BC Partners

Environmental, social and governance report

2022

BC PARTNERS

Contents

CARNE GLOBAL FUND MANAGERS (LUXEMBOURG) S.A "Carne" provides AIFM services to BC Partners European Real Estate I and the Luxembourg limited Partnerships of BC European Capital X and BC Partners Fund XI. Article 4 of the Disclosure Regulation requires fund managers to make a clear statement as to whether or not they consider "principal adverse impacts". Although ESG and sustainability risk is important to BC Partners and we take it seriously, Carne 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

This year has presented a wide range of macroeconomic turbulence, from Russia's invasion of Ukraine and inflationary pressures to interest rate movements and the ongoing effects of the COVID pandemic. These difficult moments validate our fundamental approach, which prioritises investing in high-quality businesses with defensive market characteristics, combined with a disciplined, conservative approach to risk management. These principles are our Firm's bedrock.

Both these challenges and our principles are what motivate our approach to ESG. In the more than 10 years since we began to systematically integrate ESG into our investment approach, the field has grown exponentially. We continue to believe that the consideration of environmental, social, and governance factors makes us more disciplined investors, and allows us to build sustainable long-term value – financially, ecologically, and societally.

Investing with an ESG lens aligns with our owner-operator mentality: it is a field where active management of issues is more rewarding than passively investing via ESG screens. Not only do we leverage Portfolio Operations specialists to directly create value within high-opportunity targets, but we engage across the entire portfolio, including via regular webinars and KPI collection. You can read more about the work we've done within our portfolio companies in the case studies section of this report on (pages 22-27). While these cases focus on our Private Equity asset class, our report also details progress in Real Estate (page 12), which has its own ESG policy and reports to GRESB, and Credit (page 11), which has strengthened its ESG integration and invested in climate analysis.

We are also incredibly proud of some of the differentiated initiatives we have implemented in the last year. After becoming the first primarily-PE firm to sign on to the Portfolio Carbon Accounting Financials (PCAF) framework, we invested in resources to improve our GHG data quality to make the best possible disclosure (page 18). This included allocating our internal experts to assist bottom-up calculations across our PE and RE portfolios, and commissioning 3rd party experts to assist in an estimate of our credit platform. We're proud of the resulting data quality scores and coverage that we received from PCAF and view it as a solid foundation for any future climate work. We also wanted to match the same commitment that we expect of our portfolio companies and calculated our first carbon footprint at the manager level, roughly 840 MT of CO2e, and are implementing plans to reduce and offset that figure.

Our LPs rightly expect strong ESG integration throughout our investment process, and leadership beyond climate-related matters. In this context, we joined ILPA's Diversity in Action Initiative last year for which we collect and report DEI data to our LPs (page 30). With that data in hand, we are currently developing an approach that we believe will help us yield substantive results which we aim to cover in next year's report.

As always, we thank you for your continued trust in us as stewards of your capital.

Raymond Svider

Letter from our Head of ESG

Colin Etnire
Head of ESG

Over the last year there has been increasing focus on "greenwashing," the practice of representing something – an investment, a product, a service - as more sustainable than it really is. This is a direct result of ESG standards becoming more rigorous, growing stakeholder engagement, and greater accountability expected from businesses. At BC Partners, we welcome this progress.

Investors should be transparent about their offering, and specific about what they do, rather than rely on labels or adjectives that can be opaque and open to interpretation. We take this approach with our limited partners, with whom we communicate regularly about various ESG issues, and importantly, how BC Partners is responding to them. I'm delighted when an LP wants to talk through a particular deal and how we assessed it from an ESG perspective, as this focuses on the substance of the work.

With primarily controlling positions, the private equity asset class allows us to take a very granular approach to ESG integration compared to our public market peers. Instead of relying on ESG scoring systems (which, though a move in the right direction, can be inconsistent), we assess companies individually for material issues and make investment decisions and value creation interventions based on these.

For example, in the last year we decided that two of our largest portfolio companies, Chewy and PetSmart, would benefit from senior sustainability leaders on their management teams. With their full support we proposed strategic goals for their sustainability programmes, authorised the spending required to attract the right talent, and actively supported the recruitment process.

The result was the hiring of two exceptional leaders, Joanne Dwyer (VP of Corporate Social Responsibility & Sustainability at PetSmart) and Lee Berry (Head of Sustainability at Chewy), whose progress I look forward to sharing once their tenures have had time to bear fruit.

This year we also took on the challenge of helping our entire private equity portfolio develop bottom-up Scope 1+2 GHG footprints, one step further than the more commonly used sector-based estimates. We hired an Environmental Defence Fund Climate Corps Fellow to assist me in working with each of our portfolio companies to help them either calculate their first footprint or improve the data quality of their existing calculations. This process, detailed in the climate section of this report (pages 13-18), will allow us to be more rigorous with our climate-related assessments and serves as solid grounding for future climate-related commitments.

The ESG evaluations we make and how we act on them are of course subjective determinations. They require you to trust us as an organisation to know and understand what material ESG issues look like at particular companies. To earn that trust, we aim to present transparently to you the substance of our work, with specific details about the actions that we're taking and the results that we're delivering.

I'm proud of the work we've done and am excited to update you on our progress in the years ahead.

Colin Etnire

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Investors should be transparent about their offering, and specific about what they *do*, rather than rely on labels or adjectives that can be opaque and open to interpretation.

Colin Etnire, BC Partners, Head of ESG

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

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
311k +
people worldwide

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

All data in this report as of 31 December 2021 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

SASB ALLIANCE

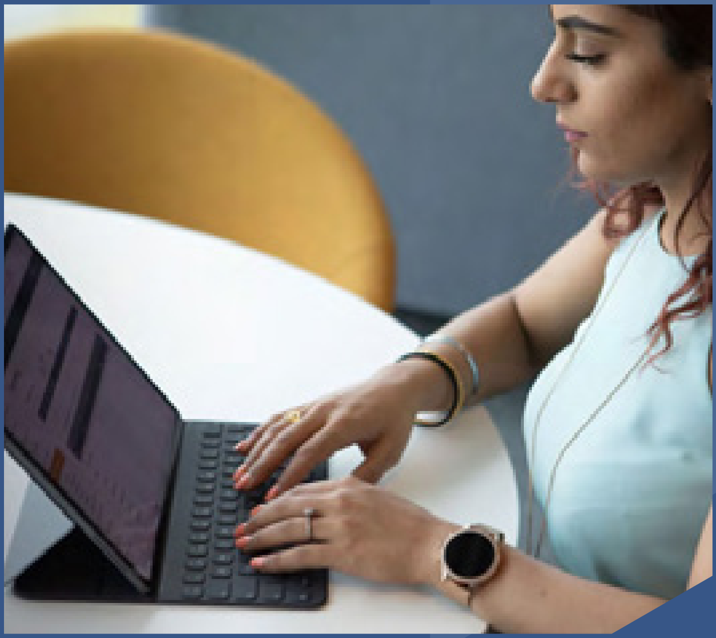
TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Our ESG approach

Private Equity

BC Partners began formally integrating ESG factors into its investment process in 2010, with the requirement of ESG sections in all Investment Committee (IC) memos, 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, so since 2010 we have continued to develop our processes to reflect best practice and to standardise and deepen our approach. At the beginning of 2021, we updated our *ESG policy*, which revised our ESG investment procedures, details of which we outline here.



Our approach to ESG integration formally starts at the Preview Note phase, where diligence of a potential target begins in earnest. Once this note is approved, the deal team refers it to the Head of ESG to compose an ESG advisory memo. This memo provides an overall perspective on the deal, as well as highlighting all potentially material ESG issues that must be evaluated, with 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 also ensures that ESG information gathered from other diligence streams (such as legal, operational, HR, and others) can be incorporated in the final evaluation.

The results are compiled into a dedicated ESG section of the Preliminary and/or Final Investment Memorandum for IC consideration. The Head of ESG approves the slide and attends the IC as necessary to clarify any points, and the ultimate evaluation of ESG risks and opportunities falls to the IC.

Once an investment is complete, we quickly establish ESG action plans for the business and support the company in realising its ESG goals, as well as actively managing ESG issues and opportunities as they arise. This support comes directly from the Head of ESG as well as our deal and portfolio operations team. It now includes portfolio-wide engagements such as quarterly webinars for ESG professionals at each portfolio company.
In addition, we monitor our investments through an annual ESG survey of several dozen standard KPIs, allowing us to better manage these material ESG factors and communicate them to our investors.

ESG integration in the private equity investment process

Head of ESG Advisory Memo

When pursuit of a deal is approved, an ESG Advisory Memo is created 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 to provide insights and transparency.

Credit

Given lower levels of control than traditional private equity and less easily accessible data than public markets, private debt can be a more challenging asset class in which to integrate a consistent application of ESG considerations. In this context, BC Partners Credit ('BCP Credit') last year set out a tailored, specific approach to ESG that is firmly rooted in our overall investment process for private debt, which was further developed and formalised in 2022.

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 frequently consult the Head of ESG well before a deal reaches the IC memo stage, for counsel throughout the diligence process and 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 our partners can make future decisions, including strategic allocation.

While BCP Credit does not manage ESG or Impact "themed" funds, the opportunistic nature of the BCP Credit platform allows it to pursue targets that can take advantage of ESG themes. For example, in June of 2022, BCP Credit funds acquired a minority stake in and committed additional financing to GreenPark Infrastructure, a new platform founded by two Tesla and SolarCity alumni. GreenPark Infrastructure is a sustainable real estate platform that invests in land and leases supporting solar and wind farms, battery storage, EV charging, transmission lines, and future zero-carbon technologies.

Head of BC Partners Credit Ted Goldthorpe commented on the investment:

"

We are delighted to partner with GreenPark and support the continued growth of this important and innovative platform. We believe that the business is primed to both accelerate and benefit from the transition to a low carbon economy, and we look forward to working with Shane, Luis, and their team to achieve this.

1 Museum Street, a development project on a site acquired in June 2022

Real Estate

BC Partners Real Estate ("BCPRE") was launched in 2018 as a fully integrated business within BC Partners. It implements 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.

BCPRE incorporated environmental and social factors into its development strategy from inception, with deeply embedded policies and procedures, including its ESG policy. This policy is aligned with the firm-level ESG policy, tailored to BCPRE's specific investment processes.

BCPRE's ESG strategy focuses on five environmental pillars:

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

BCPRE reports to GRESB, the largest sustainability benchmark assessment for real estate companies globally and is targeting a 4-star rating for its first fund, BC Partners European Real Estate I ("BCPERE I"). The team aims to obtain green building certifications, including BREEAM, at the "Excellent" level for office developments over which BCPRE takes control at concept design stage, and other certifications such as LEED and DGNB as geographically appropriate.

In 2022, BCPRE updated all its main ESG documentation, including its ESG strategy which is accessible on the *Company website*, and detailed guidelines for all development projects.

Example 1: In October 2021, BCPERE I acquired an office building located on the Seine riverbanks in Issy-les-Moulineaux (South- West suburb of Paris) and close to public transportation. The asset is a 7,092 sqm office building that was developed in 2011. BCPRE is now undertaking a full refurbishment of the asset to improve environmental/low carbon performance while completely redefining the services, amenities and the look-and-feel of the lobby/common areas. This project is targeting a BREEAM RFO certification, at the Excellent level, as well as a Wiredscore Silver label.

Example 2: In June 2022, BCPERE I purchased a development site in central London, on Museum Street, close to Tottenham Court Road Station. It comprises a 15-storey former Travelodge hotel, a 5-storey car park (at the foot of and underneath the vacant hotel building), and a collection of smaller adjacent buildings. Excluding the carpark, it totals c.90k sf. BCPERE aims to redevelop the site into a ground plus 18 story office tower, along with some retail and residential (see above picture). This development will target highest environmental certifications, such as BREEAM Excellent, Well Platinum and net zero carbon on operations.

Climate risk

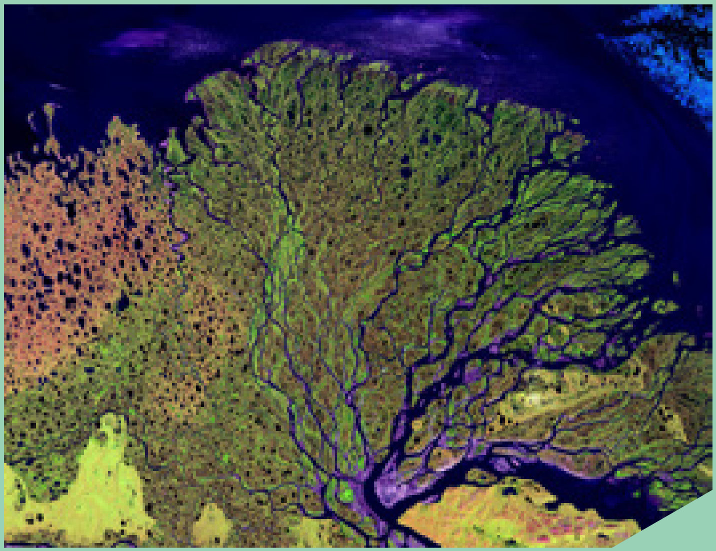
Climate risk

Earlier this year, the Intergovernmental Panel on Climate Change (IPCC) updated its summary of the state of knowledge on climate disruption. It confirmed what we already knew: climate change will affect all geographical areas and will have serious consequences on ecosystems and societies for centuries to come. 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.

Since our last report we have focused on expanding the depth and breadth of our data related to the climate transition. In late 2021, we were proud to be the first primarily private equity firm to commit to the Portfolio Carbon Accounting Financials (PCAF), which sets protocols for assessing "financed emissions" described by Scope 3 Category 15 in the Greenhouse Gas Protocol.

In order to provide the best possible data for that framework and in reporting to our LPs, we hired a Climate Corps Fellow from the Environmental Defence Fund programme, who worked alongside our Head of ESG to support each of our portfolio companies to either develop their first GHG footprint, or improve what they already collect, focusing on Scopes 1 and 2. In Credit, where we don't have the same level of access to management and data, we hired Guidehouse to advise us on using PCAF's emissions factor database to create GHG estimates for all scopes for the vast majority of that portfolio. Finally, across the deals we worked on in the last year, 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.

In 2020 we became a signatory to the Taskforce on Climate-related Financial Disclosures (TCFD). As such, the following pages report on our ESG performance as aligned with TCFD guidelines.



Governance

Our goal is to integrate governance of all climate risk considerations into overall strategy and risk management, and so our partnership oversees climate risk via our ESG Committee. To the extent that climate risk analysis is generated, it is passed along to the Committee for consideration, or relevant deal teams. 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 this is our predominant asset class, we are increasing our visibility in Credit and Real Estate, which manages its own climate analysis in line with its GRESB commitment.

Scenario analysis

Our scenario analysis related to physical risk remained based on the major physical climate screen that we conducted last year with Sust Global in collaboration with Bridge House Advisors. Last year we analysed 500 sites across our portfolio and identified less than 10% that had potential material exposure to physical risk. This year, we analysed all new entrants to the portfolio, and none were deemed at high physical risk.

Our transition risk assessment was renewed based on the data-gathering exercises we have outlined. As with last year, just three of our current 32 portfolio companies have carbon intensities above the MSCI average for their geography, and none of which are in oil & gas. As such, carbon pricing risk is relatively low across the portfolio, but this exercise allowed us to identify our highest emitters, which will guide our engagement in supporting their decarbonisation journeys.

In the future, we aim to expand this analysis to our Credit and Real Estate asset classes.

Strategy and risk management

Our traditional investment strategy has not included high-GHG-intensity sectors such as fossil fuels, aviation, and mining, which gives us an inherent resiliency advantage. We are confident that our investment in this last year in our first climate-risk analysis will inject a more robust understanding of these risks to our traditional risk management processes. This will allow us to seek and achieve greater levels of resilience across the sectors where we have exposure.

In addition to considering these risks in the investment decision making process, we aim to actively manage them 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 two of our largest asset classes.

	SCOPE 1*	SCOPE 2	SCOPE 3	PCAF Data Quality Score**	AUM Coverage
Private Equity	1,052,908	599,963	2,945,795	2.33	100%
Credit	40,960	32,433	199,243	4.00	83.1%

**All GHG figures are in metric tonnes of CO_2 equivalent*
***Scores range from 1 (audited) to 5 (estimated), as detailed by PCAF here. Averages are presented as weighted average based on Enterprise Value.*

PE Carbon intensity: 97.4 Metric Tonnes of CO2e per million Euros of revenue

This figure compares to MSCI's US (152.5) and Europe (146.5) equities indexes, which represent publicly listed companies in our two primary investment geographies. It also represents a decline from last year when we reported 143.0 in the same metric (although at the time we expressed it in dollars). While of course a decline is a good thing, numerous different variables appear to be at play: our accuracy of data increased and largely revised estimates down; electrical grids are generally decarbonising; pandemic effects impacted the revenue denominator; and, there were slight changes in our portfolio construction. As such, while we cannot commit to a particular carbon intensity going forward, we will include intensity in our analysis of future investments.

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 more difficult: 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.

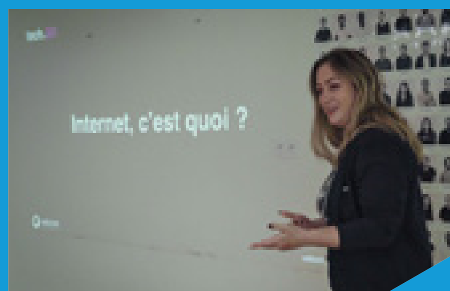
Our portfolio

Portfolio survey highlights

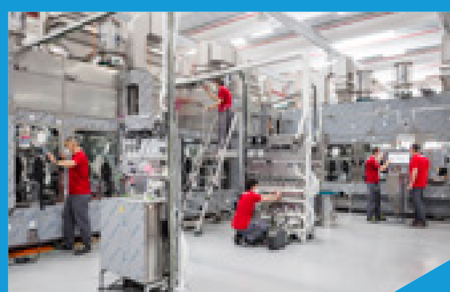
Every year, we send out an ESG survey to our entire private equity portfolio, covering several dozen indicators related to all major ESG topic areas. This survey provides an excellent opportunity to engage with our companies, more knowledge about where and how to support them, and accountability for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

Below are select highlights from our 2021 survey:

43%
have their own dedicated ESG report

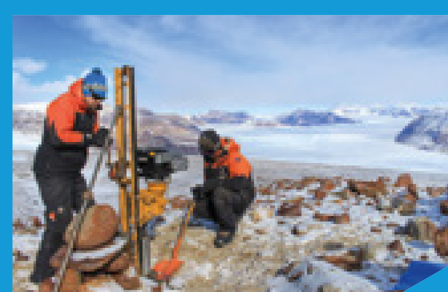


67%
more companies calculated their own GHG footprint in 2022 than 2021



37%
of women in management roles

30%
have more than a quarter of their workforce participate in profit-sharing



Over
22,000
jobs created (net new hires) across the portfolio

Carbon intensity of
97.4 MT
CO2e/€M revenue

Materiality map of ESG factors by investment vertical

Below are the results of a desktop materiality mapping exercise, illustrative of our materiality-based approach to ESG:

DIMENSION	GENERAL ISSUE CATEGORY	CONSUMER	HEALTHCARE	BUSINESS SERVICES & INDUSTRIALS	TECHNOLOGY MEDIA & TELECOM
Environment	GHG emissions / Resource Management	Potential	Potential	Likely	Potential
	Pollution and Enironmental Liabilities	Unlikely	Potential	Likely	Unlikely
	Circular Economy	Likely	Potential	Likely	Unlikely
	Ecological Impact	Unlikely	Potential	Potential	Unlikely
Social Capital	Human Rights & Community Relations	Potential	Potential	Potential	Potential
	Customer Privacy / Data Security	Potential	Likely	Unlikely	Likely
	Access & Affordability	Potential	Likely	Unlikely	Unlikely
	Product/Service quality & safety	Likely	Likely	Potential	Unlikely
	Selling Practices & Product Labelling	Likely	Likely	Unlikely	Potential
Human Capital	Labour Practices	Likely	Likely	Likely	Potential
	Employee Health & Safety	Potential	Potential	Likely	Potential
	Diversity and Inclusion	Potential	Potential	Potential	Potential
Business Model & Innovation	Product Design & Lifecycle Management	Likely	Unlikely	Likely	Unlikely
	Business Model Resilience	Potential	Unlikely	Likely	Unlikely
	Supply Chain Management	Likely	Potential	Likely	Potential
Leadership & Governance	Business Ethics	Potential	Likely	Potential	Potential
	Competitive Behavior	Potential	Likely	Potential	Potential
	Management of the Legal & Regulatory Environment	Potential	Likely	Likely	Potential
	Critical Incidents Risk Management	Potential	Likely	Likely	Unlikely

LEGEND
- Likely Material Issue
- Potential Material Issue
- Unlikely Material Issue

Advanced

Case Study

Advanced is an innovative, UK-based enterprise software and services company. The Company has a clear sustainability agenda, having first deployed an emissions reporting tool in 2020 to baseline and track energy usage. It has since formalised its ESG commitments, which are guided by three focus areas:

- **Protecting the planet** – Advanced has reduced its carbon impact by 40% over the last three years through green suppliers and other initiatives. It has switched its operations to run on 100% renewable energy and achieved carbon neutrality in January 2022.

Advanced created its Green Network to harness the passion of employees to promote and implement further emissions reduction initiatives and increase environmental awareness.

- **Diversity and Inclusion** – Now in its second year, the Advanced Diversity Pay Gap Report includes analysis of data on gender, disability, socio-economic background, sexuality, ethnicity, and education. It provides meaningful insights so that the business can develop plans to support equity throughout the organisation.

Its commitment to D&I is also seen in other initiatives, including:

- reducing bias in recruiting with an innovative hiring process that removes CVs
- supporting internal mobility – 50% of experienced roles were filled by existing employees in 2021
- scrapping probation periods, giving everyone the best possible opportunity to succeed from day one
- becoming a Stonewall Diversity Champion
- achieving a Disability Confident Employer status
- partnering with Astriid, a charity aiming to make work more inclusive for people with long-term conditions and disabilities
- creation of Diversity and Inclusion Networks based on three core principles – to celebrate, educate and advocate and to provide a safe space, and support a culture of understanding and growth

- **Social and community empowerment** – Advanced is committed to making a difference in society, such as the power of its software bringing innovation to sectors such as healthcare and education, or its charity and community programmes. Advanced is a patron of the Prince's Trust charity, which supports unemployed and disadvantaged 13-to-30-year-olds.

Other initiatives include a matching scheme to support employee fundraising, a programme to encourage employees to be proactive about their wellbeing, and the provision of Volunteering Leave.

Focusing on an environmentally sustainable agenda requires a different mindset, and Advanced seeks to break the link between business growth and increased emissions.

Region: Europe

Sector: TMT

Investment year: 2019

HIGHLIGHTS

- Winner of VMWare's Sustainability Award, Jul '22
- Achieved carbon neutrality in Jan '22
- 50% of experienced roles filled by existing employees in 2021 to support internal mobility

oneadvanced.com

GFL Environmental

Case Study

GFL is a waste management company headquartered in Toronto, Canada. It operates across North America, and currently employs more than 19,000 people. The company provides environmental services to municipal, residential, commercial, industrial, and institutional customers.

GFL's sustainability strategy is centered around two key pillars:

- an environmental management system to ensure compliance and track the company's environmental performance, and
- investing in alternative solutions that help GFL's customers achieve their own sustainability goals.

GFL offers its customers access to material recovery and compost facilities that help to keep recyclable or compostable materials out of landfills. But inevitably there is a significant volume of waste materials that are not diverted and are disposed of in landfills. Organic materials deposited in a landfill decompose over time and, if not captured and managed, can be a significant source of greenhouse gas (GHG) emissions.

Therefore in 2021, GFL added to its sustainability strategy with the launch of GFL Renewables, an innovative initiative focused on:

- increasing landfill gas capture and management at GFL's landfills, thereby reducing fugitive GHG emissions from its landfills, and
- developing landfill gas to renewable natural gas (RNG) facilities at certain GFL landfills.

RNG can be used in commercial and industrial applications such as natural gas-powered vehicles, heating, and electricity generation to displace the use of virgin fuels. GFL plans to replace diesel fuel vehicles in some of its solid waste collection fleet with compressed natural gas (CNG) that will run on RNG generated by GFL's landfills, thereby reducing GHG emissions from its fleet.

GFL will announce its sustainability goals, targets, and commitments, including its GHG reduction goal, in its 2021 Sustainability Report to be issued in in Q4 of 2022.

GFL currently has five RNG projects in development, 11 under negotiation and another six projects under evaluation. GFL estimates that the realisation of these projects will not only help it achieve its goal of reducing GHG emissions but also result in incremental annual free cash flow from the nine projects in its base case of approximately $150M - $200M. GFL expects the first RNG project will begin operations in Q2 2023.

GFL GREEN FOR LIFE environmental

Region: North America

Sector: Business Services & Industrials

Investment year: 2018

HIGHLIGHTS

- Organics facilities that recycle organic waste
- Landfill gas to energy facilities that capture landfill gas and convert into renewable natural gas
- Soil recycling facilities that remediate contaminated soils otherwise destined for landfill disposal for reuse in construction and development projects

gflenv.com

IMA Group

Case Study

Established over 60 years ago, IMA has seen continuous multidisciplinary growth in the design and production of complex machines and equipment. IMA Group incorporates ESG considerations in all strategic planning for the long-term growth and success of the business. The Group's Sustainability Policy aligns with its Code of Ethics and applies to all Group companies. The policy is focused on five key pillars: Health & Safety, Governance, Diversity & Inclusion, Environment, and Community, details of which you can find in the latest IMA Sustainability Report.

In response to growing attention on environmental sustainability, IMA has implemented initiatives to reduce the environmental impact of its production processes. These include:

The **OPENLAB network** aims to encourage greater understanding of local needs in terms of environmental sustainability, with the aim of supporting the path towards the use of eco-sustainable materials.

LOW (Low-Impact Program) focuses on innovating and implementing low impact technologies, such as:

- Water and electric consumption standards set for all our new machines
- New IMA plants use renewable energy resources and to minimise waste and consumption

NOP (No-Plastic Program) is a company wide project to systematically introduce eco-sustainable materials within the entire supply chain. This includes:

- New CT11 machine using biodegradable packaging materials for teas and herbs
- "Parenteral Paper Packs" which uses innovative cardboard packaging for parenteral products
- Horizontal flowpack machine "Delta full ultrasonic" with high speed for flexible and interchangeable management of both new generation hermetic recyclable polyolefin-based packaging and old generation non-recyclable materials

The **IMA carbon reduction/ offset programme** purchases carbon credits to mitigate its Scope 1 and 2 emissions. This is a requirement of the ßNeutral standard, of which IMA is a signatory.

- IMA has taken key steps to reduce its emissions through requiring the certification of energy supplied to its sites as from guaranteed renewable sources.
- In 2021 IMA implemented a greenhouse gas emissions management system to effectively monitor emissions in order to identify and address the emission categories with the highest impact. This was done in compliance with ßNeutral and in accordance with the ISO 14064-1 standard and was third party certified. The system is inspected and verified annually by the certifying body.

IMA Sustain Ability

Region: Europe

Sector: Business Services & Industrials

Investment year: 2020

HIGHLIGHTS

- 2020 committment to reduce and offset direct and indirect emissions
- GHG emissions management system launched in 2021
- 59.8% of energy from renewable energy sources in 2021

ima.it

NAVEX
Case Study

NAVEX is a software business that facilitates Governance Risk and Compliance (GRC) best practices in the business operations of its customers, with a particular focus on environmental, social and governance (ESG). Its purpose is to promote ethical, inclusive, and equitable workplace cultures; protect customers' brands in an ever-changing risk landscape; and preserve our environment's natural resources by enabling sustainable business practices.

NAVEX reports its ESG efforts and activities in its annual ESG Report and remains focused on addressing the material challenges in its industry. In the coming year, the business will focus on meeting its emissions targets, in part by removing and replacing antiquated equipment, reducing its office footprint, and using energy-efficient servers.

1. NAVEX is focused on reducing its greenhouse gas footprint and has pledged to continue to measure emissions using market-based methodologies to offset all its emissions annually. Since 2021, NAVEX has ceased use of 50% of its offices to support this ambition.

Last year through its software solution **NAVEX ESG**, the business supported its customers in their calculation of energy, water, and waste usage for over 500 facilities, as well as related greenhouse gas emissions. It also helped customers collect data on over 2,500 third parties regarding their ESG practices to ensure compliance. NAVEX continues to expand its solution to comply with the newly formed International Sustainability Standards Board (ISSB) which is the first global accounting-based methodology to be adopted as a standard taxonomy for ESG data.

2. NAVEX has strong commitments to diversity, equity, and inclusion (DEI). The business hosts an annual internship programme for individuals from under privileged communities, with a goal of building awareness of the various career paths available to these individuals and promoting the confidence that they deserve to be supported and cared for in their future workplace.

NAVEX is also partnered with various recruitment platforms that support the evolvement of a diverse candidate pipeline. In 2021, 52% of all NAVEX hires self-identified as having a race other than white. NAVEX's internal community groups serve as a strong anchor for people to feel understood, heard and seen, and includes an LGBTQA+ group, and a Women in Sales and Parenting community group. Each year NAVEX team members can dedicate up to 16 hours of time to support their local communities and support NAVEX's internal and external giving programmes.

NAVEX™

Region: North America

Sector: TMT

Investment year: 2021

HIGHLIGHTS

- Since 2021, 50% less use of office space to decrease carbon footprint
- In 2021, 52% of all NAVEX hires self-identified as having a race other than white
- 16 hours dedicated time for each team member to support the community

navex.com

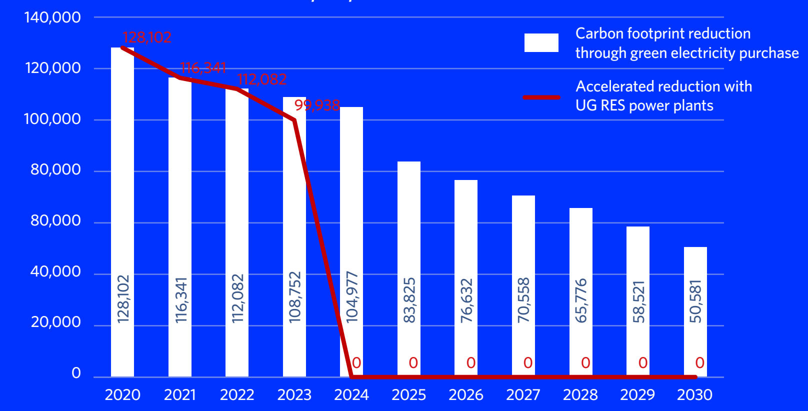
United Group
Case Study

United Group is the leading telecoms and media provider in Southeast Europe, providing customers with a full range of telecommunications services. It has the broadest network coverage in the region and offers customers an unrivalled selection of content, from local offerings to the best selection from across the globe.

Carbon neutrality and electricity market independence are integral to United Group's ESG strategy. The business is switching to clean energy by investing in its own industrial-size renewable energy source (RES) power generation assets. It is developing RES power plants in all countries where it operates telecommunications businesses, thus focusing on its energy-intensive operations. This initiative aims to:

- **Reducing carbon footprint** – accelerated reduction by the end of 2024 by covering energy-intensive operations with 100% green electricity from RES power plants. This will help United Group to reduce its carbon footprint much earlier than the initial targets reported to the Carbon Disclosure Project (CDP) and Science Based Targets initiative (SBTi).
- **Balanced power market position** – hedging against the volatile electricity prices by maintaining a balanced market position as both a consumer and a RES power supplier.

Carbon footprint reduction CO2 tons



SBTi (Science based targets) and CDP carbon reduction submitted commitment with RES project's effect add on.

RES Highlights

- Bulgaria: Four RES power generation assets in development
  - A wind power plant with an installed capacity of 70MW – scheduled to become operational in 2024
  - Three photovoltaic power plants with a total installed capacity of 45MW – scheduled to become operational in 2023
- Total investment exceeding EUR 120 million
- Maximum utilisation of the renewable resources and reliability of operations:
  - Bi-facial PV modules with tracker mounting structure
  - Latest-generation wind turbines with highest efficiency
  - Actively investigating battery power storage options for enhanced resilience
- Average annual generation of more than 300,000 MWh of green electricity
- Around 114,600 tons of CO2 reduction per year - accelerated carbon footprint reduction
- 100% coverage of United Group's direct power consumption in all countries of operation
- The next countries investigated for the new RES projects development by United Group are Greece, Croatia, and Slovenia

UNITED GROUP

Region: Europe

Sector: TMT

Investment year: 2019

HIGHLIGHTS

- Commitment to reduce CO2 emissions by 60% by 2030 versus 2020 levels
- Recycled 720 tons of network telecom equipment, batteries, and cables and 750 tons of paper and cardboard in 2021
- In 2021 donated 1,766,049 EUR to groups and activities dedicated to protecting the environment, supporting educational initiatives, and protecting the socially vulnerable

united.group

Valtech
Case Study

Valtech is a global company focused on business transformation. By designing and building digital driven solutions, it enables its customers to connect more directly with their consumers across digital and physical touch points, such as their websites and apps.

With over 5,000 team members across five continents, 22 countries and 55 offices, diversity and inclusion is a core focus for Valtech. It employs a *5 pillar strategy across Accountability, Education, Community, Inclusivity and Hiring*. Within this strategy its initiatives focus on equity, ensuring a level playing field for all, an Accelerating Into Leadership programme for underrepresented employees, and a hiring process and matrix, which has seen women make up 41% of all new hires in the first half of this year.

As part of its D&I work, Valtech manages the program 'Tech Girl'. The initiative was born out of the appetite to address the shortage of female developers – currently approximately a quarter of the people working in IT are women - and to have an impact in the local communities where it operates.

Across its offices, Valtech runs free sessions for girls, particularly from underprivileged areas, to join its leaders and team to learn the basics of coding and gain exposure to female role models. Valtech has so far hosted over 800 girls at events in the UK, Ukraine, Germany, France, Denmark, Sweden, India, New York, Toronto, Chicago, Mexico, Argentina, and Brazil. For more about Tech Girl, watch:

→ **Tech Girl 2022 with Valtech India**

> “
> *Technology plays a huge part in how our society is developing right now. We know that there will be a world-wide shortage of developers and it will be a threat to our position and our possibilities to shape the future.*

valtech_

Region: Europe

Sector: TMT

Investment year: 2021

HIGHLIGHTS

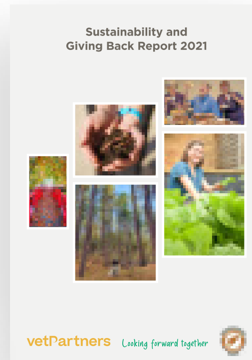
- 41% of new hires in H2 2022 were women
- 800 girls taught coding through 'Tech Girl' program
- Commitment to NetZero by 2050

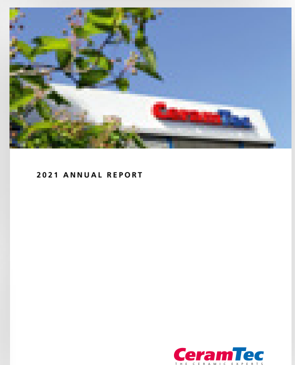
valtech.com

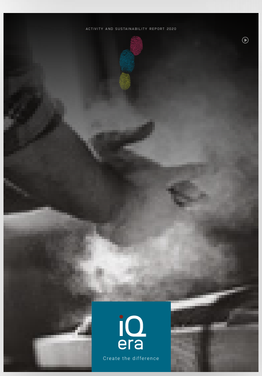
Sustainability reports

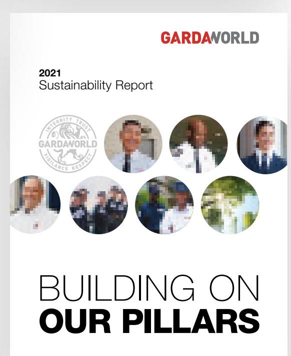
from our portfolio companies

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 share our internal DEI data with our Limited Partners. We have highlighted some of this data here to illustrate our progress. We have also signed up to the ESG Data Convergence Initiative, which commits us to reporting DEI information related to our portfolio companies, some of which are highlighted elsewhere in this report.

This data transparency is a key foundational step for us to continue making DEI improvements. Going forward, we hope to implement programmes to improve these outcomes that we will share with you in future versions of this report.

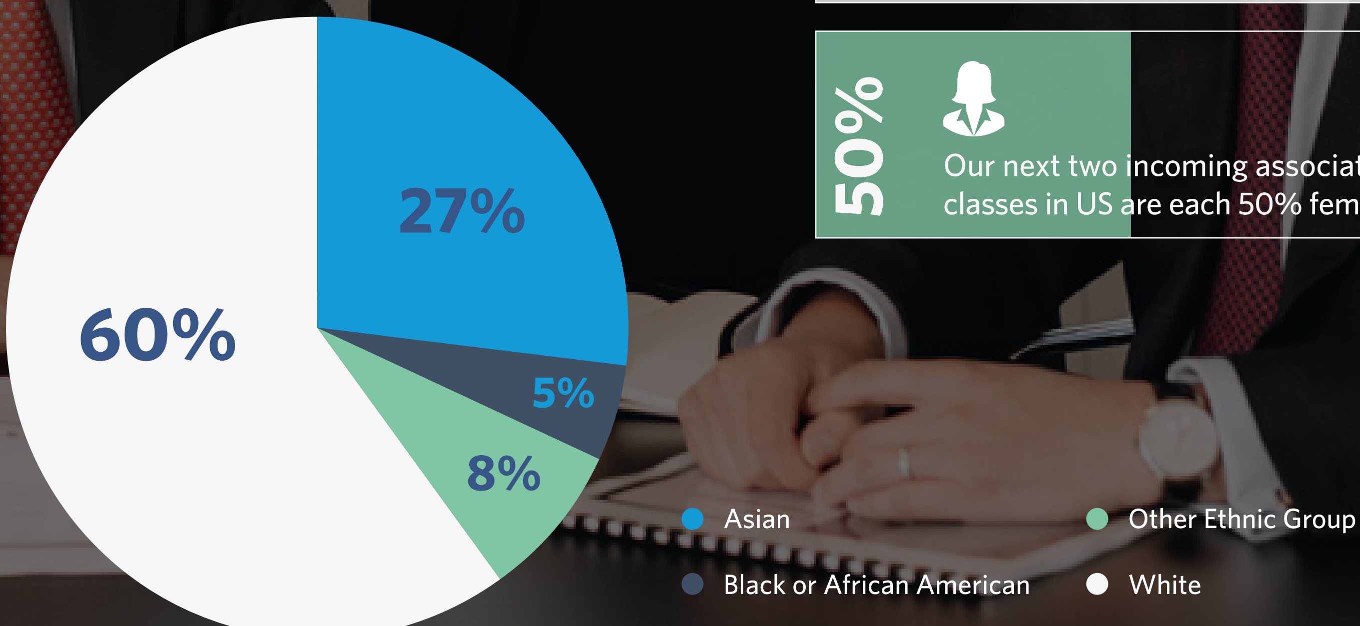
13% Senior roles (Director, MD, and Partner) are 13% female

16% Investment roles are 16% female

38% Overall workforce is 38% female

27 27 different nationalities

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



Environment

We believe that "walking the walk" in our own operations is an important form of leadership. In 2022, we conducted our first GHG footprinting exercise across our business, covering major sources from all three scopes. The exercise concluded our emissions were approximately 840 MT of CO_2e in 2021.

Our two primary emissions sources are our office buildings and our business travel. Our office buildings are largely efficient: for example, our London HQ is rated BREEAM "Very Good," and our New York office is LEED Gold. Our business travel has reduced during the pandemic, but we are mindful that we need to continue to be prudent in our air travel to keep our footprint low. We are currently working on approaches to help reduce our footprint that we hope to be able to announce in the next year. While reductions are the most important way to fight climate change, we will offset any emissions that we do create using verified offsets.

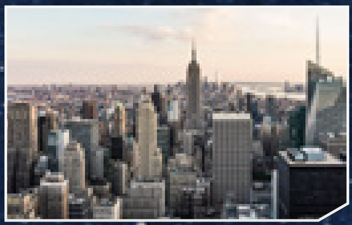
Foundation

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 program 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. The largest donation was €100k to Care's Ukrainian crisis fund, which addresses the immediate needs of displaced families (read more *here*). We also made a €50k donation to local charity SOS Wioski, which is particularly focused on the children who have been displaced to Poland or remain in Ukraine (website *here*, in Polish). Finally, our employee's own donations to Ukraine-related efforts have generated a further €43k in matching funds, meaning that the Foundation has donated nearly €200k to Ukraine relief efforts.

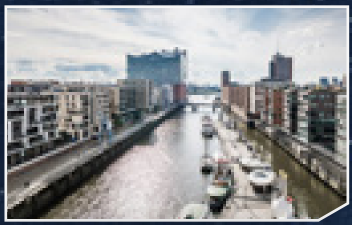
London

40 Portman Square,
London, W1H 6DA,
UK



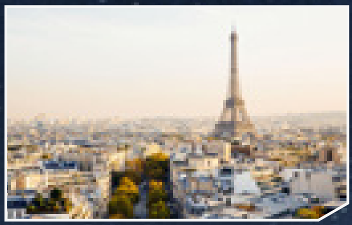
New York

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 2