



idiCo

Responsible Investment
Policy

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Introduction	3
Presentation of the responsible investment approach	3
Subscription to UNPRI	3
Subscription to the International Climate Initiative	4
Signatory of the Parity Charter of France Invest	4
Signatory of the Value Sharing Charter of France Invest	4
ESG Commitment	4
Commitment to environmental preservation	4
Commitment to human capital	5
Commitment to Transparent and Responsible Governance	5
Governance and dedicated resources	5
Integration of Sustainability Risks and Principal Adverse Impacts (PAI)	6
Exclusions	6
ESG Due Diligence	6
Supporting portfolio companies throughout the holding period	7
Transfer	8
Strategy for alignment with the Paris Agreement and long-term biodiversity objectives	9
Strategy for alignment with the Paris Agreement	9
Long-term biodiversity objectives	9

Introduction

This Responsible Investment Policy encompasses all of idiCo's activities. It aims to meet the requirements of the EU Regulation 2019/2088 of the European Parliament and Council dated November 27, 2019, on the disclosure of sustainability-related information in the financial services sector (the "SFDR Regulation"), as well as Article 29 of the French Energy-Climate Law.

Presentation of the responsible investment approach

idiCo is committed to working with entrepreneurs and implementing strategies for sustainable value creation. We firmly believe that considering non-financial criteria in the partnerships we develop with entrepreneurs is essential for creating long-term value. Therefore, we pay special attention to environmental preservation, the enhancement of human capital, and the establishment of transparent and responsible governance structures.

Our ambition is to play a proactive role in promoting best practices in environmental, social, and governance (ESG) areas. In order to formalize and structure our commitment, idiCo is committed to signing the following commitments (affiliation requests are currently in progress):

Subscription to UNPRI

By signing the United Nations Principles for Responsible Investment (UNPRI), idiCo formalizes its commitment to integrating environmental, social, and governance (ESG) considerations into its investment processes, shareholder practices, and at the management company level.

idiCo also pledges to promote UNPRI values among its partners and undertakes to:

1. Integrate ESG factors into its investment analysis and decision-making processes.
2. Consider ESG aspects in its shareholding policies and procedures.
3. Request portfolio companies in which idiCo holds a significant stake to disclose ESG-related information.
4. Promote the acceptance and application of these Principles by portfolio company management teams.

Collaborate collectively to enhance the effectiveness of applying these Principles.
Produce a report on its activities and progress in implementing these Principles.

These commitments are established in alignment with UNPRI and idiCo's values:

- Excellence
- Entrepreneurship
- Integrity, mutual respect, and trust
- Long-term commitment
- Creativity

Subscription to the International Climate Initiative

idiCo is joining the International Climate Initiative, the first collective commitment of French private equity professionals that promotes the development of companies that are respectful of both people and the environment. Each signatory is required to uphold three commitments:

- Recognize that climate change will have economic effects that represent risks and opportunities for businesses.
- Mobilize efforts to contribute, at their level, to the COP21 objective of limiting global warming to two degrees.
- Reduce greenhouse gas emissions from the companies in their portfolio and ensure the sustainability of performance.

By joining the International Climate Initiative, idiCo demonstrates its dedication to addressing climate change and working towards a sustainable future through responsible investment practices.

Signatory of the Parity Charter of France Invest

By signing the Parity Charter of France Invest, idiCo commits to an active approach to advancing gender parity within our management company as well as the companies in which we invest. The charter sets out the following objectives:

- 25% of women having decision-making responsibilities in the investment committee by 2030, and 30% by 2035.
- 40% of women in investment teams by 2030.

Through our commitment to the Parity Charter, idiCo aims to promote gender diversity and equal opportunities, and fostering an inclusive and equitable environment within our organization and portfolio companies.

Signatory of the Value Sharing Charter of France Invest

As a signatory of the Value Sharing Charter, idiCo is committed to supporting its portfolio companies in promoting value sharing within their organizations.

We aim to drive this approach with our investments in order to:

- Increase, in the short term, the coverage rate of employees by at least one annual value sharing mechanism (such as profit-sharing, employee shareholding, or incentive programs).
- Promote, in the long term, the sharing of shareholder value creation through employee shareholding and profit sharing in all relevant situations.

By actively encouraging value sharing practices, we seek to create a sense of ownership and alignment of interests among employees, fostering a culture of shared success and long-term value creation within our portfolio companies.

ESG Commitment

Commitment to environmental preservation

For idiCo, adopting environmentally responsible behavior is essential. The management company seeks to minimize its environmental impact by implementing measures to reduce energy and water consumption, recycle waste, control paper and office supplies consumption, regulate heating and lighting in offices, and encourage employees to use public transportation.

In its investment activities, idiCo supports portfolio companies in their progression towards ESG, particularly sustainability. We pay close attention to the actions taken by our portfolio companies and encourage behaviors that ensure sustainability. We encourage our portfolio companies to measure their carbon footprint, implement energy consumption monitoring systems, and take actions to reduce water and waste consumption and other environmentally impactful practices.

Commitment to human capital

At idiCo, we firmly believe that our employees are our greatest asset. We place special emphasis on their professional growth by providing opportunities for increased responsibilities and tailored training programs. We aim to enable each individual to develop both professionally and personally. We foster a team spirit and strive for excellence, involving every employee in the pursuit of our shared objectives and delivering services at the highest market standards to our investors. Furthermore, we believe that the well-being of our employees relies on achieving a healthy work-life balance.

In our investment activities, we seek to promote our values within portfolio companies. We encourage the development of robust human resources policies, internal promotions, and career management programs that uphold equality among individuals. We also support the formation of management teams that foster collaboration and collective decision-making, aiming to enhance the closeness between management and employees. We advocate for actions that promote social dialogue and prioritize workplace safety and conditions.

Commitment to Transparent and Responsible Governance

idiCo's management team operates and communicates in a transparent manner with its employees. The company has adopted an ethical and responsible approach to governance, which is reflected in transparent compensation and bonus policies aligned with market standards, the implementation of rigorous risk control systems, and a clear commitment to anti-money laundering and anti-corruption measures.

In our investment activities, we place great importance on building trusted relationships with portfolio companies. This facilitates the implementation of constructive solutions and common strategies with the existing management teams, thereby strengthening our partnerships. This approach has resulted in a solid track record of performance and has fostered long-term partnerships with portfolio managers that endure even after our funds exit. We also pay close attention to the actions of our portfolio companies and encourage behaviors that promote fair dealings with their counterparts and compliance with their obligations.

Governance and dedicated resources

The implementation of our responsible investment policy is led by our CSR Analyst, whose role is to coordinate and oversee its daily deployment in direct collaboration with various departments (investment, compliance, etc.). The CSR Analyst reports directly to a Responsible Executive designated by the AMF (French Financial Markets Authority), ensuring oversight of the company's ESG approach.

idiCo also aims to establish an ESG Committee composed of recognized and experienced professionals. This committee will assist idiCo in defining and implementing its ESG commitments and integrating ESG parameters into the overall strategy for the development of portfolio companies.

Externally, the company relies on an ESG data provider to collect relevant data from all portfolio companies. An ESG rating is then assigned, serving as a foundation for defining our ESG engagement with our investments. Consultants are also occasionally engaged to support the idiCo teams on various ESG-related topics, including training and strategy development.

Integration of Sustainability Risks and Principal Adverse Impacts (PAI)

Exclusions

idiCo relies on an exclusion policy to mitigate principal adverse impacts within its portfolios. The investment restrictions are specified in the legal documentation of each fund.

The assets of the funds managed by idiCo are not directed towards companies primarily engaged in the following sectors:

1. Human cloning for reproductive purposes or genetically modified organisms production, trade, or services.
2. Tobacco production.
3. Manufacture and trade of military weapons and ammunition.
4. Manufacture of anti-personnel mines and/or cluster bombs, as well as the manufacture of key components for the assembly and functioning of such weapons.
5. Gambling and casinos.
6. Pornography.
7. Electricity production from coal, oil, and natural gas.
8. Conventional oil and gas extraction.
9. Thermal coal, unconventional oil and gas extraction.

Compliance with these restrictions is verified prior to each fund investment.

ESG Due Diligence

During each investment, due diligence incorporating ESG criteria is conducted to assess the risks associated with each portfolio investment.

The term "sustainability risk" refers to the occurrence of an event or situation within the ESG domain that could potentially or actually have a significant negative impact on the value of an investment in a fund.

idiCo has grouped sustainability risks into four major categories:

- Risks related to climate change and environmental factors: These include risks associated with resource scarcity, pollution, greenhouse gas emissions, and regulatory changes impacting environmental standards.
- Social risks: These encompass risks related to labor practices, human rights, health and safety, community relations, and supply chain management.
- Governance risks: These involve risks associated with corporate governance practices, board composition, executive compensation, transparency, and anti-corruption measures.
- Financial risks related to sustainability: These pertain to risks arising from the financial impacts of sustainability factors, such as shifts in market demand, regulatory changes, or reputational damage.

By assessing and addressing these sustainability risks, idiCo aims to protect the value of its investments and contribute to a more sustainable and resilient portfolio.

1. Risks related to climate change

- Physical risks related to climate change
- Transition risks related to climate change
- Litigation and/or liability risks related to environmental factor

2. Biodiversity-related risks

3. Governance-related risks

- Reputational risks
- Litigation and/or liability risks related to non-financial factors
- Risks related to disengagement as a shareholder
- Risk of failure in constructive dialogue with companies
- Risks of corruption and money laundering

4. Societal risks

- Risks related to changes in human activities' organization
- Insurance-related risks
- Medico-social risks

For companies that pose an ESG risk, idiCo raises awareness of the importance of implementing appropriate internal policies and highlights the short, medium, and long-term benefits of such policies. idiCo also commits to establishing action plans towards better integration of ESG factors with several of its portfolio companies.

The policy regarding the integration of sustainability risks can be found on the idiCo website under the "Engagements" section.

Supporting portfolio companies throughout the holding period

At the end of the investment, idiCo offers the company the opportunity to commit to an action plan aimed at helping them improve their practices in environmental, social, and governance matters, in order to reduce potential negative impacts of their activities and enhance their performance on ESG criteria.

Furthermore, idiCo has implemented a scoring policy applicable to all portfolio companies in its Article 8 and 9 funds.

To accomplish this, idiCo follows a two-step process:

1. Each portfolio company completes a questionnaire that allows for information gathering on various criteria such as carbon footprint assessment, gender diversity in management, value sharing, etc.
2. A score is then assigned to each portfolio company based on their responses to the ESG questionnaire, evaluating the maturity level of their ESG practices.

This information collection system from funded companies is carried out annually, enabling the establishment of yearly monitoring of their progress on ESG criteria. It also helps the investment teams minimize the margin of error associated with self-assessment.

Example of ESG indicators monitored:

Environment	Contribution to neutrality carbon	Has the company conducted a carbon footprint assessment yet?
	Biodiversity	Has the company formalized a biodiversity conservation policy (commitments and objectives)?
Social	Workplace equality	Share of women among executives
	Training and value sharing	Percentage of employees who have received training
		Access of non-executive employees (below the executive committee level) to company ownership
Governance	Executive	Number of women in the Executive Committee or Board of Directors
	CSR Policy	Has the company implemented a CSR (Corporate Social Responsibility) policy?
Other	Stakeholders	Has the company developed an internal procedure and compliance mechanism to track its alignment with the United Nations Global Compact and/or the OECD Guidelines for its partners, service providers, and suppliers?

The exercise of voting rights within the governing bodies of funded companies is guided by financial, strategic, and ESG considerations, including monitoring compliance with improvement plans defined by idiCo ideally at the time of the initial investment.

idiCo does not impose specific outcomes on funded companies, as operational management remains in the hands of their executives. However, idiCo makes its best efforts to facilitate the implementation of socially and environmentally transitional measures that are financially profitable and respectful of stakeholders and the environment.

Regarding publicly traded companies, idiCo commits to voting beyond the threshold of 5% of voting rights or held capital. Below this threshold, the exercise of voting rights is optional but not mandatory.

Furthermore, the shareholder agreement (or financing contract, if applicable) must at least mention the obligation for participations to provide an annual ESG report upon request from idiCo. More specific commitments may be included at the discretion of the investment team.

Starting from May 2023, idiCo has committed to promoting value sharing in the companies we support. Since then, for newly supported companies with at least 11 employees and profitability, we implement a value-sharing mechanism (such as profit-sharing, employee share ownership, or value-sharing bonuses) if not already in place.

Transfer

During the divestment process, the exit assessment report should include the following elements:

- **Initial ESG Improvement Objectives:** This section outlines the initial ESG goals and targets set for the investment period. It highlights the areas of focus and the desired progress in environmental, social, and governance aspects.
- **Conclusion on Objective Achievement:** This section evaluates the extent to which the initial ESG objectives were met during the holding period. It provides an analysis of the progress made, identifies successful initiatives, and assesses any challenges or gaps encountered.

- **Evolution of ESG Rating:** This section tracks the ESG performance of the investment over time. It includes an assessment of the ESG rating at the beginning of the investment, the changes observed during the holding period, and the final ESG rating at the time of divestment. This evaluation helps demonstrate the overall ESG trajectory and improvements achieved.

Strategy for alignment with the Paris Agreement and long-term biodiversity objectives

Strategy for alignment with the Paris Agreement

In 2015, 194 Parties (193 countries and the European Union) committed to reducing their greenhouse gas (GHG) emissions by signing the Paris Agreement. The goal is to keep the global temperature increase well below 2 degrees Celsius and to strive for limiting the warming to 1.5 degrees Celsius.

However, the pace of climate change has not slowed down. In 2022, temperatures were approximately 1.2 degrees Celsius higher than pre-industrial levels, according to the Intergovernmental Panel on Climate Change (IPCC). In its Sixth Assessment Report, the IPCC emphasized the responsibility of human activities, particularly through greenhouse gas emissions (GHGs). Yet, the global economy remains highly dependent on fossil fuels. In 2020, nearly 75% of global greenhouse gas emissions were attributed to energy consumption, with 83% of that energy coming from fossil fuels (2021).

In an effort to align with the Paris Agreement, idiCo has decided to exclude all companies whose activities are based on:

- The extraction and production of coal, as well as companies generating a portion of their revenue from coal
- The production and extraction of conventional and unconventional oil
- The production and extraction of conventional and unconventional gas

For certain investments, idiCo has implemented carbon footprint measurement as a means to raise awareness among companies about their greenhouse gas emissions and to drive their reduction. idiCo aims to systematically adopt this practice for all investments whenever feasible.

Long-term biodiversity objectives

idiCo recognizes that the financial sector has a role to play in preserving biodiversity, particularly in combating the pressures that threaten it.

The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) has identified five major threats:

- Land use change and urbanization
- Overexploitation of resources
- Climate change
- Pollution
- Introduction of invasive alien species

In an effort to raise awareness among its investments on this subject, idiCo has included a set of questions on "Biodiversity & Pollution" in its ESG questionnaire. Recognizing that this is only

a first step in its approach, idiCo aims to initiate discussions to develop a strategy aligned with the long-term objectives related to biodiversity.