



Our investment process

ESG is integrated in every step of our investment process

ESG integration is a core part of the investment process, and as with all other components of the investment process, is the responsibility of our investment team. MBO & Co implemented suitable processes to assess ESG risks, potential controversies and their impact on portfolio value, on the environment and society.

MBO & Co takes into account two types of ESG risks in its investment process, following the dual materiality concept embodied by the EU SFDR regulation:

- Sustainability risks: Impact of external ESG factors on the investment;
- Principal Adverse Impacts (PAIs): Impact of the investment on external ESG factors.

External ESG factors include risks and impacts related to environmental matters, social matters (incl. employee-related matters), respect for human rights, anti-corruption and anti-bribery matters.

Before the investment

When studying each investment opportunity, we make sure that it is compatible with the list of restrictions we have drawn up. During this phase, the ESG team addresses ESG topics at every step of the Investment opportunity consideration. The investment "Challenge" which is a set of questions designed to help the investment team assess and rate the opportunity on the basis of key ESG criteria.

While examining the opportunity, depending on the investment context and the risk level identified during the initial analysis, MBO & Co carries out ESG due diligence to assess the ESG context of the company concerned, the ESG issues it faces and its maturity level regarding the priority issues. ESG risks and opportunities are systematically addressed during Investment Committee discussions.

In addition, an analysis on ESG is systematically incorporated in the final Investment Committee documentation, and a clause on the subject is included in the Shareholder Agreement. ESG risks and opportunities are thus addressed during examination of the documentation by the MBO & Co Investment Committee, making it possible to take account of the company's ESG issues when making the investment decision.

During our time as shareholder

During our time as a shareholder, the investment teams engage in regular dialogue with the management and address ESG topics in order to raise the management's awareness. Shortly after becoming a shareholder, MBO & Co may carry out specific due diligence on ESG issues, then agree on a dedicated action plan with the management, with specific objectives to be met. In addition, the deal team includes a section on ESG in the "6-month review", reporting to the team on the progress made. ESG monitoring takes place at least once a year at a Strategy Committee meeting. Finally, the portfolio companies answer an annual questionnaire that enables MBO & Co to monitor their progress on these matters. Furthermore, MBO & Co has put in place an annual ESG reporting system for the companies in its portfolio, using an analysis grid completed by the companies themselves. This grid can be used to report and assess the main qualitative and quantitative information and actions implemented with regard to ESG and determine whether any ESG risks or disputes have been identified.

Through this reporting, general data is collected for each ESG criterion (carbon accounting, absence rates, etc.) to evaluate the current situation and any changes that may occur. These reports are communicated to investors to ensure they are aware of the most relevant quantitative and qualitative information and the ESG actions implemented in the portfolio companies.

At the time of sale

Progress made on ESG is highlighted when the time comes to sell the stake and is indicated in the Info Memo.

Process monitoring

MBO & Co set up suitable processes and tools to enforce our ESG Policy.

The Risk Committee is in charge of assisting MBO & Co's Board in its oversight of the Company's global ESG risk management. The Risk Committee was enlarged to new members in charge of ESG.