

Article 29

Of the Energy and Climate Law

2021 Report

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Foreword

Cathay Capital (referred as “Cathay” or “The Group”) firmly believes that accounting for Environmental, Social and Governance (ESG) stakes in its activities is fundamental to its role as an investor. Integrating ESG factors in investment decisions is vital in determining risks and opportunities, and ensuring long-term, sustainable value creation for the company, for its portfolio companies, their management and employees, the environment, and society as a whole.

As such, **Cathay** formalised a responsible investment approach in 2017 by designing and implementing a dedicated ESG Management system. The approach which was decided upon strengthens **Cathay’s** consideration of ESG issues in all stages of the investment process, and also allocates Cathay’s roles and responsibilities with regard to accompanying portfolio companies in adopting sustainable practices and in implementing continuous improvement.

Compliance with the ESG reporting obligations now required by the Article 29 of the Green Energy and Climate Law (art. 29 LEC) is therefore a natural step for Cathay. This is in line with its voluntary approach to extra-financial transparency, which is reflected in the publication of its ESG reports.

Cathay Capital global investment firm organises its activities around two major entities:

- **Cathay Capital Private Equity**, investing in small to midsize companies across the world to help navigate the challenges and opportunities of globalization and the digital transformation of industries from healthcare & wellness, consumer (goods, services & education) and business transformation and beyond;
- **Cathay Innovation**, investing in start-ups positively impacting the world, Cathay Innovation is a global multi-stage fund backing companies at the centre of digital revolution, from fintech, to retail, the future of work, healthcare, mobility, energy and more.

Managing more than 500M€ euros of assets, **Cathay Capital Private Equity** and **Cathay Innovation** are subject to all the elements required for the first report published in 2022 and relating to the financial year 2021. This report constitutes **Cathay Capital Private Equity’s** annual compliance as the entity responds to its regulatory requirement through this document.

1. General approach to the consideration of ESG criteria

1.1. Vision and values

Cathay unifies the investment landscape from private equity to venture capital by backing entrepreneurs and established companies across the world. Cathay has built a global platform, bringing together entrepreneurs, investors, experts, management teams and leading corporations, to share knowledge and provide the tools, networks and market access needed to scale while helping corporate partners to innovate. From making the right introductions to designing the best go-to-market and M&A strategies, the entire Cathay family supports its portfolio companies at every stage of their lifecycle. This includes addressing sustainability risks and opportunities, that are key to every business model.

This vision of investment is reflected in **Cathay's** values:

- Being useful – “We build trust by constantly being useful to our ecosystem in achieving their goals.”
- Do what you say – “Sincerity is the universal language.”
- Determination – “If we don’t work hard today, we won’t have a rice bowl tomorrow.”
- Gratefulness – “When we drink water, don’t forget those who dug the well.”
- Diversity – “We are one global team, with various backgrounds and cultures, for one world.”
- Change the world for the better – “We want to leave the world better than how we found it.”

1.2. Consideration of ESG criteria in the investment strategy

Cathay sees tomorrow’s greatest companies as not the largest, but as those able to promote sustainable growth and transformation of economies. These companies cannot be built in silos and the transition will take an ecosystem level response across regions, sectors and up and down the value chain. Under this overarching sustainability vision, **Cathay's** team sees impact and ESG as value creation drivers, and has developed responsible investment approaches tailored to its two main capital management companies:

- For **Cathay Capital Private Equity**, sustainability is a crucial transformation lever through which the entity works jointly with committed entrepreneurs and management teams to promote resilient, future-ready, and global leaders;
- **Cathay Innovation** goes a step further by integrating impact as a lens to screen and select game-changing start-ups that support the sustainable transition of the economy and world. Cathay Innovation’s teams work together with entrepreneurs to boost impact and ensure that sustainability is weaved through operations and the value chain.

For both streamlines of investments and all asset classes¹, **Cathay** formalised a specific ESG Management system in 2017, integrating ESG issues and criteria in all stages of the investment cycle, from the pre-qualification to the exit stage. As such, a Sustainable Investment Procedure has been formalised and will be updated by the end of 2022. While risks and opportunities are assessed prior to

¹ All the ESG initiatives described in this report cover all asset classes.

investment, **Cathay** focus is to co-develop actionable roadmaps with its portfolio companies and, most importantly, make sure they have the resources to turn roadmaps into results.

Cathay Capital Private Equity's ESG investment strategy is presented below.

ACQUISITION PHASE
Sourcing & deal flow qualification

Exclusion list

Cathay Capital Private Equity has set up an exclusion list of sectors not aligned with its ESG approach. Each opportunity is screened against this exclusion list and investment team must confirm that the Company is not operating in any of the excluded sectors before moving to the next stage. The complete list is presented in this document's appendices and is applied to all investment opportunities.

Screening questionnaire

A screening questionnaire is performed to assess the impact and ESG potential of companies during the first stage of the investment cycle. This screening is performed by the investment team using a set of simple screening questions, meant to ensure that the full scope of issues is considered when looking into investment opportunities. This step is key in **Cathay Capital Private Equity's** decision of going further with a company.

Impact 1-pager

Analysis performed at this sourcing and deal flow qualification stage are embedded in an Impact 1-pager and presented to the Investment Committee prior to moving to the due diligence phase of the pre-investment process. In order to be considered as a qualified deal, the Impact 1-pager has to include, among other:

- Any activity listed in the exclusion list;
- A report on any known material ESG matters, based on the initial review and investigation of public information regarding any adverse impact on local communities or the environment associated with the proposed portfolio Company. The findings are then discussed at the Local Executive Committee Level to identify any potential NO GO decision.

Letter of Intent / deal sheet

The Letter of Intent memo sent to the Local Partners Committee to approve the sending of a Letter of Intent includes a report on any known material environmental and social matters.

Whenever the investment context allows it, a sustainability clause is included in the Letter of Intent stating the importance of sustainability alignment for **Cathay Capital Private Equity** and, in that sense, that investment is conditional on satisfying sustainability due diligence procedures.

Sustainability due diligence

When the context allows it (deal, competition, timing, etc.), a Sustainability due diligence is conducted by an external third-party expert and assess specific risks and opportunities of the company's operations and value chain.

The Investment memorandum sent to the Global Partners Committee to approve next steps and its presentation to the Advisory Committee includes a summary of the Sustainability due diligence's conclusions.

Cathay Capital Private Equity's report issues conclusions as to the level of risk and opportunities posed by each issue identified (high, medium, or low), based on the Commonwealth Development Corporation (CDC) criteria and sector profiles. For all operations categorized as high risk, the independent external experts assess the prospective company's compliance with Cathay Capital Private Equity's ESG requirements and carry out a gap analysis by applying relevant standards and guidelines. An ESG Action Plan is also defined and agreed upon with the company's management team.

If the context does not allow to perform the Sustainability due diligence, a Sustainability one-pager is produced, with the help of external third-party experts, presenting priority and strategic issues for the company and potential red-flag areas. A full Sustainability due diligence is then systematically performed within six months of the investment.

This one pager or conclusions from the due diligence process are integrated to the Investment Memorandum.

Sustainability Letter

Whenever the investment context allows it, a Sustainability Letter is included in the deal's contractual document. Through this letter, the Management agrees to (1) working with **Cathay Capital Private Equity** teams to develop and adopt a Sustainability roadmap and (2) reporting quarterly on a set of Impact KPIs and annually on a broader set of Sustainability KPIs.

During the closing stage, the deal team will only complete an investment in a proposed portfolio company if:

- The portfolio company has agreed and signed the ESG Action Plan if relevant,
- Or any material adverse impact has been resolved in accordance with the ESG requirements.

HOLDING PHASE

During the holding period, **Cathay Capital Private Equity** shares its knowledge and tools to help companies scale up their positive impact and manage key ESG related issues. This is done through the development of a Sustainability Strategy module on a global platform. The module compiles useful resources to help companies move forward along their sustainability journey, adapted to their size and sector of activity. In addition, **Cathay** hosts a Sustainability Hubs for Cathay Capital Private Equity funds' companies which convenes representatives of interested portfolio companies for regular best practices sharing sessions and talks with experienced and inspiring practitioners.

The ownership phase is an opportunity for engagement, support, and network creation around sustainability value creation levers for companies. Hence, the deal team follows up on the relevant Action Plan and more generally on continuous improvements on a regular basis (see 1.3 "Communication of ESG issues to stakeholders" below for more information on follow-up and reporting).

EXIT PHASE

At the heart of **Cathay Capital Private Equity's** approach is the ambition to grow companies to become leaders into their fields and have a positive impact on society. At the exit stage, companies are thus expected to have a robust management of ESG issues and a sustainability-aligned value proposition.

Whenever the investment context allows it, an ESG Exit Memo is formalised.

1.3. Communication of ESG issues to stakeholders

Cathay Capital Private Equity provides their investors with:

- An annual report on their funds' ESG performance (see details below), which are sent to LPs and published on Cathay's website;
- Upon request, information on the implementation of the ESG management system, the ESG analysis performed during ESG due diligences, and the action plans validated with portfolio companies.

Annual reporting

Cathay Capital Private Equity is committed to monitor both positive and adverse impacts and effects on the environment and stakeholders on a regular basis. Information regarding the ESG performance of the portfolio companies is published on an annual basis in dedicated sustainability annual reports. By publishing these reports, **Cathay Capital Private Equity** aims to provide full transparency on their portfolio companies' impact on the environment and society and to implement continuous improvement.

In this framework, portfolio companies are required to fill in a yearly questionnaire through Reporting 21 software tool² to track progress as well as exposure to risks and opportunities on the following dimensions:

- Corporate and ESG Governance
- Business Ethics
- Human Resources
- Environment
- Health & Safety
- Supply Chain
- Community Involvement

Companies also provide qualitative information and KPIs to illustrate their answers.

1.4. Financial product driven by ESG criteria

In 2021, **Cathay Capital Private Equity** amounted to a total of 1214.1 M€ of assets under management:

	Name of the fund	Assets under management (M€)
Cathay Capital Private Equity	Cathay Midcap II	793.2
	Cathay Smallcap III	229.6
	Cathay Smallcap IV	191.3
	TOTAL	1214.1

As of today, Cathay Midcap II and Cathay Smallcap III funds are classified under Article 6 of the Sustainable Finance Disclosure Regulation (SFDR). However, all investments are subject to the PRI and to the Group’s responsible investment policy, with ESG criteria taken into account prior to investment or during the holding period (see 1.2 Consideration of ESG criteria in the investment process). Thus, 100% of **Cathay Capital Private Equity’s** assets under management take ESG criteria into account.

The Management selected the SFDR article 8 classification for the latest funds (Smallcap IV – first closing in Q1 2021) and intends to commit under the same classification for next funds to come.

1.5. Joined initiatives or obtained ESG labels

Cathay ESG Management strategy encompasses internationally recognized standards that drive investment decisions:

- The Universal Bill of Human Rights, in line with the United Nation Guiding Principles on Business and Human Rights;
- The Principles of Responsible Investment;
- The OECD Guidelines for Multinational Enterprises;
- The Commonwealth Development Corporation standards;

² Reporting 21 is a digital platform that facilitates data collection and analysis and allows to share it back with management teams and boards.

- The conventions of the International Labor Organization: Core Labor Standards and Basic Terms and Conditions of Work;
- The Rio Declaration on Environment and Development;
- The United Nations Sustainable Development Goals;
- The United Nations Convention against Corruption.

In this context, **Cathay** addresses the issue of Human Rights systematically in its pre-investment due diligence approach.

Cathay's ESG reporting also lies upon recognized international standards on reporting:



Cathay Capital Private Equity signed the United Nations Principles for Responsible Investment (UN PRI), committing to monitor and report on ESG at an even more granular level.



In parallel, Cathay sustainability framework uses the United Nation Sustainable Development Goals (UN SDGs) with the objective to help the portfolio companies to measure their respective impact footprint.



Cathay has signed the Sista pledge (France), aimed at promoting diversity in tech and through which it committed to measure gender metrics in its investments and adopt inclusive practices in investment and recruitment processes. One of the Investment Director is an active member of the Sista initiative.

2. Internal means deployed to contribute to the transition

2.1. Human resources dedicated to ESG

A central milestone of the past year has been the creation of an executive-level sustainability position, Cathay Capital's Chief Impact Officer, highlighting the importance of the issue to the Group. The Chief Impact Officer's first mandate was the steering of a structural and strategic process, with the help of external experts and advisors, to define a broader sustainability vision, roadmap, investment procedure, and investment tools applicable to **Cathay Capital Private Equity**. Building on solid track records on both sides, this large-scale, strategic project has involved all of Cathay's members of the management, who act as sponsors to actively promote the implementation of ESG procedures within their teams.

An ESG referee has also been appointed in 2021 within **Cathay Capital Private Equity** teams. She is responsible for the deployment and monitoring of the entity's ESG strategy. Moreover, each investment officer is responsible for defining an ESG roadmap with the management of portfolio companies and for monitoring its progress over time.

Regular training sessions are held with the front office teams, in order for them to be in position to roll out our Sustainable Investment Procedure properly, as well as to receive support from our sustainability ambassadors whenever needed.

2.2. Financial resources dedicated to ESG

In support of internal resources, **the Group** regularly calls on external consultants to accompany the definition and deployment of its ESG strategy, namely:

- PwC, which provides a team of consultants specialized in sustainable development. Missions led by the consultants include for instance: regulatory compliance (reporting under Article 173 of the Energy Transition Law for Green Growth, reporting under Article 29 of the Energy and Climate Law), annual support (ESG reporting campaign), or ad hoc support (support for the definition of the Sustainable Investment Procedure and ESG scoring frameworks);
- SIRSA, which provides its SaaS platform Reporting 21 and services.

Thus, the total budget dedicated by the Group to ESG amounts to approximately 350 000€.

2.3. Technical resources dedicated to ESG

Cathay has defined a rolled out best-in-class ESG & Impact policy as well as procedures across its funds. A dedicated online platform (Reporting 21) has also been set up to facilitate reporting on ESG & Impact KPIs.

3. Integration of ESG criteria at the governance level

3.1. Governance bodies of Cathay

Corporate officers
<i>Main responsibility: Management of the company</i>
The Chairman, Chief Executive Officer and Chief Operating Officer oversee the management (non-investment decisions) of the company, including all decisions relating to strategy, operations and general administration (e.g. strategic planning, investor relations, human resources, finance and budget). Their roles and powers are defined by the company's articles of association and are governed by French law.

Investment Committee
<i>Main responsibility: Investment decision</i>
Cathay Capital Private Equity's Investment Committee is the central driver for all investment (including add-on investments and refinancings) and exit decisions. It oversees the company's investment strategy and approach to all investment matters (including major portfolio developments, acquisitions, refinancings, etc.). The Investment Committee is chaired by Mingpo CAI, Cathay's founder and president. It is managed on a consensual basis with other members, all of whom are partners at Cathay.
Transaction teams propose deals to the Investment Committee. Investment Committee meetings are thus held as often as necessary. The sector and/or country teams report to the Investment Committee.

Other committees

In addition, **Cathay** has a number of internal committees for the management of its investments:

- Semi-annual meetings of the Portfolio Valuation Committee,
- Investors Committee Meeting (LPAC): meeting with the designated investors each time, as often as necessary,
- Weekly transaction team meetings: at these meetings, the teams discuss the performance and development, valuation, exit strategy and outcome of each investment. This ensures objectivity in the execution of the steps and accountability of the transaction teams. The IC is informed of any substantive issues requiring key investment decisions.

3.2. Use of ESG criteria in decision making

In particular, ESG issues are addressed by several governance bodies within **Cathay**:

	Overall Sustainable Investment approach	Investment Cycle			
		Prior to investment	Investment decision	Ownership phase	Exit
Senior leadership team	Review Cathay Capital's Sustainable Investment Policy and Investment Exclusion Policy (deployment, outcomes, potential improvements) annually		Makes the investment decision, taking Sustainability findings included in the Investment Memo into account	Review portfolio positioning annually, following the Sustainability Reporting campaign	Review and approve the ESG Exit Memo and/or VDD
Investment Committee		Analyses deal sheet and Investment Memo (IM), including Sustainability findings in both			
Chief Impact Officer and Sustainability champions from both investment teams	<ul style="list-style-type: none"> • Coordinate overall implementation of the Sustainable Investment Policy • Monitor key issues for Cathay Capital • Participate in sectoral initiatives • Coordinate Cathay Capital's global platform's Sustainability Strategy module and Sustainability Hubs 	<ul style="list-style-type: none"> • Support investment opportunities sustainability screening and assessment processes when necessary 		<ul style="list-style-type: none"> • Coordinate the annual Sustainability Reporting Campaign • Develop a high-level portfolio insight deck, with recommendations for actions, and presents it to the Senior Leadership team annually • Coordinate the production of annual sustainability reports for LPs and the broader public • Coordinate sustainability-related external communication by Cathay Capital 	Support the preparation of ESG Exit Memo or VDD
Investment teams	Participate in annual sustainability trainings and keep ahead of key sustainability trends in their investment sectors	<ul style="list-style-type: none"> • Directly coordinate / perform the investment opportunities sustainability screening and assessment processes • Draft Sustainability findings to be included in the deal sheet and Investment Memo 		Coordinate the development and follow the implementation of Sustainability Roadmaps within portfolio companies	Lead the preparation of ESG Exit Memo or VDD

Moreover, ESG topics are addressed usually once a year by the companies' Boards with meeting minutes being shared with **Cathay Capital Private Equity**.

4. Engagement strategy with issuers

4.1. Scope of companies covered by the engagement strategy

Smallcap III and IV, Midcap I and II funds benefit from a complete implementation of the ESG management system.

Smallcap I and II and Sino-French Funds were created before the design and implementation of the ESG management system.

4.2. Voting policy

Cathay Capital Private Equity's position is to vote on resolutions that are put to the vote during the general shareholders' meetings of their portfolio companies and to report on the voting decisions that are made in the funds' annual reports.

In addition, follow-ups of ESG roadmaps are brought and used by **Cathay Capital Private Equity** during companies' supervisory boards or board meetings as a basis for discussion.

4.3 Evaluation of the engagement strategy

Cathay Capital Private Equity implements sustainability considerations at all steps of the investment life of the portfolio companies, that are accompanied throughout their development and participate in the deployment of a sustainable roadmap.

As an example, last companies that joined **Cathay Capital Private Equity's** portfolios (Dilitrust, Transcure and Snocks) have committed themselves to an ESG roadmap (based on the roadmaps established during the ESG Due Diligence at entry).

4.4. Sector disengagement

Cathay Capital Private Equity has set up an exclusion list of sectors that are not aligned with its ESG approach. Each opportunity is screened against this exclusion list and investment teams must confirm that it is not operating in any of the excluded sectors before moving to the next stage.

The complete list is presented in this document's appendices and is applied to all investment opportunities.

5. Alignment with the objectives of the Paris Agreement

Cathay Capital Private Equity has not yet carried out a diagnosis of its carbon footprint as the issue represents limited materiality for the entity and its investments.

Climate issues are however integrated into ESG investment processes and **the entity** supports its participations in their transition:

- Climate issues are integrated into **Cathay's** ESG Management system and are systematically addressed for each investment;
- Climate-related indicators are monitored every year through the reporting campaign.
 - o As of 2021: 11% of **Cathay Capital Private Equity's** portfolio companies have measured their carbon footprint and 89% have implemented initiatives to reduce their environmental footprint (ex: shorter supply chains, life cycle analysis, eco energetical products or services, recyclable, reusable, easy to repair product offering, use of recycled materials).
- **The entity** supports companies in their climate transition and encourages them to implement dedicated actions;
- **The entity** supports its portfolio companies and shares best practices about climate action in order to reduce their emissions. Examples include: identify key carbon intensive activities throughout the company's value chain (travel, data centers, etc.), use renewable energy for offices and car travel, raise awareness among employees, identify solutions with suppliers to reach climate action ambitions etc.

6. Alignment with biodiversity goals

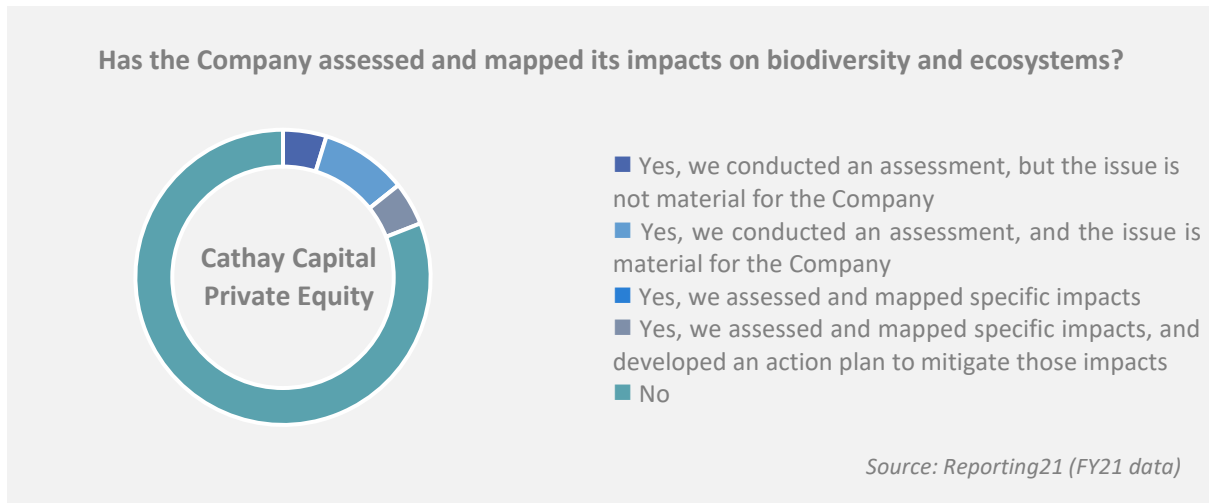
Cathay Capital Private Equity's impact on biodiversity remains limited. Biodiversity issues are however integrated into each step of the investment process:

- At the acquisition stage with an exclusion list, which prevents the funds from investing in activities involved in the destruction of critical habitat or any forest project under which no sustainable development and managing plan is carried out (*see Appendix for more details about the exclusion list*);
- ESG Due Diligences performed by **Cathay Capital Private Equity** include a materiality impact assessment covering biodiversity risks and actions are implemented whenever risks are identified. For example, **Cathay Capital Private Equity's** investment teams identified risks linked to the use of animal fur in Moose Knuckles' designs and engaged discussions with the management, who proactively announced that the company will no longer use animal fur by the end of 2022.
- **Cathay Capital Private Equity** applies a no-go policy when risks linked to biodiversity issues are considered too high.

Additionally, **the entity's** yearly reporting questionnaires include questions related to biodiversity. This allows to raise awareness among companies' management teams and to monitor progress and initiatives taken at the companies' level.

20% of **Cathay Capital Private Equity's** portfolio companies declared conducting an assessment and/or mapping specific impacts. In particular, 1 participation declared having assessed and identified specific

impacts, including Key Biodiversity Areas³ on its sites, and developed an action plan to mitigate these impacts.



7. Consideration of ESG criteria in financial and sustainability risk management

Sustainability risks, as defined in Article 2 of the SFDR, are an environmental, social or governance event or situation which, if it occurs, could have an actual or potential material adverse effect on the value of the investment.

As part of its investment process, **Cathay Capital Private Equity** identifies sustainability risks that may affect the value of its investments and whether or not negative effects that may have a negative impact on the social or natural environment in the medium or long term are taken into account.

In particular, **Cathay Capital Private Equity's** risk management approach takes into account extra-financial or non-financial risks (known as ESG risks, which are the negative externalities generated by the entity and its portfolio companies on the environment and society), analysed through Sustainable due diligences (see 1.2 Consideration of ESG criteria in the investment process). This approach is reinforced by an exclusion policy (see Appendix) which aims to limit sustainability risks.

[A compléter avec l'approche risque interne de CCPE],

³ Key Biodiversity Areas (KBA) are 'sites contributing significantly to the global persistence of biodiversity', in terrestrial, freshwater and marine ecosystems. The Global Standard for the Identification of Key Biodiversity Areas (IUCN 2016) sets out globally agreed criteria for the identification of KBAs worldwide.

Appendix

ESG EXCLUSION LIST

SmallCap III: (LPA prohibited activities)

- Activities involving any use of forced labour or child labour;
- Activities that are illegal under the law of the host country or under international treaty, convention or regulation, in particular activities not consistent with the Kimberley Process concerning trade in diamonds and activities counter to the International Tropical Timber Organization (ITTO) agreement;
- Production of, or trade in, arms or ammunition;
- Production of, or trade in, alcoholic beverages (other than beer and wine)
- Production of, or trade in, tobacco;
- Gaming, casinos and equivalent activities
- Trade in wildlife and products within the scope of CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora);
- Production of, or trade in, radioactive materials;
- Production of, or trade in, or use of, asbestos;
- Commercial deforestation or purchases of equipment for such purposes in tropical rain forests;
- Production of, or trade in, products containing polychlorinate biphenyl (PCBs);
- Production of, or trade in and storage or transport of significant volumes of dangerous chemicals, or the use of dangerous products for commercial purposes;
- Production of, or trade in, pharmaceutical products subject to international prohibition or destruction requirements;
- Production of, or trade in, pesticides or herbicides subject to international prohibition or destruction requirements;
- Production of, or trade in, ozone depleting substances subject to international destruction requirements;
- Fishing at sea with the use of floating nets of a length exceeding 2.5 km;
- Production on, or investment in, land belonging to, or claimed in an adjudication process by, an indigenous people without the duly documented agreement of the same people;
- Activities contrary to applicable ADS or IFC policies (whichever is stricter in the case concerned)
- Threats to the status of individuals, leases, companies or private institutions
- Production or distribution of, or trade in, pornographic material;
- Prostitution;
- Products and commodities subject to French or European embargo.

Midcap II:

ESG exclusion list

- Production or trade in any product or activity deemed illegal under host country laws and France or regulations or international conventions and agreements;

- Production or activities involving forced labor or child labor;
- Trade in wildlife or wildlife products regulated under CITES;
- Drift net fishing in the marine environment using nets in excess of 2.5 km in length;
- Destruction of critical habitat and any forest project under which no sustainable development and managing plan is carried out;
- Production or use of or trade in hazardous materials such as asbestos fibers and products containing PCBs;
- Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances and other hazardous substances subject to international phase-outs or bans;
- Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations;
- Production or trade in i) weapons and munitions, ii) tobacco, iii) hard liquor for human consumption;
- Gambling, casinos and equivalent enterprises;
- Any business relating to pornography or prostitution;
- Any activity involving significant altercation, damage or removal of way critical cultural heritage;
- Production and distribution of racist, anti-democratic or with the intent to discriminate part of the population.

LPA prohibited activities:

- Activities involving any use of forced labour or child labour;
- Activities that are illegal under the law of the host country or under international treaty, convention or regulation, in particular activities not consistent with the Kimberley Process concerning trade in diamonds and activities counter to the International Tropical Timber Organization (ITTO) agreement;
- Production of, or trade in, arms or ammunition;
- Production of, or trade in, tobacco and alternative tobacco products, such as vaporisers and electronic cigarettes (tobacco heating products);
- Gambling, casinos and equivalent activities;
- Trade in wildlife and products within the scope of CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora);
- Production of, or trade in, radioactive materials;
- Production of, or trade in, or use of, asbestos;
- Commercial deforestation or purchases of equipment for such purposes in tropical rain forests;
- Production of, or trade in, products containing polychlorinated biphenyl (PCBs);
- Production of, or trade in and storage or transport of significant volumes of dangerous chemicals, or the use of dangerous products for commercial purposes;
- Production of, or trade in, pharmaceutical products subject to international prohibition or destruction requirements;
- Production of, or trade in, pesticides or herbicides subject to international prohibition or destruction requirements;
- Production of, or trade in, ozone depleting substances subject to international destruction requirements;
- Fishing at sea with the use of floating nets of a length exceeding 2.5 km;

- Production on, or investment in, land belonging to, or claimed in an adjudication process by, an indigenous people without the duly documented agreement of the same people;
- Production or distribution of, or trade in, pornographic material;
- Prostitution;
- Products and commodities subject to French or European embargo;
- Production of, or trade in, narcotics (including cannabis and any product with cannabis as an ingredient);
- Production of, or trade in, drugs and substances;
- Upstream or downstream palm oil value chain (it being understood that upstream and downstream palm oil value chain does only refers to companies involved in the extraction, production and distribution of palm oil and not to companies which use palm oil in their products);
- Construction (including expansion and upgrading) of a coal-fired power plant, or (ii) power generation sector that owns or operates coal-fired power plants and for which coal-fired power accounts for at least 30% of its total installed power generation capacity;
- Exploration, development and production of oil sand and/or shale oil and gas, or (ii) arctic oil and gas exploration projects, or (iii) pipelines transporting a significant volume of oil sand and/or shale oil and gas, as well as LNG export terminals supplied by a significant volume of shale gas; and (a) (i) greenfield and/or expansion of existing mining projects, covering mine planning and development, operation, on-site processing of extracted ore, mine closure and rehabilitation, or (ii) owns mining assets representing a significant share of its total assets and is involved in exploration, development or operation of such mining assets.