

PRINCIPAL ADVERSE IMPACT STATEMENT

Statement covering the period from January 1 to
December 31, 2022

TABLE OF CONTENTS

- I. SUMMARY 3
- II. DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS 3
- III. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS 4
- IV. REFERENCE TO INTERNATIONAL STANDARDS 6
- V. REFERENCE DOCUMENTS 6
- VI. APPENDIX 7
- DISCLAIMER..... 9

I. SUMMARY

Eurazeo considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Eurazeo SE, Eurazeo Mid-Cap, Eurazeo Investment Manager, Eurazeo Funds Management Luxembourg, Eurazeo Infrastructure Partners, Kurma Partners and their wholly owned subsidiaries, herein referred to as “Eurazeo”.

This document includes Eurazeo’s Principal Adverse Impact Statement in the meaning of the Regulation (EU) 2019/2088 (“Disclosure Regulation”). This second statement on principal adverse impacts on sustainability factors covers the reference period from January 1 to December 31, 2021. There was a first PAI statement published in 2021 in line with the regulatory requirements.

The present statement along with all documents referred to herein are accessible publicly on Eurazeo’s website. Eurazeo updates this statement annually according to the regulation.

II. DESCRIPTION OF THE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

A. Principal Adverse Impacts definition

Principal Adverse Impacts (PAIs) are “negative, material, or potentially material effects on sustainability factors that result from, worsen, or are directly related to investment choices or advice performed by a legal entity”. They are a key concept in the European Union’s Disclosure Regulation.

B. Eurazeo’s integration and monitoring of PAI indicators at fund level

Eurazeo monitors the outcomes of its engagement and reports on progress to investors across the 14 mandatory PAI listed in the table below.

All investment funds¹, falling under the provisions of Article 8 and Article 9 of SFDR and managed by the Group’s subsidiaries take into account principal adverse impacts (PAI). In accordance with the provisions of **Article 7** of the aforementioned Regulation, the information on the consideration of these PAI is available for each investment fund and accessible to investors in the Fund’s periodic reports.

¹ Except Eurazeo Transition Infrastructure Co-Investment Fund – Electra Compartment I

C. Eurazeo's integration and monitoring of PAI indicators at entity level

Among Eurazeo's subsidiaries, the following do not consider PAI indicators at entity level, in accordance with the provisions of **Article 4** of the Regulation 2019/2088 of 27 November 2019 on sustainability disclosure in the financial services sector (SFDR): Eurazeo Investment Manager, Eurazeo Funds Management Luxembourg, Eurazeo Infrastructure Partners, and Kurma Partners.

Eurazeo Mid-Cap willingly considers principal adverse impacts (PAI) of investment decisions on sustainability factors related to environmental and social matters, labor and employment, human rights and the fight against corruption, through the Group's Exclusion Policy. On a yearly basis, Eurazeo Mid-Cap monitors at entity level all 14 mandatory PAI indicators (Table I of Annex I of SFDR Delegated Regulation 2022/1288) as well as 2 additional PAI indicators that appear appropriate (Table III of Annex I of SFDR Delegated Regulation 2022/1288).

This statement includes the reported principal adverse impact of investments measured at Eurazeo Mid-Cap's level using these indicators for the reference period from 1 January to 31 December 2022.

III. DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Eurazeo is one of the first investment groups to have incorporated sustainable development into its business through a proactive ESG (Environment, Social, Governance) strategy since 2008. ESG is an assurance of sustainability and performance for Eurazeo and its portfolio companies. Throughout the investment process, it fully contributes to their selection, transformation, and sustainable growth.

Eurazeo has formalized this approach through its O⁺ strategy, which is built on two flagship commitments: **reach carbon net neutrality** and **foster a more inclusive society**. Eurazeo also seeks to progress on all ESG dimensions, as defined by the Sustainable Development Goals (SDGs) of the United Nations (SDGs).

As presented in **Eurazeo's Responsible Investment policy**, available on the corporate website in the *Responsibility* section, Eurazeo identifies principal adverse sustainability impacts at every stage of the investment process:

- **Compliance with Eurazeo Exclusion Policy:** Investment restrictions related to companies that operate in sectors or that have activities with potential negative impacts on the environment, human health or society have been defined and formalized in the Eurazeo's Exclusion Policy, implemented by Eurazeo. Certain practices are also banned, regardless of the economic sector, such as corruption, money laundering, human rights violations, activities in war-torn areas and breaches of International Labour Organization (ILO) principles, United Nation Global Compact (UNGC) and OECD Guidelines. Please refer to Eurazeo's Exclusion Policy for more information.
- **Conducting ESG due diligence:** During the due diligence phase, Eurazeo's goal is to identify and analyse the main sustainability risks, impacts and dependencies for the investment target. To perform these analyses, Eurazeo applies the double materiality principle, which consists of assessing the impact of sustainability risks on the company and those risks that the company imposes on society. All 2022 acquisitions underwent an ESG due diligence. Please refer to Eurazeo's Exclusion Policy for more information. Please refer to Eurazeo's Responsible Investment Policy for more information.
- **Encouraging and supporting the implementation the "O+ Essentials":** Eurazeo has developed an ESG progress plan that enables financed companies to embed ESG in their business model and move forward over the years, regardless of their size or maturity in this area. The plan includes 20 "O+ Essentials" to build a balanced, comprehensive, and effective ESG approach. In line with the two flagship commitments of the Eurazeo O+ strategy, Eurazeo encourages financed companies to decarbonize their activities and make progress on diversity, equity, and inclusion (DEI), among others. Progress is measured using a four-tier scale – bronze, silver, gold, and platinum – depending on the number of actions implemented. Please refer to Eurazeo's Responsible Investment Policy and Shareholder and Engagement Policy for more information.
- **Measuring the ESG integration in the business model:** Eurazeo has set up an ESG reporting campaign to collect and report information on the main ESG actions implemented by Eurazeo's investments. Each year, all are asked to complete a comprehensive annual ESG reporting on a set of indicators for all companies. In addition, Eurazeo considers Principal Adverse Impacts (PAI), which are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee issues, respect of human rights and anti-corruption.

More information is available in the [Responsible Investment Policy](#), the [Exclusion Policy](#), the [Universal Registration Document \(URD\)](#) and the [O+ Progress Report](#) available on the Group's website in the *Responsibility* section.

IV. REFERENCE TO INTERNATIONAL STANDARDS

Eurazeo's ESG commitment is illustrated by the adoption of the following codes and standards:

- The Non-Financial Performance Statement
- The Duty of Vigilance Law
- The Sapin II Law
- The 10 Principles of the United Nations Global Compact
- The Initiative Climat International
- The United Nations Sustainable Development Goals (SDGs)
- The Principles for Responsible Investment (PRI)
- The Task Force on Climate-related Financial Disclosure (TCFD)
- The Global Reporting Initiative (GRI)
- The CDP's climate change questionnaire
- The Shift Project
- The French Business Climate Pledge
- The France Invest Charter of Commitments for Investors in Growth
- The Investor Agenda Initiative
- The Science Based Targets Initiative (SBTi)

V. REFERENCE DOCUMENTS

- [Eurazeo's Responsible Investment policy](#)
- [Eurazeo's Exclusion Policy](#)
- [Eurazeo's Shareholder's Engagement Group Policy](#)
- [Eurazeo's O⁺ Progress Report](#)
- [Eurazeo's Loi Energie Climat Report \(in French\)](#)
- [Eurazeo's Universal Registration Document \(URD\)](#)
- [Eurazeo's Sustainable Investment methodology](#)
- [Eurazeo's Sustainability Risk Policy](#)

VI. APPENDIX

Adverse sustainability indicators		Metric	Impact 2022	Actions taken, and actions planned, and targets set for the next reference period
Greenhouse gas emissions	GHG emissions	Scope 1 GHG emissions	11 004,4	Eurazeo's carbon reduction targets, set for 2025 and 2030, have been approved by the Science-Based Targets initiative (SBTi), both for the Group and for eligible portfolio companies. SBTi is, to date, the benchmark methodology for decarbonizing the economy. The decarbonization pathway focuses on reducing Scope 1 and Scope 2 emissions at Group level and Scope 3 emissions at portfolio level, in line with the PAI indicators related to GHG emissions. Please refer to Eurazeo's Universal Registration Document for more information.
		Scope 2 GHG emissions	8 766,1	
		Scope 3 GHG emissions	200 177,8	
	Carbon footprint	Scope 4 GHG emissions	39,1	
	GHG intensity of investee companies	Carbon footprint	228,8	
	Exposure to companies active in the fossil fuel sector	GHG intensity of investee companies	0,0%	
	Share of non-renewable energy consumption and production	Share of investments in companies active in the fossil fuel sector	77%	
Energy consumption and production	Share of non -renewable energy consumption and non -renewable energy production of investee companies from non - renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	0,2		
Biodiversity	Activities negatively affecting biodiversity sensitive areas	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0,0%	Eurazeo has set its biodiversity contribution targets for 2030. Please refer to Eurazeo's <i>Loi Energie Climat</i> Report and Eurazeo's O+ Progress Report for more information.
Water	Emissions to water	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	0,0	Eurazeo seeks to improve the data quality and completion rates of this indicator.
Waste	Hazardous waste ratio	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	18,0	Eurazeo seeks to improve the data quality and completion rates of this indicator.
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	0,0%	The respect of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights is covered Eurazeo's Responsible Investment Policy. Please refer to it for more information.
	Lack of processes and compliance mechanisms to monitor compliance with	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance	93,9%	As per its O+ commitment, Eurazeo encourages its portfolio companies to implement a Responsible Purchasing approach. In this context, Eurazeo is stepping up its support for the implementation of policies to monitor compliance

	UN Global Compact principles and OECD Guidelines for Multinational Enterprises	/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises		with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises, as well as mechanisms for handling complaints or remedying such violations.
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	10,5%	As per its annual ESG reporting for all companies, Eurazeo monitors the Gender equality index (cf. <i>Pénicaud-Schiappa</i> index, compulsory for French companies with over 50 employees with a minimum threshold), the share of women in the 10 highest paid profiles of the companies and the unadjusted gender pay gap.
	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	32,4%	As per Eurazeo's ESG progress plan, Eurazeo strongly encourages its investee companies to have 40% of the least represented gender at Board level. Data is collected and monitored annually through the ESG reporting campaign.
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	Eurazeo does not invest in companies engaged in both conventional and controversial weapons including small arms and light weapons and goods which have no practical use other than for the purpose of "capital punishment, torture or other cruel, inhuman or degrading treatment or punishment". Please refer to Eurazeo's Exclusion Policy for more information.
	Additional - Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	42%	As per Eurazeo's ESG progress plan, Eurazeo strongly encourages its investee companies to put in place emission reduction initiatives.
	Additional - Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	54%	As per its O+ commitment, Eurazeo encourages its portfolio companies to implement a Responsible Purchasing approach.

DISCLAIMER

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