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ACCESS CAPITAL PARTNERS



2021

RESPONSIBLE INVESTMENT POLICY



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# RESPONSIBLE INVESTMENT POLICY | 2021

## ACCESS' ENGAGEMENT

### PRINCIPLES AND VALUES

Access Capital Partners' ("Access") commitment to Socially Responsible Investment is deeply rooted in its conviction that sustainable growth cannot be achieved without considering the needs of customers, employees, shareholders, the environment and communities in which its portfolio companies operate. Since inception in 1999, Access' investment philosophy has favoured long-term growth of investee companies, acknowledging that Environmental, Social and Governance (ESG) issues have an impact on the financial outlook of a company and therefore on its value.

Having started to formalize its ESG processes in 2007, Access is convinced of the need to incorporate non-financial aspects into its three activities (Buy-out, Infrastructure and Mezzanine & Private Debt) while maintaining a high level of investment standards.

### PUBLIC ENGAGEMENTS

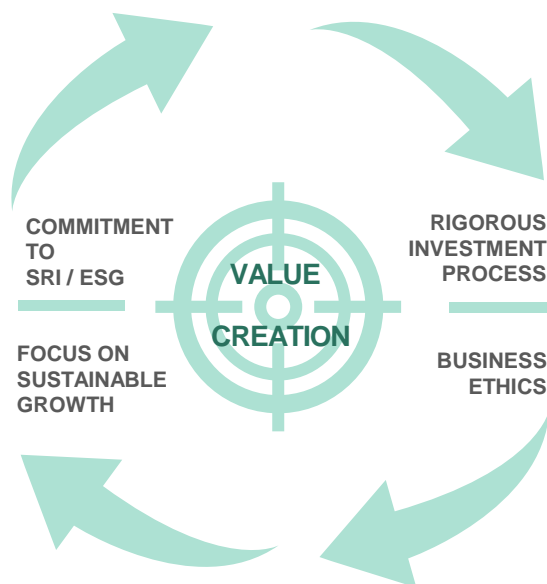
Access formally committed to the application of the Principles for Responsible Investment (UN-PRI) in September 2008. As a signatory, Access report annually to the UN-PRI on its progress on implementing the Environmental, Social and Governance investment principles. In 2020, Access scored **A+** in Strategy & Governance and **A** in Private Equity.

Aware of its responsibility as a long-term shareholder, Access is also a member of the Initiative Climat International since 2016. Through this signature, Access is committed to join forces to contribute, at its level, to the COP21 objective of reducing global warming to two degrees. Since 2020, Access publishes the direct and indirect carbon footprint of its direct portfolio of companies.

In accordance with the application decree for Article 173 of the French law on energy transition, Access makes available to its investors and public its ESG charter available on its website which specifies how environmental, social and governance objectives criteria are taken into account in its investment policy and the means implemented to contribute to the energy transition.

Access also participated and supported the following initiatives:

- 🌿 The Guide for Limited Partners on Responsible Investment in Private Equity, published by the PRI in 2009
- 🌿 Charte de France Invest" promoting ESG principles published in 2008
- 🌿 The Task Force on Climate-related Financial Disclosures (TCFD)
- 🌿 Global Real Estate Sustainability Benchmark (GRESB)



Principles for  
Responsible  
Investment



initiative  
climat  
international  
Private equity action  
on climate change



Loi sur la Transition Énergétique  
pour la Croissance Verte  
Application aux sociétés de gestion  
de l'article 173  
(Décret d'application n° 2015-1850 du 29 décembre 2015)  
Octobre 2016



Association  
des investisseurs  
pour la croissance



TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES







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# RESPONSIBLE INVESTMENT POLICY | 2021



## COMMITMENT TO RESPONSIBLE INVESTMENT THROUGH THE ENTIRE ORGANIZATION

### FIRM-WIDE RESPONSIBILITY

#### ESG & SUSTAINABILITY TEAM

A dedicated ESG team is in charge of continuously improving the company's existing ESG practices across all asset classes in line with market best practices and implementing the integration of ESG criteria into the investment and monitoring processes.

The main missions of the team are the following:

-  Define Access' ESG commitments and ESG processes
  - Improvement of SRI policy and ESG practices
  - Commitment to market initiatives
  - Engaging in an ongoing dialogue with external consultants and advisors as necessary
  - Formalization of ESG processes
  - PRI Annual Report
  - Analysis and attribution of an ESG score to each manager
  - Analysis of ESG risks and opportunities within the co-investment portfolio
  - Identification of materiality points (co-investments)
-  Tracking ESG investments and progress
  - Collection of annual ESG data from managers or lead investors in the case of direct co-investments
  - Measuring changes in ESG performance at the corporate/asset level and identifying new ESG risks
  - Continuous improvement of the questionnaires sent
  - Production of annual reports on ESG issues for Access investors

#### INVESTMENTS TEAMS

Each investment professional at Access has a responsibility towards ESG and is fully committed to working alongside the ESG & Sustainability team at each step of the process.

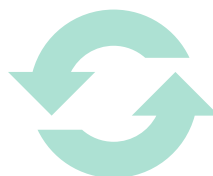
The investment teams ensure to:

- Undertake a consistent approach of ESG issues during the due diligence phase on each potential investment
- Identify potential ESG issues within the portfolio
- Monitor and understand the progress that portfolio companies have made with their own ESG programs through systematic representation at the advisory committees of the underlying funds
- Encourage general partners (FoF) and/or portfolio companies (direct/co-investment) to take a proactive approach to ESG matters, including sharing best practice on ESG.

### KEY INFORMATION



More than  
**€5BN**  
AUM covered  
by the ESG  
analysis



### ESG SCOPE

11 Funds of Funds &  
co-investment funds  
5 Mandates



### REPORTING 21

ESG dedicated  
web-based platform

Carbon footprint analysis



### ESG REPORT

Annual ESG report  
to investors

SDGs used as an impact  
measurement framework  
for our co-investment funds



## RESPONSIBLE INVESTMENT IN PRACTICE

### ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) AT MANAGEMENT COMPANY LEVEL

In line with the ESG principles and practices Access ensures that the firm itself is managed in a responsible manner. As such, Access has taken the following steps:

#### ENVIRONMENT

- Increasing use of videoconferencing and collaboration technology to reduce travel and carbon emissions
- Contribution to the paper reduction and sustainable printing initiative through: the reduction of paper in general (sending and receiving documents electronically, sharing printed copies, paper recycling; printing in black and white, use of recycled paper)
- Location of Access' offices well connected with public transport

#### SOCIAL & DIVERSITY

Access aims to retain and attract talented professionals by offering employee development and training. Access is an equal opportunity employer and does not discriminate against employees or applicants on the basis of age, gender, nationality, or any other basis that is inconsistent with the guiding values within the law of labour.

#### CORPORATE GOVERNANCE

Access is committed to meeting high standards of corporate governance and complies with its Code of Ethics drawing from numerous industry initiatives: France Invest/AMF Code of Conduct, Invest Europe Code of Conduct, New York Attorney General's Public Pension Fund Reform Code of Conduct, GFSC Code of Conduct, FCA Standards.

### ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) AT INVESTMENT LEVEL

Access' overriding objective is to identify and monitor the most relevant ESG issues, both to reduce risk and create value. As part of its standard investment and monitoring processes, Access has developed a 3-step approach which integrates ESG risks and opportunities into its investment process. The ESG framework covers due diligence, annual portfolio monitoring and investment analysis at exit.

#### STEP 1: PRE- INVESTMENT STAGE

For each investment under due diligence, Access undertakes an Environmental, Social and Governance assessment with a view to identifying potential issues

#### STEP 2: ANNUAL ESG ASSESSMENT

During the lifetime of the underlying fund investment/during the co-ownership of a company/asset

#### STEP 3: AT EXIT

When a significant divestment occurs, Access prepares a report capturing the value added regarding ESG practices during the holding period and the level of recognition of ESG aspects by the acquirer. To this end, an ESG questionnaire is sent to fund managers when the portfolio company is exited



## RESPONSIBLE INVESTMENT IN PRACTICE

### ACCESS' 3 STEP ESG PROCESS



## PRE-COMMITMENT




Verify the sustainability value of the Manager/fund before making the investment decision

-  Scorecard of fund manager: level 1, 2 or 3
  - Compliance with ESG principles
  - ESG processes
  - ESG monitoring
-  Formal GP engagement
  - ESG due diligence at entry
  - Annual monitoring
  - Annual report to Access



## HOLDING PERIOD



Improve sustainability practices

-  Annual ESG performance assessment
  - Questionnaire on 36 KPIs
  - Risks reviews and management of issues
-  Annual ESG report to investors
-  Monitoring via Advisory Committee & Board memberships



## EXIT

Transparent communication to Investors

-  Assessment of ESG improvements
-  Case studies:
  - Ability to influence companies
  - Level of recognition of ESG by the acquirer

### STEP 1: PRE-INVESTMENT

#### FOR FUND SELECTION

An ESG engagement questionnaire is sent to each fund manager under due diligence to find out whether and how ESG criteria are taken into consideration when investing in private companies or assets. Informal discussions with the fund management team are carried out during onsite visits to further assess the degree of recognition of ESG issues through the importance of non-financial criteria when analysing a potential acquisition, the existence of responsible investment policies (sector exclusions, audits, etc.), and the willingness to provide ESG related disclosure during the life of the fund / during the holding period of the asset for co-investments.

Further, in the legal documentation, Access seeks a written engagement from the underlying fund manager to use reasonable best efforts to incorporate ESG criteria in the management of its portfolio companies and to report annually on the ESG performance and progress in a portfolio company and to provide Access with an update if a significant ESG issue arises in a portfolio asset.

Based on the data collected, each fund manager is provided with Access' own score reflecting the level of integration of ESG criteria and any actions or new initiatives taken in this area. Access recognises three levels for assessment:

- **Level 1:** the fund manager / co-lead investor fully meets responsible investment principles
- **Level 2:** the fund manager / co-lead investor essentially meets responsible investment principles
- **Level 3:** the fund manager / co-lead investor barely meets responsible investment principles

Level 3 scoring does not necessarily result in a decision not to invest since the fund manager will in any case agree to recognize, through a side letter, the Access' commitment to the UNPRI Principles and will have to use reasonable best efforts to incorporate ESG criteria to the management of the fund.



## RESPONSIBLE INVESTMENT IN PRACTICE

There is no absolute threshold, and Access believes it's more about the trajectory the manager is on rather than the process already in place. Since 2008, Access has never committed to a fund managed by a team who had formally refused to engage with the ESG subject.

Among Access' universe of relevant fund managers, those showing no interest in ESG issues are now the exception.

### FOR DIRECT AND CO-INVESTMENTS

When evaluating a co-investment/direct investment opportunity, Access assesses the level of ESG integration in the lead investor's due diligence / documentation. Access also identifies, through a specific Access' ESG checklist and discussions with the management team, the potential ESG materiality borne by the target investment. Through the ESG' assessment, the Investment team highlights the main ESG risks and opportunities, notably by considering climate change and sustainable development related issues. In the event of Access being an existing investor in a fund managed by the lead-sponsor (most of the cases), Access would have already analysed how ESG criteria are taken into consideration when the fund manager is investing in private companies.

A summary of the ESG analysis pre-investment stage is inserted in the due diligence documentation submitted to the Access Investment Committee.

### OBJECTIONABLE INDUSTRY SECTORS

In order to minimize ESG related risks due to certain sector exposure or activities that run high reputational risk, Access and its GPs tend to avoid certain industry sectors seen as incompatible with ESG values:

- Production of or trade in firearms or ammunition
- Direct coal production
- Tobacco-related products
- Pornography and prostitution
- Gambling
- Alcohol marketing and distribution

## STEP 2: DURING THE LIFETIME OF THE UNDERLYING FUND INVESTMENT DURING THE OWNERSHIP OF A COMPANY/ASSET

### AT FUND OF FUNDS LEVEL

An annual ESG reporting on 30 specific extra financial data for each portfolio asset is requested from each fund manager / portfolio company via the Access' dedicated ESG web-based platform. The objective is to monitor the ESG improvement against potential identified risks.

In addition, by being systematically represented at the advisory committees of the underlying funds, Access has the opportunity to ask questions on how the fund managers have integrated ESG issues. Whenever necessary, Access seeks more information requesting investment memo, environmental and social / organisational audits of the company, adherence to code of business principles.

### AT DIRECT AND CO-INVESTMENT LEVEL

When Access is an existing investor in the fund acting as the lead investor, Access receives annual ESG performance information of the portfolio company through the annual ESG reporting platform. Further, by being represented at the supervisory board of the company, either as a censor or an observer, Access is well positioned to interact with the management team of the company on ESG matters. When necessary, external advisors may be engaged to carry out additional ESG-related due diligence. We use the UN Sustainable Development Goals as a framework to report on the environmental and social impacts of our portfolio companies for our co-investment funds.

## RESPONSIBLE INVESTMENT IN PRACTICE

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### FOR DIRECT INFRASTRUCTURE INVESTMENTS

An annual ESG reporting tool includes a common core of general and a company-specific set of questions depending on the sector/sub-sector in which the asset operates. Questions are linked to climate change, resource efficiency, environmental pollution, health and safety, human capital management, stakeholder engagement, corporate governance, business ethics, data security and responsible sourcing. We use the UN Sustainable Development Goals as a framework to report on the environmental and social impacts of our portfolio companies for our co-investment funds.

### CLIMATE CHANGE INTEGRATION

Access focuses on ways of addressing environment and climate change considerations through specific KPIs like environmental formalized actions and environmental impact assessments.

In line with our commitment to the Initiative Carbon 2020 (IC20), the first long-term approach allowing private equity investors to manage and reduce the greenhouse gas emissions of their portfolio companies, we have begun to evaluate the carbon footprint of our portfolios with the help of an external ESG advisor. We currently assess the carbon footprint of 5 of our vehicles.

### MONITORING OF POTENTIAL ESG PORTFOLIO ISSUE

Thanks to Access' annual ESG questionnaire, which tracks 36 KPIs, the ESG manager and the investment teams can closely monitor the ESG risks that may arise in the portfolio of its managers. A company presenting an ESG risk enters Access' watch list and discussion is automatically engaged with the fund manager / lead investor. Capitalising on its position of meaningful investor (systematically requests and obtains a board seat for its fund commitments), Access is able to influence GP's decisions, notably by:

- Increasing control
- Seeking information / disclosure of actions taken by the GP/lead investor
- Including the issue on the agenda of the Advisory Board of the underlying fund
- Closely monitoring the company (ESG KPIs)
- Driving the GP to speed up the exit process if necessary

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## STEP 3: AT EXIT

When a divestment occurs, Access prepares a report capturing the value added itself and its co-investors regarding ESG practices during the holding period and the level of recognition of ESG aspects by the acquirer. An ESG questionnaire is sent to fund managers each time a portfolio company is exited. The questionnaire aims at understanding the progress made by portfolio companies on ESG aspects during the holding period, and how ESG aspects were valued by the acquirer. Additionally, there is a follow up report for direct investments to ensure an adequate application of ESG practices.



# RESPONSIBLE INVESTMENT POLICY | 2021

## OVERVIEW OF ACCESS' PORTFOLIO

### ACCESS'S GP ESG COMMITMENT



UNPRI  
SIGNATORY  
**65%**  
of GPs are  
UNPRI signatories



CSR  
ACTION PLAN  
IN PLACE  
**49%**



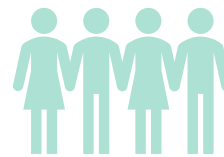
VOLUNTARY  
REPORTING  
TO INVESTORS  
**39%**  
of GPs produce  
their own ESG report



ENVIRONMENTAL  
ACTIONS  
**76%**  
CARBON  
FOOTPRINT  
MEASURE  
**22%**



ESG  
DUE DILIGENCE  
AT ENTRY  
**100%**  
of GPs  
**38%**  
of GPs carried out  
ESG due diligences  
conducted by third parties



HEALTH &  
SAFETY PLAN  
FOR EMPLOYEES  
**55%**  
PROFIT SHARING  
SYSTEM  
FOR EMPLOYEES  
**59%**



REPORT  
TO ACCESS  
ESG PLATFORM  
**69%**  
of GPs have filled in  
the Access'  
annual questionnaire



INDEPENDENT  
BOARD  
MEMBERS  
**25%**  
FORMALIZED  
ETHIC CODE  
**77%**



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