



2022 Report

Loi Energie – Climat

Energy-Climate Law

Article 29



Synthèse

En tant que signataire des Principes pour l'Investissement responsable (PRI), PAI s'engage à intégrer les critères ESG à toutes les étapes de son cycle d'investissement.

Pour atteindre cet objectif, PAI a déployé une équipe ESG dédiée, responsable de la prise en compte de ces critères dans les trois principales phases du cycle d'investissement (en amont de toute acquisition, lors de la détention et lors de la sortie de la société du portefeuille).

PAI a développé en interne un système de suivi de la performance extra-financière des entreprises de son portefeuille à travers une Campagne de Reporting ESG dédiée. L'équipe ESG de PAI suit annuellement l'évolution de la performance environnementale, sociale, de gouvernance et relative aux parties prenantes au sein de son portefeuille en utilisant des indicateurs clés de performance (KPI). Ces données permettent de piloter les plans d'actions ESG individuels, obligatoires pour toutes nos sociétés au terme de leur première année d'investissement.

Ayant développé et déployé des ressources adaptées (équipe ESG dédiée, système de suivi, process d'implémentation de plan d'action ESG, un Comité ESG et des Taskforces dédiées au climat et aux évolutions réglementaires...), nous sommes en mesure d'identifier, de suivre et de traiter les opportunités et risques environnementaux, sociaux et de gouvernance pour l'ensemble de notre portefeuille.

PAI Partners met à la disposition de ses souscripteurs et du public le présent document qui retrace sa politique sur la prise en compte de sa stratégie d'investissement des critères environnementaux, sociaux et de qualité de gouvernance et des moyens mis en œuvre pour contribuer à la transition énergétique et écologique ainsi qu'une stratégie de mise en œuvre de cette politique conformément à l'article 29 (II) de la Loi n° 2019-1147 du 8 novembre 2019 relative à l'énergie et au climat, dite loi « Energie-Climat » codifiée à l'article L. 533-22-1 du code monétaire et financier.

Le présent rapport est établi par PAI Partners SAS pour l'ensemble des fonds gérés, y compris ceux dont elle est délégataire de la gestion de l'actif.

Au 31 décembre 2022, cela représente 33 fonds, hors fonds nourriciers qui investissent l'intégralité de leur actif dans un fonds maître géré par PAI Partners SAS.

Les fonds gérés par PAI Partners SAS sont des fonds de capital investissement ayant pour stratégie d'investir au capital de sociétés non cotées. Ces fonds sont des Fonds d'investissement alternatif (FIA), régis par la directive européenne dite AIFM. Leur souscription est exclusivement réservée à une clientèle professionnelle et ne sont pas ouverts aux investisseurs particuliers.

Cette déclaration couvre la période de référence du 1er janvier au 31 décembre 2022.

Conformément aux dispositions de l'article 29 de la Loi Energie-Climat et de son décret d'application n° 2021-663 du 27 mai 2021, le rapport couvrant l'année 2022 couvrent les dispositions de l'article D. 533-16-1.-III, 1°, 2°, 3°, 4°, 6°, 7° et 8°a.



Summary

As a signatory of the Principles for Responsible Investment (PRI), PAI is committed to integrating ESG criteria at all stages of its investment cycle.

To achieve this objective, PAI has deployed a dedicated ESG team, responsible for ensuring that these criteria are taken into account in the three main phases of the investment cycle (upstream of any acquisition, during the holding and on exit of the company from the portfolio).

PAI has developed an in-house system to track the ESG performance of its portfolio companies, through a dedicated ESG Reporting Campaign, PAI's ESG team annually tracks environmental, social, governance and external stakeholders' data within our portfolio using a set of key performance indicators (KPIs). These data points allow to follow the implementation of individual ESG action plans, which is a mandatory request and a must-have for all our portfolio companies within their first year, post-acquisition.

Having developed and deployed the appropriate resources (dedicated ESG team, monitoring system, ESG action plan implementation process, Sustainability Committee, dedicated taskforces for climate and regulatory evolutions...), we are able to identify, monitor and address environmental, social and governance risks and opportunities across our portfolio.

This report is issued by PAI Partners SAS for all funds it manages, including the funds PAI Partners SAS that have been delegated by their portfolio management.

As of December 31, 2022, this represents 33 funds, excluding feeder funds, which invest all their assets in a master fund managed by PAI Partners SAS.

The funds managed by PAI Partners SAS are private equity funds whose strategy is to invest in capital of unlisted companies. These funds are Alternative Investment Funds (AIF), governed by the European directive known as AIFM. Their subscription is exclusively reserved for professional investors and are not open to retail investors.

PAI Partners provides its investors and the public with the present document which outlines its policy on the consideration of environmental, social and governance criteria in its investment strategy and the means implemented to contribute to the energy and ecological transition as well as a strategy for the implementation of this policy in accordance with Article 29 (II) of Law No. 2019-1147 of November 8, 2019 relating to energy and climate, known as the "Energy-Climate" law codified in Article L. 533-22-1 of the French Monetary and Financial Code

This statement covers the reference period from 1 January to 31 December 2022.

In accordance with the provisions of Article 29 of the Energy-Climate Law and its implementing decree n° 2021-663 of May 27, 2021, the report covering the year 2022 covers the provisions of Article D. 533-16-1.-III, 1°, 2°, 3°, 4°, 6°, 7° and 8°a.



1/ Information relating to the entity's general approach

This section refers to the Article D. 533-16-1, III, 1° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

1-a. Summary presentation of the entity's general approach to considering environmental, social and quality of governance criteria, and in particular in the investment policy and strategy

PAI chose to apply to ESG the same transformative and value-creating mind-set it applies to its investment strategy.

PAI sets to:

- Systematically integrate ESG at all stages of the investment process,
- Avoid investments that run high reputational risk or ESG risk.
- Be an active owner and ensure improvement of ESG performance within the portfolio companies.
- Provide regular and transparent ESG information to PAI's investors

To ensure the integration of these criteria in PAI's activity, ESG topics are considered in the decision process and the investment strategy within the three main phases of the investment cycle, as follows:

- At pre-acquisition: PAI performs screening and due diligence before a fund invests in a targeted company, both in order to exclude controversial investments and to identify key ESG risks and opportunities to enrich the Investment Committee's understanding prior to the final investment decision.
- At ownership: The ownership period is a transformational process at PAI, where our ESG team continuously maps risks and opportunities in the portfolio while implementing actions in response, always in close collaboration with our portfolio companies and deal teams. From the onboarding process where we set value creation opportunities, to the annual ESG Reporting Campaign, all the way to the implementation of an ESG action plan, each of our portfolio companies develops its capacity to identify and tackle its ESG material topics under PAI's ownership.
- At exit: During the divestment or exit period, an internal or external "start-to-finish" review is carried out either internally or externally, based on several criteria. This inventory includes the analysis of the company ESG performance results over time and the review of the ESG action plan defined initially.



1-b. Content, frequency and means used by the entity to inform subscribers, affiliates, contributors, beneficiaries or customers of the criteria relating to the environmental, social and quality of governance objectives taken into account in the policy and strategy investment

While data and reporting transparency is highly important to PAI, so are regular communications and presentations.

PAI provides regular information on the ESG performance of its portfolio to investors:

- PAI's Annual Sustainability Report: PAI publishes an Annual Sustainability Report, dedicated to our investors, in which we provide a comprehensive overview of our portfolio companies' ESG performance, action plans, and next steps. This report is available through investor Intralinks accounts.
- Ad-hoc requests and questionnaires: PAI remains ready, willing, and able to answer any ad-hoc requests and questions on ESG from our investors.
- Presentations to investors at PAI investor events (Investor Days, Annual General Meetings): PAI is committed to maintaining a close relationship and full transparency with its investors, with yearly communications, in-person meetings and informal discussions.
- ESG summit: A regular gathering of PAI's LPs and industry experts towards greater discussions of ESG and sustainability.

1-c. List of financial products mentioned pursuant to Article 8 and Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, and the overall share, in percentage, assets under management taking into account environmental, social and quality of governance criteria in the total amount of assets managed by the entity

None of PAI funds are currently subject to Article 8 or Article 9 of Regulation (EU) 2019/2088.

1-d. Consideration of environmental, social and governance criteria in the decision-making process for the allocation of new management mandates by the entities mentioned in Articles L. 310-1-1-3 and L. 385-7-2 of the French Insurance Code

This question is not applicable as PAI does not manage any mandate.



1-e. Adherence of the entity, or of certain financial products, to a charter, code, initiative or obtaining a label on the consideration of environmental, social and governance quality criteria, as well as a brief description of these, consistent with d) of 2 of article 4 of the regulation mentioned above

For PAI, this question covers two levels: (i) the management company (the GP) and (ii) the portfolio companies.

At the GP level, below is a non-exhaustive list of international frameworks and charters:

- PAI is a signatory of the Principles for Responsible Investment (PRI) since 2010. We dedicate a lot of time and resources responding to the annual PRI Transparency report. In 2022, PAI was assessed by the PRI and scored 86% for the Investment and Stewardship Policy module, the median score achieved for this one was 60%. Moreover, PAI scored 90% for the Private Equity module, the median score achieved for this one was 66%. Through the PRI reporting numerous quantitative and qualitative information is provided on the management structure and the portfolio companies, including a breakdown of PAI's assets under management and a review of PAI's strategy and governance towards the integration of ESG factors (description of the Responsible Investment policy, goals and objectives, collaborative initiatives or communication of the firm regarding ESG...). The final output along with our rating can be obtained via PRI's data portal.
- PAI is directly involved in collaborating and advancing different international guidelines:
- iCI (Initiative Climat International, former IC20): our ESG team members have active roles in this organisation. The iCI (Initiative Climat International), is a GP-led initiative created after COP21, sponsored by the PRI to allow the Private Equity asset class to tackle climate change, define common carbon footprinting methodologies and prepare shared commitments and guidelines ahead of COP26.
- SASB: PAI has been a license holder of SASB since 2018. Since January 2019, PAI has also taken into consideration the findings of the SASB Climate Technical Bulletin in its ESG Due Diligences
- CDP: PAI is an Investor Signatory of the Carbon Disclosure Project (CDP), to drive greater corporate transparency and to provide the market with comparable environmental data
- Task Force on Climate-Related Financial Disclosures (TCFD) : Our annual Sustainability Report, a highlight of which is the sharing of physical risks and carbon footprints of our portfolio companies, follows the TCFD guidelines.
- Invest Europe: PAI has adopted the Invest Europe code of conduct (European Private Equity and Venture Capital Association)
- BVCA: The British Private Equity & Venture Capital Association (BVCA) is the voice of private capital in the UK. PAI is a member of the ESG and Responsible Investment Groups
- PESMIT: PAI is a member of the Private Equity Sustainable Markets Initiative Taskforce (PESMIT). The working groups are focused on climate change, biodiversity and metrics alignment



- ESG Data Convergence Initiative (EDCI): In 2023, PAI joined this initiative to contribute to a standardised ESG reporting across the investment industry, a meaningful benchmark for the industry and to facilitate data comparability and communication between GPs and LPs.
- UN Sustainable Development Goals: Since 2021, PAI's ESG team has been assessing whether our portfolio companies significantly contribute to any of the 169 targets that sit behind the 17 SDGs. Results of this SDG mapping exercise are updated every year and disclosed in PAI's annual Sustainability Report.

Furthermore, on a case-by-case basis and based on the concerned portfolio company and its industry, PAI attempts to continuously works towards establishing the most widely recognised ESG frameworks and standards (i.e. ISO 45000, UN Global Compact, Science Based Targets initiative, B Corp Certification, etc.).

Please find below a sample of key initiatives and standards taken by some of our portfolio companies:

Ecotone. The group is a pioneer in biodiversity within our portfolio as it is not only the central pillar of its ESG roadmap, but also of its core business. In addition to its several biodiversity-boosting projects linked to agro-forestry and reviving organic farming, Ecotone is promoting alternative ingredients with an aim to foster a more diverse nature. As no consensus currently exists on measures to tackle biodiversity, Ecotone has joined the Science-Based Target Network for nature and is actively committed to contributing to and testing the preliminary method aiming to define biodiversity footprint.

Labeyrie Fine Foods. The group has built a concrete action plan to reduce its carbon footprint by 2030, with SBTi validated targets: a 46% reduction target for its direct emissions, and a 22% reduction target for carbon intensity for Scope 3 emissions. LFF has appointed a dedicated role for the carbon topic, and the group will participate this week in the initiative Climat International (iCI) in order to share its best practices to all stakeholders involved.

Tendam. Through our annual reporting campaign, we track, for each portfolio company, the percentage of women in management, senior management and on the board. Tendam is a clear leader on this front with: 85% women in permanent employees, 61% women in management and 43% women on the board. The Tendam group signed the European Diversity Charter and the Directory of Companies Committed to Equality. They have also signed a collaboration agreement with the ONCE Foundation under which it joined the INSERTA Programme.

Albéa. The firm invents & manufactures groundbreaking and responsible Tubes. In this effort, Albéa created the (Re)Flex 2 Tube - an innovative packaging developed for cosmetics with a central ambition to reduce the number of different materials used for its production and in turn allow a highly efficient recycling stream compatibility. In October 2022, this technology was certified by the leading cross-industry initiative RecyClass.



2/ Information relating to the internal resources deployed by the entity

This section refers to the Article D. 533-16-1, III, 2° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

2-a. Description of the financial, human, and technical resources dedicated to taking into account environmental, social and governance criteria in the investment strategy as a ratio of the total outstanding receivables managed or held by the entity.

For FY 2022, PAI's dedicated ESG team is composed of four full time equivalents (a Head of ESG, two Officers and one Associate), spread in our Paris, London and Munich offices, and two interns. We continue in our decentralisation effort as our team is expanding across an increasing number of our offices to establish additional permanent presence. This continuous effort allows to achieve a closer contact with our portfolio companies' CSR teams and our investment teams, which in turn generated a faster capacity to respond to their needs.

Our ESG team is composed of sustainability experts with up to 30+-years experience, who had all previously worked for both corporate and consulting firms.

PAI also employs external service providers at pre-acquisition phase. Pre-acquisition due diligence involves systematically assessing potential investments to ensure key ESG risks and opportunities are assessed. Analysis is carried out using internal resources and, when necessary, external consultants. Depending on an overall risk assessment in collaboration with the Deal Team, the ESG Team may:

- Conduct a full internal due diligence, which includes a detailed ESG memo for the Investment Committee and a deep-dive on each material topic.
- Use external databases or experts such as Environment, Health and Safety (EHS) consultants, industry specialists or sustainable sourcing supply chain experts.
- Fully delegate the due diligence work to external consultants, when deemed appropriate.
- PAI also acquired new tools to enhance our internal capabilities for assessing physical risks and carbon footprints, as well as biodiversity impacts and dependencies based on the TNFD framework.

Regarding human resources, bonuses are awarded based on individual performance and success, positive contribution to the development of the firm. ESG factors flow into this indirectly.



2-b. Actions taken to strengthen the entity's internal capacities. The description includes all or part of the information relating to training, the communication strategy, the development of financial products and services associated with these actions.

In addition to its dedicated ESG team, which is described above in 2.a), PAI has developed its capacity to understand and tackle its impacts in a coordinated way across the firm, by formalising and implementing our Responsible Investment Policy and Climate Policy.

To be able to duly accompany its portfolio companies, PAI Partners has implemented rigorous data collection, reporting and action plan implementation frameworks.

Firstly, our data collection process allows us to thoroughly monitor the ESG topics in our portfolio. Each year, every portfolio company which has been in the portfolio for at least one year takes part in the Annual ESG Reporting Campaign. We collect data on more than 180+ indicators from each company in our large cap portfolio.

This data collection process increases considerably our capacity to produce a detailed reporting. Indeed, once the data is collected, it can be analysed at both the company and portfolio level and can be exported in a number of formats to match the full range of LP reporting requirements. It is the foundation of an efficient monitoring process; helping us to collect precise information, compare results between portfolio companies and observe evolutions over time. We put our data to work, from spreadsheets into actionable plans.

Finally, mapping high materiality topics and defining specifically tailored environmental, social, governance, and external stakeholder KPIs, both quantitatively and qualitatively, allows our ESG team to create advanced ESG dashboards that outline and present the status and story of our portfolio company's ESG journey. This data and information are then tied directly into each of our portfolio company's established ESG Action Plans, which consists in a set of tailored quantitative and qualitative targets.

Regarding external service providers PAI solicits to be able to conduct the operations described above (especially data collection), PAI collaborates with an external service provider for the operational support of the reporting and the aggregation of data. For further visibility and monitoring of our portfolio, we also actively monitor the online reputation with the support of a risk rating platform.

On another front, PAI has recently implemented an Internal Carbon Price (€ per tons of CO₂ equivalents) to raise awareness of the carbon impact of prospective portfolio companies. Investment Teams were trained specifically on this new scheme by our ESG team as they will use the Internal Carbon Price to offer guidance to the IC on the potential respective carbon liability of a prospective portfolio company ahead of a potential investment. PAI also trains and raises awareness among our investment teams on climate as we offer "Climate Fresk" trainings in order to improve their competencies on this topic.



3/ Information relating to the process for taking into account environmental, social and governance criteria at the level of the governance of the entity

This section refers to the Article D. 533-16-1, III, 3° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

3-a. Knowledge, skills, and experience of the governance bodies, in particular the administrative bodies, supervision and management, in terms of decision-making relating to the integration of environmental, social and governance criteria into the investment policy and strategy of the entity and the entities that the latter controls, where applicable.

In January 2023, PAI launched its first Sustainability Committee (SC), in charge of overseeing the development and implementation of PAI's Sustainability Strategy. The SC is composed of PAI's dedicated ESG team and of PAI senior professionals across teams (Investment teams, Investor Relations Team, Finance Team...). The SC is facilitated by the ESG Team and its members are selected by the Management Committee. Denise Odaro, PAI's head of ESG, is the Committee's secretary.

Under this new leadership, two taskforces on most critical issues were created since the beginning of 2023.

- A Decarbonisation Taskforce: A PAI-wide taskforce to fully evaluate the suitability and scope of work required for decarbonisation program and SBTi commitment. The taskforce had its first highlight with the implementation of an internal carbon price (ICP).
- A Regulatory Taskforce: A cross-department team to assess PAI opportunities in the fast-evolving regulatory landscapes, including the Sustainable Finance Disclosure Regulation (SFDR).

PAI's Management Committee (MC) is responsible for the approval and the review of PAI's ESG strategy and action plans. PAI's Management Committee meets on a weekly basis (at a minimum) and is responsible for all key firm decisions, which includes (but is not strictly limited to), decisions pertaining to raising new funds / launching new investment activities, determination of employee remuneration, allocation of carried interest (with further approval of allocations of Partners by the Supervisory Board), and entry of a new Partner. The MC works in close collaboration with its dedicated ESG Team and is fully aware of all ESG developments.

Indeed, the ESG team is part of the PAI Performance Group (PPG), which is a group of experts working to enhance portfolio companies' performances on several fronts, such as talent recruitment, ESG, topline, supply chain and operational improvement. The PPG reports monthly to the MC on the work in progress and on important issues, and a member of the ESG team systematically takes part in these monthly meetings. This allows the ESG team to share the work in progress, and to discuss new developments and potential needs to address (strategy, legislation, recruitment, etc.). In addition, prior to an investment, the MC takes note of the ESG memo resulting from a dedicated due diligence and gives its opinion to the Investment Committee.

PAI's Investment Committee is responsible for the assessment of ESG factors in investment opportunities: analyses are presented in ESG memoranda that are discussed at



the Investment Committee meetings. PAI's Investment Committee is the core engine for all investment (including follow-on investments, refinancing's, portfolio construction and management) and exit related decisions.

3-b. Integration of environmental, social and governance criteria in the internal rules of the entity's board of directors or supervisory board

PAI Supervisory board supervises PAI's Management Committee on an ongoing basis and ensures compliance with PAI's policies and procedures. As one of PAI's governing bodies, it supervises environmental, social and governance related topics while supervising PAI's Management Committee, but ESG factors are not formally integrated to its internal rules.

The Supervisory Board of PAI is an independent body comprised of senior professionals from outside the firm. Its members are elected by the partners of PAI.

The Management Committee of PAI supervises the definition of PAI's ESG strategy and reviews the annual reports prepared by the ESG team.



4/ Information on the strategy of engagement with issuers or vis-à-vis management companies and on its implementation

This section refers to the Article D. 533-16-1, III, 4° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

PAI Partners SAS believes that professional corporate governance standards are an essential part of its reputation and management experience.

Thus, voting at general assembly meetings is a key component of the ongoing dialogue with companies in which PAI Partners SAS invests on behalf of the managed funds and their investors and forms an integral part of PAI's investment process.

PAI Partners SAS has set up an Engagement and Voting Policy, is committed to ensuring consistent exercise of voting rights associated with shares held in the funds and exercises the voting rights with the sole view of preserving the interest of its investors.

None of the funds managed by PAI Partners SAS holds publicly traded shares of listed companies as of December 31, 2021, therefore provisions from this section do not apply to PAI, or the funds it manages.

5/ Information relating to european taxonomy and fossil fuels

PAI applies environmental and social safeguards to its investments and is undertaking a scoping exercise to determine the taxonomy eligibility of the economic activities of its portfolio, which may be subject to the reporting obligations under the Corporate Sustainability Reporting Directive (CSRD) from 2026 onwards. PAI has initiated this eligibility and alignment screening exercise for its portfolio companies and has started to engage on alignment with the portfolio companies for which we have identified a potential eligibility.

PAI investments are not directly exposed to any fossil industry activities.



6/ Information on the strategy for alignment with the international objectives for limiting global warming

This section refers to the Article D. 533-16-1, III, 6° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

6-a. Targets and objectives

PAI's climate strategy aims at integrating the analysis of climate-related risks and opportunities throughout the investment cycle. Although the timing of climate-related impacts goes beyond our investment period, PAI is committed to using our role as company shareholders to be a driving force in building long-term climate strategies within the portfolio companies.

The effort to better understand climate risks and opportunities faced by the portfolio companies is a vital step in positioning them to succeed in a low-carbon global economy. This is why PAI has launched a decarbonisation taskforce which gathers senior professionals from across the firm to evaluate options for PAI's roadmap at the management company level and portfolio level.

During the investment period, PAI is progressively asking portfolio companies for increased disclosure and transparency on climate-related risks and opportunities in their value chain. PAI's objective is to improve the maturity of the portfolio companies on climate aspects.

PAI has not set GHG emission reduction targets at the fund level, nor do we impose GHG emission reductions at the portfolio level. However, we have a structured policy and strategy towards tackling climate change both at the PAI level and at the portfolio level. We support and encourage our portfolio companies to commit to emission reduction pathways and best practices on an individual basis.

Efforts conducted at the management company level:

In 2021, PAI achieved carbon neutrality for the first time at the GP level (i.e., excluding financed emissions) by fully offsetting our 2019 footprint. While we recognise that one should always aim to reduce emissions before engaging in off-setting, the nature of our business makes this exercise abstract given a large part of our GP-level emissions stem from purchased services from third parties. These include insurance and consulting services which are essential in deal-making, and quality of service is the primary decision factor.

We recognise that, as an investment firm, the bulk of PAI's overall climate impacts are from our financed emissions, and we believe it is our responsibility to set an example with GP-level carbon neutrality. Addressing the emissions from our portfolio is at the top of our sustainability agenda.

We plan to remain carbon neutral through internal emission reductions and our offsetting programme. In future, we aim to rely less on external unrelated carbon offsetting programmes, and instead develop proprietary initiatives with our portfolio companies. We are currently researching these initiatives with the support of Imperial College London.

A non-exhaustive list of actions taken at the portfolio level:

We integrate the analysis of climate-related risks and opportunities throughout the investment cycle. Although the timing of climate-related impacts goes beyond our investment period.



At pre-acquisition: We have conducted pre-acquisition assessments of physical climate and transition risks since many years but the growing exposure to natural hazards, caused by the changing climate, as well as the increased materialisation of transition risks led us to review our current methodologies and processes to find ways of enhancing our analysis.

Following this, in 2023, we have acquired a tool that allows us to enhance our assessment of site-by-site physical climate risks, second to estimate a carbon footprint in case the prospective portfolio company is unable to provide one during due diligence and third, understanding the biodiversity impacts and dependencies.

As mentioned before, introducing an internal carbon pricing scheme is one of our four key levers to drive decarbonisation. This allows us to raise awareness of the carbon impact of prospective portfolio companies amongst our Investment Teams and the Investment Committee but also prepares ourselves to what might turn into a carbon liability in the medium term – further details below.

Going forward, each ESG due diligence prepared will include a dedicated climate & biodiversity risk assessment using the tools and processes just described. This analysis is not only used to enrich decision-making at Investment Committee level but also to inform the value creation plan put together in case of a successful transaction.

- In addition to that, PAI's ESG Team conducts a materiality assessment of climate risks using SASB Climate Risk Technical Bulletin, giving a preliminary view on the level of risks (high, medium, low). In function of the materiality assessment, we send an adapted due diligence questionnaire to the sell side. SASB's Climate Risk Technical Bulletin is used by investors to better understand, measure, and manage their exposure to climate-related risks and opportunities, with a sectoral approach.

During ownership: PAI has been monitoring climate indicators in all large cap portfolio companies for a number of years, based on the internal expertise of our ESG team, climate expert consultants, and with the support of a dedicated reporting platform. Our annual reporting processes a series of carbon related performance indicators that we monitor annually, including scope 1, 2 & 3 GHG emissions, carbon intensity, GHG mitigation initiatives, the total energy consumption and the renewable energy consumption, allowing PAI to build a complete snapshot year on year.

Following on from last year, we analysed our portfolio carbon footprint and carbon intensity on a fund and sector level. In addition, for the first time this year, we have calculated the weighted average carbon intensity for our portfolio based on guidance established by the TCFD.

When appropriate and feasible, PAI supports its portfolio companies to become signatories of the SBTi. The SBTi ensures that emission reduction targets are in line with the latest climate science and will meet the goal of the Paris Agreement of limiting global warming to 1.5°C. We are proud that two of our companies are already validated signatories (three companies have recently committed to the SBTi and are due to receive their validation soon). We will continue to support more of our companies to begin their SBTi journeys.

6-b. When the entity uses an internal methodology, elements of it to assess the alignment of the investment strategy with the Paris Agreement or the national low-carbon strategy:

At management company level:

Each year since 2019, PAI measures its own carbon footprint. The boundary of the assessment includes all the relevant categories from the GHG Protocol methodology, excluding our financed emissions. Direct and indirect carbon emissions (business travels,



energy, purchase of goods and services, commuting, IT) were considered for all of PAI's offices.

We use our carbon footprint (scope 1,2 and 3, excluding portfolio emissions), including PAI's carbon emissions and carbon intensity, to analyse evolutions compared to previous years.

At portfolio level:

We work with our portfolio companies to ensure they are making progress on the material climate risks and opportunities and on their climate action plan. We annually track and report a set of climate related KPIs, including the following:

- Geographic location of assets to assess exposure to physical climate risks
- Energy consumption
- Carbon footprint scope 1, 2, and 3 for all portfolio companies
- Carbon intensity: emissions per unit of revenue
- Weighted average carbon intensity of each fund

6-c. Quantification of results using at least one indicator:

PAI monitors the annual carbon footprint of all of its portfolio based on companies which participate in the ESG Reporting Campaign, performed on a yearly basis. Scope 1, 2 and 3 in addition to carbon intensity are assessed each year through this exercise.

As a GP, we monitor and track the carbon footprint issued from our own activities and since 2019, we have achieved carbon neutrality at the GP level (i.e., excluding financed emissions, Scope 3, Category 15) and plan to continue to offset our emissions for the 2021 and 2022 exercises to keep our carbon neutral status.

6-d. For entities managing index funds, information on the use of the Union's "climate transition" and "Paris Agreement" benchmarks defined by Parliament Regulation (EU) 2019/2089 European Parliament and of the Council of 27 November 2019

This question is not applicable as PAI does not manage index funds.

6-e. The role and use of the assessment in the investment strategy, and in particular the complementarity between the assessment methodology used and the other indicators on the environmental, social and quality of governance criteria used more largely in the investment strategy

At management company level:



We share the results of our carbon footprint on an office-by-office basis with all colleagues at PAI and use this to identify reduction potentials in the areas which we can influence (e.g., goods purchases, IT, travel, events).

At portfolio company level:

During pre-acquisition phase: As previously explained, climate related material topics revealed in the ESG due diligence process are included in ESG memoranda that are discussed at the Investment Committee meetings prior to investment decision. Our focus is adapted upon the material need to address carbon depending on how substantial the concerned emitter is.

During ownership: Under PAI's Climate Policy, each portfolio company calculates its full carbon footprint in collaboration with the ESG Team and an external provider. Their level of engagement is then determined, which helps us in understanding the maturity level of each portfolio company and in adapting our support to their specific needs. Based on the assessment provided during due diligence, we tailor the needed support when / if the company is acquired with a stronger focus brought to the more carbonated activities. This is reflected in portfolio companies' respective ESG action plans, which is a pre-requisite under PAI's ownership.

6-f. The changes made to the investment strategy in connection with the strategy of alignment with the Paris Agreement, and in particular the policies put in place with a view to a gradual exit from coal and hydrocarbons non-conventional loans, specifying the exit schedule adopted as well as the share of total outstandings managed or held by the entity covered by these policies

PAI Partners is not investing in any coal or hydrocarbon assets.

6-g. Any actions to follow up on the results and changes made

Actions and follow-ups are performed on an ad-hoc basis, in accordance with PAI's Management Committee.

6-h. The frequency of the evaluation, the provisional dates of update and the relevant evolution factors retained

Evaluations and updates are performed and are updated on an ad-hoc basis based on a material need to revise the current strategy and policies in place.



7/ Information on the strategy for alignment with long-term objectives related to biodiversity

This section refers to the Article D. 533-16-1, III, 7° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

7-a. A measure of compliance with the targets set out in the Convention on Biological Diversity adopted on 5 June 1992

Due to our processes for identifying each portfolio company's material topics and building corresponding ESG action plans, we are able to tackle biodiversity related risks and to identify related opportunities and to align with long-term objectives related to biodiversity. Indeed, during pre-acquisition due diligence and with our annual ESG Reporting Campaign during ownership, we continuously map high materiality topics linked to biodiversity when relevant, as we define specifically tailored action points and KPIs within the environmental pillar, both quantitatively and qualitatively, for each of our portfolio companies.

7-b. An analysis of the contribution to the reduction of the main pressures and impacts on biodiversity defined by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

At the Management Company level, we have not identified any direct impact of PAI's activity on biodiversity, however we consider our carbon footprint as an indirect impact, which is why we measure it annually.

At the portfolio level, some of the portfolio companies are *per se* exposed to impacts on biodiversity. For instance, our portfolio company Ecotone whose core business has a direct impact on biodiversity, is taking thorough actions through a series of tailored mitigation measures and objectives to address this topic such as: increasing alternative ingredients and biodiverse farming methods, replanting hedgerows for the restoration of ecosystems, as a core pillar to their environmental actions.

7-c. Mention of the support for a biodiversity footprint indicator and, where applicable, the way in which this indicator makes it possible to measure compliance with international objectives related to biodiversity

Biodiversity is monitored and tracked in our annual ESG Reporting Campaign, where we monitor the following indicators within our portfolio: companies' awareness of impact and their individual actions to minimise and mitigate them.



8/ Information on the procedures for taking environmental, social and quality of governance criteria into account in risk management

This section refers to the Article D. 533-16-1, III, 8^a of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021. The subsections b) to f) are not mandatory for FY 2021.

Risks are managed throughout our investment cycle, from our Due Diligence phase for which material and sector specific risks are assessed in priority, as well as during the ownership phase with the help of our annual ESG Reporting Campaign which provides detailed qualitative and quantitative data regarding risks and performance, all monitored and linked to an individual ESG action plan, per portfolio company.

During ownership, our Reporting is used to track the evolution of key ESG indicators – both general and tailor-made for each of our companies – and to identify trends and areas of improvement. Our ESG integration system includes the ESG counsel provided by our team of ESG professionals to our portfolio companies (100% have an ESG action plan), the various ESG policies we implement and our active online reputation monitoring (with Talkwalker).

ESG risks revealed by our monitoring system are then addressed and updated every year at the Risk Committee. Hence, PAI is in a position to ensure that ESG related risks and opportunities, as any conventional risk and opportunity, that could impact our portfolio companies' financial performances are integrated and monitored. These are regularly shared with individual deal teams and our Investment Committee during specific portfolio reviews, and during our companies' boards when ESG is addressed. Whenever possible, PAI attempts to estimate the financial impact of ESG risks and opportunities. For instance, PAI has recently implemented an internal carbon price (€ per tonnes of CO₂ equivalents) to offer guidance to the IC on the potential respective carbon liability of a prospective portfolio company ahead of a potential investment.



Annexe E - Table de correspondance avec les dispositions de l'article D. 533-16-1 du code monétaire et financier incluant les éventuels plans d'amélioration visés au 9° du III de l'article D. 533-16-1 du CMF

"- Lorsque l'information prévue par le décret 29LEC n'est pas présente au sein du rapport, la section d'explication des raisons d'omission et de présentation du plan d'amélioration est exigée dans les deux cas de figure suivants ""Présence d'explication(s) sur l'absence d'informations"" et ""Information absente sans explication""

- L'année renseignée dans la dernière colonne ""Année prévue pour présenter l'information manquante"" doit être supérieure ou égale à 2023"

Lien internet URL permettant d'accéder au rapport :

<https://www.paipartners.com/responsibility/esg-reports/>

Référence dans l'article D. 533-16-1 du code monétaire et financier	Information prévue par le décret 2021-663	Information présente dans le rapport ?	Parties et les pages du rapport traitant du sujet	Si l'information n'est pas présentée : explication narrative des raisons de l'omission avec présentation du plan d'amélioration			
				Raison de l'omission (telle que décrite dans le rapport)	Explication narrative de la raison de l'omission	Plan d'amélioration	Année prévue pour présenter l'information
1° : Démarche générale de l'entité	Présentation résumée de la démarche générale de l'entité sur la prise en compte des critères environnementaux, sociaux et de qualité de gouvernance, et notamment dans la politique et stratégie d'investissement	Information présentée	1,2				
	Contenu, fréquence et moyens utilisés pour informer les souscripteurs, affiliés, cotisants, allocataires ou clients sur les critères relatifs aux objectifs ESG pris en compte	Information présentée	5				
	Liste des produits financiers mentionnés en vertu de l'article 8 et 9 du Règlement Disclosure (SFDR) (respectivement, produits qui promeuvent des caractéristiques environnementales et/ou sociales et produits qui ont pour objectif l'investissement durable)	présence d'explication(s) sur l'absence d'information	5	Information non pertinente pour l'entité			
	Adhésion de l'entité, ou de certains produits financiers, à une charte, un code, une initiative ou obtention d'un	Information présentée	6				



	label sur la prise en compte de critères ESG ainsi qu'une description sommaire de ceux-ci, en cohérence avec le d) du 2 de l'article 4 du Règlement Disclosure (SFDR)						
2° : Moyens internes déployés par l'entité	Description des ressources financières, humaines et techniques dédiées à la prise en compte des critères ESG dans la stratégie d'investissement en les rapportant aux encours totaux gérés ou détenus par l'entité. La description inclut tout ou partie des indicateurs : part, en pourcentage, des équivalents temps plein correspondants; part, en pourcentage, et montant, en euros, des budgets consacrés aux données ESG; montant des investissements dans la recherche; recours à des prestataires externes et fournisseurs de données	Information présentée	8				
	Actions menées en vue de renforcement des capacités internes de l'entité. La description inclut tout ou partie des informations relatives aux formations, à la stratégie de communication, au développement de produits financiers et services associés à ces actions	Information présentée	8,9				
3° : Démarche de prise en compte des critères environnementaux, sociaux et de qualité de gouvernance au niveau de la gouvernance de l'entité	Connaissances, compétences et expérience des instances de gouvernance, notamment des organes d'administration, de surveillance et de direction, en matière de prise de décision relatives à l'intégration des critères ESG dans la politique et la stratégie d'investissement de l'entité et des entités que cette dernière contrôle le cas échéant. L'information peut notamment porter sur le niveau de supervision et le processus associé, la restitution des résultats, et les compétences	Information présentée	9,10				
	Inclusion, conformément à l'article 5 du règlement (UE) 2019/2088 du Parlement européen et du Conseil du 27	Information présentée	8				



	novembre 2019, dans les politiques de rémunération des informations sur la manière dont ces politiques sont adaptées à l'intégration des risques en matière de durabilité, comprenant des précisions sur les critères d'adossement de la politique de rémunération à des indicateurs de performance						
	Intégration des critères ESG dans le règlement interne du conseil d'administration ou de surveillance de l'entité	Information présentée	10				
4° : Stratégie d'engagement auprès des émetteurs ou vis-à-vis des sociétés de gestion ainsi que sur sa mise en œuvre	Périmètre des entreprises concernées par la stratégie d'engagement	Information présentée	13				
ATTENTION : Certaines exigences de cette section 4° ne s'appliquent pas à toutes les activités (ex : absence de politique de vote pour les SGP de fonds immobiliers), pour ces exigences nous vous remercions de :							
1- Sélectionner la réponse "Information non pertinente" dans la colonne "Information présente dans le rapport ?"							
2- Et justifier cette non pertinence dans la colonne "Explication narrative"							
	Présentation de la politique de vote et bilan	Information présentée	11				
	Bilan de la stratégie d'engagement mise en œuvre, qui peut notamment inclure la part des entreprises avec laquelle l'entité a initié un dialogue, les thématiques couvertes et les actions de suivi de cette stratégie	Information présentée	4,6,7				
	Bilan de la politique de vote, en particulier relatif aux dépôts et votes en assemblée générale de résolutions sur les enjeux environnementaux, sociaux et de qualité de gouvernance	Information présentée	11				



	Décisions prises en matière de stratégie d'investissement, notamment en matière de désengagement sectoriel	Information présentée	4				
	Note : Dans le cas où l'entité publie un rapport spécifique relatif à sa politique d'engagement actionnarial, ces informations peuvent y être incorporées en faisant référence au présent article						
5° : Taxonomie européenne et combustibles fossiles	Part des encours concernant les activités en conformité avec les critères d'examen technique définis au sein des actes délégués relatifs aux articles 10 à 15 du règlement (UE) 2020/852 du Parlement européen et du Conseil du 18 juin 2020 sur l'établissement d'un cadre visant à favoriser les investissements durables et modifiant le règlement (UE) 2019/2088, conformément à l'acte délégué adopté en vertu de l'article 8 de ce règlement	présence d'explication(s) sur l'absence d'information	11		PAI n'est pas encore en mesure de communiquer ces chiffres car l'exercice est actuellement en cours.	Le screening d'éligibilité ayant déjà été réalisé pour l'ensemble des sociétés du portefeuille sur la base des deux premiers articles de la taxonomie, PAI Partners est actuellement en train d'initier le travail d'alignement à la taxonomie pour les sociétés pour lesquelles un potentiel d'éligibilité a été identifié.	2023/2024
	Part des encours exposés dans le secteur des combustibles fossiles, au sens de l'acte délégué en vertu de l'article 4 du Règlement Disclosure (SFDR) ATTENTION : pour les SGP immobilières il s'agit de la publication de l'indicateur "Exposition à des combustibles fossiles via des actifs immobiliers" de l'annexe 1 des RTS SFDR qui consiste en la "Part d'investissement dans des actifs immobiliers utilisés pour l'extraction, le stockage, le transport ou la production de combustibles fossiles"	Information présentée	11				
6° : Publication de la stratégie d'alignement de l'acteur avec les objectifs des articles 2 et 4 l'Accord de Paris relatifs à l'atténuation des émissions de gaz à effet de serre et, le cas échéant, pour les	Un objectif quantitatif à horizon 2030, revu tous les cinq ans jusqu'à horizon 2050. La révision de cet objectif doit s'effectuer au plus tard cinq ans avant son échéance. L'objectif comprend les émissions de gaz à effet de serre directes et	Information présentée	12				



<p>produits financiers dont les investissements sous-jacents sont entièrement réalisés sur le territoire français, sa stratégie nationale bas-carbone mentionnée à l'article L. 222-1 B du code de l'environnement. Cette stratégie doit contenir les éléments suivants :</p> <p>ATTENTION : Cette section est obligatoire, le choix réside dans la sélection de l'indicateur associé à l'objectif d'alignement à l'Accord de Paris ou la stratégie nationale bas carbone (température implicite ou volume d'émissions de gaz à effet de serre)</p>	<p>indirectes en valeur absolue ou valeur d'intensité par rapport à un scénario de référence et une année de référence. Il peut être exprimé par la mesure de l'augmentation de température implicite ou par le volume d'émissions de gaz à effet de serre</p>						
	<p>Lorsque l'entité utilise une méthodologie interne, des éléments sont présentés sur celle-ci pour évaluer l'alignement de la stratégie d'investissement avec l'Accord de Paris ou la stratégie nationale bas-carbone. Les éléments attendus concernent à minima l'ensemble des exigences listées du III.6° b) i) au III.6° b) x) du décret 29LEC.</p>	<p>Information présentée</p>	<p>14</p>				
	<p>Une quantification des résultats à l'aide d'au moins un indicateur</p>	<p>Information présentée</p>	<p>14</p>				
	<p>Pour les entités gérant des fonds indiciels, l'information sur l'utilisation des indices de référence " transition climatique " et " Accord de Paris " de l'Union définis par le règlement (UE) 2019/2089 du Parlement européen et du Conseil du 27 novembre 2019</p> <p>ATTENTION : pour les SGP ne gérant aucun fonds indiciel, nous vous remercions de :</p> <p>1- Sélectionner la réponse "Information non pertinente" dans la colonne "Information présente dans le rapport ?"</p>	<p>présence d'explication(s) sur l'absence d'information</p>	<p>15</p>	<p>Information non pertinente pour l'entité</p>			



	2- Et justifier cette non pertinence dans la colonne "Explication narrative"						
	Le rôle et l'usage de l'évaluation dans la stratégie d'investissement, et notamment la complémentarité entre la méthodologie d'évaluation retenue et les autres indicateurs sur les critères environnementaux, sociaux et de qualité de gouvernance utilisés plus largement dans la stratégie d'investissement	Information présentée	15				
	Les changements intervenus au sein de la stratégie d'investissement en lien avec la stratégie d'alignement avec l'Accord de Paris, et politique mise en place en vue d'une sortie progressive du charbon et hydrocarbures non-conventionnels en précisant le calendrier de sortie retenu et la part des encours totaux gérés ou détenus par l'entité couverte par ces politiques	Information présentée	15				
	Les éventuelles actions de suivi des résultats et des changements intervenus	Information présentée	16				
	La fréquence de l'évaluation, les dates prévisionnelles de mise à jour et les facteurs d'évolution pertinents retenus	Information présentée	16				
7° : Stratégie d'alignement avec les objectifs de long terme liés à la biodiversité. L'entité fournit une stratégie d'alignement avec les objectifs de long terme liés à la biodiversité, en précisant le périmètre de la chaîne de valeur retenu, qui comprend des objectifs fixés à horizon 2030, puis tous les cinq ans, sur les éléments suivants	Mesure du respect des objectifs figurant dans la Convention sur la diversité biologique adoptée en 1992 <i>Cette exigence s'applique bien à l'ensemble des SGP quelle que soit leur activité (ex : SGP immobilière)</i>	Information présentée	17				
	Analyse de contribution à la réduction des principales pressions et impacts sur la biodiversité définis par la Plateforme intergouvernementale scientifique et politique sur la	Information présentée	17				



	biodiversité et les services écosystémiques						
	La mention de l'appui sur un indicateur d'empreinte biodiversité et, le cas échéant, la manière dont cet indicateur permet de mesurer le respect des objectifs internationaux liés à la biodiversité	Information présentée	17				
8° : Démarche de prise en compte des critères environnementaux, sociaux et de qualité de gouvernance dans la gestion des risques. En cohérence avec l'article 3 du règlement (UE) 2019/2088 du Parlement européen et du Conseil du 27 novembre 2019, la publication d'informations sur la prise en compte des critères environnementaux, sociaux et de qualité de gouvernance dans la gestion des risques comprend notamment les risques physiques, de transition et de responsabilité liés au changement climatique et à la biodiversité et, en particulier	Processus d'identification, d'évaluation, de priorisation et de gestion des risques liés à la prise en compte des critères ESG, la manière dont les risques sont intégrés au cadre conventionnel de gestion des risques de l'entité, et la manière dont ce processus répond aux recommandations des autorités européennes de surveillance du système européen de surveillance financière	Information présentée	18				
La publication des différentes informations doit respecter les exigences du 8bis de l'article D-533-16-1 du CMF							
	Description des principaux risques ESG pris en compte et analysés. Cette description comprend pour chacun des risques : - une caractérisation (notamment caractère actuel ou émergent, endogène ou exogène à l'entité, occurrence, intensité et horizon de temps) - une segmentation (selon la typologie : risque physique, risque de transition et risque de contentieux ou de responsabilité liés aux facteurs environnementaux) - une analyse descriptive	Information présentée	18				



	<p>associée à chaque principal risque</p> <p>- une indication des secteurs économiques et zones géographiques concernés par ces risques, de leur caractère récurrent ou ponctuel et leur éventuelle pondération</p> <p>- et une explicitation des critères utilisés pour sélectionner les principaux risques</p>						
	<p>Une indication de la fréquence de la revue du cadre de gestion des risques</p>	Information présentée	18				
	<p>Un plan d'action visant à réduire l'exposition de l'entité aux principaux risques en matière environnementale, sociale et de qualité de gouvernance pris en compte</p>	Information présentée	18				
	<p>Une estimation quantitative de l'impact financier des principaux risques ESG identifiés et de la proportion des actifs exposés, et l'horizon de temps associé à ces impacts au niveau de l'entité et des actifs concernés, comprenant l'impact sur la valorisation du portefeuille. Dans le cas où une déclaration d'ordre qualitatif est publiée, l'entité décrit les difficultés rencontrées et les mesures envisagées pour apprécier quantitativement l'impact financier de ces risques</p>	Information présentée	18				
	<p>Une indication de l'évolution des choix méthodologiques et des résultats</p>	Information présentée	18				
1* : Démarche générale de l'entité	<p>Présentation résumée de la démarche générale de l'entité sur la prise en compte des critères environnementaux, sociaux et de qualité de gouvernance, et notamment dans la politique et stratégie d'investissement</p>	Information présentée	1,2				