

# ESG and Climate Policy

March 2023



**INVESTING IN AFRICA'S MOST INNOVATIVE  
AND PROMISING ENTREPRENEURS**

MARKETING MATERIAL

Seedstars Africa Ventures Fund 1 SLP will be a professional AIF, intended exclusively for professional clients according to article L533-16 of the French monetary and financial Code

# Seedstars Africa Ventures' policy on the management of ESG and climate issues

- Seedstars Africa Ventures Investment Management (SAVIM) is the Investment Advisor<sup>1</sup> to LBO France for the Seedstars Africa Ventures Fund 1 SLP<sup>2</sup> (the Fund). This Fund abides by LBO France's ESG and climate policy, annexed to this document (December 2022 version)
- The Investment Advisor firmly believes that to generate high returns, it is vital to maintain a long-term outlook where performance equates not only to financial returns but also extra-financial returns. As such, the Fund pursues sustainable development objectives such as defined by article 8 of the European Sustainable Finance Disclosure Regulation (SFDR).
- SAVIM commits to upholding LBO France's ESG and climate policy and operate along its principles:

Systematically integrate ESG and climate issues in our investment decisions

Combine the forces of our investment teams, our operational teams, and the Management of our investments to initiate transformation and progress approaches on ESG and climate

Implement ESG and climate action plans for all our investments and ensure their regular monitoring by investment and Management teams

Provide regular awareness sessions on ESG and climate to our teams and mobilize them to turn ESG and climate into a daily concern in their investment work

- The Fund incorporates this conviction at every stage of its investment approach with the aim of creating sustainable value for all stakeholders. The Fund excludes any investments that feature in the IFC exclusion list in addition to those listed in the LBO France exclusion list policy.
- The Fund has built its approach by committing itself to the United Nations' Sustainable Developments Goals, in particular:



1. Upon obtaining the CIF status from Autorité des Marchés Financiers

2. Upon creation and declaration to Autorité des Marchés Financiers. SAV Fund 1 will be a professional AIF, intended exclusively for professional clients according to article L533-16 of the French monetary and financial Code



# Seedstars Africa Ventures' policy on the management of ESG and climate issues

- Innovative high-growth companies that constitute the Fund's target investment segment are particularly well suited to reach the stated goals as they are recognised to be a key driver in achieving formal job creation and economic prosperity with wide social and environmental impacts. The Fund's theory of change allows it to target ambitious development goals.
- Through its portfolio companies, the Fund will aim to target and support:
  - the creation of 10,000 thousand formal jobs,
  - enterprises serving the wider community and giving access to first necessity products and services like access to energy, education, health, financial services, water and sanitation, nutrition etc.
  - investments in frontier markets that are often overlooked by existing VC funds,
  - emergence of pan-African leaders,
  - efficiency improvement in local value chains through the implementation of strong governance, transparency, and best practices in human resources and ESG.
- The portfolio companies' outlook and ambition pertaining to the achievement of these sustainable goals is a key consideration during the investment process:
  - A preliminary review by the investment team is done and summarized using a pre-defined checklist and ESG Framework
  - A scoring is performed using internationally recognized industry tools
  - Depending on the scoring, a specific ESG due diligence is carried out before investment
  - An ESG action plan is prepared right at the outset in agreement with the entrepreneurs.

# Seedstars Africa Ventures' policy on the management of ESG and climate issues

- Following the investment, a proper monitoring system is in place
  - the Fund implements a collaborative ESG & Impact evaluation and monitoring tool for the investment team as well as the entrepreneurs. The tool tracks progress in management culture, governance and organisation, business ethics, compliance and risk management, internal controls, business continuity, data protection, human resource management, health and security, gender and inclusivity KPIs, direct and indirect environmental and social impacts.
  - Progress in SDG achievements is monitored regularly with the Portfolio Companies and the ESG action plan is continually reviewed and adjusted. Since the Fund has a generalist investment approach, relevant impact metrics and KPIs are defined individually for each target company based on several factors including its growth stage, sector of activity, geography, etc., except for job creation which will be measured across the portfolio.
  - The monitoring and support framework relative to ESG practices enables the management team to identify and mitigate any potential negative incidences of the activity undertaken by the portfolio company, in accordance with article 8 of the SFDR regulations. The processes enable the portfolio company management and the Fund to generate long term strategies to cancel, avoid and/or mitigate these risks. The risks include topics relative to HR, environmental, health or social matters.
- While operating along these principles, the Fund commits to integrate the specific ESG and climate requirements of institutional and DFI investors into its own environmental and social management system (ESMS):
  - Transparency towards investors on the satisfactory implementation of the ESMS
  - Publication of environmental and social action plans and publication of ESG results, especially regarding Health & Safety (H&S) performance in yearly ESG reports
- This communication is for information purposes only and should not be construed as a solicitation, personalised recommendation or offer relating to financial products or as legal, tax, financial or other advice. Investing in the Fund presented above will involve risks, in particular the risk of capital loss. When the Fund will be established, you may refer to its by-laws in which the risks will be detailed. The information presented is not exhaustive. Past performance is no guarantee of future performance. Nothing in this document should be construed as a promise, commitment or representation, either past or future.





# ESG and climate policy



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Date	Policy version	Validation by the ESG and climate Committee			
14 <sup>th</sup> December 2022	V1_2022	 Stéphanie Casciola CEO	 Jacques Franchi CIO	 Sophie Château Partner Head of IR	 Stanislas de Kertanguy Head of ESG





# Introduction



## 1.1. Our ESG and climate principles

“ In our society that has grown aware of new stakes, value creation cannot be blind to the future of mankind and its environment and must pay attention to both. With the power and means to act and steer decisions, the investor-shareholder is vested with specific responsibility.

Environmental, social and governance criteria frame and direct LBO France's investment decisions and development plans and underpin its collective projects. These criteria guide the relationships that we build with portfolio company managers and with all our stakeholders, partners, and investors. ”

By taking into account environmental, social, and governance dimensions in all our investments, we affirm our vision as a responsible investor, consistently with our values.

We are a diversified investment platform. We leverage our experience and our competencies to create value and honour the trust put in us by our investors. We are convinced that ESG and climate issues are essential to value creation and form part of our fiduciary duty. Indeed, as investors, we have the ability to act and steer our investments towards ESG and climate progress.

LBO France has signed the Principles for Responsible Investment (PRI) in 2011 and fully integrates the six principles to its investment approach:

- 1 We will incorporate ESG issues into investment analysis and decision-making processes
- 2 We will be active owners and incorporate ESG issues into our ownership policies and practices
- 3 We will seek appropriate disclosure on ESG issues by the entities in which we invest
- 4 We will promote acceptance and implementation of the Principles within the investment industry
- 5 We will work together to enhance our effectiveness in implementing the Principles
- 6 We will each report on our activities and progress towards implementing the Principles

Since 2011, we have published and updated our Engagement Charter<sup>1</sup> to set out our vision and commitments towards our investors, our portfolio companies and their managers, and our employees. LBO France has been a signatory of France Invest's Investors for Growth Commitment Charter<sup>2</sup> since 2015.

<sup>1</sup> [https://www.lbofrance.com/wp-content/uploads/2022/08/Engagement\\_Charter\\_LBO\\_France\\_July\\_2022.pdf](https://www.lbofrance.com/wp-content/uploads/2022/08/Engagement_Charter_LBO_France_July_2022.pdf)

<sup>2</sup> [https://www.franceinvest.eu/wp-content/uploads/2022/02/Charte-Engagements-des-Investisseurs-pour-la-Croissance\\_-France-Invest-AGE-2018.pdf](https://www.franceinvest.eu/wp-content/uploads/2022/02/Charte-Engagements-des-Investisseurs-pour-la-Croissance_-France-Invest-AGE-2018.pdf)



## 1.2. Subject matter and scope of this policy

This ESG and climate policy materializes the commitments presented in our Engagement charter, defines our concrete progress objectives, and sets our rules of procedure on ESG and climate issues.

This policy also aims at meeting the expectations of ESG and climate regulations applicable to LBO France:

- **Regulation EU 2019/2088 on sustainability related disclosures in the financial services sector (“SFDR”) and its delegated acts;**
- **Regulation EU 2020/852 on the establishment of a framework to facilitate sustainable investment (“Taxonomy”) and its delegated acts;**
- **Decree no. 2021-663 of 27 May 2021 implementing Article L.533-22-1 of the Monetary and Financial Code as set out by Article 29 of the Energy and Climate Law.**

It applies to all non-listed investment strategies of LBO France: LBO Mid cap, LBO Small cap, real estate, venture capital, infrastructure. The public equity activity operates according to the Transparency Charter (Code de transparence) available on LBO France’s website at <https://www.lbofrance.com/investissement-cote/>.

Certain strategies and/or investment vehicles managed by LBO France, notably SFDR Article 9 funds, may issue specific ESG charters or procedures in addition to this policy.

## 1.3. Our ESG and climate objectives

- **Systematically integrate ESG and climate issues in our investment decisions**
- **Combining the forces of our investment teams, our operational teams, and the Management of our investments to initiate transformation and progress approaches on ESG and climate**
- **Implement ESG and climate action plans for all our investments and ensure their regular monitoring by investment and Management teams**
- **Provide regular awareness sessions on ESG and climate to our teams and mobilize them to turn ESG and climate into a daily concern in their investment work**

In addition to the formal materialization of our ESG commitments and of our support to the Principles for responsible investment, these objectives reflect on a deep conviction shared by all LBO France partners: our investment teams must be at the forefront of ESG and climate action.

These objectives will be associated with measurement criteria regularly monitored for each strategy.



# 2

# Our ESG and climate governance



We have decided to set up a robust and efficient ESG and climate framework at LBO France:

- **To reflect on the common commitment of all LBO France Board members;**
- **To put investment teams at the forefront of ESG and climate action and make them take ownership of these issues;**
- **To encourage best-practice sharing and cross-teams work, consistently with our investment platform approach;**
- **To meet the requirements of our stakeholders, especially portfolio companies and investors.**

## The ESG and climate Committee: the policy sponsor

LBO France's ESG and climate Committee determines the strategic orientations expressed in the Engagement Charter and validates the ESG and climate policy.

It ensures that the ESG and climate policy is well implemented by LBO France in all investment strategies. It meets at least quarterly.

The ESG and climate Committee is composed of the CEO, the CIO, the Partner in charge of Investor relations – all Board members – and the Head of ESG.

LBO France's Head of ESG coordinates the implementation of the policy, provides support and advice to investment teams, contributes to sharing of best practices internally and with portfolio companies. He oversees the transverse monitoring of ESG and climate issues across the portfolio. In addition to continuous best-practice sharing, the Head of ESG provides regular training to LBO France teams on ESG and climate issues.

## Our investment teams: at the forefront

With the support of the Head of ESG, investment teams of all strategies systematically perform pre-investment ESG and climate analyses.

Investment committees systematically review and validate in-depth ESG and climate analyses before making investment decisions (see §3.2.2). For each investment strategy, an ESG and climate touchpoint is performed yearly.

Investment teams ensure that ESG action plans are validated and monitored at Board level in the portfolio companies and assets.



# ESG

and climate integration  
in our investment process



## 3.1.

# Our ESG and climate common core

We have defined our ESG and climate common core and we implement it in all investment strategies with appropriate tools and methods.

This common core is consistent with the PRI commitments and with the France Invest Charter.

We integrate sustainability risks in our investment activities<sup>3</sup> by implementing the ESG and climate common core.

## Pre-acquisition

- Enforcement of the exclusion policy
- ESG and climate analysis performed by the investment team
- ESG and climate synthesis presented to and validated by the Investment Committee

## Holding

- Validation of an ESG and climate action plan shared with the Management of portfolio companies and regular monitoring (at least half-yearly) at Board level by the investment team
- Yearly monitoring of ESG and climate KPIs
- Sharing of best practices on ESG and climate

## Exit

- Review of ESG and climate achievements during the holding period and integration of an ESG and climate analysis or VDD in information provided to buyers

<sup>3</sup>In the meaning of SFDR regulation

## 3.2. Pre-acquisition ESG and climate deployment

### 3.2.1. Exclusion policy

LBO France enforces an exclusion policy consistent with its values and its ethical approach. We do not want to finance activities or companies that harm human health

and mental health, the environment, or biodiversity, and that do not comply with certain fundamental principles.

Products and sectors systematically excluded	Products and sectors excluded based on specific criteria	Exclusions based on behaviours
<ul style="list-style-type: none"> <li>• Direct management of gambling activities</li> <li>• Production and distribution of tobacco products</li> <li>• Pornography and prostitution</li> <li>• Production and distribution of solid and liquid fossil fuels (coal and oil) and energy generation using these fuels</li> </ul>	<ul style="list-style-type: none"> <li>• GMOs:               <ul style="list-style-type: none"> <li>• Authorized for research or therapeutic aims only</li> </ul> </li> <li>• Defence:               <ul style="list-style-type: none"> <li>• Systematic exclusion of controversial weapons (antipersonnel mines, biological and chemical weapons)</li> <li>• Exclusion of activities linked to defence systems when there are unmitigated risks of corruption, misuse, or massive and serious violations of human rights. Companies compliant with EU and NATO rules can be financed when defence activities do not exceed 20% of their revenue.</li> </ul> </li> <li>• Alcoholic beverages and spirits               <ul style="list-style-type: none"> <li>• Exclusion of spirit production activities (in the meaning of Regulation EU 2019/787)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Companies severely violating UN Global Compact principles</li> <li>• Companies that do not comply with ILO Fundamental conventions</li> <li>• Corruption and money-laundering practices</li> <li>• Activities harmful to the rights of Indigenous and/or vulnerable groups</li> </ul>



## 3.2.2. Pre-investment ESG and climate review and validation by the Investment Committee

### Initial analysis

During opportunities selection, the investment team performs a formal initial ESG and climate analysis. The results are integrated to the opportunity documentation as per LBO France's investment policy.

In addition to the respect of LBO France's exclusion policy, this analysis reviews the significant ESG risks and opportunities on the basis of information available at that stage in the investment process.

### In-depth analysis

For the next steps in reviewing any opportunity, an in-depth ESG and climate analysis will be performed by the investment team with the support of the Head of ESG. This in-depth analysis will rely on information made available on the Target, on interviews and external Target data, and if needed on the competencies of third-party advisors. The investment team is responsible for initiating this in-depth analysis.

For companies, the main themes of the in-depth analysis are the following:

- **Governance and organisation, risk management;**
- **Business ethics;**
- **Human resources management;**
- **Gender parity and diversity;**
- **Environmental compliance and company's direct environmental impacts;**
- **Greenhouse gas (GHG) emissions and climate action;**
- **Biodiversity;**
- **Environmental and social impacts in upstream and downstream value chains;**
- **Integration of ESG and climate matters in the design and use of products and services.**

For real assets, the in-depth ESG and climate analysis covers the 19 themes identified by the Observatoire de l'immobilier durable (Green Building Observatory – GBO).

For each investment strategy, the in-depth analysis will take into account the materiality of ESG and climate themes according to the Target's nature and activity (company, start-up, real asset), its sector, its location, its value

chain, and its partners. To determine materiality, we use market best practices such as France Invest's recommendations, Invest Europe's recommendations for ESG due diligence, and GBO's Responsible due diligence 2021 guide, in addition to our own expertise.

When available, an evaluation of the Target's Principal Adverse Impacts<sup>4</sup> is integrated to the in-depth analysis.

For SFDR Article 9 funds, the in-depth analysis systematically identifies the Target contribution to an environmental or social objective as presented in the Fund's bylaws.

### Investment Committee validation

The in-depth analysis is integrated to the investment documentation as provided for by LBO France's investment procedure and is systematically presented to and validated by the Investment Committee, with the Head of ESG attending. The results will serve as the basis for establishing the ESG and climate action plan.

### Focus on climate analysis

As a member of the Initiative Climate International (iCI), LBO France is committed to integrating climate change analysis into investment processes. LBO France recognizes that some of its portfolio companies and assets may cause climate change impacts and be exposed to physical and transition risks.

For private equity, venture capital and public equity, in line with the iCI methodology, the in-depth pre-investment analysis will notably integrate the following questions:

- **Is the company concerned by carbon/climate regulations?**
- **Have some of its clients (public administrations, large groups) already expressed expectations in terms of climate strategy?**
- **Is part of the value chain located in a high climate risk geographical area?**
- **Has the company, or its business sector, recently been the subject of a controversy relating to climate issues?**
- **Are the company's market conditions sensitive to climate and energy issues (dependence, competition, technological challenges, etc.)?**
- **Has the company produced a voluntary carbon footprint (scopes 1, 2, 3) demanded by an important / strategic stakeholder?**

<sup>4</sup>In the meaning of SFDR regulation

For real assets in France and Italy, the analysis will take into account the contribution to climate mitigation.

#### **Focus on biodiversity risks**

LBO France acknowledges that its portfolio companies may have impacts and dependencies on biodiversity. Given the lack of a consistent methodology covering the wide range of activity sectors in LBO France's portfolio, the risks and opportunities analysis on biodiversity will be integrated to the in-depth ESG and climate analysis described in the previous section.

For companies, the analysis will notably cover the review of themes such as raw materials consumption, the use of natural or agricultural resources, land, and environmental discharges, when these themes are relevant.

For real assets, biodiversity risks and opportunities evaluation notably relies – according to available information – on environmental studies and diagnosis, impact studies, and possible layout choices (e.g. green spaces).

### **3.2.3. ESG and climate clause**

For relevant asset classes, we systematically include an ESG and climate clause in the shareholder agreement, notably mentioning the implementation of the ESG and climate action plan (§3.3.1).

## **3.3.** **Holding phase ESG and climate deployment**

### **3.3.1. ESG and climate action plan**

To act as a committed investor, we determine and validate a relevant ESG and climate action plan with the Management of each portfolio company.

This ESG and climate action plan relies on the results of the in-depth ESG and climate analysis (§3.2.2) and covers the material ESG and climate issues for the portfolio company. Established in a cooperative spirit by LBO France and the Management of portfolio companies, this action plan takes into account the portfolio company's resources, its market context, and the expected regulatory changes regarding ESG and climate.

We aim at setting realistic milestones, targeting operational issues such as portfolio company organisation and production and supply chain management. We work hand-in-hand with LBO France's operational team to prepare and implement ESG and climate action plans.

For real assets, LBO France is committed to ambitious environmental standards, notably through certification against best market practices (BREEAM and BREEAM in-use, Haute qualité environnementale). Our real assets' action plans cover the energy and climate transition by acting on topics where we can leverage on our capabilities: works and equipment, energy consumption, selection of partners and contractors, etc. LBO France also integrates issues linked with building users (safety, comfort, well-being, accessibility) and community impact issues in its action plans.

ESG and climate action plans are regularly monitored by the investment team and the Head of ESG during Board meetings, at least half-yearly. They can be updated and strengthened during the holding phase to reflect on changes occurred since acquisition.

For each strategy, a yearly status update is performed with the ESG and climate Committee to verify the successful implementation of action plans.

#### **Focus on climate**

Consistently with ICI commitments, LBO France deploys since 2022 a yearly measurement of its portfolio companies' and assets' carbon footprint for its most recent funds. The first measurement of the



carbon footprint occurs during the year following the acquisition. LBO France includes operational actions aimed at reducing GHG emissions (choice of renewable energy or materials, preference to low-carbon transportation, real assets certification, etc.) in ESG and climate action plans.

### **3.3.2. ESG and climate reporting**

Measurement of ESG and climate indicators at portfolio company-level is necessary to ensure that portfolio companies' performances are aligned with their action plans, to meet our investors' requirements, and to feed our global, cross-platform ESG and climate reporting. We present ESG and climate information in management reports aimed at investors.

For the year 2022, LBO France implements a yearly ESG and climate reporting framework for all strategies, taking into account PRI and France Invest's ESG questionnaire recommendations. For relevant funds, information on Taxonomy alignment will also be provided.

In addition, portfolio companies must inform LBO France of any ESG incident<sup>5</sup> occurring during the holding phase in a timely manner.

### **3.3.3. ESG and climate best practices sharing**

LBO France considers that continuous sharing of ESG and climate best practices with portfolio companies is highly beneficial. It fosters competency-building and anticipation of upcoming ESGH and climate themes.

As such, climate awareness sessions and/or specific meetings may be offered to investment teams and portfolio companies' Management teams when appropriate.

## **3.4. ESG and climate deployment at exit**

Upon deciding a divestment, the investment team will review ESG and climate progress achieved during the holding phase, based on ESG and climate action plans and reporting.

For relevant investment strategies, LBO France will provide potential investors with ESG and climate information (including reporting results) and with an analysis of ESG and climate evolutions and achievements, in order to reflect on portfolio companies' ESG and climate action and their Management's commitment to continuous improvement.

An ESG and climate Vendor due diligence will be performed when appropriate in view of the specific conditions of the divestment.

<sup>5</sup> Environmental, social, or governance incident that may cause significant legal, operational, or reputational consequences for the portfolio company



# Our ESG and climate responsibility as a management company



We want to deploy ESG and climate best practices internally. We are driven by exemplarity, considering our commitments and our expectations towards our portfolio companies, and by the conviction that our own ESG and climate approach reinforces our cohesion and pride as a team and strengthens our performance.

## Our values

For more than 35 years, LBO France has operated according to its strong and structuring values:

- Alignment of interests with stakeholders: LBO France makes it a point of honour to entertain a trustful relationship with all its stakeholders. We always look towards the alignment of interests by combining financial performance, transparency, and social and environmental responsibility. This is how we create partnerships that stimulate excellence.
- Support to portfolio companies in their development: We want to be a determined and enthusiastic partner for our portfolio companies. Driving on our highly experienced multidisciplinary teams, we act as stewards of their long-term success and we develop their innovation capabilities.
- A targeted qualitative approach: Relying on our multi-specialist platform model, we develop actual deep expertise in niche markets where we identify high growth potential. We have a firm knowledge of the entrepreneurial strength of the territories where we operate in France, Italy and Africa, and we firmly believe in their potential for value creation.
- Entrepreneurship and pioneering spirit: As an independent management company, LBO France has stood out thanks to its entrepreneurial spirit, its collective strength, and its agility. As a pioneer in Private equity and in the development of a platform strategy, LBO France also committed early towards ESG and climate, which have become true strategic priorities.

## Our team

Team commitment is a structuring strength for LBO France. We consider it crucial to act towards our team members' well-being and fulfilment: we want to provide them with the best working conditions and opportunities for career development.

We take particular care in establishing a work environment where enacting standards go hand-in-hand with a

respectful and inclusive approach. We offer training programs to our employees according to their needs. We associate them to value creation by offering the possibility to subscribe to our funds.

We stand against all kinds of discrimination in recruitment and career development. As a signatory of France Invest's Gender Parity Charter, LBO France acts to strengthen women representation in all functions. We support the Level20 initiative and we encourage our female employees concerned to benefit from these mentorship programs.

## Our environmental and climate footprint

We strive to reduce our environmental and climate footprint through concrete initiatives on energy and water use, business travel, IT equipment, and business and promotional supplies.

We provide regular awareness sessions on climate change to our employees. From 2022 onwards, we regularly measure our carbon footprint and implement an action plan.

## Our governance and our operational excellence

We implement a robust deontological and ethical framework, in line with our regulatory requirements and with the expectations of our investors and stakeholders.



We are committed to ESG and climate transparency.  
For any question regarding this policy, please get in touch via e-mail  
at [esg@lbofrance.com](mailto:esg@lbofrance.com).

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