



# ESG CHARTER



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# ESG CHARTER

Indigo Capital (“Indigo Capital” or the “Firm”) is a signatory to the United Nations Principles for Responsible Investment (UNPRI) since 2013. These voluntary principles set out a framework for integrating Environmental, Social & Governance (ESG) matters into the investment process. The UNPRI document “Responsible Investment in Private Equity: A Guide for Limited Partners” provides practical suggestions on how the Principles for Responsible Investment can be applied to this asset class, and has served as the base from which Indigo Capital is developing its own approach to Responsible Investment.

## I. A RESPONSIBLE INVESTMENT MANAGER

### A. PURPOSE

Indigo Capital aims at promoting a sustainable and profitable growth both at the level of the Firm and at the level of its investee companies. Indigo also believes that financial and extra-financial performances go hand-in-hand to create value for all stakeholders. This is why the Firm has decided to define an environmental, social and governance (ESG) charter and to include ESG best practices in its day-to-day activities, including in its investment process.

By signing this ESG charter, the Firm and its employees have committed to the followings:

- > Incorporate ESG criteria and durability risk analysis at every steps of the Firm’s investment and decision-making processes;
- > Incorporate ESG criteria into the Firm’s financing policies and practices;
- > Seek appropriate disclosure of ESG issues in each portfolio company;
- > Promote the implementation of UNPRI Principles within the private equity industry;
- > Report on the Firm’s activities and progress towards implementing its ESG Principles.

## B. ESG OBJECTIVES

Indigo Capital believes that ESG is a process of continuous improvement, which is undertaken with a list of key guidelines to be followed by the Firm and its employees. It has also set up a specific ESG Committee in 2013 that is responsible for defining Indigo Capital’s overall ESG policy.

As a general rule, the Firm will:

- > Comply with relevant regulations governing the protection of the environment, labour, occupational health, safety and business practices as well as adhere to the highest international and local standards of best practice, and comply with relevant guidelines and policies;
- > Train Indigo Capital’s team in the identification and management of ESG issues, provide appropriate support to team members and utilize the services of ESG experts, where appropriate.
- > Identify and monitor ESG stakes, and potential durability risks at each step of the investment process, from origination to exit;
- > Engage with investee companies in order to help them establishing appropriate ESG policies and practices;
- > Report on a regular basis to the Funds’ investors on ESG matters.



## II. ESG AT THE FIRM'S LEVEL

### A. GOVERNANCE

Indigo Capital is controlled by its management team. Main strategic decisions at Indigo Capital are taken by a Supervisory Committee ("Comité de Surveillance"), on which the main partners of the management company sit.

The Firm is currently managed by five Managers ("Gérants"; the "Managers"), each Manager being also a member of the Firm's investment committee.

The Investment Committee reviews all investment proposals and takes decisions on investments. Any investment in a Fund managed by the Firm requires the unanimous approval of the Managers.

### B. ESG COMMITTEE

The ESG Committee has the following core responsibilities:

- > Setting of the Indigo ESG policy;
- > Driving the application of the ESG policy and related matters within Indigo Capital;
- > Collection of information on all ESG initiatives within portfolio companies;
- > ESG Reporting to investors and coordination of ESG education and training programs.

The members of the ESG Committee are appointed by the Managers and shall comprise a minimum of 3 members, including at least one Manager. The Managers must fill any vacancies of the ESG Committee within 40 days after the vacancy arises. The Managers shall appoint a chairperson on the ESG Committee and determine the period for which he or she shall hold office.

The ESG Committee meets on a regular basis and at least twice a year. Minutes of each ESG Committee meeting are prepared by the chairperson of the ESG Committee and circulated to the members of the ESG Committee for review thereof. The minutes are formally approved by the ESG Committee at its next scheduled meeting.

The members of the ESG Committee are responsible for the implementation of all recommended ESG actions and, consequently, shall regularly update the rest of the employees of the Firm on ESG matters.

### ■ ESG Committee reporting responsibilities

The ESG Committee reports at least annually to investors on ESG performance of the Firm and of its investee companies. The ESG Committee also coordinates ESG questionnaires submitted by investors (LPs).

The ESG Committee chairperson shall also report to the Managers immediately on any ESG matters of importance that may affect the Firm, its investee companies, or any of the investors in the funds managed by the Firm.

### ■ ESG Committee other responsibilities

The ESG Committee reviews and assesses the adequacy of the Indigo ESG Charter annually, requesting Managers' approval for proposed changes, and ensures appropriate disclosure as may be required by law or regulation.

## C. HUMAN RESOURCES MANAGEMENT

Indigo Capital is a close team that fosters an environment of interpersonal relationships and personalised monitoring of career paths.

Indigo Capital believes that the individual and collective performance of employees play a particularly crucial role in the competitiveness and sustainability of the companies in which it invests into and as such believes that the same applies to itself. The business activity of the Firm requires constant change and adaptability in its operational and organizational methods. Training is available to all employees, from management to support staff, and aims at optimising the skills of every team member.

The variable remuneration policy is a mean of motivating and fostering loyalty amongst all employees yet is very largely based on the collective achievements of the Indigo team. All members of the investment team can benefit from an incentive system based on the performance of the Firm's managed funds.

In line with the latest SFDR regulation, ESG matters are also factored in the variable remuneration of the Managers.

## D. ENVIRONMENTAL ISSUES

The activity of the Firm does not generate significant amounts of greenhouse gases. Nevertheless, Indigo aims at optimizing its energy, paper and other supplies consumption.

## III. RESPONSIBLE INVESTMENT POLICY

Integration of ESG criteria in the Firm's investment policy are detailed in a separated document named "Responsible Investment Policy", updated in March 2021 and which has been communicated to all employees at Indigo Capital.

Generally speaking, and when reviewing and deciding on prospective investments, Indigo Capital:

- > considers the environment, social and governance consequences of its investment activities;
- > does not invest in companies that are domiciled in countries subject to trade embargoes imposed by the United Nations or the European Union or by France;
- > does not invest in companies producing firearms and ammunitions of all kind or that operate in sectors that do not meet the ethical criteria of Indigo (as defined in its by-law or its Responsible Investment Policy);
- > requires that portfolio companies comply with the laws and regulations laid down by the authorities in the markets in which they operate;
- > ensures that portfolio companies comply with human rights and labor conventions, adopted by United Nations and other relevant international organisations as ratified by France;
- > Ensures, where possible, that these companies apply similar principles to significant sub-suppliers.

## IV. STEWARDSHIP POLICY

As a professional investor, it is Indigo Capital's responsibility to encourage companies to adopt good governance standards, which are to be negotiated and integrated by the investment team in investee companies' shareholders' agreement at entry.

While funds managed by the Firm are mostly invested in bonds, Indigo Capital can be the lead financial investor in some of its operations and holds a board member or board observer seat in each of its investee companies.

Through this direct relationship with the management teams, the Firm encourages its managers into a constructive and healthy dialogue aiming at promoting ESG criteria and sustainability within its portfolio companies.