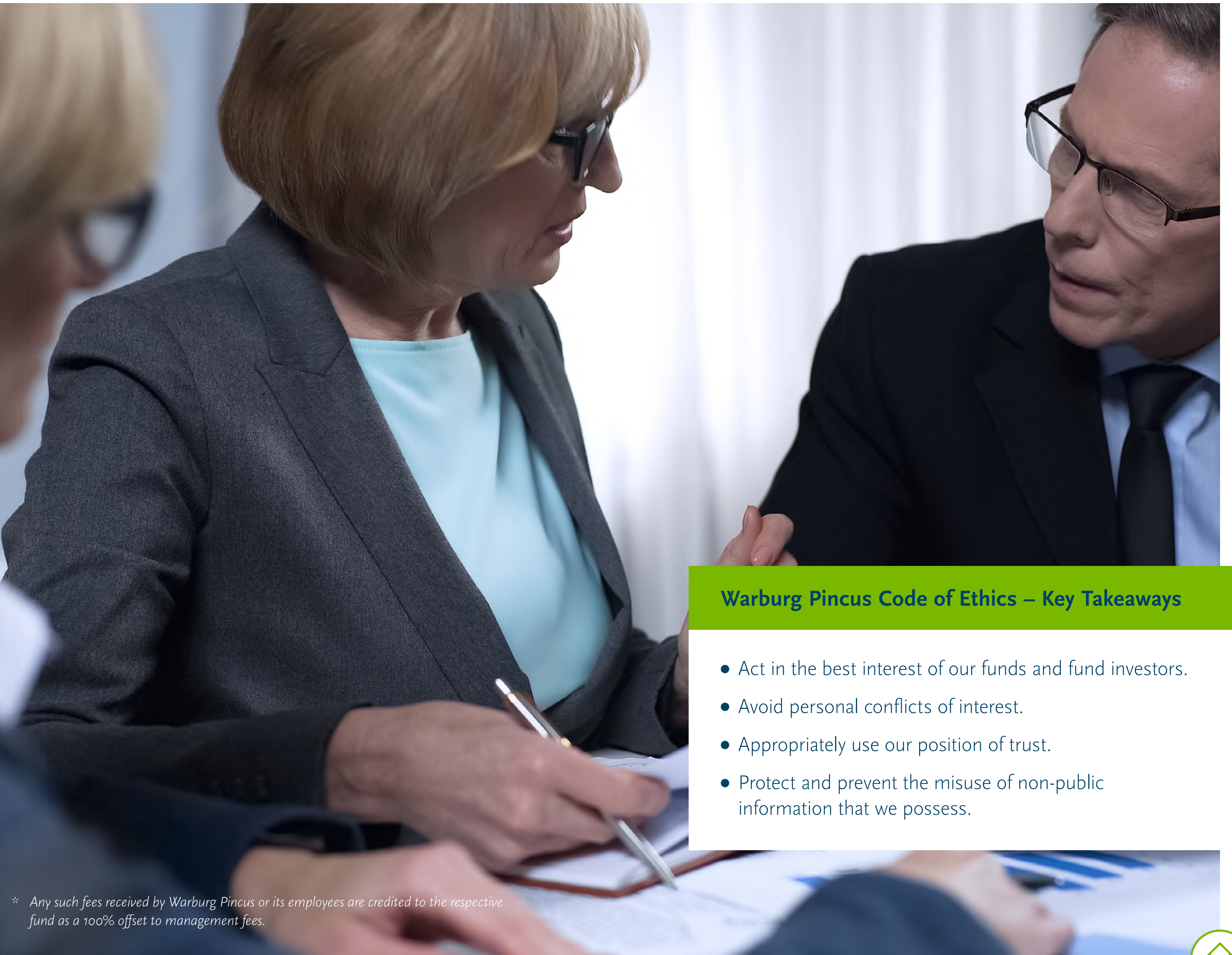


## Continually striving for the highest level of integrity and ethical standards

Warburg Pincus has a rigorous Code of Ethics, Compliance Manual, Personal Trading Policy, and an Oversight Committee to assist with internal policies and procedures relating to compliance matters. Our governance practices include:

- Conducting annual training programs and testing to ensure that all employees are equipped to comply with our Code of Ethics and other policies, including anti-bribery regulations.
- Investing our own capital alongside our investors.
- Not taking any deal, advisory, board, or monitoring fees.\*
- Holding seats on the boards of the vast majority of our portfolio companies and encouraging best practices in their corporate governance.

We believe effective governance is essential to growth and success. That's why we provide similar frameworks and processes to our portfolio companies, which they can adapt to their own operations and cultures.



### Warburg Pincus Code of Ethics – Key Takeaways

- Act in the best interest of our funds and fund investors.
- Avoid personal conflicts of interest.
- Appropriately use our position of trust.
- Protect and prevent the misuse of non-public information that we possess.

\* Any such fees received by Warburg Pincus or its employees are credited to the respective fund as a 100% offset to management fees.







# Our ESG Policy & Program

SECTION

# 2



# Enhancing risk management and value creation

Warburg Pincus established its environmental, social, and governance (ESG) program in 2014 and remains committed to responsible investing. We believe that integrating ESG factors into investment analysis can provide a wider lens on risks and opportunities of potential investments. Meanwhile, the increasing focus on sustainability among the customers, employees, and communities of our portfolio companies presents opportunity for value creation.

To support our deal teams and portfolio companies, we have developed a set of robust internal policies and best practices, ESG expertise, and senior level oversight to set the overall strategy and integrate ESG effectively throughout the investment process. Our program continuously evolves as the attention to and scope of ESG continues to expand.

## Warburg Pincus ESG Policy

Our ESG policy incorporates the American Investment Council's (AIC) Guidelines for Responsible Investment. These guidelines were developed by taking into account elements of the United Nations' Principles for Responsible Investment and the United Nations Global Compact. We updated our ESG Policy this year, and continue to adopt the AIC Guidelines. As such, we seek to:

1. Consider relevant environmental, public health, safety, and social issues when evaluating whether to invest in a particular company or entity, as well as during the period of ownership.
2. Be accessible to, and engage with, relevant stakeholders either directly or through representatives of portfolio companies, as appropriate.
3. Grow and improve the companies in which the firm invests for long-term sustainability and to benefit multiple stakeholders, including with respect to environmental,

social, and governance issues. To that end, the firm will work through appropriate governance structures (e.g. board of directors) with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimizing adverse impacts in these areas.

4. Encourage governance structures that provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest, and implement compensation and other policies that align the interests of owners and management.
5. Comply with applicable national, state, and local labor laws in the countries in which the firm invests; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, respect the rights of employees to join labor or employee organizations and/or

engage in collective bargaining.

6. Maintain strict policies that prohibit bribery and other improper payments to public officials consistent with the US Foreign Corrupt Practices Act, similar anti-corruption laws in other countries, and the OECD Anti-Bribery Convention.
7. Respect the human rights of those affected by the firm's investment activities and seek to confirm that the firm's investments do not flow to companies that utilize child or forced labor or maintain discriminatory policies.
8. Provide timely information to the firm's limited partners on the material matters addressed herein, and work to foster transparency about the firm's activities.
9. Encourage our portfolio companies to advance these same principles in a way that is consistent with their fiduciary duties.



**Click to read Warburg Pincus's unabridged ESG Policy**



# Integrating ESG into the investment lifecycle

At Warburg Pincus, we integrate ESG factors throughout the term of the investment relationship, both to mitigate risk and enhance value. They are included in the criteria we use to evaluate companies we are considering for investment. Once we’ve taken an ownership stake, we then provide a variety of resources to support them in their efforts to integrate ESG best practices into their operations.

Additionally, we influence ESG practices through our seats on their boards. We are seeing more portfolio companies focus on their ESG efforts upon exit as the appetite for ESG information grows among public and private markets alike.

## Value Creation Interlock

Value Creation Interlock (VCI) is a process the firm has created to catalyze growth initiatives and leverage investment support and operational resources. Management-led and portfolio-driven, VCI is focused on identifying and prioritizing the key areas where Warburg Pincus’s capabilities and network can be brought to bear. Examples of VCI workstreams include business process optimization, managed services offerings, and go-to-market optimization. ESG considerations are an increasingly important aspect of these conversations. Consistent with the firm’s culture of alignment with its investors and management partners, the services provided by Warburg Pincus employees are offered without charge to portfolio companies.



### Due Diligence

- **Identification of material ESG risks.** The widening landscape of ESG issues requires a perspective on past, current, and potential future areas of operational, regulatory, and reputational risks. We leverage our internal ESG due diligence guides as well as external partners, such as the Sustainability Accounting Standards Board (SASB), Business for Social Responsibility (BSR), and others, to inform our understanding of ESG risks relevant to each industry.
- **Due diligence ESG support.** Certain investment opportunities involve a higher level of ESG risk due to industry sector, location, or reputational concerns—including health and safety, human rights, and environmental factors—and increasingly, climate risks. For those, a deeper level of local and sector expertise is needed. Our deal teams regularly engage external experts during due diligence to perform a deep-dive on specific ESG considerations to understand a fuller picture of risks and opportunities.
- **ESG section in the investment memo.** In order to document findings and illustrate a complete view of an investment’s risks and opportunities, deal teams include an ESG section in each investment memo.
- **Sourcing investment opportunities with impact.** Market trends such as the low carbon energy transition and the growth of supply chain regulations and cybersecurity threats offer opportunities for our deal teams to consider potential investments with embedded broader societal impact.



### Ownership

- **Investment monitoring.** Deal teams engage with portfolio companies through board seats and help address ESG issues as they arise. As our portfolio scales, we also use technology tools to monitor portfolio company reputational risk events.
- **Education and Engagement.** Our ESG team has built education tools and engages on a one-on-one basis to advise and channel appropriate external resources to those companies wishing to further develop efforts.
- **Data collection.** Warburg Pincus regularly collects data on several topics from our portfolio companies as a way to monitor and engage with them on ESG issues and practices, including:



**Environmental health and safety (EHS) policies and procedures**



**Social responsibility initiatives**



**Cybersecurity/data privacy policies**



**Diversity, equity, and inclusion**



**Reporting on ESG to the board**



**Environmental initiatives**



**Sustainability reporting**



# Supporting our companies in ESG best practices

We work collaboratively with portfolio company leadership to meet them wherever they are in their ESG journey, and provide resources and support that best fit their business strategy and culture.

## Webinars and Briefings on ESG topics

- Warburg Pincus periodically convenes portfolio company management in person in order to encourage greater support, education on topics of interest, and collaboration among companies. During these gatherings, our ESG team updates senior executives on the latest trends in responsible business and sustainability.
- We also host teleconferences with our portfolio companies on environmental and

sustainability issues. These teleconferences provide companies with a forum to share best practices on ESG issues and discuss topics ranging from starting a sustainability program to learning how to analyze and approach energy efficiency projects. We often engage our collaborative partners and outside speakers to share their insights.

- In the last year, we hosted webinars in collaboration with leading industry experts on topics such as the business

case for diversity, supplier diversity, and cybersecurity. We also engaged public health and human capital experts to provide briefings on health and safety concerns for employees during the COVID-19 crisis.

## Sustainability Strategy and ESG Reporting

Portfolio companies are getting more questions from various stakeholders—customers, supply chain partners, lenders, regulators—on their environmental footprint, sustainability strategy, and ESG

reporting. We have developed several tools to help companies understand how to design and report on meaningful sustainability strategies that align with their business goals.

- Development of ESG materiality analyses, metrics, and reporting
- Guidance and support on carbon footprinting
- Opportunities for resource efficiency projects
- Green IT and green purchasing



In early 2021, Warburg Pincus hosted an ESG workshop themed ‘ESG value and strategy’ for Chinese portfolio company executives.







**Diversity, Equity, and Inclusion (DE&I) Resources**

We believe that diversity, in the context of an equitable and inclusive corporate culture, can drive material value for the firm by bringing an array of perspectives and insights to decision making and by creating an environment in which colleagues thrive. Our ESG team, in partnership with our Council for DE&I and Leadership Development/Organizational Effectiveness and Shared Services teams, has developed resources to support DE&I initiatives within the firm and at our portfolio companies.

**Portfolio Company Board Diversity**

Warburg Pincus has partnered with LCDA, BDAA, Him For Her, and Above Board to expand pipelines of diverse candidates.

We have also partnered with and sponsored a number of organizations that expand our network and increase our access to under-represented groups of candidates for portfolio board of director and c-level executive searches:

- **Latino Corporate Directors Association (LCDA)** is a community of US Latino corporate leaders with the mission to develop, support, and increase the number of US Latinos on corporate boards.
- **Board Diversity Action Alliance (BDAA)** is a partnership between Ursula Burns, Gabrielle Sulzberger, and BDAA’s founding partners The Ford Foundation, Teneo, and The Executive Leadership Council. Its mission is to help increase the representation of racially and ethnically diverse

directors on corporate boards of directors, beginning with Black directors.

- **Him For Her** is a social impact venture aimed at accelerating gender diversity on corporate boards. To bridge the network gap responsible for the sparsity of women in the boardroom, Him For Her engages business luminaries to connect the world’s most talented “Hers” to board service.
- **Above Board** is an inclusive platform for executive hiring that connects diverse candidates directly to opportunities at leading companies.





DE&I Microsite

In 2021, Warburg Pincus launched a resource hub for portfolio company talent leaders to get access to best practices, templates, trainings, and other resources to develop and evolve diversity programs.

Supplier Diversity Program

We recognize that procurement spend can have a scalable impact and influence environmental and social outcomes. For many years, through our green purchasing program, we have increased our portfolio companies' access to

suppliers that use sustainable practices in their internal operations and that provide environmentally friendly products and services. This year, we added the support of supplier diversity programs. Diverse suppliers include companies that are: minority-owned (MBE), women-owned (WBE), veteran-owned (VBE), LGBTQ+-owned (LGBTQBE), service-disabled veteran-owned (SDVBE), located in historically underutilized business zones (HUB Zones), and small businesses.

The resources we developed to support supplier diversity both in our portfolio companies and in our firm include:

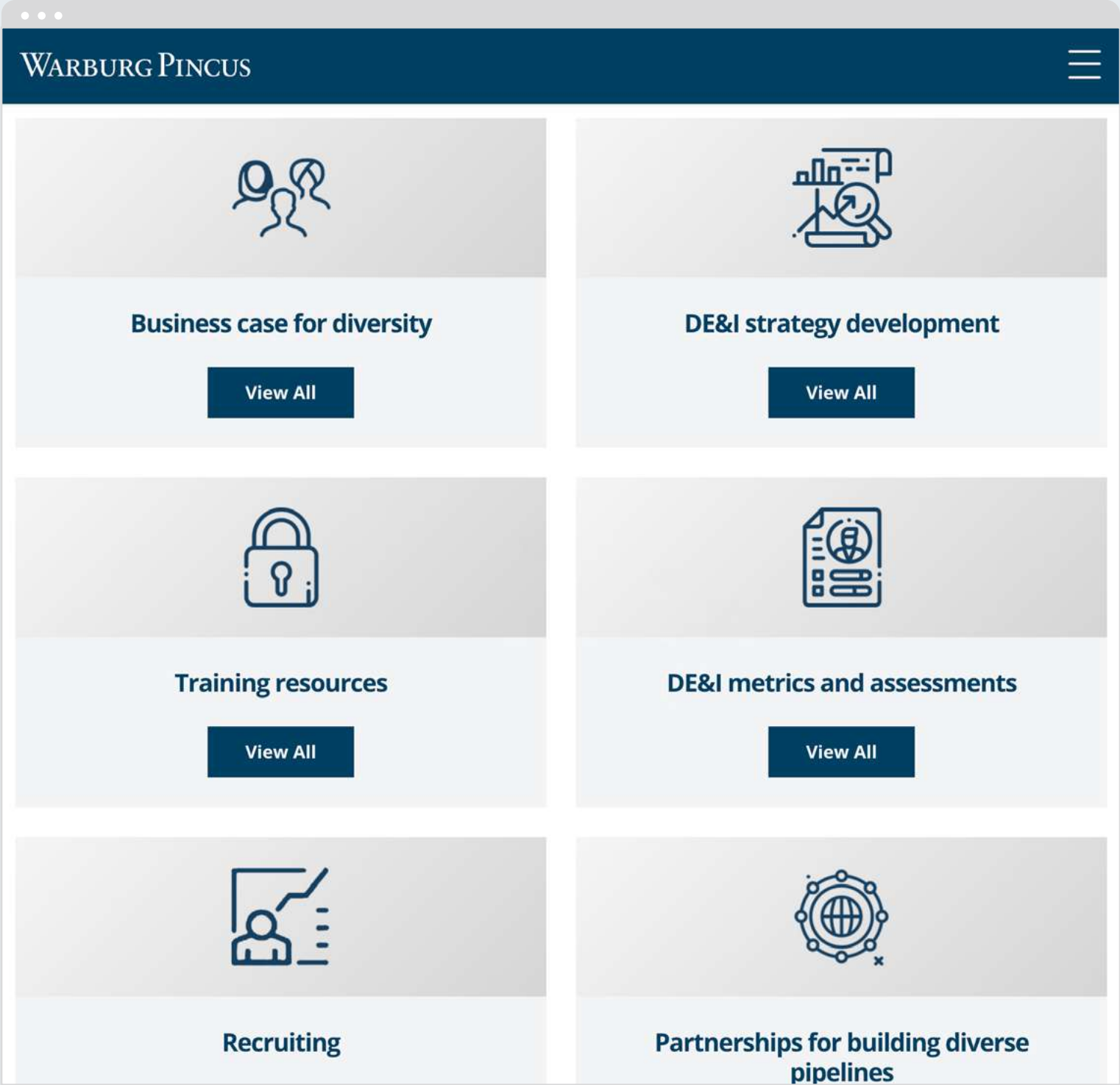
- A supplier diversity guide and a procurement guide outlining best practices in setting up a procurement program and other key elements necessary to build a substantive and sustainable supplier diversity program aligned with a company's strategic objectives.
- Data enrichment to provide visibility of portfolio company spend with diverse suppliers.
- Database tools and networks to source diverse suppliers.
- A Supplier Diversity Council, a forum for portfolio company leaders engaged on this topic to share ideas.

“Our program increases our portfolio companies’ visibility into their procurement spend with diversely-owned suppliers and the tools to build successful and substantive supplier diversity programs.”





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### Cybersecurity

Cyber attacks and their implications for data security and privacy are material ESG risks, particularly for companies using personally identifiable information (PII) and protected health information (PHI). Warburg Pincus's ESG team has partnered with our Digital Strategy and Innovation (DSI) team to roll out a cybersecurity assessment program for our portfolio companies. Through engagements with third-party experts, our portfolio companies are getting a better view into their cybersecurity posture and implications for ongoing data privacy regulation. Cybersecurity-focused companies currently or previously in our portfolio such as BitSight, eSentire, CrowdStrike, Cyren, and Contrast Security provide much-needed support to companies on various aspects of this issue—inside and outside of our portfolio.

### In-depth, One-on-one ESG Engagement

Since our portfolio companies span a range of sizes and stages, we find it is important to meet companies where they are in their sustainability journeys in order to be the most effective in helping them develop authentic and lasting programs. This year, we engaged directly with more than 15 companies on a variety of ESG-related topics, including DE&I strategy, building a sustainability program, carbon footprinting, and ESG-related product development.

### Additional ESG Resources We Provide:

- Training for incoming analysts, associates, and vice presidents on our ESG program
- ESG reference guides and periodic trainings to investment professionals and teams around the firm
- Sector-focused ESG due-diligence guidelines
- ESG toolkit for portfolio companies
- Board of directors training session for current and future board members from our firm
- Memorandum on essential qualities of a good corporate board of directors and how a board can best work with management on key issues
- Best practices for corporate governance geared to early-stage US portfolio companies with guidance on timelines and program development
- Guidance on:
  - Anti-Bribery and Anti-Corruption Laws
  - US Sanctions and Export Control Laws and Regulations
  - Cybersecurity
  - Data privacy regulation (e.g. EU General Data Protection Regulation)
  - Workplace Values
  - Sexual Harassment Policies
  - Business Continuity and Crisis Management





# Giving ESG the organizational attention and structure it deserves

Our commitment to and value of environmental sustainability, social responsibility, and corporate governance is evident in where the practice resides within our organization—and how deeply it is interwoven throughout our network.

Our ESG program is part of our Global Public Policy and Political Risk group, and is overseen by Steven Glenn, the firm’s Chief Financial Officer and Chief Operating Officer. It is one of six service areas that make up our Investment Support Group (ISG).



**Richard L. “Jake” Siewert, Jr.**  
Managing Director  
Head of Global Public Policy & Political Risk



**Leela Ramnath**  
Director  
Environmental, Social, and Governance

## ESG Strategy Development & Governance

The Warburg Pincus ESG Committee meets quarterly to discuss and review our internal activities and those of our portfolio companies. It formulates the firm’s strategic approach to ESG issues, including setting priorities and engaging the firm’s investment teams to promote our ESG strategy. Members of the Committee seek out opportunities to enhance their own knowledge and familiarity with ESG issues by attending conferences, holding meetings with investors and management teams, and reviewing written materials. Our ESG Committee is composed of professionals from across the firm, including investment professionals representing each of the geographies and sectors in which we invest, and members of our key support functions.



# Building an external support network to make our ESG practice stronger

To enhance our expertise and resources in addressing ESG issues, we actively engage with industry organizations, sustainability consultants, and policy experts.

**Membership in and partnerships with leading ESG organizations** provide important subject matter expertise on sustainability frameworks and trends.



**Founding membership and leadership positions in venture capital and private equity industry networks** give us access to ESG best practices as well as the opportunity to shape the conversation.



**Participation in DE&I groups** expand our access to diverse pipelines of talent for portfolio company boards and management teams and collaboration in our industry.



**Collaboration with think tanks and nonprofits** provide important foreign policy contexts for operating businesses globally.



\* New this year.





# Our ESG Integration in Action

# 3

SECTION



# Focusing on climate

Climate change is one of the most important challenges of our time. We can already see its impact on our planet, ecosystems, and communities, and this will only continue to grow in the future if human beings continue on the current path. As investors, Warburg Pincus is taking a closer look at the risks and opportunities in our business posed by both the transition to the low carbon economy and increased physical risks from climate change. As we develop our climate strategy, we are using the Task Force on Climate-Related Financial Disclosures (TCFD) framework as a guide.

- Governance: Oversight through the firm’s ESG Committee
- Strategy: Evaluation of transition risk
- Risk Management: Enhanced monitoring through board seats
- Metrics & Targets: Initiated portfolio carbon footprinting

## Top-down, bottom-up strategy

As a first step to evaluate the climate risk in our portfolio, we took a top-down approach to understand which companies in our portfolio might be most exposed to transition risk. We partnered with ISS ESG, a provider of climate data, analytics, and advisory services, to estimate the greenhouse gas (GHG) emissions of the companies in our portfolio to quantify our financed emissions. We used this analysis to understand the hot spots in our portfolio, identifying the most carbon-intensive businesses based on data. Through this analysis, we estimated ~74% of the portfolio’s emissions (scope I and II) were from our energy sector investments.

After identifying the businesses with the highest estimated emissions, we focused on those companies as a starting point to engage bottom-up data collection efforts and enhanced oversight through our board seats. For our energy-focused investments, we

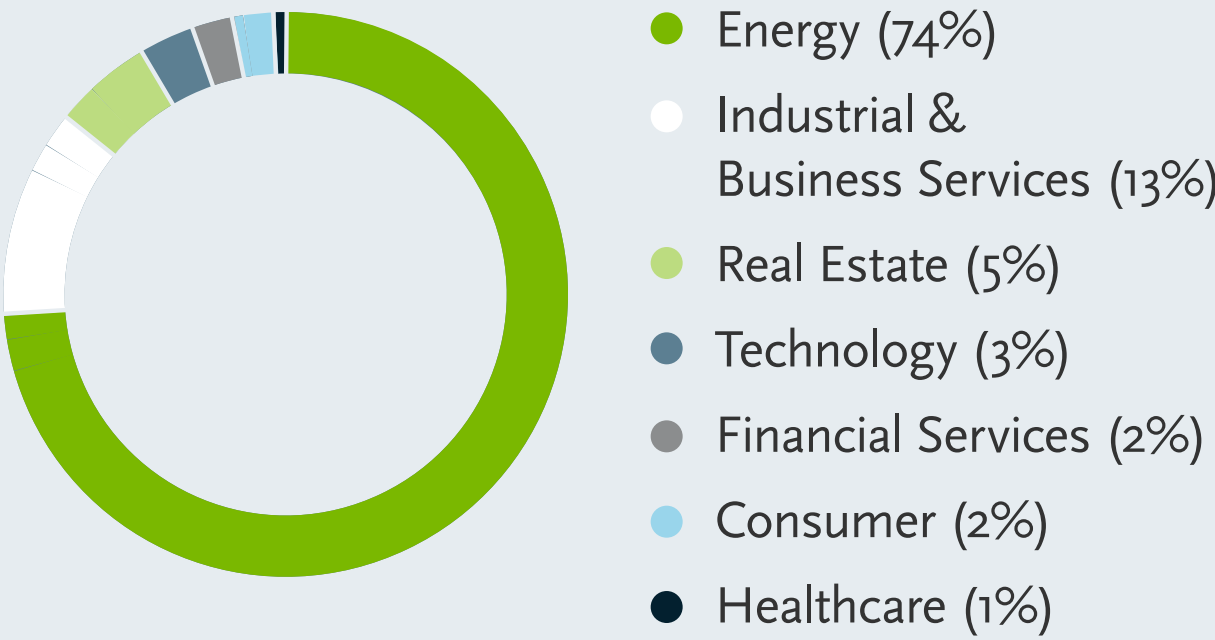
formed an internal task force to build upon existing ESG efforts with a focus on measurement to create a baseline of SASB-aligned metrics such as GHG emissions, methane intensity, flaring intensity, and water use. We are supporting the work of our portfolio companies, who are engaging with external partners, to develop best practices and introduce technologies that can reduce emissions, with a particular focus on methane management.

## Strategic shift to energy transition investments

This past year, we also announced a pivot away from hydrocarbon-related investments and toward companies that will benefit from the transition to a low-carbon economy—a shift that builds upon our experience investing in renewables and energy transition investments for the past two decades. This includes opportunities such as microgrids, carbon capture and improved industrial processes.



## ESTIMATED SECTOR CONTRIBUTIONS TO WARBURG PINCUS’S FINANCED EMISSIONS\*



\* Estimates of Scope 1 and 2 emissions based on ISS ESG methodology applied to 12/31/2020 holdings





# Financing for grid resilience and reliability



United States 

**Scale Microgrid Solutions** is a vertically integrated distributed energy platform, with a core focus of designing, building, financing, owning, and operating cutting-edge distributed energy assets. It accelerates growth in distributed energy projects by providing financing to technology providers, energy developers, and OEMs, while also directly helping large energy-consuming facilities

be more resilient, reliable, and environmentally friendly. Scale's modular microgrid technology typically uses a combination of photovoltaic solar panels, lithium ion batteries, and dispatchable generators. With quick deployment times, the company's Rapid Response Modular Microgrids (R2M2) offer a clean, resilient, economical solution that is particularly beneficial in areas

with a high risk of extreme weather events. The company has successfully deployed its technology across several industries. A recent project includes Fifth Season Fresh, an indoor vertical farm, which is projected to reduce its emissions by more than 470,000 pounds in carbon dioxide per year—equivalent to removing approximately 40 passenger vehicles from the road.



## Scale's National Footprint



- City School System: 3 sites with 5.5 MWh Battery Storage System
- Water Utility: 1,000 kWh Battery Storage System
- Steel Manufacturer: Completely off-grid, details announced soon
- Food Manufacturer: Off-Grid. 1195 kW CHP, 900 kW Standby
- City in CT: 795 kW CHP
- Indoor Ag Facility: 150 kW PV, 200 kW Battery, 815 kW Standby
- Indoor Ag Facility: 160kW PV, 200 kW Battery, 1200 kW Standby
- University: 2400 kW Community Solar, 3 MW CHP, 500 kW Battery





# Greening industrial processes

**MONOLITH**

United States 

As industry and governments worldwide discover that renewable energy and battery storage will only achieve roughly 50% of their decarbonization goals, they are turning to green hydrogen to fill the gap. With the successful completion and commissioning of its OC1 facility in 2020, **Monolith** made the commercial-scale methane pyrolysis process a reality. Doing so has shown the world a green hydrogen production alternative to electrolysis that is equally

carbon-free but more cost-effective. What's more, Monolith is currently exploring the use of renewable natural gas (RNG), also known as biogas, in its process. As the infrastructure to collect and distribute RNG/biogas evolves, Monolith's process will develop with it, allowing for future carbon-negative green hydrogen production. In the past year, Monolith has positioned itself (and will continue to) as an emerging global leader in green hydrogen production,

providing an alternative that may aid in the acceleration of the rate at which many countries will reach their 2050 decarbonization targets.

In addition to its green hydrogen opportunities, Monolith remains committed to making high-value, cleanly made carbon black. This allows the company to further differentiate itself as not simply sequestering its carbon for disposal but also using it to further its mission of environmental transformation across multiple industries.



Companies around our portfolio continue to improve their environmental footprints:



**Gojek** (Asia) announced a 2030 sustainability pledge to zero emissions and zero waste.



**Pregis** (US) joined The Climate Pledge, a commitment to be net-zero carbon by 2040.



**Princeton Digital Group** (Asia) developed a four-pillar program that applies sustainability considerations including certifications, advanced technology, energy efficiency, and renewables to data center design, construction, operations, and investment.



**IONOS** (Europe) data centers in Germany, the UK, and its largest data center in the US all run on 100% renewable energy.





# Improving financial inclusion



United States 

**Varo**, a mission-driven digital bank, is combatting wealth inequality through affordable all-digital premium banking services. Varo is designed for the tens of millions of Americans left behind by traditional banks, marrying the affordability and convenience of a fintech app with the services of a traditional bank. The company removes common barriers to entry, offering bank accounts with no credit check, no monthly minimum balance requirements, and no overdraft fees. Varo also offers savings accounts designed to encourage and

reward saving behaviors, with easy auto-savings tools and an interest rate of up to 3.0% APY. The COVID-19 pandemic made Varo's mission even more relevant, with 77% of its customers dipping into their emergency savings, and many qualifying direct-deposit customers using Varo's free and low-cost cash advances. In 2021, Varo launched "A Bank for All of Us," a campaign that reinforces the company's commitment to the democratization of banking services with a particular focus on inclusion for communities of color.

During the  
COVID-19  
pandemic

77%

of Varo's customers  
dipped into their  
emergency savings.





# Empowering women entrepreneurs



India 

**Fusion Microfinance** is a microfinance company in India, with a network of more than 725 branches across 18 states, serving approximately 2.1 million customers. The company provides small-ticket loans (\$450 on average) to women in rural and semi-rural India to finance microbusinesses. Since these borrowers typically lack the credit histories or collateral required for traditional bank loans, microfinance loans are offered through a group-lending model. Women form groups and guarantee each other's loans, allowing borrowers to leverage their

social and community networks. This allows the women to borrow at interest rates that are much lower than the other informal sources. The company has organized financial literacy programs designed to educate clients on topics such as household budgeting, saving, debt management, and investment. Supporting the Digital India Initiative, Fusion conducted a digital literacy program to introduce cashless payments, including digital payments, linking the Aadhar card (Indian citizen ID card) to phone and bank accounts, and debit and credit card use.

Fusion  
Microfinance  
serves

2.1

million  
customers.





# Providing online education to rural areas



China 

**Aixuexi Education Group** is a K-12 education services platform that aims to instill a love of learning in every child. The company operates in the primary to high school segment, offering unique courses in science, technology, engineering, arts, and math. Aixuexi spans 31 regions and has over 25 million students. Aixuexi is committed to the development of smart learning, and set up an artificial intelligence lab with specialists from top Chinese universities (including Tsinghua University, Peking University, and the

Chinese Academy of Science) to increase research in this field. In 2020, the company launched a series of activities, including providing 1,500 free online courses to more than 25 million students nationwide by working with Youku and other online platforms. Through these partnerships, Aixuexi donated educational resources to students and schools in Yunan, Sichuan, Guizhou, Hunan, Tibet and other remote mountainous areas. Aixuexi also provided teachers in rural regions with online and offline training.

In 2020, Aixuexi Education Group provided free courses to more than

25

million students.





# Partnering to expand healthcare response



United States 

Throughout the COVID-19 pandemic, urgent care centers in the US struggled to manage patient volume and wait times. Urgent care clinics collectively account for up to 30% of all diagnostic testing for COVID-19 in the US, and clinics across the country recorded some of their highest volume numbers during the fall of 2020. **CityMD**, the leading urgent care provider in the New York metropolitan area, implemented **Experity's** virtual line system at each of

its 137 locations for patients requesting COVID-19 diagnostic testing. As demand for testing remained high through the fall and winter months, Experity's suite of patient engagement solutions empowered CityMD urgent care centers with virtual registration capability, automated appointment notifications and text communication that increased operations and patient throughput.

Urgent care clinics account for up to

25%

of all diagnostic COVID-19 testing in the US





# Protecting businesses from cyber attacks



Data security is an ever-increasing global concern, and **eSentire** is helping to advance cybersecurity and protect the data of consumers and companies around the world. eSentire is the authority in managed detection and response (MDR), protecting the critical data and applications of 1000+ organizations in 70+ countries from known and unknown cyber threats. Founded in

2001, the company's mission is to hunt, investigate, and stop cyber threats before they become business-disrupting events. Combining cutting-edge machine learning XDR technology, 24/7 threat hunting, and proven security operations leadership, eSentire helps to mitigate business risk and enables security at scale. With eSentire's team-based solution, enterprise clients are protected by the best in the

business, with a named cyber risk advisor, 24/7 access to SOC cyber analysts and elite threat hunters, and industry-leading threat intelligence research from eSentire's threat response unit (TRU). Protecting more than \$6.5 trillion in corporate assets, eSentire provides managed risk, managed detection and response and incident response services.

```
139         title="Fo
140         target=""
141         rel="noo
142         href={tra
143     }
144     Instagram
145     </a>
146 </li>
147 </ul>
148 </div>
149 );
150 }
151
152 renderWhatsNewLinks() {
153     return (
154         <div className={styles
155             <h4 className={styl
156             <ul className={cla
157                 {this.renderWha
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165             </ul>
166         </div>
167     );
168 }
169
170 renderWhatsNewItem(title, url)
171     return (
172         <li className={styles.footer
173             <a
174                 href={trackUrl(url)}
175                 target="_blank"
176                 rel="noopener noreferrer"
177             >
178                 {title}
179             </a>
180         </li>
181     );
182 }
183
184 renderFooterSub() {
185     return (
186         <div className={styles.footerSub}>
187             <Link to="/" title="Home - Unsplas
188             <Icon
189                 type="logo"
190                 className={styles.footerSubLogo}
191             />
192             </Link>
193             <span className={styles.footerSlogan}>
194         </div>
195     );
196 }
197
198 render() {
199     return (
200         <footer className={styles.footerGlobal}>
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203                 {this.renderFooterSub()}
204             </div>
205         </footer>
```





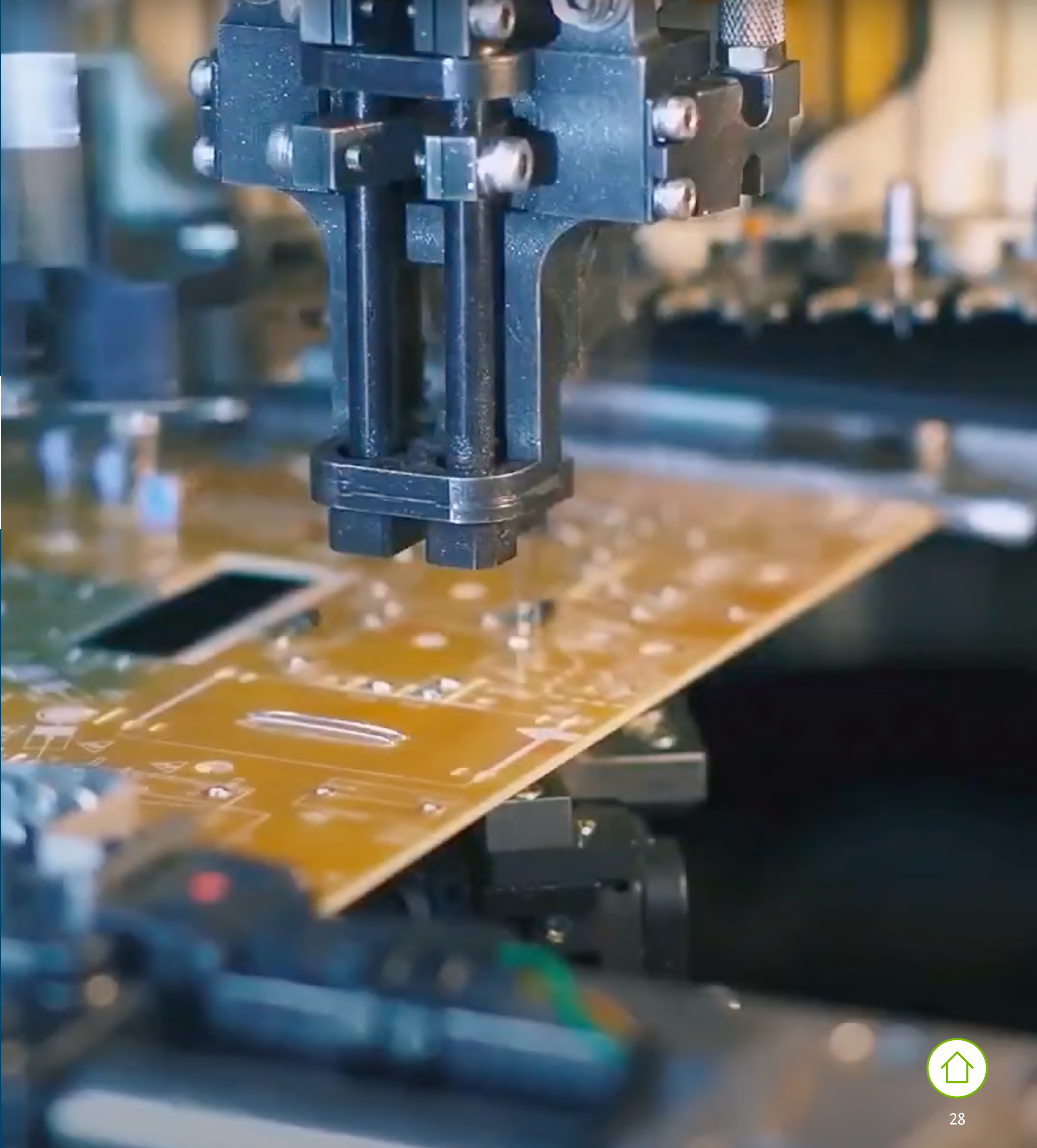
# Supporting supply chain transparency and regulatory compliance



**Assent Compliance** is a leading provider of supply chain data management solutions for enterprise-level companies around the world. The Assent Compliance Platform gives durable goods manufacturers transparency into their global supply chains, enabling them to balance profit with sustainability. The platform helps Assent's clients meet evolving regulatory requirements and reduce risk in the product

compliance, corporate social responsibility, and vendor management spaces. Seventy-seven percent of Assent's annual recurring revenue (ARR) is generated by programs that protect people and the planet. As part of its mission to model responsible corporate citizenship through their own operations, Assent strives to meet the United Nations Global Compact's Ten Principles and the Global

Reporting Initiative Core Criteria, and reports on them annually. Proactive focus on operations enables companies to pivot and respond to changes, and this has never been more true than in the last year. Beyond supporting their employees throughout the COVID-19 pandemic, Assent assisted its local communities through charitable work, medical supply donations, and more.





# Supporting businesses whose positive impact is built into their models

Some companies in Warburg Pincus’s portfolio drive societal impact as an intrinsic part of their business strategy. In the last few years, we have invested more than \$2 billion in such opportunities. Many of these companies address several of the United Nations Sustainable Development Goals as part of their business models. Here are a few highlighted.

See page 43 for disclaimer.

**3 GOOD HEALTH AND WELL-BEING**

**Alignment Healthcare (US)** is a mission-based Medicare Advantage insurance company.

**4 QUALITY EDUCATION**

**Zhangmen (China)** and **Aixuexi Education Group (China)** contribute to education access across China, including efforts to expand the platform to reach rural areas.

**5 GENDER EQUALITY**

**Fusion Microfinance (India)** provides small-ticket loans to exclusively female microentrepreneurs in rural India.

**7 AFFORDABLE AND CLEAN ENERGY**

**Mosaic (US)** provides financing solutions for residential solar.

**CleanMax Solar (India)** is advancing solar power for commercial and industrial (C&I) customers.

**Scale Microgrid Solutions (US)** is focused on delivering fully financed cleaner, cheaper and more reliable power solutions to C&I customers throughout North America.

**8 DECENT WORK AND ECONOMIC GROWTH**

**GO-JEK (Indonesia)** helps small businesses in Indonesia scale their operations.

**Rivigo (India)** is radically improving the lifestyles of truck drivers in India.

**10 REDUCED INEQUALITIES**

**Varo Money (US)** is advancing financial inclusion in the US.

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**

**Assent Compliance (Canada)** and **Fortius (UK)** provide technology tools to help companies manage supply chain risks.

**Monolith Materials (US)** is using innovative technology to responsibly produce industrial materials.





# Our People

# 4

SECTION



# Investing in our greatest asset: our employees

Warburg Pincus strives to attract, develop, and retain the best talent to support our differentiated investments and to build our portfolio companies into world-class organizations. We believe that creating a workplace that values and fosters equality and diversity is essential to achieving this goal and bringing creativity and innovative thought to our decision making.



### Equality in the Workplace

We are committed to a work environment in which all individuals are treated with respect and dignity, free of discrimination and harassment, including sexual harassment. We have a zero-tolerance policy against harassment of any kind toward any employee by another employee, partner, supervisor, business associate, customer, client, or guest of the firm.

It is our policy to ensure equal employment opportunity to all employees and applicants without regard to their race, color, creed, religion, national origin, alienage, ancestry, citizenship status, age, sex, physical or mental handicap or disability, marital status, sexual orientation, veteran status,

gender identity or expression (including transgender status), pregnancy, genetic information, or any other protected characteristic as defined by applicable federal, state, or local law in all personnel matters including, without limitation, recruiting and hiring, compensation, opportunities for advancement (including promotion and transfers), evaluation, training, discipline, and termination.

### Support for the Whole Person

We invest in our people and strive to promote their well-being and safety by offering opportunities for advancement, generous health benefits, robust wellness programs, and a comfortable and safe work environment.





# Renewing our commitment to diversity

Diversity of thought, experience, and background is an important component of differentiated decision making and creative investing. For the past decade, we have taken steps to address diversity. But we recognize there is much work to be done to have our industry, workforce and those of our portfolio companies look more like the societies in which we live and work. This past year has seen a doubling-down on our efforts to eventually achieve this goal.

## Warburg Pincus Council on Diversity, Equity & Inclusion

We formed the inaugural Warburg Pincus Council on Diversity, Equity & Inclusion to formalize our efforts and actively address issues of access and representation in our firm, in our business, and in our portfolio companies. The Council is co-led by our CEO and President, chaired by Harsha Marti, our

General Counsel, and comprises a diverse group of colleagues who span all levels of seniority, functional expertise, and tenure at the firm. Through this committee and related sub-committees, we have re-emphasized our commitment to diversity, equity, and inclusion through a number of targeted partnerships and initiatives, beginning in the US and Europe.

This year, we became a signatory to the ILPA Diversity in Action initiative and are committed to continuous improvement of our program—at our firm and through our portfolio and philanthropic activities.



In the past year, we expanded our employee training, recruiting partnerships, and inclusion networks to attract new pipelines of talent and foster a greater culture of diversity, equity, and inclusion. We have also provided resources to our portfolio companies to help them do the same.



DIVERSITY INITIATIVES *continued*

Women@Warburg

In 2015, we established the Women@Warburg Network. Currently led by two senior investing partners, Stephanie Geveda and Ellen Ng, this group holds periodic events for our more than 230 women professionals throughout the

year, and creates a forum where these women can discuss topics related to their profession, relevant firm and industry news, and long-term retention. The three pillars of focus for this network are developing, empowering, and connecting women professionals across the firm.



Developing

- Provide on-going training opportunities to the firm's women professionals
- Continuous opportunities for development throughout one's career at the firm



Empowering

- Empower, engage and advance women professionals
- Provide role models and sponsorship for the firm's women professionals
- Actively manage women colleague career progression



Connecting

- Increase opportunities to foster connectivity and collaboration for women professionals globally on a consistent basis
- Provide both internal and external networking opportunities for the firm's women professionals



*In October 2020, Women@Warburg held a panel discussion, *Speak with Credibility*, for the women in our China office. It was moderated by Anny Kwok, a senior vice president on our Human Capital team.*



*Women@Warburg hosted a conversation for our global professionals. Ann Barnes, CEO of Intelligent Medical Objects, and Nancy Ham, CEO of WebPT, led the discussion about careers, leadership, and DE&I in the workplace.*





DIVERSITY INITIATIVES *continued*

Partnerships for Greater Diversity

The firm supports and utilizes the following organizations that provide mentoring, training, and professional education to our diverse professionals, as well as access for the firm to potential candidates.

**Luminary** (formerly Declare) provides programming and events to professional women in the US who are interested in expanding their network outside of their own organization.

**Girls Who Invest** provides mentoring, coaching, and internships to college level women to expose them to

~50%

of our incoming analyst and associate classes are from under-represented groups.

investing as a career. Warburg Pincus has sponsored Girls Who Invest scholars as investment analyst interns.

**Out for Undergrad** (O4U) is a conference for LGBTQ+ undergraduates interested in careers of all kinds, including those in finance. Warburg Pincus is a platinum sponsor and employs several alums from this program.

**Out Investors:** This organization’s mission is to make the direct investing industry more inclusive for LGBTQ+ professionals by organizing industry-wide networking events, speaker series, and mentorship programs with chapters in New York, London, and San Francisco.

**Management Leadership for Tomorrow** (MLT): MLT’s leadership program provides networking, training and mentorship opportunities in finance to undergrads and banking analysts who are Black, Latinx, or Native American.

**Seizing Every Opportunity** (SEO) is a nonprofit organization focused on educational and career programs for young people from underserved communities. Warburg Pincus works with SEO on its Alternative Investments program, which seeks to increase diversity in the private equity industry. We provide financial sponsorship, educational, and mentoring opportunities, and actively seek and recruit promising candidates affiliated with SEO.

**Level 20** is a nonprofit organization founded in 2015 to inspire more women to join and succeed in the private equity industry. The firm provides financial sponsorship, and several of our female professionals in Europe are members of the organization.

**winPEForum** (WinPE) engages with the leaders and influencers in India to drive culture change, while providing a suite of powerful resources to support women who are part of this industry or who aspire to be.



LUMINARY

girls who invest

O4U OUT FOR UNDERGRAD

OUT LGBT+ NETWORK INVESTORS

MLT

SEO Seizing Every Opportunity

LEVEL 20

winPE





# Corporate Citizenship

SECTION

5



# Investing time in our communities

As a firm, Warburg Pincus is committed to being a responsible member of the communities in which we operate. We encourage and support our employees in donating time to nonprofit organizations, while we also contribute financial resources. Importantly, we support our portfolio companies in their citizenship and philanthropic activities, too.

## Our Nonprofit Partners

Warburg Pincus has partnered with and supported a number of organizations through financial support, board membership, and volunteer opportunities for our employees.



## Warburg Pincus Community

Our citizenship program, Warburg Pincus Community, provides opportunities for employees to participate in a range of volunteer projects through our nonprofit partners. It begins during our annual orientation process, and a number of employees participate in other such activities throughout the year. Projects have included hosting field days for elementary school students to encourage physical fitness, providing financial literacy and career planning courses, and taking children on field trips to local museums. This year during Warburg Pincus Citizenship Month (formerly Volunteer Week), we hosted virtual events to introduce volunteer opportunities to our employees. In addition, we also support our portfolio companies' volunteering and philanthropic efforts globally.



This year, our Brazil office partnered with others in the industry to launch the **Instituto Órizon**, an organization that works with NGOs committed to helping socially disadvantaged young people reach their potential in education, work, and life.





# Making meaningful contributions

Through the Warburg Pincus Foundation, our firm supports a wide variety of charitable, educational, and community organizations with a combination of time and financial contributions. Since 2007, the Warburg Pincus Foundation and Warburg Pincus LLC have donated to more than 700 nonprofit organizations globally.

We seek opportunities where our resources can help nonprofit organizations grow and make a positive change in the communities they serve. Many of the firm’s senior employees also become meaningfully involved in the leadership of nonprofit organizations, including many of our partners who serve on the boards of these organizations.

The Foundation provides matching grants to employee donations to charitable and educational causes. It has contributed funds during emergency and disaster

relief efforts, and supports organizations addressing a range of issues including education and community development, environmental conservation, medical research, homelessness, and the arts. The nonprofit organizations that we work with reflect the firm’s diversification by geography and areas of service. From innovative grassroots groups to the largest global charities, the organizations we support reach nearly every region of the world—from Asia to Africa, across Europe, and in North and South America.

Our charitable giving increased more than

3x

in 2020.

Since 2007, we’ve donated to

700+

nonprofits.





# Rising to the occasion

Supporting communities through the 2020 – 2021 health, economic, and social justice crises.

In the past year—a particularly challenging one—Warburg Pincus, through its Foundation, employees, and portfolio company management teams, significantly increased focus on charitable giving.

Given the stress on the overall nonprofit sector, the firm significantly increased its employee-matching program and initiated a donation-matching program to support portfolio companies' charitable efforts in their own communities.

Charitable giving by the firm increased three-fold, and we leveraged both our own resources and our vast network to support the broader relief efforts. The firm made significant donations to more than 20 organizations globally that provide:

- Support for frontline healthcare workers.
- Emergency cash to the most financially impacted.
- Proactive healthcare to aid the most vulnerable (Medicaid/uninsured) in their homes.
- Resources to address hunger and domestic violence nationwide and globally.
- Educational support to historically underrepresented groups of students and funding support to minority-led nonprofits.
- Social justice support.





# Supporting girls empowerment and education

In 2020, Warburg Pincus initiated a partnership with Room to Read to advance a significant girls education program in India. Room to Read is a global organization transforming the lives of millions of children in low-income communities in the developing world by focusing on literacy and gender equality in education.

Room to Read’s programs not only teach the educational skills and tools necessary to succeed in school, but also provide motivation and encouragement for students to thrive outside of the classroom. Its curriculum is designed to help girls develop the skills they need to respond to daily challenges, make informed decisions, and advocate for

themselves. The organization’s hope is that the girls they serve will become active members of their communities so that cycles of poverty are broken, and future generations have greater support and more opportunities. India has been among the hardest-hit countries during the 2020 crisis, and the need to support economically-disadvantaged

children—particularly girls—has only grown as they are at the most risk of dropping out of school. Warburg Pincus launched this program on the International Day of the Girl in 2020 and in support of Warburg Pincus 25th anniversary in India. This partnership aims to support the following initiatives:

1. Implementation of Room to Read’s holistic Girls’ Education Program, comprising a blend of off-line and online life skills curriculum, aiming to reach more 500,000 girls across 14,000 villages
2. Analysis and reporting of the global landscape and development of a curriculum framework for climate justice

3. Addressing of the intersectionality of gender equality and climate justice. This year, we developed a framework for a global climate justice curriculum as part of a gender-transformative life skills training. At the completion of a two-year, seven-unit curriculum, students will be fluent in articulating what climate change is, its

underlying causes, and how it exacerbates gender inequality locally and globally. Students will understand their own influence on climate and how they as individual girls and as members of communities can take action to mitigate and adapt to its impacts, including gendered impacts.



## Making swift impact

Since our grant-funded program launched in October 2020, Room to Read has:

- Established our pilot program with educational materials, mentoring, family engagement, and material support for 200 girls in Telangana, India.

- Launched a multimedia campaign to mobilize communities to support girls going back to school when they reopen post-pandemic.





OUR OFFICES



Warburg Pincus LLC is a leading global growth investor. The firm has more than \$64 billion in private equity assets under management. The firm's active portfolio of more than 205 companies is highly diversified by stage, sector, and geography. Warburg Pincus is an experienced partner to management teams seeking to build durable companies with sustainable value. Founded in 1966, Warburg Pincus has raised 19 private equity funds, which have invested more than \$94 billion in over 940 companies in more than 40 countries. The firm is headquartered in New York with offices in Amsterdam, Beijing, Berlin, Hong Kong, Houston, London, Luxembourg, Mumbai, Mauritius, San Francisco, São Paulo, Shanghai, and Singapore. For more information please visit [www.warburgpincus.com](http://www.warburgpincus.com).

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# Warburg Pincus Environmental, Social, and Governance Policy

*Last Updated May 22, 2020*

## 1. Overview

The following outlines the environmental, social, and governance (ESG) policy of Warburg Pincus LLC (“Warburg Pincus” or the “Firm”). The Firm considers material ESG issues in the course of its due diligence and its monitoring of portfolio company investments to the extent reasonably practical under the circumstances, subject, in any event, to the provisions of the operative agreements of the funds concerned, and in a manner consistent with its fiduciary duties to its investors. For the purposes of this policy, “material” ESG issues are

defined as those issues that Warburg Pincus, in its sole discretion, determines have, or have the potential to have, a direct and substantial impact on a respective portfolio company’s ability to create, preserve, or erode economic value, as well as environmental and social value for itself and its stakeholders.

## 2. Scope

This policy will apply to investments by funds managed by the Firm following the date hereof and be administered in accordance with local laws and regulations. The Firm may update this policy in the future, as appropriate.

(Warburg Pincus is often a non-control investor in our portfolio companies and may have a limited ability to influence and control the integration of ESG considerations in an investment. Reasonable efforts will be made

to encourage these portfolio companies to consider relevant ESG-related principles and to support their implementation.)

## 3. Roles and Responsibilities

The Warburg Pincus ESG Committee formulates the Firm’s strategic approach to ESG issues, including setting ESG priorities and supporting the Firm’s investment teams in the promotion and implementation of our ESG strategy. The ESG Committee is comprised of professionals from across the firm, including investment professionals representing the geographies and sectors in which we invest and senior members from our key support functions.

The Firm’s ESG Team, which functions within the Warburg Pincus Investment Support Group, facilitates the development and

implementation of this policy at the Firm and may propose for consideration and approval by the ESG Committee edits, updates, or enhancements to the policy, from time to time. The ESG Team is overseen by the Firm’s Chief Administrative Officer, a member of the Firm’s Operating Management Group.

Warburg Pincus’s investment professionals, in collaboration with the ESG and Legal & Compliance teams, will seek to ensure that ESG issues are considered throughout the investment process. When appropriate, the Investment Management Group will be informed of material ESG considerations as they arise.

Where additional subject matter expertise is needed, the teams may utilize external resources as appropriate.

## 4. Goals

Warburg Pincus is a member of the American Investment Council and has adopted the Guidelines for Responsible Investment (“Guidelines”) taking into account, among other inputs, the UN Principles for Responsible Investment and the UN Global Compact and the principles derived thereof.

In the spirit of these Guidelines and subject to the scope outlined in Section 2 above, Warburg Pincus seeks to:

- Consider relevant environmental, public health, safety, and social issues when evaluating whether to invest in a particular company or entity, as well as during the period of ownership.
- Be accessible to, and engage with, relevant stakeholders either directly or through representatives of portfolio companies, as appropriate.
- Grow and improve the companies in which the firm invests for long-term sustainability and to benefit multiple stakeholders, including with respect to environmental, social, and governance issues. To that end, the firm will work through appropriate governance structures (e.g. board of directors) with portfolio companies with respect to environmental, public health, safety, and social issues, with the goal of improving performance and minimizing adverse impacts in these areas.
- Encourage governance structures that provide appropriate levels of oversight in the areas of audit, risk management, and potential conflicts of interest, and to implement compensation and other policies that align the interests of owners and management.





- Comply with applicable national, state, and local labor laws in the countries in which the firm invests; support the payment of competitive wages and benefits to employees; provide a safe and healthy workplace in conformance with national and local law; and, consistent with applicable law, respect the rights of employees to join labor or employee organizations and/or engage in collective bargaining.
- Maintain strict policies that prohibit bribery and other improper payments to public officials consistent with the US Foreign Corrupt Practices Act, similar anti-corruption laws in other countries, and the OECD Anti-Bribery Convention.
- Respect the human rights of those affected by the firm's investment activities and seek

to confirm that the firm's investments do not flow to companies that utilize child or forced labor or maintain discriminatory policies.

- Provide timely information to the firm's limited partners on the material matters addressed herein, and work to foster transparency about the firm's activities.
- Encourage the firm's portfolio companies to advance these same principles in a way that is consistent with their fiduciary duties.

**5. Implementation**

During Due Diligence: Subject to the Firm's determination of what is reasonable and appropriate for each investment as described in Section 2 above, the Firm takes steps to incorporate considerations of

material ESG issues during the due diligence process. During due diligence, investment professionals may access relevant expertise through several channels, including by referencing sector-specific ESG due diligence guides created by the ESG Team, consulting with the ESG Team on deal-specific issues, and seeking advice from expert consultants and advisors. In developing the sector-specific ESG due diligence guides, the ESG Team has referred to the Sustainability Accounting Standards Board (SASB) and other resources to help define material ESG risks and areas of concern for stakeholders. Investment teams are expected to include a section in their internal investment memoranda discussing ESG considerations.

During Ownership: Subject to the Firm's determination of what is reasonable and appropriate for each investment as described in Section 2 above, the Firm will work with portfolio company management teams to encourage and support best practices in environmental sustainability, social responsibility, and corporate governance. This may include members of the firm's ESG Team engaging with and providing resources to portfolio companies seeking to advance their ESG practices. When appropriate, the Firm may access third-party tools to monitor its investments for potentially material reputational risks. The Firm may also consider ways to mitigate potential ESG risks or explore ESG opportunities as investors during ownership.

**6. Reporting, Stakeholder Engagement and Collaboration**

The Firm will seek to be transparent in its approach to incorporating ESG considerations in its investments, including by reporting to investors annually, and by request, on its progress and outcomes. Where appropriate, the Firm will engage relevant stakeholders and support local communities, including through partnerships with nonprofits.

Warburg Pincus collaborates with industry organizations and nonprofits to promote responsible investment practices and is a member of Business for Social Responsibility (BSR), the American Investment Council and the SASB Alliance.





# Warburg Pincus is proud of and committed to its work in the ESG area

We will continue to look for opportunities for our ESG network—both the initiatives we have undertaken and the work we have done with our portfolio companies on these issues. We would be pleased to discuss these matters further with interested parties. Please reach out to [leela.ramnath@warburgpincus.com](mailto:leela.ramnath@warburgpincus.com) or email [esg@warburgpincus.com](mailto:esg@warburgpincus.com).

*Certain of the information contained in this Report contains “forward-looking statements” or information. Any statements that are not statements of historical facts may be deemed to be forward-looking statements. When used in this Report, the words “may,” “could,” “anticipate,” “target,” “plan,” “continue,” “goal,” “commit,” “achieve,” “project,” “intend,” “estimate,” “believe,” “expect” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties, include, but are not limited to: continued uncertainties related to the impact of the COVID-19 pandemic on our business and operations; financial performance and liquidity; our investors and portfolio companies, and on the global economy; changes in general economic conditions, in the US or internationally; significant competition on a local, regional, national and international basis; changes in the regulatory environment in the US or internationally; increased or more complex physical or data security requirements; legal, regulatory or market responses to global climate change; our ability to attract and retain qualified employees; breaches in data security; disruptions to the Internet or our technology infrastructure; interruptions in*

*or impacts on our business from natural or man-made events or disasters including terrorist attacks, epidemics or pandemics; our ability to accurately forecast our future capital investment needs; exposure to changing economic, political and social developments in international and emerging markets; changes in business strategy, government regulations, or economic or market conditions that may result in impairment of our assets; increases in our expenses or funding obligations relating to employee health, retiree health and/or pension benefits; potential additional US or international tax liabilities; potential claims or litigation related to labor and employment, personal injury, property damage, business practices, environmental liability and other matters; and other risks. The forward-looking statements speak only as of the date of this Report and undue reliance should not be placed on these statements. Investors should read this ESG Report in conjunction with investment fund quarterly reports, financial statements and other disclosures regarding the valuations and performance of the specific investments listed herein. Warburg Pincus disclaims any obligation to update any forward-looking statements as a result of new information, future events or otherwise.*

*Goals are aspirational and not guarantees or promises that all goals will be met. Statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards.*

*Disclaimer for page 29:*

*The United Nations Sustainable Development Goals (SDGs) are aspirational in nature. The analysis involved in determining whether and how certain initiatives may contribute to the SDGs is inherently subjective and dependent on a number of factors. There can be no assurance that reasonable parties will agree on a decision as to whether certain projects or investments contribute to a particular SDG. In addition, Warburg Pincus does not have full visibility into the operations of its portfolio. Accordingly, investors should not place undue reliance on Warburg Pincus’ application of the SDGs, as such application is subject to change at any time and in Warburg Pincus’ sole discretion.*

