



idiCo

Disclosure on the promotion of environmental or social characteristics

idiCo Mezzanis N°3 Private Investors

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Transparency of the promotion of environmental or social characteristics

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A. Summary

The idiCo Mezzanis N°3 Private Investors fund (hereinafter the “Fund”) supports companies in their growth and buyout operations. The Fund invests in unlisted, ESG-conscious companies of all sectors, through private debt used to fund leveraged buy-outs, management buy-outs or growth capital and financing operations, in France and, on an ancillary basis, in Europe. The Fund therefore promotes environmental or social characteristics but does not have as its objective sustainable investment.

The environmental and social characteristics promoted by the Fund are:

- Environmental pillar: resource management, carbon footprint, exposure to raw materials, etc.
- Social pillar: health and safety, training, workplace equality, etc.
- Governance pillar: Board of Directors or Supervisory Board independence, business ethics, gender balance on boards, remuneration, etc.

From the end of the financial year following the financial year of the Fund’s inception, the Fund may invest a minimum of 50% of its assets in companies that contribute to the achievement of the Fund’s environmental or social characteristics, and a maximum of 50% 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:

- o An exclusion policy
- o ESG due diligence performed by an external service provider for the majority of investments
- o 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 and are the aggregation of the scores for the following four pillars: governance, human capital, environment and external stakeholders.

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 promotes environmental or social characteristics, including:

- Environmental pillar: resource management, carbon footprint, exposure to raw materials, etc.
- Social pillar: health and safety, training, workplace equality, etc.
- Governance pillar: Board of Directors or Supervisory Board independence, business ethics, gender balance on boards, remuneration, etc.

Environmental and social issues are taken on board throughout the life of the financed company through ESG analysis during the selection phase followed by annual performance monitoring in the form of an annual ESG rating developed in-house and reviewed with an external firm in 2022.

D. Investment strategy

The Fund invests in unlisted, ESG-conscious companies of all sectors, through private debt used to fund leveraged buy-outs, management buy-outs or growth capital and financing operations, in France and, on an ancillary basis, in Europe.

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 by an external service provider for the majority of investments,
- 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.

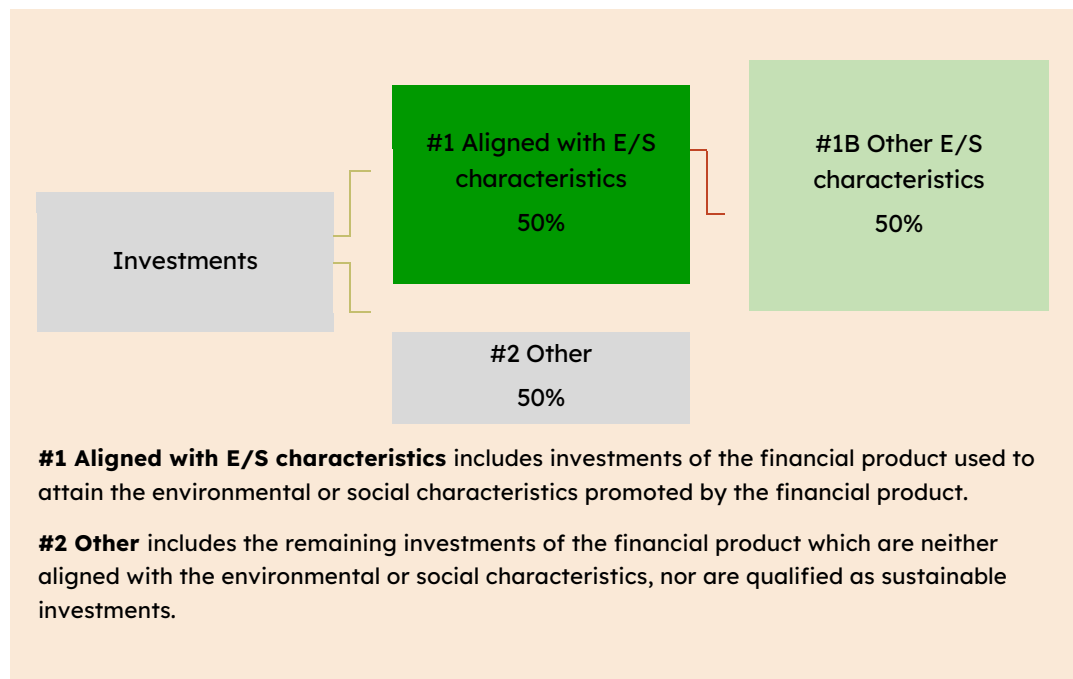
The Fund has also introduced several measures to evaluate the good governance practices of the portfolio companies:

- When due diligence is performed, governance practices are examined to assess 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.
- Alongside these measures, the Fund's portfolio management team performs regular controversy monitoring using intelligence software.

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 50% 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 50% 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.
- ESG due diligence performed by an external service provider for the majority of investments helps to identify material ESG issues for the company and monitor and follow them up annually.
- 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:

- o For the Environmental pillar:
 - Has the company identified the risks associated with raw materials in its value chain?
 - 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
 - If the company is exposed to one or more significant risks, specify them and state what measures have been taken to manage them?
 - 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.
- o For the Social pillar:
 - State the total number of permanent FTE employees at the end of the previous year
 - State the total number of permanent FTE employees at the end of the previous year
 - State the number of female permanent FTE employees
 - State the number of permanent FTE workers with disabilities
 - Has the company calculated its gender equality index?
 - Proportion of employees who have received training
 - Proportion of employee shareholders (as % of the company's workforce and excluding executives)

- What was the frequency rate of occupational injuries during the year?
- Does the company have an occupational injury prevention policy?
- Etc.
- o For the Governance pillar:
 - What is the percentage of independent members on the Board of Directors or Supervisory Board?
 - How many women are on the Board of Directors or Supervisory Board?
 - Does the company have transparency rules in place on executive remuneration?
 - Does the company have a CSR policy?
 - Has the company drawn up a code of ethics/conduct?
 - Does the company take social criteria into account in its supplier chain analysis?
 - Has the company been involved in a dispute regarding business ethics over the past year?
 - 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 determined 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 when the checks are performed.
- 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. The rating is the aggregation of the scores for the following four pillars: governance, human capital, environment and external stakeholders.

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

For the majority of investments, an external service provider performs ESG due diligence, which helps identify the materiality of the company's ESG issues.

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 committees of all portfolio companies, 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.
- Regular controversy monitoring by the Fund's portfolio management team using intelligence software.

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.