



ESG Policy Update

2021



Purpose

BC Partners aims to grow and improve performance of the investments we advise in all respects - including their environmental, social and governance (“ESG”) performance - with a view to promoting the long-term sustainability of each investment. We believe that strong ESG performance is not merely the right thing to do for the numerous stakeholders in our portfolio companies and advised investment funds: we believe that effective ESG management reduces risk and creates value.

To that end, the purpose of this policy is to articulate BC Partners’ approach to integrating ESG into its investment, ownership, and reporting activities.

SCOPE AND RESPONSIBILITIES

This policy applies to our Private Equity strategy and serves as guidance for our Credit and Real Estate strategies, and we will incorporate it as consistent with our fiduciary duty and level of control

Ultimate responsibility for ESG at the firm lies within our Executive Committee, which oversees ESG through the ESG Committee, chaired by Nikos Stathopoulos. Implementation of ESG integration is led by our dedicated Head of ESG, Colin Etnire. The Investment Committee is responsible for assessing ESG within each deal that it considers. To the extent that required ESG expertise or capacity doesn't exist within our organization, we utilize external ESG experts. Finally, all staff are expected to support ESG efforts when relevant to their function. To ensure our investment professionals and other staff members are well suited to carry out these procedures, we will hold regular trainings at the firm level and within different functional areas

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

PRINCIPLES

BC Partners commits to consider all stakeholders in the transactions we advise on and arrange, including our Limited Partners, employees of the target company, their customers and suppliers, any relevant authorities, and local communities. While we aim to consider any and all material ESG issues in each transaction, here we will highlight certain issues as representative of our priorities in the ESG space:



Environment

- In light of anthropogenic climate change, which presents the greatest long-term risk of any ESG factor, we will review climate risk (physical and transitional) in every transaction. Further, we will disclose these risks within the Taskforce on Climate-related Financial Disclosures (TCFD) framework
- We will be prudent in the use of scarce resources, including energy and water, and maintain circular economy goals in waste management
- We will attempt to minimize the impact of our operations on the natural world, specifically considering ecosystem disruption and pollution



Social

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



Governance

- We aim to meet, at a minimum, all relevant regulatory standards, and strive to operate in line with best-in-class international norms where local standards are inadequate
- We will comply with the highest standards of business ethics by implementing financial controls, transparency, monitoring and compliance standards and by combating bribery, corruption, money laundering and other malpractice

INTEGRATION INTO DEAL PROCESS

Our process for integrating ESG considerations into the deal process is as follows:

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

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

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



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

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

REPORTING, MONITORING, AND TRANSPARENCY



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



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



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