BC Partners

Environmental, social and governance report

2023

Contents

BC Partners Management SARL "BCPM" provides AIFM services to the Luxembourg limited partnerships of BC Partners Fund XI; the Luxembourg Limited Partnership of BC Partners European Capital X; BC Partners European Real Estate I and the Luxembourg limited partnerships of BC Partners Special Opportunities Funds II and III. Article 4 of the Disclosure Regulation requires fund managers to make a clear statement as to whether they consider the "principal adverse impacts" of their business. Although ESG and sustainability risk is important to BC Partners and we take it seriously, BCPM does not consider the adverse impacts of investment decisions on sustainability factors in the manner prescribed by Article 4 of the Disclosure Regulation in respect of the AIFM services provided to BC Partners advised funds

Letter from Leadership

Raymond Svider
Chairman, Partner, Chairman of the Management Committee

In 2022, heightened exuberance towards sustainability matters led to growing concerns about greenwashing, or the practice of overstating environmental claims. Now, in contrast, we are seeing certain investors reconsider ESG commitments given a political backlash in the United States. Termed by some as "greenhushing," there are a growing number of firms reticent to openly acknowledge the good ESG work they do in case they are perceived to be placing ESG issues over returns.

The winds of sentiment will continue to blow in different directions given continued sensitivity around ESG issues. However, at BC Partners, we are committed to staying on course. Our North Star is serving the interests of our Limited Partners (LPs) as fiduciaries of their capital seeking to maximize returns. We also believe it is our duty to help them meet their ESG obligations to their own constituencies. That's been our guiding philosophy since we became one of the first private equity firms to sign the UN's Principles for Responsible Investment back in 2009.

In our view, the question is not so much whether or not an asset manager "does" ESG, but rather whether they have the expertise to do it well. Effectively incorporating ESG considerations into a Firm's decision making and culture requires the right personnel, structures, and resources. This will enable the ability to identify the right issues, manage them effectively, and importantly, know when not to intervene if there's no value to be had. Our approach to both new and existing private equity investments (detailed on page 9) is bespoke – we tailor our approach to reflect the issues that are particular to not just a given sector but to the specific company, and weigh materiality in making any decision. Our credit and real estate strategies (pages 11 - 13) similarly have designed approaches that work best for their asset classes.

While this work is driven by our investment professionals, in consultation with our dedicated Head of ESG, we decided in the last year to improve our process by growing our ESG Committee. This entity, which oversees our ESG strategy, now includes the Management Committee of the firm as well as the leaders of relevant departments to ensure our oversight is both as broad and as senior as required to make meaningful and informed decisions in the best interest of our LPs and the assets in which we invest.

We are proud of the processes we have implemented and the expertise of our teams. We were delighted to garner external recognition in the last year when PE Wire and EthicsGrade named us "Best ESG Manager – Overall" at the 2022 ESG AAA European Awards. These external recognitions, and feedback from our LPs, gives us confidence in our approach.

The ESG field is rapidly changing, so being part of the ESG discussion and engaging with innovations and progress in the space is as important as being a leader. We're a member of numerous initiatives (page 7), actively participate in industry working groups, have submitted our data to the ESG Data Convergence Initiative (EDCI) since its inception, and are preparing for regulatory developments on both sides of the Atlantic. As announced last year, we also became the first buyout-focused firm to commit to and report our financed emissions in line with the Partnership for Carbon Accounting Financials (PCAF) framework.

Keeping our finger on the pulse of ESG also allows us to innovate where valuable. We're particularly proud of our new mechanism for offsetting our firm's GHG emissions: not only will all our emissions be offset by the company, but our Partners have agreed to pay out-of-pocket to offset any emissions individually attributable to them. This means that unlike other approaches, our Partners will take individual responsibility for the business choices they make, and GHG costs will be "internalized" to that decision. We hope it will encourage a thoughtfulness around how to minimize our carbon footprint, particularly in the hard-to-abate category of air travel.

Our hope is that this report and our investment activities will highlight our commitment, expertise, and prudence when it comes to ESG. We aim to demonstrate the progress we've made to date, and to chart a path forward. As always, we welcome your feedback and look forward to continued discussion with all our partners on this important topic.

Raymond Svider

> “The winds of sentiment will continue to blow in different directions given continued sensitivity around ESG issues. However, at BC Partners, we are committed to staying on course. Our North Star is serving our LPs interests as fiduciaries of their capital seeking to maximize returns.

BC Partners at a glance

Independent, growth-oriented investors

Founded in
1986

€40bn+ in assets under management across private equity, private debt, and real estate strategies

11
Private Equity funds since inception

2
Special Opportunity Credit funds

1
Real Estate fund

Operating for over
35
years

Over **125** *investments*
with total enterprise value of over
€160bn

Currently
32
portfolio companies

Operate in
5
countries

Portfolio Companies Employ
300k +
people worldwide

In 4 core sectors:
Healthcare, TMT, Business Services & Industrials, Consumer

All data in this report as of 31 December 2022 unless specified otherwise

Affiliations and initiatives

BSR

ESG Data Convergence Initiative

GRESB

initiative climat international
Private equity action on climate change

LEVEL 20

PCAF Partnership for Carbon Accounting Financials

PRI Principles for Responsible Investment

IFRS Sustainability Alliance

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Our ESG approach

Private Equity

BC Partners formally integrated ESG considerations into its investment process in 2010, soon followed in 2011 by the appointment of PwC to conduct an ESG assessment of each portfolio company.

We know that leadership requires constant renewal. Since 2010 we have continued to develop our processes to reflect best practice and to standardize and deepen our approach. At the beginning of 2021, we updated our ESG policy (which you can access here), which revised our ESG investment procedures, detailed below in the text and on the next page in graphical form.

Our ESG integration formally starts at the "Preview Note" (PN) phase, where diligence of a potential target begins in earnest. If the PN is to progress to the Preliminary or Final Investment Memorandum (P/FIM) phase, it must first be referred to the Head of ESG, who composes an ESG advisory memo. This memo aims to provide an overall perspective on the deal, as well as highlighting all potentially material ESG issues that must to be evaluated, and a recommended approach for diligence, including which (if any) 3rd party specialists to engage.

In diligence, the deal team takes primary responsibility for responding to the ESG advisory memo, since we believe ESG diligence must be integrated in the broader diligence process in order to take a holistic, effective approach. This ensures that ESG information gathered from other diligence streams (such as legal, operational, HR, and others) can be incorporated in the final evaluation.

Once all relevant information is collected, the results are compiled into a dedicated ESG section of the PIM or FIM for Investment Committee consideration. The Head of ESG approves the slide and may attend the IC as necessary to clarify any points, and the ultimate evaluation of ESG risks and opportunities then falls to the Investment Committee itself.

Once an investment is complete, we support the company realizing its ESG goals and managing ESG issues and opportunities throughout the course of our ownership. This support comes directly from the Head of ESG as well as our deal and portfolio operations teams, and now includes pan-portfolio engagements such as quarterly webinars for ESG professionals at each portfolio company. We also monitor our investments through an annual ESG survey of several dozen standard KPIs, allowing us better ability to manage ESG factors and to communicate them to our investors.

ESG integration in the private equity investment process

Head of ESG Advisory Memo

For deals to progress to the PIM stage, the Head of ESG first composes an Advisory Memo outlining ESG issues to diligence and a plan to assess them.

ESG Diligence

The deal team leads the diligence process, with support from Head of ESG and 3rd party specialists, to assess identified issues.

Investment Committee Consideration

The findings of ESG diligence are presented to the IC in the Preliminary and/ or Final Investment Memo.

Integration into Ownership

We leverage internal and external resources to add value to the portfolio company and improve its management of ESG factors.

Monitoring

All companies complete an annual ESG KPI survey, and we require portfolio company boards to review ESG at least once per year.

Credit

Private debt is one of the more challenging asset classes in which to integrate a consistent application of ESG considerations, given lower levels of control than traditional private equity and less easily accessible data than public markets. However, committed to incorporating ESG considerations in its investment approach, BC Partners Credit ('BCP Credit') began developing in 2021 a specific approach to ESG that is now firmly rooted in our overall investment process for private debt. We formalized aspects of that process last year and are continuing to refine it going forward.

Fully incorporated in the investment committee memo, the approach includes a check of each investment consideration against a list of high-risk sectors from the European Leveraged Finance Association, with a broader proprietary list also available to investment professionals. The investment is then run through NAVEX RiskRate to check various compliance, governance, and reputational risks to flag any potential issues. Finally, we use the SASB sector standards as guidance for investment professionals to assess potentially material ESG attributes, positive or negative. If any of these steps indicate potential material risk, the investment is referred to the Head of ESG for review. In practice, investment professionals consult the Head of ESG throughout the diligence process and well before a deal reaches the investment committee memo stage to avoid exploring deals that are unlikely to be approved.

In 2022, BCP Credit commissioned consultancy Guidehouse to assist in estimating the GHG footprint of its loan portfolio, including the "financed emissions" for which our funds are responsible. This top-down exercise – based on economic activity factors, sector, and geography – allowed us to understand, for the first time, the full scope of our GHG exposure and to provide data with which the partners can make future decisions, including strategic allocation. In 2023, the process was repeated as a part of Bridge House Advisors' climate risk exercise, and we plan on tracking this information going forward.

While BCP Credit does not manage ESG or Impact "themed" funds, the opportunistic nature of the BCP Credit platform allows it to invest in General Partners who themselves pursue ESG themes. For example, the platform invested in Trident, a minority-owned investment firm committed to building and improving the small and medium-sized business ecosystem and improving its access to capital. The manager seeks partners that shares its commitment to diversity, equity, and inclusion. Trident also publishes an annual report (Doing Well While Doing Good) highlighting the results of investing commercially to maximize profit but also to maximize purpose, and in particular, elements of social return in the Black American community.

BCP Credit also invested in Riverstone Credit Opportunities Income (RCOI), which seeks to lend to companies to facilitate the energy transition by decarbonizing the energy, industrial and agricultural sectors, building sustainable infrastructure and reducing or sequestering carbon emissions. Pursuing a different ESG-oriented strategy, RCOI was established to generate change and deliver solutions across the energy sector, spanning renewable as well as conventional sources. The Company seeks to ensure that its investments are having a positive impact on climate change by structuring each deal as either a green loan or a sustainability-linked loan, documented using industry best practices.

Real Estate

BC Partners Real Estate ("BCPRE") is a real estate investment platform launched in 2018 as a fully integrated business within BC Partners. It defines bespoke capital deployment strategies fitting local market-specific dynamics and leverages BC Partners' strong operational ethos to create value from real estate investments across all major asset classes.

From the outset, BCPRE incorporated environmental and social factors into its development strategy, as evidenced by a series of policies and procedures such as its ESG policy, which aligns its principles with the firm-level ESG policy, tailored to BCPRE's specific investment processes.

The real estate team has defined 5 environmental pillars of its ESG strategy:

- reduction of GHG emissions
- adaptation to climate change
- optimization of energy consumption
- protection of biodiversity
- development of the circular economy

This commitment has been applied since 2020 by reporting to GRESB for its first fund, BC Partners European Real Estate I ("BCPERE I"). GRESB is the largest sustainability benchmark assessment for real estate companies globally, and the team has targeted a 4-star rating for BCPERE I. In addition, the team aims to obtain green building certifications, including BREEAM (at the "Excellent" level for office developments over which BCPERE takes control as early as concept design stage) and other labels (LEED, DGNB, etc.) where relevant.

Since the last ESG report in 2022, BCPRE conducted an assessment to ensure all assets comply with the CRREM decarbonization pathway. CRREM stands for Carbon Risk Real Estate Monitor, it is a tool designed to make carbon assessment of real estate portfolios easier and more transparent and has now become an industry standard.

764 Gran Via de les Corts Catalanes, a development project on a site acquired in November 2022

Conscious that training is key on such issues, all BCPRE staff attended a Climate Fresk session to better understand the impacts of climate change and embrace the solutions to address it

With regards to diversity & inclusion, BCPRE signed a partnership with a charity called Article 1 to promote equal opportunities.

ESG policy and procedures are applied across BCPERE I's investment portfolio held in France, UK, Germany, Spain and Italy. One example of this approach in action is the office building at 764 Gran Via de les Corts Catalanes in the city center of Barcelona, which BCPERE I acquired in November 2022 through a sale and partial leaseback with the pharmaceutical company Novartis.

The asset is an iconic corner building and has been the Spanish headquarter of Novartis since its construction in 1972. It is located in the Eixample district close to the famous Sagrada Familia in one of the most attractive areas of the city. The plan is for the building to undergo a comprehensive refurbishment as well as an internal and external redesign to turn it into modern and sustainable workspace of c.13,000 sqm with the highest sustainability and ESG standards: we are targeting LEED Platinum and Fitwell (2 stars) certifications on this project.

Climate risk

Climate risk

Continued extreme weather events across the globe confirm the potential worst outcomes of climate change if not addressed urgently. The risks to investors are obvious and must be factored into the investment decision making process to increase the resilience of portfolios and support the transition to a low carbon economy to mitigate the worst-case scenario.

Since our last report we have focused on deepening the depth and breadth of our data related to the climate transition. In late 2021, we signed up with Portfolio Carbon Accounting Financials (PCAF), which sets protocols for assessing "financed emissions" described by Scope 3 Category 15 in the Greenhouse Gas Protocol. Then, in last year's report, we reported our financed emissions. We were the first buyout-focused firm to commit to PCAF and to report according to its guidance.

In recent years, our focus on data quality led us to hire an Environmental Defense Fund Climate Corps Fellow, to engage the consultancies Guidehouse and Bridge House Advisors, and to ask for greater data from our private equity portfolio companies. We're happy to note that a growing number of our portfolio companies undertake their own, independent carbon accounting, and nearly half have a defined decarbonization or net-zero objective. Our real estate asset class measures the operating performance of all its assets, and our credit asset class continues to utilize the PCAF database to create estimates, given the lack of directly available data for that strategy. Finally, across the deals we worked on in the last two years, we included carbon intensity and/or carbon pricing in Investment Committee memos when identified as material. Overall, we have seen a significant improvement on our previously available data, which allows us to undertake improved climate-related analysis.

As a signatory to the Taskforce on Climate-related Financial Disclosures (TCFD), an initiative we joined in 2020, we have prepared the following four pages aligned with TCFD recommendations.

Governance

Our goal is to integrate governance of all climate risk considerations into overall strategy and risk management. As such, our partnership oversees climate risk via our ESG Committee, which as described above now includes the firm's Management Committee as well as heads of relevant departments. All climate risk analysis generated is passed along to the ESG Committee for consideration, and we now include carbon intensity information in our portfolio summary documentation for consideration within the strategic allocation process.

Our Investment Committee is presented with the results of any climate-related diligence information as required by our ESG policy for consideration in any investment decision. In all instances, our Head of ESG is responsible for guiding the identification of climate risk factors, working with deal teams and outside specialists as necessary. While our procedures focus primarily on Private Equity given that is our predominant asset class, we are increasing our visibility in Credit, as described above, and Real Estate, which manages its own climate analysis in line with its commitment to GRESB.

Scenario analysis

We continue to base our scenario analysis related to physical risk on the major physical climate screen that we conducted in 2021 with Sust Global in collaboration with Bridge House Advisors. As part of this initiative we analysed c.500 sites across our portfolio and identified less than 10% that had potential material exposure to physical risk. Since then, we have analysed all new entrants to the portfolio, and none were deemed at high physical risk. In 2023, we re-engaged Bridge House to update our scenario analysis and climate risk assessment, and plan to complete that work in the coming months.

Our transitional risk assessment was renewed based on the data-gathering exercises outlined above. We are happy to report that just one of our now 32 PE portfolio companies have carbon intensities above the MSCI average for their geography, none of which are in oil & gas. As such, we have a relatively low-carbon portfolio, but this exercise allowed us to identify our highest emitters, which will guide our engagement in supporting their decarbonization journeys.

Strategy and risk management

Our traditional strategy has not included high-GHG-intensity sectors such as fossil fuels, aviation, and mining, which gives us an inherent resiliency advantage compared to managers who don't avoid them. We are confident that our continued investment in our ESG processes, including our first-ever climate risk analysis last year, will inject a more robust understanding of these risks to our traditional risk management processes so that we can seek even greater levels of resilience across the sectors where we do have exposure.

In addition to considering these risks in the investment decision process, we aim to actively manage these risks in our portfolio. We believe we can use our role as active investors to generate real value through additional investment in climate-resilient operations, and several examples are featured in case studies later in this report.

Metrics

In line with our commitment to PCAF, the table below expresses our financed emissions in our two largest asset classes:

	SCOPE 1*	SCOPE 2	SCOPE 3	AUM Coverage
Private Equity	791,454	323,064	2,247,496	100%
Credit	147,409	2,748	297,271	47%**

*All GHG figures are in metric tonnes of CO2 equivalent

**Due to a data migration, we were not able to accurately estimate emissions at a larger portion of our portfolio than last year (83.1%). We hope to improve this figure by next report.

Whole portfolio carbon intensity:
104.8 Metric Tonnes of CO2e per million Euros of revenue

This figure compares to MSCI's North American (147.9) and Europe (141.9) equities indexes, which represent publicly listed companies in our two primary investment geographies. It also represents a decline from 2021, when we reported 143.0 in the same metric (although at the time we expressed it in dollars), and is just a touch higher than last year (97.4).

Average portfolio company:
54.9 Metric Tonnes of CO2e per million Euros of revenue

While we have previously only reported total emissions divided by total revenues (whole portfolio intensity), we also want to note that the average portfolio company is roughly half that amount, indicating that most of our portfolio companies are well below the mean in carbon intensity.

Going forward, our goal will be to continuously increase the data quality and the coverage of our GHG emissions calculations. The PE asset class should remain at universal coverage and increasing quality. The credit asset class will be trickier: much of the non-reported assets were in the form of, for example, CLOs, where revenue-and-industry estimation techniques struggle to give good assessments.

Our portfolio

Portfolio survey highlights

Every year, we send out an ESG survey to our entire private equity portfolio, covering several dozen indicators related to all major ESG topic areas. This survey provides an excellent opportunity to engage with our companies, more knowledge about where and how to support them, and accountability for us as a firm as we strive to improve ESG performance.

Below are select highlights from our 2022 survey:

63%
of companies publish their own dedicated ESG report (+20% on last year)

More than
8500
jobs created through organic growth

28%
have more than a quarter of their workforce with equity or profit-sharing

44%
of companies have committed to net-zero or similar decarbonization targets

Over
300,000
portfolio company employees

Portfolio company GHG intensity:
54.9
MT/€Mrev (Mean)
14.22 (Median)

VetPartners

Case Study

In its most recent Sustainability Review, VetPartners announced that it was on track to achieve or exceed 19 of their 21 ESG targets. Engagement with sustainability continued to grow, as the number of its businesses working towards an Investors in the Environment (iiE) accreditation more than doubled. 26 VetPartners businesses have now signed up to the scheme, with Minster Veterinary Practice the first to achieve the highest Green accreditation. A further two have achieved Silver, and nine Bronze.

There were additions and improvements to VetPartners' bespoke online sustainability learning resources available to all colleagues, including case studies from practices, and webinars going into more depth on specialist topics. In collaboration with the VetPartners Clinical Board and Anaesthesia Clinical Interest Group, we ran a campaign on reducing the environmental impacts of anaesthesia – including a series of webinars, reference guides, and a commitment to phase out the use of nitrous oxide across the group. Over 99% of VetPartners practices now do not use nitrous oxide: the most environmentally harmful veterinary inhaled anaesthetic agent.

Over the last year practices have continued to recycle the 'unrecyclable' with TerraCycle, saving 6.5 tonnes of PPE, plastic packaging, and blister packs from landfill. Waste reduction is also a focus of an innovative new research project at VetPartners: in October 2022 we were awarded a grant for research spanning environmental and clinical concerns. Project DRAPES (Drapes in Routine Aseptic Procedures for Environmental Sustainability) aims to compare wound complication rates between patients where reusable textile drapes have been used and those where disposable drapes have been used. This will provide an evidence base for veterinary surgeons in practice to make positive sustainability choices without compromising patient outcomes.

Region: Europe

Sector: Healthcare

Investment year: 2018

HIGHLIGHTS

- 26 businesses/practices signed up with Investors in the Environment (iiE)
- One iiE Green award, two Silver, nine Bronze
- 497.5 acres of habitat protected via donations to World Land Trust
- 6.5 tonnes (approximately 3.2 million items) waste saved from landfill with TerraCycle
- 80% of metered sites on fully renewable electricity tariffs
- >99% practices stopped using nitrous oxide

vetpartners.co.uk

Shawbrook

Case Study

Shawbrook is a UK-based specialist bank, supporting homeowners and real estate professionals, SMEs and consumers with their pressing and often complex funding needs. Shawbrook has a clear ESG agenda, which has been integrated into its business strategy, sponsored and championed by the Chairman, and underpinned by an established governance structure starting at Board level.

Spotlight on climate

In 2022, Shawbrook developed their climate strategy, which forms a core component of its wider ESG agenda. It has committed to becoming a net zero organisation by 2050, and has an ambition to be net zero in its own operations by 2035. Today, its focus is on enabling a transition to net zero by leveraging its insights and expertise to inform both its own activities in this space but also to support their customers in their own journey to net zero.

Shawbrook's strategy is structured around three core pillars and incorporates clear priorities as well as short, medium, and longer-term metrics. It will report progress against these targets, including through annual climate-related disclosures which were published in their inaugural Task Force for Climate-related Financial Disclosures ("TCFD") report.

To view the full report, visit: shawbrook.co.uk/sustainability/.

Region: Europe

Sector: Service & Industrials

Investment year: 2017

HIGHLIGHTS

- Developed Board-approved climate strategy and disclosed inaugural TCFD report
- Launched new equality, diversity and inclusion (EDI) strategy
- Initial measurement of our financed emissions

1. Scope includes own operations (scopes 1, 2 and 3 excluding purchased goods and services) and financed emissions for the Group's Property Lending Portfolios.

2. Scopes that fall under own operations (scopes 1, 2 and 3 excluding purchased goods and services).

shawbrook.co.uk

PetSmart
Case Study

PetSmart is the largest omni-channel pet retailer in North America, offering products, services and solutions for the lifetime needs of pets. Across 1,660+ stores in the U.S., Canada and Puerto Rico, PetSmart's 50,000+ associates share the same love and passion for pets as the pet parents they serve, creating culture and a competitive edge.

Introduced in early 2023, PetSmart's Corporate Social Responsibility strategy, A World Through Their Eyes, is inspired by pets, and focuses investments to promote pet health and happiness, empower people and communities, and operate ethically and responsibly.

With over 9.4 million pets cared for in its stores, salons, daycares and hotels, PetSmart aims to lead the industry in providing the highest-quality care for pets. This includes collaboration with nonprofit organizations working to advance animal welfare.

A Leading Approach to Pet Health and Safety

- All pet care health and safety practices, policies and procedures are evidence based, and developed with the clinical expertise of PetSmart's veterinary team.
- At the cornerstone of PetSmart's commitment to the welfare of small mammals, birds, reptiles, amphibians, fish, and invertebrates is its Vet Assured™ program. Vet Assured™ promotes responsible sourcing; sets standards for care and transportation practices and policies of suppliers; and requires screening tests for certain pets before they are offered for sale.
- PetSmart services are performed at a safety rate greater than 99.9% - that's less than a 0.1% injury rate for pets in its care.
- Store leaders spend approximately 600,000 hours a year walking PetSmart stores to check on animal welfare and habitat cleanliness.

The Most Hands-On Instruction and Training

- PetSmart trains more pet specialists, with more extensive training, than any other pet retailer in North America.
- More than 1.5 million hours in training has been provided to associates in pet care positions.
- For every animal PetSmart maintains rigorous pet care protocols, care guides, habitat and cleaning standards that associates work every day to uphold.

Enriching Lives and Communities

- PetSmart Charities is the leading funder of animal welfare in communities across North America. Since 1994, more than $500 million has been granted to organizations that help transform the lives of pets and those who love them.
- PetSmart Charities and PetSmart Charities of Canada work with over 2,000 animal welfare organizations to bring adoptable pets into PetSmart stores so they have the best chance possible of finding a forever home. Through this program and other signature events, PetSmart Charities has facilitated more than 10 million pet adoptions.

Region: North America

Sector: Consumer

Investment year: 2015

HIGHLIGHTS

- PetSmart services are performed at a safety rate greater than 99.9%
- $500 million donated, and 10 million adoptions facilitated, by PetSmart Charities

petsmart.com

Forno d'Asolo

Case Study

Since its inception in 1985, Forno has become the leading manufacturer and distributor of over 4000 frozen bakery products in the growing and fragmented Italian frozen bakery market. Its operations extend across Italy, and in the USA and France, and the business currently employs over 1100 people.

Forno's commitment to ESG issues has seen the Group continue to invest in initiatives that will reduce its environmental impact, including:

- Measuring **Scope 1-2-3 Carbon Emissions** to inform a clear roadmap to Net Zero by 2050. As part of its activities to achieve this goal, the Group will reduce secondary packaging across all of its product lines to minimize the impact of transportation and storage in distribution.
- Improving energy independence and increasing use of renewable energy by allocating resources to **Solar Panel** installation and other **special projects**:
  - 980 kwh of solar power capacity was installed on the roofs of Forno plants in 2022 with plans to add an additional 520 kwh to be fully operative by the end of 2023.
  - Establishment of a Trigenerator of 820 kwh power capacity, which will be in use by the end of 2023), in addition to the 1200 kwh power capacity already generated by a previously installed system built in 2015.
  - Forno has a goal of 100% sourcing of renewable energy
- Continuing to invest in sustainable and/or certified raw materials, such as Rainforest Alliance cocoa, Barn Eggs, and palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO).

Forno is also committed to creating a sustainable workplace for its employees and the communities they work in. A collaboration with Pizzaut Onlus on the project **#100mattoni** was launched to promote the training and job placement of **people affected by autism**. The Group also allocates resources to a Welfare policy that provides a bonus to all the employees.

Region: Europe

Sector: Consumer

Investment year: 2018

HIGHLIGHTS

- Inaugural Sustainability Report published in 2022
- Set carbon reduction target as part of Net Zero planning
- Commitment to 100% sourcing of electricity from renewables

fornodasolo.it

Sustainability reports

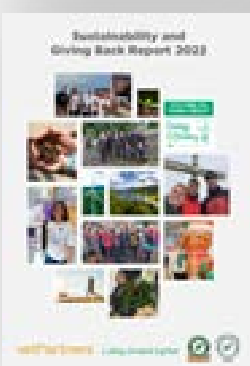
from our portfolio companies

Click below to read the sustainability reports from some of our portfolio companies:

Sustainability reports

from our portfolio companies

Click below to read the sustainability reports from some of our portfolio companies:



ESG at BC Partners

At BC Partners, we are committed to focusing on the same ESG priorities within our own business as we advise across our portfolio and investment process

Diversity, Equity, and Inclusion (DEI)

First and foremost, operating a diverse, equitable, and inclusive workplace is simply the right thing to do. At BC Partners we also believe that it is a business imperative: diverse teams make better decisions, and inclusion allows a firm to draw from the broadest possible pool of talent.

As such, we have taken steps to increase our DEI efforts over the last year. We have renewed our longstanding sponsorship of Level20, an organisation committed to working with PE firms in Europe to increase female share of senior positions to 20%.

Last year, we also signed on to ILPA's Diversity in Action initiative, which commits us to setting targets and an internal policy, as well as sharing our internal DEI data with our Limited Partners. We have highlighted some of this data here to illustrate our current state of progress.

We have also signed up to the ESG Data Convergence Initiative, which commits us to reporting DEI information related to our portfolio companies, a selection of which are highlighted in this report.

Data transparency is an essential foundation from which we can make continued DEI improvements. Going forward, we hope to implement programmes that will further increase diverse participation and we look forward to sharing the results of these in future reports.

13%

Senior roles (Director, MD, and Partner) are 13% female

18%

Investment roles are 18% female

39%

Overall workforce is 39% female

40.4%

40.4% of US Investment Professionals are non-white

50%

Our next two incoming associate classes in US are each 50% female

Foundation

For more than a decade, BC Partners has operated Foundations in both the US and UK to encourage and amplify employee giving. We maintain an employee matching programme that matches euro-for-euro up to €5,750, then on a sliding scale up to €22,950.

The Foundation also has the discretion to make unilateral donations. In 2022, these largely focused on alleviating the effects of Russia's invasion of Ukraine, totalling nearly €200k to Ukraine relief efforts. In early 2023, these efforts focused on relief for the devastating earthquake in Turkey and Syria, with €50k allocated to TEGV (The Educational Volunteers Foundation of Turkey) and the same amount to the Disaster Emergency Committee (DEC).

Offset Programme

As an asset manager our primary GHG impact is through the management of our portfolio. This is why we focus considerable resources and effort in this area, as detailed in this report. However, we are also a business with our own physical footprint; we understand it is essential to lead by example and so we have taken strides to address this over the last year, which we are pleased to share here.

At the start of 2022, we undertook a project to calculate the GHG emissions across our business, including office and data center operations, employee commuting to work, and business travel, notably by plane. Using data from our travel agents, IT systems, and office managers, we assessed that in 2022 BC was responsible for approximately 2,176 metric tonnes of CO2e across Scopes 1-3 in the GHG Protocol[3].

The best thing a business can do to mitigate its footprint is, of course, to use resources responsibly. Our IT footprint is modest, and our major offices are in LEED Gold or BREEAM "Very Good" certified buildings. We make extensive use of video conferencing technology as an alternative to business travel.

Many businesses, and many of our peers, choose to offset the remaining emissions they cannot reduce, and we do too. Offsets are not perfect instruments, and they vary in quality, but we chose two programmes that we believe are worth supporting and have clear and verified backing: industrial HFC gas recapture, and replacement of cooking stoves in India with cleaner alternatives.

What we're particularly proud of, however, is an innovative nuance to our offset programme, which demonstrates our commitment is embedded at the very top of the firm. While most emissions attributable to the firm as a whole or employees are paid for by the company, our Partners agreed to be personally charged the cost of offsetting their own business travel. The power of this approach is that it ensures our leaders consider the GHG impact of their travel choices, and so truly "internalizes" some of the social cost of carbon in the individual making the decision – and as stated earlier, shows we are leading by example.

Certain travel, of course, will still be important and necessary for our business. However, with a monetary cost assessed to the decision-makers in our firm, it is our hope that this increased awareness, and a substantive disincentive, will keep the bar high for justifying air travel, and may even encourage seeking lower-carbon forms of transportation, such as rail.

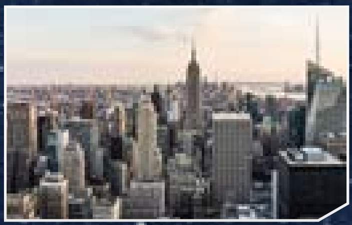
Going forward, we will continue to strive to keep the footprint modest at our management company and will report on how our initiatives play out..

3. Excluding Scope 3, Category 15 ("Investments") that are reported in our financed emissions

BC PARTNERS

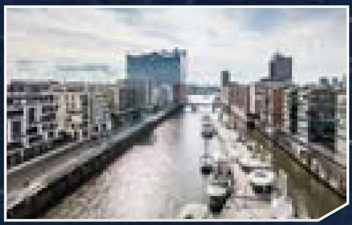
London

**40 Portman Square,
London, W1H 6DA,
UK**



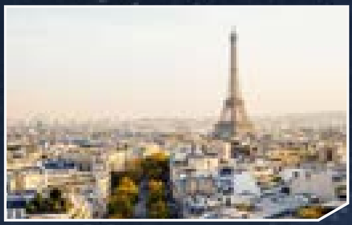
New York

**650 Madison Avenue,
23rd Floor,
New York, 10022,
USA**



Hamburg

**Neuer Wall 55,
20354, Hamburg,
Germany**



Paris

**38 Avenue Hoche,
4 eme étage,
75008, Paris,
France**

BC Partners
Environmental, social and governance report

Edition 3