



Invest differently  
ESG charter

Paris, December 2024



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## 1. Introduction

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.

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);
- The Finance for Biodiversity Pledge.

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.

## 2. 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.

## 3. ESG guidelines

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.

## 4. 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.

### 4.1. Exclusion

We acknowledge that certain activities generate significant negative externalities for the environment and society. In line with our commitment to Net Zero objectives and international agreements' recommendations, we have established strict and detailed exclusion criteria based on IPCC scenarios (C1 and C2) and IEA objectives (NZE). Compliance with these criteria is systematically verified during sourcing and due diligence processes.

This exclusion policy is subject to revision based on regulatory changes, scientific advances, and sectoral practices. B & Capital reserves the right to strengthen its exclusion criteria as new information emerges or societal and environmental requirements evolve.

#### Coal

- Total exclusion (0% of revenue): Companies involved in the exploration, extraction of thermal and metallurgical coal, coal transportation, or construction of new coal-fired power generation capacities.
- Exclusion of energy-producing companies from coal when this activity exceeds 5% of revenue. A tolerance threshold exists (up to 10% of revenue) if the company has a strict and verifiable coal exit plan by 2030, and coal-related energy capacity represents less than 5% of total installed capacity and under 1 GW.
- Exclusion of companies involved in the distribution, storage, production of equipment, and services related to coal when this accounts for more than 5% of revenue.

#### Oil and gas (conventional and unconventional)

- Total exclusion (0% of revenue): Companies directly involved or through Tier 1 suppliers in the exploration, extraction, and refining of oil and gas (both conventional and unconventional).
- Exclusion of companies involved in transportation, distribution, storage, or energy production linked to oil and gas when it accounts for more than 5% of revenue. A tolerance threshold (up to 30% of revenue) exists if the company has a strict and verifiable exit plan from oil and gas by 2035, consistent with the Paris Agreement's 1.5°C goal, demonstrating substantial reductions in Scope 1, 2, and 3 emissions.



### Deforestation-contributing activities

- Exclusion of companies involved in illegal or unsustainable deforestation, including those operating in industrial agriculture, logging, palm oil production, and intensive livestock farming, without credible sustainability certifications (e.g., RSPO for palm oil, FSC for wood).
- Exclusion of companies deriving more than 20% of revenue from products or services linked to the conversion of natural forests or high-conservation-value areas.

### Weapons

- Conventional weapons:
  - Non-controversial:
    - Exclusion of companies producing, marketing, or storing mines and munitions (including conventional explosives, small arms, heavy artillery, armored vehicles, military ships, and aircraft) when this exceeds 5% of revenue.
    - Exclusion of companies producing, marketing, or storing key components of the aforementioned weapons and munitions when this exceeds 5% of revenue. A component is considered key if its sole purpose is to be used in a weapon or munition, or if its use directly determines the lethality of the instrument.
  - Controversial:
    - Exclusion of companies producing, marketing, or storing anti-personnel mines (APMs) and cluster munitions (CMs), in compliance with the international Ottawa and Oslo Conventions.
- Non-conventional weapons (in line with international prohibitions):
  - Exclusion of companies producing, storing, or selling chemical, biological, or depleted uranium weapons.
  - Exclusion of companies producing nuclear materials, such as nuclear warheads or missiles, or deriving more than 5% of revenue from the production of nuclear weapons.

### Other exclusions

- Total exclusion (0% of revenue) of companies repeatedly and severely violating the Global Compact principles without credible corrective actions.
- Total exclusion (0% of revenue) of companies involved in tobacco production, including cigarette and e-cigarette manufacturers.
- Exclusion of companies producing or directly marketing strong alcohol if this exceeds 5% of revenue.
- Exclusion of companies involved in gambling activities.
- Exclusion of companies involved in the production or distribution of pornographic material.
- Exclusion of companies involved in the sale of drugs and addictive products.
- Exclusion of companies violating international standards, including human rights, child labor, human cloning, corruption, and non-compliance with environmental standards.

## 4.2. 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.

## 4.3. 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](#) 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.

#### 4.4. 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.

#### 4.5. Holding

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.

#### 4.6. 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.

### 5. Governance

#### 5.1. Overall approach

The governance of our Climate & Biodiversity strategy is based on a clear and structured framework to ensure the rigorous and consistent implementation of our sustainability objectives.

- The Executive Board of B & Capital oversees the integration of ESG issues into decision-making processes. ESG performance is also regularly discussed during the Supervisory Board meetings, particularly in connection with evaluating the performance of portfolio companies.
- The Investment Team plays a central role in implementing concrete actions that help each portfolio company make progress:
  - Pre-investment phase: Conducting diagnostics and developing improvement plans.



- Ownership phase: Implementing and managing ESG roadmaps for supported companies, including integrating ESG criteria into financial mechanisms, contractual clauses, and executive incentives, as well as monitoring through monthly meetings, Supervisory Board sessions, and General Assemblies.
- The ESG Manager, in collaboration with the Investment Team, leads the ESG priorities of the management company and supports portfolio companies in implementing their strategies. The ESG Manager reports to the Executive Board and keeps the Investment Team informed about the companies' progress and initiatives.
- The ESG Committee, which includes all team members, tracks the ESG performance of portfolio companies and the progress of their roadmaps. The committee meets at least once a year.

All team members receive regular training on climate and biodiversity issues, in line with recommendations from international financial institutions and market best practices. We foster a corporate culture that values the contribution of every team member to achieving our climate and biodiversity goals.

## 5.2. Communication to stakeholders

B & Capital has formalized and shared its ESG strategy with all internal and external stakeholders involved in its activities:

- By publishing its ESG Charter on its website;
- By raising awareness and providing training for its employees on the ESG challenges related to its investment activities.

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 December 2024, 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.