



RESPONSIBLE INVESTMENT POLICY

I Introduction

EMZ Partner is convinced that an effective ESG (Environmental, Social and Governance) framework is consubstantial to long-term value creation. Companies that have integrated virtuous

environmental, social and governance practices are better managed, tend to have lower risk profiles, and ultimately generate solid financial returns.

I ESG Strategy

EMZ Partners is involved in transactions that enable these managers, executives, family shareholders or founders to become or remain the key shareholders of their company. In this way, EMZ Partners contributes to the creation of stable and sustainable shareholding structures involving the company's stakeholders over the long term. A sustainable and balanced partnership with management teams and the sharing of value within the companies we work with are therefore one of the strategic pillars of EMZ Partners' ESG policy.

EMZ Partners also places the climate issue at the heart of its ESG strategy and encourages decarbonisation actions by its portfolio companies. An annual carbon assessment is carried out. In 2024, a carbon measurement tool was made available to all portfolio companies, enabling them to calculate, update or specify the measurement of their carbon footprint.

I Collaborative Investors' ESG initiatives

EMZ Partners has signed up to several initiatives in line with its desire to assert the role of ESG in its investment policy and in the management of the company itself.

In terms of responsible investment, EMZ Partners signed up to the Principles for Responsible Investment in 2016 and is committed to respecting the criteria for sustainable and responsible investment laid down by government institutions and inter-governmental organisations.

Regarding value sharing, EMZ Partners signed France Invest's Charter of Commitment to Value Sharing in 2023.

Regarding climate risk, EMZ Partners is a member of the Institutional Investors Group on Climate Change (IIGCC) and of the Initiative Climat International (iCI).

I Organisation and governance

EMZ Partners has a dedicated ESG team, reporting to the CEO, responsible for defining and implementing the company's ESG strategy.

The investment team is responsible for rolling out this strategy to portfolio companies, with the support of the ESG team. The investment team receives regular training and awareness-raising on ESG issues.

The management company's remuneration policy defines the principles relating to remuneration, considering the strategy, objectives, and risk policy. The policy's qualitative and quantitative criteria ensure that the investment team takes proper account of environmental, social and governance criteria at all stages of the investment process.

I Implementation in the investment policy

Our ESG approach is implemented throughout the investment cycle, starting with the investment selection phase. The approach defined in this document applies to all assets managed by EMZ Partners.

Pre-investment: analysis and identification of ESG material issues

Exclusion policy

The consideration of ESG criteria during the investment phase is primarily guided by EMZ's exclusion policy, which excludes from the scope of potential investments:

- companies directly involved in the manufacture of tobacco and tobacco products and in the wholesale of tobacco and tobacco products;
- companies directly involved in the manufacture of or trade in distilled alcoholic beverages and related products;
- companies directly involved in the manufacture, storage, transfer and trade of arms or ammunition;
- casinos and companies directly involved in gambling and online betting;
- companies directly involved in research, development or technical applications relating to programmes or solutions for Internet gambling, online casinos, or pornography;
- companies directly involved in food speculation;

- in the event of financing of technical applications relating to human cloning, for research or therapeutic purposes, or GMOs, the Management Company will ensure appropriate monitoring of legal, regulatory, and ethical issues;
- companies planning to increase their activities in the production, exploitation, transport, and storage of conventional and non-conventional fossil fuels (thermal coal, oil, and gas), as well as companies directly involved in these activities that do not have a transition plan⁽¹⁾.

Controversy

The initial analysis also ensures that the target company is not the subject of material and proven ESG controversies (violation of UN principles or OECD guidelines), or that if past controversies exist, they have been the subject of an appropriate action plan.

ESG analysis

A detailed analysis of the ESG profile of the companies is then carried out, covering the following topics:

- materiality analysis;
- identification of the Principal Adverse Impacts (PAI);
- compliance with the exclusion policy;
- maturity of the company in terms of decarbonisation and profit sharing;
- contribution to the United Nations Sustainable Development Goals.

⁽¹⁾ EMZ Partners applies the definition of the NGO Urgewald for this exclusion (Global Oil & Gas Exit List and Global Coal Exit List).

The analysis is also formalised using specific tools developed in collaboration with external service providers specialising in environmental and social issues. This grid includes the following dimensions:

- governance: EMZ promotes the implementation of good governance practices such as diversity transparency and independence of the board members as well as the wide implementation of employee shareholding schemes;
- labour: the company's labour practices (considering labour risks, management of human resources, diversity, health and security, dialogue and social climate, reporting);
- environment: environment practices of the company are analysed (environmental risks awareness, environment management systems, energy consumption and greenhouse gas emission, soils, water, waste and biodiversity, reporting);
- social and community: risks inherent to external stakeholders (suppliers and service providers monitoring, quality management, impact, positive or negative, of products and services).

Principal Adverse Impacts

Principal Adverse Impacts (PAIs) are defined by Regulation (EU) 2019/2088 ("SFDR Regulation"), as "adverse, material or likely to be material effects on sustainability factors that are caused, aggravated by or directly related to the investment decisions and advice provided by the legal entity".

EMZ Partners manages a fund classified under Article 8 of the SFDR regulation, which considers PAIs. For this fund, PAIs are included in the ESG analysis carried out prior to investment.

The SFDR Regulation also requires EMZ Partners, as an asset management company, to consider the main negative consequences of its investment decisions on sustainability factors at the level of the management company or to explain why it does not do so. EMZ Partners considers the PAI at the level of the funds, which are in investment phase. EMZ Partners does not consider PAIs at the level of the management company. This decision will be reviewed and updated as the funds managed by EMZ Partners evolve.

Investment Decision

The Investment Committee takes all decisions jointly, as a team. To make its final decision, the Investment Committee has at its disposal an "IC memo" which includes the analysis of the investment opportunity, as well as the conclusions of the ESG audit. In this way, the assessment of ESG risks and opportunities, as well as the materiality of the IAPs, form part of the investment decision criteria.

Holding and monitoring of Portfolio Companies

Standard ESG provision in shareholders agreements

An ESG provision is systematically included in the portfolio company's Shareholder Agreement signed by EMZ at closing of the initial investment. The company acknowledges the importance of the ESG matters for EMZ, including but not limited, to challenges related to environment and social and governance matters. This provision invites the company to commit to a continuous progress towards such challenges.

Monitoring of ESG performance

During the holding period, monitoring of the ESG key performance parameters by EMZ is done through:

- EMZ systematic participation to board meetings or supervisory board meetings of the portfolio companies;
- in some cases, financial incentives conditional on the achievement of quantified ESG objectives on key issues are put in place (e.g.: ESG ratchets) and monitored throughout the investment;
- an ESG questionnaire sent to all portfolio companies on an annual basis: such questionnaire helps EMZ to retrieve necessary information to comply with regulatory requirements, produce the Funds' and Management Company's annual ESG reports, but also monitor the ESG performance and maturity of portfolio companies and provide the basis for constructive dialog and support, and the definition of ESG targets.

The questionnaire provides a detailed view of ESG implementation by each portfolio company and allows the monitoring of their ESG performance evolution over time. Assessment of portfolio companies' exposure to climate risks and measurement of the portfolio companies' greenhouse gases emissions are performed, in accordance with Article 29 of the French "Energy and Climate" law. The questionnaires are analysed and summarised to evaluate each portfolio company's ESG performance. The annual EMZ ESG report present the global result of this analysis.

Voting and engagement policy

EMZ Partners systematically sits on companies' governance bodies and maintains an ongoing dialogue with management teams. This position enables it to work with portfolio companies to encourage and monitor the implementation of best practice, particularly in terms of the independence, diversity, and transparency of management bodies.

The procedures for exercising voting rights are described in the dedicated policy "Voting policy and shareholder engagement".

Engagement with other key stakeholders

EMZ Partners recognise the value of collective action to encourage the ESG development of portfolio companies.

As a result, where possible and appropriate, EMZ Partners implements collaborative stewardship efforts and conducts its ESG engagement policy in collaboration with other stakeholders, in particular the portfolio company's other financial investors.

Exit

Upon exit, EMZ may recommend to the company to proceed with an external ESG audit to be provided to potential acquirers, to assess the company's work and progress on these issues over the duration of the partnership with EMZ Partners. In some cases, an exit ESG questionnaire is filled in by EMZ Partners at the request of the counterparties.

I Implementation in investor relations

EMZ Partners also works with its investors to better understand their needs and expectations in terms of ESG policy and strategy.

EMZ Partners communicates with investors on the ESG practices and performance of its holdings by systematically including them in its annual reports.

I Communication and reporting

Every year, EMZ communicates with its investors about the ESG performance of its portfolio companies to comply with sustainable finance regulations, through the following reports:

- EMZ annual ESG Report;
- dedicated Annual Report for each fund managed by EMZ Partners, in accordance with Article 11 of the Regulation (EU) 2019/2068 ("SFDR Regulation"), Articles 5 and 6 of the Regulation (EU) 2020/852 ("Taxonomy Regulation") and Article 29 of the French "Energy and Climate Law";

- report of the Management Company, in accordance with the Articles 4 and 10 of the Regulation (EU) 2019/2068 ("SFDR Regulation") and Article 29 of the French "Energy and Climate Law" (as detailed in Article D. 533-16-1 of the *Code monétaire et financier*);
- UNPRI annual report.