

RB Capital - ESG Policy

Aim of the ESG Charter

B & Capital's ESG Charter sets out the Management Company's commitments relating to Environmental, Social and Governance (ESG) issues and illustrates its proactive vision in ESG matters. It falls within the framework of European Regulation 2019/2088 ("SFDR Regulation") on the disclosures of information on sustainability in the financial services sector and meets the transparency obligations provided for in Article 6 of the Regulation.

Foreword

RB Capital, whose commercial brand name is B & Capital, is a pioneer in the implementation of innovative growth and transformation strategies for French SMEs, through its partnership with Roland Berger.

There cannot be sustainable growth without environment preservation, positive development without employee involvement, successful transformation without strong governance. Therefore, for B & Capital, ESG issues stand at the heart of its process as a private equity investor.

B & Capital is active in widely promoting ESG dimensions. The Firm is a signatory of:

- Principles for Responsible Investment (PRI) developed by the United Nations;
- The ESG Charter adopted by the French Venture Capital Association (France Invest, formerly AFIC);
- The Charter for Gender Equality adopted by France Invest;
- The French branch of Initiative Climat Internationale (iCi).

This Charter aims at presenting the way B & Capital integrates ESG dimensions into its own governance and encourages its portfolio participations to consider ESG as a key business element.

Our ESG philosophy

B & Capital's ESG philosophy is based on its core values:

- Independence: the governance of the management company is established to ensure a fully independent decision-making process, complete transparency and, more globally, avoid conflicts of interests;
- Loyalty: the Team permanently behaves in a fair and transparent way towards its portfolio participations, its investors and, more generally, all its counterparties;
- Responsibility: B & Capital is committed to be a responsible investor, aware its decisions have a strong impact on its portfolio participations, their management, employees and ecosystem.

B & Capital firmly believes the integration of ESG criteria is a lever for value creation, perfectly matching its investment strategy based on growth and transformation of SMEs.

B & Capital's methodology relies on a systematic and rigorous assessment of the risks and opportunities related to the ESG dimensions of its investments at all stages of the investment cycle, from initial due diligence to disposal. This methodology takes into account in particular the durability

risks (i.e., the risks of a negative impact on the value of an investment) and the Principal Adverse Impacts (PAI) in terms of durability (i.e., negative impacts of investment decisions on sustainability factors). B & Capital's policy with regards to taking durability risks into account in the investment process and the Principal Adverse Impacts applies to the existing fund (RB Capital France 1) and to all investment vehicles B & Capital will manage in the future.

ESG guidelines

- Overall approach

ESG issues are shared among the Investment Team and each member of the Team is committed to make sure the investment process deals with these issues. B & Capital Top Management undertakes full responsibility for ESG policy to be systematically applied, ESG requirements fulfilled and finally ESG achievements disclosed to investors through appropriate reporting.

- ESG Committee

All Team Members meet once a year in an ESG Committee chaired by an external firm. The purpose of this ESG Committee is to share the results of the ESG annual campaign findings, raise awareness and train the team on regulatory developments and financial market trends in respect of ESG matters.

- Compensation policy

The individual compensation package for all B & Capital staff includes a fixed salary and possibly a discretionary bonus. The latter part of the individual compensation package is subject to the fulfilment of various criteria. Among the determinants, taking into account ESG criteria is an important point.

Commitments at the Management Company level

In line with its investment strategy, B & Capital assesses its own ESG achievements and endeavours to implement various good practices:

- Environment
 - Employee awareness of energy savings;
 - Preference for solutions with a lower carbon impact;
 - Monitoring of carbon emissions and calculation of the carbon footprint;
 - Commitment to recycling policies.
- Social
 - Establishment of a social protection and value-sharing system beyond the legal;
 - Gender parity policy with equal responsibilities;
 - Continuous training of all employees.
- Governance
 - Creation of an annual ESG committee;
 - Signature of various ESG initiatives (PRI, France Invest Charter, iCi);
 - Formal business ethics commitments.

The Company's commitment is mirrored in the dialogue it maintains with all its counterparts: investors, investee companies, employees, peers and ecosystem, associations.

As such, B & Capital has published a Responsible Purchasing Charter on its website and shared it with its main suppliers.

Taking ESG criteria into account in the investment process

When investing, B & Capital endeavours to take into consideration, beyond financial returns, the ESG features of the companies in which it becomes a shareholder or funds. Extra-financial indicators, for each of the E, S and G dimensions, comprising general indicators, completed by specific indicators relevant to the activity of each company, are integrated into the investment process. Considering these indicators is aimed at identifying and managing **durability risks** as well as the **principal adverse impacts** of investments during all phases.

- Sourcing

At the sourcing stage, the **review of ESG dimensions** is carried out by the Investment Team itself. It conducts a preliminary review and identification of durability risks, as well as an analysis of non-financial value creation opportunities (direct and indirect economic impacts). **General indicators** are completed by **specific and relevant ones** consistent with the activity of each investment opportunity. A first assessment of sustainability factors is carried out. The identification of possible risks associated with durability issues can lead to discard an investment opportunity.

B & Capital applies the principle of **sector exclusion** in its sourcing efforts. B & Capital refrains from investing in companies involved in activities with negative externalities for human beings and adverse social outputs: tobacco; weapons; gambling; pornography, activity deriving any revenue from thermal and metallurgical coal; activity deriving more than 30% of its revenues from coal.

Likewise, the team excludes investing in companies that violate **international standards or conventions**: violation of human rights, child labour, human cloning, corruption, non-compliance with environmental standards, etc.

- Selection

ESG risks are assessed before making an investment decision as part of ESG due diligence in a materiality approach. **ESG due diligence** is carried out through a **questionnaire** sent to **the management** of the investment opportunity and a **discussion following the reception of the completed questionnaire**. This enables to highlight the sustainability risks, the possible principle adverse impacts and the ESG opportunities of the company. In this due diligence phase, the company's ESG maturity is assessed notably compared to the most material ESG issues for its sector according to the SASB standard (<https://www.sasb.org/standards/materiality-map/>) and according to its geographic location.

Considering B & Capital's priority sectors (to date: business services, health, distribution, technology, specialized industries, environment), the portfolio pays particular attention to the following ESG issues:

- **Regulatory** compliance and business **ethics**;
- **GDPR** compliance and **cybersecurity**;
- **Employment** (attractiveness and retention of talent);
- **Working conditions** (health / safety, well-being at work);
- The **carbon footprint** of the activities (energy spending, supply chains, etc.).

Finally, the impact of business on **climate** and **biodiversity** is systematically assessed as part of ESG due diligence.

- Investment decision

The findings of the ESG acquisition due diligence and the review of durability risks and the principle adverse impacts are reported in the **Investment Memorandum**.

A sharp assessment of the situation of an investment opportunity regarding ESG dimensions is therefore available. This assessment is one of the criteria for evaluating the proposal and one of the objective elements of investment decision making by B & Capital.

- Holding period

The Investment Team plays an active role to ESG as part of its portfolio monitoring. Taking care of investments leads the Team to **promote**, on a permanent basis, the **integration of ESG themes** into the investee companies' activity and strategic thinking. As part of the **dialogue** built up with managers, special arrangements are proposed by B & Capital, when this proves to be useful, to improve the monitoring of possible durability risks and principle adverse impacts.

Throughout the holding period, the progress made by every investee company is assessed regularly, based on key indicators. These indicators are **reported** to the Investment Committee, the Advisory Committee and eventually to the Investors.

The **indicators in connection with the principle adverse impacts (PAI)** are part of the reporting, and thus collected annually and consolidated at the portfolio level. These indicators are part of the **analysis of the ESG maturity of investments**.

In the event risks related to the principle adverse impacts (PAI) are identified during the holding period, a dedicated remediation plan is put in place in tight cooperation with the investee company.

- Exit

The Investment Team and its advisors present ESG achievements to potential buyers. This presentation includes the details of the situation of the participation in terms of ESG, the level reached by the relevant indicators and the progress during the holding period of the participation.

Climate issues

B & Capital is aware that environmental issues, particularly climate ones, are becoming more crucial and it is necessary for financial investors to take them into account. B & Capital will carry out a climate risk assessment of its portfolios. This measure will comply with the new French regulatory requirements and will include:

- an assessment of exposure to climate risks;
- a carbon footprint;
- an inventory of actions contributing to energy and ecological transition.

The results of this review will be shared with investors.

Disclosure of B & Capital ESG policy

B & Capital has formalized and shared its ESG policy with all external and internal counterparties:

- by publishing its ESG Charter on its website
- by raising awareness and educating its employees on ESG issues

Each Team member is committed to implementing the ESG policy in the analysis of investment opportunities and throughout the monitoring of these investments. B & Capital intends to be active in the dissemination of ESG principles in the companies in which it invests on behalf of its clients.

Date/Signature

Signatures

This Chart, updated on June 22nd, 2021, is undersigned by the entire B & Capital Team.

Signed in Paris.

Philippe Zurawski

Chairman of the Executive Committee

A handwritten signature in blue ink, appearing to read 'Philippe Zurawski', written over a horizontal line.

Appendix 1 – Table of correspondence Disclosure :

Article	Reference
Art. 3: Transparency regarding durability risks	<i>Page 3 – « Taking ESG criteria into account in the investment strategy »</i>
Art. 4: Transparency regarding negative durability impacts at entity level	<i>Pages 3-4 – « Taking ESG criteria into account in the investment process »</i>
a. information on policies relating to the identification and prioritization of the principle adverse impacts on sustainability and related indicators;	<i>Page 3 – « Taking ESG criteria into account in the investment process »</i>
b. description of the principle adverse impacts on sustainability and any measures taken or, where applicable, planned;	<i>Page 3 – « Sourcing » Page 4 – « Holding period »</i>
c. a short summary of engagement policies, in accordance with Article 3g of Directive 2007/36 / EC, if applicable;	<i>Page 4 – « Holding period »</i>
d. mention of compliance with codes of responsible business behaviour and internationally recognized standards of due diligence and communication of information and, where applicable, the degree of alignment with the objectives of the Paris Agreement	<i>Page 3 – « Sourcing »</i>
Art. 5: Integration of sustainability risks into compensation policies	<i>Page 2 – « ESG guidelines »</i>