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# ESG Report 2024–2025

Cathay Mid Cap II



**CATHAYCAPITAL**



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# 1. Foreword – Why Does Sustainability Matter?





# Foreword

“ This year marks a turning point, with ESG evolving from a guiding principle to a concrete driver of value across our Mid Cap II portfolio.

Sustainability is no longer a parallel track—it’s integral to how companies compete and lead. That’s evident in the 100% adoption of diversity and inclusion initiatives, the increasing alignment between ESG and executive decision-making, and the growing use of carbon and biodiversity assessments—not as box-ticking exercises, but as strategic tools.

This report shows how that shift is taking root. What sets this year apart is how embedded these practices have become. ESG isn’t siloed—it’s shaping governance, supplier relationships, workforce development, even compensation. And these changes are happening not out of obligation, but because founders see the business case.

At Cathay, our role is to enable that momentum. Through our ESG Resource Hub, expert partnerships, and better data infrastructure, we’re helping companies scale their ambitions with clarity and impact.

That same ambition drives Midmarket III—a blueprint designed to reward performance where it matters most: in impact.

MINGPO CAI,  
PRESIDENT AND CO-FOUNDER,  
CATHAY CAPITAL PRIVATE EQUITY



“ Behind every ESG indicator is a company making hard decisions, balancing competing priorities, and choosing to transform—choices we actively support across the Mid Cap II portfolio to turn ESG from a framework into a real lever for change.

One company, confronted with rising energy costs, used its carbon audit to launch a targeted efficiency plan—installing smart meters, renegotiating supply contracts, and shifting to renewables. Another implemented a company-wide programme to strengthen gender balance, with measurable objectives and training that reached over 1,000 employees within months. These are not isolated examples—they signal a broader shift in how sustainability is being put into practice.

Across the portfolio, 80% of companies now have a dedicated ESG lead, helping to embed these efforts into daily operations and strategic decisions.

To support this shift, we’ve focused on delivering practical resources and operational support. From customised tools and our ESG Resource Hub to access to expert partners, we’re helping portfolio companies turn plans into execution.

As we move toward Midmarket III, we’re continuously refining our approach—progressively implementing ESG-linked financing, performance-based KPIs, and tailored engagement strategies to drive practical, measurable improvements. That’s not just good governance—it’s good business.

Thanks to the drive of our founders, teams, and partners, ESG is no longer a peripheral topic. It’s becoming a catalyst for long-term value and meaningful change.

FABIEN WESSE,  
MANAGING PARTNER,  
CATHAY CAPITAL PRIVATE EQUITY





# Why ESG & Sustainability Matter



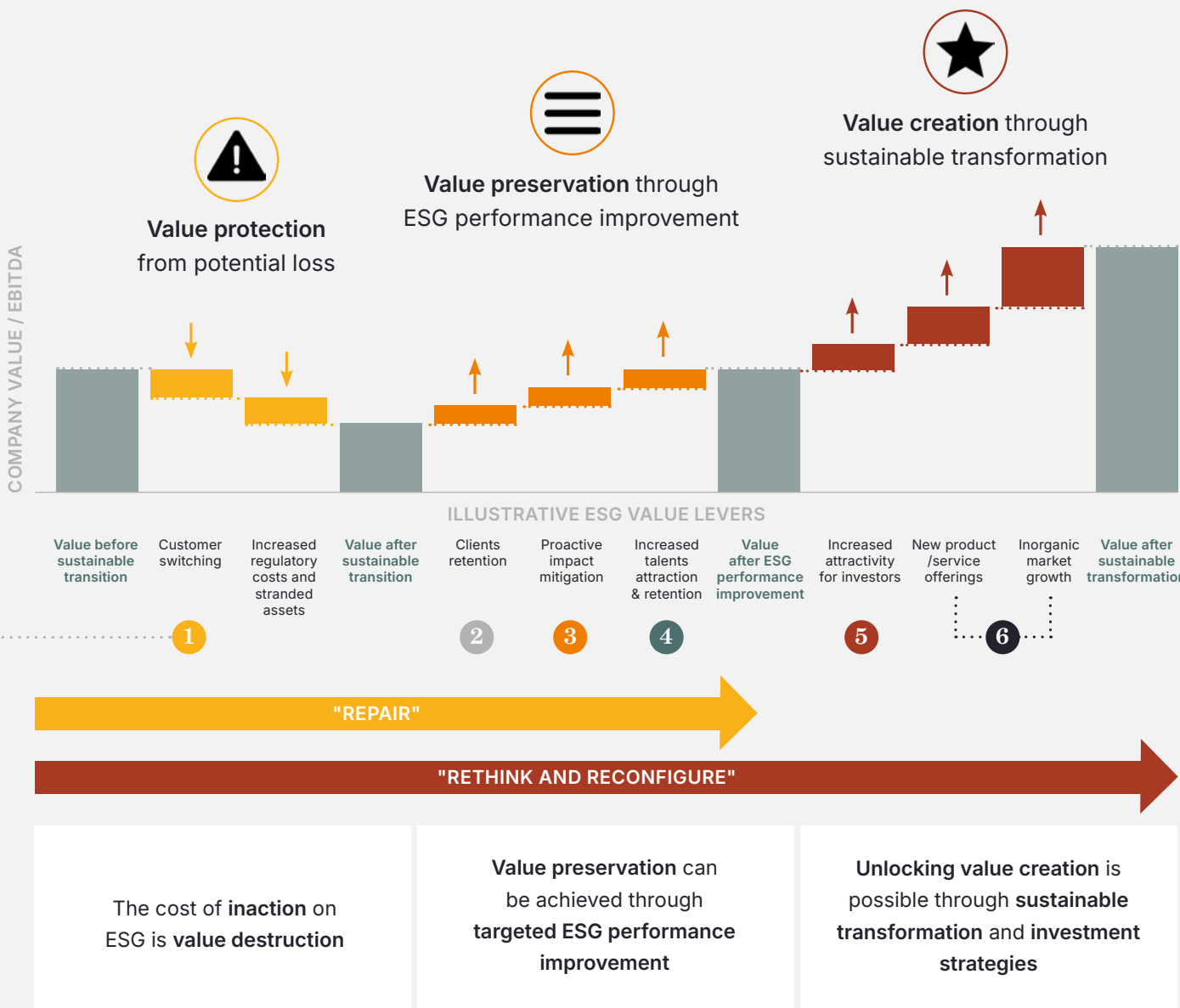
Exchange between our Chief Impact Officer, Matthieu Van Der Elst and Emilie Bobin, PwC | Partner within France's Sustainability Team.

## How is the ESG vision evolving in a context of global instability?

- E

Despite political setbacks, companies are already experiencing the tangible consequences of climate change. Adaptation and transition have become strategic imperatives. ESG can no longer be treated as a passing trend—it is a powerful tool for risk management and long-term value creation. We are increasingly seeing this among our clients: some now turn down investment opportunities due to the significant ESG-related risks involved. Conversely, a majority are actively investing in their portfolio companies to support their transition and thereby enhance long-term enterprise value.
- M

Yes, the core issue remains value creation, which is why it is essential to make this transformation desirable, not merely mandatory. ESG is not an end in itself, but a means of transformation in response to environmental and social challenges. It must go beyond regulatory compliance to become a strategic pillar focused on optimising business models. Gartner has shown that companies integrating sustainability into their strategy generate, on average, 30% more revenue over ten years. This is the momentum we have been driving at Cathay, from our first fund to our most recent, which closed at over one billion dollars.



## Key figures

- 78%

1

of buyers are changing their products/services preferences based on sustainability<sup>1</sup>.
- 83%

2

of companies invested in ESG reported improved customer retention<sup>2</sup>.
- 62%

3

of PE firms ranks risk mitigation as the top of ESG's benefits<sup>3</sup>.
- 1/3

3

investors use the UN SDGs to guide their investments<sup>5</sup>.
- 55%

3

Companies abating 55% of emissions experience lower regulatory risks and achieve a +2-12 pp EBITDA margin after the EU carbon border tax implementation<sup>4</sup>.

- 74%

4

In 2022, 74% of surveyed CEOs believe that robust environmental sustainability practices improve employee productivity and reduce employee turnover<sup>6</sup>.
- 79%

5

of companies have implemented an ESG strategy to guide their investment decisions or have it in plan<sup>5</sup>.
- 100bp

5

WACC for top-quartile environmental performers in Europe<sup>4</sup>.
- 12.5%

6

Moreover, products with ESG claims achieved up to 12.5% more growth, and customer are willing to pay up to 50% more for green products<sup>7</sup>.

(1) Bain & Company – ESG Shaping PE, 2023  
(2) International Accounting – \$4 trillion increase in revenue for businesses placing greater importance on ESG, 2022  
(3) PwC – Global Private Equity Responsible Investment Survey, 2023  
(4) EU announcement, based on a BCG analysis, 2022  
(5) European Women in VC -Venture & growth investing empower sustainability & societal change, 2024

(6) KPMG – ESG in a downturn, 2022  
(7) McKinsey – Consumers care about sustainability, 2023



How can investors concretely support private equity and venture capital players in their ESG transition?

- M

The role of the investor is not to impose, but to inspire and support societal and technological transformations. It's about fostering innovation, building engagement, and creating the right conditions for transition. Our support can take place at several levels, starting with identifying the most material issues—those where meaningful and useful progress can be made. The next step is to set realistic short-term goals and define an ambitious medium- and long-term roadmap.
- E

You're right, engagement is key. We must accept that some transformations take time: it is better to invest in a conviction-driven approach than to impose changes without buy-in. Among our most committed clients, support during the holding period involves co-constructing the ESG strategy with company management. As advisors, we are there to raise awareness, provide guidance, and share best practices, equipping management with the tools they need to build their own action plans and measurable objectives.

How are technological disruptions—AI, green tech, etc.—transforming ESG and impact approaches?

- E

AI is a powerful catalyst. Yet many hesitate to engage due to fear of the unknown. But it's through experimentation and iteration that truly useful solutions emerge. We see this clearly in our client engagements: when used effectively, AI enhances both efficiency and precision—for example, by automating reporting processes, identifying controversies during due diligence, or assessing deforestation risks in supply chains.

We are also witnessing the rise of collaborative approaches, such as decentralised AI, where individual performance is enhanced through collective intelligence.
- M

Our deal flow and portfolios clearly show that major societal challenges require innovative technologies—AI foremost among them, given its capacity to address increasingly complex and interconnected problems.

Climate event predictability, the need for energy flexibility in light of renewable energy growth, resource and R&D time efficiency, time doctors can dedicate to patients, access to broad knowledge—these are just a few areas where AI enables us to do more with less.

For investors, this means reducing risk while maximising utility and profitability.

And we are only at the beginning of this major transformation, where energy consumption, data reliability and confidentiality, and circular economy principles still need to be optimised.





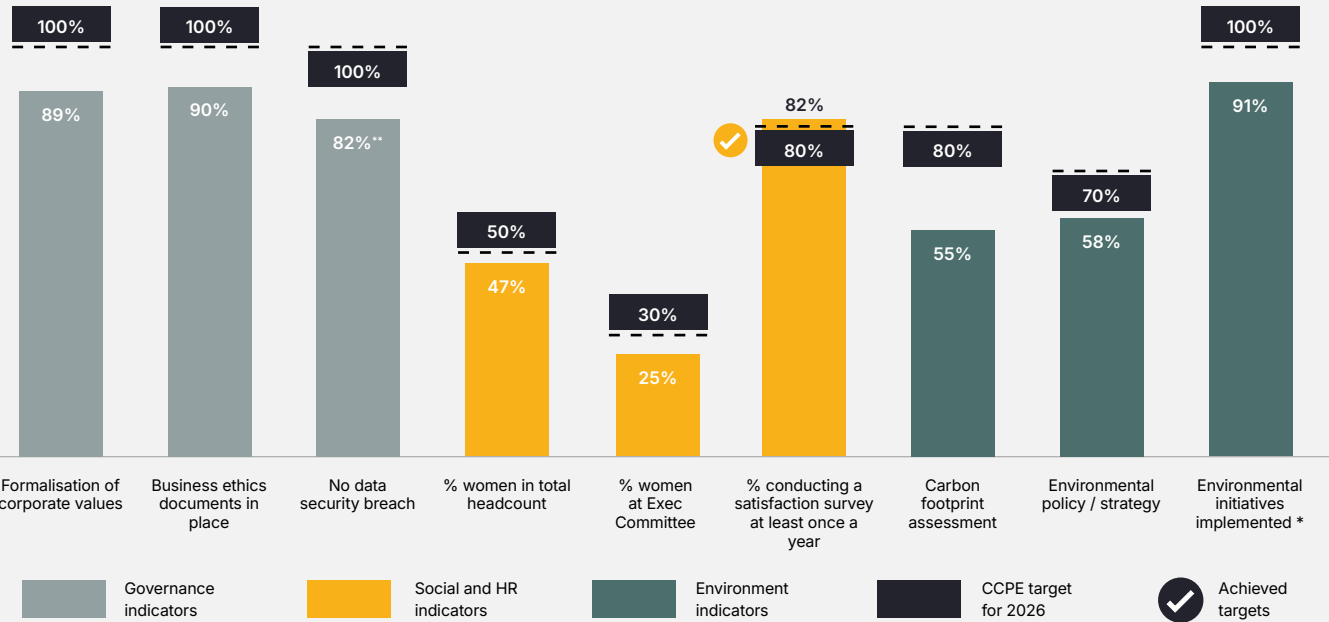
# 2. 2024 ESG Performance Overview

Disclaimer: Universal imaging was excluded from the analysis due to data unavailability. As a result, the analysis is based on a total of 12 assets. Each of the KPIs listed below focuses on Mid Cap II companies.



# ESG Overview

We made progress in advancing ESG principles and guiding our portfolio companies towards actionable plans. The scorecard below provides an overview of MidCap II’s remarkable performance across multiple dimensions. By engaging with more than 12,600 employees across the operations of portfolio companies, MidCap II aims to foster positive impacts for all stakeholders. We have also achieved a high level of governance and significant implementation of concrete environmental initiatives.



(\*) The environmental initiatives are related to portfolio companies' operations and/or products & services, i.e. circular economy, energy efficiency, waste & water management, remote working policy, low carbon travel policies, use of recycled materials, eco energetical products or services, etc.

(\*\*) Remediation actions have directly been put in place. Cathay tracks data security processes on a quarterly basis for every Cathay Innovation portfolio company as it consider such policy as essential for the long-term success of a business.

# Highlights of 2024 Main Portfolio Results

In 2024, portfolio companies also stood out through the implementation of various good practices, reflecting their commitment to sustainability.

(See more details in the "4. 2024 ESG performance results" section.)

83%

of Mid-Cap II companies have implemented value sharing mechanisms

47%

of women in Mid-Cap II companies hold managerial positions

55%

of Mid-Cap II companies have formalised responsible procurement policie

100%

of Mid-Cap II companies have implemented CSR initiatives (e.g. CSR policy, CSR officer, CSR label, etc.)

100%

of Mid-Cap II companies have a person responsible for Data Protection matters

100%

of Mid-Cap II companies have established gender equality initiatives

In 2024, Cathay has carried out a biodiversity analysis:

87%

of the Mid-Cap II portfolio has a very low to medium level of pressure on biodiversity



# 3. Sustainability at Cathay Capital Private Equity





Who we are

# Our Vision and Values

As a globally integrated and agile team, we sincerely believe in the richness of diversity. We are committed to being useful and sincere advisors, connectors, and stewards to our entire ecosystem.

We also value engagement and devotion and are invested in the long-term success of our partners both in the good times and bad.



**Be the Change**  
We're committed to leaving the world better than we found it.



**Stay determined**  
We put in hard work every day believing that determination can move mountains.



**Add value, be useful**  
We exist to be useful to our stakeholders and partners in achieving their goals.



**One team for one world**  
A global company's biggest strength is diversity in cultures, backgrounds, perspectives, and knowledge.



**Do what you say**  
Sincerity, transparency, and trust is at the core of how we operate.



**Be grateful**  
When we drink water, we don't forget those who dug the well.

# Our Ambitions and Commitments

We recognise that compliance is not only a goal to achieve but also a fundamental baseline in our journey towards sustainability. We strongly believe in delivering value with high standards and endeavour to create a positive impact across all our operations, aspiring to act as a catalyst for sustainable change.

**1. As a company, we operate globally with agile and diverse teams, with a sense of responsibility everywhere.**



**Diversity in all forms**



**Ethical conduct**



**Environmental footprint**



**Cyber risk & data privacy**

**2. As an investor, we create value for society by ensuring that sustainability is embedded not only in our processes, but also in every portfolio company.**



We are committed to being a **responsible investor**, working with companies that share our vision and respect international standards on sustainable investment. As such, we signed the **United Nations Principles for Responsible Investment (UN PRI)**, committing to monitor and report on ESG themes.



Cathay is committed to the **UN Guiding Principles on Human Rights** and the **OECD Guidelines for Multinational Enterprises**. In this context, we address the issue of human rights systematically in our pre-investment due diligence approach. In addition, we encourage our portfolio companies to ensure **compliance with the International Labour Organisation's ("ILO") Core Labour Standards and Basic Terms and Conditions of Work**, as well as the **International Bill of Human Rights**, in line with the **UN Guiding Principles on Business and Human Rights**.



Cathay has been a member of the **iCI (Initiative Climat Internationale)** since 2020. The iCI is the first initiative of Capital Investment in favour of companies' management and reduction of greenhouse gas emissions. The signatories of the iCI have decided to contribute to the objectives of COP21 to limit global warming to 1.5°C.

**3. As an ecosystem partner, our mindset is to share best practices and proven solutions that are set to enable any entrepreneur willing to drive the transition with us.**

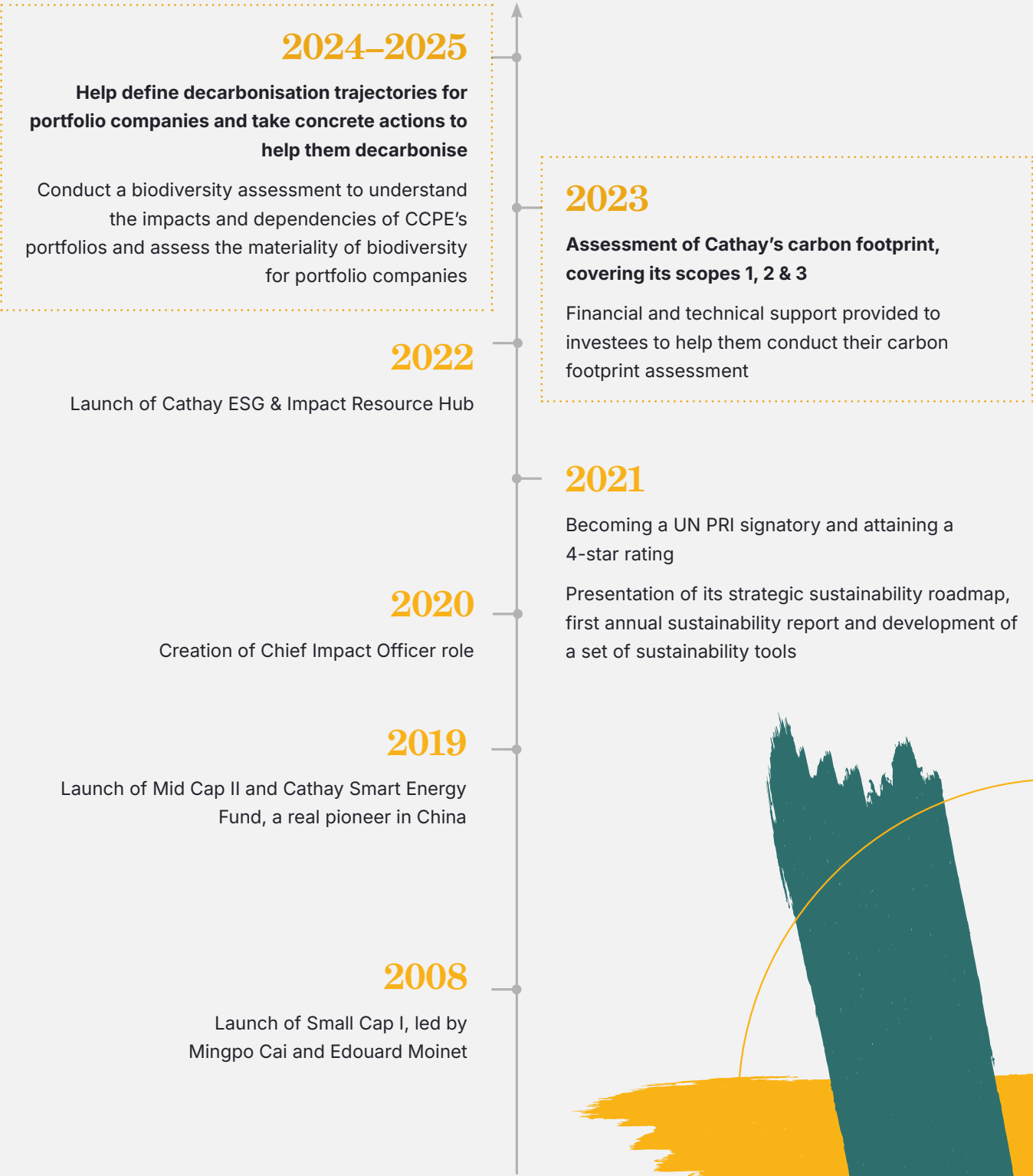


Cathay is a member of **France Invest network**. This network provides access to **financing opportunities, strategic support, and a powerful community** of investors and entrepreneurs.



# Our Sustainability Journey

Throughout our sustainability journey starting in 2019, we have continuously strived to refine and enhance our impact initiatives. Our primary focus has been on defining and measuring the economic and social impacts of our portfolio companies. Through these efforts, we have aimed to assess their ability to promote sustainable development and drive meaningful and lasting positive impacts.




## Our impact initiative serves several goals:

- 1 Align portfolio, companies, LPs and fund managers with shared sustainability values and ambitions.
- 2 Define qualitative and quantitative measures to assess and measure impact.
- 3 Provide feedback and reporting on a regular basis to fuel progress.
- 4 Ensure accountability.

## Empowering sustainable action: introducing the Cathay ESG & Impact Resource Hub

In 2022, we proudly unveiled the Cathay ESG & Impact Resource Hub, an innovative online platform that fosters knowledge sharing, collaboration, and practical guidance among our portfolio companies. This hub serves as a toolbox, equipping organisations with the necessary resources to swiftly and effectively implement new ESG policies and initiatives.

### What can portfolio companies achieve through Cathay's ESG Impact Resource Hub?

 Become a purpose driven company	 Adopt a sustainable data and AI governance
 Learn about ESG & Impact frameworks	 Select the right business partners
 Upgrade the workplace	 Act for the environment & climate

See Appendix C for more information on the ESG & Impact Resource Hub.



## Sustainability in our Investment Process

We view the most impactful companies of the future not as the largest, but as those that drive sustainable growth and economic transformation. 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.

Within this comprehensive sustainability vision, our team perceives ESG as a value creation driver. We have crafted responsible investment approaches specifically tailored to the needs of our capital management company. For us, sustainability is a crucial transformation lever that enables us to work together with committed entrepreneurs and management teams to promote resilient and future-ready global leaders.

We formalised a specific ESG Management System in 2017, which integrates ESG issues and criteria in all stages of the investment cycle, from the pre-qualification to the exit stage. A sustainable investment process has therefore been formally developed and has been updated by the end of 2022. While risks and opportunities are assessed prior to investment, our focus is to co-develop actionable roadmaps with our portfolio companies and, most important, make sure they have the resources to turn roadmaps into results.

To measure and improve the environmental performance of our portfolio, we have launched a carbon footprint assessment for the MidCap II fund in 2023. This initiative aims to quantify the greenhouse gas emissions of our portfolio companies, identify the main sources and drivers of emissions, and provide recommendations for reducing them. We believe that this assessment will help Cathay and its portfolio companies to align with the Paris Agreement goals and contribute to the global transition to a low-carbon economy.



The below table outlines Cathay’s sustainable investment process:



(\*)When the context allows it

# Our ESG Governance

ESG is at the core of our investment approach.  
We prioritise ESG at every level of our organisation, guided by strong governance and decision-making practices.

The leadership team, including the Chairman and Fund General Partner, oversees the management of Cathay, ensuring the integration of ESG principles into our operations, strategy, and decision-making. The Investment Committee plays a pivotal role in driving ESG-focused investment and exit decisions. In addition, Cathay appointed a Chief Impact Officer in 2020, Matthieu Van Der Elst, who is responsible for driving the development of our sustainability vision, roadmap, investment process, and tools for both Cathay Innovation and Cathay Capital.

To drive sustainability from an operational standpoint, we’ve decided to imply all our front-line investors to be in charge to follow-up portfolio companies’ activities and report data. It matters to all and not just for a limited appointed squad.

Once that said, we’ve set up Sustainability Ambassadors (for both PE and Innovation practices) who are responsible to lead our processes and operationalize the sustainability strategy.





# Our Portfolio Companies

This section provides a detailed overview of the 13 companies that make up the Mid Cap II portfolio. Among them, 12 actively took part in the 2024 ESG reporting campaign.<sup>1</sup>



Diot-SIACI is a leading insurance brokerage and consulting group in France, operating in more than 40 countries.



**Investment date:** November 2021  
**Sector:** Business / Digital services  
**Headcount:** 2917



Artefact is a next-generation end-to-end data services company specialising in data transformation and data & digital marketing, creating impact across the value chain.



**Investment date:** December 2021  
**Sector:** Business / Digital services  
**Headcount:** 1019



Moose Knuckles is one of the world's leading brands of luxury outerwear, sportswear, and accessories.



**Investment date:** June 2019  
**Sector:** Consumer products / services  
**Headcount:** 238



Geoskincare is a natural skincare brand founded by a dermatologist Penny Vergeest in New Zealand in 2000.



**Investment date:** November 2020  
**Sector:** Consumer products / services  
**Headcount:** 183



Based in Houston, CPAP.com is the top internet retailer of Sleep Apnea equipment in the world.



**Investment date:** December 2021  
**Sector:** Healthcare  
**Headcount:** 81



Universal Medical Imaging, founded in 2011, is the first third-party imaging center in China. It provides professional image investigation and deep physical examination service.



**Investment date:** December 2019  
**Sector:** Healthcare  
**Headcount:** 838

(1) In 2024 Universal Medical Imaging was not able to report ESG data.



Jieli is one of the top three global suppliers of casings for cosmetic pens with an annual output of about 200 million units, equivalent to 8%–10% of the global market supply.



**Investment date:** August 2019  
**Sector:** Advanced manufacturing / industry  
**Headcount:** 2074



Founded in 1986, Suzhou Colori manufactures and distributes beauty and personal care products.



**Investment date:** July 2020  
**Sector:** Consumer products / services  
**Headcount:** 2551



Liesheng focuses on smart wearable devices and is mainly engaged in the design, production, and sales of TWS earphones and smart sport watches.



**Investment date:** July 2020  
**Sector:** Consumer products / services  
**Headcount:** 600



Marle is the leading contract manufacturer organisation ("CMO") of orthopedic implants in Europe and among the top global implant CMOs.



**Investment date:** December 2019  
**Sector:** Healthcare  
**Headcount:** 929



DiliTrust is a software provider specialised in governance and legal management solutions. The Company aims to accelerate digital transformation and enable the automation of legal activities.



**Investment date:** April 2022  
**Sector:** Business / Digital services  
**Headcount:** 258



Shiro Games is an independent video game development studio based in Bordeaux, France.



**Investment date:** October 2022  
**Sector:** Consumer products / services  
**Headcount:** 64



Juliette Has a Gun launched in 2006 with the ambition to propose a disruptive approach to niche perfumery, focusing on women empowerment through beauty.



**Investment date:** April 2023  
**Sector:** Consumer products / services  
**Headcount:** 32



# The Cathay Foundation, a Commitment to Global Community

Since its inception in 2011, the Cathay Foundation has been dedicated to fostering mutual understanding between Western and Asian cultures. We bring together investors, researchers, and artists who share a passion for curiosity, openness, and philanthropy.

Our Foundation proudly sponsors a variety of cultural events, educational programs, and translations of significant works by thought leaders and researchers in both French and Chinese languages.

Our goal is to serve as a bridge for cultural and economic exchange, promoting a network of knowledge-sharing and goodwill that spans continents.

One of our flagship initiatives, the "French Dream" program, launched in 2015, is designed to support young individuals from underprivileged backgrounds. This program is helping them to unlock their potential through a mentoring system that connects them with business professionals.

In 2021, we decided to partner with Proxité to expand our French Dream initiative. The goal was to establish a local branch in Orléans, a town that played a significant role in the creation of Cathay. This branch aims to amplify our efforts and foster mentoring within a broader network of students, mentors, businesses, and institutions.

This program is producing great results, addressing social inequalities, combating stereotypes and prejudices, providing them with valuable support and opportunities.

In 2023, following a successful year, we deepened our support to Proxité. The team grew, 83 young people were mentored, and new programs were launched specifically for vocational high schools. A second location in Orléans was also planned to reinforce our local presence.

In August 2024, we co-organised an innovative summer camp with Proxité, designed and led by William Cai. This immersive experience introduced young talents from Orléans to the business world, aiming to nurture their entrepreneurial spirit. The program concluded with a final pitch session at Cathay Capital's Paris office, where participants presented their projects to professionals.

Additionally, we proudly partnered with the Centre Pompidou to support the exhibition "China, A New Generation of Artists", which showcased a new wave of Chinese contemporary artists. This initiative reflects our commitment to fostering cultural exchange between Europe and China, highlighting art as a powerful medium for dialogue and mutual understanding.

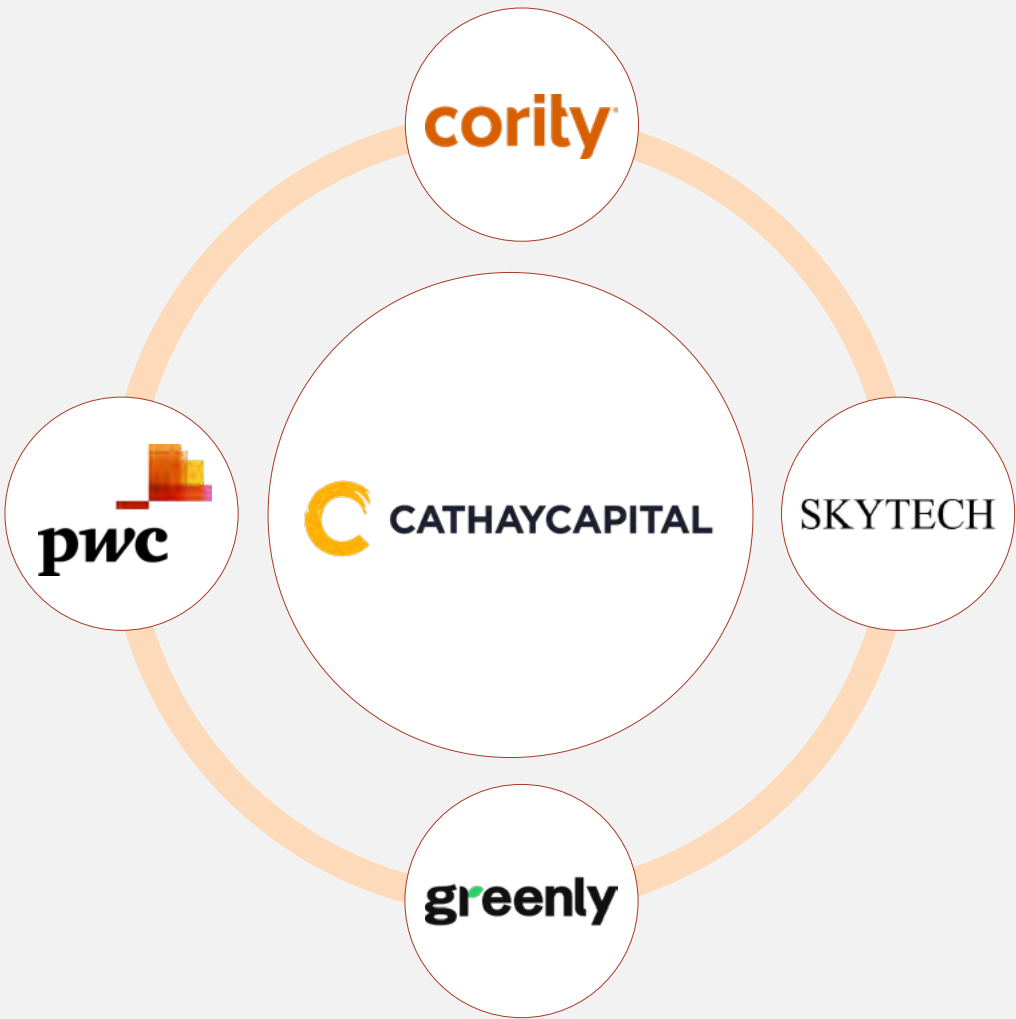
By continuing to invest in meaningful projects such as French Dream, the Cathay Foundation aims to make a lasting difference in the lives of individuals and communities, promoting a more inclusive and tolerant world.





# Our Collaborations

To build and refine our methodologies and compile this report, Cathay received guidance, collaboration, and recognised industry expertise from **four complementary partners** (PwC, Sirsa, Greenly, and Skytech). These partners help our portfolio companies with specific topics, such as carbon footprint and biodiversity.






**pwc**

Founded more than 30 years ago, PwC Sustainability Strategy team support investors and companies of all sizes to better understand, anticipate and address sustainable challenges through innovative approaches. PwC team helps CCPE monitor its ESG performance, meet regulatory requirements and improve transparency on sustainability matters.

**Learn more:**  
[www.pwc.fr/fr/vos-enjeux/conseil-en-developpement-durable.html](http://www.pwc.fr/fr/vos-enjeux/conseil-en-developpement-durable.html)



**greenly**

Founded in 2019, Greenly is a company dedicated to helping businesses and individuals track and reduce their carbon footprint. They offer a platform that automatically calculates carbon emissions, providing actionable insights for sustainability improvements. Greenly supports CCPE assets in conducting their carbon footprint assessment.

**Learn more:**  
[www.greenly.earth.fr](http://www.greenly.earth.fr)



**SKYTECH**

Skytech supports CCPE assets based in China in conducting their carbon footprint assessment.

**Learn more:**  
[www.sinosoft-technology.com](http://www.sinosoft-technology.com)



**cority**

CCPE uses Reporting21 to monitor progress on ESG matters across its portfolio quarterly.

**Learn more:**  
[www.sirsa.io/en](http://www.sirsa.io/en) | [www.reporting21.com](http://www.reporting21.com)



# 4. 2024 ESG Performance Results

Disclaimer: The results presented in this report are categorised based on the portfolio companies of Cathay Mid Cap II Fund, that comprised a total of 13 companies in 2024. Universal imaging was excluded from the analysis due to data unavailability. As a result, the analysis is based on a total of 12 assets. Each of the KPIs listed below focuses on Mid Cap II companies.

For both qualitative and quantitative questions, when a portfolio company reported in 2023 but not in 2024, the 2023 data has been reused in the absence of updated information.

For each of the indicators reported, the number of participations considered excludes the portfolio companies that did not respond to the question on Reporting 21.



Building a robust governance

Corporate governance

Strong corporate governance ensures long-term resilience and growth. Mid Cap II fund supports its portfolio companies in embedding robust governance frameworks, implementing well-established oversight measures, and promoting diversity within their governance bodies.

Key figures (2024)



of Mid Cap II companies have formalised corporate values and defined a corporate mission or objective.

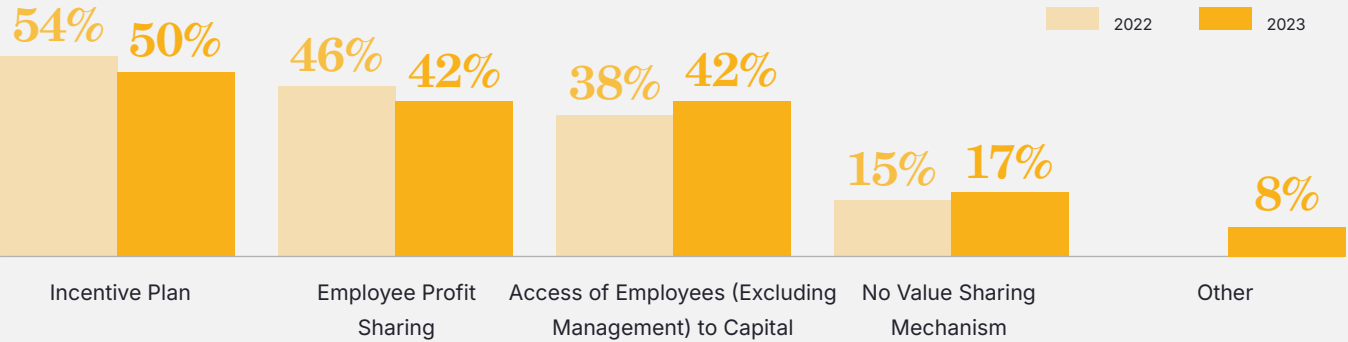
This decrease is explained by the exit of an asset from the portfolio.



of Mid Cap II companies have implemented a value sharing mechanism\*.

(\*) Among the 83% of Mid Cap II companies that have a value-sharing mechanism, several approaches have been adopted and combined:

- Access of employees to capital:** Employees can acquire stock options or equity, giving them a stake in the company's growth and success.
- Incentive plan:** Performance-based bonuses or rewards align employee efforts with company objectives, driving productivity and engagement.
- Employee profit-sharing scheme:** A portion of company profits is distributed among employees, fostering a sense of ownership and motivating collective achievement.



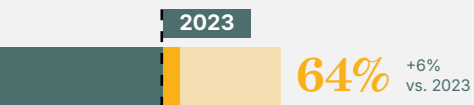
ESG governance

CCPE firmly believes that a sound governance system for ESG issues is beneficial to achieving a successful ESG transformation. ESG procedures and initiatives that are appropriately implemented and managed help to embed ESG principles within companies' operations and supply chain, and thus to improve ESG performance and business resilience in the long term.

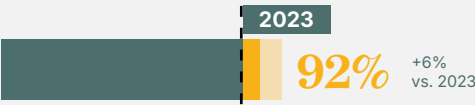
Key figures (2024)



of Mid Cap II companies have formalised a CSR/Sustainability policy or strategy.



of Mid Cap II companies have appointed a CSR officer.



of Mid Cap II companies plan to conduct CSR initiatives in the near future.



Data protection and business ethics

CCPE prioritises data ethics and security. Effective management and monitoring help to safeguard a company from risks associated with its activities, providing better control over risks should they arise. The adoption of a code of conduct or ethical guidelines is considered a best practice.

Key figures (2024)

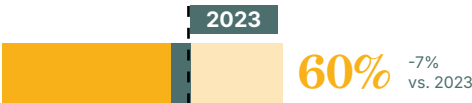


of Mid Cap II companies have formally assigned responsibility for data protection.



of Mid Cap II companies have at least one business ethics document in place.

This decrease is explained by the exit of an asset from the portfolio.



of Mid Cap II companies have implemented robust anonymous grievance schemes\*.

This decrease is due to the exit of an asset from the portfolio and the exclusion of the scope of another asset this year that could not report ESG data.

(\*) Grievance mechanisms are important especially for French companies, since the law requires that companies with 50+ employees implement them. Though this year's figure represents an improvement since 2022, companies should keep in mind the importance of employee protection. We will share good practices through the Resource Hub and assist in selecting providers to implement anonymous grievance schemes.



of Mid Cap II companies have reported a data security breach.\*\*

(\*\*) Among the 18% of data breaches recorded in 2024, two incidents involved customer personally identifiable information, with no consequences. Nonetheless, remediation actions have directly been put in place. This reinforces our conviction that implementing data security processes and policies is essential for the long-term success of a business.

Empowering people and talent

Health & safety

Ensuring health and safety (H&S) of portfolio companies' employees is crucial to guarantee their wellbeing, engagement, and, ultimately, company-wide resilience. Cathay Capital monitors portfolio companies through qualitative and quantitative indicators to assess companies' health and safety management systems.

Key figures (2024)



of Mid Cap II companies have formalised a H&S policy.

This decrease is explained by the exit of an asset from the portfolio and a change in the reporting scope.



of Mid Cap II companies track H&S KPIs (e.g., accident frequency rate or Lost-Time Incident Frequency Rate (LTIFR), accident severity rate, absenteeism, etc.).

Focus – Diot Siaci



Diot-Siaci is a leading French insurance and reinsurance brokerage and consulting group, supporting corporate clients in risk management and employee benefits across France and internationally. The Groupe has implemented a structured approach to health, safety, and well-being, aligned with its HR and CSR commitments:

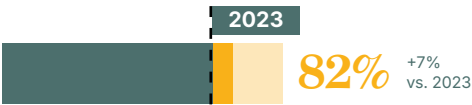
- Monitoring & engagement**  
A social barometer is used to track employee engagement and well-being. In 2024, participation in this internal survey increased by **+20 points** compared to 2023.
- Occupational health services**  
On major sites in the Paris region, **occupational health nurses** provide care, vaccinations, and public health awareness.
- Health & safety training**  
In 2024, **338 employees** received training in:
  - First aid
  - Fire safety and evacuation procedures
  - Electrical certification
- Innovative health support**  
The **Budget'Santé card**, launched in 2024 with Rosaly, offers employees an advance on healthcare expenses to reduce financial barriers to care.
- Well-being culture**  
The "Care Management" programme supports both mental and physical health. Team-building activities and continuous training also contribute to a positive work environment.



Human resources

We are dedicated to fair and just processes within human resources among our portfolio companies. These efforts highly contribute to employees’ engagement and retention. We understand the importance of implementing a strong human resources management framework and leveraging strategies to nurture talent, ensuring sustainable growth and long-term success.

Key figures (2024)



of Mid Cap II companies have conducted at least one satisfaction campaign/survey amongst their employees.



of Mid Cap II companies have established gender equality initiatives (e.g., identification of barriers to entry, culture and leadership, training, analysis of gender pay gap, interventions in schools, etc.).



women, on average, in total headcount within Mid Cap II companies.



of high-skilled positions (managerial roles) within Mid Cap II companies are represented by women.

Focus – Human Resources & Well-being – Shiro Games



Shiro, a French video game studio, has developed a structured and people-centered approach to employee well-being, inclusion, and engagement, combining strong internal culture with continuous feedback mechanisms:

- Employee voice & transparency**  
Shiro tracks well-being through an annual social barometer and quarterly quality-of-life surveys. Feedback is also gathered via one-on-one meetings and annual reviews. A transparent salary grid and a performance-based bonus policy are in place. Employees can submit questions anonymously before weekly meetings, and a suggestion box is available on-site.
- Mental health & psychosocial risk prevention**  
Shiro has implemented a dedicated support line offering up to five sessions with the same practitioner, in partnership with PSO. Two internal mental health referents have been trained to support employees on stress-related topics. Psychosocial risk indicators will be progressively integrated into quarterly monitoring.
- Learning & development**  
The “Shiro Lab” offers monthly afternoons of free exploration, with no set agenda. Employees use this time for self-training (e.g., software skills) or team-based game testing, including competitive benchmarking.
- Gender inclusion & social equity**  
The internal “Wishe” group and inter-studio workshops have led to concrete actions, such as additional remote work days for painful menstruation. Topics like leadership, assertiveness, and pay equity are addressed collaboratively, including data sharing with peer studios.
- Diversity & local engagement**  
In 2024, Shiro focused on professional inclusion, partnering with local organisations to welcome 9th-grade interns from priority neighbourhoods.
- Cultural benefits**  
Employees benefit from partnerships with the Opéra de Bordeaux. In 2024, the opera partnership achieved a 40% participation rate and 75% satisfaction. A new collaboration with the Musée des Beaux-Arts is under discussion.



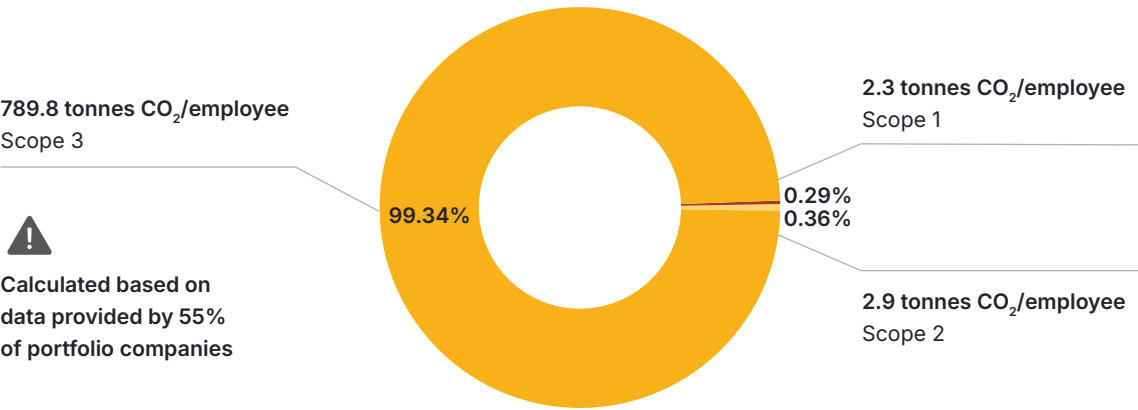
Engaging in environmental efforts

Carbon footprint

As a diversified investment fund, the carbon footprint of Mid Cap II portfolio companies is primarily influenced by the specific activities within each sector. The 12 companies encompass a diverse range of activities, including digital services sector, consumer products and services, and healthcare sector. While the portfolio's emissions are less substantial compared to industrial or infrastructure funds, Cathay acknowledges the importance of reducing the carbon footprint across each of these sectors. Whether in digital services, consumer products, or medical devices, our goal is to promote sustainable and responsible practices that minimise the environmental impact of our investments.

Since 2023, Cathay has taken concrete steps to enhance climate transparency, beginning with a third-party assessment of our Scope 1 and 2 emissions. Building on this foundation, we are now extending our efforts to include Scope 3 emissions, with a particular focus on the carbon footprints of our investees. To support this initiative, we have partnered with Greenly and Skytech—global leaders in carbon management—to provide our portfolio companies with the tools and guidance needed to measure and manage their emissions effectively.

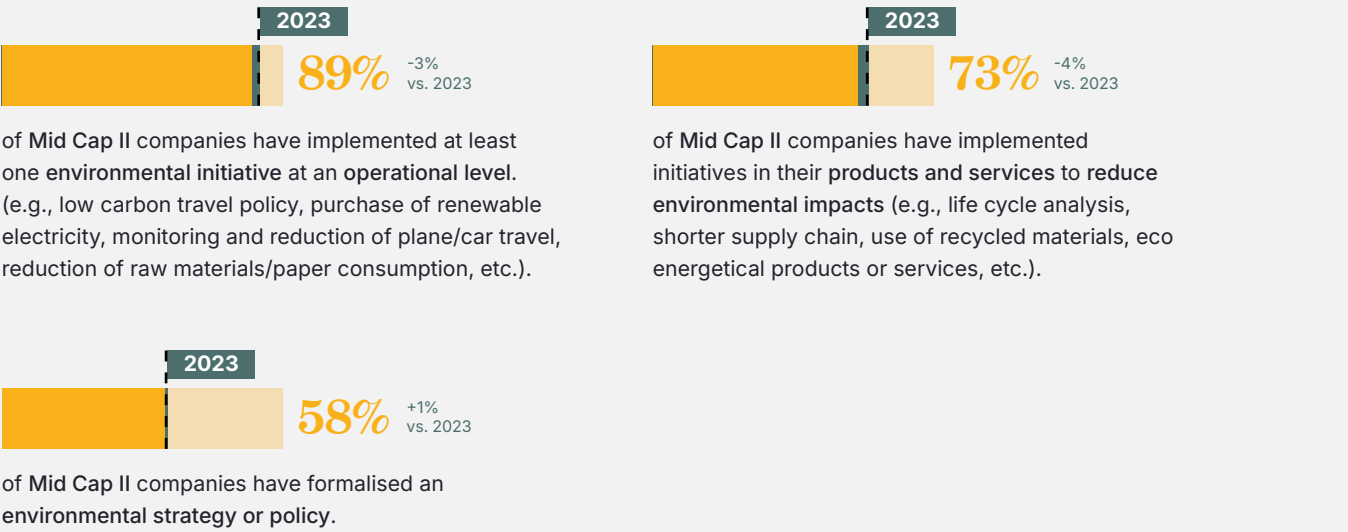
While there is still progress to be made, early signs are encouraging. As of end of Q4 2024, 57% of portfolio companies—that is, 8 companies—had measured their carbon footprints. All of them provided detailed disclosures covering scope 1, 2, and 3 emissions.



We have identified a series of concrete actions and best practices that early-stage companies can undertake to reduce their carbon footprint, and we support our portfolio companies in this journey.

Moreover, according to a 2022 benchmark performed by Greenly analysing 35 companies in the sector, Cathay Capital—considering both its structure and investments—emits roughly half as much as its peers.

Key figures (2024)



Focus – Juliette Has A Gun



Juliette Has A Gun, a French fragrance brand, is taking concrete steps to reduce its environmental footprint, with a focus on sourcing, packaging, and logistics. Since 2022, the brand has conducted annual carbon footprint assessments and associated mitigation actions, which have already led to a **20% reduction in emissions linked to product purchasing**—a major contributor to its overall impact.

The Company works hard to reduce the environmental impact of its packaging. It now uses **10% recycled glass** in its 50ml and 100ml perfume bottles, has removed plastic lamination, and introduced **paper pulp boxes**. Additional efforts include clearer recycling instructions, and a bottle return programme in stores. In 2024, Juliette Has A Gun began replacing foam with paper in its packaging and switched to **local suppliers** for seasonal gift boxes, reducing transport-related emissions.

The company is also exploring **local production in the United States**, with a pilot test involving **100,000 bottles** of its flagship fragrance “Not a Perfume.” This initiative aims to reduce both carbon emissions and customs-related costs. Logistics have been streamlined thanks to a new ERP system, improving order and packaging efficiency.

Finally, the brand is rethinking its retail displays with a new **plastic-free merchandising concept**, using elegant materials like onyx and alabaster, set to launch in 2025. These actions reflect Juliette Has A Gun's commitment to combining creativity with environmental responsibility.



# Biodiversity

In 2025, CCPE performed a **biodiversity assessment** to better understand the impacts and dependencies of its portfolios’ direct operations and assess the materiality of the biodiversity topic for its portfolio companies. This assessment was conducted by a third-party using the ENCORE<sup>2</sup> and IBAT tools<sup>3</sup>.

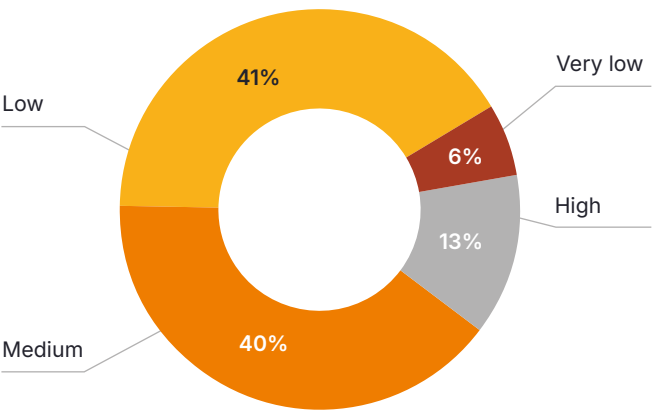
The results of these analyses indicate that **most portfolio companies’ activities have low to medium impacts on biodiversity**. The main pressures portfolio companies’ activities contribute to are pollution of water and soil and resource exploitation, due to the manufacture of different products (e.g., medical components, plastic products...) and the associated risk of discharge of toxic substances during production processes.

Among Mid Cap II’s portfolio companies having potentially high impacts on biodiversity, **three are located at close proximity with biodiversity sensitive areas or adjacent watercourse**. These companies operate mainly in United States and China with activities ranging from the manufacture of orthopedic implants, electronic components and plastic-based packaging.

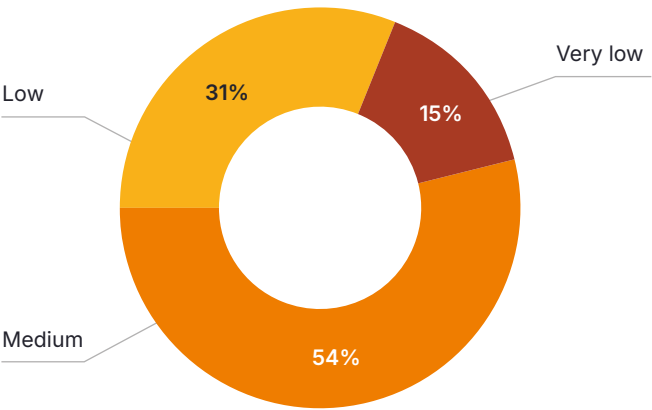
Regarding biodiversity dependency, **not a single portfolio company (0%) is assessed by PwC to have a high or very high dependency on natural ecosystems**.

In fact, MidCap II assets show limited dependency on ecosystem services. Such ecosystems include reliance on water provisioning services mainly for manufacturing activities and regulation and maintenance services to safeguard infrastructure against extreme climate events such as floods, storms, and landslides.

Breakdown of Mid Cap II portfolio pressure levels



Breakdown of Mid Cap II portfolio dependency levels



(2) Exploring Natural Capital Opportunities, Risks and Exposure: <https://encorenature.org/>  
(3) Integrated Biodiversity Assessment Tool: [https://app.ibat-alliance.org/users/sign\\_in](https://app.ibat-alliance.org/users/sign_in)





Giving back to society

CCPE believes that in addition to providing direct benefits to local societies, community involvement has the potential to contribute to key business goals, including employee retention (i.e., boosting employee's pride of belonging, motivation) and improved reputation.

A few examples of partnerships and mentoring programs by portfolio companies:

Focus – Artefact



Artefact, a global data and AI consulting firm, actively contributes to social inclusion and access to digital careers through partnerships, education, and mentoring initiatives.

- **Support to Refugee Inclusion:** Artefact supports the association Sistech, including the Techfugees programme, through both financial donations and skills-based mentoring, helping refugee women access careers in tech.
- **Education & Equal Opportunity:** The company facilitates access to its Artefact School of Data, aiming to democratise data-related careers. This includes sponsorships, mentoring programmes, and collaboration with public authorities to promote inclusion and digital literacy.

These initiatives reflect Artefact’s commitment to social impact and equal opportunity, aligned with its broader CSR and inclusion strategy.

Focus – Diot Siaci



Diot-Siaci is a leading French insurance and reinsurance brokerage and consulting group, supporting corporate clients in risk management and employee benefits across France and internationally.

The group demonstrates a strong commitment to social solidarity through partnerships, donations, and employee engagement in community initiatives.

- **Charitable giving & payroll donations:** Since 2013, Diot-Siaci has partnered with MicroDON to enable payroll giving. As of 2024, over 1,299 employees have participated, raising €308,077 for 8 partner associations, including €102,699 directly donated by employees.
- **Food & essentials drives:** In 2024, the group organised a national collection for Les Restos du Cœur, gathering 240 kg of food and hygiene products across 12 sites in France.
- **Health & inclusion support:** Diot-Siaci signed the #WorkingWithCancer charter and supports the Gustave Roussy Institute, contributing to cancer care and quality of life improvements for patients.
- **Solidarity events:** The company took part in the Foulées de l'Assurance, a charity run for cardiovascular research (Adicare), with 283 participants, ranking #1 in the digital challenge.

These initiatives reflect Diot-Siaci’s long-term commitment to social impact and local engagement, aligned with its CSR strategy.





# 5. Advancing our Sustainability Journey





# Advancing Our Sustainability Journey

As we look towards the future, Cathay Capital Private Equity is committed to deepening its environmental and social initiatives and reinforcing its role as a player in sustainable investment. Our upcoming actions reflect both our long-term commitment to environmental and social responsibility and our strategic alignment with evolving regulatory and market expectations.



## Climate Action:

### measuring and reducing our carbon footprint

As we continue to expand carbon footprint assessments across our portfolio, our next objective is to turn this growing data foundation into action—by setting ambitious emissions reduction targets. This commitment will be a cornerstone of our strategy, driving ongoing improvements and adaptations to limit our climate impact. Furthermore, we will transparently report on our carbon footprint assessments and progress in our future ESG reports, reinforcing our accountability and commitment to sustainability.



## Biodiversity:

### establishing a framework for action

In 2025, we have carried out a biodiversity assessment using the ENCORE and IBAT tools to screen the biodiversity impacts and dependencies of our portfolio companies. These assessments will help us determine the most relevant biodiversity KPIs for our portfolio and develop a comprehensive approach to measure and report on these metrics by 2026 where relevant.



## Midmarket III:

### embedding sustainability in investments

Key initiatives for Midmarket III include ESG KPIs linked to debt margin ratchet initiatives, systematic carbon footprint assessments, additional sustainability-related KPI incentives, and continued reliance on the ESG and Impact team to achieve operational progress.

These initiatives underscore Cathay Capital Private Equity’s proactive approach to ESG: ensuring that we capitalise on emerging opportunities in environmental and social governance, meeting the growing expectations of stakeholders and, as a result, ensuring value creation for our portfolio companies and LPs.





# Appendices

## Appendix I: Exclusion list

- 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 Organisation (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 and alternative tobacco 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 group without the duly documented agreement of that group;
- 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;
- 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 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
- 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.

## Appendix II: Sustainable Finance Regulation & Standards

Regulation / Framework	Short Description	How Cathay Innovation is addressing it
<b>Sustainable Finance Disclosure Regulation (SFDR)</b>	<p>The SFDR's overarching goal is to foster greater transparency in the financial sector and combat greenwashing.</p> <p>To do so, the SFDR creates classification to evaluate the sustainability level of financial products:</p> <p>a. Article 9 – financial products designed to pursue a sustainable investment objective</p> <p>b. Article 8 – financial products that promotes environmental and social characteristics</p> <p>c. Article 6 – mainstream products that are not classified as article 9 or 8</p> <p>The regulation also demands a greater level of transparency at both the entity and the product level. For instance, entities must now disclose their policy on integrating sustainability risks into investment decisions and will have to publish a series of aggregated sustainability KPIs (principal adverse impact) from 2023 onwards.</p> <p>Similarly, at the product-level, new disclosures must be included as part of pre-contractual documents and periodic reporting. Disclosure obligations depend on the financial product's classification.</p> <p>The SFDR applies to financial market participants, credit institutions, as well as investment firms providing portfolio management services.</p>	<p>Cathay Mid Cap II fund is classified under Article 6 of the Sustainable Finance Disclosure Regulation (SFDR).</p> <p>As such, the fund is expected to disclose the following information:</p> <p>- How sustainability risks are integrated into investment decisions/investment advice.</p> <p>- How the fund considers its main negative impacts.</p>
<b>Article 29 of the Energy- Climate Law</b>	<p>The Article 29 of the Energy-Climate Law replaces Article 173 – VI TECV and supplements the SFDR. Published in 2021, it provides a framework for extra-financial reporting by defining the information to be published on the inclusion of ESG quality criteria in the investment policy and on the means implemented to contribute to the energy and ecological transition.</p> <p>As such, all asset management companies must now publish a dedicated annual report on their website.</p>	<p>Managing more than 500M€ euros of assets, Cathay CCPE is subject to all the elements required relating to the financial year 2022.</p> <p>The 2022 report was published end of June 2023 on <a href="#">Cathay's website</a> and on the <a href="#">ADEME platform</a> and constitutes the fund's annual compliance by responding to its regulatory requirements.</p>



Regulation / Framework	Short Description	How Cathay Innovation is addressing it
EU Taxonomy	<p>The EU Taxonomy provides clear rules about which activities can be classified as sustainable. The EU Taxonomy’s overarching goal is to foster greater transparency, combat greenwashing and funnel capital to sustainable activities.</p> <p>The EU Taxonomy identifies activities that serve six environmental objectives:</p> <ol style="list-style-type: none"><li>1. climate change mitigation,</li><li>2. adaptation to climate change,</li><li>3. sustainable use of water and marine resources,</li><li>4. circular economy,</li><li>5. pollution prevention and control,</li><li>6. prevention and restoration of biodiversity and ecosystems.</li></ol> <p>To be deemed ‘aligned with the EU Taxonomy’, activities must:</p> <ol style="list-style-type: none"><li>a. be listed among the eligible activities,</li><li>b. substantially contribute to at least one of the objectives mentioned above,</li><li>c. not negatively impact the other objectives (do no significant harm principle),</li><li>d. comply with minimum safeguards.</li></ol> <p>From 2022 onwards, financial companies operating in the EU will have to report on specific KPIs related to the first two objectives of the EU Taxonomy (e.g., % of investments that are aligned with the EU Taxonomy).</p>	<p>Article 29 report, Cathay CCPE has verified the possibility to collect Taxonomy-related KPIs from investee companies. However, the information collected does not allow to draw conclusions on the alignment of the Fund’s investments with the EU Taxonomy. Consequently, no investment is qualified as Taxonomy-aligned to date.</p>
Paris Agreement	<p>The Paris Agreement is an international treaty on climate change which was adopted by a vast majority of countries in 2015. Its goal is to limit global warming to well below 2°C – though preferably 1.5°C – compared to pre-industrial levels.</p> <p>Since then, the Paris Agreement has become the reference framework when it comes to climate change. Many countries or groups of countries are using the framework defined by the Paris Agreement to guide policymaking.</p> <p>The EU’s Green Deal, for instance, was designed to help the union become the first climate neutral continent by 2050 – a necessary condition to keep in line with the Paris objective.</p> <p>The private sector is also embracing the Paris Agreement. SBTi, for instance, measures companies’ and investment funds’ decarbonisation efforts against the Paris objective.</p>	<p>Please refer to section 4.3 for a description of the efforts deployed by Cathay CCPE to address climate change and move towards the objectives defined by the Paris Accord.</p>

## Appendix III: Cathay’s ESG & Impact Resource Hub

In 2022, we proudly unveiled the Cathay ESG & Impact Resource Hub, an innovative online platform that fosters knowledge sharing, collaboration, and practical guidance among our portfolio companies. This hub serves as a toolbox, equipping organisations with the necessary resources to swiftly and effectively implement new ESG policies and initiatives.

The Resource Hub covers a broad range of ESG topics relevant to companies, including Human Resources, Data Governance and Ethics, and Climate Action.

Furthermore, the Resource Hub is accessible to employees, supporting upskilling and ensuring that every frontline investor develops a good understanding of ESG and impact.

### Overview of the content available in Cathay Innovation’s ESG & Impact Resource Hub

Cathay’s ESG & Impact Resource Hub
Becoming a purpose-driven company
→ Purpose and value creation
Learning about ESG & impact frameworks
→ UN SDGs/Formalizing and measuring impact/Getting certified/Educating employees on climate change
Upgrading the workplace
→ Governance
→ Compensation & Benefits
→ Diversity & Inclusion
→ Employee well-being
→ Sustainable workplace
Adopting a sustainable Data & AI governance
→ Data privacy/GDPR
→ Green IT
→ Green cloud
→ Unbiased algorithms
→ Ethical data annotation
→ Synthetic data
Selecting the right business partners
→ Software to assess your business partners
→ Supply chain
Acting for the environment & the climate
→ Carbon footprint analysis
→ Carbon offsetting solutions





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