



# CAPZA

**Supporting SMEs and mid-cap companies  
towards a sustainable world**

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Sustainability Report 2023

# Executive summary

## 1. Convictions

360°

Transforming companies  
Leading by example  
Influencing

ESG

An ESG committee monitors the integration of the policy into investments

Resources deployed

CSR and ESG Committee  
One ESG referent per investment strategy  
550k allocated to external ESG services  
ESG-linked variable compensation for partners  
ESG Carried in our latest funds

Training

About our teams and participations based on the Fresque du Climat and 2 tonnes workshops

## 2. Process

100%

of our investments are covered by a pre-investment analysis of sustainability risks and consideration of IAPs, and by an annual ESG analysis with a post-investment feedback call with the company.

100%

of greenhouse gas emissions from our investments and mandatory PAIs are assessed

Vote

Systematic application when Capza holds at least 5% of the capital  
Annual committee discussion of major ESG issues

## 3. Climate

70%

Equity AuM to be aligned with a Net Zero trajectory by 2030

Climate Strategy

Exclude  
Measure  
Manage  
Reduce  
Compensate

Products

**Maif Dette à Impact environnemental and Flex Equity Mid Market II:** two funds launched in 2022 with the aim of decarbonizing in line with the Paris agreements

Carbon intensity

< 20 tCO2eq/M€ scope 1,2  
<300 tC2/M€ scope 1,2 3

Taxonomy

2.7% alignment with European environmental taxonomy

## 4. Biodiversity

Measures

Biodiversity KPIs for our investments  
The biodiversity dependency of our portfolios  
The biodiversity impact of our portfolios

10%

Of our portfolio companies are highly dependent on biodiversity

5%

Of our portfolio companies have a very strong impact on biodiversity

WATER

The top priority of our biodiversity strategy

## 5. Portfolios

SFDR

100% of diversified funds raised from 2018 are at least Article 8

1.5°C

Target trajectory of our portfolios not to be exceeded

Response rate

Over 75% response rate to our annual ESG questionnaire

Share capital

The most material sustainability issue for our portfolio according to SASB

Pay gap

18% unadjusted gender pay gap



# 1. Our Convictions

**2011**

PRI Signatory

**360°**

Scope of our support

**ESG**

A Robust and operational  
governance

**15%**

Proportion of partners' variable  
compensation indexed to ESG  
criteria starting in 2022

**2021**

Creation of our in-house  
Sustainability & Impact expertise

# Our priorities

Our ESG strategy is based on two key principles:

- (1) The environment, with the goal of carbon neutrality by 2050 and the preservation of species and ecosystems
- (2) The social axis, promoting inclusion and value sharing

One principle: **reciprocity**.

In other words, the 360° approach is applied across the board, applying the same transparency requirements, incentive mechanisms and transformation levers to CAPZA as are applied to equity investments, in order to create a virtuous dynamic and encourage corporate buy-in.

## OBJECTIVES OF DEVELOPMENT DURABLE



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COMBATING CLIMATE CHANGE

### CARBON NEUTRALITY BY 2050

- Progressive alignment on a trajectory compatible with 1.5°.
- Decarbonization clause in line with the ambition of carbon neutrality in all equity investments
- Offer climate training to portfolio companies
- **70%** of assets managed in equity on a net-zero trajectory by 2030
- **50%** of assets managed in debt on a net-zero trajectory by 2030



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EARTH LIFE

### PRESERVING SPECIES AND ECOSYSTEMS

- **Annual biodiversity risk analysis**
- **100%** of companies (equity) with very high biodiversity stakes implement a responsible purchasing policy and action plan
- **100%** of companies (equity) with a very high water stake implement a water management policy
- Develop and promote CAPZA's responsible purchasing and water management policy



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REDUCING INEQUALITIES

### PROMOTING INCLUSION AND SHARED VALUES

- Objective: within two years of investment (shares), at least **one independent member**, striving to **promote and increase the diversity of the Board of Directors**.
- 100% employee shareholders by 12/31/2022
- 50% women on the COMEX
- Gender equality index in 2022: 66/100 (+11 compared with 2021). In 2023, CAPZA stepped up its efforts to improve the pay gap between women and men in the various age groups.
- 2030 target: 30% women partners, 40% women in investment teams

## OBJECTIVES FOR OUR COMPANIES

## OBJECTIVES FOR THE MANAGEMENT COMPANY

# ESG Governance

On the strength of our convictions, we have deployed ESG governance as close as possible to our investment teams.

Headed by **Aurore Gauffre** (member of the Executive Committee and member of the FEMM2 and MAIF Dette à Impact Environnemental investment committees), the Sustainability and Impact team acts as a link between General Management, and in particular Benoit Choppin, Managing Director for this area, and the investment and cross-functional teams on ESG issues.

The Sustainability and Impact team also relies on a network of ESG referents from each of the investment teams, and on ESG committees organized at both CAPZA and strategy level.

The CAPZA ESG Committee provides an opportunity to review overall strategy and processes, as well as overall extra-financial performance.

Strategy-specific committees review the extra-financial performance of each fund in detail, and determine action plans for each company.

## Sustainability and Impact team

ESG is an integral part of the CAPZA teams. **Aurore Gauffre (Sustainability and Impact Director)** is in charge of defining and steering our ESG strategy.

She is supported by three Sustainability and Impact analysts, Yasser Sael, Solenn Deluche and Hugo Villain.

The department will continue to expand over the next few years, in line with reporting requirements and our approach of actively supporting our investments.



Sustainability team as % of total FTE



## ESG referents

The team also relies on a network of ESG advisors from each of the investment teams.

The appointment of a dedicated ESG referent within each investment team enables us to disseminate our ESG strategy within each investment strategy, and to ensure that our best practices emerge and converge. A monthly meeting is organized between the sustainability and impact team and the ESG referents.



Oriane Mizrahi  
Partner, Private Debt



Maxime Bridlance  
Principal, Transition



Fabien Bernez  
Partner, Flex Equity



Louise Gros  
Principal, Growth Tech



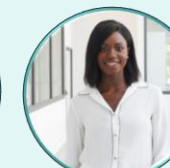
Marion de Bonneville  
Principal, FEMM



Constantin Kryvian  
Principal, Artemid



Thomas Lafougère  
Principal, Flex Equity



Mariama Jassigui  
Principal, Growth Tech

## Cross-functional teams

Compliance, Middle Office, Product, Legal and Communications are all closely involved in implementing our ESG policy in their areas of expertise. The Sustainability and Impact team is in constant contact and exchange with them.

# ESG and CSR Roadmap 2022 and 2023

The years 2022 and 2023 were years with a strong acceleration in implementation of our sustainability strategy and processes

Numerous initiatives have been put in place thanks to the mobilization of everyone at CAPZA



## Solutions and funds

- ✓ Definition of the ESG strategy for the two funds with a **decarbonization objective**: *MAIF dette à impact environnemental and Flex Equity Mid Market 2*
- ✓ Publication of our pre-contractual and periodic templates
- ✓ Publication of PAI and EET
- ✓ Overhaul of our ESG **reporting** by fund



## Company support

### Sustainability and Impact Acceleration Program

- ✓ **Climate fresk workshop** training by our internal animators
- ✓ ESG policies available
- ✓ Reinforced **support** through dedicated annual ESG analysis meetings
- ✓ Creation of an **ESG rating** and E, S, G sub-ratings for each company
- ✓ Identifying grants and subsidies
- ✓ Creation of **Sustainability** and Impact **awards** for our portfolio companies



## Internal

- ✓ Definition of **CAZPA priorities** and associated targets
- ✓ Creation of governance and allocation of an annual budget for **CAPZA4GOOD**
- ✓ Climate fresk training for all
- ✓ Integrating **ESG objectives into partner remuneration**
- ✓ Implementation of ESG analysis and annual rating for ATALANTE
- ✓ Development of a "360 SAT" ESG **benchmarking** tool for **companies**
- ✓ Overhaul of pre-investment **ESG process**
- ✓ Publication of our **voting policy**



## Communication and initiatives space

- ✓ Winner of AGEFI's "Entreprises et finance durable" award in the Private Equity category
- ✓ Contribution to the IC climat **decarbonation guide**
- ✓ Overhaul of ESG communication on our website
- ✓ Publication of an article on impact

# ESG-related compensation

We are convinced that integrating sustainability objectives into compensation encourages team commitment and alignment of interests.

We have built a transparent approach, with shared objectives that are monitored throughout the year.

Annual variable remuneration is linked to the application of processes and commitment to the deployment of the climate fresck workshops among our portfolio companies, as well as to the response rate to ESG questionnaires.

For the carried interest or the performance fees, the ESG part depends on the application of processes but also on impact criteria such as the reduction of the fund's greenhouse gas emissions.

## Incorporating ESG and CSR objectives into carried interest or performance fees for funds

The carried interest or outperformance bonus of our latest funds is linked to **the achievement of ESG objectives**. These ESG objectives may relate to **processes** (minimum proportion of sustainable investments, minimum proportion of "sustainability-linked" investments, etc.) or to **impact**, such as the decarbonization trajectory.

Our aim is to extend this practice to all our future funds.

In addition, and as part of this 360° commitment, we offer our investment teams the opportunity to sign a side letter committing them to repaying part of their carried interest if CAPZA's internal CSR objectives are not met. In this way, **our teams are fully aligned to help CAPZA and our portfolio companies progress**.



## Sustainability risks are integrated into compensation policies

### In annual remuneration :

ESG criteria account for 15% of the variable remuneration of *partners*. This extra-financial remuneration takes into account the following elements:

- **ESG-climate analysis** in investment notes
- **Proper implementation of our ESG process** and policy
- **An analysis of the feasibility of setting up a value-sharing** or structuring management package or debt structuring with ESG objectives.
- **Formalizing the ESG contribution** of CAPZA and the fund in the letter of intent
- **Sharing ESG fact sheets** with all companies and including ESG on the Supervisory Board agenda every year.
- **Involvement** of investment teams in data collection and ESG analysis reporting
- Organization of a **climate fresck workshops** in our portfolio companies
- Participation in ESG committees

*The inclusion of ESG criteria in variable compensation will be extended to all investment teams in 2024 and to all CAPZA employees in 2025.*

# The CAPZA CSR Committee

We have set up a CSR committee (CAPZA for GOOD) which aims to improve our internal practices and propose projects with a positive impact, with the support of all employees. We dedicate a portion of our management fees to this committee's mission.

The governance of CAPZA for GOOD was formalized at the end of 2022.

The CAPZA 4 Good Committee has 13 voting members. It meets monthly and adopts decisions by a 2/3 majority.

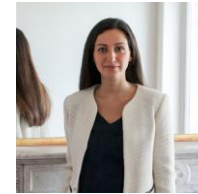
The CAPZA 4 Good Committee has funded the following initiatives:

- The Rescue Ocean project, which aims to raise awareness of the need to protect the oceans through popular sporting events, the GEF fund
- The Advvens endowment fund, which promotes inclusion and education, with a focus on the younger generation and the most vulnerable.
- The Atout cœur association supports social, societal and human causes.

Capza also supports the "Investir pour l'enfance" sharing fund



Bénédicte de Tissot  
CFO



Oriane Mizrahi  
Partner, Private Debt



Fabien Bernez  
Partner, Flex Equity



Aurore Gauffre  
Head Sustainability & Impact



Thomas Lafougère  
Principal, Flex Equity



Constantin Kryvian  
Principal, Artemid



Stefano Zavattaro  
Partner, Italy



Bertram Schütz  
Partner, Germany



Alexandra Nallet  
Head of Compliance



Geert Brulot  
Principal, Benelux



Caroline Karpriel  
Head of communication



José Tomas Moliner  
Partner, Spain



Astrid Delanoë  
Head of HR

## CAPZA 4 good





# Additionality via training

Staff training and awareness-raising are essential to the successful implementation of an ESG policy.

CAPZA's teams receive ongoing training on sustainability issues and how to limit our negative impact and make a positive contribution, whether in our role as an investor in companies or in our direct emissions linked to travel, electricity use, IT equipment use...

Training can take various forms: workshops, training courses, exchanges with the Sustainability and Impact team and external speakers.



## The Climate Fresk workshop

We're convinced that a good understanding of a problem is a prerequisite for finding solutions and taking action.

So we decided to roll out the "Climate Fresk" workshops to all our employees.

We also offered CAPZA employees the opportunity to train as animators.

Today we have 12 Climate Fresk animators at CAPZA.



Aurore Gauffre



Yasser Sael



Caroline Karpel



Hugo Villain



Solenn Deluche



Thibault Chatagnon



Annie-Laure Servel



Marion  
de Bonneville



Alexandra Nallet



Thomas  
Lafougère



Constantin Kryvian



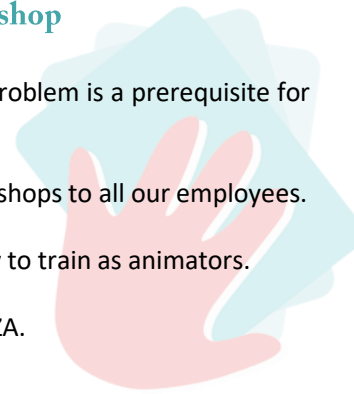
Timothée Le Page

This year, we asked participants to complete the ESG questionnaire on the climate fresk: have they already deployed it internally? If not, would they like to do it with us?

We are in the process of organizing **several fresks in our portfolio companies.**

15% of our portfolio companies had already organized a climate fresk and 31% would like CAPZA to organize a climate fresk.

We take advantage of the 30 minutes at the end of the workshop to analyze the company's ESG footprint and reflect collectively on actions to be taken to improve it. This exercise enables the teams to get involved in their company's CSR project and roadmap.



## Other trainings

We also offer specific training courses for our employees. Over the past 12 months, we have provided training on the following topics:

- Regulations: SFDR, Taxonomy and CSRD
- Climate risk analysis
- Biodiversity and analysis of dependencies and impacts
- Value sharing

We also organize **lunch-debates on sustainability.** These debates for employees, investors and companies are designed to give us the opportunity to deepen our understanding of environmental and societal issues, and to ask questions about the solutions to be found.



Figure 6: A Sustainability lunch-debate organized around Timothée Parrique and the concept of degrowth.

# Our definition of sustainable investment

In June 2022, we formalized our definition of sustainable investment and integrated it into our ESG procedure.

This methodology is applied to all our investments and funds.

The sustainable investment qualification is formalized in the Investment Committee memo.

## A sustainable investment

Is an investment that :

### Contributes to a social or environmental objective through

- **The products and services proposed** if they help meet one of the Sustainable Development Goals (SDGs) and if these products and services represent more than 25% of revenues or if it is expected that these products and services will represent more than 25% of revenues within the fund's investment horizon
- **The company's credible commitment to decarbonizing** its operations in line with the Paris agreements.
  - For companies with fewer than 500 employees, this commitment may relate solely to scopes 1 and 2, although scope 3 must also be measured and reduced.
  - For companies with more than 500 employees, the reduction of their carbon footprint in line with the Paris agreements must cover scopes 1, 2 and 3.

### Without causing significant harm to other environmental or social objectives

- Or that a clear roadmap to limit or eliminate these negative effects/externalities has been defined and integrated into the transaction documentation.

### Applying good governance practices

The main governance issues assessed are as follows:

- **Existence of internal processes/mechanisms to monitor compliance with the UN Global Compact** or the OECD Guidelines for Multinational Enterprises,
- **Existence of a written policy** (e.g. HR policy, code of ethics, etc.) outlining commitment to respecting human rights and preventing forced labor in operations and the supply chain, gender pay gap, and compliance with tax obligations

## Sustainable development goals



The contribution to a sustainable development goal is clarified by assessing more precisely the contribution to the targets associated with the SDG and quantification through associated monitoring indicators.

We also use the <https://sdgcompass.org/business-indicators/> resource to find indicators adapted to companies by sector of activity.

# Funds article 6, funds article 8 and funds article 9

All the diversified funds we have launched since 2017 are Article 8 funds or Article 9 funds as defined by the SFDR.

The two funds launched by CAPZA in 2022 are decarbonization funds, illustrating our teams' strong desire to support small and mid-cap companies on a decarbonization trajectory aligned with the Paris Agreement.

VINTAGE	FUNDS	SFDR CLASSIFICATION
2013	Capzanine 3	Article 6 <sup>(1)</sup>
2015	Artemid Senior Loan <sup>(3)</sup>	Article 6 <sup>(1)</sup>
2015	Artemid CA <sup>(3)</sup>	Article 6 <sup>(1)</sup>
2016	Capzanine 4	Article 6 <sup>(1)</sup>
2017	Capzanine 4 Private Debt	Article 8
2017	Artemid Senior Loan II <sup>(4)</sup>	Article 8
2018	CAPZA Transition <sup>(5)</sup>	Article 8
2019	CAPZA 5 Private Debt	Article 8
2020	CAPZA 5 Flex Equity	Article 8
2020	CAPZA Flex Equity Mid Market	Article 8
2020	Artemid Senior Loan III <sup>(4)</sup>	Article 8
2021	Artemid CA II <sup>(3)</sup>	Article 8
2021	CAPZA Growth Tech	Article 8
2021	CAPZA 6 Private Debt	Article 8
2022	CAPZA Flex Equity Mid Market II	Article 8
2022	MAIF Environmental Impact Debt <sup>(2)</sup>	Article 9

<sup>(1)</sup> ESG practices and processes identical to CAPZA Article 8 funds. As the fund is at the end of its life, the prospectus has not been modified, which means that it does not qualify as an article 8 fund.

<sup>(2)</sup> Funds raised in 2022 with a decarbonization objective

<sup>(3)</sup> Managed by a third party and advised by Artemid SAS

<sup>(4)</sup> Managed by a CAPZA advised by Artemid SAS

<sup>(5)</sup> Managed by CAPZA and advised by CAPZA Transition SAS



## 2. Our processes

16

ESG maturity indicators

145

Questions asked in our  
questionnaire

100%

of our investments are covered  
by a sustainability analysis

100%

of greenhouse gas emissions from  
our investments are evaluated.

# ESG policy and strategy

We are convinced that ESG practices contribute to the long-term performance of the companies in which we invest.

Our ESG commitments :

- Aim to support the integration of sustainability into the business models of our portfolio companies.
- Leverage the long-term value of our investments
- Are integrated into our investment process and cover 100% of our investments

**We take into account the main negative impacts and sustainability risks:**

As part of the ESG due diligence and investment process, we identify the main sustainability and climate-related risks, as well as the main negative impacts of the company under review.

During the detention period, we collect annual data enabling us to analyze and monitor 16 priority ESG KPIs and over 100 extra-financial criteria.

## Commitments to portfolio companies

In order to help our portfolio companies improve their ESG practices, we have integrated ESG considerations into all our discussions with the small and mid-cap companies we finance.

ESG has become an integral part of our meetings with the management of our portfolio companies: discussions on the main sustainability risks and their impact on corporate strategy, implementation of ESG roadmaps, measurement of carbon footprints and monitoring of the main associated indicators.

Moreover, our annual ESG process includes two meetings with the portfolio companies : an initial meeting to check the quality of the data, and a second meeting with Sirsa and CAPZA's investment and ESG teams to feed back the ESG analysis to the company.

Convinced of the importance of ESG governance at the level of our investments, we support our portfolio companies in setting up dedicated ESG decision-making structures (impact and/or ESG committees) and ESG reporting systems. We also pay particular attention to the human resources management of our investments, promoting the values of diversity and inclusion.

## Transparency

The ESG policy and process, as well as the list of our exclusion sectors, are publicly available on our website.

We also participate in leading associations on the integration of sustainability risks into investment.



# The investment process

ESG is an integral part of our investment process, from the pre-investment phase to the sale of investments.

The pre-investment process aims to identify sustainability risks and potential impacts on sustainability factors. To enable investment teams to integrate sustainability issues into their strategic assessment, this analysis is carried out early in the investment phase.

- ESG risks of our portfolio companies
- Objectives to be implemented
- Implementation of resulting actions
- Opportunities arising from the sustainable transformation of our portfolio companies
- Measuring the impact of these actions

## Excluding the most harmful activities

The investment teams verify **compliance with CAPZA's exclusion policy**. Our exclusion policy aims to avoid activities that significantly harm the climate and biodiversity or raise serious ethical issues, and is based on different types of exclusion

- **Standards-based exclusions**: this category includes illegal economic activities and activities that result in a serious violation of international standards, conventions, rules or protocols to which France is a signatory, including the United Nations Global Compact.
- **Sectoral exclusion for environmental reasons**: fossil fuels, non-conventional energy, mining, unsustainable wood pulp or palm oil, products containing polychlorinated biphenyls, asbestos fibers, drift nets longer than 2.5 kilometers.
- **Sectoral exclusion for societal reasons**: prostitution, pornography, weapons (including white phosphorus weapons) and ammunition, GMOs, human cloning, drug use

## Assessing the materiality of the sustainability issue for the investment

The investment teams then assess the materiality of sustainability issues on the basis of an in-depth review.

-**Controversy analysis**, which may lead to halting the investment process - Identification of sustainability risks and opportunities based on the SASB (*Sustainability Accounting Standard Board*) framework.

-**Internal rating** based on PAI and other criteria

-A **list of predefined high-stakes sectors** (*agriculture, forestry and fishing; mining and quarrying; manufacturing; energy; water supply, sewerage and waste management; construction; wholesale and retail trade; transport and warehousing; accommodation and catering; real estate; healthcare*). This list includes sectors with a high impact on the environment.

## Due diligence

### Debt

When the ESG challenges of opportunities are identified as significant: an in-depth due diligence is carried out by the Sustainability & Impact team, including a discussion with the management of the target company. The in-depth ESG analysis covers climate (physical and transitional) and biodiversity risks, as well as potential and contingent APIs.

When the ESG challenges of opportunities are identified as insignificant: the investment team conducts a double ESG materiality analysis covering PAIs, using SASB analysis frameworks and external and internal tools. The Altitude tool, developed by AXA climate, which enables climate and biodiversity analysis based on sectoral and geographical data, is also used.

An analysis of the sponsor's PRI rating and, where applicable, a summary of the sponsor's ESG due diligence report are included in the investment memorandum.

### Equity

When the ESG challenges of opportunities are identified as significant: an in-depth due diligence is carried out with a third party, including a discussion with the management of the target company. The analysis covers climate (physical and transitional) and biodiversity risks. A preliminary ESG roadmap is drawn up and included in the investment memorandum. Where possible, we integrate the investments and costs required to realize the ESG roadmap and value creation opportunities into our business plan (CAPZA case).

When the ESG challenges of opportunities are identified as insignificant: the investment team carries out a double ESG materiality analysis, using SASB analytical frameworks and external and internal tools.

# Use the power of linking investments to sustainability

ESG is an integral part of our investment process, from the pre-investment phase through to the sale of investments.

The pre-investment process aims to identify sustainability risks and potential impacts on sustainability factors. To enable investment teams to integrate sustainability issues into their strategic assessment, this analysis is carried out early in the investment phase.

## Inclusion of CSR objectives in shareholder agreement or debt contract clauses

We seek to include investment-specific CSR clauses in shareholder agreements or debt contracts.

We have undertaken to include a clause committing the company to making its best efforts to **reduce its greenhouse gas emissions in line with the objective of carbon neutrality by 2050** in all our equity investments.

We include this clause in all our debt contracts for the MAIF Debt with Environmental Impact fund.

We are looking to add CSR clauses that are consistent with the potential risks we identified during the due diligence phase.

*For example, if the Penicaud index is below the legal minimum, we add a clause to the shareholders' agreement specifically aimed at implementing measures to advance gender equality within the company.*

### Example of a decarbonation clause

*The shareholders and management are committed to setting the Group on a path to reduce its greenhouse gas emissions, in line with the ambition of a Net Zero economy by 2050, and limiting global warming to 1.5°C by 2100. To this end, a Group-wide carbon assessment (scope 1,2,3) will be carried out within 6 months of the investment to define quantified reduction targets.*

## Integrating mechanisms to align interests

We also seek to integrate sustainability objectives into the transaction:

In debt, this translates into the implementation of a mechanism for fluctuating the cost of debt (ESG ratchet) according to the achievement of extra-financial objectives (sustainability-linked loan). We intend to extend this mechanism to the majority of our private debt financing with Artemid and CAPZA Private Debt.

For equity investments, we analyze the feasibility of setting up a value-sharing mechanism within the future portfolio company, as well as the integration of sustainability objectives into capital gains retrocession clauses.

In 2022, 57% of our debt investments had integrated sustainability objectives, and 39% of our equity investments.

	<i>% of AUM</i>
<b>SPTs</b>	29%
<b>GHG Emissions related SPTs</b>	11%
<b>Paris Alignment SPTs</b>	7%

<b>SPTs implemented in 2022</b>	
	<i>% of Transactions</i>
<b>Equity</b>	39%
<b>Debt</b>	57%
<b>All Strategies</b>	51%

# Our exclusion policy

Capza does not invest in companies that do not comply with international standards such as the United Nations Global Compact.

Furthermore, CAPZA does not wish to invest in sectors and activities that have proven significant impacts on the environment and society, or that generate additional risks (reputational risk, ethical risk, legal risk, etc.).

## Our exclusion policy

Exclusion policy CAPZA	Precision	Materiality threshold
<b>Normative exclusion</b>		No
<b>Coal</b>	Extraction, production	No
<b>Other fossil fuels</b>	Extraction, production	No
<b>Non-conventional energies</b>	Extraction, development, production	No
<b>Mining</b>	Expansion and/or greenfield	No
<b>Unsustainable palm oil or wood pulp</b>	Extraction, production, distribution	No
<b>Drift nets more than 2.5 kilometers long; (y) asbestos fibers; or (z) products containing polychlorinated biphenyls ;</b>	Production, trade, use	5%
<b>Plant, animal, species governed by the CITE and without a permit</b>	Trade	No
<b>Protected areas</b>	Development in	No
<b>Tobacco</b>	Production, trade and related services	5%
<b>Casinos</b>		No
<b>Prostitution</b>		No
<b>Weapons and ammunition (including white phosphorus weapons)</b>	Production and trade	No
<b>GMOs</b>	Production and trade	No
<b>Human cloning</b>	Research, development or technical applications	No
<b>Distilled alcoholic beverages</b>	Production and trade	Significantly
<b>Pesticides</b>	Production and trade	Significantly



# Our ESG analysis and annual rating process

Together with Cority21, we have built up a tailor-made ESG analysis process, which we continue to enhance.

## Our ESG data collection process

Cority21 assists us in collecting over 150 indicators (including the main adverse impacts required by SFDR regulations) combining qualitative and quantitative data, enabling us to establish the level of maturity of companies on each of the 16 ESG issues presented in the example radar.

To lighten the process for companies and avoid multiple questionnaires, we use InvestEurope's reference framework and add additional questions specific to our strategy, enabling us to meet the regulatory requirements of Article 8 and 9 funds.

These indicators, including PAIs, are consolidated at the level of each fund and the management company.

## Our ESG scoring

We measure the ESG risk associated with 16 extra-financial issues such as climate, biodiversity, training, social dialogue and governance, assigning each issue a risk score out of 5.

**This risk score is the result of the difference between the level of the issue and the level of maturity.**

The stakes depend on the size of the company, its sector of activity, its countries of operation, the data provided and, to a lesser extent, on the other companies in the portfolio.

The maturity score identifies the company's level of commitment and awareness. The greater the gap between the issue level and the maturity level, the higher the ESG risk for the given issue.

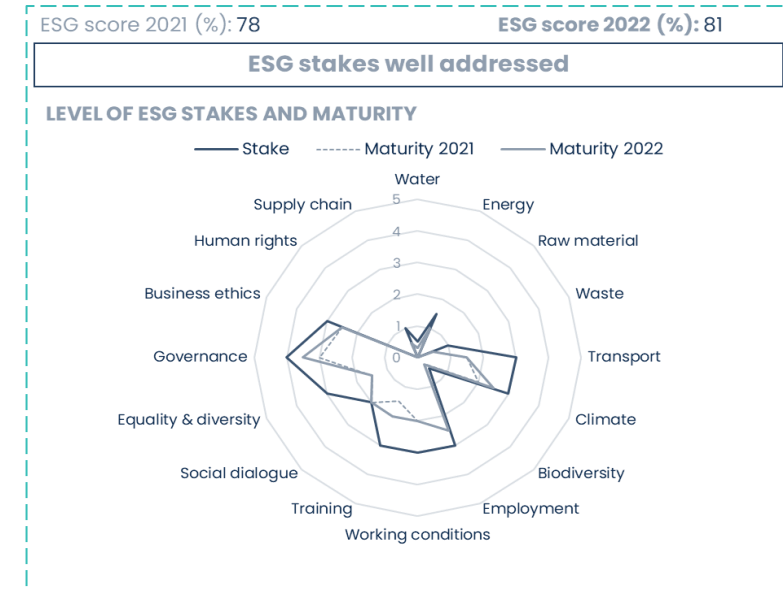
On the basis of each rating, CAPZA assigns an overall score out of 100. At the end of 2022, the ESG scores of CAPZA's portfolio companies ranged from 49 to 90, with an average of 74.

## Our annual report and updated action plan

For each company, a report is produced, based on the annual analysis and including a follow-up of the action plan, with the environmental, social and governance actions already implemented, and those currently being implemented, as well as the actions to be taken to ensure the company's progress. This sheet also provides an update on the achievement of any SPTs (Sustainability Performance Targets) associated with the investment.

A dedicated meeting with the company's management and a member of CAPZA's investment team and Sustainability and Impact team is scheduled to review the analysis and discuss best practices; to commit the company to its annual action plan; and to answer the company's questions and needs in terms of service providers, costs and methods for implementing specific roadmap actions.

The ESG data collected is then consolidated at portfolio level. CAPZA prepares an ESG report for each investment fund. The consolidated reports are made available to investors on our Intralinks platform in July of each year.



Example of notation feedback

# Risk Management

We analyze all the financial and extra-financial risks associated with the investment.

We measure the ESG risk of our investments annually and have established a process for identifying and managing significant risks.

If an ESG risk is greater than 4 for a company (issue score minus maturity score greater than 4), we organize a dedicated committee with senior management, the compliance director and the partner responsible for investment to discuss and find mitigation measures.

Together with all our companies, we are committed to reducing the risk of every issue.

## Climate risk management

For each investment with a high or very high climate impact (4 or 5 out of 5), we study the **appropriate mitigation measures** to integrate them into our sustainability roadmaps and discuss them with the companies.

We help companies to raise their **awareness of these issues** by offering training and encouraging the implementation of an environmental policy.

For each new equity investment, we include a commitment from the company and shareholders to do their best to decarbonize in line with Net Zero by 2050.

We are committed to ensuring that 100% of our portfolio companies (equity) with a very high climate impact (as assessed by a third party) have an environmental or climate policy in place by 2025.

## Biodiversity and water risk management

For every investment with a high or very high impact on biodiversity and water (4 or 5 out of 5), we study the appropriate mitigation measures to integrate them into our sustainability roadmaps and discuss them with the companies.

We help companies to become aware of these issues by encouraging the **training and implementation of the responsible purchasing and water policies we have developed**.

We are committed to ensuring that 100% of our portfolio companies (equity) with a very high biodiversity stake (as assessed by a third party) have a responsible purchasing policy in place by 2025, and have a formal action plan in place, in line with the goals of the Kunming-Montreal Global Biodiversity Framework by 2030.

We encourage **biodiversity training** and the implementation of an action plan, in line with the objectives of the Kunming-Montreal Global Biodiversity Framework, in all our portfolio companies.

We are committed to ensuring that 100% of our portfolio companies (equity) with a very high water challenge (as assessed by a third party) have implemented a water management policy by 2025. We encourage water training and the implementation of a water management policy and water-saving solutions in all our portfolio companies.

## Informing investors in the event of serious incidents

In the event of proven serious controversies or incidents, internal communication takes place with members of the fund's Investment Committee, the Chief Compliance Officer and the Head of Sustainability and Impact, who pass these points on to Capza's Board of Directors through the Compliance Committee. If the event has a significant impact on financial value, specific information is prepared for investors.

# Our operational support

Our companies need to be supported on sustainability through the following strategic axes:

- Navigating the complexities of ESG regulatory frameworks
- Integrate the climate transition into their business model
- Meeting customer requirements (calls for tender, ESG data, etc.)
- Responsible employer / talent retention

## Delivering the highest ESG standards

We provide companies with ESG policies (Code of Ethics, Responsible Sourcing Policy, Water, etc.) to the highest standards, so that they can implement them directly or use them as a basis for adapting them to their specific issues.

## Sustainability awareness and education

We offer training and awareness-raising events on sustainability to our shareholders and investors:

- **Sustainability lunch debates**, aimed at providing a better understanding of a specific topic
- **Sustainability webinars**, aimed at informing them about the sustainable development regulations impacting them, as well as about aid schemes and subsidies to finance their transition, or to share practical case studies on implementing a CSR roadmap.
- **Sustainability workshops**, aimed at working on sector-specific issues and fostering collective intelligence and best practices within the same sector.



## Build an ecosystem of operational partners

We have formed partnerships with relevant companies on specific operational issues.

These partnerships enable our portfolio companies to implement projects on preferential financial terms and within an optimal timeframe.

- **ESG strategy**  
- **Carbon footprint** 
- **Energy**  
- **Mobility**  
- **Human resources**  

## Highlighting our companies at the Sustainability and Impact Awards

In 2023, we decided to launch the **CAPZA Sustainability and Impact awards**. The aim of these awards is to highlight companies' commitment and share best practices.

As part of CAPZA's annual ESG reporting, carried out with Cority21, over 110 companies were surveyed on more than 100 questions concerning various aspects of their CSR policy.

The winners are :

- **Best footprint** : Questel and Audensiel
- **Best progression**: Eternity systems
- **Best initiative**: Advens

# Our policy voting

As an integral part of our support approach, we favor regular, long-term dialogue with all our portfolio companies, and we are consulted prior to their general meetings. This is why our votes are almost exclusively positive.

## Dialogue with investee companies

As an integral part of our support approach, we encourage **regular, long-term dialogue** with all our portfolio companies. This dialogue takes the form of regular meetings with the companies' executives, management bodies and, where appropriate, other shareholders.

We **support our portfolio companies in setting up ESG processes**, and initiate them where they do not already exist.

We include ESG objectives when signing acquisition contracts, whenever relevant and depending on the investment strategy.

## Voting rights

Our voting policy is designed to put the **interests of our investors first**.

Although most of our investments are in unlisted assets, our voting policy may apply to listed assets in the event of an IPO or delisting.

Our voting policy is systematically applied as soon as our shareholding reaches 5%, and we are committed to actively monitoring our voting policy. Aligning the financial and non-financial performance of our investments is one of the key principles of our policy.

In order to raise companies' awareness of extra-financial issues, we ensure that major ESG issues are discussed annually by committees of management bodies.

## Our commitment upstream

As we are generally the reference (and/or majority) shareholder, we are consulted ahead of portfolio companies' general meetings. This is why our votes are almost exclusively positive.

## In practice

Managing directors are responsible for voting at shareholders' meetings. They are in charge of analyzing the resolutions passed, including those concerning changes to the company's bylaws, approval of the financial statements, and all decisions relating to the company's non-financial and CSR performance.

You can find the annual report on our voting policy on our website, and below the report on the expression of votes.

	Number of resolutions	Approval of all resolutions	Opposition to some of the resolutions	Opposition to all resolutions
Balance of power	15	7	0	0
Value distribution	19	17	0	0
Transparent information	14	6	0	0
Financial structure	37	15	0	0
Amending the Articles of Association	7	4	0	0
AGM procedures and formalities	24	15	0	0
ESG-climate	0	0	0	0
<b>Total</b>	<b>116</b>	<b>64</b>	<b>0</b>	<b>0</b>

# Our approach to selling a stake

CAPZA considers that its ESG responsibility extends beyond the period during which the investment is held.

## Provision of extra-financial information

ESG and impact reports with analysis of trends in sustainability indicators relevant to the company, including PAI and fund promotion indicators, are systematically made available in the data room.

## ESG integration in the elements to be developed in the buyer's proposal

We include an ESG chapter in the process specifications. In other words, potential buyers have to specify their vision of sustainability in their offer.

Where value creation linked to the sustainability roadmap or sustainability risk is significant, a ESG due diligence by a supplier may be carried out.



# 4. Our climate strategy

**1.5°C**

The increase in the temperature of our wallets that we have set ourselves not to be exceeded

**70%**

Of our equity investments should be on a net zero trajectory by 2030

**50%**

Of our debt investments should be on a net zero trajectory by 2030

**SBTI**

We promote the validation of carbon reduction targets by SBTi in our portfolio companies

# Our climate commitments

We are committed to progressively aligning our portfolios with the Paris Agreement.

Our goal is to achieve "net carbon neutrality" by 2050.

To do this, we follow the recommendations of the three most ambitious climate initiatives for asset managers: the TCFD, the Net Zero Asset Managers initiative and SBTi.

## Quantitative targets for 2030

Our goal is for at least 70% of funds' equity investments and 50% of funds' debt investments to have integrated decarbonization objectives consistent with a net zero trajectory by 2030.

We are committed to at least 50% of our Majority Equity investments having a decarbonization trajectory validated by SBTi by 2030.

We include in each equity investment a clause committing the company to making its best efforts to reduce its greenhouse gas emissions in line with the ambition of carbon neutrality by 2050.

### Carbon footprint

Thanks to the information collected in our annual questionnaire, we remeasure our companies' scope 1 and 2 emissions every year.

With regard to scope 3, we invite companies to carry out a full carbon assessment. We also inform them about available aid schemes, such as BPI's *Diag decarbonaction*.

Some of our funds have dedicated pockets for operational support and can finance companies' carbon footprints.

We also propose to calculate an estimate of item 3 by identifying and measuring the significant items.

When we do not have precise or approximate information, we use a sector proxy.

### SBTi

Finally, we promote the validation of carbon reduction targets by the Science Based Targets Initiative (SBTi) in our portfolio companies.

We are also proposing incentive mechanisms for SBTi to validate decarbonization trajectories in our two decarbonization-focused funds launched in 2022, Flex Equity Mid Market II and Maif Dette à Impact Environnemental.

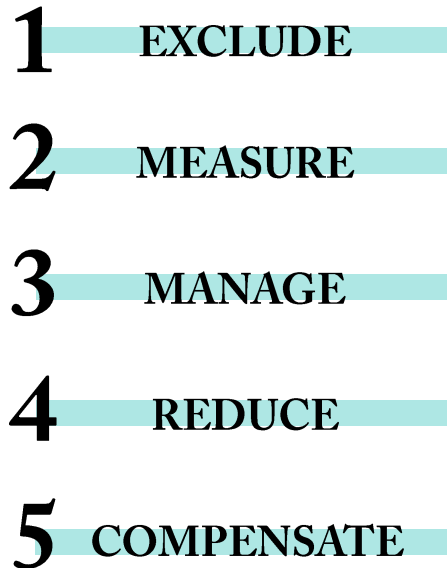
### Support

We aim to define a decarbonization roadmap with companies. This roadmap is made up of 5 to 10 operational levers to achieve significant emissions reductions.

We have built partnerships with companies that implement these operational levers: photovoltaic projects, energy efficiency, electric vehicles...

# Our climate strategy

Our climate strategy is structured around 5 key areas: exclusions, measurement, risk management, emissions reduction and offsetting residual emissions.



## 1. Exclude

We exclude a list of activities from our investment perimeter due to their impact on climate change. These activities are as follows:

- **Fossil fuels** (extraction, production)
- **Non-conventional energies** (development, production, exploration)
- **Mining assets:** expansion and greenfield

## 2. Measure

Measuring greenhouse gas emissions is essential to understanding climate risk. **We currently assess the greenhouse gas emissions of all our investments.** This information is derived from carbon audits carried out by the companies we finance, or from estimates made by an independent service provider.

We carry out carbon audits for the management company and for each of our funds.

## 3. Manage

In line with TCFD recommendations, we take into account climate change-related risks, including **physical risks** (exposure of real assets to physical consequences directly induced by climate change) and **transition risks** (such as regulatory, technological, market and reputational risks).

Before each investment, these risks are analyzed to determine their potential impact on the value of the portfolio company (see next page for details).

## 4. Reduce

We engage and encourage the companies we finance to decarbonize their activities.

The CAPZA Flex Equity Mid Market II and Dette Impact Environnemental funds have very ambitious targets for reducing greenhouse gas emissions, in line with the Paris agreements.

## 5. Compensate

Our overriding objective is to reduce our greenhouse gas emissions in line with the Paris Agreement. Bearing in mind the physical limits of reducing certain greenhouse gas emissions, we are aware of the need to offset the residual greenhouse gas emissions of these portfolios. For example, in its reference scenario Net Zero, the International Energy Agency anticipates the storage of 8 Gt per year on a global scale.

That is why our climate strategy includes promoting a strategy of offsetting our companies' residual emissions by financing carbon sequestration projects once the emissions reductions linked to their value chain have been achieved. Precise offset targets are currently being studied.



# Climate risk management

In line with TCFD recommendations, we take climate change risks into account and assess the physical and transitional climate risks of our portfolio companies.

Our risk management policy and processes incorporate both physical and transitional climate risks.

Assessed in the pre-investment phase, these risks are monitored using specific indicators throughout the investment phase.

These climate indicators enable us to build operational roadmaps with each portfolio company, and their ongoing assessment is passed on to our investors.

## Our climate risk management policy integrates physical and transitional risks

Our approach to climate risk takes into account both physical and transitional risks. These risks are assessed in the pre-investment phase (see page 22) and monitored during the investment period.

The assessment of physical climatic risks enables us to determine the exposure of companies (and in particular their real assets) to different climatic hazards (physical risk), as well as the strategic priorities to be implemented with our portfolio companies.

Similarly, the assessment of transition risks, including regulatory, market, reputational and technological risks, is taken into account to determine the focus of our support for our investments.

To do this, our investment monitoring process consists of :

- i. Collect specific climate risk indicators for each investment
- ii. Implement improvement plans for each investment, and
- iii. Monitor the progress of these indicators in close collaboration with the teams of the companies financed, the CAPZA investment team and the CAPZA ESG team
- iv. For each investment in the portfolio with a high or very high climate impact (4 or 5 out of 5), we hold a dedicated meeting with the investment team and study specific mitigation measures.

## Climate performance indicators for each investment are monitored throughout the life of the investment.

The KPIs collected from each investment via Cority21 enable us to measure the materiality of climate risk and the level of maturity of each investment in relation to the critical issues identified. This analysis is transmitted to each investment, enabling us to implement a detailed and operational **climate roadmap**.

Climate indicators collected and analyzed during the investment period include :

- Energy consumption and the share of renewable energies
- Transport flows
- Carbon footprint
- Formalizing an environmental policy
- Environmental initiatives to reduce carbon footprint
- etc

Analysis of these indicators enables us to quantify the financial, reputational and operational risk generated by climate risk at the level of each investment.

Reviewing the progress of each investment on relevant climate indicators is at the heart of our climate risk management. The details of these analyses are discussed with our portfolio companies, internally in the ESG committee and passed on to our investors.



# ESG best practices of our latest fund CAPZA Flex Equity Mid Market II

We are proud to have launched in 2022 the first LBO fund for Mid Cap companies focused on decarbonization.

Flex Equity Mid Market II has acquired a majority stake in French operator Wifirst, a B2B telecom operator specializing in WiFi for professionals.

Wifirst is already committed on climate, for example with the creation of "green wifi" low-energy WiFi solutions and circular management of equipment, which is reconditioned as soon as it can be re-used.

CAPZA and Wifirst have agreed that decarbonization will be a structuring element of the transaction. Flex Equity Mid market II finances the development of a Science-Based objective to develop public and science-based decarbonization targets, and to ensure that shareholder commitment is transparent and enforceable over time.



**Have a decarbonization target** for the fund's carbon intensity of 5 to 7% in parallel with the financial IRR target



**Integrate sustainability fully into the investment decision** by having our Sustainability and Impact Director on the Investment Committee, and link 20% of carried interest to ESG objectives, including the FEMM2 fund's carbon intensity reduction target.



**Implement CSR governance** (appointment of a CSR manager, definition of responsibility for CSR issues on the strategic committee, etc.) and mechanisms for aligning significant interests within the company (value sharing linked to ESG objectives, variable CEO compensation linked to ESG-decarbonation objectives, profit-sharing plan linked to ESG-decarbonation objectives, cost of debt linked to ESG-decarbonation objectives).



**Provide companies with resources** to implement the sustainability roadmap, with an internal team dedicated to sustainability and an external budget dedicated to supporting each company in the fund.



**Train portfolio companies** on climate issues and run Climate Fresk workshops



**Measure its impact and present it to** an impact committee coordinated by a third party. Share results with investors.

# Taxonomy and fossil fuels

Our investment policy excludes activities linked to the extraction, production and distribution of fossil fuels.

As a result, we do not report any exposure to these industries.

# 0%

of CAPZA's assets are invested in companies that extract, produce or distribute fossil fuels

**We are committed to keeping activities related to the extraction, production and distribution of fossil fuels within the scope of our exclusion list.**

# 3%

of CAPZA's investments are in economic activities eligible for taxonomy on the basis of sales.

# 2,7%

of CAPZA's investments are in economic activities aligned with the sales-based taxonomy

# 0,2%

of CAPZA's investments are in economic activities eligible for the taxonomy on the basis of capital expenditure.

In compliance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework aimed at promoting sustainable investments and amending Regulation (EU) 2019/2088, we calculate and publish the percentage of eligibility of our investments for taxonomy.

The taxonomy's technical criteria are designed for activities that are likely to make a significant direct contribution to environmental objectives. Consequently, sectors such as health, services and education are not included.

For these reasons, the sector-based positioning of our platform prefigures a low percentage of eligibility and alignment of our current investments with the environmental taxonomy.

The development of a social taxonomy will lead to a much greater alignment with our investments in sectors such as Health or Education.



# 5. Our biodiversity strategy

**68%**

of vertebrates have disappeared

**150 000**

Billions of USD: the value of ecosystem services

**10%**

The very high level of dependence of our portfolios

**3%**

The very high impact of our portfolios

**WATER**

it's the cornerstone of our commitment to biodiversity

# Strategy and commitments to biodiversity



We want to fight against the degradation of biodiversity.

We want to encourage its preservation.

Our investment decisions and what we have put in place contribute to this.

Here we present our current initiatives and what we're committed to over the coming months.

## What we do or have already done

**We track the environmental indicators of our portfolio companies**

We collect biodiversity-related KPIs on all our investments: use of raw materials, hazardous waste, water consumption, etc.

**We have measured the dependencies and impacts of our portfolios**

We carried out a "biodiversity" diagnosis of the current situation for 10 of our funds, representing a total AuM of over 3 billion of our assets, by analyzing the dependencies of our portfolios.

**We encourage and help our portfolio companies to take biodiversity into account**

We help them to implement responsible purchasing policies to raise awareness of the problem of declining biodiversity. We provide them examples of responsible purchasing policies to facilitate the implementation of these new practices.

We are committed to ensuring that **100% of our portfolio companies (equity) with a very high biodiversity stake (as assessed by a third party) have a responsible purchasing policy in place by 2025, and have a formal action plan in place, in line with the goals of the Kunming-Montreal Global Biodiversity Framework by 2030.**

## What we plan to do

**We plan to increase dialogue**

We will be stepping up our dialogue on biodiversity-related issues with our portfolio companies who have the greatest dependencies and impacts.

**We will continue to measure the dependencies and impacts of our portfolio companies on biodiversity.**

We continue to measure the biodiversity risks of 100% of our future investments and monitor them throughout the life of the fund using precise indicators.

**We will be considering our participation in a biodiversity initiative.**

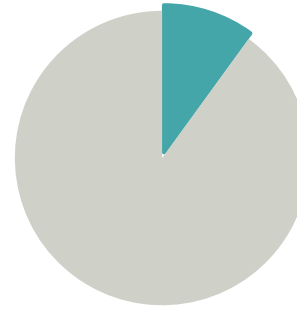
We are evaluating the possibility of integrating one of the following initiatives: UN PRI "Sring", SBTN (Science Based Target for Nature), Finance for Biodiversity Pledge (FfB).

# The results of our biodiversity analysis

Our biodiversity analysis enabled us to measure our biodiversity footprint by analyzing our portfolio companies

## Very strong dependencies

10%

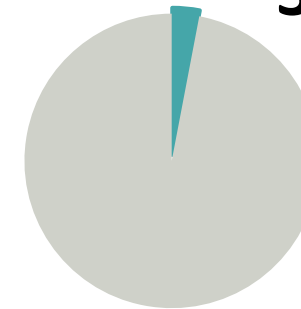


### Ecosystem services whose portfolio is the most dependent

- **(1) Water (surface water and groundwater):** water is essential to production and is used in the majority of processes (cleaning, preparation, transformation, chemical reaction, etc.).
- **(2) Protection against floods and storms:** the portfolio's telecoms companies, for example, need a stable climate.

## Very strong impacts

3%



### The pressures on the portfolio has the greatest impact

- **(1) Water use:** water is essential to most production processes. Its use generates water stress crises and has a major impact on global water availability.
- **(2) Use of terrestrial ecosystems:** the agricultural, materials use and real estate development industries linked to the production or use of wood use terrestrial ecosystems.

10%

of CAPZA's investments are highly dependent on at least one ecosystem service

3%

of CAPZA's investments have a very strong impact on at least one pressure on biodiversity

1,5%

of CAPZA's investments are highly dependent on at least one water-related ecosystem service

1,5%

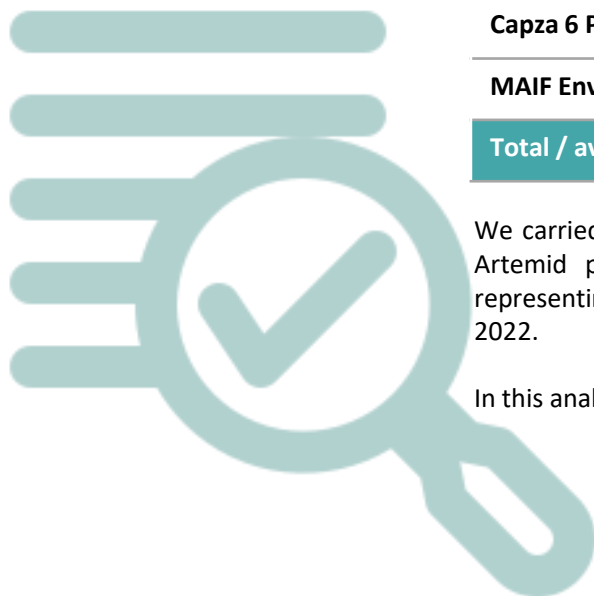
of CAPZA's investments have a very strong impact on at least one water-related pressure.

# The results by fund

Our biodiversity study made us realize how important it is to have a tool for measuring our biodiversity footprint.

Thanks to our approach, we have been able to identify the portfolios where the stakes are material and the reasons why.

Here are the detailed results by fund of the analysis we updated with Moonshot at the end of 2022.



Fund name	# of positions	Dependencies very strong	Impacts very strong
Capzanine 4 Private Debt	10	0%	0%
Capza 5 Private Debt	22	0%	0%
Capzanine 4	10	7%	12%
Capza 5 Flex Equity	15	18%	5%
Capza Flex Equity Mid Market I	8	14%	9%
Capza Flex Equity Mid Market II	3	62%	0%
Capza Transition	9	65%	0%
Capza Growth Tech	5	0%	0%
Artemid Senior Loans I, II and III	34	12%	19%
Capza 6 Private Debt	10	0%	0%
MAIF Environmental Impact Debt	3	36%	0%
<b>Total / average</b>	<b>129</b>	<b>10%</b>	<b>3%</b>

We carried out this study on the 13 "core" portfolios (the 3 Artemid portfolios being combined in the table above) representing the money at work at CAPZA at the end of 2022.

In this analysis, 129 investments were taken into account.

We have found that funds whose investments are predominantly in service activities have no dependencies and relatively little impact.

It's also important to note that the funds with the highest dependencies don't necessarily have the greatest impact.

# Water, the primary focus of our biodiversity strategy

We have carried out a biodiversity diagnostic of our portfolios (for a total of over 8 billion euros of AuM).

This analysis has led us to identify the main focus of our biodiversity strategy: water.

74% of our portfolio companies' strong or very strong dependencies on biodiversity are due to water, while 39% of our portfolio companies' strong or very strong impacts are due to water use and water pollutants.

## Why water?

The United Nations predicts a global water shortage of 40% by 2030 if current consumption and production patterns do not change. This means that half the world's population will be living in water-stressed areas.

Water scarcity represents a major economic and sustainability risk for the companies that depend on it (via their production process, for cleaning, for cooling or indirectly via their suppliers, particularly in the agri-food, energy and industrial sectors), but also a societal risk for communities living in areas where water is largely unfit for consumption and in short supply.

Water is an essential natural capital asset in the value chain of 100% of the companies that depend on it in one way or another.

## Water: the primary focus of our biodiversity strategy

Biodiversity analysis of our portfolios has highlighted the strongest impacts and dependencies of our investments on biodiversity. Among these, water has been identified as one of the predominant elements. We have therefore decided to structure a biodiversity strategy around this axis.

We raise awareness of this issue among our portfolio companies. For example, we organized a lunchtime debate on the issue of water with Emma Haziza, a research hydrologist.

Secondly, we are actively promoting the implementation of an internal water management strategy in each of our portfolio company, notably through the drafting of a CAPZA water charter.

The aim is to get the most impact-intensive businesses to carry out a diagnostic analysis of their water consumption, taking into account the quantities of water used, polluted, recycled and re-injected into production processes.

**In particular, we are committed to ensuring that 100% of our portfolio companies (equity) with a very high water challenge (as assessed by a third party) have implemented a water management policy by 2025.**

**We encourage water training and the implementation of a water management policy and water-saving solutions in all our portfolio companies.**

Our support also includes the implementation of best practices within the value chains of our portfolio companies.







# 6. Our portfolio

**98**

Companies analyzed and sent an action plan

**145**

Questions asked in our questionnaire

**100%**

of our investments are covered by a sustainability risk analysis

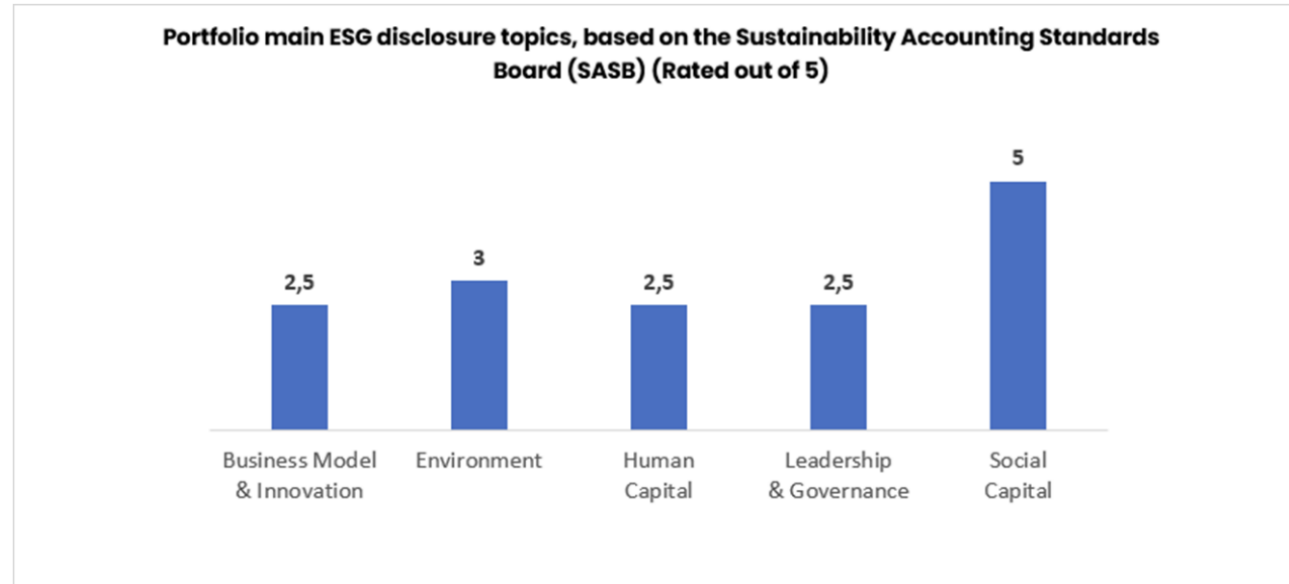
**> 75%**

ESG survey response rate

**<200 tCO<sub>2</sub>**

carbon intensity Scope 1, Scope 2, Scope 3

# The most material topics in our portfolio using the Sustainability Accounting Standards Board framework



**« Business model & innovation »**

1. Product design and lifecycle management
2. Supply chain management
3. Supply of materials

**« Environment »**

1. Energy management
2. Water management
3. Waste management

**« Human Capital »**

1. Recruiting and managing a global, diversified and skilled workforce
2. Employee health and safety
3. Workforce diversity and commitment

**« Leadership & Governance »**

1. Managing systemic risks related to technological disruptions
2. Intellectual property protection and competitive behavior
3. Business ethics and professional integrity

**« Social capital »**

1. Data security
2. Data privacy and freedom of expression
3. Product safety

1. Annual profit-sharing in excess of legal requirements

# Consolidation of issues at portfolio level in 2022 - CAPZA



For each issue assessed, the level of challenge is rated out of 5.

Issue: 0 = no issue; 5 = important issue

The stakes are assessed on the basis of the company's size, its sector of activity, the countries in which it operates, the data provided and, to a lesser extent, on the basis of the other companies in the portfolio.

Maturity: rated according to the level of participation and the following elements:

- Is the company aware of the issue?
- Does the company have policies in place to deal with the problem?
- Does the company track quantitative data on the issue?
- Are results satisfactory (in absolute terms, in terms of intensity, relative to the benchmark and over time)?
- Has the company done everything in its power to solve the problem, and is there no room for improvement?

## PORTFOLIO SUMMARY ESG ISSUES AND MATURITY

The main ESG issues at fund level reflect the composition of the companies in the portfolio.

**Environmental issues and average supply chain:** Mainly driven by certain companies whose activities have a high impact on environmental factors (Sogetrel, Novarc, Meriguet, SBM ...).

**High training and employment challenges:** Many companies need technical skills (technicians, engineers) or in-demand skills (IT developers): Xenocs, Acteon...

**Average challenges in terms of working conditions:** Health and safety is an important issue for companies with production units, machines in use or repetitive movements: Saint Aubin, Mayoly ...

**High governance and business ethics issues,** with the internationalization of certain companies or the large number of subsidiaries/entities (Acteon, Eternity systems, Winback, Biolam, Mayoly, etc.) and the nature of the business and relationships with stakeholders and suppliers (3R, Questel, etc.).

**Low human rights stakes,** since most of the company's activities take place in Europe.

The issues for which the portfolio shows the most significant deviation, and therefore the greatest scope for ESG improvement, are :

- Climate
- Jobs
- Transport
- Suppliers
- Governance

# Monitoring the principal adverse impacts (PAI)

Indicators	Metrics	Unit	CAPZA	Capzanine 4		CAPZA 5 Flex	CAPZA 5	CAPZA 6	Capza Flex	Capza Flex	Capza	Capza	Artemid	Artemid	Artemid	MAIF Dette à
				Capzanine 4	Private Debt	Equity	Private Debt	Private Debt	Equity Mid	Equity Mid						
GHG Emissions	Scope 1 GHG emissions	tCO2eq	20 162	601	350	2 321	3 131	96	1 636	101	22	680	35	7 097	828	11
	Scope 2 GHG emissions	tCO2eq	8 443	30	78	432	1 838	25	640	26	7	233	102	2 193	1 859	5
	Scope 3 GHG emissions	tCO2eq	303 219	10 081	22 215	23 895	65 531	3 356	15 404	3 642	2 388	30 177	2 638	46 591	31 508	1 003
	Total GHG emissions	tCO2eq	326 691	10 705	22 642	26 572	66 875	3 477	17 666	3 769	1 574	31 023	2 776	55 649	34 195	1 019
Carbon Footprint	Carbon Footprint	tCO2eq/M€	146	157	144	162	107	23	130	34	41	602	185	321	190	117
GHG Intensity	GHG Intensity of investee companies	tCO2eq/M€	218	204	253	274	232	75	178	72	46	455	172	230	269	135
Fossil Fuels	Share of investments in companies active in the fossil fuel sector	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Non-renewable Energy	Share of non-renewable energy consumption	%	80%	81%	99%	98%	69%	54%	69%	100%	84%	90%	100%	88%	93%	90%
	Share of non-renewable energy production	%	3%	0%	0%	19%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Energy consumption intensity per high impact climate sector	GWh/M€	0,09	0,03	0,01	0,10	0,13	0,16	0,01	0,03	0,02	0,09	0,05	0,12	0,04	0,02
Biodiversity, Water & Waste	Biodiversity-sensitive areas	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Emissions to water	T/m€	0,07	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,02	0,00	0,12	0,88	1,38
	Hazardous waste ratio	T/m€	0,25	0,23	0,00	0,52	0,21	0,06	0,55	0,17	0,00	0,00	0,08	0,10	0,82	0,02
UNGC & OECD Principles	Violations of UNGC or OECD principles	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Lack of processes to monitor compliance with UNGC & OECD principles	%	59%	72%	46%	74%	71%	20%	54%	0%	100%	81%	0%	39%	54%	18%
Gender Equality	Average Unadjusted Gender Pay Gap	%	18%	14%	33%	11%	24%	17%	8%	14%	8%	15%	na	6%	19%	25%
	Board gender diversity	%	14%	14%	21%	14%	14%	7%	17%	18%	20%	16%	0%	11%	20%	24%
Controversial Weapons	% of investments involved in manufacture or selling of controversial weapons	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Chemicals	% of investments that produce pesticides or agro-chemicals	%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%	0%
Rate of accidents	Average rate of accidents	%	12%	12%	2%	10%	11%	9%	21%	10%	1%	21%	4%	23%	22%	6%

# Summary of portfolios' ESG footprint in 2022

	SFDR	Taux de Réponse	Responsible RSE	Création d'emploi	Politique achats responsables	Formalisation code éthique	Fort impact sur la biodiversité	Dispositif de partage de la valeur	Au moins une femme au board
<b>Capzantine 4</b>	Article 8	50%	/	/	/	/	10%	/	/
<b>Capzantine 4 Private Debt</b>	Article 8	54%	72%	152	91%	89%	0%	32%	61%
<b>CAPZA 5 Flex Equity</b>	Article 8	76%	59%	635	22%	57%	6%	57%	56%
<b>CAPZA 5 Private Debt</b>	Article 8	86%	88%	1017	44%	80%	0%	80%	57%
<b>CAPZA 6 Private Debt</b>	Article 8	49%	82%	184	58%	80%	0%	6%	34%
<b>Capza Flex Equity Mid Market I</b>	Article 8	83%	93%	259	39%	72%	9%	63%	52%
<b>Capza Flex Equity Mid Market II</b>	Article 8	100%	66%	40	0%	100%	0%	100%	100%
<b>Capza Growth Tech</b>	Article 8	80%	70%	124	48%	54%	0%	100%	100%
<b>Capza Transition</b>	Article 8	100%	62%	53	12%	39%	0%	63%	42%
<b>Artemid Senior Loan</b>	Article 8	50%	100%	355	100%	100%	0%	100%	0%
<b>Artemid Senior Loan II</b>	Article 8	81%	93%	379	87%	80%	25%	66%	62%
<b>Artemid Senior Loan III</b>	Article 8	78%	100%	682	44%	60%	2%	59%	59%
<b>MAIF Dette à Impact Env.</b>	Article 9	100%	100%	59	11%	100%	0%	11%	100%
<b>CAPZA</b>		77%	80%	3212	47%	76%	4%	68%	58%

1. Value sharing in excess of regulatory requirements

2. Only indicators with a response rate of at least 50% for Equity and 30% for Debt are displayed.