

## 2021 RESPONSIBLE INVESTMENT POLICY

### Global approach

For several years now, Alliance Entrepreneurs has been committed to continuously improving its responsible investment policy. After signing the PRI and establishing an ESG charter in 2018, the creation of a committee in early 2020 marked an important milestone and is testament to the ambition to make progress on ESG issues within the management company and its portfolio companies.

The management company is driven by a spirit of social and environmental responsibility, a commitment to local relationships and a highly ethical approach.

By selectively investing in dynamic companies, Alliance Entrepreneurs is helping create jobs in the regions and has placed social and governance issues at the heart of its investment strategy since its creation. The purpose of this policy is to formalize and enhance the responsible investment practices already in place at Alliance Entrepreneurs, as well as to extend their scope to include all environmental, social and governance (ESG) matters.

The **environment** is an important issue for Alliance Entrepreneurs. As such, the management company has made a commitment to the climate change by becoming a signatory of the Initiative Climat International. The investment teams track environmental indicators at their companies on an annual basis, such as those relating to reducing greenhouse gas emissions and input consumption.

In terms of **social** criteria, the teams annually monitor indicators on job creation, workplace equality, training and value-sharing, occupational health and safety, and labor disputes and controversies. They track criteria including the number of permanent FTE hires over the period, the proportion of female staff, training budget as a percentage of payroll, etc.

With regard to **governance** criteria, teams survey their companies every year on indicators relating to the composition of their executive committees, the company's CSR policy, business ethics, and litigation and controversies. These indicators include the proportion of independent members on the Board of Directors, the number of women on the executive committee, whether a Code of Ethics exists, and the implementation of a data governance system with regard to personal or sensitive data.

### Management and voting policy

- Global approach

The management company aims to take on an active shareholder role by systematically taking part in the governance bodies of companies in which it directly invests. It is committed to promoting ESG considerations at each of its holdings and to providing management teams with support in these matters, by setting up suitable action plans. The management company believes that a non-financial approach can help create value for the portfolio companies.

Combining performance with sustainability is the key focus of its policy, to maximize the value of investments made on behalf of investors.

- Monitoring

Alliance Entrepreneur is generally a member of the monitoring, supervisory or executive committee... of the target company (simplified joint-stock company) or a corporate officer (member of the Board of Directors, Supervisory Board, non-voting board member).

For companies where Alliance Entrepreneur is not a member of any committees, the Board of Directors or Supervisory Board, there should be a minimum of two visits per year, written up in reports.

These reports must cover the following: any changes during the year, business, margins, results, investments, etc., comparison with the development plan submitted to the investment committee, explanations for any discrepancies, etc. During these visits, potential acquisitions and cash flow opportunities may be discussed.

Invitations to attend General Meetings, the draft resolutions for OGMs and CGMs, signed proxy forms, the attendance sheet, the minutes of the OGM or CGM, the management report and Statutory Auditors' report are centralized at the management company's registered office.

- [Managing conflicts of interest](#)

Alliance Entrepreneur has developed a procedure for preventing and handling conflicts of interest.

Alliance Entrepreneur's policy identifies potential conflicts of interest and the circumstances under which they may arise through risk mapping, and sets out a procedure for avoiding or resolving them.

Generally, the management company promptly informs the consultative committee of the fund under management of any conflicts of interest of which it may become aware relating to the management company, key persons, members of the investment team and their respective affiliates, or any member of the consultative committee.

The conflict of interest policy is available upon request from Alliance Entrepreneur.

- [Shareholder engagement policy](#)

See bottom of website.

## **Incorporating ESG into our investment policy**

- [Investment policy in line with the six Principles for Responsible Investment](#)

In 2018, Alliance Entrepreneur committed to a responsible approach by signing the UN Principles for Responsible Investment (PRI). As such, the management company's investment policy is founded on these six principles, set out below:

- Incorporate ESG issues into investment decision-making processes;
- Take ESG considerations into account in shareholder policies and practices;
- Require portfolio companies to report on their ESG practices;
- Promote the adoption and application of PRIs by asset managers;
- Work in partnership with financial sector players who have committed to the PRIs to enhance their efficiency;

- Report on activities and progress in the application of PRIs
- Sector-based exclusions

Alliance Entrepreneur excludes from its investment scope any companies that fail to comply with international standards on the environment, human rights and local communities, working conditions and supply chains, customers, governance and business ethics, etc. The management company also complies with legal exclusions: national, international, treaties, embargoes, etc.

Finally, Alliance Entrepreneur excludes from its investment scope companies whose activities are not in keeping with the management company's ethical principles. Excluded sectors include:

- weapons manufacturing and marketing, in particular anti-personnel mines and cluster bombs;
- companies involved in coal extraction and marketing;
- the illicit drug, prostitution and pornography industries.
- gambling companies (casinos, online poker, etc.)

- At the time of investment

Alliance Entrepreneur pledges to systematically assess ESG criteria with regard to the target company characteristics prior to investment (size, sector, etc.), including the challenges of climate change. These criteria are discussed with the target companies' management teams. This assessment is added to the investment memo presented during investment committee meetings.

Lastly, an ESG clause is included in the shareholder agreement, mentioning the responsible investment policy and the commitment to report ESG indicators at least once a year.

- Ongoing support

Alliance Entrepreneur is committed to supporting and developing its holdings' approach to ESG matters through regular discussions with management teams, and in particular within governance bodies (Supervisory Board, Board of Directors, etc.) and, where appropriate, prepares ESG action plans suited to the company's size, its shareholder position and the materiality of ESG issues.

Alliance Entrepreneur's responsible investment policy applies to all assets managed by Alliance Entrepreneur. These commitments fall under two distinct objectives, corresponding to the specificities of the various investment vehicles:

- All Alliance Entrepreneur holdings are subject to a complete ESG assessment prior to investment and an annual ESG follow-up.
- Since 2020, in addition to the annual collection of ESG indicators from the portfolio companies, the Alliance LBO team has gone a step further by supporting management teams in ESG matters via a specific procedure, thanks to its position as a major shareholder.

- Integration of sustainability risks

In accordance with Regulation (EU) 2019/2088 of the European Parliament and Council dated November 27, 2019 on sustainability-related disclosures in the financial services sector ("SFDR"), the management company must include sustainability risks in its investment decisions and assess likely impacts on fund returns.

A sustainability risk is an ESG event or condition that, should it occur, could cause an actual or potential material negative impact on the value of a Fund investment (“Sustainability Risk”).

The company recognizes that the identification, assessment and management of significant Sustainability Risks are an integral part of its management. Environmental, social and governance (ESG) criteria play a role in managers’ decisions, but are not a determining factor in their decision-making process.

In order to identify and manage Sustainability Risks, the management company uses an integrated approach to these risks based on a comprehensive set of policies and procedures. This approach is applied to integrate the most important Sustainability Risks.

The management company adheres to a process of continuous improvement in the integration of sustainability risks, and will consider any solution that may help improve the measurement and assessment of their impact.

## Monitoring the ESG policy

### ○ Role and responsibilities of the ESG committee

In early 2020, an Alliance Entrepreneurs ESG committee was created. This committee is governed by its Chair and reports to the CEO of Alliance Entrepreneurs.

The ESG committee is made up of six employees from the management company’s various teams. In cooperation with Alliance Entrepreneurs’ CEO, it defines the management company’s roadmap and ensures that any commitments made to its various stakeholders are fulfilled. Its challenge is to raise awareness among all teams and across the entire ecosystem, in order to maximize impact.

Its main responsibilities include:

- Defining, structuring and developing the Alliance Entrepreneurs responsible investment approach as part of business processes and within the management company;
- Assessing training needs, bi-annually;
- Providing training and sharing experiences in ESG matters;
- Overseeing the annual ESG data collection campaign and processing this data;
- Preparing management company communications on ESG matters;
- Setting improvement objectives;
- Allocating the funds needed to deploy action plans.

The committee meets twice a month to discuss current topics, the management of live projects and internal and external communication on ESG matters. Information is then relayed to all Alliance Entrepreneurs teams through the executive committee and members of the ESG committee, who also act as points of reference within their respective teams.

Minutes are drawn up at the end of each meeting and shared with all members of the ESG committee and the Chairman.

### ○ CEO’s role and responsibilities

The ESG committee reports to the Alliance Entrepreneurs CEO. This person validates the roadmap proposed by the committee. The CEO also ensures compliance with public commitments made by the

management company. Finally, he contributes to the management company's internal and external communications with regard to environmental, social and governance matters.

Since 2021, part of the CEO's variable compensation and part of that of all management company employees has been contingent on the achievement of ESG objectives, as set during annual reviews.

- [Role and responsibilities of the investment teams](#)

The investment teams are responsible for monitoring companies' ESG-related factors, and are committed to promoting ESG considerations. When their shareholder position allows it, they also set up more targeted and active monitoring.

The investment teams are responsible for collecting ESG data from companies. The response rate to the annual ESG data collection questionnaire is an integral part of each investment team member's objectives.

As is the case for all management company staff, since 2021, part of the investment teams' variable compensation has been based on the achievement of ESG objectives set in consultation with the CEO. Specific performance criteria, including sustainability risks, i.e. social, environmental and governance issues, are defined for all management company employees.

## Annual ESG data collection and processing

- [Collection of ESG data](#)

Alliance Entreprendre is committed to taking ESG criteria into account throughout the entire investment cycle, and gathers ESG indicators on an annual basis from all its companies. The management company has changed its ESG indicator tracking template, using a standard form developed by several leading players (see Appendix) in order to contribute to standardized reporting and information and facilitate data entry by portfolio companies. The operation is carried out by the investment teams during the first half of the year.

- [ESG data processing](#)

Following the ESG data collection campaign, the ESG committee analyses and processes the data received in order to take stock of its portfolio in terms of ESG data, compare the data to benchmarks and include it in its annual ESG report.

- [ESG crisis management process](#)

The investment teams constantly monitor the companies within their remit. If an ESG event is identified, i.e. an ESG risk materializes that could potentially impact the valuation of the investment concerned, or give rise to a reputational risk for the management company and/or its clients, they must immediately alert the head of the business concerned, the CEO and the Compliance and Internal Control Officer.

In consultation with the investment teams, the latter then assess the severity of the event. An action plan is drawn up and any relevant information is provided to investors and/or distributors of the funds concerned.

The management company continuously monitors the event until it is over. An update on the event and its eventual outcome is provided in the management report.

## External communications

- [Publication of the responsible investment policy](#)

Alliance Entrepreneur's responsible investment policy can be freely accessed on its website, thereby ensuring complete transparency over its ecosystem.

- [Communication with clients](#)

Alliance Entrepreneur includes an ESG section in every half-year management report for its funds. Since 2020, the management company has published an annual ESG report on its website, presenting all of the actions taken by the management company and its companies. It also sends this report to its clients.

- [Public communications](#)

Alliance Entrepreneur became a PRI signatory in 2018 and, as such, undertakes to comply with its six principles.

Alliance Entrepreneur has also signed the France Invest Charter of Commitments for Investors for Growth and the France Invest Charter for Gender Equality.

In 2020, Alliance Entrepreneur made a commitment to combat climate change by joining the Initiative Climat International.

Originally a French initiative, the iCi was initially launched in 2015 under the name "2020 Carbon Initiative" at the COP 21 by five French private equity funds. In 2018, the iC20 then received the support of France Invest, before being taken over by the UN PRI in 2019. Private equity, because of its impact on the real economy, plays a decisive role in driving climate change initiatives at companies in which it invests, in order to contribute to the COP 21 objective of limiting global warming to 2°C.

These commitments are all made public and presented under the ESG section of Alliance Entrepreneur's website.

- [Communication with organizations](#)

The management company regularly takes part in ESG surveys and questionnaires conducted by various organizations (France Invest, PRI, etc.).