

CAPZA

SFDR Disclosures

Articles 3, 4 & 5 of Regulation (EU) 2019/2088

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The purpose of this document is to present:

- How CAPZA integrates sustainability risks into its investment decision-making process in line with Article 3 of the Disclosure Regulation (Regulation EU 2019/2088)
- A statement on the due diligence policies with respect to Principal Adverse Impacts, in line with Article 4 of the Disclosure Regulation (Regulation EU 2019/2088),
- How CAPZA integrates sustainability into its remuneration policies in line with Article 5 of the Disclosure Regulation (Regulation EU 2019/2088).

A. Article 3 – Transparency of sustainability risk policies

A sustainability risk means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

At the pre-investment phase, as part of the ESG pre-investment process, CAPZA identifies key sustainability risks, based on the size, sector, geographical location and business activities of the relevant investment opportunity. CAPZA uses a proprietary Sustainability Analysis Tool ("360 SAT") to assess sustainability risks through frameworks such as the Sustainability Accounting Standard Board's Materiality Map (SASB), Exploring Natural Capital Opportunities Risks and Exposure (ENCORE), and the European Taxonomy.

This tool assesses climate risks - physical and transition risks - of investments and the fund. For the assessment of physical risks, the management company uses an impact matrix developed by SCOR and the FFA, which makes it possible to assess the loss potential linked to physical risks according to sector and geography. As for transition risks, the management company assesses them according to the carbon footprint and the carbon cost.

Sustainability risks, as part of the Due Diligence process, are assessed by engaging internal and external experts and by using a combination of private information from company management and publicly available information.

During the holding period, CAPZA continues to monitor the Sustainability risks of portfolio companies through an ESG reporting process, an annual ESG scoring process, and regular engagement with the companies.

B. Article 4 - Transparency of adverse sustainability impacts at entity level

CAPZA considers principal adverse impacts of its investment decisions on sustainability factors.

The potential investments are assessed using a scoring grid that includes Principal Adverse Impact ("PAI") indicators. CAPZA has defined threshold for PAI indicators. These thresholds are periodically reviewed to take into account best practices established by the market. CAPZA considers the 14 mandatory and 2 additional PAI.

If the PAI indicators of the potential investment respect the forementioned thresholds, the investment is considered as not significantly harming any other sustainable investment objectives. In case of a negative Principal Adverse Impact ("PAI") identified for a potential investment, a clear and credible roadmap to limit or suppress this adverse impact needs to be integrated in the documentation of the transaction, to be considered not significantly harming any other sustainable investment objectives.

For Equity investments, third-party Due Diligence is systematically conducted if a potential investment's undertaking belongs to a High Impact Sector (Climate¹, Biodiversity², or Social³), or if the PAI thresholds are not respected. In other cases, internal Due Diligence is conducted. The Due Diligence defines areas to be monitored and improved during the

¹ As defined in the Regulation (EU) 2022/1288: NACE codes A to H, and L.

² As defined by the FFA, based on the ENCORE framework: NACE codes A to F, H, I, and L.

³ NACE code Q.

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period of detention and best effort to build a sustainability roadmap. Best efforts are consequently made to structure a sustainability driven transaction with the definition of the mechanisms and calendar.

For Debt investments, internal Due Diligence is systematically conducted. The Due Diligence defines areas to be monitored and improved during the period of detention and best efforts to build a sustainability roadmap. Best efforts are consequently made to structure a sustainability driven transaction with the definition of the mechanisms and calendar.

Furthermore, when the Investment is made, the underlying asset is assessed against the PAIs on an annual basis.

The data concerning those PAI indicators are disclosed by the portfolio companies and are gathered in the ESG report.

CAPZA aligns its consideration of the PAI of its investment decisions with the goals of the Paris Agreement, by regularly evaluating the climate-change risk of its portfolio as part of its annual ESG assessment. The Paris Agreement aims to limit global temperature increases to "well below" 2 degrees Celsius above pre-industrial levels and to strive for a 1.5 degree increase this century.

CAPZA is a signatory of UN Principles for Responsible Investment (PRI) since 2011, of the France Invest charter for Diversity and Value Sharing, and of the International Climate Initiative.

CAPZA considers the 14 mandatory and 2 additional PAI.

Mandatory PAI:

1. GHG emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity-sensitive areas
8. Emissions to water
9. Hazardous waste and radioactive waste ratio
10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons

Additional PAI:

1. Investments in companies producing chemicals (Indicator 9, Table 2)
2. Rate of accidents (Indicator 2, Table 3)

C. Article 5 - Transparency of remuneration policies relative to the integration of sustainability risks

The annual objectives of the members of the management team include an ESG dimension, with, in particular, the compliance with CAPZA's ESG policy in the investment process (due diligence, monitoring...). As the identification,

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integration and monitoring of sustainability risks and principal adverse impacts are integrated throughout the investment process, they have an impact on the level of variable compensation of the partners as agreed by the Compensation Committee. Achievement of ESG objectives can account for 15% of the variable compensation.

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