



BC Partners ESG Policy

Introduction

BC Partners aims to grow and improve the performance of the investments we manage and/or advise on in all respects and this may include their environmental, social and governance (“ESG”) performance - with a view to promoting the long-term sustainability of each investment. We believe that taking ESG factors into account is not merely the right thing to do for the numerous stakeholders in BC Partners fund portfolio companies and advised investment funds: we believe that effective ESG management reduces risk and creates value. To that end, the purpose of this policy is to articulate BC Partners’ approach to integrating ESG into its investment, ownership, and reporting activities.

ESG activities at BC Partners are coordinated by senior executives, and responsibility for implementation lies with the management bodies of the locally regulated advisory or management entities, supported by a dedicated Head of Sustainability. To the extent that required ESG expertise or capacity doesn’t exist within BC Partners, we utilize external ESG experts.

Finally, all staff are expected to support ESG efforts when relevant to their function. To ensure our investment professionals and other staff members are qualified to act in accordance with this policy, we hold regular training at the firm level and within different functional areas.

In addition to this policy, we subscribe to certain external ESG commitments and frameworks, including the Principles for Responsible Investment (PRI, formerly UN PRI), which we signed in 2009.

Principles

BC Partners aims to consider a number of different stakeholders in the private equity and real estate transactions we advise on and arrange, including, but not limited to: investors, employees of the investee companies, their customers and suppliers, any relevant authorities, and local communities. While we aim to consider material ESG issues in each transaction, here we will highlight certain issues as representative of our priorities in the ESG space:

Environment

In light of anthropogenic climate change, which presents the greatest long-term risk of any ESG factor, we aim to review climate risk, both physical and transitional in every private equity and real estate transaction where the asset is associated with higher carbon emissions. Further, we disclose these risks within the Taskforce on Climate-related Financial Disclosures (TCFD) framework.

We aim to be prudent in the use of scarce resources, including energy and water, and maintain circular economy goals in waste management, both with respect to the BC Partners house and the investment portfolio.

We aim to minimize the impact of our operations on the natural world, specifically considering ecosystem disruption and pollution, again both with respect to both BC Partners and its advised investment portfolio.

Social

We believe diverse and inclusive teams are not just more equitable: they make better decisions and give access to a greater pool of talent. We respect employees’ rights to a competitive wage, safe working environment, choice to engage in collective bargaining, and remain free from any form of forced labour (including child labour). Given our interconnected economy, we aim to consider the human rights of people we have identified as being affected by our activities, including in our supply chains.

Governance

BC Partners aims to meet, at a minimum, all relevant regulatory standards, and strives to operate in line with best-in-class international norms where local standards are inadequate. It is our ambition for BC Partners fund portfolio companies to strive for the same standards. We aim to comply with the highest standards of business ethics by implementing financial controls, transparency, monitoring and compliance standards and by combating bribery, corruption, money laundering and other malpractice.



Real Estate

Regarding real estate investment funds managed and/or advised by BC Partners, BC Partners takes a direct operational approach, where we define the characteristics associated with direct impact at the asset level.

The environmental/social topics which BC Partners Real Estate seeks to consider in its advisory strategy are:

Considering carbon mitigation in its projects; Consideration of climate risk; a preference for the use of sustainable construction materials; and the promotion of pleasant living and working environments.

We have chosen these characteristics because they are:

Well-defined; Material to the Fund's activities; Measurable; and Binding.

We picked this particular combination of characteristics after weighing up investor expectations, market comparisons, regulatory requirements and achievability and in consultation with a third-party ESG consultant in this area.

We can track and monitor whether or not our characteristics have been achieved.

Principal Adverse Impacts (PAI)

At present, BC Partners has opted not to consider the principal adverse effects of its investment decisions.

Reporting, monitoring and transparency

Our ambition is to support our clients to meet their sustainability monitoring objectives by providing insight into the sustainability and climate-related risk profile of their investment portfolios. We commit to regular reporting and transparency to BC Partners investors, including but not necessarily limited to an annual firm-level ESG report, reporting of material ESG incidents and portfolio-level reporting as available. In addition, our PRI annual report provides a broad overview of our activities with particular attention to our processes and procedures. Finally, we aim to be broadly available to our Limited Partners to answer their questions of ESG concern.

When reporting, we include descriptions of the manner in which sustainable risks are integrated into investment decision making and the likely impacts on the returns.

BC Partners European Real Estate I submits to GRESB annually. Furthermore, each asset in BCPERE I undergoes a full CREEM assessment and analysis, and effort is made to ensure that local skill and employment is promoted.

Private Credit

In line with BC Partners' overarching dedication to ESG, our credit platform has devised an approach that aligns with our company's responsible investment values, while also being customized to suit the unique characteristics of private debt investment procedures. We believe that taking ESG factors into account is not merely the right thing to do for the numerous stakeholders in our portfolio companies and advised investment funds: we believe that effective ESG management reduces risk and creates value.

Integration into Deal Process

BC Partners Credit requires ESG considerations to be documented in investment committee memos. For each deal considered by BC Partners Credit Investment Committee for investment by its Special Opportunity ("SOF") Funds, we ask that investment professionals adhere to the following procedures:

- Flag whether the investment is exposed to any potentially high-risk sectors, as defined by the European Leveraged Finance Association;
- Request third party reports through our risk screening tools for any potential legal or reputational red flags (at the time of this policy's adoption, this includes Auquan)
- If any of the above steps indicate potential material risk, the investment must be referred to the Head of ESG for consultation
- Investment professionals will use the SASB sector guides as a reference to assess and document any potentially material ESG attributes, whether positive or negative.



- If any potentially material risks are documented, provide a written justification explaining why we believe an investment still presents an attractive risk-adjusted return.

This procedure is built into the Allvue system we use to manage our transactions and is thus documented for our Investment Committee's review. We believe this standardized due diligence approach allows us to incorporate decision-useful information without presenting an undue burden on the investment process.

Reporting, Monitoring, and Transparency

Once acquired, an external consultancy assists us in estimating GHG footprints of our loan portfolio, including the "financed emissions" for which our funds are responsible. This allows us to understand the full scope of our GHG exposure and to provide data with which our partners can make future decisions, including strategic allocation.

We commit to regular reporting and transparency to our Limited Partners, including but not necessarily limited to an annual firm-level ESG report. In addition, our annual PRI report provides a broad overview of our activities with particular attention to our processes and procedures. Finally, we aim to be broadly available to our Limited Partners to answer their questions of ESG concern.

Private Equity

Integration of ESG into the Private Equity Investment Process

When the Private Equity Investment Committee has accepted the Preview Note on a potential transaction, our investment professionals refer the deal to our Head of ESG, who composes an ESG advisory note outlining potentially material ESG issues for diligence, and a recommended plan for assessing them.

The investment team leads the diligence process, with support from the Head of ESG, and potentially a third party ESG specialist, to assess identified issues.

The findings of ESG issues during the diligence phase are presented to the Investment Committee in the Preliminary and/or Final Investment Memo for their ultimate consideration.

If the transaction is ratified by the investment fund managers of the funds we advise and the bid is successful, the deal team will work with the Head of ESG and/or external ESG specialists to create an "Environmental and Social Action Plan" (ESAP) for the ownership period.

Throughout the ownership period, our ambition is to leverage our internal and external ESG resources to add value to the portfolio company and improve its management of ESG factors.

Once acquired, we will monitor the ESG performance of our portfolio companies much like any other aspect of the business. Specifically, we will track annually KPI's based on a company's ESAP, which will then be reviewed by the respective portfolio company's board.

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This policy is subject to change and will be reviewed at least annually.



Important disclosure

The policy is provided for informational purposes only and may not be relied on as legal, tax, investment, accounting or other advice or as an offer to sell or hold a particular investment, whether or not managed by BC Partners or not.

Unless stated otherwise all views expressed herein represent BC Partners' opinion and should not be taken as statements of fact. Statements about ESG initiatives or practices related to portfolio companies do not apply in every instance and depend on a number of factors including the relevance or implementation status of an ESG initiative to the portfolio company, the nature and/or extent of investment in, ownership of, control or influence exercised by BC Partners with respect to the portfolio company. There is no guarantee that any ESG initiatives will exist in the future or be successful in their outcomes. This communication was produced and approved in August 2024 and has not been updated subsequently. The information and views discussed may change without notice.

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