

## ESG CHARTER

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Isatis Capital specialises in providing development capital to innovative, growing small and medium-sized enterprises ('SMEs').

Through this financing of the real economy, we contribute to sustainable value creation socially, environmentally, and financially. Our investment philosophy is based on the belief that considering environmental, social, and governance (ESG) issues is essential to creating sustainable value and performance for our portfolio companies.

This responsible investor approach is based on our support for the Paris Agreement, which aims to limit global warming, as well as the United Nations Principles for Responsible Investment (PRI)<sup>1</sup> and the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD)<sup>2</sup>.

In December 2021, we also joined the International Climate Initiative (ICI), initially called 'Initiative Climat 2020', a French project launched in 2015 in France and now supported by the UN PRI as a way to bring together and mobilise private equity players wishing to make a concrete contribution to the fight against climate change.

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### Transforming SMEs into intermediate-sized enterprises while guiding the improvement of ESG practices

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We are active, long-term investors and true partners for entrepreneurs and businesses by funding their productive investments or commercial development. We consider non-financial criteria essential to ensuring sustainable growth and lasting job creation. That's why we're committed to identifying these issues before each investment, encouraging our portfolio companies to improve on these aspects, and promoting greater transparency on the actions and outcomes achieved on these aspects in the reports they produce.

In particular, we're committed to **four primary focuses** with the aim of:

- **Governance**: Reinforcing the expertise of boards of directors, appointing independent directors, enhancing gender diversity through greater involvement of women, separating the duties of chairman and CEO, creating ad hoc committees, using appropriate management to anticipate environmental and social risks, and overseeing the CSR strategy.
- **Human and Social Capital**: Promoting employee well-being by respecting a work/life balance, closing the gender pay gap, innovating to increase the company's appeal and retain talent, involving employees and key managers in the company's financial

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<sup>1</sup> <https://www.unpri.org/>

<sup>2</sup> <https://www.fsb-tcdf.org/>

performance, taking into account the interests of employees and their managers when we sell our portfolio companies, and fighting against all forms of discrimination.

- **Environment:** Raising awareness among the businesses of the objectives of the Paris Agreement in fighting against global warming and promoting the energy transition for green growth, ensuring that our portfolio companies comply with the various standards governing their activities, and encouraging them to go beyond these requirements by better controlling the life cycles of the products they design or use by reducing energy consumption and monitoring carbon emissions.
- **External stakeholders:** Involving suppliers in the ESG approach and ensuring a quality customer relationship.

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### Generating sustainable performance for our investors

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As a third-party asset management company, our role is to invest the funds entrusted to us by our subscribers to ensure attractive financial performance over the long term while guaranteeing an optimal level of risk control.

We aim to develop a relationship of trust with our investors by applying the following best practices:

- Offering our investors the greatest **transparency on our activities** by ensuring that all unitholders are treated strictly identically and providing a quarterly activity report.
- Excluding sectors with an adverse ESG impact in accordance with our **exclusion policy**.
- Incorporating ESG considerations into **our investment process** at all times – from the pre-investment phase, throughout the monitoring of the company and until the company is sold – in accordance with our **ESG policy**.
- Including the ESG performance of our portfolio companies in the **annual report** provided to **all our investors** based on a framework of generic criteria common to all companies as well as criteria adapted to the specific issues of each of them.

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### Involving the Isatis Capital team in promoting ESG practices

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Thanks to a close-knit, supportive, dynamic team, we strive to promote the importance of ESG practices both inside and outside the management company. We also ensure that our own management company applies the same principles that we require from our portfolio companies on ESG criteria, in line with our CSR policy.

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