



RESPONSIBLE INVESTMENT POLICY

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EURAZEO

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RESPONSIBLE INVESTMENT POLICY

I. O⁺: EURAZEO'S ESG STRATEGY

Powering a fairer and more sustainable society

Mastering ESG issues and integrating them into the business model helps anticipate market trends and identify future-proof companies that create value. This has been Eurazeo's conviction for nearly twenty years, making it a pioneer and one of the most recognized Groups in the field of ESG.

In 2020, Eurazeo launched its new ESG strategy called O⁺, structured around two flagship commitments: achieving carbon net neutrality (O) and fostering a more inclusive society (+). Its ambition: contribute to the emergence of a fairer and more sustainable society. The O⁺ strategy binds the Group and its portfolio companies, making it a significant driver of transformation.



A. Climate: Achieving carbon net neutrality (O)

Global warming poses significant risks for health, food safety, water supply, personal safety, and economic development. The activities of companies and their entire value chain are directly affected by the degradation of ecosystems, scarcity of resources, multiplication of natural disasters, to name a few.

Contributing to fighting climate change must be a priority for all. Eurazeo is actively involved in a global movement to bring about carbon net neutrality, which seeks to achieve by 2040 at the latest through the three levers detailed hereafter.

Lever #1: Investing in solutions

Eurazeo finances companies providing "solutions", which contribute to climate change mitigation and adaptation through their businesses, products or services. The Group seeks investment opportunities that significantly reduce or avoid greenhouse gas (GHG) emissions in sectors such as

electric mobility, thermal insulation, the circular economy, animal protein alternatives, hydrogen, chemical fertilizer substitutes, etc. This is illustrated by Eurazeo's portfolio companies, and more specifically its three dedicated funds:

- **Eurazeo Sustainable Maritime Infrastructure** (Article 9 – SFDR) aims to support and accelerate the ecological and energy transition of the shipping industry, in line with the decarbonization pathway of the International Maritime Organization, targeting innovative sustainable technologies applied to maritime assets. It thus contributes to the achievement of the Sustainable Development Goal (SDG) 9 “Industry, innovation and infrastructure”, SDG 13 “Climate action” and SDG “Life below water”
- **Eurazeo Transition Infrastructure Fund** (Article 9 – SFDR) seeks to accelerate the transition to a low-carbon economy by making sustainable investments in the energy and digital transition. It thus contributes to the achievement of the SDG 7 “Clean affordable energy”, SDG 9 “Industry, innovation and infrastructure” and SDG 13 “Climate action”
- **Eurazeo Smart City II** (Article 8 – SFDR) aims to help cities accelerate their transition and strengthen their resilience by investing in the most promising start-ups in the fields of energy, mobility, *proptech* and logistics. Part of the portfolio therefore contributes to the achievement of SDG 11 “Sustainable cities and communities” and SDG 13 “Climate action”

Lever #2: Accompanying transition

The ambitious objective of achieving carbon net neutrality applies to the entire Eurazeo group. Consequently, the decarbonization pathway is deployed at Group and portfolio levels, in line with the goals set out in the Paris Agreement to limit the temperature increase to 1.5°C. Eurazeo's climate commitments include two steps: measuring and reducing the carbon footprint of Eurazeo and its portfolio.

Measuring the carbon footprint

Eurazeo carries out its carbon footprint according to the GHG Protocol (or Greenhouse Gas Protocol), which provides an international framework for accounting and measuring GHG emissions. It differentiates three scopes: Scope 1 corresponds to direct GHG emissions, Scope 2 to indirect energy-related emissions, and Scope 3 regroups all other indirect emissions, for the upstream and / or downstream activity. Eurazeo's GHG emissions are published annually in the Universal Registration Document (available on Eurazeo's website). Eurazeo publishes its carbon footprint and reports annually on its progress based on the recommendations of the Task Force on Climate related Financial Disclosures (TCFD)¹, which calls on the financial sector to consider and be more transparent about climate issues.

Reducing the carbon footprint

Scope covered by the SBTi commitment

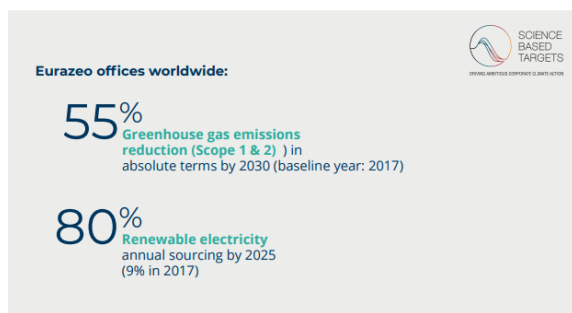
To ensure that decarbonization occurs at a sufficient scale and pace to meet the goals of the Paris Agreement, Eurazeo committed to the Science Based Targets initiative (SBTi)² – the leading initiative to help companies decarbonize their activities – as early as 2020. Eurazeo was therefore able to define science-based targets, greenhouse gas (GHG) emissions reduction targets aligned with the recommendations made by the international scientific community, as well as the scope of its

¹ Created by the Financial Stability Board, a set of recommendations on the types of information that businesses should disclose to help investors, lenders and insurance subscribers appropriately assess and quantify a specific set of risks relating to climate change.

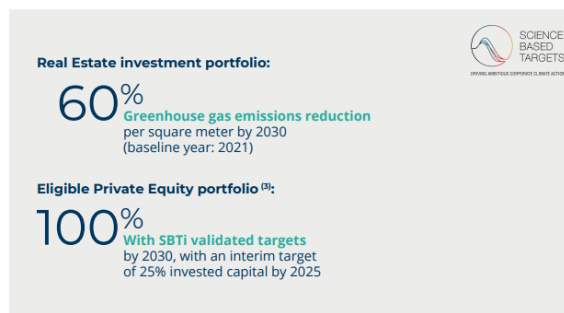
² The Science Based Targets initiative (SBTi) is a joint project of the Carbon Disclosure Project (CDP), the UN Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF). It supports and provides businesses with a framework for defining greenhouse gas (GHG) emission reduction targets in line with the recommendations of the international scientific community so as to comply with the goals of the Paris Agreement.

commitment according to existing SBTi methodologies. These objectives were officially validated at the beginning of 2022 by SBTi³.

SBTi validated targets for Eurazeo group



SBTi validated targets for the portfolio



Scope not covered by the SBTi commitment

As part of its responsible investor approach, Eurazeo actively encourages these companies to implement carbon reduction initiatives and set decarbonization objectives for their Scope 1, 2 and 3 emissions, in line with the goals of the Paris Agreement. To this end, Eurazeo provides all its portfolio companies with resources to measure and monitor their greenhouse gas (GHG) emissions and collect their GHG emissions annually.

Lever #3: Extending the commitment

Aware that environmental issues go beyond the challenges of global warming alone, Eurazeo is committed to safeguarding planetary boundaries – those within which we must maintain the Earth to ensure its resilience and stability, so that it remains a suitable habitat for humans⁴. In practice, this involves analysing the materiality of these planetary boundaries for companies financed by Eurazeo, and formalizing progress plans where appropriate.

Biodiversity

In 2022, Eurazeo focused its efforts on biodiversity loss, one of the planetary boundaries (biosphere integrity). Biodiversity is a subject of growing concern, included in the new sustainable finance regulations.

The Group has defined a strategy aimed at contributing to the protection and restoration of biodiversity⁵. The objective is that all assets identified as having a high biodiversity challenge should have a formalized action plan by 2030 in line with the Convention on Biological Diversity⁶. This strategy was established according to the principles of the Science Based Targets for Nature methodology developed by the Science Based Targets Network (SBTN) association⁷, the SBTi “equivalent” for the definition of scientific targets for nature.

³ The targets cover eligible investment activities in accordance with SBTi methodologies: Private Equity and Real Estate. Methodologies for debt, funds of funds and infrastructure are still under development.

⁴ The international team led by Johan Rockström of the Stockholm Resilience Center identified nine planetary (1) boundaries, explained and quantified in the publication “A safe operating space for humanity” (Rockström, J., Steffen, W., Noone, K. et al. Nature 461, 472–475 (2009)).

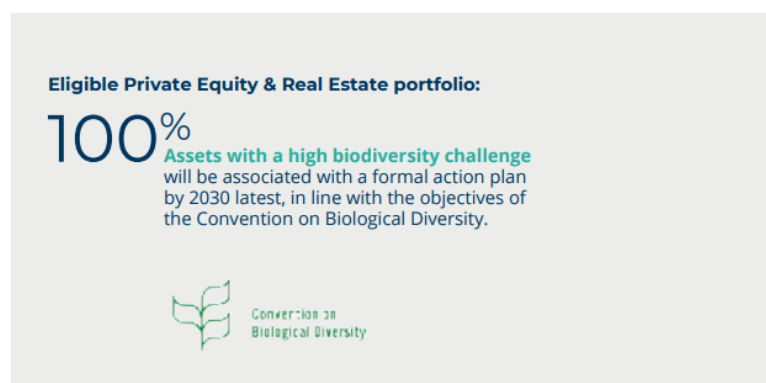
⁵ Biodiversity refers to all living beings and the ecosystems in which they live. It is assessed by considering the diversity of ecosystems, species and genes in space and time, as well as their interactions. It plays a key role in climate regulation because it is thought to absorb half of the carbon emissions emitted by human activities.

⁶ The Convention on Biological Diversity is an international treaty on “the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of benefits arising out of the use of genetic resources”.

⁷ The SBTN is a collaboration of global organizations that supports stakeholders in defining scientific objectives for all Earth systems.

As such, the biodiversity commitment scope has been defined according to the same criteria as the decarbonization commitment scope, i.e., eligible portfolio companies in Private Equity and Real Estate.

Target for the portfolio



B. Inclusion: Fostering a more inclusive society (+)

Inequalities continue to grow globally, as reflected in the numerous national movements around social, environmental or identity issues. They have been further exacerbated by the Covid-19 pandemic, the war in Ukraine, inflation, and the impact of climate change.

Eurazeo can have a multiplier effect in bringing about a fairer, more equal and cohesive society because it can act not only on its direct scope but also on the companies in its portfolio. Eurazeo believes it can accelerate the transition toward a more inclusive society by activating the three levers detailed hereafter.

Lever #1: Investing in solutions

Eurazeo invests in **companies that contribute to social inclusion** through their businesses, products or services. Eurazeo currently focuses on the healthcare sector, which plays a critical role in improving social well-being and economic development. In particular, the Group finances companies that undertake reindustrialization, relocation, R&D and innovation, telemedicine, or digitalization projects in the healthcare sector. This is illustrated by Eurazeo's portfolio companies, and notably within:

- **Kurma Partners**, a French-based management company specialized in biotechnology and health technology, 70.6% owned by Eurazeo. It contributes to the achievement of SDG 3 "Good health and well-being" and SDG 9 "Industry, innovation and infrastructure". With more than €700M assets under management⁸, Kurma Partners is one of the most credible players in financing innovation in the biotech and health tech sector, from pre-seed to growth capital. Eurazeo also became a cornerstone investor in funds managed by Kurma Partners and is providing operational support, as well as its international network, to help it become a European leader in the field of medical innovation.

⁸ As of 31/12/2022.

- **Nov Santé Actions Non Cotées** (Article 9 – SFDR), launched during the COVID-19 health crisis at the initiative of *France Assureurs* and *Caisse des Dépôts*, this Fund seeks to support the sovereignty of the French healthcare system by investing in solutions that enhance collective health and well-being. It therefore contributes to the achievement of the SDG 3 “Good health and well-being” and SDG 9 “Industry, innovation and infrastructure”. The Fund focuses on improving health around major public health issues (and in particular prevention and personal services), strengthening health industries throughout the sector and relocating research and production in France and the European Union. As such, the Fund received the “Relance” label by the French government.

Lever #2: Accompanying transitions

Eurazeo encourages the implementation of more inclusive and fairer practices within the Group and the companies in its portfolio. Its efforts focus on (but are not limited to) three priority areas: foster all types of diversity, broaden access to healthcare coverage and promote greater sharing of the value created. Eurazeo has published a Diversity, Equity & Inclusion (DEI) Charter and a DEI Policy on its website early 2022, which details all the measures implemented across the Group.

Promote all type of diversity

At Group level:

Among others, the promotion of diversity within Eurazeo translates into the setting of quantitative targets by Executive Management for 2030, deploying specific Human Resources (HR) actions within the framework of all HR processes and highlighting and sharing good practices within the industry.

At portfolio level:

Eurazeo mobilizes the companies in its portfolio to develop and strengthen their diversity practices, in particular to ensure gender parity of at least 40% in the various management bodies.

In addition, to meet the growing demands of US Limited Partners, the Group has strengthened its DEI reporting for its activities in the United States. The latter now includes indicators relating to diversity beyond gender, in accordance with the recommendations of the Institutional Limited Partners Association (ILPA).

Widen access to healthcare coverage and promote greater value sharing

At Group level:

Social protection, well-being and equality are key concerns for Eurazeo. The Group is committed to ensuring that all its employees around the world benefit not only from health insurance but also life and disability insurance. Moreover, Eurazeo is committed to ensuring that all its employees benefit from the value created by the Group. This is notably done through profit-sharing or participation agreements (depending on the entities) and distribution of free shares every year, to more closely associate its employees with the development and performance of Eurazeo.

At portfolio level:

The Group also actively encourages portfolio companies to ensure their employees have appropriate healthcare coverage (and to promptly take necessary measures if they do not) and that at least 75% of their employees benefit from a profit-sharing scheme, regardless of the mechanism put in place.

Lever #3: Extending our commitment

Firmly rooted in its commitment to fostering a more inclusive society, Eurazeo's philanthropic approach is fully in line with its desire to close social divides. This approach dates to 2004 and focuses on the protection and education of young people. This includes fighting poverty and exclusion, defending human rights and advancing medical research. The Group actively supports projects run by French and international non-profits organizations and strengthens its commitment year after year in order to increase its societal impact. 2020 marked an important step in Eurazeo's philanthropic approach with the launch of the Eurazeo Endowment Fund.

Moreover, in response to emergency situations, Eurazeo mobilizes funds to support organizations operating in the field and working with vulnerable populations.

C. Public commitments

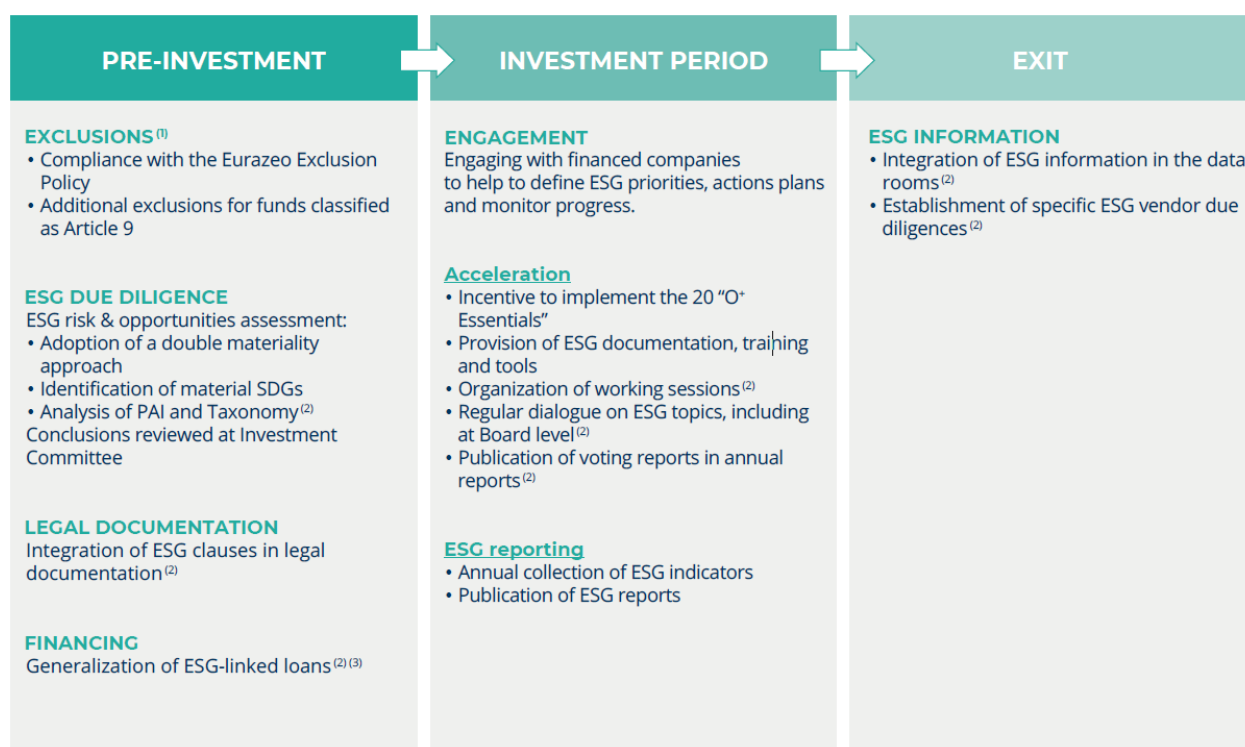
Eurazeo has undertaken several public commitments with third party organizations or associations, such as the UN Principles for Responsible Investment (PRI), the UN Global Compact and the Business Climate Pledge. In 2021, Eurazeo's decarbonization pathway was validated by SBTi. All Eurazeo's commitments are detailed in the Universal Registration Document: <https://www.eurazeo.com/en/responsibility/publications-csr>.

II. ESG INTEGRATION IN THE INVESTMENT PROCESS

The integration of environmental, social and governance (ESG) criteria throughout the investment process is at the heart of Eurazeo's business model. It participates to the transformation and sustainable growth of financed companies, and influences investment, reinvestment or divestment decisions. Not considering ESG criteria at each step of the decision-making process could generate a fiduciary, regulatory and reputational risk.

Eurazeo has defined a responsible investment policy applicable to all its Private Equity, Private Debt and Real Assets activities. Its compliance and deployment are monitored through the reporting of specific indicators.

ESG is embedded at every step of the investment process



(1) Please refer to the Eurazeo Exclusion Policy. (2) When relevant. (3) ESG-linked loans or ratchets include margin adjustments on the interest rate of a loan indexed on the achievement of pre-defined ESG targets.

Depending on the industry, the type of investment and the amount invested, the criteria may apply differently and/or may not be relevant. Nevertheless, the following are systematically implemented:

- the investment target's compliance with Eurazeo's Exclusion Policy,
- the implementation of ESG due diligence for and before each investment,
- the measurement of ESG integration into the business models of financed companies.

Since 2021, these indicators have been subject to consistency checks by an independent third-party, PwC.

In addition, in order to ensure proper compliance with ESG policies, up to 15% of Eurazeo Executives' variable compensation is based on these indicators.

Focus on the specificities of Article 9 funds

Eurazeo's Article 9 funds strictly follow Eurazeo's Responsible Investment Policy and implement reinforced requirements because of their sustainable investment objective. These conditions are detailed in the fund documentation, regulatory publications, and specific progress reports.

A. Pre-investment**Compliance with the Exclusion policy**

Eurazeo's approach is ambitious and balanced to accelerate the transition to a low-carbon and more inclusive economy. Eurazeo's Exclusion Policy defines and formalizes strict exclusions and investment restrictions with thresholds for companies operating in sectors or engaging in activities with potential negative impacts on the environment, human health, or society. The Exclusion Policy is available on Eurazeo's website.

- **Strict exclusions:** This category includes certain sectors whose direct or indirect negative impacts are incompatible with Eurazeo's responsible investment approach or cannot be overcome by transforming the business. Eurazeo will not invest in these sectors. As such, are prohibited – among others – investments in companies whose main activity is the production or marketing of coal, oil, gas, palm oil or operating in the pornography sector.
- **Investment restrictions with thresholds:** The second category includes sectors for which a materiality threshold is provided. This approach allows investments in companies with less than 20% revenue derived from these sectors. In that case, Eurazeo is prepared to support them in transforming their activities, provided that the transformation objectives are formalized to ensure compliance as soon as possible.

Focus on the specificities of funds of funds (Private Funds Group)

For secondary transactions (funds of funds activity), the Exclusion Policy specifies that this materiality threshold is assessed by transparency, calculated as weighted turnover on the portfolio and corresponding to 20% of weighted turnover. This approach makes it possible to assess the exposure to these sectors in relation to the weight of the assets in the portfolios. This prevents the exclusion of companies with a turnover of less than 20% in the sectors concerned. Nota Bene: LP-interests transactions are portfolios of assets already built up by the managers, so EIM cannot influence the composition of the portfolios. EIM may, if necessary, exclude certain fund units from the scope of the transactions if they do not meet the materiality threshold.

The list of sectors included in the Exclusion Policy is periodically reviewed to reflect socio-environmental developments. For instance, in 2022, it was adjusted based on changes in the European environmental Taxonomy regarding nuclear power. For the detailed list of exclusions, please refer to the Exclusion Policy, available at www.eurazeo.com.

Additional exclusions

Moreover, Eurazeo will not invest in companies linked to corruption allegations, money laundering, Human Rights violations, activities located in conflict zones and violations of International Labour Organization (ILO) principles, namely:

- The infringement of the freedom of association and the effective recognition of the right to collective bargaining

- Any form of forced or compulsory labour
- Child labour
- Any discrimination in respect of employment and occupation

Eurazeo complies with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Focus on the specificities of Article 9 funds

In addition to Eurazeo's Exclusion Policy, additional investment restrictions may apply to funds classified as Article 9 (SFDR) depending on their sector and/or their sustainable investment objective.

Consideration in the investment decision

Each investment team ensures that the investment target complies with Eurazeo's Exclusion Policy. A digital tool has been developed internally to facilitate the application of this policy by the investment teams, who can also refer to the ESG team for relevant confirmations in case of doubt. Compliance of the investment target with the Exclusion Policy is reviewed at the Investment Committee and is a prerequisite for any financing.

Conducting ESG due diligence

Criteria studied

During the due diligence phase, Eurazeo's goal is to identify and analyse the investment target's main ESG impacts and dependencies. The approach covers the following areas: social, environment, societal, supply chain, ethics, and governance.

To conduct these analyses, Eurazeo applies the principle of double materiality, with the aim of studying the impact of ESG risks on the investment target, as well as ESG issues that the investment target poses on society. The analysis is also guided by the SDG framework and aims to identify the positive contributions and negative impacts (or obstruction) of the activities of the target investment. Eurazeo conducts this assessment on both the company's operations and on its products and services.

Since 2021 and when relevant, Eurazeo assesses the eligibility and alignment of investment targets with the European Taxonomy by analysing compliance with the technical criteria and the Do No Significant Harm criteria (DNSH).

The image below provides a non-exhaustive list of the criteria studied during ESG due diligence. It derives in particular from recommendations and/or requirements related to the following initiatives, standards and regulations:

- The Non-Financial Performance Statement (Déclaration de performance extra-financière, DPEF)
- The 10 principles of the United Nations Global Compact
- The United Nations Sustainable Development Goals (SDGs)
- The United Nations Principles for Responsible Investment (PRI)
- The Sustainability Accounting Standards Boards (SASB) Materiality Map
- The Principal Adverse Impacts (PAIs) included in the technical regulatory standards draft associated with Regulation (EU) 2019/2088 (SFDR)
- The objectives of the Paris Agreement

- The Task Force on Climate-related financial Disclosure (TCFD).
- The European Taxonomy (technical and Do No Significant Harm (DNSH) criteria and minimum social safeguards).
- The Duty of Vigilance law.

RELATED SDGs		THEMES		
ENVIRONMENT	<div><div>6</div><div>7</div><div>13</div><div>14</div><div>15</div></div>	General policy Approach, awareness raising/training, risk prevention, provisions and guarantees	Water Fresh water, ocean, impact assessment, ability to reduce impact, protect	Other Planetary Boundaries Impact assessment, ability to reduce impact, protect
		Climate change Sources of emissions, decarbonation trajectory, physical and transition risks, resilience, contribution	Biodiversity Impact assessment on species and areas, ability to reduce impact, protect	Taxonomy eligibility and alignment Principal Adverse Impacts related to environmental issues (10 indicators) ⁽¹⁾
SOCIAL	<div><div>1</div><div>3</div><div>4</div><div>5</div><div>8</div><div>10</div></div>	Employment Effectifs, évolutions, turnover et rémunérations	Labour relations Organization of social dialogue, collective agreements	ILO Conventions Freedom of association, discrimination, forced labour, child labour
		Organization of work Working time, absenteeism	Health and safety Working conditions, health insurance, workplace accidents	Principal Adverse Impacts related to unadjusted gender pay gap, Board gender diversity
		Training Policy, hours delivered	Equal treatment Gender equality, fight against discrimination	
SOCIÉTAL	<div><div>1</div><div>2</div><div>3</div><div>4</div><div>8</div><div>9</div><div>10</div><div>11</div><div>12</div><div>14</div><div>15</div><div>17</div></div>	Territorial, economic and social impact Employment, local development	Suppliers and subcontractors Procurement policy and subcontracting	Circular economy & raw materials Waste management, use of resources, depletion & restauration
		Relations with stakeholders Expectations, dialogue, partnership	Social and environmental impacts Related to the supply chain	Principal Adverse Impacts related to the absence of a responsible procurement code of conduct/charter
		Corporate philanthropy Donations to associations		
ETHICS & GOVERNANCE	<div><div>3</div><div>5</div><div>8</div><div>10</div><div>16</div></div>	Fair trade practices Ethics, corruption, tax	Company governance and gender equality and independence on the Supervisory Board (SB)	Principal Adverse Impacts Related to governance and ethics (3 indicators) ⁽²⁾
		Health and safety of consumers and users Quality, communication, transparency	Risk management and internal control tools	Minimum Social Safeguards related to Human Rights, Bribery/Corruption, Taxation, Fair competition
		Human rights Actions undertaken	Crisis management and reputation	

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Due diligence carried out with a double materiality approach. The aforementioned criteria are applied only when relevant.

(1) GHG emissions, carbon footprint, GHG intensity of investee companies, exposure to companies active in the fossil fuel sector, share of non-renewable energy consumption and production, energy consumption intensity per high impact climate sector, activities negatively affecting biodiversity sensitive areas, emissions to water, hazardous waste ratio and the absence of carbon emission reduction initiatives.

(2) Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises and exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons).

ESG due diligence may rely on:

- Documentary research from studies, sector and thematic benchmarks, press articles on the industry and on competitors
- An analysis of documents made available via the data room
- The analysis of an ESG questionnaire completed by the management of the investment target

In some cases, more in-depth research may be carried out through interviews with management or experts, or through due diligence carried out by external parties and site audits.

Consideration in the investment decision

The conclusions of the ESG due diligence are included in the Investment Committee's investment note in order to inform its decision making. Conducting ESG due diligence for each investment is a prerequisite for any financing.

Focus on the specificities of funds of funds (Private Funds Group)

Eurazeo conducts ESG due diligence for and prior to each transaction in order to understand and analyse the ESG risks and opportunities of the underlying assets. It helps Eurazeo form strong convictions during the selection process. The ESG due diligence covers the following areas: environmental, social, societal, supply chain, ethics, and governance. It can be based on (i) desk research based on studies, sector and thematic benchmarks, press articles on the sector of activity as well as on competitors, (ii) an analysis of documents made available by fund managers and (iii) questions to fund managers during the due diligence phase of target transactions. As part of its ESG due diligence, Eurazeo conducts an ESG profile analysis of each transaction being considered by the fund of funds in order to assess its level of ESG risk. This analysis is based on an asset-by-asset risk analysis in accordance with the United Nations Sustainable Development Goals framework and an associated risk grid. The conclusions of the ESG due diligence of each transaction considered for the funds of fund are included in the investment notes and shared at the Investment Committee, which is responsible for validating the transaction. Each transaction made during the year must have undergone ESG due diligence.

ESG clauses in legal documentation

Once the preliminary contractual documents have been sent to target investments, Eurazeo informs the company of its ESG strategy, in particular its two flagship commitments, and its expectations in this matter. These commitments and expectations are then reflected as ESG clauses in the final legal documentation (shareholders' agreement, side letters, etc.). These clauses are defined according to the nature of the investments and mainly compliance with Eurazeo's Exclusion Policy, improvement of ESG practices including the deployment of a decarbonization strategy (carbon footprint, decarbonization objectives, etc.) and annual ESG reporting to assess the deployment, progress and results of ESG programs.

Sustainability-linked loans

Sustainability-linked loans (also known as ESG ratchets) are loans which include margin adjustments on the interest rate based on the achievement of pre-defined ESG targets. After being pioneer in indexing of its syndicated credit line to ESG criteria in 2020, Eurazeo has negotiated the first ESG *unitranche* for one of its investments. Backed by five ESG criteria, the margin on this financing is adjusted annually based on the achievement of these objectives.

Since then, Eurazeo has generalized sustainability-linked loans to all its investment activities, becoming a core component of Eurazeo's engagement approach to accompany companies in reinforcing their ESG practices by providing a tailor-made ESG roadmap for each portfolio company – with milestones over a defined period. Eurazeo, with the portfolio company, defines three or four ESG targets. They cover all ESG dimensions, including climate and inclusion in line with Eurazeo's O+ strategy, are tailored to the companies' most material issues and pressing ESG challenges. The criteria must be ambitious enough to create genuine commitment. More generally, they are a powerful tool to rally all parties around efforts to meet ESG targets and are now common practice within the financial sector – gradually raising the ambition of the ESG criteria defined.

B. Investment period

Eurazeo supports financed companies throughout their presence in the portfolio. Depending on the strategies, this support can take different forms. Nevertheless, a common base, detailed below, is put in place for all investments. To ensure its deployment, the ESG team works closely with the investment teams.



Progress plan: the “O+ Essentials”

Eurazeo has developed an ESG progress plan to enable financed companies to incorporate ESG into their business model and to progress over the years, regardless of their size or maturity in this area.

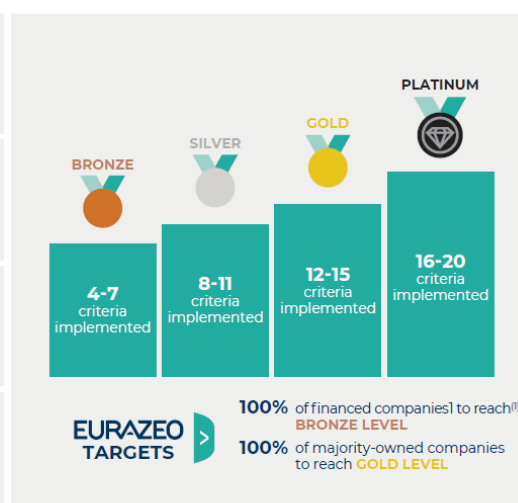
The plan includes 20 “O+ Essentials” that help build a balanced, efficient, and comprehensive ESG roadmap. These key ESG actions change over time to take into account developments in ESG. Companies' progress is measured on a four-level scale depending on the number of criteria implemented.

This approach also makes it possible to define the target level required for majority-owned companies, i.e., the gold level, and for all other companies financed, i.e., the bronze level, in accordance with the Eurazeo's ambitions and regulatory requirements. The deployment of these criteria by the portfolio companies is monitored annually through the ESG reporting campaign, the results of which are made available to the Group's various stakeholders (ESG report at company level for portfolio companies and at fund level for LPs) and presented annually in the O+ Progress Report, available on the Group's website.

O+ Essentials

	<ul style="list-style-type: none"> - Formalize a CSR policy / charter - Appoint a CSR coordinator - Define CSR objectives - Carry out a CSR reporting - Carry out a SDGs assessment
	<ul style="list-style-type: none"> - Measure the carbon footprint - Implement carbon emissions reduction initiatives - Set a decarbonization pathway - Formalize a biodiversity strategy - Formalize a water management policy
	<ul style="list-style-type: none"> - Ensure health, life and disability insurance for all employees - Implement a profit-sharing scheme for at least 75% of employees - 40% of the least represented gender at Board level - 40% of the least represented gender in the 1st decision-making body - Implement a responsible procurement approach (Vigilance Plan)
	<ul style="list-style-type: none"> - Discuss CSR at Board level - 30% of independent members at Board level - Set up Audit and Compensation Committees - Implement a Business Ethics and Anti-corruption program - Integrate CSR criteria in the CEO's compensation scheme

Dashboard



(1) Excluding Private Funds Group.

Annual ESG reporting

Eurazeo measures the integration of ESG in the business models of the companies it finances through annual ESG reporting since 2008, to collect and share information on the main ESG actions implemented within portfolio companies. Initially focused on its majority-owned, direct investments, the practice has been gradually extended to all investments. Response rates vary from one asset class to another but are high overall.

The reporting framework covers a range of environmental, social, governance, business, and ethics indicators, including the information needed to be able to compute the principal adverse impacts (PAIs) since 2021. The framework is updated on an annual basis to take into account regulatory

evolutions. Companies are then trained to ensure that they understand the reporting framework available on a digital platform. At the end of the reporting period, Eurazeo shares an ESG report consolidating all the data collected from each company comparing past data with benchmark data (when available). Since 2021, Eurazeo has also calculated an illustrative decarbonization pathway for each company, with an associated carbon cost scenario.

Following the reporting, working sessions can be organized with companies to discuss results and identify priorities for the current year. These meetings are systematic for majority investments in buyout.

Focus on the specificities of Article 9 funds

The reporting frameworks for Article 9 funds include specific indicators to assess the financed companies' alignment with fund objectives.

Provision of ESG resources, tools, and training

To facilitate the understanding and integration of ESG issues, in 2020 Eurazeo developed Connect, a digital platform open to all its portfolio companies. A community focusing on responsibility enables the ESG managers of companies to access documents, tools and training covering various ESG concepts.

The platform includes, for example, an ESG reporting tool, a carbon calculator and a supplier ESG risk assessment tool. Through this platform, Eurazeo regularly organizes webinars during which experts discuss topics such as climate change, responsible digital technologies, or new consumer expectations.

Voting policy

Eurazeo maintains regular dialogue with the management of companies it finances. This is done throughout the year during ad-hoc meetings, Supervisory Board or Board of Directors meetings, as well as Audit Committee meetings. Discussing ESG at least once annually at Board level and factoring in ESG objectives into the compensation schemes of executives are part of Eurazeo's O+ Essentials. For companies where ESG issues are the most material, Eurazeo urges that ESG topics be prioritized as agenda items for every board meeting and, when applicable, that members of the ESG team be appointed as board member.

The Group has adapted its approach to dialogue and engagement with the companies it finances through debt instruments to take into account its more limited position in the governance of the company as a lender.

The Group manages mostly unlisted assets; however, for securities traded on a regulated market, the Group's Engagement Policy is expressed through the Voting Policy.

Specificities according to strategies

- **Article 9 funds:** the ESG reporting framework includes questions to assess the alignment of the investment target with the fund's mandate and its ability to achieve the sustainable investment objective.
- **Minority investments:** in collaboration with investment teams, Eurazeo encourages companies to deploy the O+ Essentials by providing companies with the ecosystem of tools, services and partners developed by Eurazeo.

- **Debt:** Eurazeo has widened the implementation of financing based on ESG criteria, linked to climate (decarbonization) and inclusion. This financing is a powerful tool to unite different parties around efforts to work towards achieving ESG objectives.
- **Fund of funds:** In the context of GP-led transactions, Eurazeo negotiates ESG clauses in legal clauses including the consideration of ESG criteria in investment selection and management, and in annual ESG reporting. For each GP-led transaction carried out during the year, ESG clauses must be included in the legal documentation. It is a prerequisite for the completion of the GP-led transaction.

C. Divestment

During the divestment phase, depending on the materiality of ESG issues, a review of the company's ESG progress may be carried out and made available to potential buyers. This report is mainly based on the results of the ESG reporting carried out annually by the company. For its buyout activities, ESG information is systematically made available in a data room. Eurazeo aims to extend this practice to all its business lines. In some cases, Eurazeo may have specific ESG vendor due diligence performed by an external third-party.

DISCLAIMER

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