

LATOUR CAPITAL MANAGEMENT

Appendix – Statement on principal adverse impacts (PAI) of investment decisions on sustainability factors (2023)

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 2023.

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 a 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 more recently joined the Sustainability Commission of France Invest, a forum of exchange with peers on sustainability in the private equity ecosystem, particularly in the decarbonization working group.

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact [2022]	Impact [2023]	Explanation	Actions taken, and actions planned, and targets set for the next reference period ¹
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions (tCO _{2,eq})	265 589 tCO _{2,eq}	205 648 tCO _{2,eq}	79% coverage, Primonial and Gutor excluded. Funecap: French perimeter only.	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. 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.
		Scope 2 GHG emissions (tCO _{2,eq})	82 081 tCO _{2,eq}	36 121 tCO _{2,eq}		
		Scope 3 GHG emissions (tCO _{2,eq})	531 674 tCO _{2,eq}	588 356 tCO _{2,eq}		
	Total GHG emissions (tCO _{2,eq})	879 344 tCO _{2,eq}	830 125 tCO _{2,eq}			

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

	2. Carbon footprint	Carbon footprint	369,2 tCO _{2,eq} /€M invested	334,0 tCO _{2,eq} /€M invested	79% coverage, Primonial and Gutor excluded. Funecap: French perimeter only.	<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>
	3. GHG intensity of investee companies	GHG intensity of investee companies	471,6 tCO _{2,eq} /€M of revenue	454,8 tCO _{2,eq} /€M of revenue		
	4. Exposure to companies active in the fossil fuel sector	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 companies is active in the fossil fuel sector.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of	<p>Share of non-renewable energy consumption: 85,9%</p> <p>Share of non-renewable</p>	<p>Share of non-renewable energy consumption: 85,6%</p> <p>Share of non-renewable energy production: 70,4%</p>	63% coverage. Primonial, Hygie31 and Gutor excluded.	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: 100%</i>			to decrease and will continue to do so in the next few years.
	6. Energy consumption per intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	<i>1,19 GWh/€M of revenue</i>	0,85 GWh/€M of revenue	100% coverage. Only a limited perimeter of portfolio's companies is active in high impact climate sectors ² .	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.
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	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

² 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).

		of those investee companies negatively affect those areas				its biodiversity risk assessment approach.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,00 t	0,00 t	96% coverage. Gutor is excluded.	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”.
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,12 t per €M invested	0,40 t per €M invested	57% coverage. Groupe RG, Primonial, Hygie31 and Gutor 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.

Social and employee matters	10. Violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	96% coverage, Gutor is excluded.	Latour Capital is collecting and tracking this KPI in both pre-investment and holding period. The target is 0%.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for MNE	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	16,3%	19,5%	96% coverage, Gutor is excluded.	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				
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	18,7%	15,3%	96% coverage, Gutor is excluded.	Deeply concerned about gender equality, Latour Capital monitors the pay gap of its investees through the annual ESG questionnaire.
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	11,5%	12,2%	96% coverage, Gutor is excluded.	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. The first objective has been achieved in 2022.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and	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 companies is active in the arms industry (production or distribution of anti-personnel mines or cluster bombs).

	biological weapons)					
Waste	15. Non-recycled waste ratio	Non-recycled waste ratio	66,6 t/€M invested	13,8 t/€M invested	52% coverage. Santiane, Groupe RG, Primonial, Hygie31 and Gutor 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.
Social and employee matters	16. Rate of accidents	Rate of recordable work-related injuries	0,028	0,033	79% coverage, Primonial and Gutor 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 IV³

Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Latour Capital II – Impact [year 2023]	Latour Capital III – Impact [year 2023]	Latour Capital IV – Impact [year 2023]
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions (t tCO _{2,eq})	6 680 tCO _{2,eq}	197 884 tCO _{2,eq} ⁴	1 084 tCO _{2,eq}
		Scope 2 GHG emissions (tCO _{2,eq})	6 395 tCO _{2,eq}	29 669 tCO _{2,eq} ⁵	57 tCO _{2,eq}
		Scope 3 GHG emissions (tCO _{2,eq})	233 519 tCO _{2,eq}	351 814 tCO _{2,eq} ⁶	3 023 tCO _{2,eq}
		Total GHG emissions (tCO _{2,eq})	246 594 tCO _{2,eq}	579 367 tCO _{2,eq} ⁷	4 165 tCO _{2,eq}
	2. Carbon footprint	Carbon footprint	512,4 tCO _{2,eq} /€M	327,5 tCO _{2,eq} /€M ⁸	17,7 tCO _{2,eq} /€M

³ 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.

⁴ Data not available for Primonial and Gutor; these investee companies are excluded from the scope of the indicator.

⁵ Data not available for Primonial and Gutor; these investee companies are excluded from the scope of the indicator.

⁶ Data not available for Primonial and Gutor; these investee companies are excluded from the scope of the indicator.

⁷ Data not available for Primonial and Gutor; these investee companies are excluded from the scope of the indicator.

⁸ Data not available for Primonial and Gutor; these investee companies are excluded from the scope of the indicator. Funecap data only covers the French perimeter.

	3. GHG intensity of investee companies	GHG intensity of investee companies	497,7 tCO _{2,eq} /€M	494,9 tCO _{2,eq} /€M ⁹	64,7 tCO _{2,eq} /€M
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	0%
	5. Share of non-renewable energy consumption and production	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: 51,3% Share of non-renewable energy production: 50%	Share of non-renewable energy consumption: 95,8% ¹⁰ Share of non-renewable energy production: 99,9% ¹¹	Share of non-renewable energy consumption: 100% Share of non-renewable energy production: 0%
	6. Energy consumption per intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0,15 GWh/€M of revenue	1,22 GWh/€M of revenue	Not applicable
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to	0%	0%	0%

⁹ Data not available for Primonial, Hygie31 and Gutor; these investee companies are excluded from the scope of the indicator.

¹⁰ Data not available for Primonial, Hygie31 and Gutor; these investee companies are excluded from the scope of the indicator (consumption).

¹¹ Data not available for Santiane, Funecap, OmniPac, Groupe RG, Primonial, Hygie31 and Gutor; these investee companies are excluded from the scope of the indicator (production).

		biodiversity-sensitive areas where activities of those investee companies negatively affect those areas			
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,00 t	0,00 t ¹²	0,00 t
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,22 t per €M invested	0,57 t ¹³ per €M invested	0,01 t per €M invested
Social and employee matters	10. Violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0% ¹⁴	0%

¹² Gutor is excluded from the scope of this indicator (data not available).

¹³ Groupe RG, Primonial, Hygie31 and Gutor are excluded from the scope of the indicator (data not available).

¹⁴ Gutor is excluded from the scope of this indicator (data not available).

	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for MNE	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 or OECD Guidelines for Multinational Enterprises	0%	25,5% ¹⁵	0%
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13%	16,6% ¹⁶	6,5%
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	0%	16,5% ¹⁷	0%
	14. Exposure to controversial weapons (anti-personnel mines,	Share of investments in investee companies	0%	0%	0%

¹⁵ Gutor is excluded from the scope of this indicator (data not available).

¹⁶ Gutor is excluded from the scope of this indicator (data not available).

¹⁷ Gutor is excluded from the scope of this indicator (data not available).

	cluster munitions, chemical weapons and biological weapons)	involved in the manufacture or selling of controversial weapons			
Waste	15. Non-recycled waste ratio	Non-recycled waste ratio	2,43 t/€M invested	22,95 t/€M ¹⁸ invested	0,02 t/€M invested
Social and employee matters	16. Rate of accidents	Rate of recordable work-related injuries	0,017	0,033 ¹⁹	0,065

¹⁸ Data not available for Santiane, Groupe RG, Funecap, Primonial, Hygie31 and Gutor; these investee companies are excluded from the scope of the indicator.

¹⁹ Data not available for Primonial and Gutor; these investee companies are excluded from the scope of the indicator.