



idico

Disclosure on the promotion of environmental or
social characteristics

IDICO CROISSANCE 5 PRIVATE INVESTORS

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Transparency of the promotion of environmental or social characteristics

A. Summary.....	3
B.No sustainable investment objective	4
C. Environmental or social characteristics of the financial product.....	4
D. Investment strategy.....	5
E. Proportion of investments.....	7
F. Monitoring of environmental or social characteristics	8
G. Methodologies.....	9
H. Data sources and processing.....	9
I. Limitations to methodologies and data.....	10
J. Due Diligence	10
K. Engagement policies.....	10
L. Where an index is designated as a reference benchmark for the attainment of the environmental or social characteristics promoted by the financial production, “designated reference benchmark”	10

A. Summary

The idiCo Croissance 5 Private Investors fund (hereinafter the “**Fund**”), managed by the Management Company (hereinafter “**idiCo**”), supports companies in their growth and buy-out operations. The Fund invests in companies through majority or minority growth capital and buyout operations and corporate financing more generally (which may take the form of leveraged buy-outs (LBOs)). The target companies have an enterprise value mainly in the range of forty million euros (€40,000,000) to three hundred million euros (€300,000,000) (as assessed on the date of the Fund’s first investment in the company in question).

The environmental and/or social characteristics monitored by the Management Company when an investment is made include but are not limited to:

- Environmental criteria:
 - GHG reduction policy
 - Environmental initiatives to reduce the carbon footprint of portfolio companies’ products and services
 - Initiatives to reduce water consumption
- Social characteristics:
 - Employee shareholding (as % of employees)
 - Gender equality (% of women in the company)
 - Prevention of occupational injuries
- Characteristics related to the principle of good governance:
 - Transparency of executive remuneration
 - Audit committee Independence of the board of directors/supervisory board
 - Implementation of a CSR policy

From the end of the financial year following the financial year of the Fund’s inception, the Fund is at least 85% invested in companies that contribute to the attainment of environmental or social characteristics and at least 15% in cash.

To ensure that the Fund’s environmental or social characteristics are met, an ESG management process involving the following measures is applied throughout the investment cycle:

- During the selection phase:
 - An exclusion policy
 - ESG due diligence performed by an external service provider for each investment
- During the life of the financing
 - Annual monitoring of ESG performance through a questionnaire sent to the portfolio companies and then used to calculate an ESG rating and create an ESG report.

The sustainability indicator used to measure the achievement of each of the Fund’s environmental or social characteristics is the ESG ratings of the investee companies, calculated using an internal methodology. These ratings are used to measure and monitor implementation of the portfolio company’s ESG approach.

The Fund’s team advises portfolio companies on implementing good governance

practices during the selection phase following ESG due diligence, which identifies the company's governance practices, then throughout the funding via the ESG questionnaire, the participation of a member of the team on the portfolio company's administrative or supervisory committee, and through regular controversy monitoring.

The Fund may face certain limitations with the above methods, including insufficient quantity or quality of data captured from the annual ESG questionnaires.

B. No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment within the meaning of the SFDR.

C. Environmental or social characteristics of the financial product

The Fund is a financial product which falls within the scope of Article 8 of Regulation (EU) 2019/2088 in terms of pre-contractual disclosures followed by annual disclosures until the end of the life of the Fund.

Under the Fund's investment strategy, environmental, social and governance (ESG) criteria will form part of the Management Company's assessments without being a determining factor in decision-making.

Before each financial transaction, the Management Company's exclusion policy is applied. The assets of the funds managed by idiCo are not directed towards companies whose main activity is in one of the following sectors:

1. Production, trade or services relating to the cloning of human beings for reproductive purposes or genetically modified organisms
2. Tobacco production
3. The manufacture and trade of military weapons and ammunition
4. The manufacture of anti-personnel mines and/or cluster bombs and the manufacture of key components for the assembly and operation of such weapons
5. Games of chance and casinos
6. Pornography
7. Production of electricity from coal, oil and natural gas
8. Extraction of conventional oil and gas
9. Extraction of thermal coal and unconventional oil and gas

The Management Company then carries out ESG due diligence including a sustainability risk analysis. Where appropriate, further ESG due diligence checks may also be performed. Sustainability risk refers to any environmental, social or governance event or situation that, if it occurs, could have a material negative impact, actual or potential, on the performance of the investment.

Before each investment, the Management Company must therefore identify the negative environmental, social and governance impacts of an investment by the Fund.

The environmental and/or social characteristics monitored by the Management Company when an investment is made include:

- Environmental criteria:
 - GHG reduction policy
 - Environmental initiatives to reduce the carbon footprint of portfolio companies' products and services
 - Initiatives to reduce water consumption
- Social characteristics:
 - Employee shareholding (as % of employees)
 - Gender equality (% of women in the company)
 - Prevention of occupational injuries
- Characteristics related to the principle of good governance:
 - Transparency of executive remuneration
 - Audit committee Independence of the board of directors/supervisory board
 - Implementation of a CSR policy

Based on these criteria, the Management Company assesses each portfolio company, identifies areas for improvement and suggests a plan of action to ensure that the portfolio company takes better account of these issues. The same criteria are monitored on each year across all the Fund's portfolio companies to analyse each company's progress.

The Fund has also opted for the Relance label, which requires at least 60% of assets to be invested in France. As a result of obtaining Relance certification:

- the ESG analysis rate of the Fund portfolio will be at least 75%, and
- the Management Company will make available on its website a half-yearly report on the ESG strategy pursued by the Fund. The report can be found at: <https://idico.fr/engagements/>

D. Investment strategy

The Fund invests in companies through majority or minority growth capital and buyout operations and corporate financing more generally (which may take the form of leveraged buy-outs (LBOs)). The Fund generally invests in companies with an enterprise value mainly in the range of forty million euros (€40,000,000) to three hundred million euros (€300,000,000) (as assessed on the date of the Fund's first investment in the company in question).

The Fund focuses on companies with the potential for transformation, through growth (organic and external) and improved performance (including on ESG factors). The Fund is involved in a wide range of sectors and invests in companies operating in the following fields and markets, among others: (i) business services, (ii) healthcare and (iii) technology.

The Fund invests mainly in companies whose registered office and/or commercial interests are mostly located in France.

The Fund invests in companies through majority or minority growth capital and buyout operations and corporate financing more generally (which may take the form of leveraged buy-outs (LBOs)).

The Fund has established an ESG management process involving the following measures to meet the promoted environmental and social characteristics:

- An exclusion policy,
- ESG due diligence performed during the selection phase by an external service provider,

- Annual monitoring of ESG performance throughout the life of the funding based on information gathered from an ESG questionnaire. This questionnaire forms the basis of an ESG rating and an annual ESG report on the progress of the portfolio companies and areas for improvement.

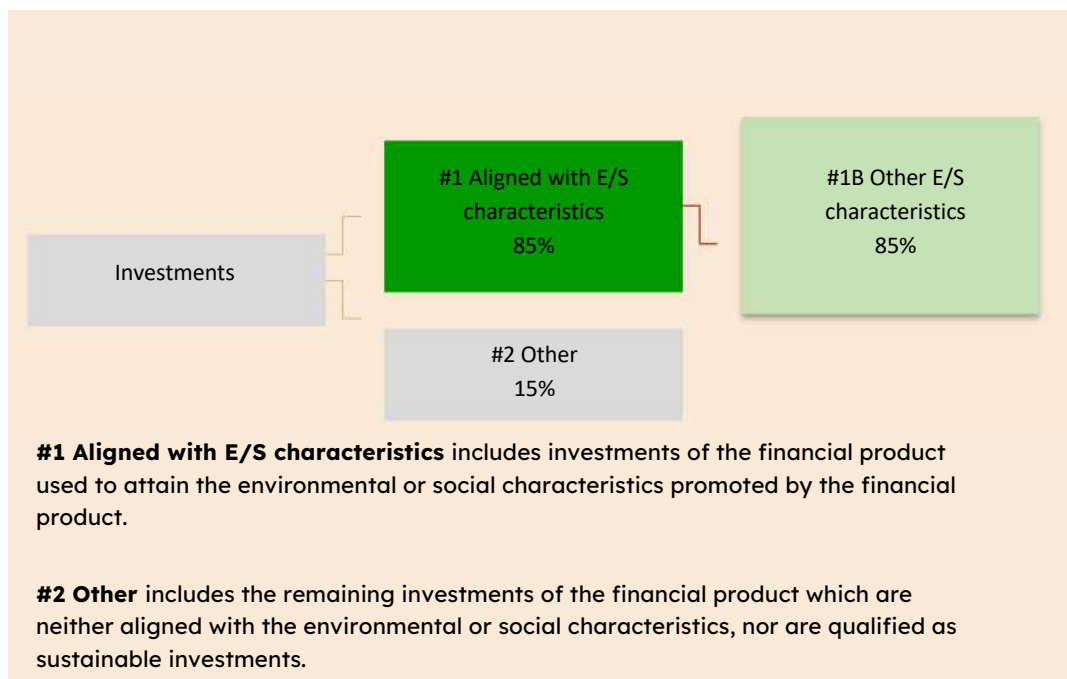
The Fund has also introduced several measures to evaluate the good governance practices of the portfolio companies:

- The due diligence performed during the company selection process analyses corporate governance practices and assesses the company’s stage of good governance maturity.
- The ESG questionnaire sent annually to the portfolio companies includes questions on corporate governance, including the independence of the Board of Directors or Supervisory Board, gender parity on the Board, controversy monitoring, remuneration and ethics. The ESG rating calculated from the questionnaire also incorporates governance-related criteria.
- A representative of idiCo sits on the supervisory or administrative committee of each portfolio company, providing opportunities to ensure that good corporate governance is in place, address the subject at meetings and be aware of the decisions made at the end of the meetings.

E. Proportion of investments

From the end of the financial year following the financial year of the Fund’s inception, the Fund is at least 85% invested in companies within the category “#1 Aligned with E/S characteristics” and more specifically within the category “#1B Other E/S characteristics”.

The Fund may invest up to 15% of its net assets in cash to cover certain expenses, including management fees. Such cash belongs to the “#2 Other” category.



F. Monitoring of environmental or social characteristics

The sustainability indicator used by the Fund to measure the achievement of each of the environmental or social characteristics promoted by the Fund is the ESG ratings of the investee companies, calculated using an internal methodology. These proprietary ratings can therefore be accessed and monitored by the Fund's portfolio managers at all times.

The Fund has introduced a number of measures to monitor environmental and social characteristics:

- The sector exclusion policy limits the Fund's exposure to certain sectors with significant ESG risks.
- The ESG due diligence performed by an external provider helps to identify material ESG issues for the company and monitor and follow them up annually through the questionnaire.
- The ESG questionnaire sent to the portfolio companies each year is used to monitor compliance with environmental and social characteristics, and if any material issues are identified, to follow them up. The issues addressed include:
 - For the Environment pillar:
 - o Has the company identified the main risks associated with raw materials in its value chain?
 - o If the company operates in a high impact climate sector, what is its total energy consumption? Has the company already measured its carbon footprint? If so, please provide the total Scope 1, Scope 2 and Scope 3 emissions
 - o If the company is exposed to one or more significant risks, specify these and state what risk management measures have been taken. Does the company have a water management policy? Has the company measured its biodiversity footprint?
 - ☐ Has the company drawn up an environmental policy? If so, has the company drawn up a GHG reduction policy?
 - ☐ Etc.
 - For the Social pillar:
 - o State the total number of permanent FTE employees at the end of the previous year
 - o State the number of permanent FTE hires over the period
 - o State the number of female permanent FTE employees
 - o State the number of permanent FTE workers with disabilities
 - o Has the company calculated its gender equality index?
 - o Proportion of employees who have received training
 - o Proportion of employee shareholders (as % of the company's workforce and excluding executives)
 - o What was the frequency rate of occupational injuries during the year?

- o Does the company have an occupational injury prevention policy?
 - o Etc.
- For the Governance pillar:
 - o What is the percentage of independent members on the Board of Directors or Supervisory Board?
 - o How many women are on the Board of Directors or Supervisory Board?
 - o Does the company have transparency rules in place on executive remuneration?
 - o Does the company have a CSR policy?
 - o Has the company drawn up a code of ethics/conduct?
 - o Does the company take social criteria into account in its supplier chain analysis?
 - o Has the company been involved in a dispute regarding business ethics in the past year?
 - o Etc.
- The ESG rating derived from the ESG questionnaire is used to assess compliance with the environmental or social characteristics of the investment.

G. Methodologies

The attainment of social or environmental characteristics is measured by the following:

- The exclusion policy which ensures that the company is not engaged in sectors excluded by the Fund.
- ESG due diligence, which assesses the materiality of ESG issues and establishes improvement plans.
- The annual ESG questionnaire and the rating derived from it, which is used to measure changes in social or environmental characteristics and the attainment thereof.
- Participation on the boards of companies to ensure that good corporate governance is in place, address ESG topics at meetings and be aware of the decisions made at the end of the meetings.

H. Data sources and processing

An ESG questionnaire is sent to the portfolio companies each year to gather the data needed to measure the attainment of the Fund's environmental or social characteristics. The data is then analysed internally by the portfolio management team, which also checks the quality of the data gathered. The data is then used to calculate the portfolio company's annual ESG rating and thus its performance on ESG issues.

I. Limitations to methodologies and data

The main methodological and data processing limitations are:

- Data quantity: the portfolio companies may leave out some of the questions in the ESG questionnaire or answer them incompletely;
- Data quality: some responses may be imprecise;
- The fact that data is not audited by a third party.

Notwithstanding these limitations, the portfolio management team checks that the questionnaires provide sufficient data coverage and that the data is of sufficient quality to be analysed and provide an ESG rating.

J. Due Diligence

ESG due diligence is performed by an external service provider for each investment, which helps identify the materiality of the company's ESG issues. The conclusions of the ESG due diligence are recorded in the investment memorandum presented to the Investment Committee, which highlights best practices and areas for attention identified during the analysis. Insufficient conclusions may result in the company being excluded from the financing process.

K. Engagement policies

The Fund has implemented an engagement policy, which is reflected in:

- The participation of a representative of idiCo in the supervisory or administrative committee of each portfolio company, providing opportunities to ensure that good corporate governance is in place, address the subject at meetings and be aware of the decisions made at the end of the meetings.

L. Where an index is designated as a reference benchmark for the attainment of the environmental or social characteristics promoted by the financial production, “designated reference benchmark”

Given the Fund's investment objective, no index has been designated as a reference benchmark.