2024 Report

Loi Energie – Climat

Energy-Climate Law

Article 29

At a glance

Since its creation, BlackFin's investment strategy has been based on three pillars: ethics, integrity and transparency. From these pillars, BlackFin began its ESG journey, developing a comprehensive approach to cover all ESG aspects. BlackFin is convinced that the promotion of ESG contributes to the creation of long-term value within its portfolio and corresponds to overall societal objectives.

As a rigorous investor, BlackFin's ESG approach relies on data to objectively measure the ESG maturity of portfolio companies. Its ESG strategy and associated actions are implemented and supervised by a dedicated internal team, including one full-time ESG manager. As part of this ESG strategy, BlackFin is a signatory to the United Nations Principles for Responsible Investment (PRI), the International Climate Initiative, Invest Europe, France Invest, Level 20 and Out Investors.

Our ESG approach is adapted to the specificities of the financial services sector, which are subject to strong regulatory requirements. We conduct monitoring of our portfolio companies to guarantee compliance with our ESG values.

In accordance with the provisions of Article 29 of the Energy-Climate Law and its implementing decree n° 2021-663 of 27 May 2021, this report covers the reference period from 1 January to 31 December 2024 and covers the provisions of Article D. 533-16-1.-III, 1°, 2°, 3°, 4°, 6°, 7°, and 8°. This report details the general ESG practices applied by BlackFin. Some of the practices described herein, particularly regarding engagement with portfolio companies, might vary according to BlackFin’s shareholding in these companies.

1) Information on 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 ESG criteria, and in particular in the investment policy and strategy

BlackFin is committed to promoting its ESG values through its investment policy and strategy and to have a significant ESG impact on its portfolio companies. More specifically, BlackFin is committed to:

- Conducting its activities with the highest ethical standards.
- Not investing in the sectors included in BlackFin's exclusion list.
- Working closely with its portfolio companies in order to improve their ESG practices and performance.
- Providing regular and accurate ESG information to investors and other stakeholders.

To ensure these objectives are met, BlackFin considers ESG topics across the investment cycle as follows:

<u>Pre-Investment period</u>: Before a fund invests in a target company, BlackFin assesses whether it is not included in its exclusion list, which includes:

- Mining
- Coal
- Tobacco
- Alcohol
- Gambling
- Weapons & firearms
- Pornography & prostitution
- Illegal economic activities including drugs.
- Activities enabling illegal access to IT systems.

Moreover, BlackFin does not invest in companies that, as evidenced by an official source such as the UN, the OECD, or the European Union:

- Are associated with material corruption.
- Are domiciled in countries subject to trade embargo.
- Repeatedly violate the Global Compact.
- Contravene international conventions on human rights.

After confirmation that the company does not operate in any of the restricted sectors, BlackFin conducts a due diligence to thoroughly identify and assess potential ESG areas of concern and opportunities for improvement. The due diligence results are submitted and assessed by the Investment Committee.

<u>Holding period:</u> At the start of each year, BlackFin outlines the key focus areas for the year for all

portfolio companies.

Additionally, in the first quarter, BlackFin initiates its annual ESG Campaign through an online questionnaire designed to gather over 100 ESG data points from portfolio companies. This comprehensive data collection sets the foundation for assessing ESG performance and identifying areas for improvement.

During the second quarter, BlackFin organizes feedback sessions with portfolio companies to review and refine the collected data. These meetings provide a platform to discuss the results of the ESG Campaign at the portfolio level and ensure the data's accuracy and relevance. The results of our ESG Campaign are translated into the ESG maturity assessment of each portfolio company. These results are part of BlackFin's ESG annual report, which is available on our website and sent out to all investors.

In the second and third quarters, BlackFin offers dedicated support to portfolio companies as they conduct their carbon footprint assessments. This may include feedback sessions to interpret the results and develop strategies for reducing carbon emissions.

In the third and fourth quarters, portfolio companies present updated ESG action plans at their Board meetings, incorporating the findings from the ESG Campaign. These updates ensure that ESG strategies are continually refined, remain aligned with BlackFin's overall objectives, and are backed by data and evidence.

Moreover, BlackFin holds regular meetings throughout the year with the ESG leads of each portfolio company. These meetings provide personalized guidance and address specific needs, ensuring that each company receives tailored support to advance their ESG initiatives.

Exit period: The exit phase represents BlackFin's opportunity to demonstrate its added value to the company's ESG performance. An ESG assessment of portfolio companies is usually made at exit through a Vendor Due Diligence where BlackFin aims to provide to potential buyer an analysis of the company ESG performance over time and the review of the ESG roadmap initially defined during holding period.

1-b. Content, frequency and means used by the entity to inform stakeholders on the criteria relating to the ESG objectives considered in the policy and strategy investment

BlackFin values reporting transparency and regular communication, therefore it provides regular information on the ESG maturity of its portfolio to investors, mainly through the following means:

- BlackFin's ESG Annual Report: Published for the first time in 2022, this report is addressed to our investors and provides a comprehensive overview of BlackFin and our portfolio companies' ESG maturity.

- BlackFin's website: Our website contains a section on ESG describing the entity's ESG values, approach, and commitments.

- UN PRI's public report: as a PRI signatory, BlackFin publicly reports on an annual basis on its responsible investment activities.

- Ad-hoc requests and questionnaires: BlackFin is readily available to answer any ad-hoc requests and questions on ESG from our investors.

- Presentations to Investors at BlackFin investor events (Limited Partners Advisory Committee, Annual General Meetings): BlackFin is committed to maintaining a close relationship and full transparency with its investors, with yearly communications, in-person meetings and informal discussions. An overview of the main actions taken by the portfolio companies are presented during these meetings.

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 considering environmental, social, and quality of governance criteria in the total amount of assets managed by the entity

100% of the funds created since the Regulation (EU) 2019/2088 are subject to Article 8.
Therefore, BlackFin Tech II fund is subject to Article 8 of Regulation (EU) 2019/2088 and BlackFin Financial Services Fund IV is subject to Article 8.

1-d. Consideration of ESG 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 BlackFin 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 ESG criteria, as well as a brief description of these, consistent with d) of 2 of article 4 of the regulation mentioned above

BlackFin's consideration of ESG criteria is reinforced by our commitments to global initiatives.

BlackFin is a signatory of the Principles for Responsible Investment since 2015. Latest grades obtained in 2023 in the UN-PRI assessment, out of 100, were:

- Policy governance and strategy: 73
- Private equity: 92
- Confidence building measures: 100

BlackFin is directly involved in collaborating and advancing different international guidelines:

- ICI (Initiative Climat International, former IC20): BlackFin became a signatory of ICI in 2021. The ICI, 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 foot printing methodologies and prepare shared commitments and guidelines.

- France Invest: BlackFin is a member of France Invest.
- Invest Europe: BlackFin has adopted the Invest Europe code of conduct (European Private Equity and Venture Capital Association).
- Level 20: In 2022, BlackFin joined Level 20, an association that aims to promote gender diversity in the private equity industry. Among other objectives, members commit to reach the 20% target of women in at all levels of seniority.
- Out Investors: In 2022 BlackFin signed in 2022 the Out Investors charter, a network for the LGBT+ community dedicated to professional investors.

2) Information on 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 considering ESG in the investment strategy

As of December 2024, BlackFin's ESG team was composed of three employees (one Partner, one dedicated, full-time, ESG Manager and one Associate) and one intern. BlackFin's ESG team is responsible for fostering awareness-raising at all layers of the firm. The team aims to provide a transversal view of BlackFin overall performance and promotes the smooth integration of ESG criteria in all BlackFin decision-making processes. Weekly meetings are organized in order to monitor our ESG strategy.

The ESG team is responsible for:

- Monitoring ESG requirements from sectorial and cross-sector regulation and coordinate associated reporting.
- Designing, reinforcing, and coordinating the implementation of BlackFin ESG strategy (including climate strategy and diversity & inclusion strategy).
- Coordinating, with external consultants, the monitoring of ESG risk in the investment strategy.
- Facilitating and disseminating our ESG commitment to portfolio companies and stakeholders.
- Coordinating training and capacity building strategy related to ESG performance.
- Representing BlackFin in stakeholder discussions (including civil society).

Moreover, the Investment Team is deeply involved in ESG matters. ESG is fully integrated within the deal process and the team works closely with BlackFin's ESG team and the external advisor to comply with our ESG values. ESG matters are reported weekly to the Investment Committee. These reports include updates from portfolio companies, findings of ESG due diligence and ESG reviews, etc. These reports are taken into account whenever the Investment Committee must make an investment decision.

Additionally, BlackFin works with external providers and experts for the implementation of its ESG strategy, such as PwC France Sustainability and IT platforms such as Carbometrix and Sirsa/Reporting 21.

The annual sustainability budget in 2024 mainly covered consultants used for our systematic ESG due diligences and vendor due diligences, our annual ESG reporting tool and campaign, the carbon footprint of BlackFin Capital Partners, trainings and other projects.

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

2-b. Actions taken to strengthen the entity's internal capacities.

BlackFin trains and raises awareness among all employees on ESG to embed good practices in our team's daily work. ESG training sessions are annually organized with the following topics covered:

- Understanding ESG's main themes and trends,
- BlackFin's compliance and governance pillars,
- BlackFin's approach to whistleblowing,
- BlackFin's approach to diversity,
- ESG integration to BlackFin portfolio strategic analysis,
- BlackFin's ESG roadmap and reporting,
- BlackFin's carbon footprint results.

In addition, discussions are currently underway to develop further training opportunities, with a particular focus on sustainability as it relates to the operations and offerings of some of BlackFin's portfolio companies.

3) Information on the process for considering ESG at the governance level 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 ESG into the investment policy and strategy of BlackFin and the entities that the latter controls, where applicable.

BlackFin's Investment Committee makes investment decisions that follow BlackFin's ESG Policy. The committee ensures therefore that ESG criteria are embedded throughout the entire investment cycle (as described in section 1.a above).

BlackFin's Management Committee is responsible for the approval and the review of BlackFin's ESG strategy and roadmaps. All key firm decisions are taken by the Management Committee, including decisions pertaining to raising new funds / launching new investment activities, determination of employee remuneration, allocation of carried interest.

100% of staff, across all BlackFin offices, attended training sessions on ESG related matters in 2024, including on climate change, trends in private equity and regulations and frameworks.

3-b. Integration of ESG criteria in the internal rules of the entity's board of directors or supervisory board

BlackFin's Board of Directors supervises BlackFin's Management Committee on an ongoing basis and ensures compliance with BlackFin's policies and procedures.

In the event of a breach of the ESG Policy, the incident will be notified to the Risk Committee, which will take all the necessary measures to solve the incident.

4) Information on the engagement strategy with stakeholders

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.

Throughout the holding period, BlackFin maintains constant dialogue with the portfolio company's teams and actively monitors the evolution of their ESG practices. Furthermore, BlackFin most often has a seat on the Board of portfolio companies, which is a powerful means of promoting the integration of ESG criteria and to disseminate best practices.

Moreover, voting at assembly general meetings is a key component of the ongoing dialogue with companies in which BlackFin Capital Partners invests.

Consequently, BlackFin has set up a governing shareholder commitment and exercising voting rights policy.

None of the funds managed by BlackFin Capital Partners holds publicly traded shares of listed companies as of December 31, 2024.

According to the Code of Ethics of France Invest/AFG, BlackFin Capital Partners give details on how it exercised its voting rights and its shareholder engagement policy in a report that can be made available upon request.

5) Information on the European taxonomy and fossil fuels

This section refers to the Article D. 533-16-1, III, 5° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

Given the sector in which BlackFin invests in – financial services sector - most of our portfolio companies are not eligible for the European taxonomy assessment.

As of 31 December 2024, BlackFin did not invest in any companies in the fossil fuel sector.

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

At the management company level

Our ESG Policy tackles climate change and promotes the integration of climate risks into the investment strategy, as part of the overall integration of ESG criteria in the investment process. Moreover, BlackFin has further formalized its commitments to fight climate change by signing the ICI.

BlackFin conducted an assessment of its 2024 carbon footprint for scopes 1, 2 and 3. For the first time, we also conducted the full assessment of the portfolio-related emissions (the equivalent to the category 15 of the GHG Protocol).

This assessment has been accompanied by the ongoing implementation of a sustainable mobility policy for BlackFin employees, which is aimed at broadly reducing the firm's transportation-related emissions.

In 2024 BlackFin made a grant to the Shift Project, a nonprofit think tank dedicated to combating climate change and reducing economic dependence on fossil fuels by developing scientifically grounded, sector-specific strategies for a carbon-free economy.

At the portfolio level

Through the regular dialogue with its portfolio companies, BlackFin contributes to raising awareness on climate change risks and issues. As a result of these efforts, all buyout portfolio companies assessed their carbon footprint in 2024.

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

BlackFin worked with an external service provider in its carbon footprint calculation – Carbometrix – and no internal methodology was used.

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

In 2024, all buyout portfolio companies assessed their carbon footprint.

Additionally, 77% of buyout portfolio companies have implemented a mobility policy or related initiatives to encourage the reduction of GHG emissions linked to employees travelling and commuting. Likewise, 67% have implemented initiatives to reduce the environmental footprint of their IT infrastructure.

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 BlackFin does not manage index funds.

6-e. Role and application of ESG indicators during the assessment of portfolio companies in line with the investment strategy

BlackFin collects over 100 ESG KPIs from its portfolio companies. These KPIs provide an overview of the ESG performance and situation of the portfolio company, as well as of its progress over time. The KPIs include information on implemented ESG initiatives, the governance of ESG topics by top management, environmental efforts, greenhouse gas emissions, energy consumption, and other key sustainability metrics.

The KPIs are updated annually and highlight potential ESG opportunities or areas for improvement for each portfolio company. These updates also tend to reflect evolving industry standards, ensuring the data remains relevant and aligned with best practices.

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 outstanding managed or held by the entity covered by these policies BlackFin Capital Partners is not investing in any coal or hydrocarbon assets.

As of December 2024, BlackFin Capital Partners is not investing in any coal or hydrocarbon assets.

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

BlackFin works together with its portfolio companies when actions and follow-ups are needed and identified through the analysis of the annual ESG data collection and the portfolio’s company progress on the ESG roadmap defined within one year after the investment. Such roadmap is regularly monitored and is discussed and annually updated by the board of the portfolio company.

One example of results obtained as a consequence of BlackFin’s ESG strategy implementation was the fact that buyout portfolio companies calculated their carbon footprint during the years 2023 and 2024, with commitment to recalculating in 2025. In addition, overall participation among buyout companies has increased over time, with year-on-year improvements in their achievements of the KPIs. In some cases, the motivation to improve ESG scoring has even sparked early-stage reflections on how ESG considerations could be lightly integrated into product offerings, illustrating a growing awareness of ESG’s strategic value.

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

The evaluation is made at least once a year and is approved by the portfolio company board.

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

BlackFin is not currently able to develop a strategy aligned with long-term biodiversity objectives. Monitoring the impact of the financial sector on biodiversity loss remains a challenge today for most market players, since the data related to biological diversity impacts remains scarce. Nevertheless, biodiversity risk might not be a major risk in the financial services sectors, in which BlackFin invests. The potential indirect impact that our carbon emissions could have on biodiversity is considered through the assessment of our carbon footprint for scopes 1, 2 and 3. We also strongly encourage portfolio companies to assess their own carbon footprint. As a result of such efforts, all buyout investments have been calculating their carbon footprint from 2023 onwards.
Additionally, BlackFin's assesses whether its portfolio companies are located in or near a Key Biodiversity Area (i.e., 'sites contributing significantly to the global persistence of biodiversity') and encourages companies to consider potential location-related risks. While no negative impacts have been identified to date, this area remains a point of attention for future analysis and action.

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

No analysis was conducted during the year 2024 as BlackFin does not have a strategy aligned with long-term biodiversity objectives.

However, we consider our carbon footprint as an indirect impact on biodiversity, which is why BlackFin conducted the assessment of its 2023 carbon footprint for scopes 1, 2 and 3 and strongly encouraged portfolio companies to assess their carbon footprint. As a result, all buyout investments calculated their carbon footprint in 2023.

Biodiversity is also taken into account as part of BlackFin's pre-investment due diligence. Additionally, BlackFin committed to start assessing its impact on biodiversity as part of its ESG priorities for the year 2025.

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

BlackFin's assesses whether its portfolio companies are located in or near a Key Biodiversity Area (i.e., 'sites contributing significantly to the global persistence of biodiversity').
Additionally, BlackFin collects information from its investee companies on whether they have assessed their dependencies on biodiversity.

8) Information on the procedures for taking ESG 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.

At the management company level

ESG risks are duly integrated into BlackFin's risk management processes. The following ESG risks, as well as mitigation actions, have been identified by BlackFin's risk department:

- Environmental risks: changing climate policies, laws, regulations, technologies, and market expectations that might have an impact on the firm's business. Mitigation actions include the calculation of the firm's carbon footprint and the ongoing implementation of a travel and mobility policy.
- Social risks: risks related to labor practices, including violations linked to harassment or unfair working conditions, which could potentially lead to fines, penalties, and reputational damage. Mitigation actions include the implementation of remuneration committee, a whistleblowing system, parental leave set above legal requirements, and a diversity and inclusion policy.
- Governance risks: potential negative impacts of deficiencies in the firm's governance structure and practices, including a lack of oversight of sustainability issues, lack of transparency in reporting, and insufficient integration of sustainability into decision-making processes. Mitigation actions include the implementation of a code of conduct, different committees to deal with different governance topics, training open to employees and the whistleblowing system.

At the portfolio level

ESG risks are systematically integrated and managed throughout our investment process, starting with Due Diligence, during which material and sector-specific risks are assessed as a priority. BlackFin has defined an exclusion list to avoid key ESG risks based on specific sectors and countries.

During the holding period, ESG reviews are conducted annually to provide detailed qualitative and quantitative data regarding risks and performance, each monitored and linked to an individual ESG roadmap per portfolio company.

ESG risks identified by our monitoring system are then addressed and updated every year and are presented at portfolio companies Board meetings. Hence, BlackFin is positioned to ensure that ESG related risks and opportunities, like any conventional risk and opportunity which could impact portfolio companies' financial performances, are integrated and monitored.

Given the sector BlackFin invests in – financial services – the main ESG risks facing its portfolio relate to governance factors, and to a lesser extent, social factors. These factors include corporate and ESG governance, business ethics (prevention of corruption, data protection, cybersecurity), talent attraction and retention, diversity, and inclusion, etc. Environmental factors include operational eco-efficiency and climate transition.

When assessing the ESG risks and opportunities, BlackFin considers the materiality of relevant ESG themes to ensure alignment with the company's specific business, size, and governance structure, among other characteristics. The materiality analysis draws on SASB standards and other references, as well as the company's main characteristics. In case a potential ESG risk is identified, BlackFin recommends mitigation actions to address and cover such risk.

BlackFin is constantly reviewing its approach to ESG, including its risk management approach. The ESG procedures are reviewed at least once a year. Additionally, through its participation in ESG initiatives (such as the ICI, UNPRI, etc.), as well as through the advice provided by its external experts, BlackFin is committed to monitoring the market progresses and evolving standards that would enable the improvement of its own approach to ESG risk management, particularly regarding the quantitative estimates of the financial impact of such risks.

As described throughout this report, BlackFin works with external advisors in the integration of ESG risks, such as PwC France Sustainability. These advisors apply their specific methodology, which is informed and based on the market's best standards, for example the SASB materiality matrix for the definition of the ESG materiality for each portfolio company. Additionally, when data is available, BlackFin may use it to benchmark the ESG performance of its portfolio companies (for instance, the official and average turnover rate in a specific sector).