

## **LATOUR CAPITAL MANAGEMENT**

### **Appendix – Statement on principal adverse impacts (PAI) of investment decisions on sustainability factors (2024)**

#### **Latour Capital Management SAS**

Latour Capital Management SAS (hereinafter “Latour Capital”) considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Latour Capital Management SAS and of its funds Latour Capital II, Latour Capital III and Latour IV. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2024.

#### **Description of the principal adverse impacts on sustainability factors considered by Latour Capital**

##### **Description of policies to identify and prioritize principal adverse impacts on sustainability factors**

Prior to investment and during the holding phase, Latour Capital considers, examines, and monitors the main negative impacts and sustainability risks of its investments, as described in its **ESG policy**. The ESG policy states the annual commitment of Latour Capital to send a dedicated ESG Questionnaire to all its portfolio companies, in order to collect data on the sustainability profile of the investees. The survey covers a broad scope of sustainability topics, including the 14 mandatory indicators on Principal Adverse Impacts (as per the SFDR regulation) as well as one additional environmental indicator and one additional social indicator.

##### **References to international standards**

Latour Capital participates in collective initiatives to increase its effectiveness as a shareholder and responsible investor. Latour Capital is also committed to being transparent about its practices and to participate in market actions to promote responsible investment. In particular, as a signatory of the United Nations Principles for Responsible Investment (PRI) since 2012, Latour Capital advocates for better consideration of ESG issues within the financial

industry. Latour Capital is also a signatory of the France Invest Charter of commitments for growth, which promotes the implementation of good practices in economic, social, environmental and governance matters, and of the France Invest Parity Charter. Latour also recently joined the Sustainability Commission of France Invest, a forum of exchange with peers on sustainability in the private equity ecosystem, particularly its Decarbonization Working Group.

### Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact [2023]	Impact [2024]	Explanation	Actions taken, and actions planned, and targets set for the next reference period <sup>1</sup>
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions (tCO <sub>2,eq</sub> )	205 648 tCO <sub>2,eq</sub>	216 693 tCO <sub>2,eq</sub>	100% coverage.	<p>Latour Capital is committed to considering climate change issues throughout the investment process and progressively measuring the carbon footprint of the portfolio companies. Since 2021, Latour Capital has been carrying out a systematic carbon assessment on its portfolio.</p> <p>In the coming years, Latour Capital will continue to define with its portfolio companies action plans to reduce GHG emissions, in line with the progressive decarbonization trajectory as defined by the international objectives of the Paris Agreement.</p>
		Scope 2 GHG emissions (tCO <sub>2,eq</sub> )	36 121 tCO <sub>2,eq</sub>	17 912 tCO <sub>2,eq</sub>		
		Scope 3 GHG emissions (tCO <sub>2,eq</sub> )	588 356 tCO <sub>2,eq</sub>	852 173 tCO <sub>2,eq</sub>		
		Total GHG emissions (tCO <sub>2,eq</sub> )	830 125 tCO <sub>2,eq</sub>	1 086 778 tCO <sub>2,eq</sub>		

<sup>1</sup> These actions are applicable to all Latour funds (II, III and IV).

	<b>2. Carbon footprint</b>	Carbon footprint	334,0 tCO <sub>2,eq</sub> /€M invested	258,9 tCO <sub>2,eq</sub> /€M invested	100% coverage.	<p>Since 2021, Latour Capital has been carrying out a systematic carbon assessment on its portfolio.</p> <p>Latour Capital favors the setting of decarbonization targets based on the recommendations and tools developed by the internationally recognized Science Based Target initiative (SBTi). Latour Capital focuses on setting near-term science- based targets (~2030) that specify the GHG emission reduction pathway required at the company level to limit global warming to +1.5°C compared to the beginning of the pre- industrial era.</p>
	<b>3. GHG intensity of investee companies</b>	GHG intensity of investee companies	454,8 tCO <sub>2,eq</sub> /€M of revenue	499,6 tCO <sub>2,eq</sub> /€M of revenue		
	<b>4. Exposure to companies active in the fossil fuel sector</b>	Share of investments in companies active in the fossil fuel sector	0%	0%	100% coverage.	Latour Capital has a strict sectoral exclusion policy, which ensures that no portfolio company is active in the fossil fuel sector.
	<b>5. Share of non-renewable energy consumption and production</b>	Share of non-renewable energy consumption and non-renewable energy production of	<i>Share of non-renewable energy consumption: 85,6%</i>  <i>Share of non-renewable</i>	Share of non-renewable energy consumption: 85,8%  Share of non-renewable energy production: 23,0%	82% coverage for energy consumption Primonial and Systra excluded.  27% coverage for energy production,	Latour Capital's commitment to setting decarbonization goals for its portfolio companies also comes through the development of Green Electricity purchasing. Share of non-renewable energy consumption has already started

		investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	<i>energy production:</i> 70,4%		only Sulo, Kandelium and Hygie are covered.	to decrease and will continue to do so in the coming years.
	<b>6. Energy consumption per intensity per high impact climate sector</b>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	<i>0,85 GWh/€M of revenue</i>	0,64 GWh/€M of revenue	45% coverage. Only a limited perimeter of portfolio's companies is active in high impact climate sectors <sup>2</sup> .	Latour Capital's commitment to setting decarbonization goals for its portfolio companies also comes through the implementation of energy efficiency action plans, in particular for investees operating in the most emissive sectors.
<b>Biodiversity</b>	<b>7. Activities negatively affecting biodiversity-sensitive areas</b>	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities	0%	0%	100% coverage. No investment of Latour Capital's portfolio negatively affects biodiversity or sensitive areas.	Latour Capital systematically performs an ESG due diligence for each investment of the managed funds. As with other environmental indicators, biodiversity is one of the themes addressed in the due diligence process when the issue is material. In the next few years, Latour will continue to strengthen

<sup>2</sup> SULO (C22.2.2 - Manufacture of plastic packing goods), Kandelium (C20.5.9 - Manufacture of other chemical products n.e.c), OmniPac (C17.1.2 - Manufacture of paper and paperboard), Groupe RG (G46.6.9 - Wholesale of other machinery and equipment) and Gutor (C2829B – Manufacture of other general-purpose machinery).

		of those investee companies negatively affect those areas				its biodiversity risk assessment approach.
<b>Water</b>	<b>8. Emissions to water</b>	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	<i>0,00 t</i>	0,00 t	100% coverage.	In the context of biodiversity due diligence, Latour Capital monitors the contribution of the preservation of terrestrial, freshwater and marine ecosystems in the “key biodiversity areas”.
<b>Waste</b>	<b>9. Hazardous waste and radioactive waste ratio</b>	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	<i>0,40 t per €M invested</i>	0,19 t per €M invested	72% coverage. Groupe RG, Primonial and Hygie31 are excluded	Latour Capital collects waste management indicators from its portfolio companies on a yearly basis.  The priority for the next few years will be to reach a 100% coverage rate.

<b>Social and employee matters</b>	<b>10. Violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises</b>	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	100% coverage.	Latour Capital is collecting and tracking this KPI in both pre-investment and holding period. The target is 0%.
	<b>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for MNE</b>	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles	19,5%	15,9%	100% coverage.	Latour Capital is collecting and tracking this KPI in both pre-investment and holding period. The target is 0%.

		or OECD Guidelines for Multinational Enterprises				
	<b>12. Unadjusted gender pay gap</b>	Average unadjusted gender pay gap of investee companies	15,3%	12,8%	100% coverage.	Deeply concerned about gender equality, Latour Capital monitors the pay gap of its investees through the annual ESG questionnaire.
	<b>13. Board gender diversity</b>	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	12,2%	14,0%	100% coverage.	Latour Capital has signed the France Invest Parity Charter, thus publicly committing itself to measuring parity in its teams and portfolio and promoting parity. The ambition of this Charter is to reach 40% women in the investment teams and 30% women in the management committees of the holdings by 2030.
	<b>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and</b>	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	100% coverage. No investment in Latour Capital's portfolio is involved in the manufacture or selling of controversial weapons.	Latour Capital has a strict sectoral exclusion policy, which ensures that no portfolio company is active in the arms industry (production or distribution of anti-personnel mines or cluster bombs).

	biological weapons)					
<b>Waste</b>	<b>15. Non-recycled waste ratio</b>	Non-recycled waste ratio	13,8 t/€M invested	27,4 t/€M invested	36% coverage. Santiane, Funecap, Groupe RG, Primonial, Hygie31, Gutor and EDG are excluded.	Latour Capital collects waste management indicators from its portfolio companies on a yearly basis. The priority for the next few years is to reach a 100% coverage rate.
<b>Social and employee matters</b>	<b>16. Rate of accidents</b>	Rate of recordable work-related injuries	0,033	0,021	73% coverage, Funecap, OmniPac and Groupe RG are excluded.	When the issue is material (industrial activities for instance), Latour Capital tracks this KPI on a monthly basis. Specific accident rate reduction targets were created for several portfolio companies.



## Description of the principal adverse impacts on sustainability factors considered by Latour Capital II, Latour Capital III and Latour IV<sup>3</sup>

### Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Latour Capital II – Impact [year 2024]	Latour Capital III – Impact [year 2024]	Latour Capital IV – Impact [year 2024]
<b>Greenhouse gas emissions</b>	<b>1. GHG emissions</b>	Scope 1 GHG emissions (t tCO <sub>2,eq</sub> )	6 486 tCO <sub>2,eq</sub>	207 757 tCO <sub>2,eq</sub>	2 468 tCO <sub>2,eq</sub>
		Scope 2 GHG emissions (tCO <sub>2,eq</sub> )	254 tCO <sub>2,eq</sub>	16 151 tCO <sub>2,eq</sub>	1 536 tCO <sub>2,eq</sub>
		Scope 3 GHG emissions (tCO <sub>2,eq</sub> )	240 816 tCO <sub>2,eq</sub>	590 557 tCO <sub>2,eq</sub>	23 306 tCO <sub>2,eq</sub>
		Total GHG emissions (tCO <sub>2,eq</sub> )	247 557 tCO <sub>2,eq</sub>	814 465 tCO <sub>2,eq</sub>	27 309 tCO <sub>2,eq</sub>
	<b>2. Carbon footprint</b>	Carbon footprint	505,4 tCO <sub>2,eq</sub> /€M	295,2 tCO <sub>2,eq</sub> /€M	28,0 tCO <sub>2,eq</sub> /€M
	<b>3. GHG intensity of investee companies</b>	GHG intensity of investee companies	509,7 tCO <sub>2,eq</sub> /€M	654,3 tCO <sub>2,eq</sub> /€M	47,7 tCO <sub>2,eq</sub> /€M
	<b>4. Exposure to companies active in the fossil fuel sector</b>	Share of investments in companies active in the fossil fuel sector	0%	0%	0%

<sup>3</sup> We have chosen not to report on Principal Adverse Impacts indicators for Latour Capital I. Indeed, with only one investee company remaining in portfolio, Oxand, accounting for less than 1% of total Latour Capital current investments, Latour Capital I is not representative of the ESG impact of Latour Capital Management's investments.

	<b>5. Share of non-renewable energy consumption and production</b>	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Share of non-renewable energy consumption: 36%  Share of non-renewable energy production: 0%	Share of non-renewable energy consumption: 93% <sup>4</sup>  Share of non-renewable energy production: 36% <sup>5</sup>	Share of non-renewable energy consumption: 100% <sup>6</sup>  Share of non-renewable energy production: Data not available <sup>7</sup>
	<b>6. Energy consumption per intensity per high impact climate sector</b>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0,16 GWh/€M of revenue	0,94 GWh/€M of revenue <sup>8</sup>	Not applicable
<b>Biodiversity</b>	<b>7. Activities negatively affecting biodiversity-sensitive areas</b>	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	0%

<sup>4</sup> Data not available for Primonial; this investee company is excluded from the scope of the indicator (consumption).

<sup>5</sup> Data not available for Santiane, Funecap, OmniPac, Groupe RG, Primonial and Gutor; these investee companies are excluded from the scope of the indicator (production).

<sup>6</sup> Data not available for Systra, this investee company is excluded from the scope of the indicator (consumption).

<sup>7</sup> Data not available for Funecap, EDG and Systra; all investee companies are excluded from the scope of the indicator (production).

<sup>8</sup> Only Kandelium, OmniPac, Groupe RG and Gutor are included: Kandelium (C20.5.9 - Manufacture of other chemical products n.e.c), OmniPac (C17.1.2 - Manufacture of paper and paperboard), Groupe RG (G46.6.9 - Wholesale of other machinery and equipment) and Gutor (C2829B – Manufacture of other general-purpose machinery).

<b>Water</b>	<b>8. Emissions to water</b>	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,00 t	0,00 t	0,00 t
<b>Waste</b>	<b>9. Hazardous waste and radioactive waste ratio</b>	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,35 t per €M invested	0,26 t <sup>9</sup> per €M invested	0,00 t per €M invested
<b>Social and employee matters</b>	<b>10. Violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises</b>	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	0%
	<b>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for MNE</b>	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/ complaints handling mechanisms to	0%	24%	0%

<sup>9</sup> Data not available for Groupe RG, Primonial and Hygie31; these investee companies are excluded from the scope of the indicator.

		address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			
	<b>12. Unadjusted gender pay gap</b>	Average unadjusted gender pay gap of investee companies	9,0%	14,3%	10,2%
	<b>13. Board gender diversity</b>	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	0%	14,0%	20,9%
	<b>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</b>	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	0%
<b>Waste</b>	<b>15. Non-recycled waste ratio</b>	Non-recycled waste ratio	2,3 t/€M invested	87,7 t/€M <sup>10</sup> invested	0,3 <sup>11</sup> t/€M invested
<b>Social and employee matters</b>	<b>16. Rate of accidents</b>	Rate of recordable work-related injuries	0,017	0,009 <sup>12</sup>	0,054 <sup>13</sup>

<sup>10</sup> Data not available for Santiane, Funecap, Groupe RG, Primonial, Hygie31 and Gutor; these investee companies are excluded from the scope of the indicator.

<sup>11</sup> Data not available for Funecap and EDG; these investee companies are excluded from the scope of the indicator.

<sup>12</sup> Data not available for Funecap, OmniPac, Groupe RG; these investee companies are excluded from the scope of the indicator.

<sup>13</sup> Data not available for Funecap; this investee company is excluded from the scope of the indicator.