



**BGF APPROACH TO ENVIRONMENTAL,  
SOCIAL AND GOVERNANCE  
RESPONSIBILITY**

## BGF ENVIRONMENTAL POLICY AND RESPONSIBLE INVESTING PRINCIPLES

BGF is an investment partner for growing companies in every sector of the economy in the UK and Ireland. We provide the tools management teams need to grow, from funding to expertise, while letting management set the course. We believe in the power of brilliant businesses to drive innovation, generate progress and deliver prosperity and we thrive in our role to help make that happen. BGF searches out ambitious management teams and supports them to reach their potential.

BGF has over 180 employees and operates from 16 offices throughout the UK and Ireland. Since its creation in 2011 BGF has been a value driven independent company backed by 5 banks - HSBC, Barclays, RBS, Lloyds and Standard Chartered. It has invested £2bn in 289 companies since 2011 and is the most active growth investor in the world.

BGF, like every other business in the world has a responsibility to examine how it operates and take positive action to effectively manage its approach to environmental, social and governance ('ESG') matters. This includes the risk it poses to climate change and our philosophy is not only about how BGF and its employees conduct business everyday but the influence and stewardship that BGF as an investor, can bring to the investments it makes in portfolio companies. BGF believes that climate change poses a systematic risk with potential to negatively impact the environmental, social and economic stability of the markets in which we operate. We also believe that by identifying environmental issues as part of our processes we can create value for our investors.



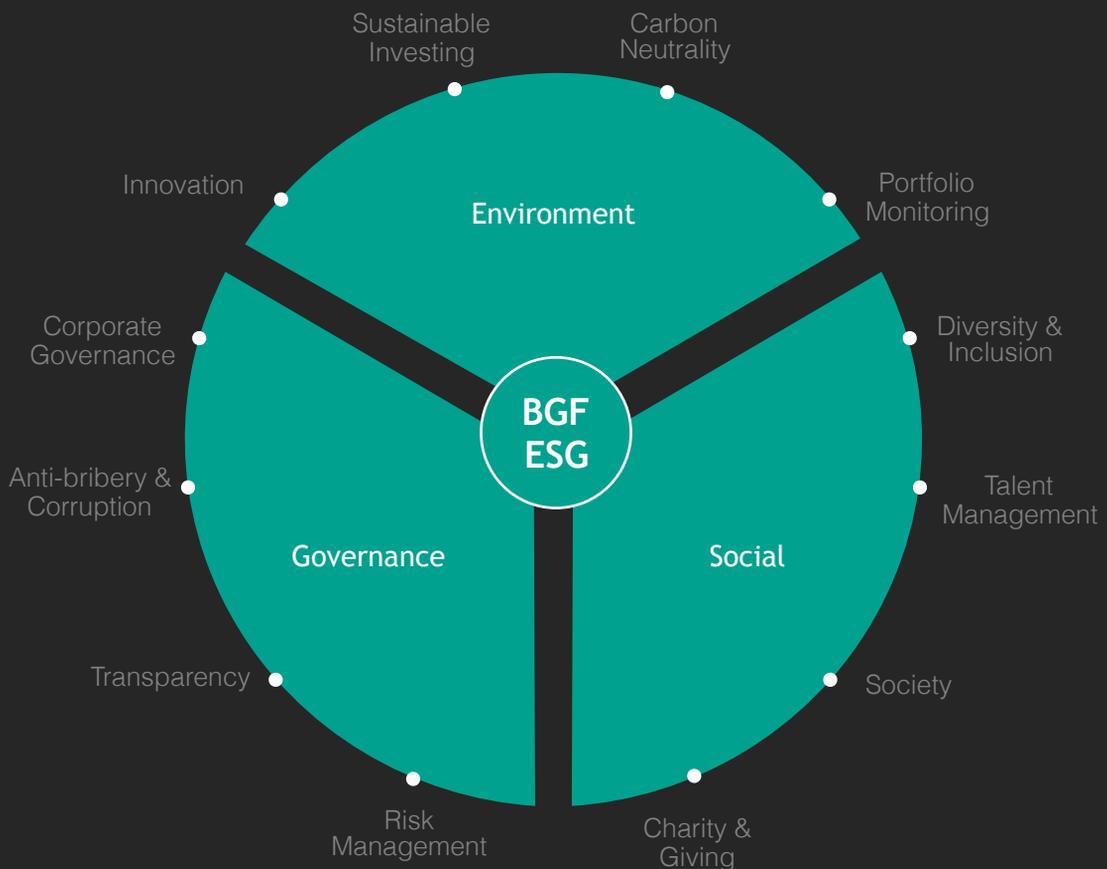
*“BGF, like every other business in the world, has a responsibility to examine how it operates and take positive action. Starting first with ourselves and then supporting our portfolio we can help lead the vital transition to a low carbon economy and ultimately improve our investment performance.”*

**Stephen Welton, Founder and CEO BGF**

## OUR BGF PRIORITIES

- BGF’s approach to the environment has been carved into BGF’s core values, in how we work, where we work and our underlying understanding that what we do and how we do it, will have an impact; and
- Responsible investing is at the heart of our decisions and management of our investment process.

We have clear responsibilities and ownership of our approach to the environment within the business. BGF acknowledges that it has just started on its journey but with the commitment - right through from BGF’s board and Executive Committee to all employees and beyond - our approach to climate change is a cornerstone of what BGF stands for.



## What is BGF doing as a business and an employer?

Together the BGF Board and our employees value our planet and want to lead initiatives to help us become carbon neutral ahead of the Government targets.

We have much to do but specifically over the last 12 months we have:

- begun to measure our carbon footprint and will continue to do so to ensure a core principle of becoming carbon neutral is achieved;
- eliminated the use of plastic bottles in each of our offices;
- replaced all the lighting in our offices with low energy lighting;
- ensured that when taking on a new office - whether that is leased or a serviced office, we engage with designers and service providers who have a similar proactive approach to ESG to our own;
- installed the latest video conferencing facilities at each of our offices and ensured that all staff are encouraged to use those facilities rather than travelling;
- installed recycling facilities at each of our offices; and
- transitioned a large percentage of our energy usage to renewable energy suppliers.

## What is BGF's responsible investment policy?

BGF invests in companies in all sectors and at all stages - from early stage investing to mature companies, some of which are listed on AIM. No two companies are the same. BGF's investors and the companies we back expect BGF to adhere to the very highest investment and ethical standards when considering investment opportunities and once invested, we continue that ethos as minority investors in companies. Across all aspects of environmental responsibility, BGF has developed an investment approach which it applies to investment, portfolio monitoring and exit decisions.

BGF believes that a strong belief in its own environmental principles should be reflected in the decisions it makes on its investments and during the life of its investment in portfolio companies so that together BGF can better support and grow the businesses it backs. That belief drives a more successful BGF and BGF portfolio of companies.

BGF's long term, patient approach to investing allows its portfolio companies to commit to building long term sustainable businesses that provide employment across the UK and Ireland and generate economic benefit in a socially and environmentally responsible manner both during and after BGF's stewardship. This happens because of BGF's focus on the importance of assessing businesses against key KPIs before and following an investment.

## BGF INVESTMENT CYCLE



### Making and Managing Investments

As part of our internal investment processes we also consider all investments for their environmental impact and work with portfolio companies to ensure they adhere to the right principles and are aligned against the UK Government's long-term goal to be carbon neutral by 2050 at the latest.

### Pre investment activity

During its investigation into the company BGF not only considers the business, financial and commercial aspects of the investment opportunity but will also examine the business against BGF's own environmental criteria to highlight any areas of concern.

If any environmental issues or risks are identified during this process, BGF will consider:

- Whether further and more targeted due diligence is required to flush out the issue more thoroughly using specialist firms;
- If the environmental risk is material, we will review the risk to determine whether the investment opportunity should be turned down or the risk can be rectified or managed during the life of BGF's investment;
- The attitude of the senior leadership team in the portfolio company in their commitment to dealing with the risk and their track record; and
- If the environmental risk is not considered manageable whether BGF will turn down the investment opportunity.

## During the life of the BGF investment

BGF will typically appoint one of its employees- a BGF Investor Director - to sit on the board of a portfolio company from the date of its investment. If any environmental risks are identified at the outset of BGF's investment, BGF will monitor this as part of its internal portfolio review process which is carried out, as a minimum, annually but with period 'deep dives' into the detail as required.

If an environmental risk is identified during the life of BGF's investment which was not a risk when BGF invested, the board of the portfolio company will be required to notify BGF immediately of the risk and how the management team plans to rectify the issue/risk.

We will conduct annual reviews with each of our portfolio companies to assess the level of risk and where appropriate review the company's environmental policy. Where one is not present but required we will work with that portfolio company to create one.

## When BGF exits an investment

As a minority investor in our portfolio companies, BGF does not determine when a portfolio company should be sold. However, BGF, as a seasoned investor, has access to a huge level of experience and under its stewardship BGF is expected to share and will provide support to management teams going through a sale process.

BGF is keenly aware that any buyer will also be focused on environmental risks. We plan to ensure that during BGF's stewardship, environmental concerns will have been high on the portfolio board agenda. It is important that our portfolio companies create value for shareholders in a way which is consistent with our principles.

