FCDE SUSTAINABILITY POLICY

I INTRODUCTION

CONTEXT

FCDE is a French private equity firm that supports the development and transformation of SMEs and mid-cap companies with a strong growth potential. Based on a responsible approach, FCDE provides human and financial resources to help management teams drive sustainable operational improvement and long-term strategic value creation. FCDE has supported more than 30 entrepreneurial projects, helping them reach the next stage of their development by implementing transformative strategies and driving change.

SUSTAINABILITY JOURNEY AT FCDE

Sustainability is a key focus for FCDE and has been an important part of its strategy as an investor since 2015. FCDE has implemented an ambitious and structured ESG framework based on a comprehensive approach at each stage of the investment process. There is a shared commitment towards ESG from both FCDE and the portfolio companies and a continuous improvement process towards sustainable value creation. At the forefront of the FCDE sustainability strategy is the commitment to focus efforts on targeted ESG improvements tailored to the portfolio company business case.

As a majority shareholder, FCDE is aware of its major role to be played in the sustainable transformation of companies. Thus, FCDE has chosen in 2025 to accelerate on this dimension, and strengthened its ESG policy, in order to reaffirm its commitment, clarify its positioning and strengthen the sustainable support provided to its portfolio companies.

II

ESG STRATEGY

ESG AMBITION

FCDE's ESG ambition is aligned with its investment thesis:

> *"Supporting the sustainable transformation to ensure the long-term resilience and value of companies"*

This ambition is supported by **three key ESG convictions** regarding portfolio companies:

- The commitment of top-management and teams to sustainable transformation
- The ability to capture ESG opportunities to ensure a leadership position among peers
- The alignment of companies' overall strategy with their ESG strategy

These convictions are translated into **9 ESG objectives at portfolio level:**

MANAGEMENT OF ESG	ENVIRONMENT	SOCIAL	GOVERNANCE & ETHICS
➢ ❶ Completion of a **ESG materiality analysis** in the following year of acquisition ➢ ❷ Definition of a relevant **ESG strategy and roadmap** within 2 years after acquisition	➢ ❸ Calculation of their **carbon footprint** for **scopes 1, 2 & 3** ➢ ❹ Identification of **opportunities in the circular economy**	➢ ❺ Promotion of policy in favour of **human resources retention** ➢ ❻ Deployment of **value-sharing mechanisms** within companies	➢ ❼ Alignment of companies' **top management remuneration schemes** with **ESG objectives** ➢ ❽ Deployment of a relevant **responsible purchasing policy** addressing their sector's key ESG issues ➢ ❾ Implementation and publication of a **Code of Conduct & Ethics**

ESG FRAMEWORK

In compliance with the SFDR, this Sustainability Policy aims to demonstrate how FCDE' policies integrate sustainability risks through all its investment life cycle:

- In its investment decision-making process,
- In the due-diligence policies with respect to the PAIs,
- Throughout the whole investment period during which FCDE supports the sustainable transformation of its companies

This Sustainability Policy covers all FCDE's investment activities. It ensures compliance with the requirements set out in Articles 3, 4 and 5 of the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "SFDR").

The SFDR is based on the principle of double materiality and identifies two main types of risks:

- **Sustainability risks**: An environmental, social or governance event or condition where, if it occurs, could cause an actual or potential negative impact on the value of the investment
- **Principal Adverse Impacts (PAIs)**: PAIs of investment decisions on sustainability factors which are defined as environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

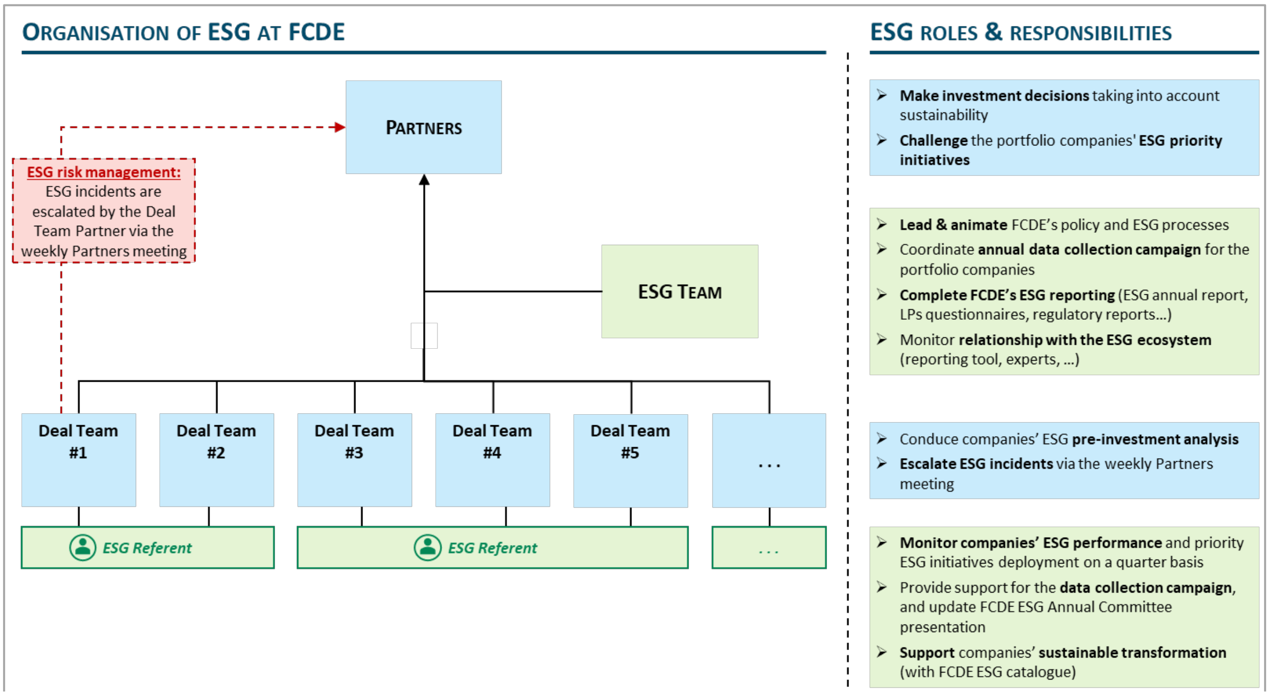
FCDE considers the impact of its investment decisions on ESG factors
AND the impact of ESG factors on the value of its investments

CORPORATE ESG GOVERNANCE

ESG ROLES AND RESPONSIBILITIES

The ESG policy and approach at FCDE is animated at 3 levels by:

- The **ESG Team** at the corporate level, responsible for coordinating the internal sustainability approach, including the management of sustainability risks and PAIs of investments, as well as ensuring FCDE's continuous improvement and compliance with regulations;
- The **ESG Referents** within Deal Teams, in charge of monitoring ESG performance of portfolio companies, and supporting them on a day-to-day basis in their sustainable transformation;
- All **investment team members**, including Partners, to challenge the portfolio companies' ESG priority initiatives, and escalate ESG incidents if any.



ESG risk management: ESG incidents are escalated by the Deal Team Partner via the weekly Partners meeting

- **Make investment decisions** taking into account sustainability
- **Challenge** the portfolio companies' **ESG priority initiatives**

- **Lead & animate** FCDE's policy and ESG processes
- Coordinate **annual data collection campaign** for the portfolio companies
- **Complete FCDE's ESG reporting** (ESG annual report, LPs questionnaires, regulatory reports…)
- Monitor **relationship with the ESG ecosystem** (reporting tool, experts, …)

- Conduce companies' ESG **pre-investment analysis**
- **Escalate ESG incidents** via the weekly Partners meeting

- **Monitor companies' ESG performance** and priority ESG initiatives deployment on a quarter basis
- Provide support for the **data collection campaign**, and update FCDE ESG Annual Committee presentation
- **Support** companies' **sustainable transformation** (with FCDE ESG catalogue)

The ESG Team is comprised of three Partners.
The ESG Referents are designated among FCDE middle-managers.

ESG QUARTERLY REVIEWS

FCDE has set up quarterly reviews with each portfolio companies, to deal with ongoing ESG priority initiatives and sustainable transformation strategies. These reviews are animated by the ESG Referents with their respective portfolio companies, focusing the discussions on:

- **Monitoring key ESG KPIs** specific to the company industry & context
- Steering on the **deployment of key ESG initiatives**
- Discussion on **main ESG challenges, opportunities** and sectorial trends

After these reviews, an internal meeting is set-up between FCDE's ESG Referents and the ESG Team, in order to share progress report on ongoing initiatives, best practices and potential obstacles to overcome.

ESG COMMITTEE

FCDE has set up an **annual ESG Committee** gathering all FCDE Teams, animated by the ESG Team and an appointed ESG advisor.

The purpose of the ESG Committee is to share with all Deal Teams the main accomplishments of portfolio companies regarding ESG, and coordinate progress on sustainability stakes within the portfolio companies. For each portfolio company, the ESG Referent presents to the Committee:

- The sustainable performance and maturity of the company, including the analysis of sustainability risks and PAIs of investments on sustainability factors
- The actions taken during the past year, and the priority initiatives for the coming year, in terms of sustainable value creation for the company
- The KPIs to be monitored in order to improve this performance and limit sustainability risks

The ESG Committee makes recommendations to be implemented and monitored by the investment teams in relation to the portfolio companies.

ESG SEMINAR

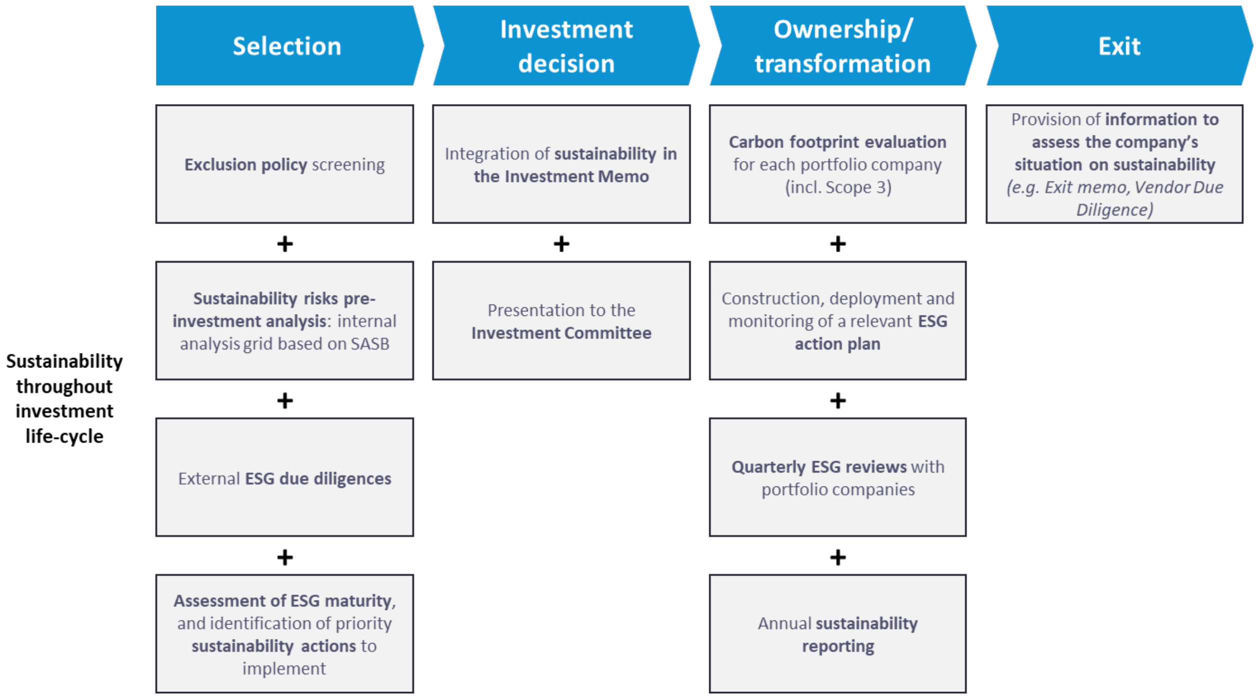
On an annual basis, an appointed ESG advisor conducts a sustainability training with the participation of the full FCDE team. This seminar includes sharing the results of the FCDE annual sustainability reporting campaign pushed to the portfolio companies as well as the results of the ESG Committee consultation. This training also acts as the forum for discussion around prospective sustainability good practices that could generate improvements with respects to ESG and sustainability.

IV

SUSTAINABILITY ASSESSMENT AND TRANSFORMATION, THROUGH THE INVESTMENT PROCESS AND HOLDING PERIOD

OVERVIEW

The incorporation of ESG and sustainability risks into FCDE's investment process dates back from 2015. FCDE identifies, analyses, and monitors sustainability risks & maturity assessment of investments at each step of the investment life cycle, while adapting its approach to each investment to ensure an appropriate and effective ESG strategy.



	Selection	Investment decision	Ownership/ transformation	Exit
Sustainability throughout investment life-cycle	**Exclusion policy** screening	Integration of **sustainability in the Investment Memo**	**Carbon footprint evaluation** for each portfolio company (incl. Scope 3)	Provision of **information to assess the company's situation on sustainability** *(e.g. Exit memo, Vendor Due Diligence)*
	+	+	+	
	Sustainability risks pre-investment analysis: internal analysis grid based on SASB	Presentation to the **Investment Committee**	Construction, deployment and monitoring of a relevant **ESG action plan**	
	+		+	
	External **ESG due diligences**		**Quarterly ESG reviews** with portfolio companies	
	+		+	
	Assessment of ESG maturity, and identification of priority **sustainability actions** to implement		Annual **sustainability reporting**	

Integration of sustainability throughout FCDE investment life-cycle

SUSTAINABILITY ASSESSMENT DURING INVESTMENT PROCESS

Sustainability is integrated into FCDE selection process and investment decision through key steps:

- A sectorial exclusion policy
- A pre-investment ESG analysis of companies, and complete ESG due diligences to identify potential ESG issues
- An initial assessment of ESG maturity of companies, and the identification of priority sustainability initiatives
- Integration of sustainability into the Investment Memo, and presentation to the Investment Committee of the ESG risks, opportunities and stakes associated with the proposed investment

INVESTMENT RESTRICTIONS / EXCLUSION POLICY:

FCDE excludes certain investment sectors for ethical reasons and do not invest in companies located in non-cooperative countries with regards to the efforts to combat corruption and terrorist financing.

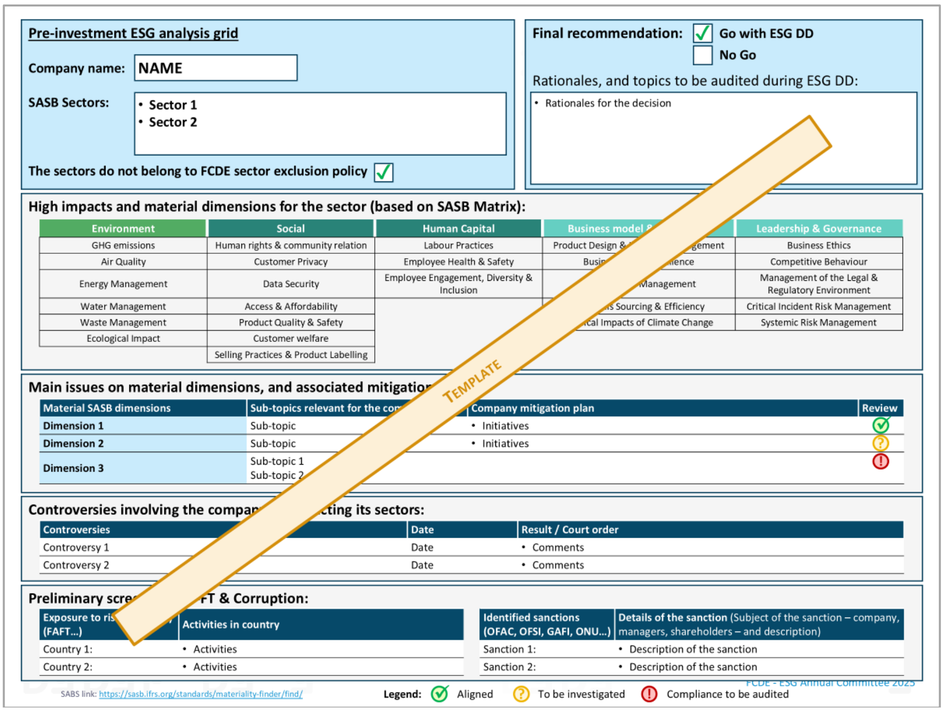
The Funds are prohibited from investing, directly or indirectly, in companies:

- Whose activity consists primarily in the production, sale, storage or services for and of firearms, and in particular cluster munitions, cluster bombs, landmines, anti-personnel mines
- Whose activity consists of or is related in any manner whatsoever to prostitution
- Whose activity is to manufacture complete tobacco products (threshold for application: revenues above five percent (5%) of the relevant company's total revenues)
- Whose main activity consists of or whose main portion of revenues is issued from the production, the exploitation, the sale and/or distribution of tobacco
- Involved in the production, sale or storage of chemical, biological and depleted uranium weapons
- Violating, repeatedly and seriously, one or more of the ten principles of the Global Compact, without credible corrective action
- Which are coal developers (i.e., corporations currently developing or planning to develop new thermal coal capacities along the value chain – mining, production, utilities and transport infrastructure)
- Whose significant part of activity consists or whose significant portion of revenue is issued from the extraction, the exploitation, the sale and/or distribution thermal or metallurgical coal

PRE-INVESTMENT INTERNAL SUSTAINABILITY ANALYSIS

As part of the pre-investment process, FCDE systematically conducts an internal sustainability analysis in order to review sustainability risks, opportunities, and PAIs of each target company in relation to sustainability factors.

This analysis is based on international SASB framework,and aims at **identifying potential ESG red flags** prior to the Investment Committee, and identify critical ESG topics to be further Investigated during the external ESG due diligence conducted (ie **Grid 1**: "**Pre-investment analysis grid**").



Pre-investment ESG analysis grid

Company name: NAME

SASB Sectors:
- Sector 1
- Sector 2

The sectors do not belong to FCDE sector exclusion policy ☑

Final recommendation: ☑ **Go with ESG DD**
☐ **No Go**

Rationales, and topics to be audited during ESG DD:
- Rationales for the decision

High impacts and material dimensions for the sector (based on SASB Matrix):

Environment	Social	Human Capital	Business model &	Leadership & Governance
GHG emissions	Human rights & community relation	Labour Practices	Product Design & gement	Business Ethics
Air Quality	Customer Privacy	Employee Health & Safety	Busin ience	Competitive Behaviour
Energy Management	Data Security	Employee Engagement, Diversity & Inclusion	Management	Management of the Legal & Regulatory Environment
Water Management	Access & Affordability		s Sourcing & Efficiency	Critical Incident Risk Management
Waste Management	Product Quality & Safety		cal Impacts of Climate Change	Systemic Risk Management
Ecological Impact	Customer welfare			
	Selling Practices & Product Labelling			

Main issues on material dimensions, and associated mitigatio

Material SASB dimensions	Sub-topics relevant for the co	Company mitigation plan	Review
Dimension 1	Sub-topic	• Initiatives	✓
Dimension 2	Sub-topic	• Initiatives	?
Dimension 3	Sub-topic 1 Sub-topic 2		!

Controversies involving the compa cting its sectors:

Controversies	Date	Result / Court order
Controversy 1	Date	• Comments
Controversy 2	Date	• Comments

Preliminary scre T & Corruption:

Exposure to ris (FAFT…)	Activities in country
Country 1:	• Activities
Country 2:	• Activities

Identified sanctions (OFAC, OFSI, GAFI, ONU…)	**Details of the sanction** (Subject of the sanction – company, managers, shareholders – and description)
Sanction 1:	• Description of the sanction
Sanction 2:	• Description of the sanction

SABS link: https://sasb.ifrs.org/standards/materiality-finder/find/

Legend: ✓ Aligned ? To be investigated ! Compliance to be audited

FCDE Pre-investment ESG analysis grid - based on international SASB framework

PRE-INVESTMENT EXTERNAL SUSTAINABILITY DUE DILIGENCE

As part of the pre-investment process, FCDE systematically commissions an external sustainability due diligence to assess sustainability risks, opportunities, and PAIs of each target company in relation to sustainability factors.

INVESTMENT COMMITTEE

The results of the pre-investment analysis are reported in the investment memorandum and discussed with the Investment Committee members. These discussions allow for the identification of the key sustainability actions to be implemented in order to manage sustainability risks, opportunities, and PAIs of investments on sustainability factors.

MONITORING OF SUSTAINABILITY TRANSFORMATION DURING HOLDING PERIOD

FCDE's pre-investment ESG analysis feeds into FCDE's **ESG maturity grids**, which are completed at the time of investment, and then updated annually together with the ESG lead of each portfolio company.

ESG MATURITY ASSESSMENT AND MONITORING OF PRIORITY INITIATIVES

FCDE assesses portfolio companies' ESG maturity on the basis of two dedicated analysis grids:

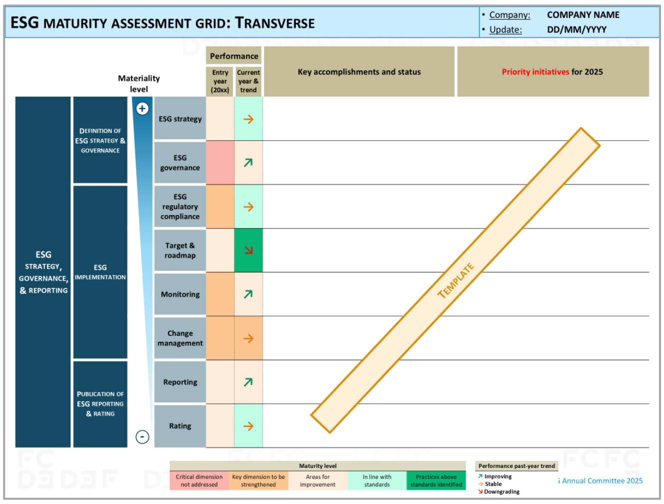
- **Grid 2**: "**ESG Maturity assessment grid**": overview of the company's overall ESG maturity, with historical comparisons, enabling a standardised assessment of ESG maturity across the portfolio
- **Grid 3: "ESG Key dimensions grid**": overview of key material ESG dimensions to be monitored by the portfolio company for the coming year; and definition of key ESG initiatives, forming the basis of the portfolio company ESG roadmap.

Through this analysis, FCDE assesses portfolio companies' maturity on transversal ESG dimensions and on specific E, S and G issues (business ethics, energy, carbon, biodiversity, turnover, absenteeism, working conditions, diversity, etc.). Sustainability risks and PAIs are identified, in particular where a significant gap exists between the level of stake and the level of maturity.

The objectives of these grids are to:

- Standardize the assessment of ESG maturity between companies
- Guide the construction of an ESG roadmap and action plan with the management of the portfolio companies, focusing on priority ESG initiatives, addressing key ESG risks and opportunities for the company
- Monitor the evolution of the companies' ESG maturity, from the year of investment

Grid 2 - FCDE ESG Maturity assessment grid



ESG MATURITY ASSESSMENT GRID: TRANSVERSE

- Company: COMPANY NAME
- Update: DD/MM/YYYY

		Materiality level	Performance		Key accomplishments and status	Priority initiatives for 2025
			Entry year (20xx)	Current year & trend		
ESG STRATEGY, GOVERNANCE, & REPORTING	DEFINITION OF ESG STRATEGY & GOVERNANCE	ESG strategy		→		
		ESG governance		↗		
	ESG IMPLEMENTATION	ESG regulatory compliance		→		
		Target & roadmap		↘		
		Monitoring		↗		
		Change management		→		
	PUBLICATION OF ESG REPORTING & RATING	Reporting		↗		
		Rating		→		

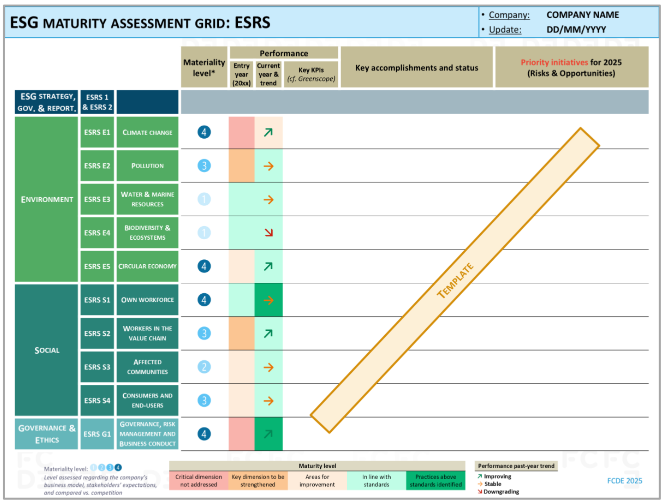
TEMPLATE

Maturity level				
Critical dimension not addressed	Key dimension to be strengthened	Areas for improvement	In line with standards	Practices above standards identified

Performance past-year trend
↗ Improving
→ Stable
↘ Downgrading

Annual Committee 2025

Grid 3 - ESG Key dimensions grid



ESG MATURITY ASSESSMENT GRID: ESRS

- Company: COMPANY NAME
- Update: DD/MM/YYYY

			Materiality level*	Performance			Key accomplishments and status	Priority initiatives for 2025 (Risks & Opportunities)
				Entry year (20xx)	Current year & trend	Key KPIs *(cf. Greenscope)*		
ESG STRATEGY, GOV. & REPORT.	ESRS 1 & ESRS 2							
ENVIRONMENT	ESRS E1	CLIMATE CHANGE	4		↗			
	ESRS E2	POLLUTION	3		→			
	ESRS E3	WATER & MARINE RESOURCES	1		→			
	ESRS E4	BIODIVERSITY & ECOSYSTEMS	1		↘			
	ESRS E5	CIRCULAR ECONOMY	4		↗			
SOCIAL	ESRS S1	OWN WORKFORCE	4		→			
	ESRS S2	WORKERS IN THE VALUE CHAIN	3		↗			
	ESRS S3	AFFECTED COMMUNITIES	2		→			
	ESRS S4	CONSUMERS AND END-USERS	3		→			
GOVERNANCE & ETHICS	ESRS G1	GOVERNANCE, RISK MANAGEMENT AND BUSINESS CONDUCT	4		↗			

TEMPLATE

Materiality level: ① ② ③ ④
Level assessed regarding the company's business model, stakeholders' expectations, and compared vs. competition

Maturity level				
Critical dimension not addressed	Key dimension to be strengthened	Areas for improvement	In line with standards	Practices above standards identified

Performance past-year trend
↗ Improving
→ Stable
↘ Downgrading

FCDE 2025

POST-INVESTMENT ANNUAL SUSTAINABILITY REPORTING CAMPAIGN

To encourage portfolio companies to progress on sustainability and to consider sustainability risks and PAIs, FCDE conducts an annual sustainability reporting campaign. The comprehensive quantitative and qualitative KPIs data collection allows FCDE to measure progress and analyse the sustainability performances of the portfolio companies.

V

CARBON FOOTPRINT & CLIMATE CHANGE

Each year, FCDE collects a number of selected sustainability KPIs on the portfolio that synthetises key sustainability data and areas for improvement. These data are discussed with each company in order to create a collaborative mechanism to improve their practices.

As part of this annual sustainability reporting campaign, FCDE conducts a full carbon footprint of GHG emissions produced by the portfolio companies according to the GHG Protocol Corporate Standard classification:

- Scope 1 – direct GHG emissions from owned or controlled sources
- Scope 2 – indirect GHG emissions from the generation of purchased energy
- Scope 3 – indirect emissions not included in Scope 2 that occur in the value chain of the reporting company, including both upstream and downstream emissions.

FCDE also conducts regularly a management company's carbon footprint assessment including Scope 3 emissions.

VI

SUSTAINABILITY RISKS RELATING TO THE REMUNERATION POLICY

FCDE's Remuneration Policy's purpose is to align staff remuneration with sound risk management. FCDE Remuneration Policy complies with the AIFM standards and current standards in favour of gender equality (i.e., equal pay for women and men, increasing transparency and aligning remuneration for equivalent positions and skills). Variable remuneration is awarded based on qualitative and quantitative criteria, with a view, in particular, of avoiding short-term risk-taking. FCDE integrates sustainability criteria for the awarding of 20% of the variable remuneration for all staff.

VII DIVERSITY

FCDE’S COMMITMENT FOR DIVERSITY

FCDE places significant emphasis on diversity, equality and inclusion in the workplace, aiming to achieve a balance of genders and cultures within the team. FCDE strongly believes that having teams with complementary skill sets and backgrounds is vital for success and execution of its strategy. FCDE has continued to take action to ensure diversity within its team members, thereby positioning the Firm to benefit from an expanded talent base. Some of the measures taken to date include setting clear recruitment targets and diversity training for the employees. This includes signing the Charter for Gender Equality in Private Equity (France Invest) to promote gender parity among French PE players and the companies they support.

FCDE’ recruiting policy for diversity articulates around the following objectives:

- Increase the percentage of women having responsibility for investment committee decisions to 25% in 2030 and 30% by 2035, and acquire the necessary tools to achieve this objective
- Set a target for women to make up 40% of the investment team by 2030
- Ensure non-discriminatory recruitment and assessment practices
- Encourage working time flexibility and organisation for all employees, implement family-friendly policies
- Combat gender stereotypes and ordinary sexism
- Establish monitoring indicators and communicate them annually to France Invest

PORTFOLIO COMPANIES’ ACTIONS FOR DIVERSITY

FCDE has adopted an active approach to improving gender parity at the portfolio company level. For example, portfolio companies are required to report annually on the gender parity index as defined by the Penicaud law.

This includes also monitoring certain measures within the deal flow by stage of completion:

- Nature of the operational management team/management board (chairman, chief executive officer, deputy chief executive officer, other members of the management board): 100% male, 100% female or mixed
- For mixed teams: number of men and women of the operational management team/management board (chairman, chief executive officer, deputy chief executive officer, other members of the management board)

At a portfolio company level, FCDE monitors:

- Number of employees at the end of the fiscal year, and number of women
- Number of employees of the operational management team/management board and number of women
- Number of employees at the board of directors or supervisory and number of women