

20

21

RESPONSIBLE INVESTMENT POLICY | 2021



ACCESS' ENGAGEMENT

Our principles and values towards sustainable investing

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.

Our 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)



Signatory since 2008

A+ in Strategy & Governance



Take action to contribute to the COP21 objective of limiting global warming to 1.5°C



Active member of the ESG Commission of France Invest



Encourage the disclosure of key matters in relation to climate change exposures



ACCESS' ORGANIZATION

Dedicated 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:

- Definition of ESG commitments and processes (commitment to market initiatives, formalization of ESG processes)
- Improvement of the SRI policy and ESG practices
- Analysis and attribution of an ESG scoring to each fund manager
- Analysis of ESG risks and opportunities within the co-investment portfolio, identification of materiality points
- Tracking of ESG investments and progress
- ESG annual reports for Access' investors

Commitment of the investment teams towards ESG

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:

Funds of funds activity

- Conduct an ESG due diligence at entry on each fund manager
- Request a written engagement from the fund manager on ESG
- Monitor and understand the ESG progress of the fund manager and its underlying companies annually
- Systematic representation at the advisory committees of the underlying funds to interact on ESG matters
- Encourage general partners to report on ESG issues

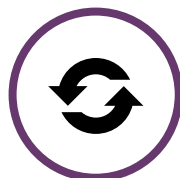
Co-investment activity

- Assessment of ESG risks and opportunities during the due diligence phase on each potential investment
- Identify potential ESG issues at entry
- Monitor and understand the progress that portfolio companies have made on ESG topics
- Encourage portfolio companies to take a proactive approach to ESG matters



€5BN

AUM covered by the ESG analysis



ESG SCOPE

11 Funds of funds & co-investment funds
5 Mandates



REPORTING21

ESG dedicated web-based platform & carbon footprint analysis



ESG REPORT

Annual ESG report to investors



SUSTAINABILITY RISK MANAGEMENT

Sustainability risk is an environmental, social or governance event or condition that, if it occurs, would cause a negative material impact on the value of an investment.

Access follows a **risk-based ESG approach** and its 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 case studies at exit.

➤ Step 1: pre-investment

Environmental, Social and Governance assessment for each investment under due diligence with a view to identifying potential issues

Funds of funds activity

- Attribution of a global ESG score for each fund manager based on: ESG commitment, ESG integration into investment process, environmental, social and governance focus, ESG engagement & monitoring
- Presentation of the global ESG score to the investment committee
- Formal GP engagement through an ESG clause in Access side letter: ESG due diligence at entry, annual monitoring, annual report to Access

Co-investment activity

- ESG evaluation of the lead sponsor
- Assessment of the company ESG risks: industry/ sector specific ESG issues, materiality points
- ESG section included in investment memorandums and presented to the investment committee

➤ Step 2: holding period

Annual ESG assessment during holding period

Funds of funds activity

- Annual ESG performance assessment of GPs & portfolio companies: GPs' ESG score annual update, questionnaire on 36 KPIs for each portfolio company, risks reviews and management of potential issues
- Annual ESG report to investors
- Monitoring via Advisory Committee & Board memberships

Co-investment activity

- Annual ESG performance assessment: questionnaire on 38 KPIs, review of improvements & new initiatives, identification of areas of improvements & potential issues
- Annual ESG reports using the UN SDGs as an impact framework
- Monitoring via Supervisory Boards



➤ Step 3: exit

Illustration of ESG value added at exit

Funds of funds & co-investment activities

- Case studies to illustrate ESG improvements and ESG value added during the holding period
- Ability to influence companies and level of ESG recognition by the acquirer



OVERVIEW OF ACCESS' 3 STEP APPROACH

Step 1: pre-investment – ESG due diligence to identify potential risks

➤ 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. The questionnaire covers their ESG commitment, ESG integration into investment process, environmental, social and governance focus and ESG engagement & monitoring. 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 analyzing 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, to systematically realize an ESG due diligence at entry 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, an ESG global score is attributed to the GP under due diligence. All indicators are subject to a number of points: the sum of the scores for all indicators adds up to a maximum of 100 points. Access recognizes three levels for assessment:

- Level 1: the fund manager / co-lead investor fully meets responsible investment principles (ESG global score between 70 and 100)
- Level 2: the fund manager / co-lead investor essentially meets responsible investment principles (ESG global score between 50 and 70)
- Level 3: the fund manager / co-lead investor barely meets responsible investment principles (ESG global score below 50)

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.

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.

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.

➤ 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 & ESG teams highlight 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.



OVERVIEW OF ACCESS' 3 STEP APPROACH

Step 2: holding period – monitoring of ESG risks

➤ At funds of funds level

An annual ESG reporting on 36 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. A specific ESG questionnaire is also sent to the fund manager to identify any improvements in their ESG approach. Access updates the managers' ratings each year based on their responses to the questionnaires.

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 / organizational audits of the company, adherence to code of business principles.

➤ At direct and co-investment level

Access constantly monitors the ESG performance of its portfolio companies/asset based on the annual ESG questionnaire sent to each portfolio asset (38 ESG KPIs).

Concerning our infrastructure co-investments, the annual ESG questionnaire 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.

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.

➤ 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 our annual ESG questionnaire, the ESG manager and the investment teams can closely monitor any 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. Capitalizing 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

Step 3: exit – case studies to illustrate ESG improvements

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 to understand the progress made by portfolio companies on ESG aspects during the holding period, and how ESG aspects were valued by the acquirer.



OVERVIEW OF ACCESS' ESG PERFORMANCE

ACCESS'S GP ESG COMMITMENT



UNPRI
SIGNATORY
65%
of GPs are
UNPRI signatories

ESG COMPANY PERFORMANCE



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%



ABOUT ACCESS CAPITAL PARTNERS

Established in December 1998, Access Capital Partners is an independent Private Assets manager, majority owned by its management. With offices in six European countries and aggregate investor commitments of €11 billion, Access' integrated expertise offers exposure to Smaller Buy-outs, Infrastructure, and Private Debt through funds of funds, direct & co-investment funds and customized client solutions.

The team is fully committed to integrating Environmental, Social and Governance best practices into its investment strategies, acknowledging that a responsible investment approach partially mitigates investment risk and enhances long term returns.



**€11bn
AUM**



**250+
INVESTORS**



**6
EUROPEAN OFFICES**



**80
PROFESSIONALS**

FOR MORE INFORMATION, PLEASE CONTACT

AGNÈS NAHUM

MANAGING PARTNER

agnes.nahum@accesscp.com

PHILIPPE POGGIOLI

MANAGING PARTNER

philippe.poggioli@accesscp.com

CÉCILE CROISSANT

PARTNER INVESTOR RELATIONS & COMMUNICATION

ccroissant@accesscp.com

ANNE-SOPHIE MARIN

ESG & SUSTAINABILITY ASSOCIATE

asmarin@accesscp.com