
ESG Report 2025–2026

Cathay Mid Cap II and Mid Cap III



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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 customized 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



AI & Sustainability: turning opportunities into sustainable value creation

AI by the numbers

\$2.6T-4.4T

annual economic value potential from generative AI.

<https://www.mckinsey.com/capabilities/tech-and-ai/our-insights/the-economic-potential-of-generative-ai-the-next-productivity-frontier#/>

60-70%

of employee activities could be augmented or automated.

<https://www.mckinsey.com/capabilities/tech-and-ai/our-insights/the-economic-potential-of-generative-ai-the-next-productivity-frontier#/>

40%

of AI data centres may face power constraints by 2027

<https://www.gartner.com/en/newsroom/press-releases/2024-11-12-gartner-predicts-power-shortages-will-restrict-40-percent-of-ai-data-centers-by-20270>

43%

of global data centres operate in water-stressed regions

[S&P Global Rapid data center growth faces sustainability challenges: Increasing emissions and water stress, 2025](https://www.spglobal.com/risk/insights/2025/01/01/s-p-global-rapid-data-center-growth-faces-sustainability-challenges-increasing-emissions-and-water-stress-2025)

98%

of EU rare earth imports come from China

<https://www.pwc.com/gx/en/issues/esg/pwc-semi-con-report.pdf>

1/3

of semiconductor production could be exposed to climate disruption,

<https://www.pwc.com/gx/en/issues/esg/pwc-semi-con-report.pdf>

Artificial intelligence is emerging as one of the most powerful drivers of value creation of the decade. Generative AI alone could contribute between \$2.6 trillion and \$4.4 trillion annually to the global economy. As adoption accelerates, investors have an opportunity to support technologies and business models that combine innovation, competitiveness and sustainability. Realising this potential, however, requires addressing a set of interconnected challenges related to human capital, resource use, governance and technological resilience.

Productivity & human capital: augmenting human potential

AI is redefining how companies create value. McKinsey estimates that generative AI could automate activities representing 60-70% of employees' working time, unlocking significant productivity gains and enabling workers to focus on higher-value tasks such as innovation, problem-solving and customer engagement.

For investors, the opportunity extends beyond efficiency gains. Companies that successfully combine AI adoption with workforce upskilling and reskilling can strengthen talent attraction, innovation capacity and long-term competitiveness.

Capturing these benefits requires managing the workforce transition responsibly. Without adequate training, social dialogue and workforce planning, automation risks widening skills gaps and increasing social tensions.

Resource-efficient AI infrastructure: building the foundations for scale

The rapid expansion of AI is driving a new generation of investment opportunities across energy-efficient infrastructure, semiconductors, cooling technologies and renewable energy systems. As demand accelerates, companies developing low-power chips, advanced cooling solutions and circular electronics models are well positioned to benefit from structural growth trends.

Scaling AI also increases pressure on energy, water and critical mineral resources.

- Data centre electricity demand in Europe could increase by a factor of 2.8 by 2030
- 40% of AI data centres could face power constraints by 2027
- 43% of global data centres are located in water-stressed areas
- Up to 19 million litres of water per day may be consumed by a large data centre
- One-third of global semiconductor production could face disruption from climate-related risks within the next decade

These constraints illustrate the growing importance of resource efficiency and climate resilience across the AI value chain.

Trustworthy AI: a competitive advantage

As AI adoption expands, trust is becoming a critical differentiator. Companies that demonstrate strong governance, transparent AI systems and robust data management are likely to benefit from greater customer confidence, smoother regulatory compliance and stronger long-term value creation.

For investors, trustworthy AI may increasingly become a marker of business quality, similar to cybersecurity or data protection practices today.

As AI systems become more sophisticated, organisations face growing scrutiny regarding algorithmic bias, explainability, privacy protection and accountability. Regulatory frameworks such as the EU AI Act are raising expectations for transparency and governance.

European sovereignty & industrial resilience

The concentration of AI capabilities creates a compelling investment case for European industrial and technological development. Opportunities are emerging across semiconductors, sovereign cloud infrastructure, AI models and specialised technical expertise.

Strengthening local capabilities could improve resilience while supporting Europe's long-term competitiveness.

Strategic dependencies remain significant.

- 98% of the EU's rare earth imports originate from China.
- Semiconductor manufacturing remains highly concentrated geographically.
- Access to cloud infrastructure and advanced AI models is dominated by a limited number of global players.

Reducing these dependencies has become a strategic priority for governments, investors and businesses alike.

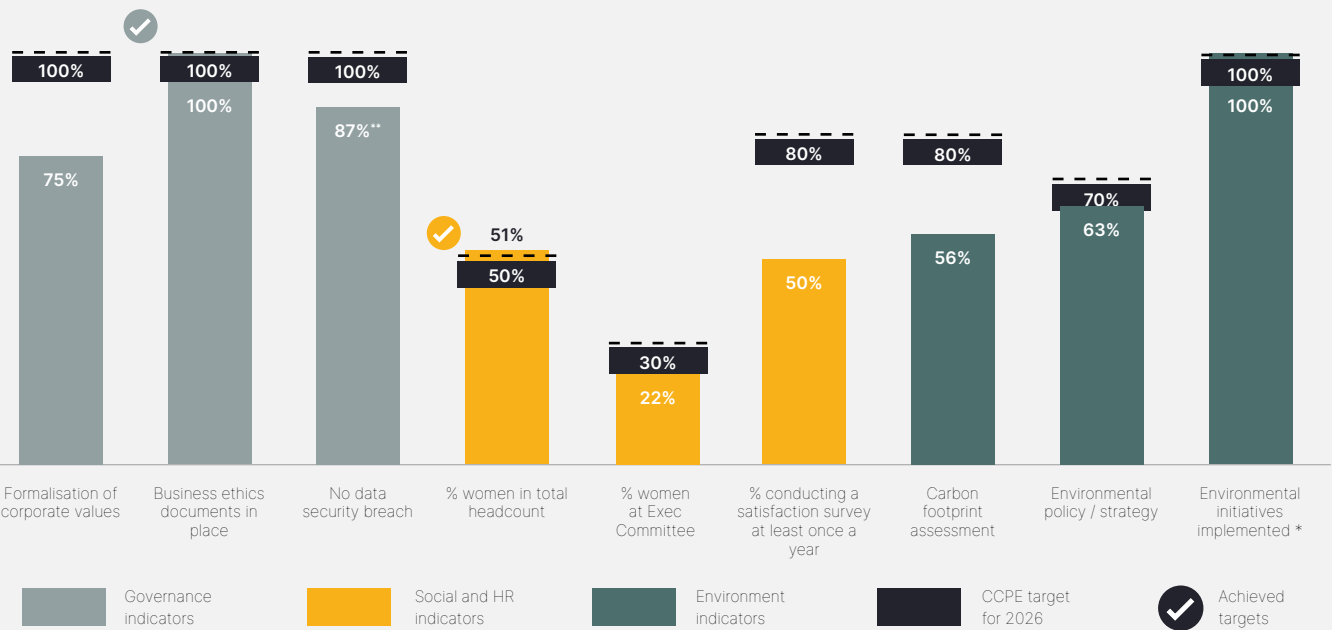


2. 2025 ESG Performance Overview

Disclaimer: Deerma was excluded from the analysis due to non-sufficient data availability. As a result, the analysis is based on a total of 9 assets. Each of the KPIs listed below focuses on Mid Cap II and Mid Cap III companies.

ESG Overview

ESG is at the heart of our investment philosophy. In 2025, we made progress in advancing ESG principles and guiding our portfolio companies towards actionable plans. The scorecard below provides an overview of Mid Cap II and Mid Cap III ESG performance. By gathering more than 6,900 employees across portfolio companies’ operations, Mid Cap II and Mid Cap III 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 portfolio company as it considers such policy as essential for the long-term success of a business.

Highlights of 2025 Main Portfolio Results

In 2025, portfolio companies also stood out through the implementation of various good practices, reflecting their commitment to sustainability.

(See more details in the “4. 2025 ESG performance results” section.)

89%

of Mid-Cap II companies have implemented value sharing mechanisms

42%

of women in Mid-Cap II companies hold managerial positions

56%

of Mid-Cap II companies have formalised responsible procurement policies

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 for new acquisitions:

92%

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 recognize 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 endeavor 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 locally.



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. In 2025, Cathay achieved the following scorecard:

- A score of 3 out of 5 in Policy Governance and Strategy
- A score of 5 out of 5 in Direct – Private Equity
- A score of 4 out of 5 in Confidence building measures
- Not applicable in Direct – Listed equity - Other



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 Labor Organization's ("ILO") Core Labor 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.

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



Cathay has been a member of the iCI (initiative Climat International) since 2020. The iCI is the first initiative of Capital Investment in favor 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.

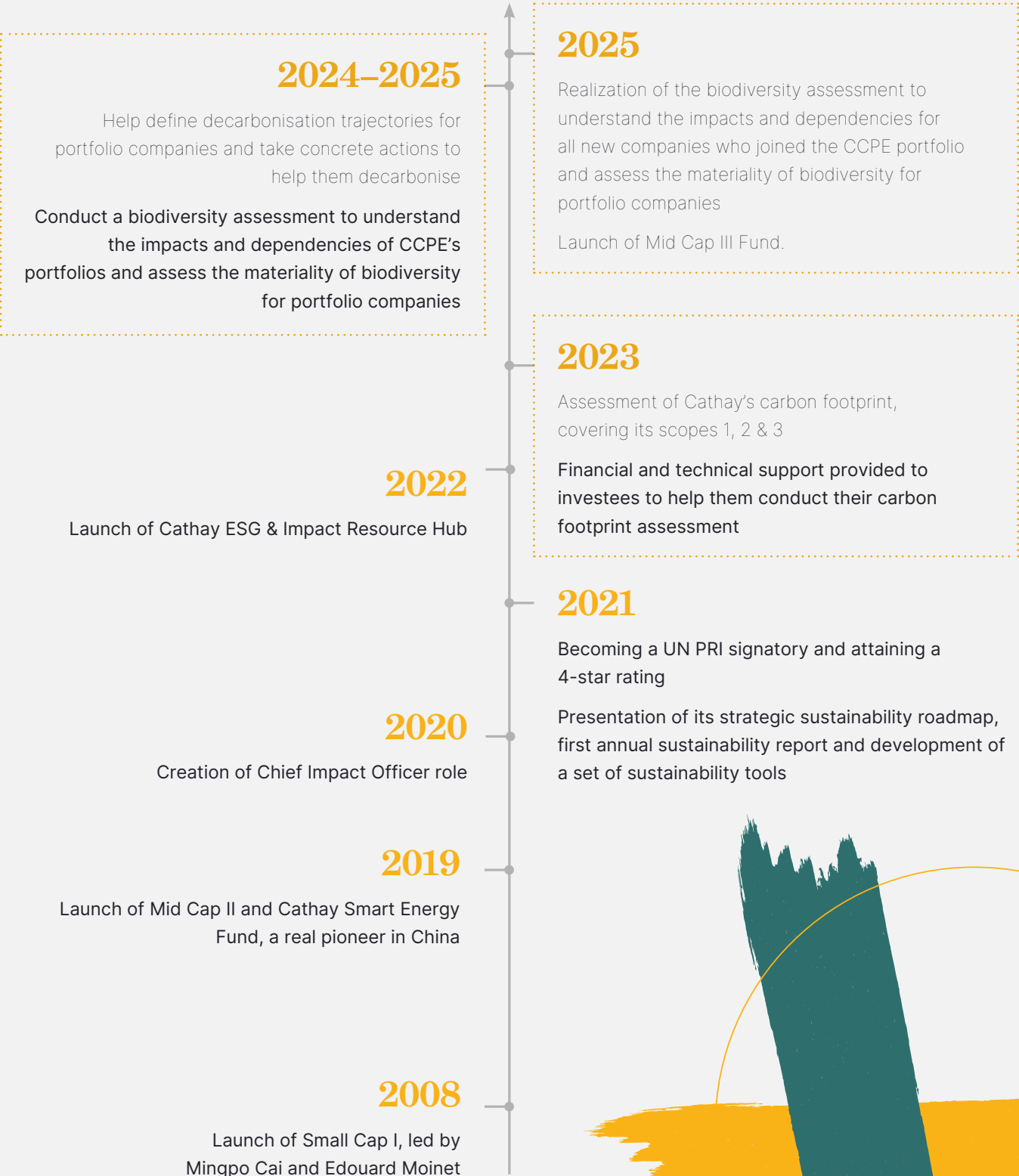


Cathay is a member of France Invest network, which provides access to financing opportunities, strategic support, and a powerful community of investors and entrepreneurs.



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 organizations 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 III 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 formalized 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:



Our ESG Governance

ESG is at the core of our investment approach.
We prioritize ESG at every level of our organization, 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 10 companies that make up the Mid Cap II and Mid Cap III portfolio. Among them, 9 actively took part in the 2025 ESG reporting campaign.

In June 2026, Cathay invested in Equadis, a SaaS provider specializing in product data management and MidCap III's second investment. Given the transaction's recent completion, the company was not included in the scope of this report.

Our portfolio companies Mid Cap II



Sector:

Consumer products / services

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



Sector:

Healthcare

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



Sector:

Advanced manufacturing / industry

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.



Sector:

Consumer products / services

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



Sector:

Healthcare

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



Sector:

Business / Digital services

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



Sector:

Consumer products / services

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



Sector:

Consumer products / services

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



Sector:

Consumer products / services

Chinese brand of innovative home appliances that designs, manufactures, and markets small household devices.

Our portfolio companies Mid Cap III



Sector:

B2B Software & Services

Software publisher offering a turnkey intranet solution based on Microsoft 365/ SharePoint, enabling organizations to centralize information, streamline internal communication, and facilitate collaboration.

The Cathay Foundation, a Commitment to Global Community

Focus · Cathay Capital Foundation × Proximité

Believing in every young person

How a shared conviction on equal opportunity turned into a lasting partnership on the ground.

Since 2011, the Cathay Capital Foundation has worked to build bridges between cultures, generations and opportunities. Education and entrepreneurship sit at the heart of that mission. In 2015, we launched French Dream with Proximité, a mentoring programme to help young people from underprivileged backgrounds unlock their potential.

In 2021, the Foundation joined forces with Proximité to give French Dream deeper local roots. A recognized leader in French youth mentoring, Proximité brought two decades of field experience and a nationwide network of neighborhood branches. Together, we opened a Proximité presence in Orléans, connecting young people from priority neighborhoods with committed professionals who give their time, their networks and their trust.

“A company should look beyond its economic goals and contribute to society, mentoring is a powerful tool for that.”



MINGPO CAI, PRESIDENT & CO-FOUNDER, CATHAY CAPITAL

Who is Proximité?

Founded in 2002, Proximité is a French non-profit that helps young people from disadvantaged neighborhoods succeed at school, choose their own path and move into lasting employment. It runs a national network of local branches, around 58 across some 30 cities in France, where each young person is paired with a volunteer mentor, all of them active professionals, and takes part in tailored group workshops. Its work spans three mentoring programmes, from secondary school through higher education and into the workplace.

Some numbers

10,000+

young people supported since 2002

2,700

young people mentored in 2024

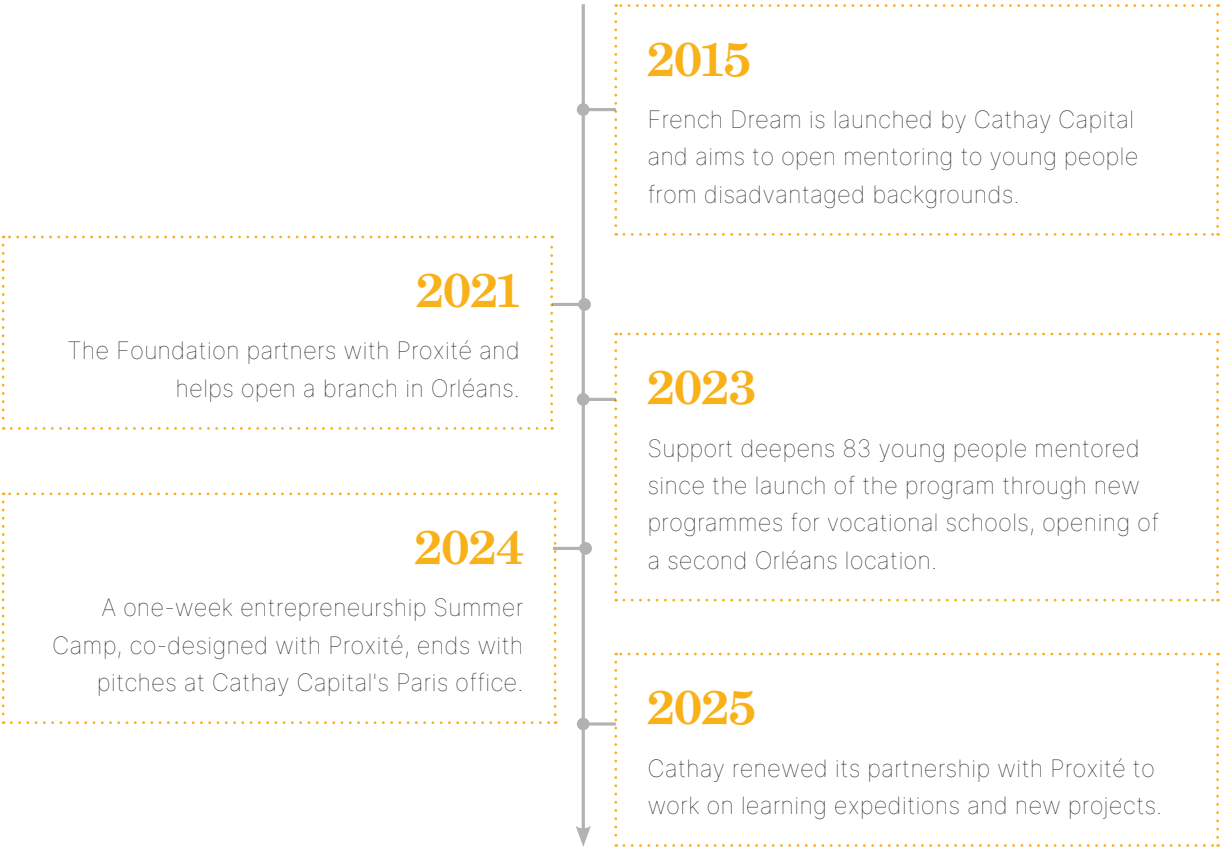
3,000

mentors & volunteers engaged

8/10

improved results, or found training or a job

A shared journey: From a founding conviction to concrete action, year after year.



"Our role is to build bridges between worlds that rarely meet, so that everyone can find their own path."



SÉBASTIEN LAILHEUGUE, MANAGING DIRECTOR, PROXIMITÉ

From support to shared commitment

Our partnership goes well beyond funding, it mobilizes Cathay Capital’s people, its offices and its entrepreneurial DNA.

1. Colleagues who become mentors

Above all, our partnership lives through Cathay's own people. Since 2021, more than ten mentor–mentee pairs have formed between Cathay collaborators and young people supported by Proxité, some running for over three years, in Nantes, Valenciennes and Paris, both in person and remotely. In March 2025, Proxité was introduced to the team through a testimonial from a former mentor, inspiring colleagues to get involved. It is this personal, human commitment, as much as financial backing, that turns a partnership into shared purpose.

2. Opening entrepreneurship to more young people

It began in August 2024 with a week-long Summer Camp in Orléans, where a group of young people built and pitched their own projects at Cathay Capital's Paris office. In 2025, the Foundation widened its reach with Esprit Entrepreneur, a free online course (MOOC) that opens the same entrepreneurial experience to any young person, at their own pace, turning a one-week camp into training accessible to many more.



The impact of mentoring

Measured across young people, families and mentors (Proxité, 2024–2025).

On young people

83%

met at least part of their initial goals

83%

have one or more professional projects in mind

88%

feel confident about their future path

On families

85%

see greater confidence in their child's ability to progress

89%

feel strongly supported in their child's education

On mentors

1 in 3

has a more positive view of youth

97%

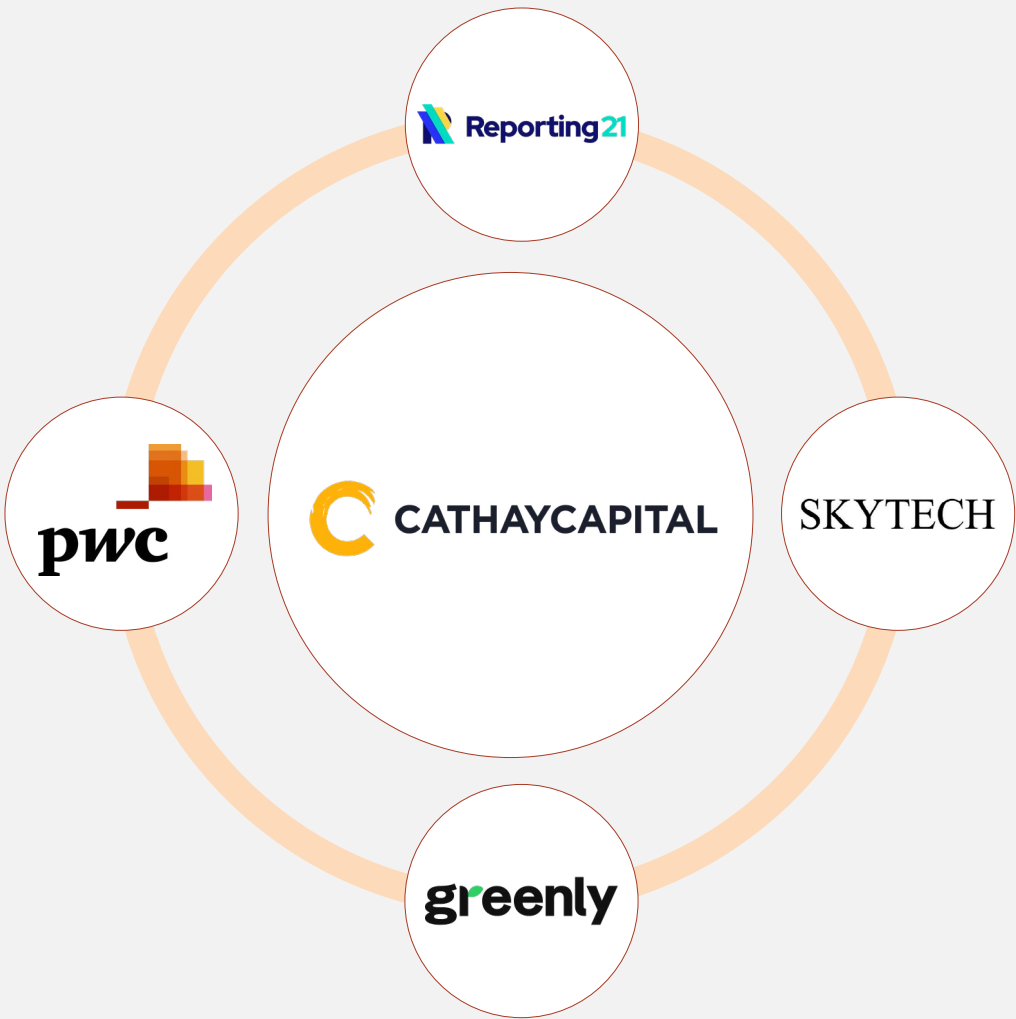
say mentoring helped them grow, personally and professionally

Through French Dream and Proxité, the Cathay Foundation keeps investing where it matters most, in young people, and in the simple conviction that everyone deserves the chance to build their own future.



Our Collaborations

To build and refine our methodologies and compile this report, Cathay received guidance, collaboration, and recognized 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



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

Learn more:
www.skyco2.com



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

Learn more:
reporting21.com

4. 2025 ESG Performance Results

Disclaimer: The results presented in this report are categorized based on the portfolio companies of Cathay Mid Cap II Fund and Cathay Mid Cap III Fund, that comprised a total of 10 companies in 2025.

Deerma was excluded from the analysis due to data unavailability. As a result, the analysis is based on a total of 9 assets. Each of the KPIs listed below focuses on Mid Cap II and Mid Cap III companies.

For both qualitative and quantitative questions, when a portfolio company reported in 2024 but not in 2025, the 2024 data has been reused in the absence of updated information.

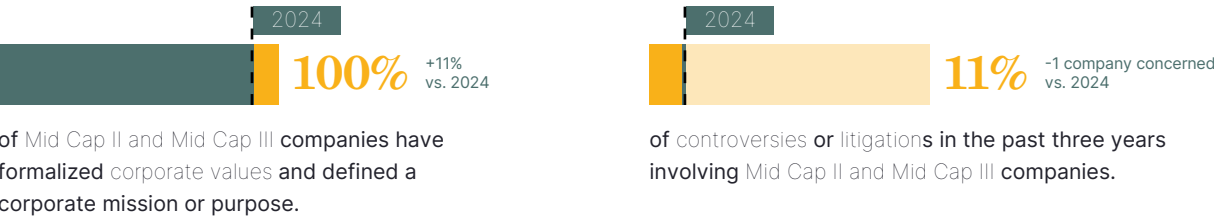
For each of the indicators reported, the number of participations considered excludes the portfolio companies that did not respond to the question on Reporting 21.

Building a robust governance

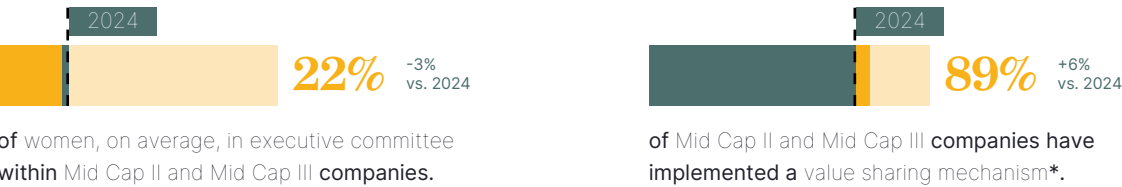
Corporate governance

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

Key figures (2025)

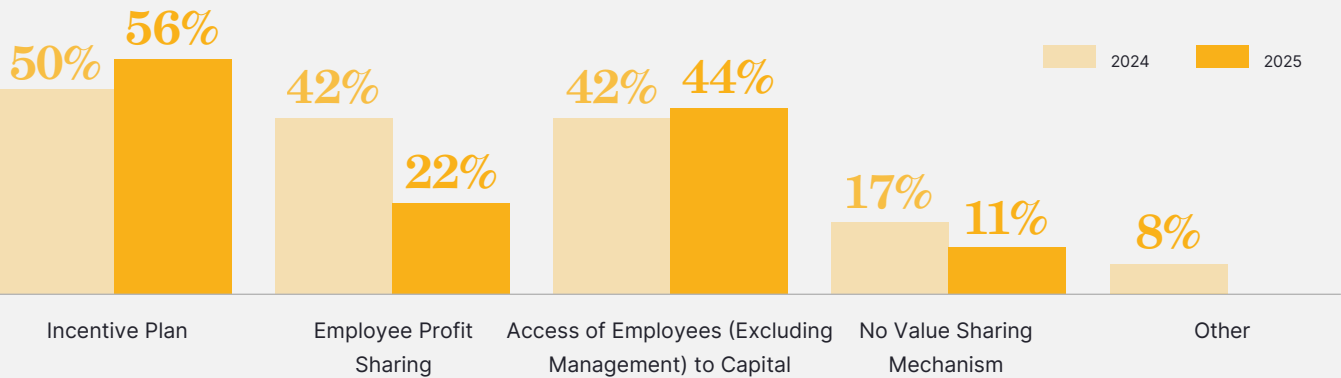


These matters are currently under investigation by Cathay, who closely monitors this kind of incidents



(*) Among the 89% of Mid Cap II and Mid Cap III companies that have a value-sharing mechanism, several approaches have been adopted and combined:

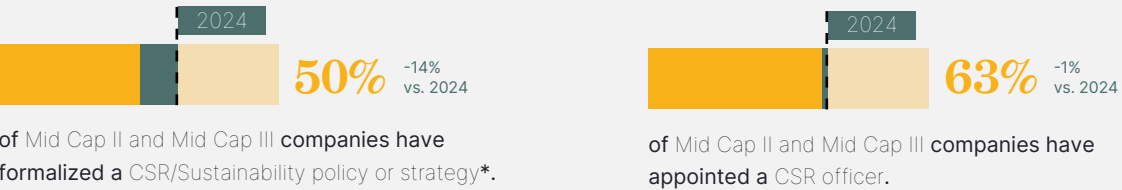
- Access of employees to capital: Employees can acquire stock options or equity, giving them a stake in the company's growth and success.
- Incentive plan: Performance-based bonuses or rewards align employee efforts with company objectives, driving productivity and engagement.
- Employee profit-sharing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



ESG governance

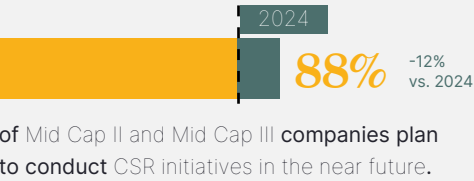
CCPE firmly believes that a sound governance system for ESG issues is beneficial to achieving a successful ESG transformation. ESG procedures and initiatives that are appropriately implemented and managed help to embed ESG principles within companies' operations and supply chain, and thus to improve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

Key figures (2025)



This decrease is explained by the changes in portfolio compared to previous year.

*among the 8 portfolio companies that responded to this question in Reporting21.



Focus – ESG governance and CSR framework approach – Juliette has a Gun

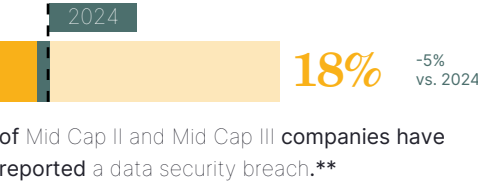
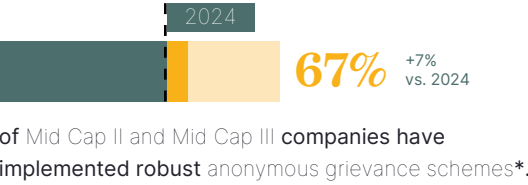


Building on its carbon reduction achievements -including a 20% decrease in emissions linked to product purchasing since 2022 -Juliette Has a Gun is accelerating the structuration of its sustainability strategy. Accompanied by Hyphe & Co, a dedicated CSR consultancy, and Greenly for carbon accounting, the French niche fragrance brand has formalized a 2026 RSE roadmap organized around five workstreams. Each is led by an internal ambassador and progresses through quarterly milestones shaped in collaborative workshops. Three of the five objectives are directly tied to banking covenant KPIs, reflecting the strategic integration of ESG into the company’s financial framework: defining a quantified carbon reduction trajectory covering transport, product purchasing, and merchandising; drafting a supplier charter to be progressively deployed from 2027; and structuring a CSR training plan with measurable internal targets for the following year. Two additional workstreams -launching an internal RSE newsletter and developing a brand association and talent ambassador programme aligned with the brand’s empowerment positioning -complement the approach beyond banking requirements. The 2026 focus is deliberately on consolidation and methodology: Juliette Has a Gun is investing in defining the right quantitative KPIs and building the processes needed to roll out structured indicators from 2027 onward -a pragmatic, phased approach suited to a 32-person organization navigating its first years of formalized ESG engagement.

Data protection and business ethics

CCPE prioritizes 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 (2025)



*among the 7 portfolio companies that responded to this question in Reporting21.

This increase is explained by the changes in portfolio compared to previous year.

(*) 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 2024, 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.

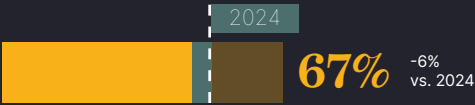
(**) Among the 13% of data breaches recorded in 2025, zero incidents involved customer personally identifiable information. Nonetheless, remediation actions have directly been put in place. This reinforces our conviction that implementing data security processes and policies is essential for the long-term 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 (2025)



of Mid Cap II and Mid Cap III companies have formalized an H&S policy.



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



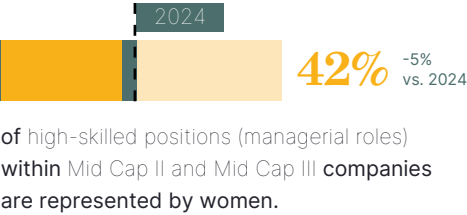
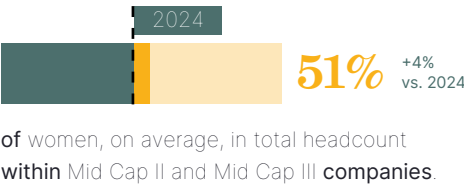
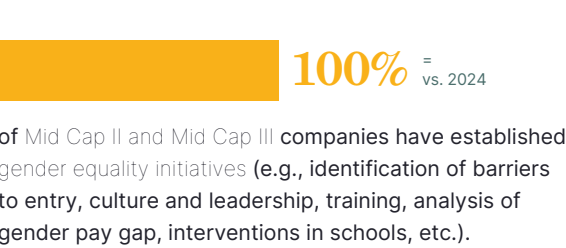
Human resources

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 (2025)



*among the 8 portfolio companies that responded to this question in Reporting21.
This decrease is primarily driven by changes in the portfolio compared to the previous year, notably the exit from the scope of four companies that had completed the survey, as well as one company whose survey response was available only for 2024.



Focus – Human Resources & Well-being – CPAP.com

cpap.com

CPAP.com, the leading US-based online retailer of sleep apnea equipment, has implemented a structured approach to employee well-being that reflects the specific demands of its healthcare-focused business. The company conducts quarterly company-wide employee engagement surveys to monitor satisfaction, workplace experience, and organizational effectiveness. Employee development is supported through participation in industry trade conferences, ongoing training opportunities, and a promote-from-within policy. Health benefits include a comprehensive offering with preventive health programmers, telehealth services, and an Employee Assistance Programme (EAP). CPAP.com maintains a zero-tolerance policy for hostility or abuse and places a high cultural priority on creating a safe, productive work environment. Particular attention is given to customer-facing employees who interact daily with individuals dealing with health-related and sensitive situations: a formal training programme backed by detailed Standard Operating Procedures (SOPs) ensures a consistent standard of care. Calls and interactions are reviewed regularly including monthly reviews by the full leadership team -to continuously improve support for both employees and customers navigating complex health needs.

Focus – Human Resources & Diversity – Powell

Powell

Powell has implemented a comprehensive diversity, inclusion, and human rights programme that goes beyond standard corporate commitments. The company has established a formal non-discrimination, diversity, and professional equality policy, with a particular focus on addressing the persistent underrepresentation of women in the digital sector. The programme covers recruitment, promotions, compensation, and managerial practices. Powell has set concrete targets: training 100% of employees on ethics, diversity, and human rights; implementing an ethics whistleblowing channel; and including a human rights clause in 100% of new supplier contracts. To ensure the programme’s effectiveness, the company conducts HR bias analyses and monitors access to training and promotion opportunities by gender. These measures are overseen by a structured governance framework involving General Management, HR, line managers, and a dedicated Ethics Committee -ensuring that diversity and inclusion are not treated as standalone initiatives but as integral parts of the company’s operational and ethical framework.

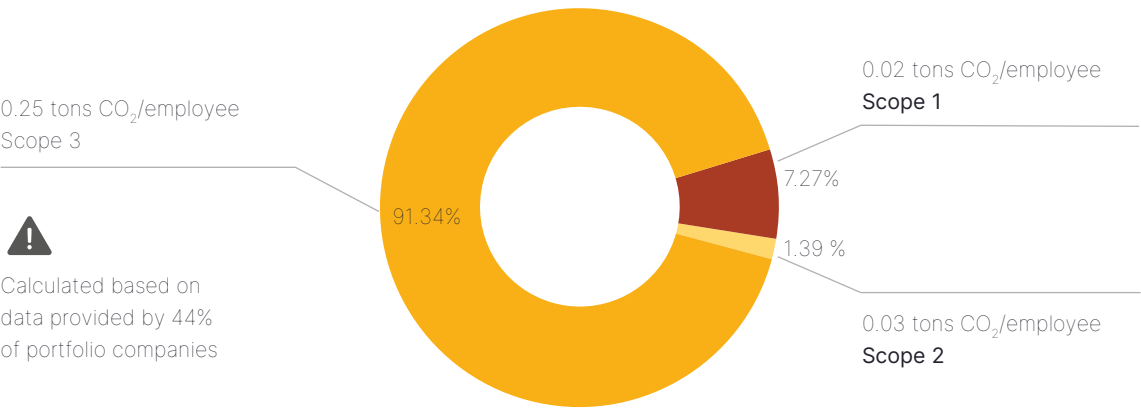
Engaging in environmental efforts

Carbon footprint

As a diversified investment fund, the carbon footprint of Mid Cap II and Mid Cap III portfolio companies is primarily influenced by the specific activities within each sector. The 9 companies encompass a diverse range of activities, including business/digital sector, consumer products and services, healthcare sector and B2B Software & Services. 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 minimize 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 2025, 56% of portfolio companies—that is, 5 companies—had measured their carbon footprints. 4 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.

Key figures (2025)



of Mid Cap II and Mid Cap III companies have implemented at least one environmental initiative at an operational level. (e.g., low carbon travel policy, purchase of renewable electricity, monitoring and reduction of plane/ car travel, reduction of raw materials/paper consumption, etc.)*.

*among the 4 portfolio companies that responded to this question in Reporting21.



of Mid Cap II and Mid Cap III companies have formalized an environmental strategy or policy.

Focus – Engaging in environmental efforts - Powell

Powell

Powell, a provider of digital workplace solutions, has formalized an ambitious environmental roadmap anchored in concrete, measurable targets. Recognizing that its main environmental impacts stem from office energy consumption, IT equipment, and business travel, the company has set three quantified objectives: reducing office electricity consumption by 10% versus the 2024–2025 baseline, ensuring 80% of IT equipment is Energy Star-certified or equivalent from September 2025, and reducing physical business travel by 20% by the end of 2026. In parallel, Powell has initiated a “Greener Digital Services” programme to embed environmental considerations into its SaaS offering –exploring levers such as hosting optimization, storage and data management, and energy-efficient software architectures. The company targets training 50% of its sales and project management teams by end of 2026 and integrating environmental mentions into 30% of commercial proposals by end of 2027. Powell has also deployed a comprehensive Health and Safety policy tailored to the risks of digital and hybrid working environments –including musculoskeletal disorders, psychosocial risks, hyper connection, and remote work isolation –with dedicated KPIs and annual monitoring under joint governance of General Management, HR, and line managers.

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 ENCORE¹ and IBAT tools². In 2026, this analysis was extended to the entire portfolio, notably to cover recent acquisitions.

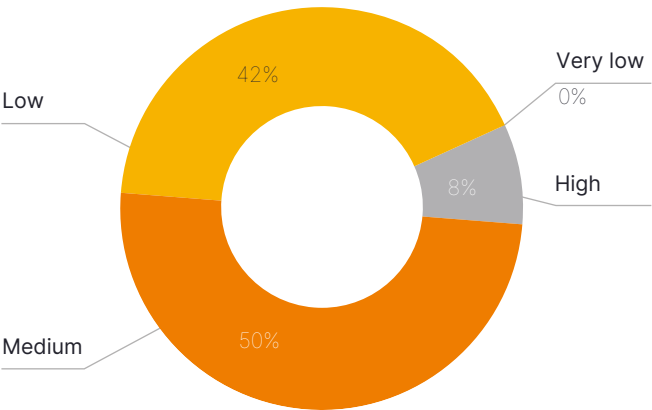
The results of these analyses indicate that 92% of portfolio companies’ activities have low to medium impacts on biodiversity. The main pressures portfolio companies’ activities contribute to are pollution of water and soil and resource exploitation, due to the manufacture of different products (e.g., medical components, plastic products...) and land, marine and freshwater use.

Among Mid Cap II and Mid Cap III 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.

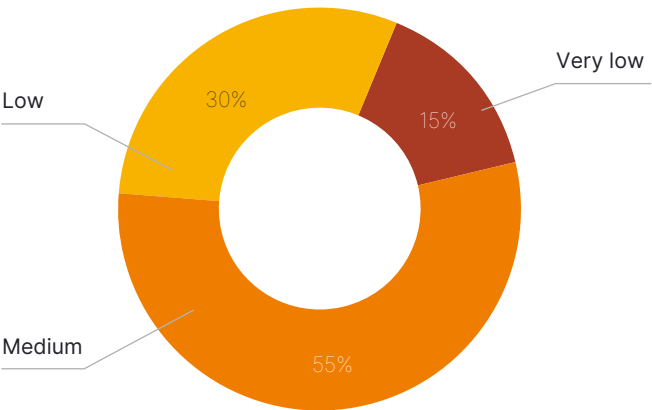
Regarding biodiversity dependency, 45% of the Mid Cap II and Mid Cap III portfolio have a low to very low level of dependency on ecosystem services.

Mid Cap II and Mid Cap III 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 Mid Cap II and III portfolio pressure levels



Breakdown of Mid Cap II and III portfolio dependency levels



(1) Exploring Natural Capital Opportunities, Risks and Exposure: <https://encorenature.org/>
(2) Integrated Biodiversity Assessment Tool: 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 – Moose Knuckles



Moose Knuckles demonstrates its commitment to supporting local communities through a range of social initiatives.

- *Holiday season baskets donations:* During the holiday season, the Company provides gift baskets to families in need, helping to support vulnerable members of the communities in which it operates.
- *1-paid day to volunteer:* Employee engagement is further encouraged through a dedicated volunteer policy that grants associates one paid day per year to contribute to community projects and charitable causes.
- *Jackets donations:* In addition, Moose Knuckles donates jackets to individuals and communities facing hardship, leveraging its core products to provide practical support where it is most needed.

Together, these initiatives reflect the Company's efforts to create a positive social impact beyond its direct business activities.

Focus – Shiro Games



Shiro Games contributes to society through cultural sponsorship, charitable giving, and employee engagement initiatives.

In particular, the company supports the local cultural ecosystem through a longstanding partnership with the Opera. During the 2024/2025 season, this support contributed to both cultural patronage activities and the sponsorship of Horizon, a business event dedicated to the video game industry. Following the discontinuation of the Horizon event, Shiro Games continued its commitment to supporting local cultural initiatives through its partnership with the Opera.

Beyond cultural support, Shiro Games made a charitable donation to the humanitarian organization Globalong in 2024, contributing to the development of a Youth Care and Education Center in Tanzania.

Since 2024, the company has also encouraged employee involvement in community initiatives by introducing a paid “solidarity leave” day, enabling employees to dedicate time to social, educational, humanitarian, civic, or environmental causes. Together, these initiatives reflect Shiro Games’ commitment to generating a positive impact beyond its core business activities.



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 and 2026, 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 where relevant.

These initiatives underscore Cathay Capital Private Equity’s proactive approach to ESG: ensuring that we capitalize 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 labor or child labor;
- Activities that are illegal under the law of the host country or under international treaty, convention or regulation, in particular activities not consistent with the Kimberley Process concerning trade in diamonds and activities counter to the International Tropical Timber Organization (ITTO) agreement;
- Production of, or trade in, arms or ammunition;
- Production of, or trade in, alcoholic beverages (other than beer and wine);
- Production of, or trade in, tobacco 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
Sustainable Finance Disclosure Regulation (SFDR)	The SFDR's overarching goal is to foster greater transparency in the financial sector and combat greenwashing. To do so, the SFDR creates classification to evaluate the sustainability level of financial products: 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 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. 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. The SFDR applies to financial market participants, credit institutions, as well as investment firms providing portfolio management services.	Cathay Mid Cap II fund is classified under Article 6 of the Sustainable Finance Disclosure Regulation (SFDR). As such, the fund is expected to disclose the following information: ⁹ How sustainability risks are integrated into investment decisions/investment advice. ⁹ How the fund considers its main negative impacts. Cathay Mid Cap III fund is classified under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR). It is thus subject to additional disclosure requirements and published its periodic report detailing: ⁹ The environmental and social characteristics promoted by the fund and actions taken to meet them; ⁹ Its alignment with the EU Taxonomy.
Article 29 of the Energy- Climate Law	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. As such, all asset management companies must now publish a dedicated annual report on their website.	Managing more than 500M€ euros of assets, Cathay CCPE is subject to all the elements required relating to the financial year 2025. The 2025 was published on the ADEME platform and constitutes the fund's annual compliance by responding to its regulatory requirements.

Regulation / Framework	Short Description	How Cathay Innovation is addressing it
EU Taxonomy	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. The EU Taxonomy identifies activities that serve six environmental objectives: 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. To be deemed ‘aligned with the EU Taxonomy’, activities must: 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. 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).	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.
Paris Agreement	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. 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. 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. The private sector is also embracing the Paris Agreement. SBTi, for instance, measures companies’ and investment funds’ decarbonization efforts against the Paris objective.	Please refer to section 4.C for a description of the efforts deployed by Cathay CCPE to address climate change and move towards the objectives defined by the Paris Accord.

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 organizations 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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