



ESG CHARTER 2023



ESG CHARTER

Our Commitments

This charter aims to clearly state our commitments in a formal manner. At Abénex, we strongly believe that incorporating ESG (Environmental, Social and Governance) practices in our investment process will benefit both the economy and the society we live in. We are convinced that implementing ESG criteria also contributes to the value creation and long-term success of each of our portfolio companies. ESG criteria include among other things a strong focus on reducing carbon footprint, promoting efficient and responsible corporate governance and positively supporting talent and expertise development.

Abénex has received in 2022 the B Corp certification, which identifies companies that respect the environment, society and its stakeholders, and that see their businesses as a force for good, endorsing its involvement as a positive impact management company, a pioneering move for a private equity buyout fund.



Abénex has also become a purpose-driven company. The process started in 2022 with workshops with our entire ecosystems including interviews with our employees, Investors and CEOs of portfolio companies which have been conducted to elaborate our mission statement and our statutory goals. The objective was to ensure the full commitment of the entire team.



Abénex Value, Abénex's Real Estate Value-Add Fund, has received the ISR label, a guarantee of reliability and high standards, dedicated to real estate funds. This reflects Abénex's ambition to reduce the carbon footprint of its investment and allows investors wishing to invest in ESG-friendly vehicles to choose Abenex real estate funds.



Adherent of the United Nations' Principles for Responsible Investment (PRI) since 2010, we have reinforced our positioning by joining the Initiative Climate International, committing to reduce the effect of climate change with all portfolio companies. Additionally, all of our active funds are classified Article 8 of SFDR, promoting environmental and social characteristics. Finally, we have also obtained the Label Relance for our fund Abénex VI, to contribute to the economic recovery after the Covid-19 crisis.

Abénex also became a signatory of the Gender Equality Charter of France Invest since its inception as well as of the Value Creation Sharing Charter launched in 2023. In addition, Abénex signed the LGBT+ Charter of L'Autre Cercle, promoting the inclusion of LGBT+ community in the professional world.

As an institutional shareholder, we want to hold our commitment through the following actions.

1. Our Portfolio Companies

We systematically integrate our ESG values throughout the investment process.

Abénex considers ESG-related risks in its investment strategy and integrates ESG criteria into the investment process of all its funds. The exclusion policy mentioned in section 4 applies to all active funds.

Each portfolio company is subject to annual ESG monitoring by an external service provider, assessing its ESG maturity and past actions, and suggesting initiatives to further improve its ESG performance. ESG

recommendations and risks identified are passed on to the Abénex teams. These are then discussed at the portfolio company's Board of Directors or Supervisory Board, along with an appropriate action plan to be implemented, and the results are monitored. The investment teams are also in contact with the portfolio company's management on a monthly basis to discuss topics related to financial performance and operations, among which ESG.

Pre-investment Phase

- We do not invest in sectors such as: weapons, tobacco, alcohol, gambling, coal, porn industry and prostitution, as well as companies not compliant with International Treaties (Human Rights, child labour, forced labour, etc.). A wider range of exclusions has been implemented for our article 9 SFDR fund.
- Systematic ESG due diligences are carried out prior to the investment process as well as a carbon footprint assessment with a GHG reduction plan. Based on sectorial relevance, a wide range of criteria are covered such as: ethical issues, environmental impacts, gender parity, activities' impact on biodiversity, circular economy actions, etc.
- We determine the most appropriate ESG indicators to monitor progress on a yearly basis to drive positive change.
- An ESG clause is included in shareholders' agreements.

Holding Phase

- An ESG roadmap established with the management team of portfolio companies, allows us to monitor their key ESG initiatives.
- An ESG action plan for portfolio companies is defined and follow-up processes are implemented. Areas which we typically cover include: carbon footprint assessment, nominating independent board members, reducing turnover and absenteeism rates, etc.
- We annually collect and analyse ESG data from portfolio companies through a well-documented and formalised process. The deal team, together with external consultants, monitor each portfolio company, which are also assigned an Abénex ESG coordinator to oversee the process.
- An ESG detailed report is produced for each portfolio company and discussed with members of the Investment Team. Within every report, we seek alignment with the SDGs (Sustainable Development Goals from the United Nation), allowing action plans to be based on SDGs' targets and sub-targets.

Exit

- Extra-financial data is typically made available in the *Information Memorandum* and in the *dataroom*.
- An ESG vendor due diligence is systematically completed.

We allocate internal resources to ensure our ESG commitments are delivered.

- A Sustainability Abénex board meets quarterly to review our SRI & ESG strategy.
- A fully dedicated Sustainability Officer is in charge of monitoring and coordinating ESG topics and actions, supervised by the CFO (also ESG Officer) and the Partner in charge of the Operating team.

A continuous Abenex team dialogue and annual ESG training are implemented to guarantee a collective commitment of all team members, each at his/ her respective level of responsibilities.

2. Our Management Company

Environment

- ✿ We continually review our internal operations with a view to minimizing our carbon footprint. Indeed, we have assessed our carbon footprint in 2020, 2021 and 2022 with an external consultant.
- ✿ For example, key initiatives include: shifting to a green electricity provider, encouraging our employees to use trains instead of planes for business travels, encouraging employees to eat vegetarian meals at work, using trains for our team seminars, installment of a water fountain to prevent the use of plastic bottles, etc.

Social

- ✿ Our corporate values are based on transparency and promote a continuous internal dialogue among team members.
- ✿ A profit-sharing scheme has been implemented and benefits all employees.
- ✿ All team members receive an individual follow up process which includes a documented annual performance appraisal review and specific objectives set for each individual.
- ✿ For the Investment teams, a variable remuneration is linked to responsible investment performance and to the impact of sustainability risks on the investment decision making process.

Governance

- ✿ A quarterly Sustainability Committee has been set up to discuss our Sustainability policy with regards to Abénex as well as its portfolio companies.
- ✿ Abénex is independent and benefits from a stable shareholding structure with 100% of the capital owned by the management team. The control procedures include a number of committees which facilitate, within their respective scopes, a collective approach.

Societal

- ✿ In order to formalize our commitments in terms of donations and community engagement, Abénex created the Abénex Foundation, under the supervision of the "Fondation de France". The Foundation strives to support associations that encourage the inclusion of children and young adults from disadvantaged backgrounds. In 2022, we supported 5 associations (Epic Foundation, Play International, Espérance Banlieues, 1001mots and Lit Up) and donated over 100,000€.
- ✿ Some of our Investment team members are mentoring women in the private equity industry, as part of the initiatives taken by Level 20, a not-for-profit organisation dedicated to improving gender diversity in the European private equity industry. Additionally, we have become signatory of France Invest Parity Charter to promote gender equality in private equity and within portfolio companies.

With an objective of leading by example, we make sure that the business agenda of our portfolio companies include sustainability as a top priority, as it is at Abénex management company level.



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SRI POLICY 2023



Socially Responsible Investment (SRI) Policy

Introduction

At Abénex, we are convinced that in order to create long-term value and ensure that the companies we support thrive, it is essential to consider sustainable growth. We strongly believe that organizations perform better when they foster an inclusive environment where differences are valued, supported and respected. As Abenex's team has continued to grow, we aim at driving further initiatives to enhance and promote diversity and inclusion.

Investors belong to society, and we believe that their interests are aligned with those of the companies they invest in, their employees, customers, suppliers and more generally the communities in which they operate.

Therefore, while remaining driven by results, Abénex is committed to act in a manner which is respectful of Environmental, Social and Governance issues (ESG). It was this commitment that led Abénex to become a signatory of the United Nations' sponsored Principles of Responsible Investment (PRI). The firm also believes that this commitment benefits from an organized and documented approach so that it not only consists of a general philosophy but it also impacts the way the team runs its daily business and operations. Our structured approach is documented through the following documents:

- **SRI & ESG Commitment:** our key values;
- **SRI Policy:** the processes in place that enable the team to invest in, follow up and divest portfolio companies in a socially responsible manner;
- **ESG Policy:** the processes in place that enable the team to run its own internal operations with a view of ESG considerations.

SRI & ESG-Internal organisation

Abénex integrated its SRI & ESG strategy within its organization through a formal governance so that the strategy benefits from:

- **Leadership:** the SRI strategy is sponsored by top management;
- **Ownership:** responsibilities are clearly identified;
- **Collective effort:** initiatives are encouraged and taken at all levels of the company.

Abénex SRI/ ESG governance consists of

Body	Responsibilities
Abénex Sustainability Committee	- Approve and endorse the corporate SRI & ESG strategy & guidelines and policies - Monitor proper implementation of this strategy & guidelines
Sustainability Leader: Patrice Verrier	Define corporate SRI & ESG strategy
Sustainability Director & Officer: Julie Petithomme & Sandra Pekle	- Facilitate the ESG process for each portfolio company with ESG coordinators - Set up internal ESG policy for the management company including certifications, labels, environment-friendly actions, etc. - Coordinate ESG communication together with ESG Officer
CFO & ESG Officer : Laurent Chevreau	- Set up internal ESG & SRI documented policies - Communicate policies to all staff member - Ensure proper training is in place to enable awareness on ESG & SRI related topics and policies by all staff members - Coordinate ESG communication together with Sustainability Officer
Operational Sustainability coordinator: Johann Dupont	In charge of coordinating the ESG's framework methodology with the CFO and Sustainability Officer.
Midcap Sustainability coordinator: Jérôme Vandermarcq	Ensure proper implementation of ESG policies across the PE mid-cap investment team members and portfolio companies
Smallcap Sustainability coordinator: Paul Bertrand	Ensure proper implementation of ESG policies across the PE small-cap investment team members and portfolio companies
Article 9 Fund coordinator : Emmanuel Herbinet	Ensure proper implementation of ESG policies across the PE Industrial fund' investment team members and portfolio companies, aligned with the Article 9 fund's strategy
REIM Sustainability coordinator: Vincent Brunswick	Ensure proper implementation of ESG policies across the REIM investment team members
All team	Implement ESG & SRI policies

	- Show pro-activeness and initiative in sharing with the team any new ideas and initiatives which may have a positive impact on ESG & SRI areas - Each portfolio company is assigned an internal ESG coordinator from the deal team, who has the responsibility to monitor the portfolio company's ESG performance throughout the holding period.
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Since 2019, we have created a partnership with an external ESG consultant to strengthen the monitoring as well as the improvement of portfolio companies' ESG performance. The process includes, among other actions, the following steps:

- An ESG due diligence and a carbon footprint are systematically completed prior to any investment. It includes among others the completion of an ESG checklist and the documentation of ESG findings in the investment memo.
- Once an investment has been made, an annual ESG questionnaire is sent to all portfolio companies via Reporting21. A follow-up meeting is then scheduled with key executives in charge of ESG-related matters.
- An ESG assessment is produced for each portfolio company and discussed with members of the Investment Team.
- Key ESG risks and opportunities are then discussed internally and during Board meetings, whenever appropriate.

SRI - Acquisition process

SRI objectives when investigating investment opportunities: We are incorporating ESG issues when considering an investment opportunity. The degree of understanding the potential related ESG issues will grow as the investment team moves closer to making an investment decision. Where a quick initial screening may be sufficient at an early stage, a more thorough ESG assessment will be expected when presenting an investment proposal to the investment committee.

Scope of analysis when completing ESG assessment:

Depending on each investment's specificities, our evaluation should:

- Consider both current and reasonably foreseeable ESG issues, thus providing maximum visibility into the risks and opportunities;
- Cover not only legal compliance but also non-regulatory issues;
- Encourage both positive and negative due diligence reporting;
- Cover both the inherent business risks and existing mitigation strategies;
- Look into opportunities to support ESG value creation, with the help of management.

The assessment is part of the overall due diligences performed on the opportunities and the conclusion are integrated in reports from general external advisors.

Sector pre-screening: The evaluation must include overall sector pre-screening to ensure that investment opportunities do not operate in the following businesses: Weapons; Gambling; Alcohol; Pornography; Prostitution; Coal, Drugs and any other illegal activities (child labour, forced labour; etc.)

Examples of ESG information sources & diligences:

The degree and depth of diligences undertaken to assess ESG issues will be tailored to each investment opportunity, considering its specificities. The diligences may include various approaches including, among others:

- Screening & analysis of publicly-available information on the target (target public reports, press, web, industry specialized magazines...) and sectorial benchmarking;
- Screening & analysis of target information disclosed by the sellers;
- Interviews with insiders and third parties who may have an opinion on the ESG issues regarding the target. This could involve suppliers, customers, competitors, current employees, prior employees, and all other key stakeholders. The completion of the above diligences can be done either internally or externally especially when ESG-related issues appear very complex (sector specific environmental issues for instance).

Documentation of our ESG assessment:

- The overall conclusion of our ESG assessment is documented in the Investment Proposal and in the Completion Note.
- The detailed ESG diligences will be documented among the investment due diligences ("DD"). Indeed, ESG issues will often appear in all types of DDs (a financial DD may identify ESG related litigations provisions, a legal DD may identify breaches of ESG regulatory rules, a social DD could identify working environment issues).

Environmental assessment - Examples of potential issues to be considered:

Investee companies must take a cautious and responsible approach to the environment. Environmental issues will vary materially from one industry to the other and from one company to the other. The investment team will adopt a tailor-made approach focusing on the areas that appear sensitive for the targeted company. Sensitive topics may include, among others:

- Compliance with relevant environmental laws;
- Material, energy and water usage, recycling and saving initiatives;
- Carbon emissions and all forms of pollution (effluents, wastes, sound...) should be considered in both normal and abnormal conditions (e.g. accident);
- Impacts on biodiversity and mitigation of harmful impacts on the environment;
- Indirect impacts (supply chain, distribution, consumption...) on the environment;
- Carbon footprint associated with business travel and commuting (scope 1, 2 and 3);
- Stakeholders' perception and its consequences on the target's long-term viability;
- Expected environmental expenditure (for legal compliance or for best practice).

As the investment team analyses the business of a specific target, it will encounter all types of specific environmental issues that should be incorporated in this analysis.

Social/societal assessment - Examples of potential issues to be considered:

Investee companies are part of the society. As employer, supplier, customer and more generally economic agents, they have a strong impact on society. The investment team will assess whether the investment opportunities act responsibly towards society, taking an approach that is sustainable in the long term.

At a pre-requisite, investee companies must:

- Respect the protection of human rights and prohibit complicity in their violations;
- Uphold the right to freedom of association and collective bargaining;
- abolish child labor;
- eliminate forced and compulsory labor;
- Ban corruption in all its forms, including extortion and bribery, and seek compliance with relevant antifraud and money-laundering regulations.

Areas of social focus will vary across sectors, locations and may include, among others:

- Compliance with all regulations. This includes common laws, sector specific laws, competition laws, international laws for overseas subsidiaries...
- Firm stance on anti-corruption;
- Health and safety records for employees;
- Equal opportunities policy (relative to gender, age, ethnic origin...)
- Career development policies for employees including training, performance assessments, and development reviews;
- Socially related litigation underway or anticipated.

As the investment team analyses a specific target, it will encounter all type of specific social issues that should be incorporated in this analysis.

Governance assessment - Examples of potential issues to be considered:

We believe that investee companies benefit from rigorously structuring their operations, and documenting their processes. The investment team will assess whether the investment opportunity has high governance standards in place. In many circumstances, what matters most is the corporate culture and its openness to change and to implement new best practices. A deficient governance structure may not be an issue where management is keen to improve corporate practices. As part of this assessment, the team may look through various aspects including:

- Attitude of management to the overall control environment (controls, documentation, disclosures, escalation processes, accountability of individuals...)
- Mechanisms promoting transparency, sharing of ideas, escalation of issues;
- Definition and documentation of responsibilities both at individual level (job descriptions) and organization level (Committee attributions);
- Internal financial control and performance monitoring at all levels of the organization (budgets, Key Performance Indicators, qualitative reviews, quality control, etc.);

- Risk management approach including insurance policies;
- Processes in place to address potential conflicts of interests.

As the investment team analyses a specific target, it will encounter all types of specific governance issues that should be incorporated in this analysis.

SRI - Investment monitoring process

Once we become shareholders, we have the opportunity to get a more thorough understanding of the portfolio company attitude towards ESG issues and to have a positive impact on the matter. The pre-acquisition due diligences could have been limited in their scope and/or depth (often due to management and/or information issues).

- As a socially responsible investor, we encourage our portfolio companies to adopt and pursue responsible business practices, such as signing a Code of Ethics or an Anti-corruption Policy. We also have a financial interest in doing so: overseeing the management of ESG issues during the investment period has the potential to enhance value on exit. This is not a one-off exercise but an ongoing commitment which takes place in various ways.
- We sit on each investee company's board where we seek to promote a dialogue with the managers on the ESG factors that appear key to us. As Board members, we will not hesitate to engage portfolio companies on these factors and monitor progress informally or more formally depending on the circumstances.
- We send an annual ESG questionnaire to investee companies: this questionnaire is analysed internally and often lead to further exchange with the portfolio company where a topic of concern or of interest is identified.
- Data gathered in ESG questionnaires is then completed by annual qualitative interviews with key stakeholders of the portfolio company, done by an external consultant. Through a well-documented and formalised process, an ESG follow-up report is created every year to oversee the ESG progress of each portfolio company.
- ESG coordinators of portfolio companies set up annual ESG internal meeting for the team, to share key ESG issues and actions to be implemented within the year.
- We communicate Abénex Capital's PRI & ESG strategy to the portfolio company management to raise their ESG awareness.
- We support our portfolio companies to drive value from ESG issues. For example, this could be through providing access to experts, or facilitating knowledge sharing and good practice across the portfolio companies.
- We encourage management teams to inform their employees of the actions taken on ESG issues. As well as raising the awareness of issues with staff, highlighting positive actions on ESG issues can help to increase employee motivation, productivity, recruitment and retention.

SRI - Exit process

Where an ESG concern is anticipated prior to exit, a dialogue with top management should take place to allow sufficient time for action to be taken to correct or mitigate problems.

On exit, a high-level review may be pertinent to identify "lessons learnt", both positive and negative. The original acquisition due diligence report may serve as a baseline against which improvements (or



otherwise) in ESG performance can be assessed. An ESG vendor due diligence is realized to assess the portfolio company's ESG performance during the holding phase.