

ESG Report

—
2023

SIPAREX
/ Groupe

Creating Extra Financial Value



WHAT'S NEW IN ESG ?

THE CSRD : A NEW REGULATORY FRAMEWORK THAT BRINGS NEW OPPORTUNITIES

What is the CSRD?

The CSRD is a new reporting standard that will be effective as of 2025 for the 2024 tax year for the 50 000 eligible* European firms. It follows on from the European Green Deal legislation launched 2018 and its goal is

to make Europe a leader in terms of sustainable investment. It aims to improve the transparency and comparability of their environmental, social and governance data so that investors can access it more easily and orient capital towards more virtuous assets. Although the CSRD doesn't impose any goals in terms of KPI results, it does provide stringent rules for the obligatory reporting of audited data. Non-respect of those obligations will lead to sanctions. Ultimately, we expect that these new transparency obligations as to sustainable performance and methods of improvement will influence companies' rating and reputation. This means that they will also constitute an opportunity for those use them as a strategic steering tool.

What does the CSRD change?

The CSRD introduces a new concept: double materiality. That consists in taking into account both impact materiality, defined as the company's business model and its positive and negative environmental and social impact, and financial materiality, defined as the ESG risks and opportunities that are likely to affect the company's financial performance and its value. Companies subject to the CSRD must start by defining the matrix of their double materiality by examining the challenges that are material for them, either negatively or positively. This preliminary exercise is the first and most complex step that needs to be taken. It takes time and requires involvement from a lot of people. On the basis of this analysis, the companies then follow the quantitative and qualitative indicators relative to their materiality from among the 1200 or so data points listed, and they will follow them year after year. As of the second year of CSRD reporting, the reporting template encourages companies to identify and implement corrective actions that are beneficial to their performance or to reorient their strategies towards future opportunities, where applicable, thanks to best practice and trends observed in the benchmark produced by the CSRD.

How does it work?

First, starting with what already exists, for companies that are already subject to extra-financial reporting standards: lots of the CSRD obligations are very similar to the regulations that already exist so there's no need to do away with all that. For companies that have not yet carried out their materiality analysis or structured their extra-financial reporting, it could be a good idea to start with some support from an external firm, which can train teams and define the matrix for dual materiality and indicators. Investors can also help their portfolio companies to share their best practice. In any case, the CSRD will involve governance and all of the company's departments (finance, HR, management control, procurement, operations, commerce, etc.) to gain a global view of its impact. It brings other interesting advantages too. It allows companies to transition from siloed CSR to integrated CSR.



* European companies that meet at least two of the three following criteria: over 250 employees, €50 M or more in turnover, €25 M or more on their balance sheet.

MOVING BEYOND “CARBON TUNNEL VISION”

So far, greenhouse gas reduction has been a priority for companies looking to deal with current environmental challenges. Greenhouse gas emissions, and more particularly carbon footprint assessments, have been the focus of their efforts, and rightly so as they are a key factor in climate change and have a tangible and immediate impact. Their evaluation has become commonplace and is often retained as a common language for economic stakeholders. This is how we have been able to quantify and measure carbon equivalents and compensate for them. Carbon footprint assessments and emission reduction plans have become widespread to the extent that we have collectively developed what researcher Jan Konietzko called in 2021 “carbon tunnel vision”. In other words, our approach to the environmental crisis is too limiting and focuses on carbon and climate change to the detriment of other factors such as collapse of biodiversity, which are less visible or harder to quantify but that are crucial for the preservation of life and our socio-economic systems. Yet, all business models are concerned, short, mid or long term by water pollution, the loss of species, the disturbance of geochemical cycles or resource overexploitation. Therefore, we must urgently move beyond carbon tunnel vision and adopt a more holistic approach to the environmental footprint of human activities in order to limit their impact and avoid the risks they create.



How do we go about it?

The CSRD should encourage this diversification. Out of the 5 environmental issues covered, only one concerns carbon (under the designation “climate change”), the others deal with the protection of biodiversity, the development of the circular economy, the fight against pollution and the preservation of aquatic and marine resources. So companies will have to look into the materiality of those issues on their business models. It is also likely that this new regulation will favour the emergence of new specific indicators. Moreover, analysing a product or service lifecycle also contributes to broadening the scope and taking into account impacts throughout the value chain. Field audits also provide companies with another means of checking what is happening at their production sites or their suppliers' sites. All of these new procedures should encourage companies to transition from a zero-carbon based CSR policy to a policy that favours the preservation of all aspects of nature.

ESG AT SIPAREX



Groupe Siparex has accelerated the implementation of its ESG & CSR 2030 roadmap with the recruitment of Antoine Joint as Climate Director who supports the ESG team. Antoine, a specialist in climate and biodiversity strategies, is in charge of steering and accelerating initiatives intended to better integrate climate mitigation and adaptation issues to portfolio company business models.

Working closely with the team at TILT, he also contributes to reinforcing Groupe Siparex's financing in favour of transition.



Antoine holds an Engineering degree in information systems from ESIGELEC. From 2007 to 2015, he worked as an IT consultant at Orange, Thales Service and Accenture. In 2015, he redefined his career objectives and obtained a Master in Sustainable Development from Paris-Dauphine University and joined Utopies, a pioneer in sustainable strategy consulting services. At Utopies, he created and developed their range of climate and biodiversity strategy consulting services. From 2016 to 2024, Antoine assisted over 130 companies of various sizes and from diverse sectors in integrating environmental issues into their business models and growth strategies.

Antoine also teaches climate and biodiversity management at Paris-Dauphine University, EFAP and the Green Management School.



Antoine **strengthens Groupe Siparex's ESG resources**, starting with its ESG Committee. The ESG Committee, which is made up of 9 permanent members and presided by Céline Joubert, is in charge of structuring the operational aspects of Groupe Siparex's ESG strategy.



THE 9 ESG COMMITTEE MEMBERS



Céline Joubert
Member of the Executive Committee,
Chief Operating Officer



Cyril Fromager
Member of the Executive Committee,
Managing Partner of the
Entrepreneurs activity



Nicolas Piau
Member of the Executive Committee,
Managing Partner of TILT



Priscille Clément
Member of the Executive Committee,
Director Communication and Branding



Nadja Bresous Mehigan
Partner XAnge,
Point of Contact for the impact
investing activity



Pauline Paquet
Director of Operations XAnge



Antoine Joint
Climate Director



Simon Ruchaud
ESG Director



Héroïse Servettaz
ESG Manager

ESG & CSR 2030 ROADMAP

Groupe Siparex aims to be recognised for the robustness and efficiency of its actions as a responsible investor that is mindful of sustainable value creation.

In order to guide its action, it has set itself 3 transformation priorities:



ROUNDUP OF ESG GOALS 2023*

Topic	2022 Data	2023 Data	Var. 2023	2025 Goal	2030 Goal
Evaluation of carbon footprint**	34 %	43 %	+26 %	75 %	100 %
Commitments to reducing carbon intensity***	14 %	17 %	+23 %	25 %	75 %
Path for the reduction of greenhouse gas emissions currently being defined	15 %	22 %	The decrease in the number of portfolio companies that have formalised commitments to reducing the carbon intensity of their activities is mainly explained by the change in scope (investments and divestments carried out in 2023). A large majority of SMEs in which we invest have not formalised any commitments. We support them in this technical and strategic exercise. The growth in statistics on the portion of portfolio companies currently defining their path to decarbonisation is a good illustration of that dynamic.		
Commitments aligned on a Net-Zero path	1 %	2 %	NS	5 %	25 %
% of portfolio companies concerned that respect the Copé-Zimmermann law****	33 %	33 %	NS	-	Resources committed
% of start-ups in XAnge's portfolio founded, co-founded or managed by women	22 %	25 %	+18 %	25 %	30 %
% of concerned companies in portfolio that publish their EgaPro index	46 %	45 %	NS	-	Resources committed
% of concerned portfolio companies with over 500 employees that have at least 30% of women on their executive bodies	10 %	21 %	+108 %	-	Resources committed
% of profitable portfolio companies with over 10 employees and at least one yearly value sharing and / or shareholder value sharing mechanism	64 %	73 %	+13 %	-	75 %

AN AMBITIOUS CLIMATE ROADMAP ADAPTED TO THE DIVERSITY OF MATURITY WITHIN PORTFOLIOS

Companies, whatever their size or sector of activity, must now integrate climate change issues into their development strategies in order to meet the expectations of their stakeholders - starting with reducing their carbon footprint -, pre-empt market evolutions, changes in regulations and adapt to climate variations.

3 KEY LEVERS

to implement transition : understanding, investing, transforming

1. Understanding

In order to act, it is imperative that climate issues be understood, and more broadly, issues related to nature (biodiversity, soils and resources, water and oceans, forests) and societal challenges.

Review of past initiatives:

- Raising awareness of climate issues: The Climate Fresco organised for the Executive Committee and Groupe Siparex's employees.
- Specialised training for investment teams: an Executive "Climate Strategy" training course jointly drawn up with EM Lyon. The Entrepreneur team will follow the training course during 2024 and the rest of Siparex's teams will follow suit by the end of 2025.

Educational Webinars:

- Internal webinar on the challenges of carbon assessments and the implementation of a climate strategy.
- CSRD webinar organised in June 2024 for Groupe Siparex's ecosystem (employees and portfolio companies) to help our portfolio companies prepare this new project.

Upcoming Initiatives:

- Training courses for our portfolio companies in the presence of experts: first and foremost, climate and biodiversity.
- Creation and animation of a network of CSR decision makers within portfolio companies: sharing best practice, expertise and feedback on experience.

2. Investing

Invest more towards transition:

- Increase our investments in companies that work in energy transition.
- Strengthen our Climate goals in the Group's new funds, in particular by systematically integrating Climate goals in carried interest as well as in measures for the alignment of interests with our portfolio companies (compensation, bonuses, value sharing mechanisms, profit sharing agreements, etc.).
- Strengthening our climate challenge and potential for decarbonisation analyses during due diligence.

3. Transforming

Transform practices and align business models with climate constraints:

- Support: an ecosystem of around fifty experts and advisors referenced by Siparex for key climate and CSR topics (the CSRD, climate, biodiversity, water, circular economy, LCA, responsible communication and marketing, sustainable innovation, etc.).
- Tutor: collective action, organisation of carbon assessments and ACT Pas à Pas as of September 2024.
- Accelerate: evaluation on entry of the level of climate maturity of portfolio companies, climate path including a full carbon assessment, risk and opportunity analysis, the elaboration of a 1.5°C pathway and the implementation of an action plan.
- Steer: evaluation of portfolio companies' progress via ESG reporting and monitoring, as of 2025, of their climate score (drawn up using the most robust mechanisms on the market).

* Scope of institutional funds managed by Siparex at the end of 2023, exclusive of Obligations Reliance funds. For each goal, the statistic is calculated for the portfolio companies that have provided the data.

** Carbon assessment or evaluation by an expert third party. Furthermore, it should be noted that, every year, Siparex carries out an estimation via proxy for all of its portfolio companies.

*** Statistic including startups in XAnge's portfolio for which the decarbonisation challenge is the object of an adapted support programme that prioritises the eco-design of products and services as well as the rapid implementation of good practice in terms of energy conservation rather than the definition of a formal greenhouse gas reduction path.

**** Law n° 2011-103 of 27 January 2011 relative to the proportionate representation of men and women on boards of directors and supervisory boards as well as to professional equality, also known as the 'Copé-Zimmermann Law' lays down an obligation to respect a minimum quota of 40% of members of each sex, in order to ensure the proportionate representation of men and women on such governing bodies. This obligation, which has been applicable to listed companies and companies with over 500 employees since 1st January 2017, was extended to companies of over 250 employees with a turnover or balance sheet of at least 50 million euros as of 1st January 2020.

SIPAREX INTERMEZZO 3 CARBON TRANSITION: CLIMATE STRATEGY FOCUSING ON VALUE PROTECTION

The Intermezzo team considers climate risk as a full-blown and potentially significant component of enterprise credit risk, and in particular transition risk. Therefore the Siparex Intermezzo 3 Carbon Transition Fund focuses its climate strategy on the following assets:

- › An analytical approach that is reinforced by the evaluation of climate transition risks through the integration of a carbon price based on a proprietary rating and pricing model.
- › Operational support in the field, led by Antoine Joint, to help portfolio companies define and implement their decarbonisation plans.

Decarbonisation plans are the cornerstone of the fund's desensitisation project. By committing to an ambitious path, companies reduce the impact of transition risk on their credit risk and valuation. This is also beneficial for subscriber as it gives them a hedging solution against transition risks on their assets.



In order to encourage portfolio companies to reach their decarbonisation plan's goals, the Intermezzo team implements a climate margin ratchet mechanism in each of its operations, which consists in the annual adjustment (upwards or downwards) of the pricing of the mezzanine according to the actual efforts to reduce the activity's carbon intensity. To define the scale of this incentivising mechanism and calibrate operational support to decarbonisation, the team has defined a 6-stage process:

1. Estimation of the company's carbon footprint, where necessary through a sectorial proxy if there is no recent carbon assessment.
2. Use of carbon price trajectories provided by the NGFS (Network for Greening the Financial System).
3. Estimation of the carbon cost deferral coefficient or "pass through" corresponding to the deferral of the carbon cost onto the downstream value chain, estimated according to each company's price-elasticity.
4. Calculation of the carbon transition risk adjusted rating.
5. Calibration of the carbon transition risk adjusted pricing, of the price adjustment mechanism to decarbonisation efforts (carbon margin grid) and carbon covenants.
6. Realisation of the carbon assessment and definition of the decarbonisation plan where necessary. Operational support to decarbonisation.

The estimation of carbon cost corresponds to the result of i) simulated turnover, ii) carbon price, iii) carbon intensity and iv) deferral rate. It directly impacts the company's yearly expenses and therefore its cash flow. When the mezzanine is mature, the impact on the EBITDA can be analysed either as a drop in enterprise value, or as an increase in debt load through carbon debt; and in any case as a decrease in share value (mezzanine included).

USING THE CSRD AS THE NEW COMPASS FOR OUR ESG STANDARDS

Facilitating and accompanying the CSRD's implementation within the portfolio companies that are directly concerned (as they are above regulatory thresholds) indirectly concerned (due to client expectations, for example) is a major project for the Group's Operating team and ESG Team. Considering the CSRD more as a strategic tool than a reporting exercise, our support aims to allow our portfolio companies to formalise their transition plans across all of the CSR challenges, to better plan for financial risk and to grasp market opportunities.

The Operating team, starting with Antoine Joint, is already working on disseminating the tools and resources that are dedicated to this new frame of reference: training, webinars, experience sharing, referenced experts, analysis and reporting tools.

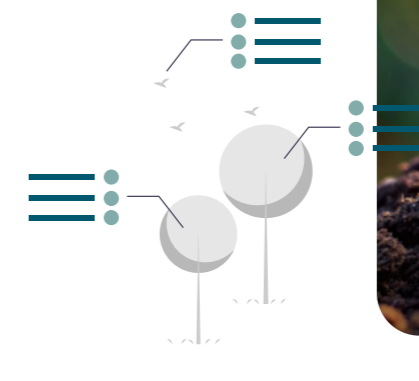
At the same time, the ESG team, working closely with the Operating team, is adapting the Group's standards in terms of risk management and ESG reporting to the CSRD's requirements (semantic, classification for ESG issue data recovery, KPIs, dual materiality or single materiality simple where necessary via a sectorial proxy).

Finally, it should be noted that Siparex will also be subject to the CSRD with the obligation of publishing its first report in 2026 on financial year 2025. All of the internal teams, starting with the ESG team, the Finance team and the Operating team, are involved in preparing for its implementation.

OUR DEFINITION OF SUSTAINABLE INVESTMENT

Our definition of sustainable investments targets direct or indirect contribution to major ecological and societal transition issues:

1. The fight against anthropogenic climate change:
 - products and services that are less carbon intensive than the alternatives that exist on the market (e.g.: electric vehicles vs. combustion engine vehicles);
 - products and services that allow the decarbonisation of the downstream value chain / clients (e.g.: building renovation).
2. Client adaptation to climate change.
3. The prevention and reduction of pollution.
4. The transition towards a circular economy.
5. The protection and restoration of biodiversity and ecosystems.
6. The preservation and / or improvement of human health.
7. The development of territories and social inclusion, particularly in distressed socio-economic zones.
8. The direct or indirect contribution to other social transition issues.

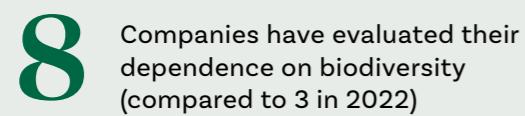
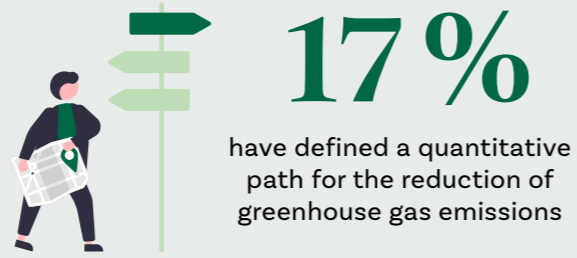
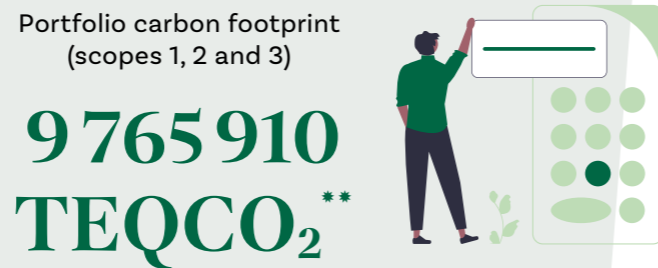


ENVIRONMENT

Siparex, an investor committed to meeting European goals for decarbonisation and the preservation of biodiversity, structures its environmental strategy around two major factors: financing of "solutions"* companies and the acceleration of transition. For solutions companies, as for those whose products and services don't have an inherent positive environmental impact, we support the definition, implementation and monitoring of their strategy to reduce their environment footprint and adapt to the disruption of environmental conditions.

Key Figures

Out of 226 companies surveyed (with a response rate varying between 51 and 100 %):



* "Solutions" companies are companies that offer products and services that help preserve the environment, resources and/or biodiversity.
** The portfolio's carbon footprint assessment was carried out on 226 companies of which:
- 79 had done a carbon footprint assessment,
- 37 provided us with their scopes 1 and 2 energy consumption and scope 3 was calculated by proxy,
- 110 have not done a carbon footprint assessment or provided us with their energy consumption. Their scopes 1, 2 and 3 emissions were calculated by proxy based on their turnover.

Electrification

WATT & WELL

CA 2023 : €14 M

Pertuis, Provence-Alpes-Côte d'Azur
60 employees

Watt & Well, founded in 2008, specialises in power electronics for industrial tools and electric mobility. This technological field, with which the general public is still unfamiliar, is essential for the acceleration of energy transition as it is necessary for electrification.

The company's future relies in particular on electric mobility, a sector that has become the focus of the firm's activity and which represents over 50% of its turnover, today. Watt & Well's products are effectively key elements for charging stations electric vehicles whose deployment is necessary to acceleration making low carbon emission mobility solutions available to the masses. The company has also developed leading edge expertise in promising

"Vehicle-to-Grid" (V2G) technology. This technology allows electric vehicles to function like stocking systems, thus supplying services to the electrical network, in particular to meet flexibility requirements caused by the intermittence of renewable energies.

Finally, Watt & Well commits to creating value and fostering employment France, which also allows it to shorten its value chain and, in doing so, reduce transport-related environmental impacts. Hence, 90 % of its equipment is manufactured in France and 83 % of its expenditure is made in French territory (and 90 % within the European Union), which has allowed it to sustain 145 full-time jobs, thus contributing to supporting the local economy.



Eco-design

MAPED

CA 2023 : €275 M

Argonay, Auvergne-Rhône-Alpes
1900 employees

Maped, the world leader in school accessories, is a family brand that wishes to reduce its environmental impact. To do so, the company has made ecodesign a main priority, thus committing to designing sustainable, long-lasting, ergonomic, aesthetic products.

This approach results in constant efforts to integrate materials with a lower environmental impact into their products, replacing materials such as plastic, for which the recycling rate remains very low.

Maped has set itself the ambitious goal of using over 50% of recycled or alternative materials in its products by 2029. To do so, the group works relentlessly on improving its lifecycle analysis tools and integrates a large number of sustainable criteria as of product design. For example, Maped created the Smiling Planet range, which comprises 21 references designed using an innovative material made from wood powder. This material was selected specifically to avoid materials obtained from agricultural production (such as corn pulp, for example).

Maped's environmental concerns also aim to preserve biodiversity. The company offers FSC™ certified products, a guarantee that the wood, rubber, cardboard or paper used come from sustainable supply chains. This approach also leads to replanting projects at its production sites in France and at its subsidiaries as well as its support to the Forest & Life programme led by the association Kinomé which has committed to planting two trees in the southern hemisphere for each tree planted in France. Through this, Maped has financed the planting of 3 000 trees in two years, of which 2 000 in Côte d'Ivoire and in Mexico.

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Reconditioning

LIFEAZ

2023 TURNOVER : €5 M

Paris, Île-de-France
44 employees

Lifeaz, a start-up founded by experts from the cardio industry, has developed "Clark", the first connected defibrillator (AED) for individuals and small structures.

With the increasing quantity of equipment being returned when contracts come to an end, recycling defibrillators has rapidly become essential both from an economical and ecological viewpoint (a defibrillator represents 37 kg CO2e). So the startup worked with the manufacturer to start a reconditioning process for its equipment. The defibrillators are picked up from clients and then dropped off at the factory where they are put through a range of technical tests to check the state of their components. Their batteries and electrodes are replaced in order to optimise the products' lifecycle whilst the older equipment that still works is kept for later testing. These defibrillators are then redistributed to partners or lent to organisations. For example, the start-up has made 30 defibrillators available to the Fédération Française de Sauvetage et de Secourisme (French first aid and life saving federation) for the Olympic and Paralympic Games in Paris. In the long run, Lifeaz hopes to be able to reintegrate its reconditioned defibrillators into its main rental circuit.

Lifeaz has also improved its batteries' lifecycle. It was essential to give them a longer life bearing in mind their specificity, which requires them to remain in standby mode for several years and deliver a very powerful electrical current over a short period. These defibrillators' batteries now have a lifecycle of up to 5 years instead of the initial 2 years. This extension also allows the AED industry to reduce its environmental footprint, starting with the amount of waste generated.



SOCIAL

In a period marked by widespread social tension, sparked in particular by the limits of the welfare state and significant public debt, companies are regularly questioned on their social footprint above and beyond job creation and their contribution to redistribution efforts. For some companies, this has provided an opportunity to address their responsibility to society. Acting in favour of inclusion, for example, can allow them to reduce their long-term expenditure and contribution to social harmony. More broadly speaking, it is also in the interest of a large number of companies to intensify their efforts in terms of training, in order to get the best out of operational transformations and new uses that come, in particular, with AI or the environmental transition.

Key figures

Out of 226 companies surveyed (with a response rate varying between 61 and 81% - exclusive of the special case of the EgaPro index publication):



FTE employees
at 31 December 2023:

68 213

91%

of contracts are permanent

25%

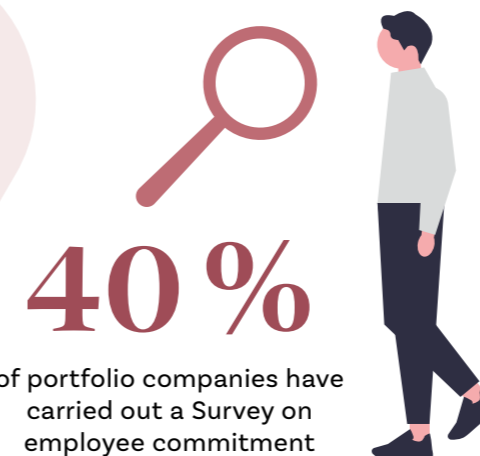
of people in operational
governance are women

59%

have a non-obligatory
shareholder value sharing
mechanism

49%

have trained their staff in
one or more sustainability issues



40%

of portfolio companies have
carried out a Survey on
employee commitment

Average EgaPro Index for
the 61 companies that answered
the survey:

87/100

Good practice



Trust

ALLIAGE CARE

2023 TURNOVER : €16 M

Le Bouscat, Nouvelle Aquitaine
350 employees

Alliage Care, founded in 2014, manages nine Ehpads (residential care homes for senior citizens), which are a home to 619 residents. Due to difficulties that have arisen in the medico-social sector over recent years, Alliage Care has made trust its priority in its relationships with its staff, its residents and their families. With the support of its ethics committee, made up of its key stakeholders, the company has defined several actions that aim to bolster trust, by acting on four components: general welfare, proximity, credibility and reliability. As the two latter elements are inseparable from quality of care, a training programme was instigated in 2022 to reinforce orderlies' and care-givers' competencies. To this end, a supporting health-care professional, selected for his qualifications and ability to pass on knowledge and know-how, was recruited in each of the nine Ehpads. When necessary, this health-care professional can guide staff until their acquired experience is validated, thus improving quality of care and staff employability in a sector that sorely lacks qualified manpower.

Strengthening trust also comes from improved communication, which is why Alliage Care has established a positive approach to mistakes: whenever there's a "service error", a notification is sent to the Ehpads' management, which presents its apologies and explanations to the concerned residents and their families. These incidents concern day-to-day actions (newspaper delivery, having the television switched on for your favourite programme, etc.) that are extremely important for residents. By taking responsibility for these mistakes, the company cultivates a culture of transparency that is also reflected in the fact that anyone can write directly to the ethics committee or the establishments' management via a tab on the company's website.

Training

DUALSUN

2023 TURNOVER : €61M

Marseille, Provence-Alpes-Côte d'Azur
70 employees

Faced with a lack of competent manpower in the photovoltaic installation sector, in 2023, low carbon solar solutions manufacturer DualSun decided to create its own Qualiopi-certified training centre, the "DualSun Académie". A mission-driven company, DualSun Académie aims to "bring a positive contribution to ecological transition stakes by training qualified professionals, capable of rolling out renewable energy production systems, particularly in the solar sector".

To do so, the DualSun Académie offers two types of programmes: on the one hand, one to two week long "boot camp" training sessions for professionals in the construction sector (roofers, electricians) who wish to change careers or develop new skills in the photovoltaic sector; on the other hand, Qualit'ENR-approved certified training programmes for the photovoltaic (QualiPV) and thermal solar (QualiSol) sectors.

In 2023, the DualSun Académie trained 167 people after only having been in activity for four months and is planning to train over 500 people in 2024. Above and beyond purely technical training, the academy also provides a training module to raise awareness of the best environmental practice in construction site management, in order to encourage more sustainable methods among the professionals trained.



Parity

SKELLO

2023 TURNOVER : €19 M

Paris, Île-de-France
250 employees

Skello, which edits an SaaS human resources management solution, has committed to promoting gender parity, which is a particularly critical issue in the technology sector where women are under-represented.

In 2023, this approach was reflected by the establishment of a "career pass" to guarantee equality of chances and limit discrimination in career paths. This mechanism transparently sets out the required skills, performance level and salaries for each position. Parity is also a clear goal during recruitment. In 2022-2023, managers in charge of recruitment were made aware of how to prevent discriminatory bias. The percentage of women in the team is included in the monthly performance reviews, thus fostering continued progress towards improved representativeness among those recruited. Finally, the creation of an inclusive work environment has also been reinforced by a parity charter signed by all staff members, along with the organisation of events to raise awareness that have been set up with the assistance of various associations.

Support for parenting is another key aspect of parity and was a major work stream in 2023. The new parenting charter includes "days off for sick children" allocated to both parents, and particular flexibility for fathers for pregnancy follow-up or paediatric appointments. More broadly, each parenting project is assessed from start to finish, i.e. from its announcement to the re-onboarding of the staff member concerned, thanks to individualised support offered by managers.



FONDATION SIPAREX

sous égide de la
Fondation Entreprendre

Siparex, a responsible investor, wished to concretise its commitment to social issues by creating a foundation. Since 2020, the Fondation Siparex has been backing associations that allow vulnerable people or those facing difficulties of any sort to access tools to help them attain or maintain their place in the working world and more generally in society as a whole.

The Fondation Siparex backs eleven associations whose projects are directly linked to access to entrepreneurship with a strong social dimension through training, school or professional reintegration, personalised support, help in business creation or buyout.

Above and beyond the financial backing provided, over 30 Siparex employees regularly participate, giving their time to help these associations through mentoring, participating in workshops, organising encounters, etc.

The Fondation Siparex supports 11 associations in 2024:

- **60 000 rebonds** helps entrepreneurs during post-liquidation to bounce back with a new professional, creative, or employment project. For several months, the Siparex point of contact has been providing support to 2 entrepreneurs with their projects.
- **La cravate solidaire** aims to fight against discrimination linked to job hunters' appearances during job interviews and professional meetings. Over 10 Siparex staff members have participated in sorting sessions, in Paris and Lyon.
- **The Fondation EM Lyon** supports equal chances, social open-mindedness, and diversity at Emlyon business school. The association's point of contact continues his personal mentoring.
- **Association le 101 founded by Ecole 42** is a school that offers free unconditional career-centred training in IT development as of the age of 18 with no other diploma or qualification required.
- **Genèses** offers young people between the ages of 18 and 35 unique assistance and a robust environment in which they can learn to understand themselves and get a fresh start in life.



- **Afuté** aims to foster the insertion of young people from the age of 14 to 30 with neuroatypical conditions through access to vocational training, apprenticeships, job searching, employment, and economic activity.
- **La Pépinière de Valpré** helps entrepreneurs over the age of 40 in order to allow former employees to regain their self-confidence, find their place in society, and enjoy their professional lives. The specialist Partner at Siparex accompanies two entrepreneurs who are preparing fund raising.
- **The Foyer Notre Dame des Sans Abris' P.E.R.L.E project** provides access to employment to people who are housed in the association's shelters. There is a dual challenge, which is that of ensuring a return to the job market and facilitating access to self-contained housing. Siparex staff participate, in particular, in training people for job interviews.
- **Entreprendre pour apprendre** helps young people (aged 9 to 25) by developing cooperative projects around France to deal with young people's key professional orientation and insertion issues.
- **Femmes des Territoires**, is a women's self-help business network that collaborates with all public or private stakeholders concerned by this topic. Within the framework of the first satisfaction and impact survey that they carried out, Siparex's ESG team was asked to talk about good practice in consolidating, treating and reviewing information collected.
- **Second Souffle** accompanies microenterprise business owners in difficulty by helping them to define a bounce back strategy.

GOVERNANCE

The new regulatory framework provided for by the CSRD offers European companies the chances to acquire advanced tools to better steer their CSR strategy. Among those tools, value-sharing mechanisms are crucial because of their capacity to align the interests of all stakeholders, from staff members to investors. Making a part of compensation subject to the attainment of CSR goals is also a way of onboarding the most people in this drive for progress. Enterprise governance bodies, as a whole, must adapt a more holistic vision of performance, in full cost, with a long-term perspective.

Key figures

Out of 226 companies surveyed (with a response rate varying between 55 and 80 %):

40 %

of portfolio companies have at least one independent advisor in shareholder governance

54 %

have at least one woman in shareholder governance



63 %

have a head of CSR

54 %

have formalised a CSR policy or sustainability policy

32 %

have formalised a sustainable procurement charter

13 %

make the manager's compensation subject to the attainment of CSR goals

76 %

have(at least) one quality certification or label



CSR Strategy

CLAYENS

2023 TURNOVER : €634 M

Genas, Auvergne-Rhône-Alpes
5 200 employees

For a number of years, Clayens, the European leader in polymer transformation, has committed to a CSR approach driven by the Executive Committee and brought into being by its CEO, Eric Pisani. By making CSR a part of its strategy, the company can pilot its transformation proactively in order to respond competitively to the major challenges it faces, starting with its carbon footprint.

In that respect, its path to reducing greenhouse gas emission has been certified by the Science Based Targets initiative, which reflects the efforts Clayens has made in favour of a transition towards a low-carbon industry. Its commitments include a 50 % reduction in scopes 1 and 2 emissions by 2030 (compared to 2019) and a 30 % reduction in scope 3 emissions by 2030 (compared to 2021). Such ambitions bring complex strategic and operational challenges. By way of example, the Group recently acquired 13 industrial sites in North America where energy sources are higher carbon intensity than in France, which had the direct impact of increasing the Group's carbon intensity (scopes 1 and 2). The firm is now focussing a major part of its investment efforts on decarbonisation in order to align its North American sites' energy performance on SBTi commitments.

At the same time, Clayens is preparing to meet the CSRD directive's requirements. The Group is currently forming its Executive Committee and its CSR steering commitment and plans on drawing up its dual materiality matrix by the end of 2024. It aims to publish a first white paper in 2025 on its activity in 2024, in order to be ready to fulfil its publishing obligations in 2026 on financial year 2025.

Values Sharing

QUANTEO GROUP

2023 TURNOVER : €27 M

Issy-Les-Moulineaux, Ile-de-France
200 employees

Through its subsidiaries Eco Compteur and Quantaflow, Quanteo Group is one of the world leaders in measuring people, pedestrian, cyclist and client flow.

In order to organise the firm's transmission, the company head put in place, among other things, an FCPE (Fonds Commun de Placement d'Entreprise - mutual fund) as well as equivalent value sharing mechanisms for employees abroad. This allowed 78 % of employees to become shareholders and to collectively hold 15 % of the company's capital. One of the main goals, above and beyond the initiation of the company's transmission, was to align staff interests with those of shareholders.

The implementation of this mechanism allowed each employee to participate in the benefits of the company's success and, where applicable, increase their long-term revenues whilst fostering team spirit and motivation.

CSR Strategy Rollout

GROUPE BRICONORD

2023 TURNOVER : €80 M

Vignolles, Nouvelle Aquitaine
400 employees

Briconord Group heads up several companies specialising in the design, production and distribution of housing development and hardware solutions. It has committed to a CSR approach that translates its environmental and social convictions into day-to-day actions, meeting the requirements of its client distributors and strengthening the attractiveness of its subsidiaries in their local areas. This progressive approach mobilises all of the Group's 400 employees across all hierarchical levels. The Group has set itself the goal of assigning CSR goals to 100 % of them by 2025.

These goals are defined upstream with the teams and are monitored quantitatively and qualitatively during the yearly individual evaluations thanks to an internal reporting tool. For example, the pick and pack operators may have the goal of using less plastic wrapping film for linear packing and sales reps may have the goal of reducing their consumption of petrol per km travelled by driving ecologically. One of the procurement team's CSR goals is to increase the amount of recycled steel in their supplies (whilst maintaining quality and safety levels). Such goals are even more virtuous as they can lead external stakeholders to modify their own behaviours. Indeed, some of Briconord's partners have changed their suppliers in order to increase the amount of recycled steel in the products they offer.

On a case-by case basis, according to the staff members' employee categories, the company will also include CSR goals in staff compensation; either in variable compensation for the Group's management staff, or in the semi-collective bonuses annually or biannually. Finally, these measures come with internal regular communication that aims to highlight best practice and innovations, install emulation between teams and subsidiaries and strengthen the day-to-day feeling of involvement for everyone.



This table presents the consolidated value of the Principal Adverse Impacts, as defined under the Sustainable Finance Disclosure Regulation (SFDR), at Siparex Group level, at the end of 2023.

PAI Indicators - Principle Adverse Impacts on sustainability factors (1/2)

N°	Adverse sustainability indicator	Metric	Unit	Value	Scope
1.1.	GHG emissions	Scope 1 GHG emissions	tCO ₂ eq	38 259.4	204/226
1.2.	GHG emissions	Scope 2 GHG emissions	tCO ₂ eq	5 533.3	204/226
1.3.	GHG emissions	Scope 3 GHG emissions	tCO ₂ eq	275 056.4	204/226
1.4.	GHG emissions	Total GHG emissions	tCO ₂ eq	318 849.1	204/226
2	Carbon footprint	Carbon footprint per €M invested	tCO ₂ eq / €M invested	306.1	204/226
3	GHG intensity of investee companies	GHG intensity of investee companies	tCO ₂ eq / €M of Turnover	352.9	226/226
4	Exposure to companies active in the fossil fuels sector	Share of investments in companies active in the fossil fuels sector	%	0.0	226/226
5	Share of non-renewable energy consumption and production	Share of non-renewable energy from non-renewable energy sources used by beneficiary companies compared to renewable energy sources, expressed as a percentage	%	87 %	64/226
6	Energy intensity per high-impact climate sector	Energy consumption in GWh per million of euros in turnover of investee companies, per high-impact climate sector	GWh / €M of Turnover	Section A: 0.00 GWH/€M Section B: 0.00 GWH/€M Section C: 0.06 GWH/€M Section D: 0.02 GWH/€M Section E: 0.00 GWH/€M Section F: 0.00 GWH/€M Section G: 0.02 GWH/€M Section H: 0.33 GWH/€M Section L: 0.00 GWH/€M	114/226
7	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	%	1.8 %	118/226
8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes / €M	0.0037	78/226

PAI Indicators - Principle Adverse Impacts on sustainability factors (2/2)

N°	Adverse sustainability indicator	Metric	Unit	Value	Scope
9	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes / €M	1.12	91/226
10	Violations of UN Global Compact (UNGC principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprise	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	%	0 %	118/226
11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	%	59 %	116/226
12	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	%	15 %	140/226
13	Board gender diversity	Average ratio of men/women to board members in investee companies, expressed as a percentage of all board members	%	85 %	140/226
14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	%	0.00 %	226/226
Additional PAI 1	Non-recycled waste ratio	Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average	Tonnes / €M invested	0.3510	56/226
Additional PAI 2	Accident frequency rate	Accident rate in companies benefitting from investments per million euros invested, expressed as a weighted average	Rate / €M invested	0.0011	111/226

COMPLIANCE WITH ARTICLE 29 OF THE FRENCH ENERGY CLIMATE LAW

ENTITY'S GENERAL APPROACH

Presentation of Groupe Siparex's responsible investment approach

Groupe Siparex, an independent French private equity specialist, had €3.7 billion of capital under management at 31 December 2023, across all market segments from venture capital to European Midcap and private debt. From start-ups to ISEs, the Siparex platform finances and provides backing for entrepreneurial projects with strong potential for value creation.

At the service of its clients and inherently devoted to contributing to the development of its portfolio companies, Groupe Siparex is fully aware of the challenges that energy transition brings. It is a responsible, professional shareholder committed to sustainable value creation for its investors and all of its stakeholders, and is also persuaded of the key role it holds in accelerating transformation within the economy and promoting fair and inclusive transition models.

Faithful to the vision of its founders and great investors for whom the creation of wealth results, above all, from the sustainable growth of the companies supported, Siparex aims to measure the performance of its investments using financial criteria but also according to their positive contribution to major environmental, social and governance ("ESG") challenges. It is with this in mind that, in 2013, Siparex signed the United Nations Principles for Responsible Investment (UNPRI) and that the Group aims to actively promote the profession's best practice. In particular, Siparex is a signatory of the Initiative Climat international and three of France Invest's charters (Investor Commitment to Growth Charter, Gender Parity Charter and Commitment to Value Sharing Charter).

This responsible approach to investing, which is based on integrating environmental, social and governance ("ESG") factors into all stages of the investment lifecycle as well as fund lifecycle from design to their liquidation, draws on the following provisions:

› Product design

- Development of Article 9 SFDR funds and impact fund investing themes.
- Inclusion of clear ESG goals in our Article 8 SFDR Funds' investment strategies.
- Making the payment of a significant portion of carried interest subject to the attainment of predefined qualitative and quantitative ESG goals.

› Investment Strategy

- Reinforcing sectorial exclusions for the newly created Article 8 and 9 SFDR Funds, including direct financing from the extraction of fossil fuels (coal and oil) and the production of electricity using fossil fuels (coal and oil).
- In addition to the Group's ESG policy, for our Article 8 SFDR Funds, defining impact priorities that are coherent with the internal and external means of operational and strategic support that can be mobilised to transform target companies.

› Analysis of investment opportunities

- Integrating ESG criteria into the risk analysis of investment opportunities.
- Strengthening the transition risk analysis linked to climate change; starting with regulatory and reputation risks.
- Strengthening the analysis of the potential of investment opportunities to reduce their environmental footprint as well as their potential to adapt to the consequences of climate change and exceeding planetary boundaries.

› Structuring of investment operations

- Including ESG goals in profit sharing agreements for key shareholding management.
- Implementing financing which has margins tied to the achievement of ESG or strictly climate-related goals (known as "ready for impact" or "sustainability linked loans").

› Promotion of a progressive approach

- Carrying out a holistic ESG maturity diagnostic of portfolio companies prior to investment or after the investment operation.
- Defining an ESG action plan that focuses on the company's main material goals with an aim to systematically reducing the activity's carbon intensity.
- Making Groupe Siparex's strategic and operational means available to implement the ESG action plan; starting with the Group's Climate Director.
- Yearly monitoring of the ESG action plan by the governance bodies.

› Sale of portfolio companies

- Valorising the progressive approach and potential for creation of extra-financial value in the memorandum of transfer
- Carrying out case-by-case ESG seller reviews

› Liquidation of proceeds

- For the funds concerned, for which the payment of carried interest is partially tied to the attainment of ESG goals: if the fund does not reach the ESG goal of 100 %, earmarking the amounts kept in the fund's reserves for payment to a selection of initiatives, associations and organisations of general interest or equivalent structures with a goal of compensating for the share of ESG goals not reached (i.e. the financing of initiatives aiming to directly or indirectly fight climate change).

Groupe Siparex's ambition is to be recognised for the robustness and efficiency of this responsible approach to investing, which targets sustainable value creation. It has therefore set itself 3 positive transformation priorities to steer its actions:

- › **decarbonation,**
- › **gender parity,**
- › **value sharing with employees.**

For each of these 3 priorities, Siparex has set goals for 2030 that are in line with its external commitments, and in particular with the Initiative Climat international and France Invest.

Means of communication with investors

In line with industry best practice in this respect, we aim to communicate regularly with our fund subscribers on the financial and extra-financial performances of portfolio companies. In the particular case of the ESG criteria and goals that are taken into account, we communicate with our fund subscribers and make available to them via their individual secured intranet access:

- › a yearly Fund ESG report;
- › a company-by-company review of the main ESG challenges in the fund's biannual reports.

Furthermore, we take advantage of the yearly subscriber meeting and the biannual advisory meetings to convey a review of the main portfolio company ESG challenges and best practices.

Additionally, we share our full ESG approach on our website and our ESG news via the Group's yearly ESG report.

The Group's adherence of ESG-related charters and initiatives

Among Groupe Siparex's commitments are:

- *Adherence to the United Nations Principles for Responsible Investment (PRI)*

The PRI define a set of principles that guide investors in integrating environmental, social and governance criteria (ESG) into their investment decisions.

- *Adherence to the initiative Climat international (ICi)*

The ICi is an initiative that aims to better understand and fight against climate change. It commits to mobilising players in the capital-investment sector to take concrete measures in favour of the transition towards a more sustainable and less-carbon intensive economy.

- *The signature of France Invest's Investor Commitment to Growth Charter*

This Charter aims to promote the best practice in terms of shareholder responsibility on societal, social, environmental and good governance aspects.

- *The signature of France Invest's Gender Parity Charter*

This Charter aims to foster gender parity among the actors in French capital-investment and in the companies they support. It comprises 30 commitments and sets quantified goals for management companies and their portfolio companies. The aim is that by 2030, 25 % of the senior positions in investment teams and 30 % of positions on portfolio steering committees will be held by women.

- *The signature of France Invest's Commitment to Value Sharing Charter*

This Charter aims to foster best practice in terms of value sharing with employees. The signatories commit, in particular, to playing a leading role with their portfolio companies in order to increase, short-term, coverage of their employees by at least one yearly value sharing mechanism and to promote, long-term, the sharing of shareholder value by means of employee shareholding and profit sharing in all situations where these two mechanisms are pertinent.

INTERNAL RESOURCES

Description of the financial, human and technical resources dedicated to the inclusion of ESG criteria

Reinforcement of ESG-related resources

After recruiting Héloïse Servettaz as ESG Manager in 2023, in 2024, the Group's ESG resources were strengthened with the arrival of Antoine Joint, as Climate Director. His main mission will be to accompany portfolio companies in defining and implementing their decarbonisation plans.

In his role as Groupe Siparex's Climate Director, Antoine Joint will contribute advanced and strategic expertise in terms of energy and environmental transition. He will be in charge of steering and accelerating the initiatives that aim to reduce the carbon footprint of the companies supported by Siparex and will work closely with the team at TILT Capital on reinforcing financing for transition.

Antoine previously created and developed the range of climate and biodiversity strategy consulting services at Utopies, a pioneer in sustainable strategy consulting services, and over the past 8 years he has accompanied around 130 companies of all sizes and from various sectors in better integrating climate challenges into their strategies.

This appointment illustrates Siparex's commitment to supporting its portfolio companies' decarbonisation and increasing the share of its financing that goes towards climate and environmental transition. Siparex, as a responsible investor, integrates a climate-minded approach into all of its investment strategies, whether prior to investment, during the due diligence phase or throughout the investment period.

Overall description of ESG-related resource

The ESG-related resources' main missions are to structure the operational part of ESG strategy, roll it out throughout the Group according to the specificities of each of its activities and ensure its implementation and the respect of the Group's ESG commitments towards all of its stakeholders.

The Group's key change management resources are structured as follows:

ESG Governance:

Groupe Siparex's ESG governance relies on two key bodies: the Group Executive Committee and the Group ESG Committee.

The Group Executive Committee is responsible for ESG & CSR strategy and for the attainment of ESG & CSR 2030 roadmap goals.

The Group ESG Committee is presided by Céline Joubert, Chief Operating Officer and Member of the Executive Committee. It is made up of eight permanent members, including four members of the Group Executive Committee, and its main mission is (i) to propose a detailed and prioritised ESG & CSR roadmap to the Executive Committee, (ii) to ensure the ESG strategy's operational adaptation and (iii) to consolidate and share all ESG & CSR best practice within the organisation. To do so, it mobilises of the all Group's expertise and initiatives around federating projects, thus ensuring a coherent and integrated approach to ESG challenges.

- › Céline Joubert, Member of the Executive Committee, Chief Operating Officer
- › Cyril Fromager, Member of the Executive Committee, Managing Partner for the Entrepreneurs Activity
- › Nicolas Piau, Member of the Executive Committee, Managing Partner of TILT
- › Priscille Clément, Member of the Executive Committee, Director Communication and Branding
- › Nadja Bresous Mehigan, Partner XAnge, Impact Investing specialist
- › Antoine Joint, Climate Director
- › Simon Ruchaud, ESG Director
- › Héloïse Servettaz, ESG Manager

ESG Team:

The ESG team's main missions are implementing the ESG strategy and assisting the investment and support teams in improving their methods.

It aims to i) codesign the ESG policies for the new vehicles with the investment teams and share good ESG practice throughout the Group; ii) develop ESG training and analysis tools and methods and make them available to the investment teams; iii) ensure the compliance of the methods and means with regulations such as Article 29 of the Energy Climate Law or the Sustainable Finance Disclosure Regulation (SFDR); and iv) ensure all obligations in respect of reporting for Fund subscribers are respected.

The ESG team is placed under the operational responsibility of Céline Joubert and is made up of Simon Ruchaud, ESG Director and Héloïse Servettaz, ESG Manager.

The share of full-time equivalents (FTE) dedicated to ESG compared to the total assets under management by Groupe Siparex is 0.0000000081% (3 FTE for €3.7 Bn of assets under management at 30 June 2024)

Enhancement of internal capacities

Training of senior executives and other staff:

- › Delivery of a quarterly ESG training programme. During the 2023-2024 period, we organised targeted training courses for the investment teams, which covered various topics such as the CSRD, the status of mission-driven companies and BCorp certifications as well as the integration of ESG criteria into profit sharing agreements for key shareholding management staff.
- › A Group training programme including external ESG training programmes (comprising the creation in 2023 of a tailored executive programme delivered in partnership with EM Lyon on the definition and implementation of climate strategies within portfolio companies).
- › Support to investment teams from the ESG team in carrying out ESG analyses on target companies as well as in defining ESG action plans.

Communication strategy:

- › Systematic inclusion of an ESG sequence in the programmes of the Group's internal seminars.
- › Publication of the Group's yearly ESG report on the Siparex web site.
- › Regular internal communication on the activities of Fondation Siparex and the Operating Team.

Design of new products:

- › Development of Article 9 SFDR funds and themed impact investing funds.
- › Inclusion of clear ESG goals in the investment strategy of our Article 8 SFDR Funds.
- › Making the payment of a significant portion of carried interest subject to the attainment of predefined qualitative and quantitative ESG goals.
- › Reinforcement of sectorial exclusions within new funds.
- › On top of the Group's ESG policy, for our Article 8 SFDR Funds, commitments towards sustainable investment and the definition of impact priorities that are coherent with the internal and external operational and support means that can be mobilised to transform target companies

Sharing of good practice throughout Groupe Siparex:

- › Sharing of experience between investment teams, starting with the teams that manage the Article 8 SFDR Funds and those that manage the Article 9 SFDR Funds.
- › Reinforcement of Group expertise in terms of risk management, starting with the management of climate change related transition risks

Change Management:

- › Reinforcement of the ESG policies of new funds, to be codesigned with the investment teams.
- › Development and provision to the investment teams of ESG analysis tools and training methods.

GOVERNANCE

Knowledge, skills and experience of governance bodies

Groupe Siparex's Executive Committee relies on the Group ESG Committee to implement the ESG & CSR 2030 strategy. The Group ESG Committee regularly updates the Executive Committee, at least once per year, as to the state of advancement and implementation of the 2030 roadmap.

Bertrand Rambaud, CEO of Groupe Siparex, was appointed President of the Board of Governors of France Invest in June 2023. He is fully aware of the main ESG issues faced by the industry as well as of current regulations.

Four of the 10 members of the Executive Committee sit on the Group ESG Committee, which is the body that monitors the Group's ESG challenges and obligations. The ESG Committee's works are also supplemented by the quarterly regulatory monitoring report produced by the DCCI (internal audit and compliance management).

The ESG Committee relies on the ESG Team, the Operating Team and more broadly on all of the Group's staff to reach the ESG 2030 goals. Their rollout through the Group, activity by activity is placed under the responsibility of the activity Directorates.

Regular monitoring of portfolio company ESG action plans and ESG performance is shared by the ESG team, at least once a year, with the fund subscribers concerned.

Inclusion of ESG criteria in remuneration policies

The ESG team's variable compensation as well as a part of Céline Joubert's variable compensation depend on the respect of the ESG roadmap for the current year as defined during the previous year, and materialised in particular by the following indicators:

- › Respect of the Group's regulatory obligations
- › Delivery of the funds' ESG reports
- › Respect of the internal training programme
- › Degree of attainment of the goals set by the Group ESG Committee

Furthermore, it should be noted that almost 60 % of the capital available for current investments ("Dry Powder") within the Group explicitly targets the attainment of ESG goals and that almost one third of staff members are directly concerned by their achievement via the holding of shares that give rights to "carried interest". The payment of a significant portion of carried interest is tied to the attainment of ESG goals defined in the by-laws of each fund concerned.

Inclusion of ESG criteria into the by-laws of the entity's board of directors or supervisory board

Currently, the internal regulations of the Supervisory Board of the holding that manages Groupe Siparex (SIGEFI Private Equity) do not include ESG criteria but annual monitoring of the ESG roadmap is provided for.

ENGAGEMENT STRATEGY

Scope of companies concerned by the engagement strategy

The Group's shareholder commitment strategy covers 100 % of Groupe Siparex's activities.

Overview of the voting policy

Groupe Siparex participates actively in the governance of the companies it invests in, as can be seen from its shareholder commitment policy (freely accessible on its website). Groupe Siparex's management companies exercise the voting rights attached to the shares held by the funds they manage, while bearing in mind the following principles:

- › Approval of the annual accounts and allocation of income,
- › Modification of the articles of association,
- › Appointment and revocation of corporate officers and other bodies,
- › "Regulated" agreements,
- › Issuance and buyback of securities,
- › Designation of the statutory auditors,
- › Any other form of specific resolution.

Siparex's representatives participate physically in the Annual General Meetings of portfolio companies and vote in line with the Group's shareholder commitment policy.

Subscribers are informed as to the application of the shareholder commitment policy by means of the annual management report of each fund under management.

Voting Policy Report

The report on Groupe Siparex's voting policy for 2023 is currently being finalised.

Engagement Strategy Report

As an actor in the capital-investment sector, Groupe Siparex works with its portfolio companies on CSR topics. This commitment reflects the Group's desire to contribute actively to the companies' positive transformation and the sustainable creation of value for all stakeholders.

Decisions regarding investment strategy, including sectoral divestment

The institutional Article 8 and 9 SFDR funds in their investment period managed by Siparex systematically exclude:

- › production, buying and selling, or services related to human cloning for reproductive means or relative to genetically modified organisms;
- › the production of tobacco;
- › the manufacture of anti-personnel mines and/or cluster munitions as well as the production of key elements for the assembly and operation of such weapons;
- › the operation of casinos, gambling operations, and similar enterprises;
- › any activity related to pornography;
- › research, development, or technical applications relative to programmes or solutions that have any bearing on electronic data, which (x) specifically aim to support any activity described here above, or (y) aim to allow illegal access to electronic data networks or the downloading of electronic data;
- › any illegal economic activity (i.e. any production, sale or purchase or other that is illegal under the laws or regulations applicable to Funds or the Company concerned, including any activity relative to human cloning for reproductive purposes);
- › activities that are harmful to the environment, including the extraction of fossil fuels and production of electricity using fossil fuels.

100 % of portfolio companies
are concerned by communication
on ESG topics

ALIGNMENT WITH THE PARIS AGREEMENT

Although Groupe Siparex has not yet established a strategy to align with the international goals set out in Articles 2 and 4 of the Accord de Paris relative to the reduction of greenhouse gas emissions, we are working to improve our practices and knowledge in order to advance towards defining a climate strategy.

To do so, in 2024, we hired a Climate Director, who has already defined a climate roadmap for the Group, which comprises the three following levers:

› Understanding:

- Understanding climate issues, and more broadly nature-related issues (biodiversity, soils and resources, water and oceans, forests, etc.) and the social issues related to them, is essential to raise awareness among investors. By understanding the implications of climate issues and their impact on society, our investment team staff will be better prepared to include these considerations in their investment decisions. To do so, as of the second quarter, training sessions conducted by climate experts will be rolled out for investors and portfolio companies.

› Investing:

- In order to contribute to energy transition, we wish to reinforce investments in solutions-based companies and integrate climate goals in new funds. This will translate into the integration of goals into carried interest and into the mechanisms that align our interests with our portfolio companies' interests (compensation, bonus, value sharing mechanisms, profit sharing agreements). We also plan on strengthening our climate risk analyses during the pre-investment phase in order to improve the identification of levers for reduction and decarbonisation potential.

EUROPEAN TAXONOMY AND FOSSIL FUELS

European Taxonomy

At the end of 2023, the portfolios managed by Groupe Siparex comprised four companies subject to the French Declaration of Extra Financial Performance or the NFRD, required to publish their indicators on alignment on taxonomy (1.4 % of assets under management). The data on alignment on taxonomy presented here below present a view of the data declared at 31 December 2023, weighted by the amounts invested:

- 0.1 % of turnover.
- 11.0 % of investment expenditure (CAPEX).

At the same time, we carried out an estimate of the degree of eligibility of our portfolio companies. We estimate that around 51 % of the amounts invested at 31 December 2023 are eligible for at least one of the European Union's green taxonomy environmental goals.

Fossil fuel related activities

At the end of 2023, we estimate the share of residual debt indirectly exposed to the exploration, extraction, sale or purchase, transport and stocking of fossil fuels to be 1.5 % and the share of residual debt directly exposed to the exploration, extraction, sale or purchase, transport and stocking of fossil fuels to be 0 %.

ALIGNMENT WITH LONG-TERM BIODIVERSITY TARGETS

At 30 June 2024, Groupe Siparex does not have a strategy of alignment with long-term biodiversity related goals. However, we are working on constantly improving our knowledge and practices in terms of biodiversity in order to be able, in the near future, to define a strategy of alignment with long-term biodiversity related goals.

Also, a first action plan that is coherent with our current tools and resources has been defined and rolled out to our funds. It lays the foundation for our strategy and comprises the following measures:

- Inclusion of issues linked to the preservation of biodiversity in due diligence/the ESG review on investment.
- Inclusion of a full section on biodiversity (7 key performance indicators) in the ESG questionnaire.
- Evaluation of impacts and dependencies (using the ENCORE method) for all portfolio companies, in order to identify the main impacts and dependencies on ecosystemic services.

Below, we present the results of our exposure analyses on the portfolio companies managed by Siparex and on their impacts and dependencies on biodiversity.

Result of the individual impact and dependencies analysis

The impacts and dependencies analysis on each of the portfolio companies managed by the Group allowed us to identify:

- The companies that have at least one high or very high dependency on biodiversity;
- Companies with at least one strong or very strong impact on biodiversity;
- Companies with both at least one strong or very strong impact and at least one high or very high dependency on biodiversity.

› Transforming:

- Groupe Siparex is aware that practices must evolve to adapt to climate related issues and it therefore plans to implement a full and proactive strategy to transform companies. This strategy relies on four fundamental pillars: support, monitoring, acceleration and steering.

- Support: With this approach in mind, Siparex will implement an ecosystem made up of around fifty experts and advisors specialising in key climate and CSR areas. These experts, referenced by Siparex, will contribute their expertise on various subjects such as the CSRD, climate, biodiversity, water, the circular economy, lifecycle analysis, sustainable innovation or responsible communication and marketing.

- Monitoring: As of September 2024, Siparex will launch collective actions such as the Carbon Assessment and ACT Pas à Pas, which brings together a dozen companies that aim to advance together under the supervision of a consultant, thus fostering the exchange of ideas and collective intelligence. These initiatives will aim to support companies through their climate transition by offering them tools and methods that are adapted to their specific needs.

- Acceleration: Siparex plans to establish a complete climate pathway in order to evaluate and improve the maturity of portfolio companies. This will comprise an exhaustive carbon assessment, the analysis of climate-related risks and opportunities, the elaboration of a pathway to reduce emissions in line with the 1.5°C goal set by the Accords de Paris, and the implementation of a concrete action plan.

- Steering: Siparex will regularly evaluate its portfolio companies' progress in terms of climate transition by means of ESG reports. As of 2025, a climate score will be established, based on the most robust means available such as the CSRD, SBTi, ACT and B Corp.

At least one high or very high dependency

<1%

5 companies

At least one high or very high dependency
At least one strong or very strong impact

17%

39 companies

At least one strong or very strong impact

60%

141 companies*

Among the companies that strongly impact biodiversity, it is interesting to note the proportion solely linked to greenhouse gas emissions.

* Of which, 40%, i.e. 94 companies that have no impact, whether strong or very strong, on greenhouse gas emissions.

Excerpt of the consolidated approach to Siparex portfolio's impacts and dependencies on biodiversity

% of the €M invested	ENCORE sub-sectors	Dependencies				Impacts						
		Ground water	Surface water	Water flow mainte- nance	Bio- reme- diation	Distur- bances	GHG emissions	Non- GHG air pollutants	Soil pollutants	Solid waste	Water pollutants	Water use
10.5%	Application Software	0.0	0.0	0.0	8.5	0.0	0.0	0.0	0.0	25.5	0.0	0.0
7.2%	Industrial Machinery	0.0	0.0	0.0	0.0	233.8	389.7	233.8	311.8	311.8	311.8	311.8
6.1%	Diversified Support Services	0.0	0.0	0.0	32.5	0.0	0.0	97.4	129.9	97.4	129.9	129.9
4.7%	Health Care Facilities	100.9	100.9	0.0	0.0	0.0	168.1	0.0	100.9	100.9	100.9	0.0
4.5%	Research & Consulting Services	0.0	0.0	0.0	8.7	0.0	0.0	26.2	35.0	26.2	35.0	35.0
4.2%	Electrical Components & Equipment	29.5	29.5	0.0	0.0	29.5	0.0	0.0	39.3	29.5	39.3	0.0
4.1%	Packaged Foods & Meats	202.1	202.1	121.3	80.9	0.0	202.1	0.0	121.3	161.7	121.3	161.7
3.8%	Specialized Finance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	41.0	0.0	0.0
3.2%	Commodity Chemicals	0.0	0.0	0.0	0.0	0.0	74.6	59.7	59.7	59.7	59.7	59.7
3.1%	Distributors	0.0	0.0	0.0	0.0	43.2	54.0	43.2	21.6	0.0	21.6	0.0
3.1%	IT Consulting & Other Services	0.0	0.0	0.0	2.8	0.0	0.0	8.3	11.1	8.3	11.1	11.1
2.8%	Automobile Manufacturers	0.0	0.0	0.0	0.0	105.1	175.1	105.1	140.1	140.1	140.1	140.1
2.5%	Data Processing & Outsourced Services	0.0	0.0	0.0	3.3	0.0	0.0	0.0	0.0	10.0	13.3	13.3
2.4%	Building Products	43.0	43.0	43.0	0.0	0.0	71.7	57.4	0.0	28.7	57.4	71.7
2.0%	Paper Products	58.4	58.4	35.0	0.0	0.0	0.0	35.0	46.7	0.0	46.7	58.4
1.9%	Systems Software	0.0	0.0	0.0	34.4	0.0	0.0	0.0	0.0	103.3	0.0	0.0
1.9%	Diversified Chemicals	14.9	14.9	0.0	0.0	0.0	0.0	22.3	29.8	0.0	29.8	37.2

Result of the consolidated analysis

This analysis aims to identify Siparex's portfolio's main impacts and main dependencies on biodiversity, consolidated by the assets' economic weight.

Consolidation method: dependencies and impacts are valued on a scale from 1 to 5, in which the impacts and dependencies judged very weak are given the grade 1 and those judged very high are given the grade 5. A grade is given to each impact and dependency category according to ENCORE mapping for each portfolio company. Each portfolio company's grades are then weighted using the relative share of its turnover compared to the consolidated turnover of the Siparex portfolio.

This weighted grade is then further weighted i) using the weight of the investment compared to the company's value and then ii) the weight of the investment compared to Siparex's portfolio's consolidated total amount of investments. As each company is mapped on an ENCORE sub-sector, we propose a sectorial approach by aggregating the sum of the companies that belong to the ENCORE sub-sector in question.

Our method leads us to identify the 6 sectors in red hereafter as being considered those within the Siparex portfolio that have the most impact and are the most dependent on biodiversity.

These two analytical methods allow us to

- identify the companies and sectors that have the greatest impact and are most dependent on biodiversity;
- and to implement methods that allow for the most suitable adaptation and mitigation in terms, in particular, of our fiduciary responsibility.

PROCESS TO ENSURE THE INCLUSION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE QUALITY CRITERIA IN RISK MANAGEMENT, PARTICULARLY RISKS RELATED TO CLIMATE CHANGE, BIODIVERSITY AND LIABILITY

The analysis, like the monitoring of environmental, social and governance quality criteria as well as their inclusion in investment and management decisions, is an integral part of our risk management mechanism.

Analysis of investment opportunities

Whichever of Groupe Siparex's activities is concerned, ESG criteria analysis is an integral part of risk and opportunity studies. We regularly reinforce our ESG analysis tools and methods, in particular with respect to the climate, by making a proprietary climate risk materiality evaluation tool available to investment teams. This tool evaluates both the climate risk profile of the investment opportunity and its maturity in respect of climate change related physical and transition risk management.

In-depth ESG and climate diagnostics of investment opportunities are reinforced throughout the process by consultations with expert third parties, the performance of complementary strategic analyses and the presentation of investment opportunities to a Committee of experts, an advisory body comprising a dozen members chosen for their reputation and sectorial, strategic and company management experience. This Committee carries out a critical review of the key industrial, financial, and extra-financial elements of the opportunity being studied, and the pertinence and ambition of its development project. The Committee's input broadens the map of the main risks and challenges.

Investment decisions and structuring

In every case that impacts our investment decisions, we rapidly carry out an ESG review upstream of the investment operation. In cases where there is no impact, we ensure that this ESG review is carried out during the early stages of the investment's lifecycle in order to rapidly formalise the ESG action plan, a structuring part of our ESG risk management policy.

For a large and increasing portion of our new investments since 2020, we have included ESG goals in the key shareholding management staff's profit-sharing agreements in order to ensure an alignment of interests on the proper management of ESG risks.

Investment monitoring

The ESG action plan is monitored at least once a year within the shareholding governance body. This monitoring gives rise, in particular, to the production of a yearly Fund ESG report for fund subscribers and an individual annual report, which serves as a basis for discussions within the shareholding governance body.

Whilst promoting the best practices in terms of ESG, Groupe Siparex has invested in the constitution of a team dedicated to the operational support (Operating Team) of its portfolio companies (see above). Groupe Siparex's Operating Team, along with the ESG Team, is mobilised in order to reduce Siparex's portfolio companies' ESG risks.

LIST OF FINANCIAL PRODUCTS MENTIONED IN ACCORDANCE WITH ARTICLES 8 AND 9 OF THE DISCLOSURE REGULATION (SFDR)

The SFDR Regulation, also known as European Regulation (UE) 2019/2088 relative to the publication of sustainability information in the financial sector, imposes financial transparency rules on financial companies, and requires the inclusion of sustainability risks and negative impacts on sustainability in investment processes.

This regulation is a symbolic landmark in the European Commission's actions to support financing of sustainable growth. It aims to actively encourage sustainable investments in order to create a financial environment that is conducive to the transition towards a greener economy.

At 31 December 2023, Groupe Siparex's financial vehicles that fall under the SFDR regulation are classified as follows:

- 54 funds classified under Article 6 of the SFDR for a total of 40 % of assets under management
- 11 funds classified under Article 8 of the SFDR for a total of 48 % of assets under management
- 4 funds classified under Article 9 of the SFDR for a total of 12 % of assets under management

60 % of the assets managed by Groupe Siparex at 31 December 2023 take into account environmental, social, and governance quality criteria.



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