

# Responsible Investment Charter

## Sustainability at the heart of our investment approach

At D'leteren Group, we live by our company's values of entrepreneurship, curiosity, courage, care, and respect, and we embrace them in everything we do. As a long-term shareholder, our core mission is to build a family of businesses that reinvent industries in search of excellence and meaningful impact. Overall, we aim to create value for all our stakeholders, including our people, customers, shareholders and society as a whole.

Conscious of the key role played by businesses in the construction of a sustainable future, we adopt an integrated approach in which sustainability is embedded at all levels of our organisation. In particular, we consider environmental, social and governance aspects when pursuing our two main operating missions: supporting our businesses and looking for new ones.

Since October 2020, we have been a signatory of the United Nations Principles for Responsible Investment (PRI), the world-leading network of investors working together for a more sustainable global financial system. This engagement not only reflects our commitment to include environmental, social and governance (ESG) criteria in our investment choices and active ownership approach but also testifies to our willingness to continue developing our practices and policies in this respect.

Since we aim to contribute to addressing the main global challenges of our times, we have carried out an in-depth reflection on the main impact we can have, as a long-term shareholder of leading businesses, on the United Nation's Sustainable Development Goals (SDGs). Through an internal analysis, supported by a dialogue with various stakeholders, we have selected five goals on which we can have a direct and tangible effect. All these goals are embedded in our businesses' sustainability strategy as reflected in their annual disclosure.

## D'leteren Group's Impact on the UN SDGs



### Decent work and economic growth

Fostering long-term growth and creating a fair work environment.



### Industry innovation and infrastructure

Encouraging and supporting innovation within our businesses in the interest of their stakeholders.



### Climate action

Helping our businesses to monitor and reduce their environmental footprint.



### Responsible consumption and production

Helping our businesses to supply responsible products and services.



### Peace, justice and strong institution

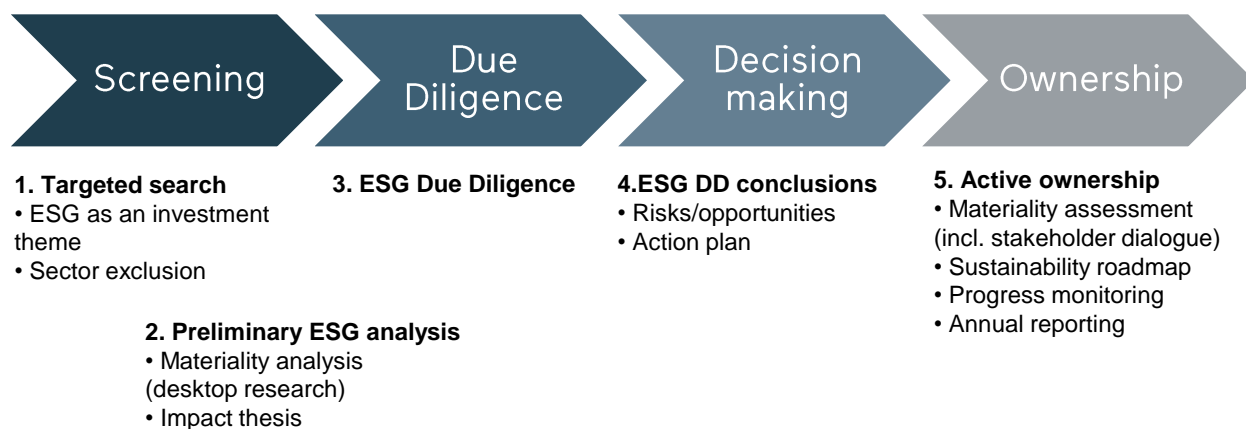
Applying responsible governance.



D'leterenGroup

# ESG integration in the investment cycle

Our responsible investment approach covers the whole investment cycle, from screening investment opportunities and formulating investment theses to the phases of due diligence, deal completion and ownership.



## 1. Targeted search

We conduct a targeted search for new investments focused on a selection of sectors: business services, industrials, mobility data and services, and lifestyle goods and services. Considered as a driver of both growth and impact, sustainability is one of our investment themes, along with other themes such as professional service outsourcing, new mobility, industry 4.0 & automation, and digitalization.

When considering investments, we assess compliance of the target businesses with domestic and international laws and regulations. We also assess potential acquisitions according to ethical, social and environmental criteria, in line with the UN Global Compact principles.

In addition to this legal and ethical framework, we consider a series of exclusion criteria. In particular, we exclude investments in companies directly involved in the following sectors: tobacco, weapons, pornography and gambling.

In light of the impact of fossil-energy on climate change, we do not invest in companies with revenues predominantly derived from coal, oil and gas extraction.

## 2. Preliminary ESG analysis

The investment note setting out the investment thesis includes a preliminary analysis of ESG risks and opportunities. The analysis is based on public information, peer reviews and materiality assessment tools such as SASB. At this stage, we also formulate the societal impact thesis.

## 3. ESG Due Diligence

The second phase of our investment process includes an in-depth ESG due diligence in which we examine the material ESG aspects highlighted in the preliminary analysis. This research, which is based on data provided by the target company and/or experts, enables us to specify the ESG risks and opportunities inherent in the target company, and to make a first assessment of the sustainability plan that would be supported by D'leteren Group in the case of an acquisition. The ESG due diligence is carried out by our ESG & Sustainability Team, with the support of an external advisor if necessary.

## 4. Due Diligence conclusions

The result of our ESG due diligence, together with the conclusions on all the other due diligence streams (finance, tax, legal, etc.) is set out in an investment memo that is submitted to the Board of Directors for their final decision on the investment opportunity.



## 5. Active Ownership

Considering the specificities of the D'Ieteren Group's investment strategy (investing in the long term in a limited number of businesses), the Group's Responsible Investment approach mainly focuses on its active ownership practices.

Overall, we aim to provide ESG support to our businesses by working on three main axes:

- **Supporting businesses in achieving their purpose**

At D'Ieteren Group, we think that our businesses' purpose reflects their most significant impact on people and society. This is why we encourage them to see their corporate purpose as an integral part and key driver of their business strategy.

Therefore, we include the "purpose" dimension as one of the seven key drivers that we monitor and about which we provide insights to our businesses. We make sure that the purpose of our businesses is clear and present at all levels of their organization by being embedded in their corporate culture and strategic orientation.

To ensure that purpose generates concrete achievements, we encourage our businesses to set themselves purpose-specific targets, accompanied by dedicated indicators to measure their progress.

- **Supporting businesses in addressing their most material ESG aspects**

To support our businesses in addressing the ESG aspects that are most critical to them, we encourage them to conduct a materiality assessment, and we act as a facilitator of this process. These in-depth and personalized assessments consist of two main phases:

- a bespoke analysis aimed at identifying sustainability themes for their specific industry;
- a subsequent dialogue with the activities' main stakeholder groups, enabling businesses to set up a list of aspects specific to their own business and eco-system.

This materiality assessment is followed by a "maturity assessment", which consists of a discussion with the businesses' management to assess to which extent the material aspects are already well integrated in their existing approach.

Building on the outcomes of the materiality and maturity assessments, the businesses develop or challenge their sustainability strategy. More concretely, they set a limited

number of strategic axes for which they define ambitions and quantitative targets. Where appropriate, they also develop new measurement processes to measure the progress towards those targets.

- **Helping businesses to reach excellence in D'Ieteren Group's key non-financial areas**

In addition to the business-specific sustainability strategies, the Group helps its businesses to become or remain top-performers in its three non-financial priorities (customer satisfaction, employee engagement, carbon emissions) and therefore supports them in implementing a robust measurement process in each of these fields.

### *Incentives and sustainable finance*

In order to make all these commitments more engaging, the Group also links them to tangible outcomes such as long-term incentive plans for management and new financing mechanisms linked to ESG KPIs.

## ESG Reporting

D'Ieteren Group publishes each year a non-financial disclosure consisting of a Group statement and a separate in-depth disclosure for each business. The structure of each disclosure matches the businesses' sustainability strategy. For each strategic axis, the businesses set out their ambitions and the way they intend to achieve them.

In terms of non-financial reporting framework, D'Ieteren Group aligns itself with the Global Reporting Initiative (GRI) Standards – Option Core. Developed over the past 20 years, the GRI standards are among the global best practices for reporting on economic, environmental and social issues.

D'Ieteren Group complements its non-financial disclosure with an ESG statement consisting of a table filled with non-financial quantitative metrics. As opposed to the metrics published in the disclosures (which are absolute or relative KPIs used by the businesses to assess their progress against a specific target), these metrics consist of generic ESG data aimed at providing further information to our stakeholders.

Since 2020, a first independent limited assurance has been obtained on a selected number of KPIs from our businesses. D'Ieteren Group's ambition is to obtain assurance for all its non-financial KPIs, starting with all Group KPIs and businesses' strategic KPIs by 2025.



# Governance of our Responsible Investment approach

## Board of Directors

The Board of Directors of D’Ieteren Group ensures the oversight of the Group’s ESG strategy (including its responsible investment approach). The topic is addressed twice a year by the Board members who review ESG performance and approve the ESG statement in the first quarter, and address the ESG strategic orientation in the second quarter.

**The Audit Committee** reviews twice a year the risks associated with the Group and its businesses, including ESG risks.

**The Nomination and Remuneration Committee** reviews and approves the ESG targets that are used to define the variable remuneration of the Group’s Executive Committee and the businesses CEOs.

## The Executive Committee

Composed of D’Ieteren Group’s CEO and CFO, the Executive Committee is responsible for supervising the development of the Group’s ESG strategy and ensuring its implementation at both the Group and the individual business level. The Executive Committee closely follows the progress of the businesses’ sustainability roadmaps, including during monthly coordination meetings with management.

## The ESG & Sustainability Team

The ESG & Sustainability Team is responsible for developing and implementing the Group’s ESG approach. Its members also support the Group’s businesses in developing and implementing their sustainability strategy. In addition, they engage in a dialogue with the Group’s stakeholders and keep abreast of the evolving trends in the fields of sustainability, ESG and sustainable finance to act as a knowledge center in support of the whole team, thereby insuring effective ESG integration.

## The Investment Team

The Investment Team is responsible for ensuring that ESG aspects are embedded in each stage of the investment cycle. Throughout the process, they liaise with the ESG & Sustainability Team to ensure that ESG key drivers are properly incorporated in their analyses.

## The Business level

Businesses are expected to designate at least one person to coordinate their sustainability approach. The D’Ieteren Group ESG & Sustainability Team members hold regular discussions with their counterparts in the businesses about progress on the sustainability roadmaps and closely collaborate with them to produce annual sustainability reporting.

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This Responsible Investment Charter is reviewed every three years by the Board of Directors of D’Ieteren Group – or earlier as appropriate - to reflect the continuous development and improvement of the Group’s responsible investment approach.