

## LATOUR CAPITAL MANAGEMENT

### Appendix – Statement on principal adverse impacts (PAI) of investment decisions on sustainability factors (2022)

#### 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 and Latour Capital III. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022<sup>1</sup>.

#### 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.

---

<sup>1</sup> Omnipac: carbon footprint and GHG emissions data cover the year 2021. Oak Nation: environmental data cover the period April 2021 – March 2022.

## 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.

## Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact [2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Greenhouse gas emissions	1. GHG emissions <sup>2</sup>	Scope 1 GHG emissions (tCO <sub>2,eq</sub> )	265 589 tCO <sub>2,eq</sub>	The industrial investments of Latour Capital (i.e., Kandelium, Omni-Pac, SULO) concentrate more than 95% of the scopes 1 and 2 carbon footprint of its portfolio.	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 define with its portfolio companies action plans to reduce
		Scope 2 GHG emissions (tCO <sub>2,eq</sub> )	82 081 tCO <sub>2,eq</sub>	The industrial investments of Latour Capital (i.e., Kandelium, Omni-Pac, SULO) concentrate more than 95% of the scopes 1 and 2 carbon footprint of the portfolio.	

<sup>2</sup> Due to recent changes in the scope of consolidation of Primonial and the recent acquisition of Hygie31 (September 2022), 2022 GHG emissions data are not available for these two portfolio companies; Oxand data are not available. As a result, Primonial, Hygie31 and Oxand are excluded from the scope of this indicator.

	Scope 3 GHG emissions (tCO <sub>2,eq</sub> )	531 674 tCO <sub>2,eq</sub>	The sector diversification of Latour Capital's portfolio leads to a vast heterogeneity in terms of GHG intensity (tCO <sub>2,eq</sub> vs. turnover), type of emission (share of scope 3 varying between 50 and 99%) and room for manoeuvre (some scope 3 emission items are not easy to address).	GHG emissions, in line with the progressive decarbonization trajectory as defined by the international objectives of the Paris Agreement.
	Total GHG emissions (tCO <sub>2,eq</sub> )	879 344 tCO <sub>2,eq</sub>	At the portfolio level, scopes 1, 2 and 3 accounted for more than 879 kT tCO <sub>2,eq</sub> in 2022, of which around 40% for scopes 1 and 2 (348 ktCO <sub>2,eq</sub> ).	
<b>2. Carbon footprint<sup>3</sup></b>	Carbon footprint	369,2 tCO <sub>2,eq</sub> /€M invested	<p>The sector diversification of Latour Capital's portfolio leads to a vast heterogeneity in terms of GHG intensity (tCO<sub>2,eq</sub> vs. turnover), type of emission (share of scope 3 varying between 50 and 99%) and room for manoeuvre (some scope 3 emission items are not easy to address).</p> <p>The carbon footprint of Latour Capital's portfolio is based on total GHG emissions weighted by the holding share of the enterprise value (€M) of the investee</p>	<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</p>

<sup>3</sup> Data are not available for Oxand, Primonial and Hygie 31. These investee companies are excluded from the scope of the indicator.

				companies (i.e., the actual value of Latour Capital's investments).	compared to the beginning of the pre-industrial era. In 2022, we initiated this work with Kandelium.
	<b>3. GHG intensity of investee companies<sup>4</sup></b>	GHG intensity of investee companies	471,6 tCO <sub>2,eq</sub> /€M of revenue	<p>The sector diversification of Latour Capital's portfolio leads to a vast heterogeneity in terms of GHG intensity (tCO<sub>2,eq</sub> vs. turnover), type of emission (share of scope 3 varying between 50 and 99%) and room for manoeuvre (some scope 3 emission items are not easy to address).</p> <p>The GHG intensity of Latour Capital's portfolio is based on total GHG emissions weighted by the revenues (€M) of the investee companies.</p>	
	<b>4. Exposure to companies active in the fossil fuel sector</b>	Share of investments in companies active in the fossil fuel sector	0%	Latour Capital has no exposure in the fossil fuel sector.	Latour Capital has a strict sectoral exclusion policy, which ensures that no portfolio companies is active in the fossil fuel sector.
	<b>5. Share of non-renewable energy consumption and production<sup>5</sup></b>	Share of non-renewable energy consumption and non-renewable energy	Share of non-renewable energy consumption: 85,9%	The share of non-renewable energy consumption / production has been calculated by weighting the energy consumption / production in GWh with the share of the current value of the	Latour Capital's commitment to setting decarbonization goals for its portfolio companies also comes through the development of Green Electricity purchasing. As a result, share of non-renewable energy

<sup>4</sup> Data are not available for Oxand, Primonial and Hygie 31. These investee companies are excluded from the scope of the indicator.

<sup>5</sup> Data are not available for Groupe RG, Primonial, Hygie31, Oxand; these investee companies are excluded from the scope of the indicator.

		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 production: 100%	individual investment on Latour Capital's total investments.	consumption is expected to decrease in the next few years.
	<b>6. Energy consumption per intensity per high impact climate sector<sup>6</sup></b>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	1,19 GWh/€M of revenue	Only a limited perimeter of portfolio's companies is active in high impact climate sectors <sup>7</sup> .	Latour Capital's commitment to setting decarbonization goals for its portfolio companies also comes through the development of energy efficiency action plans, in particular for investees operating in the most emissive sectors.
<b>Biodiversity</b>	<b>7. Activities negatively affecting biodiversity-sensitive areas</b>	Share of investments in investee companies with sites/operations located in or near to biodiversity-	0%	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 manages funds. As with other environmental indicators, biodiversity is one of the themes addressed in the due diligence process when the issue is material: this is generally the case

<sup>6</sup> Groupe RG is excluded from the scope of the indicator (data not available).

<sup>7</sup> 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).

		sensitive areas where activities of those investee companies negatively affect those areas			<p>when analyzing industrial companies, according to the location and environment of the industrial sites. Through an ESG questionnaire, Latour Capital monitor the mapping of portfolio's sites and activities to identify "key biodiversity areas" of exposure.</p> <p>It also monitors the formalization of a biodiversity preservation policy, the identification of the various negative impacts identified on these areas, the direct and indirect pressures, and the measures implemented to prevent and mitigate them.</p> <p>Beyond these initial monitoring and initiatives, Latour Capital's ambition is to define a dedicated strategy to identify and mitigate biodiversity-related risks within portfolio companies.</p>
<b>Water</b>	<b>8. Emissions to water</b>	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a	0,00 t	No investment of Latour Capital's portfolio generates emissions to water carrying out its business activities.	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".

		weighted average			
<b>Waste</b>	<b>9. Hazardous waste and radioactive waste ratio</b>	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	The business sectors of the portfolio companies do not lead to the generation of large amounts of hazardous waste.	Latour Capital carries out a comprehensive ESG due diligence for each investment in the portfolio. Once a year, Latour Capital commits to sending a dedicated questionnaire to all its portfolio companies asking them to report on key performance indicators related to sustainable development, including waste management indicators.
<b>Social and employee matters</b>	<b>10. Violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises</b>	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	No investment of Latour Capital's portfolio has been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.	Latour Capital carries out a comprehensive ESG due diligence for each investment in the portfolio. Once a year, Latour Capital commits to sending a dedicated questionnaire to all its portfolio companies asking them to report on key performance indicators related to sustainable development, including the violations of international principles and guidelines.
	<b>11. Lack of processes and compliance mechanisms to</b>	Share of investments in investee companies	16,3%	Two out of ten investee companies do not have specific business conduct policies in place.	Latour Capital carries out a comprehensive ESG due diligence for each investment in the portfolio. Once a year, Latour Capital commits

	<p><b>monitor compliance with UN Global Compact principles and OECD Guidelines for MNE</b></p>	<p>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</p>			<p>to sending a dedicated questionnaire to all its portfolio companies asking them to report on key performance indicators related to sustainable development, including the violations of international principles and guidelines.</p>
	<p><b>12. Unadjusted gender pay gap<sup>8</sup></b></p>	<p>Average unadjusted gender pay gap of investee companies</p>	<p>18,7%</p>	<p>Some of Latour Capital's investees operate in sectors (such as the IT sector) with a preponderant male presence. Such imbalances can also be reflected in the compensation system of top management.</p>	<p>Deeply concerned about the gender equality, Latour Capital monitors the pay gap of its investees through the annual ESG questionnaire.</p>

<sup>8</sup> Kandelium is excluded from the scope of the indicator (data not available).

	<b>13. Board gender diversity</b>	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	11,5%	Some of Latour Capital's investees operate in sectors (such as the IT sector) with a preponderant male presence.	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. Although the second objective represents a bigger challenge, in 2022 the rate of women in management committees of portfolio companies has increased up to 22%.
	<b>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</b>	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	No investment of 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).
<b>Waste</b>	<b>15. Non-recycled waste ratio<sup>9</sup></b>	Non-recycled waste ratio	66,6 t/€M invested	Mainly due to the sector composition of Latour Capital's portfolio, the investee companies	Latour Capital carries out a comprehensive ESG due diligence for each investment in the portfolio.

<sup>9</sup> Data are not available for Groupe RG, Funecap, Primonial and Hygie31; these investee companies are excluded from the scope of the indicator.

				generate a limited amount of non-recycled waste <sup>10</sup> .	Once a year, Latour Capital commits to sending a dedicated questionnaire to all its portfolio companies asking them to report on key performance indicators related to sustainable development, including waste management indicators.
<b>Social and employee matters</b>	<b>16. Rate of accidents</b>	Rate of recordable work-related injuries	0,028	In 2022, the investee companies had relatively low work-related accident rates. For the calculation of indicator, the accident rate has been weighted by the portion of Latour Capital's current investment.	Latour Capital carries out a comprehensive ESG due diligence for each investment in the portfolio. Once a year, Latour Capital commits to sending a dedicated questionnaire to all its portfolio companies asking them to report on key performance indicators related to sustainable development, including the number of accidents occurring during the work-related activities.

<sup>10</sup> Kandelium, operating in chemical manufacturing, contributes to 93% of the non-recycled waste ratio.

## Description of the principal adverse impacts on sustainability factors considered by Latour Capital II and Latour Capital III\*

### Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Latour Capital II – Impact [year 2022]	Latour Capital III – Impact [year 2022]
<b>Greenhouse gas emissions</b>	<b>1. GHG emissions</b>	Scope 1 GHG emissions (t tCO <sub>2,eq</sub> )	6 631 tCO <sub>2,eq</sub>	258 958 tCO <sub>2,eq</sub> <sup>11</sup>
		Scope 2 GHG emissions (tCO <sub>2,eq</sub> )	11 889 tCO <sub>2,eq</sub>	70 191 tCO <sub>2,eq</sub> <sup>12</sup>
		Scope 3 GHG emissions (tCO <sub>2,eq</sub> )	179 792 tCO <sub>2,eq</sub>	351 882 tCO <sub>2,eq</sub> <sup>13</sup>
		Total GHG emissions (tCO <sub>2,eq</sub> )	198 909 tCO <sub>2,eq</sub>	681 031 tCO <sub>2,eq</sub> <sup>14</sup>
	<b>2. Carbon footprint</b>	Carbon footprint	358,1 tCO <sub>2,eq</sub> /€M	372,6 tCO <sub>2,eq</sub> /€M <sup>15</sup>
	<b>3. GHG intensity of investee companies</b>	GHG intensity of investee companies	363,5 tCO <sub>2,eq</sub> /€M	504,5 tCO <sub>2,eq</sub> /€M <sup>16</sup>

<sup>11</sup> Data are not available for Primonial, Hygie31; these investee companies are excluded from the scope of the indicator.

<sup>12</sup> Data are not available for Primonial, Hygie31; these investee companies are excluded from the scope of the indicator.

<sup>13</sup> Data are not available for Primonial, Hygie31; these investee companies are excluded from the scope of the indicator.

<sup>14</sup> Data are not available for Primonial, Hygie31; these investee companies are excluded from the scope of the indicator.

<sup>15</sup> Due its recent acquisition, Hygie31 is excluded from the scope of the indicator (data not available). Primonial is excluded from the scope of the indicator (data not available).

<sup>16</sup> Due its recent acquisition, Hygie31 is excluded from the scope of the indicator (data not available). Primonial is excluded from the scope of the indicator (data not available).

	<b>4. Exposure to companies active in the fossil fuel sector</b>	Share of investments in companies active in the fossil fuel sector	0%	0%
	<b>5. Share of non-renewable energy consumption and production</b>	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: 49,2% Share of non-renewable energy production: not concerned	Share of non-renewable energy consumption: 98,2% Share of non-renewable energy production: 100% <sup>17</sup>
	<b>6. Energy consumption per intensity per high impact climate sector</b>	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0,12 GWh/€M of revenue	2,08 GWh/€M <sup>18</sup> of revenue
<b>Biodiversity</b>	<b>7. Activities negatively affecting biodiversity-sensitive areas</b>	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%
<b>Water</b>	<b>8. Emissions to water</b>	Tonnes of emissions to water generated by	0,00 t	0,00 t

<sup>17</sup> Data are not available for Groupe RG, Primonial and Hygie31; these investee companies are excluded from the scope of the indicator (consumption and production).

<sup>18</sup> Groupe RG is excluded from the scope of the indicator (data not available).

		investee companies per million EUR invested, expressed as a weighted average		
<b>Waste</b>	<b>9. Hazardous waste and radioactive waste ratio</b>	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0,20 t per €M invested	0,10 t <sup>19</sup> per €M invested
<b>Social and employee matters</b>	<b>10. Violations of UN Global Compact Principles and OECD Guidelines for Multinational Enterprises</b>	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%
	<b>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for MNE</b>	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	0%	19,4%

<sup>19</sup> Groupe RG is excluded from the scope of the indicator (data not available).

		Guidelines for Multinational Enterprises		
	<b>12. Unadjusted gender pay gap</b>	Average unadjusted gender pay gap of investee companies	12%	20,2% <sup>20</sup>
	<b>13. Board gender diversity</b>	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	5%	13%
	<b>14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</b>	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%
<b>Waste</b>	<b>15. Non-recycled waste ratio</b>	Non-recycled waste ratio	2,87 t/€M invested	125,4 t/€M <sup>21</sup> invested
<b>Social and employee matters</b>	<b>16. Rate of accidents</b>	Rate of recordable work-related injuries	0,033	0,027

\*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.

<sup>20</sup> Kandelium is excluded from the scope of the indicator (data not available).

<sup>21</sup> Data are not available for Groupe RG, Funecap, Primonial and Hygie31; these investee companies are excluded from the scope of the indicator.