



ESG Report 2024-2025

Cathay Small Cap III & IV



Contents

1. Foreword – Why Does Sustainability Matter?	4
A. Foreword from our president and portfolio manager	4
B. Why ESG & sustainability matter	8
2. 2024 ESG Performance Overview.....	12
3. Sustainability at Cathay Capital Private Equity	16
A. Our vision and values.....	18
B. Our ambitions and commitments	19
C. Our sustainability journey.....	21
D. Sustainability in our investment process	24
E. Our ESG governance	26
F. Our portfolio companies	27
G. The Cathay Foundation, a commitment to global community.....	30
H. Our collaborations	32
4. 2024 ESG Performance Results.....	34
A. Major societal challenges contribution	36
B. Building a robust governance.....	37
C. Empowering people and talent	40
D. Engaging in environmental efforts	42
E. Giving back to society	46
5. Advancing Our Sustainability Journey	48
Appendices	52
Appendix I: Exclusion list	53
Appendix II: Sustainable Finance Regulation & Standards	53
Appendix III: Cathay's ESG & Impact Resource Hub.	55

1. Foreword – Why Does Sustainability Matter?





Foreword

At Cathay Capital, we believe small and mid-sized companies are essential to building a sustainable economy. They are engines of employment, innovation and regional vitality, with the agility to pioneer new approaches. Their engagement with sustainability therefore has an influence that reaches well beyond their own boundaries.

If anything, this report shows that Small Cap III and IV companies are stepping up to that responsibility—many have created ESG leadership roles within their organisations, ensuring these topics are considered at the highest level. Others are opening new paths by piloting diversity initiatives or making employee well-being part of their long-term strategy. These actions illustrate how smaller businesses, often working with limited resources, can act decisively and set examples for others.

Our role is to ensure this shift is supported with the right tools, expertise, and networks. By creating practical ways for companies to align performance with purpose, we aim to help them capture opportunity while contributing positively to society and the environment. Small Cap II highlights a simple truth: sustainability is not a side project, but part of what will define the champions of tomorrow.

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



Supporting the Small Cap III and IV portfolios over the past year has shown how quickly companies can progress when sustainability is treated as a business priority and move from intention to action.

Several have carried out detailed environmental audits to understand their emissions profile and identify efficiency gains. Others are trialling initiatives on workforce engagement such as employee shareholding schemes that strengthen alignment between teams and long-term success. Across the portfolio, companies have introduced diversity and inclusion projects, confirming that equity is being taken seriously at every level.

Equally important is the structure behind these efforts. More than half of the companies now have dedicated ESG governance in place, providing clear accountability and direction. With the backing of Cathay's ESG & Impact Hub and our external partners, these initiatives are being translated into tangible outcomes.

For many small-cap businesses, resources are limited, and the challenges are complex—yet this report demonstrates their ability to move with determination, integrate sustainability into daily operations, and build stronger, more resilient companies in the process.

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 involvement of significant ESG-related risks. 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, 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 sustainability¹.

83% 2

of companies invested in ESG reported improved customer retention².

62% 3

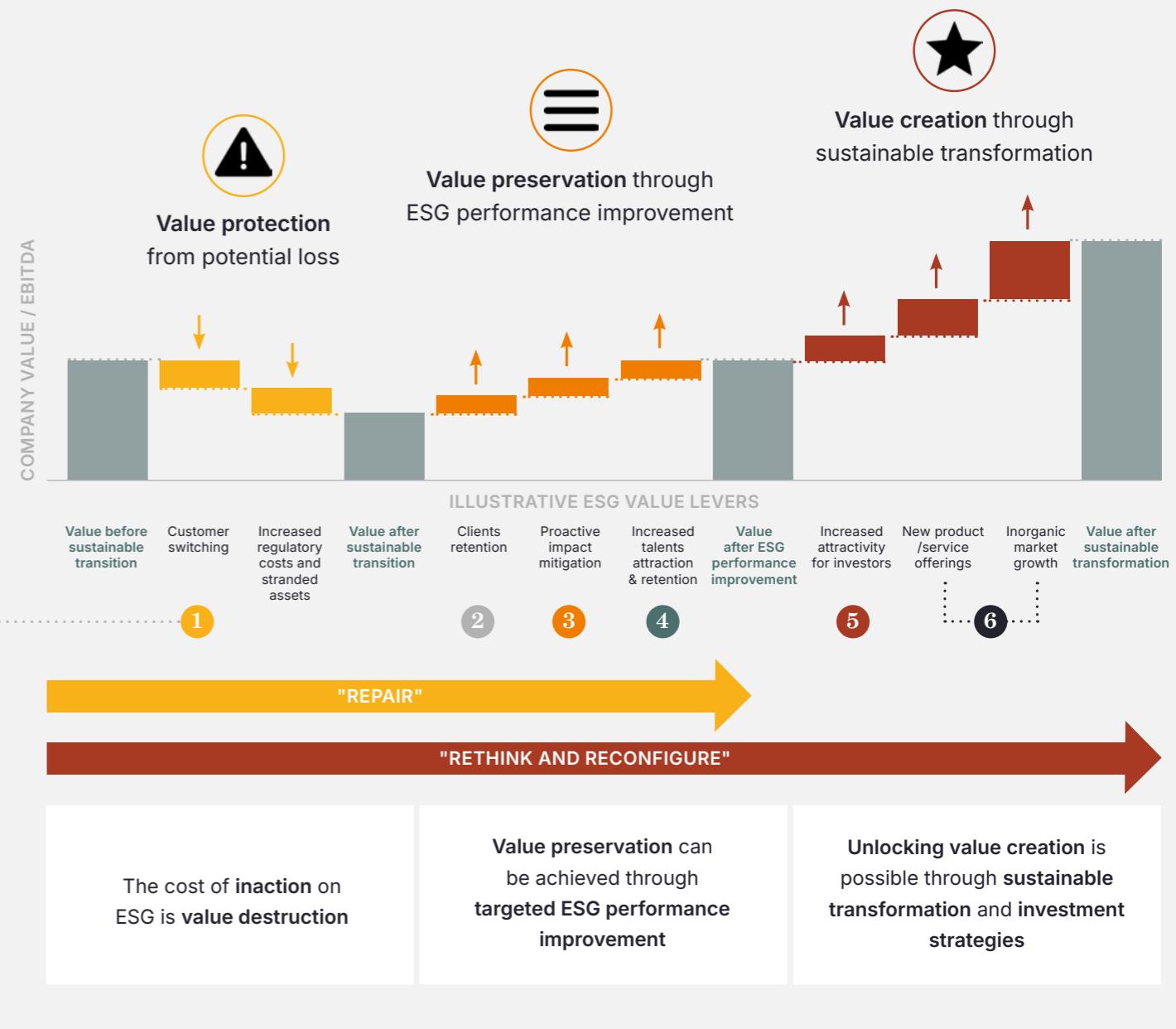
of PE firms ranks risk mitigation as the top of ESG's benefits³.

1/3 3

investors use the UN SDGs to guide their investments⁵.

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 implementation⁴.



(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

74% 4

In 2022, 74% of surveyed CEOs believe that robust environmental sustainability practices improve employee productivity and reduce employee turnover⁶.

79% 5

of companies have implemented an ESG strategy to guide their investment decisions or have it in plan⁵.

100bp 5

WACC for top-quartile environmental performers in Europe⁴.

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 products⁷.

(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 Investors' role 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.

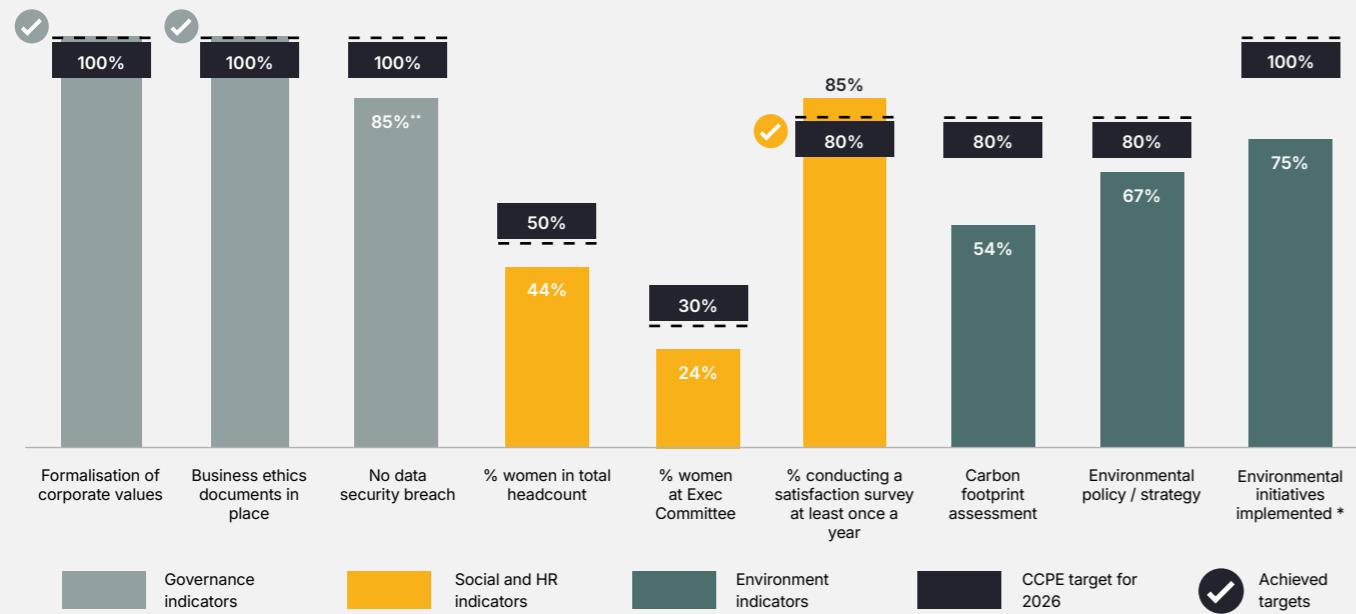


2. 2024 ESG Performance Overview

Disclaimer: Yeelight was excluded from the analysis due to data unavailability. As a result, the analysis is based on a total of 14 assets. Each of the KPIs listed below focuses on Small Cap III & IV companies.

ESG Overview

ESG is at the heart of our investment philosophy. In 2024, we made progress in advancing ESG principles and guiding our portfolio companies towards actionable plans. The scorecard below provides an overview of Small Cap III & IV's ESG performance. By gathering 7,500 employees across portfolio companies' operations, Small Cap III & IV aim at fostering positive impacts for all stakeholders.



(*) 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.)

91%
of Small-Cap companies have implemented value sharing mechanisms

40%
of women in Small-Cap companies hold managerial positions

55%
of Small-Cap companies have formalised responsible procurement policies

100%
of Small-Cap companies have implemented CSR initiatives (e.g. CSR policy, CSR officer, CSR label, etc.)

82%
of Small-Cap companies have a person responsible for Data Protection matters

100%
of Small-Cap companies have established gender equality initiatives

In 2024, Cathay has carried out a biodiversity analysis:
93%
of the Small-Cap 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 Innovation's **sustainability framework** uses the United Nations Sustainable Development Goals (UN SDGs) with the objective to help portfolio companies enhance and measure their positive impact.

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**.

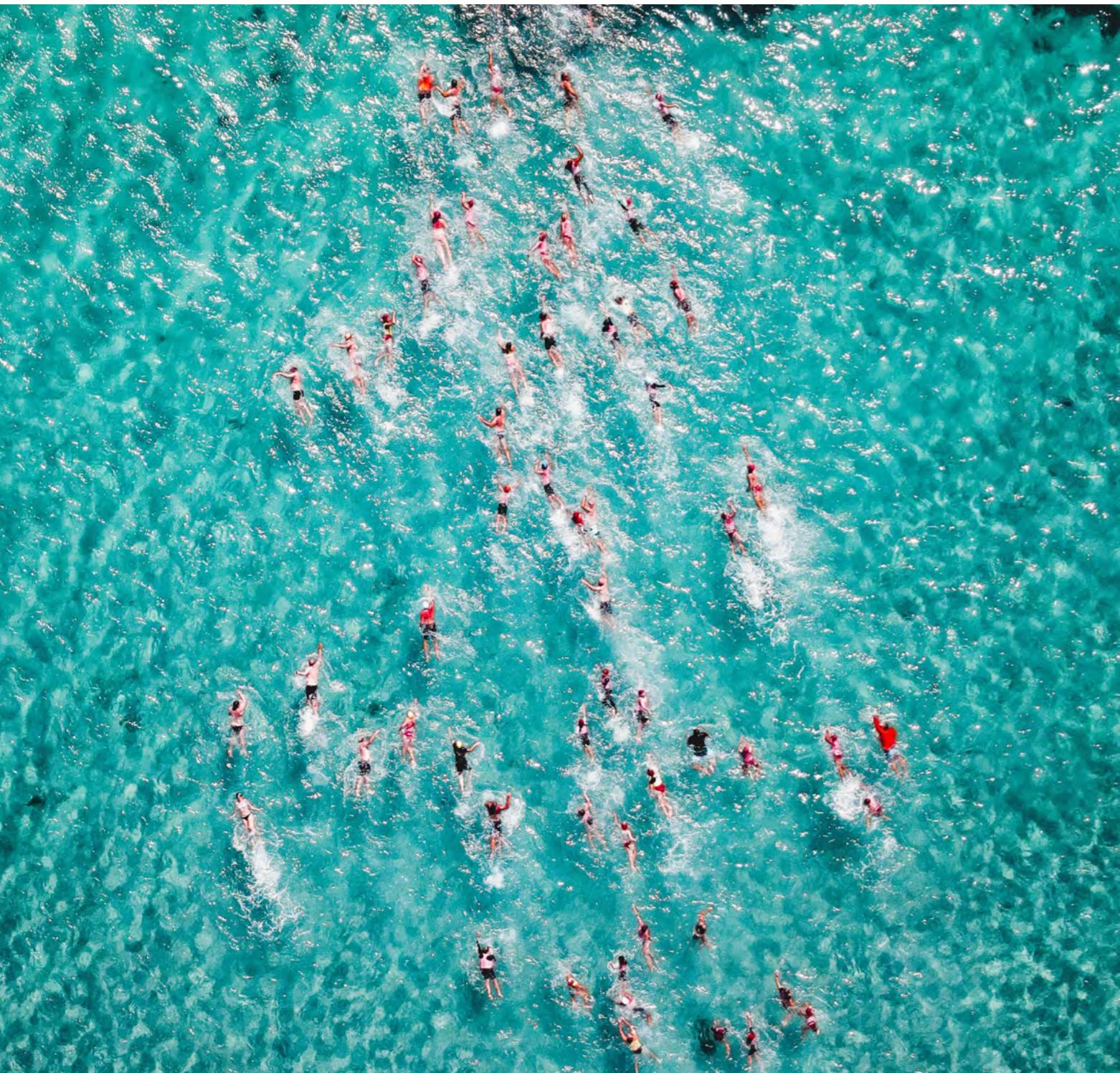
Cathay has been a member of the **iCI (initiative Climat Internationale)** since 2020. The iCI is the first initiative of Capital Investment in favour of companies' management and reduction of greenhouse gas emissions. The signatories of the iCI have decided to contribute to the objectives of COP21 to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

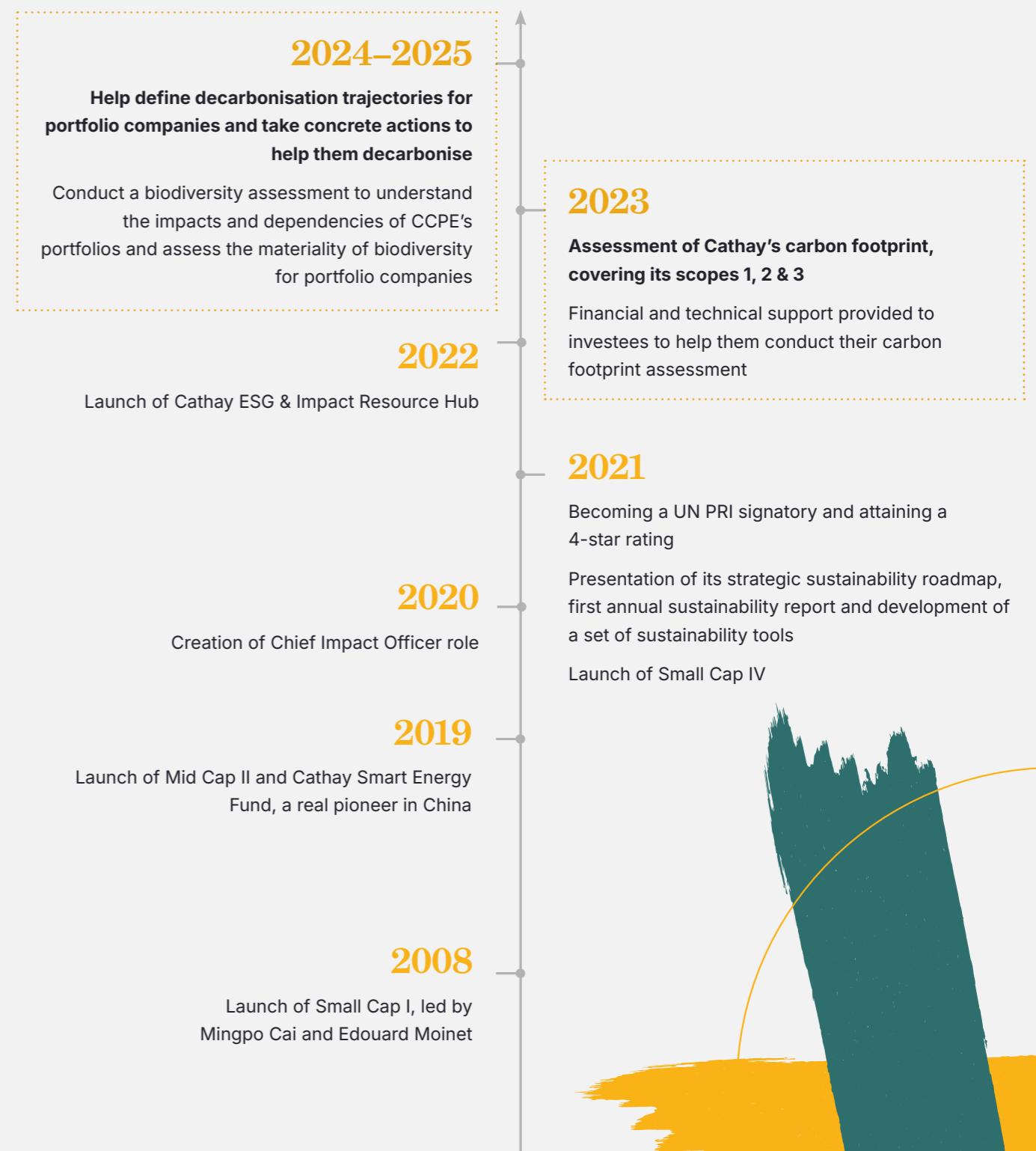


Cathay is a member of **France Invest** network. This network provides access to **financing opportunities, strategic support, and a powerful community** of investors and entrepreneurs.



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.

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 15 companies that make up the Small Cap III and IV portfolio. Among them, 14 actively took part in the 2024 ESG reporting campaign¹.

Small Cap III



ATRenew is the first mover with the largest collecting network in 3C products recycling market and standardises the collecting process and ensure data security, providing convenient and trustworthy one-stop recycling services for used mobile phones and other 3C products.



Investment date:
December 2016
Headcount:
2055

Sector:
Consumer products / services



FuturMaster is the leading APS (Advanced Planning and Scheduling) software developer in France.



Investment date:
June 2020
Headcount:
196

Sector:
E-commerce / logistics



Le Wagon is a coding school open to all, offering short and intensive on-site trainings or "coding bootcamps" in web development and data science.



Investment date:
March 2020
Headcount:
224

Sector:
Education / Future of work



Brass Master is an original designer and manufacturer of brass-made handicrafts.



Investment date:
September 2018
Headcount:
1300

Sector:
Consumer products / services



Easyvista offers two IT Service Management software: Service Manager (software to manage IT back-office tasks) and Self-Help (knowledge bases that employees can use in troubleshooting).



Investment date:
September 2020
Headcount:
377

Sector:
Business / digital services

(1) In 2024 Yeelight was not able to report ESG data.



Yeelight is a leading innovative smart lighting company that develops and produces smart home lighting products and provides smart lighting solutions.



Investment date: October 2018
Headcount: 419

Sector: Consumer products / services



SNOCKS is a leading digital-native brand for everyday basics. The company offers socks, underwear, basics, and branded apparel for men and women through its online channels (own website and Amazon). SNOCKS mainly uses sustainable organic cotton and recycled fibers, with a TÜV-audited supply chain meeting the highest sustainability standards. The brand has also cut packaging-related emissions by 90%, reflecting its commitment to responsible operations.



Investment date: March 2022
Headcount: 86

Sector: Consumer products / services

Small Cap IV



The AD Education Group is a French leader of higher education in art professions, design, culture, and communications.



Investment date: March 2021
Headcount: 2650

Sector: Education / Future of work



ChowSing is a company that owns the well-known pet nutrition & food brand, Nourse, pet product brand, ChowSing, and a pet product distribution channel, BRGON.



Investment date: April 2021
Headcount: 201

Sector: Consumer products / services



Founded in 2000 in Stuttgart, Onventis offers source-to-pay processes of direct and indirect materials in strategic and operational procurement. Onventis is a cloud pioneer in digital transformation of purchasing and finance processes.



Investment date: January 2023
Headcount: 130

Sector: Procurement



Created in Thailand, Mistine is a reputable beauty brand, well known for its tropical, affordable and high-quality beauty products, notably for sunscreen and foundations.



Investment date: March 2022
Headcount: 374

Sector: Consumer products / services



Founded in 2018 in Sarasota, Florida, Parkview is a dental service company that currently manages 22 dental practices that provide both general dentistry and specialty dental services.



Investment date: November 2023
Headcount: 172

Sector: Healthcare



WeNext provides professional services such as 3D printing, CNC Machining, injection molding, and vacuum casting for various industries.



Investment date: December 2021
Headcount: 220

Sector: Business / digital services



TransCure bioServices is a European CRO based in France offering preclinical predictive in vivo pharmacology testing services to international large pharmaceutical, biotech and academic customers.



Investment date: February 2022
Headcount: 87

Sector: Healthcare

NEW



Wedia is a global leader in B2B SaaS solutions, specialising in Digital Asset Management (DAM) and social media management.



Investment date: November 2024
Headcount: 100

Sector: Business / digital services

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.

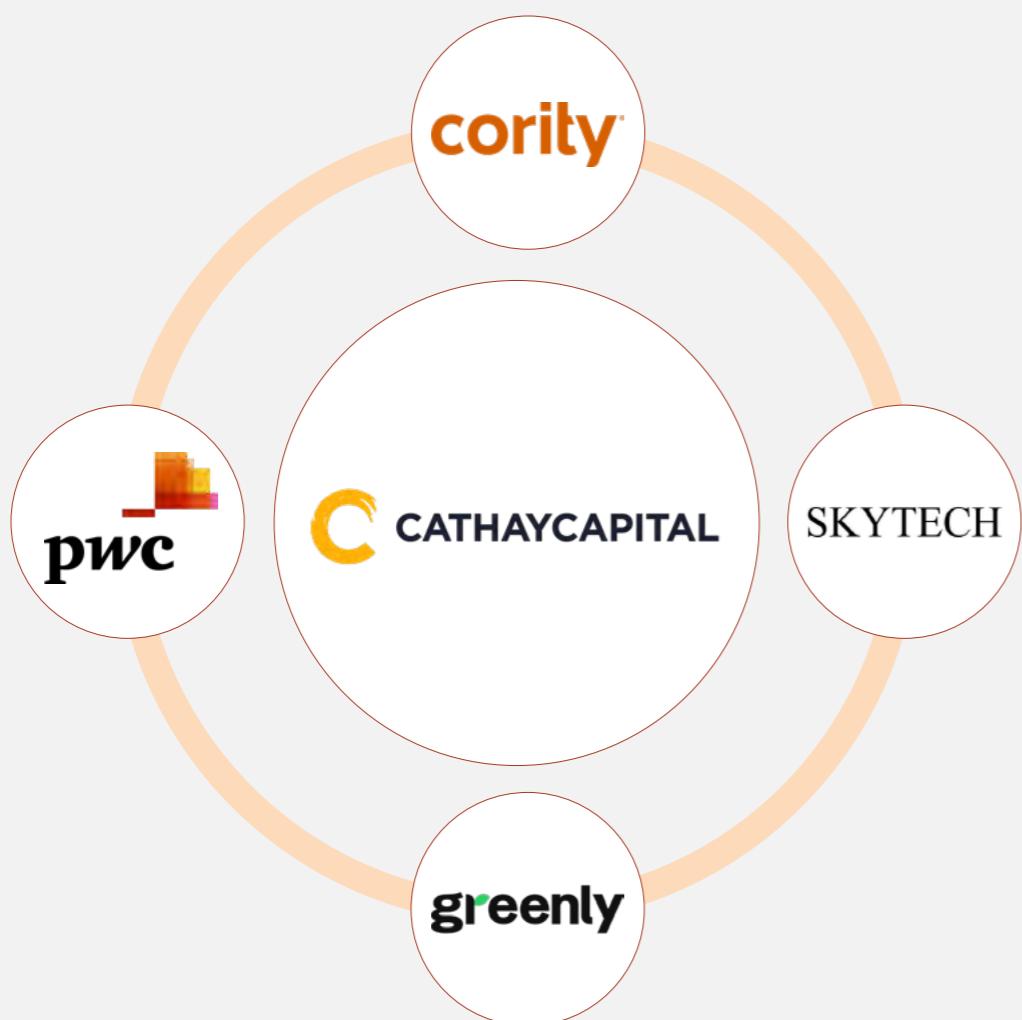
Additionally, we proudly partnered with the Centre Pompidou to support the exhibition "China, A New Generation of Artists", which showcased a new wave of Chinese contemporary artists. This initiative reflects our commitment to fostering cultural exchange between Europe and China, highlighting art as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



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



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



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

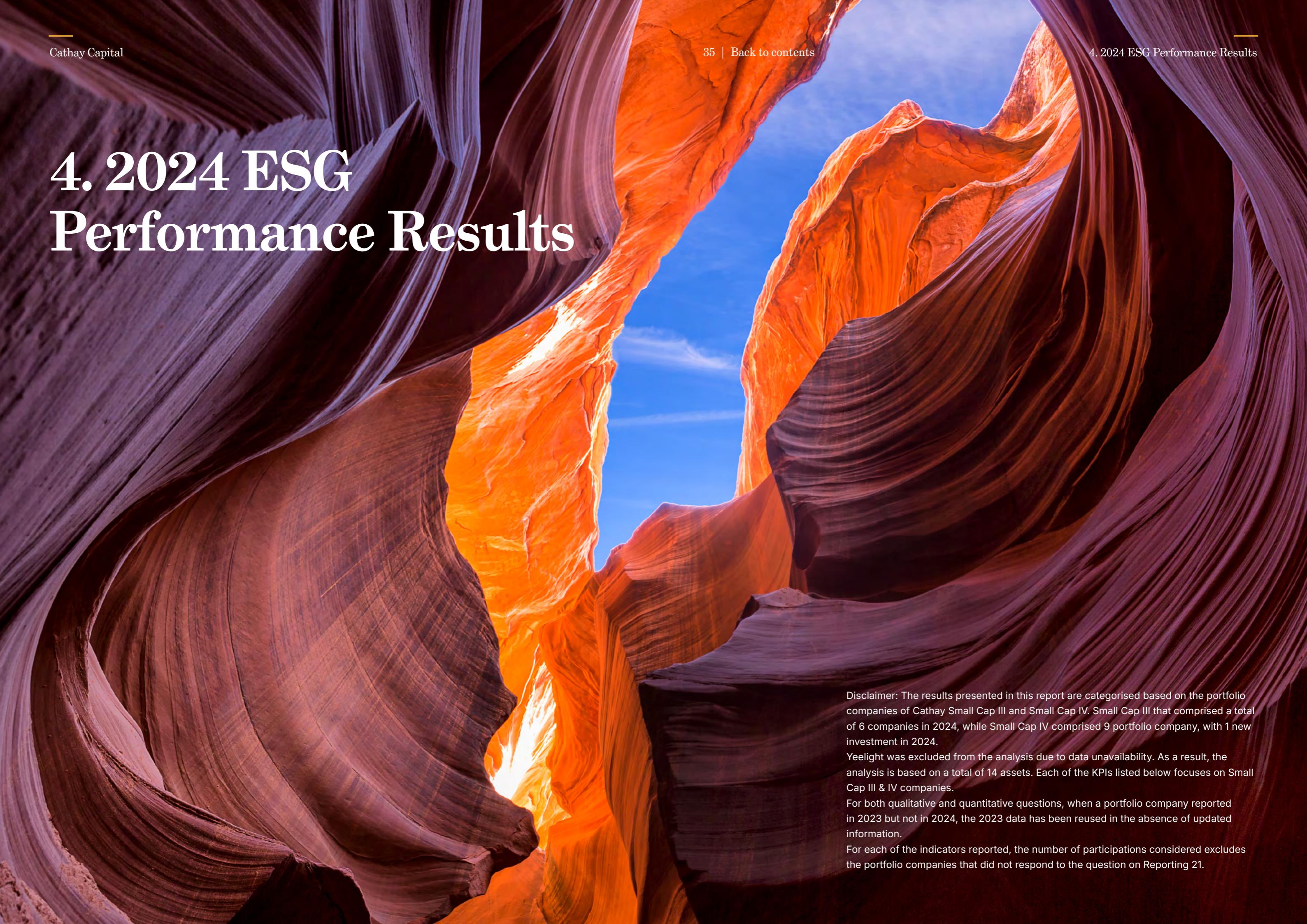
Learn more:
www.sinosoft-technology.com



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

Learn more:
www.sirsa.io/en | www.reporting21.com

4. 2024 ESG Performance Results



Disclaimer: The results presented in this report are categorised based on the portfolio companies of Cathay Small Cap III and Small Cap IV. Small Cap III that comprised a total of 6 companies in 2024, while Small Cap IV comprised 9 portfolio company, with 1 new investment in 2024.

Yeelight was excluded from the analysis due to data unavailability. As a result, the analysis is based on a total of 14 assets. Each of the KPIs listed below focuses on Small Cap III & IV 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.

Major societal challenges contribution



The companies in Cathay's Small Cap IV portfolio have worked to manage important sustainability themes and improve ESG performance. Some companies go beyond ESG issues and contribute to wider social goals through their business. One third of the Small Cap IV portfolio companies contribute to the United Nations' Sustainable Development Goals (SDG).

AD Education, which has developed a network of schools with around 42 000 students every year across Europe, contributes to **SDG 4** on Quality Education. 70% of schools offered courses on environmental issues in 2024, and each school defines ESG engagements. The Group created the AD Education Foundation to finance actions in favor of education and equal opportunities. One of the Group's schools, Ecole de Condé, annually formalises an ESG review to highlight initiatives implemented (e.g., zero waste, energy efficiency). Another school, Accademia Italiana, conducts satisfaction surveys among students, staff and professors and a program coordinator facilitates dialogue between professors and staff.

Regarding the contribution to **SDG 3** on Good Health and Well-being, **TransCure**, through its offering of in vivo pharmacology studies, supports international clients developing medicines across various therapeutic areas, including immuno-oncology, infectious diseases and inflammatory auto-immune diseases. The company implemented measures to reduce impact on the environment, such as working with local suppliers and strict waste treatment implemented following an external waste audit.

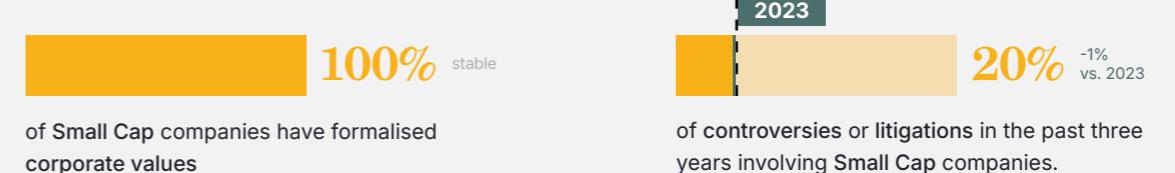
WeNext, which was founded by a group of software and algorithm engineers who use digitalisation to improve the efficiency of factory operations, contributes to **SDG 8** on Decent Work and Economic Growth. Most of the WeNext's ESG engagement is related to human resources and business ethics and formalised in the Employee Handbook as well as in business ethics documents. Several initiatives have been implemented such as training programs and a profit-sharing scheme.

Building a robust governance

Corporate governance

Strong corporate governance ensures long-term resilience and growth. There are several approaches: dual governance, with separate bodies for the Executive Committee and Supervisory Board; a dual approach, involving separate bodies for the Executive Committee and Advisory Board; or unitary governance, where a single Management Board oversees both executive and oversight functions. The choice among these approaches depends on the company's specific situation and structure.

Key figures (2024)

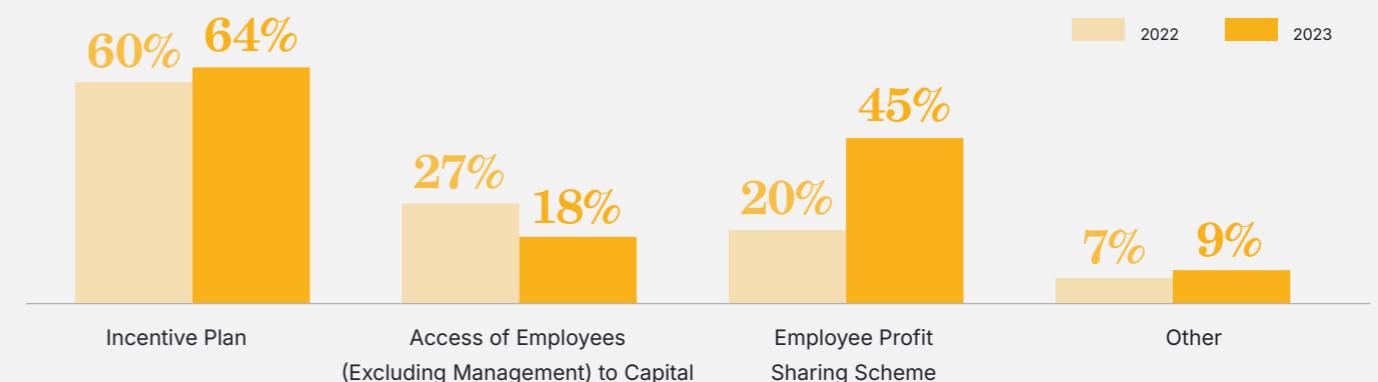


Cathay closely monitors these events, primarily relating to HR litigations with minimal or no impact on operations.



(*) Of the 91% of Small Cap companies with a value-sharing mechanism, several approaches have been adopted and combined by portfolio companies:

- Incentive plan:** Performance-based bonuses or rewards align employee efforts with company objectives, driving productivity and engagement.
- Access of employees to capital:** Employees can acquire stock options or equity, giving them a stake in the company's growth and success.
- 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 believe 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.

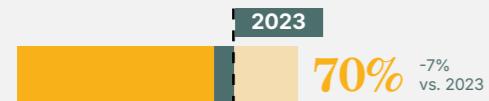
Key figures (2024)



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



of Small Cap companies have appointed a CSR officer.



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

Focus – EasyVista



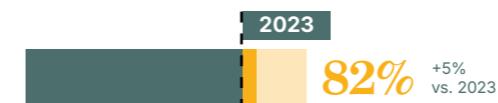
EasyVista is a French software company that has integrated ESG governance into its corporate strategy. The company has taken several concrete steps to structure and formalise its sustainability commitments:

- ESG leadership:** EasyVista has appointed a dedicated ESG officer to oversee and coordinate its sustainability efforts.
- ESG clauses and supplier performance:** The company includes ESG clauses in its supplier contracts and monitors supplier performance based on ESG criteria.
- Global commitments:** Since 2020, EasyVista has been a signatory of the United Nations Global Compact, integrating its principles on human rights, environmental protection, and anti-corruption into its operations. The company also supports the UN Sustainable Development Goals (SDGs), with a focus on health, clean energy, and climate action.
- Climate commitments:** EasyVista has endorsed the Science Based Targets initiative (SBTi), committing to reduce greenhouse gas emissions in line with international standards.
- Employee engagement:** A dedicated ESG team leads initiatives to engage employees in global and local community actions. Each employee is granted one paid day per year to volunteer for a cause of their choice. Educational campaigns are also organised throughout the year to raise awareness on key social issues.

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.

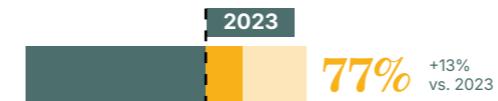
Key figures (2024)



of Small Cap companies have formally assigned responsibilities for data protection.



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



of Small Cap companies have implemented robust anonymous grievance schemes*.



of Small Cap companies have reported no data security breaches**.

(*) 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.

(**) Among the 15% of data breaches recorded in 2024, one incident 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.

Focus – FuturMaster



FuturMaster, a provider of supply chain planning software, has implemented a robust and structured approach to protecting its systems and client data. The company relies on strong access controls, including secure login systems (SSO, MFA), role-based permissions, and dedicated environments for each client region. This ensures that data is well protected and isolated, even in the event of a localised issue.

To prevent cyber threats, FuturMaster combines several layers of protection: firewalls, intrusion detection systems, encrypted data transfers, and regular penetration testing. The platform is designed with security in mind, following recognised best practices. Backups are automated and regularly verified to ensure data can be quickly restored if needed.

The company also monitors its systems in real time and has a structured plan in place to respond to incidents. Internal audits, external assessments, and continuous improvement processes help maintain a high level of security and ethical digital practices.

Empowering people and talent

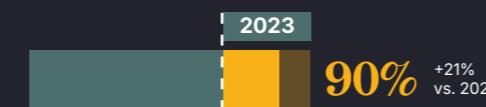
Health and safety

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 Small Cap companies have formalised a H&S policy.

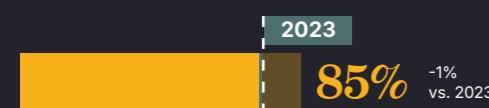


of Small Cap companies track H&S KPIs.

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 Small Cap companies have conducted at least one satisfaction campaign/survey amongst their employees.



women, on average, in total headcount within Small Cap companies.



of Small Cap 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.).



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

Focus – Parkview



Parkview, a dental clinic group, has implemented structured HR practices to support employee retention, inclusion, and engagement:

- **Gender Representation:** The company's workforce reflects the broader dental industry, where over 80% of employees are women. Parkview's management team is intentionally built to reflect this demographic, with a focus on hiring qualified women into leadership roles.
- **Recruitment & onboarding:** A dedicated Manager of Recruiting oversees a structured and standardised interview and selection process, aimed at reducing early turnover. New employees follow a formal onboarding programme that clarifies expectations and provides training and support.
- **Employee engagement:** Parkview conducts quarterly employee engagement surveys, led by the Head of HR, to collect consistent feedback for senior leadership and adopt corrective measures.



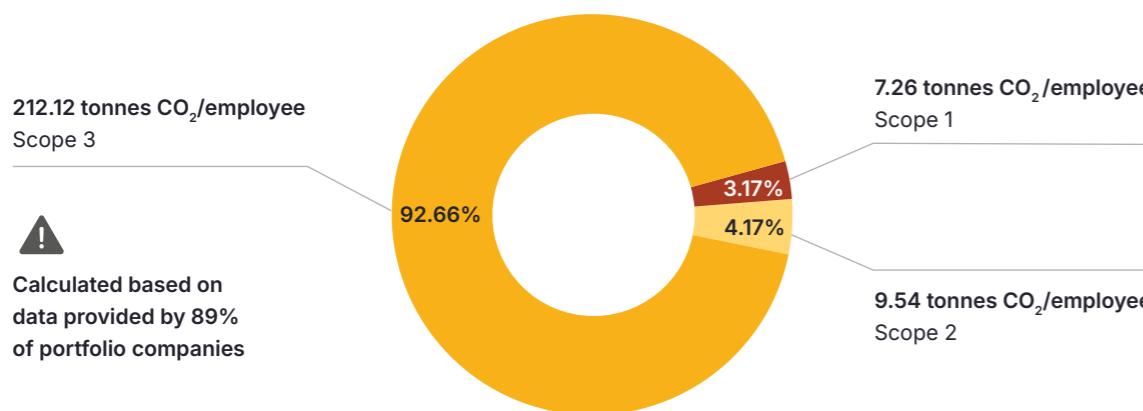
Engaging in environmental efforts

As a diversified investment fund, the carbon footprint of Small Cap portfolio companies is primarily influenced by the specific activities within each sector. The 14 companies encompass a diverse range of activities, including, for example, education, electronic recycling services, healthcare, digital services, and consumer products.

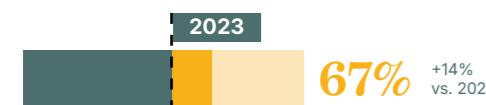
While the portfolio's emissions are less substantial compared to industrial or infrastructure funds, Cathay acknowledges the importance of reducing the carbon footprint across each of these sectors. Whether in digital services, consumer products, or medical devices, our goal is to promote sustainable 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, **89% of portfolio companies**—that is, 8 companies out of 9—had measured their carbon footprints. All of them provided detailed disclosures covering scope 1, 2, and 3 emissions.



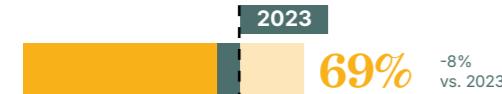
Key figures (2024)



of Small Cap companies have formalised an environmental strategy or policy.



of Small Cap companies have implemented at least one environmental initiative on the operational level.



of Small Cap companies have implemented initiatives in their products and services to reduce environmental impacts.

Focus – Snocks

SNOCKS

Snocks, a German apparel brand, has taken concrete steps to reduce its environmental footprint, with a strong focus on carbon emissions, sustainable materials, and low-impact logistics.

- Carbon emissions & energy:**
Snocks tracks its CO₂ emissions annually and aligns its reduction targets with the Science Based Targets initiative (SBTi):
 - Scope 1 & 2: 42% reduction by 2030
 - Scope 3: Active supply chain reductions
 - Net-zero by 2045 (90% reduction across all scopes)
Key actions include switching to renewable district heating, transitioning to electric vehicles, and supporting suppliers in adopting renewable energy.
- Sustainable packaging & logistics:**
In 2024, Snocks replaced cardboard with FSC-certified glassine bags, cutting CO₂ emissions per package by ~90%.
Packaging is made from 70% recycled paper and 30% grass fibre, with no plastic. Around 25% of orders are shipped without packaging.
The company partners with DHL GoGreen for climate-neutral shipping and limits air freight (6.4% in 2021).
- Materials & circularity:**
In 2024, recycled materials made up 9.5% of total inputs. Recycled synthetic fibres (e.g., polyester) accounted for 48% of synthetic use.
Material mix (by volume):
 - 80.09% plant-based fibres (79% organic cotton)
 - 19.72% synthetic fibres (9.45% recycled)
 - <1% regenerated cellulosic and animal-based fibres

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 ENCORE² and IBAT tools³.

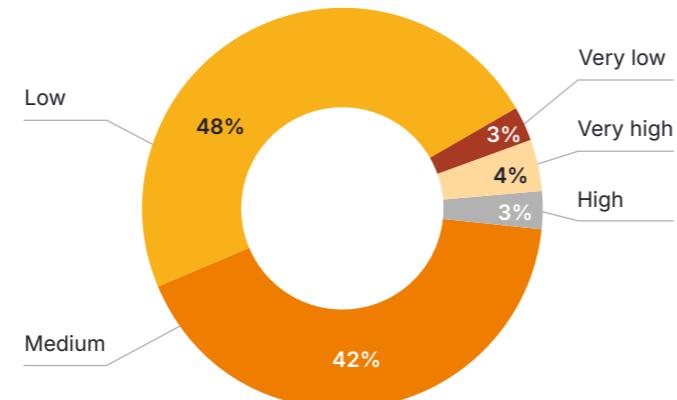
The results of these analyses indicate that **most portfolio companies' activities have low to medium impacts on biodiversity**. The main pressures portfolio companies' activities contribute to are **pollution** of water and soil and resource exploitation, due to the manufacture of different products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

Among Small Cap's portfolio companies having potentially high impacts on biodiversity, **two are located at close proximity with biodiversity sensitive areas or adjacent watercourse**. These companies operate mainly in Asia, with activities ranging from the manufacture of metal products to injection molding.

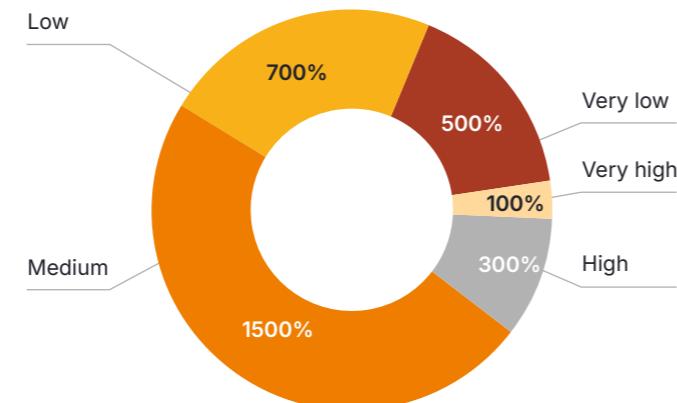
Regarding biodiversity dependency, **87% of the Small Cap portfolio has a low to medium level of dependency on ecosystem services**.

Small Cap assets show limited dependency on ecosystem services. Such ecosystem services 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 Small Cap portfolio pressure levels



Breakdown of Small Cap 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



Giving back to society

Community involvement

Cathay Capital 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 employees' corporate engagement, motivation) and improved reputation.

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

Focus – AD Education



AD Education, a European network of creative schools, continues to strengthen its commitment to social inclusion and community engagement for education through partnerships, donations, and student-led initiatives.

- **Support to education & equal Opportunity**

In 2024, AD Education officially launched the AD Education Foundation under the aegis of the Fondation de France. Its mission is to support access to education for disadvantaged youth, both financially and through student-led projects. The foundation promotes culture and creativity as tools for inclusion and social empowerment.

- **Partnerships with NGOs & local organisations**

The group maintains long-standing support for organisations such as Toutes à l'école, Plan International, WWF, and Save the Children. In Germany, the school SAE dedicates 0.1% of its annual revenue to charitable causes, distributing nearly €40,000 in 2023–2024. This includes donation matching to encourage employee contributions.

- **Student-led community projects**

Across Europe, students collaborate with local organisations on impactful projects. In Spain, students from Barreira created a social media campaign for Alzheimer awareness and raised funds for the Juegaterapia Foundation. In France, ECV students worked with CARE France to develop fundraising materials for humanitarian emergencies. In Italy, IAAD students participated in a hackathon to design an inclusive educational video game.

Focus – Snocks



Snocks, a German apparel brand, demonstrates its commitment to social and environmental causes through targeted donations and partnerships that support both global and local communities.

- **Water & sanitation projects**

In 2024, Snocks donated €30,000 to a WASH project in Pakistan, supporting clean water access, sanitation infrastructure, and hygiene education in schools. An additional €30,000 was donated to Viva con Agua, an organisation promoting global access to clean drinking water.

- **Direct support to workers**

Through its partnership with tip me, Snocks enables customers to directly tip garment workers. The company matches each tip, reinforcing its commitment to fair compensation and worker dignity.

- **Local community engagement**

Snocks contributed €9,000 to Café Anker in Mannheim, a safe space for individuals facing substance abuse challenges. The café provides food, laundry services, and a supportive environment to promote health and reintegration.



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.

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

Small Cap 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 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;
- 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 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.

Appendix II: Sustainable Finance Regulation & Standards

Regulation / Framework	Short Description	How Cathay Innovation is addressing it
Sustainable Finance Disclosure Regulation (SFDR)	<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> <ul style="list-style-type: none"> a. Article 9 – financial products designed to pursue a sustainable investment objective b. Article 8 – financial products that promotes environmental and social characteristics c. Article 6 – mainstream products that are not classified as article 9 or 8 <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 Small Cap III 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> <ul style="list-style-type: none"> - How sustainability risks are integrated into investment decisions/investment advice. - How the fund considers its main negative impacts. <p>Cathay Management selected the SFDR article 8 classification for its Small Cap IV fund (first closing was in Q1 2021). It is thus subject to additional disclosure requirements and published its first periodic report in May 2023 detailing:- The environmental and social characteristics promoted by the fund and actions taken to meet them;</p> <ul style="list-style-type: none"> - How the fund considers and addresses its main negative impacts on sustainability factors; - Its alignment with the EU Taxonomy.
Article 29 of the Energy- Climate Law	<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 Cathay's website and on the ADEME platform 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"> 1. climate change mitigation, 2. adaptation to climate change, 3. sustainable use of water and marine resources, 4. circular economy, 5. pollution prevention and control, 6. prevention and restoration of biodiversity and ecosystems. <p>To be deemed 'aligned with the EU Taxonomy', activities must:</p> <ol style="list-style-type: none"> a. be listed among the eligible activities, b. substantially contribute to at least one of the objectives mentioned above, c. not negatively impact the other objectives (do no significant harm principle), d. comply with minimum safeguards. <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>As stated in Cathay CCPE's 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 4.4 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



www.cathaycapital.com