



RI TRANSPARENCY REPORT 2016

AAC Capital Benelux



An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the <u>PRI website</u>, ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2016 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six <u>Principles for Responsible Investment</u>. It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
Ø	The signatory has completed some parts of this indicator
6	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ю	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

1



Principles Index

Organisa	Organisational Overview							Principle				
Indicator	tor Short description Status Disclosure							5	6			
OO 01	Signatory category and services	√	Public							✓		
OO 02	Headquarters and operational countries	1	Public							✓		
OO 03	Subsidiaries that are separate PRI signatories	~	Public							✓		
OO 04	Reporting year and AUM	✓	Public							✓		
OO 05	Breakdown of AUM by asset class	~	Asset mix disclosed in OO 06							~		
OO 06	How would you like to disclose your asset class mix	~	Public							✓		
OO 07	Fixed income AUM breakdown	8	n/a							✓		
OO 08	Segregated mandates or pooled funds	₿	n/a							✓		
OO 09	Breakdown of AUM by market	1	Public							✓		
OO 10	Additional information about organisation	1	Private							✓		
00 11	RI activities for listed equities	₿	n/a							✓		
00 12	RI activities in other asset classes	✓	Public							✓		
00 13	Modules and sections required to complete	1	n/a							✓		



Strategy	Strategy and Governance								Principle				
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6				
SG 01	RI policy and coverage	✓	Public							✓			
SG 02	Publicly available RI policy or guidance documents	~	Public						~				
SG 03	Conflicts of interest	✓	Public							✓			
SG 04	RI goals and objectives	✓	Public							~			
SG 05	Main goals/objectives this year	1	Private							~			
SG 06	RI roles and responsibilities	1	Public							×			
SG 07	RI in performance management, reward and/or personal development	~	Private							×			
SG 08	Collaborative organisations / initiatives	✓	Public				~	~					
SG 09	Promoting RI independently	1	Public				~						
SG 10	Dialogue with public policy makers or standard setters	1	Private				~	~	~				
SG 11	ESG issues in strategic asset allocation	✓	Private	✓									
SG 12	Long term investment risks and opportunity	1	Private	~									
SG 13	Allocation of assets to environmental and social themed areas	~	Private	~									
SG 14	ESG issues for internally managed assets not reported in framework	8	n/a							✓			
SG 15	ESG issues for externally managed assets not reported in framework	₿	n/a							✓			
SG 16	RI/ESG in execution and/or advisory services	8	n/a	~	~								
SG 17	Innovative features of approach to RI	1	Private							✓			
SG 18	Internal and external review and assurance of responses	1	Private							~			



Direct –		Principle					General			
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	1	Private							√
PE 02	Typical level of ownership	1	Private							✓
PE 03	Description of approach to RI	1	Public	✓					 ✓ 	
PE 04	Investment guidelines and RI	1	Public		~					
PE 05	Fund placement documents and RI	1	Public	✓			 ✓ 		 ✓ 	
PE 06	Formal commitments to RI	1	Private				✓			
PE 07	Incorporating ESG issues when selecting investments	1	Public	~						
PE 08	ESG advice and research when selecting investments	1	Private	~						
PE 09	ESG issues in investment selection process	1	Public	~		~				
PE 10	Types of ESG information considered in investment selection	✓	Private	~		~				
PE 11	Encouraging improvements in investees	1	Private	✓	✓					
PE 12	ESG issues impact in selection process	1	Private	✓						
PE 13	Proportion of companies monitored on their ESG performance	1	Public		~					
PE 14	Proportion of portfolio companies with sustainability policy	✓	Public		~					
PE 15	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Private		~					
PE 16	Type and frequency of reports received from portfolio companies	✓	Private		~	~				
PE 17	Disclosure of ESG issues in pre-exit	1	Private		~					
PE 18	ESG issues affected financial/ESG performance	1	Private	~	~					
PE 19	Examples of ESG issues that affected your PE investments	4	Private	~	~					
PE 20	Disclosure of ESG information to public and clients/beneficiaries	4	Public						~	
PE 21	Approach to disclosing ESG incidents	1	Private						✓	



AAC Capital Benelux

Reported Information

Public version

Organisational Overview

PRI disclaimer

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	Basic	Inform	ation				
OO 01		Manda	atory	Gateway/Peering	General		
	00	01.1	Select the services you offer.				
	☑F	und mar	nagement				
	% of assets under management (AUM) in ranges						
		○ <10g	%				
		○ 10-5	0%				
		● >50%	%				
	□ Fund of funds, manager of managers, sub-advised products						
	□ Other, specify						
		Execution	and advisory services				
_							
_	00 01	.2	Additional information. [Optional]				

With offices in Amsterdam and Antwerp, AAC is a leading Benelux mid-market buy-out firm, which has to date completed 29 management buyouts, of which 24 have been realised. It targets opportunities for majority stakes in profitable, cash-generative companies headquartered in the Benelux. AAC's deal size is typically an enterprise value between €10 and €150 million, and it is currently investing from its third, Benelux focussed fund. AAC is a growth-oriented investor, with such companies in its portfolio as Desotec, Lubbers Transport Group and Corilus.

00 02	Mar	idatory		Peering	General
000)2.1	Select the location of your o	rganisation's headq	uarters.	
Nether	lands				
000)2.2	Indicate the number of coun	tries in which you ha	ave offices (including your headquarte	ers).
01					
2-	-5				
0 6-	10				
0 >	10				
000	02.3	Indicate the approximate nu	mber of staff in your	organisation in full-time equivalents (FTE).
		FTE			
14					
OO 03	Mar	datory		Descriptive	General
			6		



	OO 03	3.1	Indicate their own		ou have s	ubsidiarie	es within yc	our organisat	ion that are a	ilso PRI signa	tories in
	⊖ Yes	3									
	No										
D 04		Mand	latory					Gateway/	Peering		General
	00 04	l.1	Indicate	the year e	end date fo	or your rep	porting yea	ır.			
	31/12/	/2015									
	00 04	.2	Indicate not to re	your total port on, a	AUM at th nd advisor	ne end of y y/execution	your report	ting year, exc sets.	cluding subsi	diaries you ha	ive chosen
					trillions	billions	millions	thousands	hundreds]	
			Total	AUM			150	000	000		
			Curre	ency	EUR						
			Asset	ts in USD			163	530	873		
O 06		Mand	latory					Descriptiv	/e]	Genera
		5.1 Publish c	To conte class mi our asset	x. class mix	as percen	tage brea				e to disclose y	
	O F	5.1 Publish c	To conte class mi our asset	x. class mix class mix	as percen as broad	tage brea	ıkdown			e to disclose y	
	○ F ● F	5.1 Publish c	To conte class mi our asset	x. class mix class mix	as percen as broad	tage brea	ıkdown	ndicate how y		e to disclose y	
	⊖ F ⊛ F	5.1 Publish c Publish c	To conte class mi our asset our asset quity	x. class mix class mix Internally	as percen as broad	tage brea ranges I (%) Exte	ıkdown	ndicate how y		e to disclose y	
	○ F ● F L	5.1 Publish c Publish c	To conte class mi our asset our asset quity come	x. class mix class mix Internally 0	as percen as broad	tage brea ranges I (%) Extr 0	ıkdown	ndicate how y		e to disclose y	
	○ F ● F L F	5.1 Publish o Publish o Listed eq	To conte class mi our asset our asset quity come	x. class mix class mix Internally 0 0	as percen as broad	tage brea ranges I (%) Extr 0 0	ıkdown	ndicate how y		e to disclose y	
	○ F ● F L F P	5.1 Publish o Publish o Listed eq Fixed inc	To conte class mi our asset our asset quity come	x. class mix class mix Internally 0 0 >50%	as percen as broad	I (%) Ext 0 0 0	ıkdown	ndicate how y		e to disclose y	
O 06	○ F ● F L F P Ir	5.1 Publish o Publish o Listed eq Fixed inc Private e Property	To conte class mi our asset our asset quity come	x. class mix class mix Internally 0 0 >50% 0	as percen as broad	tage brea ranges I (%) Ext 0 0 0 0	ıkdown	ndicate how y		e to disclose y	General rour asset
	○ F ● F □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □	5.1 Publish o Publish o Publish o Pisted eq Fixed inc Private e Property	To conte class mi our asset our asset quity come equity cture	x. class mix class mix Internally 0 0 250% 0 0	as percen as broad	I (%) Ext 0 0 0 0 0	ıkdown	ndicate how y		e to disclose y	



Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06.2

Publish our asset class mix as per attached image [Optional]

 OO 09
 Mandatory to Report Voluntary to Disclose
 Peering
 General

00 09.1

Indicate the breakdown of your organisation's AUM by market.

Market breakdown	% of AUM
	○ 0%
	○ <10%
Develop ed Medica	○ 10-50%
Developed Markets	● >50 %
	● 0%
	○ <10%
Factoria - Factoria and Other Markets	○ 10-50%
Emerging, Frontier and Other Markets	○ >50 %

	Gate	way asset	t class im	plementatio	n indicators
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00 1	12	Mar	ndatory	Gateway	General
	00 12	.1	Select internally managed asset classes where y investment decisions and/or your active owners		
	⊠ Priv	ate ec	quity		

 $\hfill\square$ None of the above



AAC Capital Benelux

Reported Information

Public version

Strategy and Governance

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Select all that apply

Policy components/types	Coverage by AUM
☑ Policy setting out your overall approach	 Applicable policies cover all AUM
☑ Formalised guidelines on environmental factors	\bigcirc Applicable policies cover a majority of AUM
☑ Formalised guidelines on social factors	\bigcirc Applicable policies cover a minority of AUM
$\ensuremath{\boxtimes}$ Formalised guidelines on corporate governance factors	
□ Asset class-specific guidelines	
□ Sector specific RI guidelines	
☑ Screening / exclusions policy	
□ Other, specify (1)	
\Box Other, specify(2)	

SG 01.3

Indicate what norms have you used to develop your RI policy.

☑ UN Global Compact Principles

- $\ensuremath{\boxtimes}$ UN Guiding Principles on Business and Human Rights
- □ Universal Declaration of Human Rights
- □ International Bill of Human Rights
- □ International Labour Organization Conventions
- ☑ United Nations Convention Against Corruption
- $\hfill\square$ OECD Guidelines for Multinational Enterprises
- \Box Other, specify (1)
- □ Other, specify (2)
- \Box Other, specify (3)
- \square None of the above

 \odot No

SG 02 Mandatory	Core Asse	ssed PRI 6
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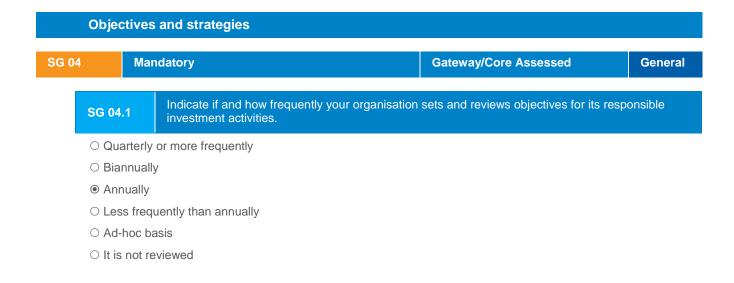


SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide URL and an attachment of the document.

- □ Policy setting out your overall approach
- □ Formalised guidelines on environmental factors
- □ Formalised guidelines on social factors
- $\hfill\square$ Formalised guidelines on corporate governance factors
- □ Screening / exclusions policy
- If We do not publicly disclose our investment policy documents

SG 0	SG 03		ndatory	Core Assessed	General		
	SG	03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.				
	Yes						
	SG 03.2		SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.		rocess.		
			flict of interest arises or is expected to arise, the (s) from the decision making process.	AAC team will remove any (potential) cor	nflicted		

 \bigcirc No



Governance and human resources

SG 0	SG 06 Mandatory		ndatory	Core Assessed	General
	SG 06.	1	Indicate the roles present in your organisation a and/or implementation responsibilities for respon		oversight



Roles present in your organisation

- ☑ Board members or trustees
 - ☑ Oversight/accountability for responsible investment
 - □ Implementation of responsible investment
 - □ No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
- □ Other Chief-level staff or head of department, specify
- ☑ Portfolio managers
 - □ Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - □ No oversight/accountability or implementation responsibility for responsible investment
- □ Investment analysts
- ☑ Dedicated responsible investment staff
 - ☑ Oversight/accountability for responsible investment
 - ☑ Implementation of responsible investment
 - □ No oversight/accountability or implementation responsibility for responsible investment
- ☑ External managers or service providers
 - □ Oversight/accountability for responsible investment
 - ☑ Implementation of responsible investment
 - □ No oversight/accountability or implementation responsibility for responsible investment
- □ Investor relations
- \Box Other role, specify
- □ Other role, specify



Promoting responsible investment SG 08 Mandatory Core Assessed PRI 4,5

New selection options have been added to this indicator. Please review your prefilled responses carefully.

Select all that apply

Principles for Responsible Investment



Your organisation's role in the initiative during the reporting period (see definitions)

☑ Basic

□ Moderate

- \Box Advanced
- □ AFIC La Commission ESG
- $\hfill\square$ Asian Corporate Governance Association
- □ Australian Council of Superannuation Investors
- □ BVCA Responsible Investment Advisory Board
- □ CDP Climate Change
- □ CDP Forests
- □ CDP Water
- CFA Institute Centre for Financial Market Integrity
- □ Code for Responsible Investment in SA (CRISA)
- □ Council of Institutional Investors (CII)
- □ ESG Research Australia
- \Box Eumedion
- □ EVCA Responsible Investment Roundtable
- □ Extractive Industries Transparency Initiative (EITI)
- □ Global Investors Governance Network (GIGN)
- □ Global Impact Investing Network (GIIN)
- □ Global Real Estate Sustainability Benchmark (GRESB)
- □ Institutional Investors Group on Climate Change (IIGCC)
- □ Interfaith Center on Corporate Responsibility (ICCR)
- □ International Corporate Governance Network (ICGN)
- □ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- □ International Integrated Reporting Council (IIRC)
- □ Investor Network on Climate Risk (INCR)/CERES
- □ Local Authority Pension Fund Forum
- □ Principles for Financial Action for the 21st Century
- □ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- □ Shareholder Association for Research and Education (Share)
- □ United Nations Environmental Program Finance Initiative (UNEP FI)
- □ United Nations Global Compact
- □ Other collaborative organisation/initiative, specify

SG 09	Mandatory	Core Assessed	PRI 4
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Yes

SG 09.2 Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

☑ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations

Provided financial support for academic or industry research on responsible investment

 \boxdot Encouraged better transparency and disclosure of responsible investment practices across the investment industry

 $\hfill\square$ Spoke publicly at events and conferences to promote responsible investment

□ Wrote and published in-house research papers on responsible investment

☑ Encouraged the adoption of the PRI

□ Wrote articles on responsible investment in the media.

□ Other, specify

 \bigcirc No



AAC Capital Benelux

Reported Information

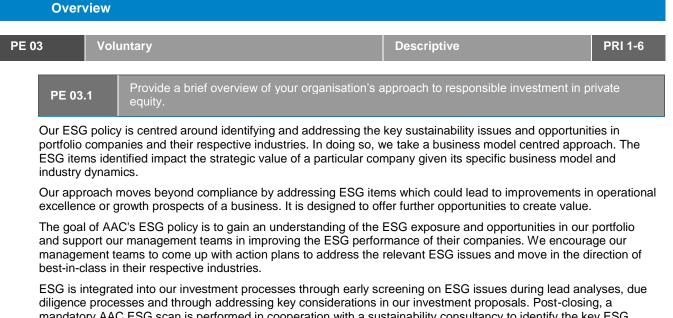
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Direct – Private Equity

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diligence processes and through addressing key considerations in our investment proposals. Post-closing, a mandatory AAC ESG scan is performed in cooperation with a sustainability consultancy to identify the key ESG issues and opportunities. Subsequently, the relevant ESG issues, and related KPI's, become part of the management agenda. On a yearly basis, the Supervisory Board monitors and discusses the progress made.



 \odot Our investment guidelines do not refer to responsible investment

 \bigcirc We do not have investment guidelines

Fundraising of private equity funds





PE 05.2 Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

Policy and commitment to responsible investment

☑ Approach to ESG issues in pre-investment processes

I Approach to ESG issues in post-investment processes

 \bigcirc No

○ Not applicable as our organisation does not fundraise

Pre-investment (selection) PE 07 Mandatory Gateway PRI 1 During due-diligence indicate if your organisation typically incorporates ESG issues when selecting PE 07.1 private equity investments. Yes Describe your organisation's approach to incorporating ESG issues in private equity PE 07.2 investment selection. ESG is integrated into our investment processes through early screening on ESG issues during lead analyses, due diligence processes and through addressing key considerations in our investment proposals. \bigcirc No **PE 09** Mandatory **Core Assessed PRI 1.3** Indicate which E, S and/or G issues are typically considered by your organisation in the investment **PE 09.1** selection process and list up to three typical examples per issue. **ESG** issues ☑ Environmental

List up to three typical examples of environmental issues

Usage of scarce resources - energy usage

Preservation of ecosystems - water usage

Non-degradable waste in top soil - waste output

Social

List up to three typical examples of social issues

Labour conditions - inputs for production which can be an issue with respect to human rights Health and safety issues on workfloor

☑ Governance

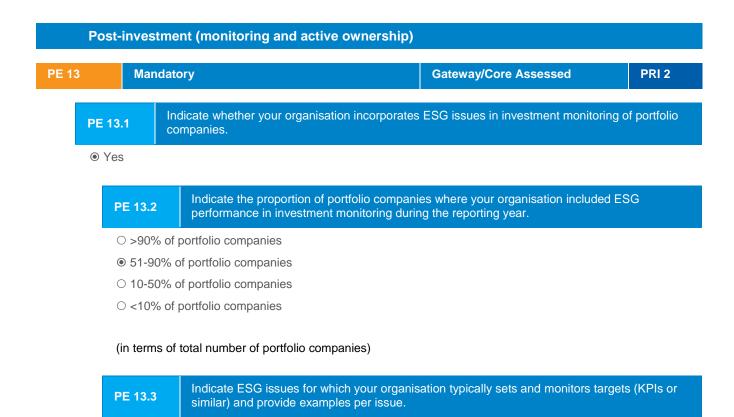




Limited or no anti-bribery/ money laundering / fraud policies



E, S and/or G issues are considered by our organisation in the investment selection process, if the the outcome is that some standards do not meet our basic requirements - we assess if we can improve this during our investment period. If so, we will invest and improve the issues. If not and the issues are structural by nature, we do not invest.



ESG issues

☑ Environmental

List up to three example targets of environmental issues

Decrease fuel consumption/ CO2 emissions

Decrease energy usage/ waste

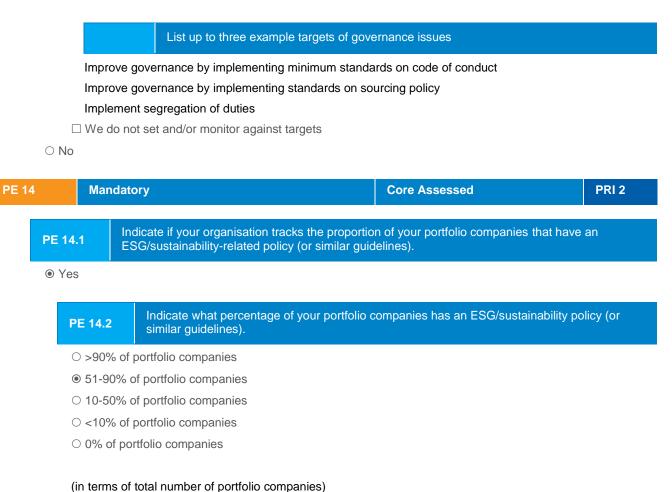
Social

List up to three example targets of social issues

Data security Health and safety (accident risk)



☑ Governance



 \bigcirc No

	Communication					
PE 2	0 Mandato		latory	Core Assessed PRI 6		
	PE 20.1		Indicate whether your organisation proactively discloses ESG information on your private equity investments.			
	○ Disclose publicly					
	Disclose to investor clients (LPs)/beneficiaries only					
	Р	E 20.5	Indicate the type of ESG information that yo (LPs)/beneficiaries.	our organisation proactively d	liscloses to your clients	

 $\hfill\square$ ESG information in relation to our pre-investment activities

 $\ensuremath{\boxtimes}$ ESG information in relation to our post-investment monitoring and ownership activities

☑ Information on our portfolio companies' ESG performance

 \Box Other, specify



PE 20.6 Indicate your organisation's typical frequency of disclosing ESG information to your clients(LPs)/beneficiaries.

- \bigcirc Quarterly or more frequently
- \bigcirc Biannually
- Annually
- Less frequently than annually
- \bigcirc Ad-hoc/when requested, specify
- \odot No proactive disclosure to the public or to clients (LPs)/beneficiaries

