

PRINCIPAL ADVERSE IMPACT STATEMENT

Statement covering the period from January 1 to
December 31, 2021

EURAZEO

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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

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 funds, except Eurazeo Transition Infrastructure Co-Investment Fund – Electra Compartment I, falling under the provisions of Article 8 and Article 9 of the Regulation 2019/2088 of 27 November 2019 on sustainability disclosure in the financial services sector 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.

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES			
Adverse sustainability indicators		Metric	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	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	
		Scope 3 GHG emissions	
		Scope 4 GHG emissions	
	2. Carbon footprint	Carbon footprint	
	3. GHG intensity of investee companies	GHG intensity of investee companies	
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	
5. Share of non-renewable 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		
6. Energy consumption and production	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector		
Biodiversity	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	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	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Eurazeo seeks to improve the data quality and completion rates of this indicator.
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	Eurazeo seeks to improve the data quality and completion rates of this indicator.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS			
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	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.
	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	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	As part of 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 gender pay gap.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	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.
	14. 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	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.

Eurazeo included the calculation method in its reporting process a year in advance. This allows Eurazeo to anticipate next year's workflow and **improve the results with more reliable data**.

Eurazeo has published the PAI indicators for all its funds classified as Article 8 or Article 9 (as per the Disclosure Regulation) **ahead of the mandatory publication date**. They are available for consultation in the Funds' half year fund report. Examples of consolidated reported PAI at fund level are also available in the Portfolio section of Eurazeo's [Loi Energie Climat](#) Report.

Reporting scorcard example solely for guidance :

PRINCIPAL ADVERSE IMPACT INDICATORS (PAI)	
GREENHOUSE GAS EMISSIONS	
PAI 1. GHG Emissions	
tCO ₂ e linked to the current value of investments	129 905
$\sum_i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope(x) GHG emissions}_i \right)$	
PAI 2. Carbon Footprint	
tCO ₂ e / M€ of the fund's value	530
$\frac{\sum_i \left(\frac{\text{current value of investment}_i}{\text{investee company's enterprise value}_i} \times \text{investee company's Scope 1, 2 and 3 GHG emissions}_i \right)}{\text{current value of all investments (€M)}}$	
PAI 3. GHG intensity of investees companies	
tCO ₂ e / M€ companies' revenues	257
$\sum_i \left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i} \right)$	
PAI 4. Exposure to companies active in the fossil fuel sector	
% of investments active in the fossil fuel sector	0%
PAI 5. Share of non-renewable energy consumption	
% of non-renewable energy consumption of investee companies	93%
PAI 6. Energy consumption intensity per high impact climate sector	
Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector (GWh/M€ revenues)	1 731
BIODIVERSITY	
PAI 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 (%)	Not Available
WATER	
PAI 8. Emissions to water	
Tons of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average (tonnes/M€ invested)	Not Available
WASTE	
PAI 9. Hazardous waste ratio	
Tons of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average (tonnes/M€ invested)	5
SOCIAL AND EMPLOYEE MATTERS	
PAI 10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	
Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises (%)	0%
PAI 11. Compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	

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:

- Eurazeo has set out **exclusions** regarding sectors or activities with potential negative impacts on the environment, human health or society. A digital tool has been developed to facilitate its application by the investment teams. The **Exclusion Policy** is an efficient instrument to reduce principal adverse sustainability impacts, addressing for example climate change, biodiversity loss, health, business ethics and human rights issues. All Eurazeo funds have strictly complied with the Exclusion Policy when selecting investment opportunities in 2021.
- During the identification phase, Eurazeo carries out **ESG due diligence** on all prospective acquisitions to identify and analyse social, environmental, societal, sourcing, ethical and governance impacts. Due diligences allow to enrich the analysis of the sector and the target company, and to obtain an in-depth understanding of the various risks and opportunities. All 2021 acquisitions underwent an ESG due diligence.
- During the holding period, Eurazeo asks companies to deploy an **ESG progress plan** that enables them to embed ESG in their business model and to progress over the year. The plan includes 20 criteria Eurazeo considers critical to build a balanced, comprehensive and effective ESG approach named O⁺ Essentials. Deployment of the progress plan varies according to the nature of the asset class, Eurazeo's ownership interest, the company's willingness to take action and its level of maturity in the field

of ESG. It constitutes a common framework but is not exclusive: the companies' material issues must be identified and the action plans to address them defined.

- All companies financed by Eurazeo are required to perform an annual **ESG reporting** to measure the deployment, progress and results of ESG programs. This reporting covers all business lines and is effective at both funds and companies' level. Private Funds Group also carries out a reporting at management companies' level. Response rates vary from one asset class to another but are strong overall. Reporting scorecards are then shared with all stakeholders, including the portfolio companies, LPs and investment teams.
- During the **divestment phase** and depending on the materiality of the issues, an ESG analysis is carried out and transmitted to the buyer to report on the progress achieved the non-financial performance of the sold company since the acquisition. For its buyout activities, ESG information is systematically provided in the data room. In certain cases, Eurazeo may request specific ESG vendor due diligences by an external third party.

In addition, Eurazeo recognizes the importance of and the need to measure the impact of its activities in order to take uncompromising action to preserve and restore natural capital. Eurazeo is therefore committed to **developing a specific biodiversity strategy by 2030** based on scientific methodologies and in line with global frameworks. In practice, this means integrating efforts at every stage of the investment cycle. To continue the Group's actions in favor of investments that generate benefits for biodiversity: 100% of our Private Equity and Real Estate assets identified as involving a high biodiversity challenge will be associated with a formal action plan aligned with the objectives of the Global Convention on Biological Diversity by 2030.

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. ENGAGEMENT POLICIES

Eurazeo engages regularly with the companies it finances.

Eurazeo accompanies them on their ESG journey. To do so, Eurazeo has developed an **ESG progress plan** that enables financed companies to embed ESG in their business model and to progress 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. Companies may choose among the 20 criteria and should adopt a balanced approach between the various

categories. Companies' progress is measured on a four-level scale—Bronze, Silver, Gold and Platinum—depending on the number of criteria implemented. Deployment of the progress plan varies according to the nature of the asset class, Eurazeo's ownership interest, the company's willingness to take action and its level of maturity in the field of ESG. It constitutes a common framework but is not exclusive: the companies' material issues must be identified and the action plans to address them

Eurazeo supports companies with material, available on "**Connect by Eurazeo**", a digital platform exclusively dedicated to Eurazeo's network and open to all portfolio companies. A community focusing on responsibility enables the ESG managers of companies to access all the documentation, tools and training offered by Eurazeo. In addition, Eurazeo conducts regular webinars on ESG topics for its portfolio companies.

All companies financed by Eurazeo are asked to submit an **annual ESG reporting**. The data collected is used both to map out ESG progress plans and to monitor progress over time. Response rates vary from one asset class to another but are strong overall. This is reinforced through regular meetings with the leadership teams of the companies during the Board of Directors (or Supervisory Board).

More information is available in the [Shareholder's Engagement Group Policy](#) and the [Universal Registration Document](#) available on the Group's website in the *Responsibility* section.

V. 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)

VI. HISTORICAL COMPARISON

Eurazeo has published its first PAI Statement in 2021 in line with the regulatory requirements. It is available on the Group's website in the *Responsibility* section.

This is the second PAI statement. PAI indicators have been calculated for the first time in 2022, covering data from January 1 to December 31, 2021.

VII. 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 \(URD\)](#)

DISCLAIMER

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