ESG REPORT

2022

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COMMENTARY

COMMENTARY

Although regulatory changes are underway, CSR is currently not mandatory for unlisted VSEs/SMEs with fewer than 500 employees and €100 million in revenue. It's also true that the size of SMEs is an obstacle on several levels:

- ***Resources:*** *the strong growth that often characterises SMEs mobilises all their human resources in a climate of recruiting difficulties. The direct consequence is the lack of time to establish a real CSR strategy giving meaning to the business.*

- ***Budget:*** *Recruiting a dedicated CSR person represents an additional cost for companies already struggling to recruit the right people for their activities.*

- ***Knowledge of ESG impacts:*** *even if SMEs wish to implement a CSR approach, they face the difficulty of using the method for estimating the externalities and impacts of their activities and products/services.*

Brice Lionnet
Management Board Chairman

Yet, SMEs are (or will be) facing increasing pressure from their clients.

In particular, those operating in B2B with major accounts must meet the new expectations of their buyers that have implemented a CSR policy that covers the issue of responsible purchasing with partners, suppliers, and subcontractors, which include SMEs.

The formalisation of a CSR policy is also becoming (or will become) essential to winning calls for tenders and new contracts.

COMMENTARY

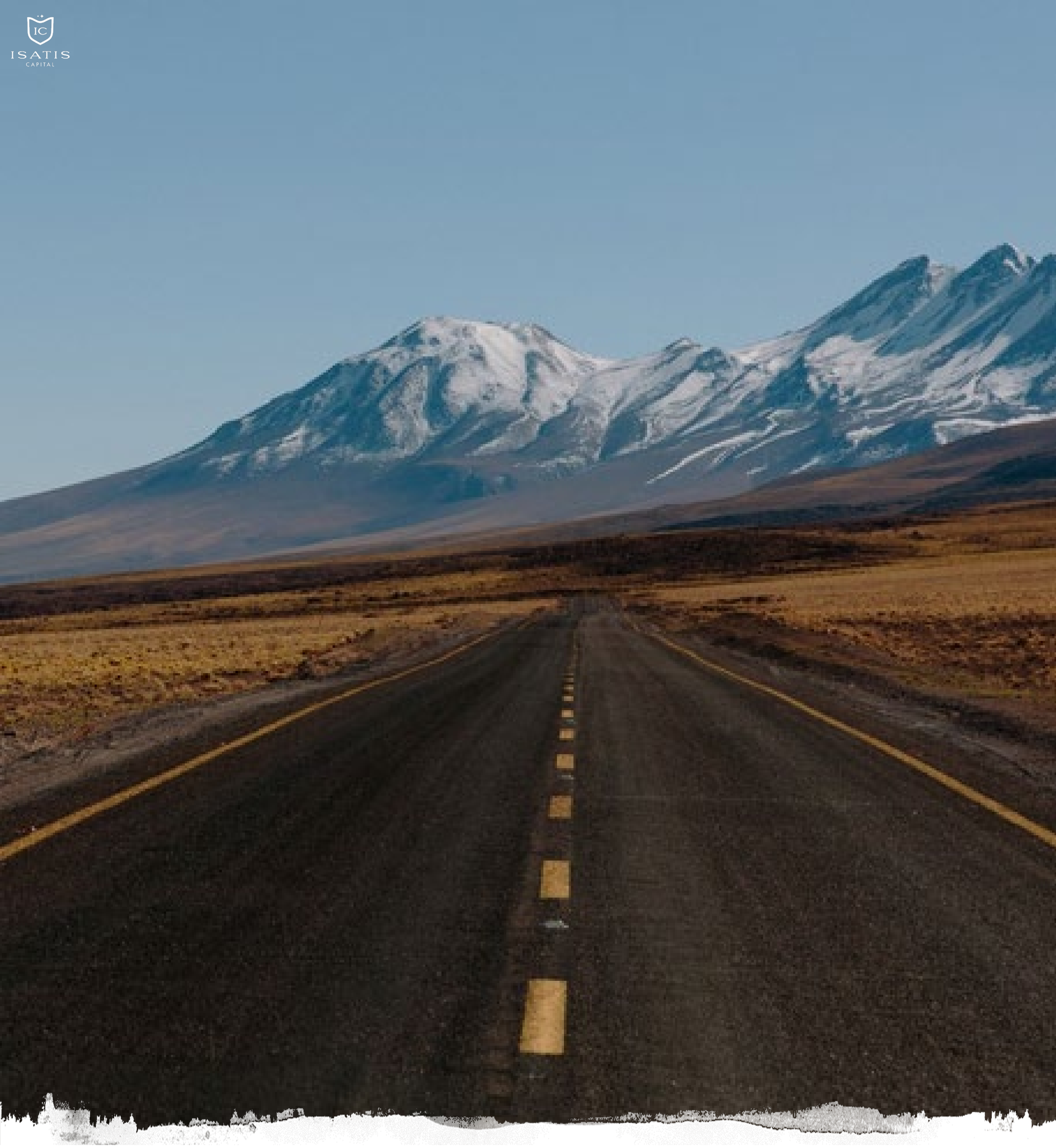
We believe that a CSR policy adapted to the size of SMEs and the specific characteristics of their own activities is an asset and an opportunity for several reasons:

- ***Financial:*** *with rising energy costs, it's clear that implementing indicators to monitor energy consumption is a source of savings if actions are taken to reduce it.*

- ***Business development through innovation:*** *finding solutions for the client to reduce its carbon footprint or improve the well-being of its employees, for example, are opportunities to develop new services or products. Innovating to reduce packaging waste from raw materials or foodstuffs depending on the sector is also a way to save.*

- ***Economic:*** *A company with a CSR strategy in place can highlight it in the event of a sale because it's an advantage for the buyer.*

- ***Social and societal:*** *CSR can also be a way to attract young people, who are increasingly concerned about climate change and well-being at work. Giving preference to suppliers in France is also a way to contribute to creating local jobs.*



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OUR INVESTMENT STRATEGY

OUR INVESTMENT STRATEGY

A Development Capital strategy primarily focusing on three promising business segments to fund growth SMEs to accelerate their development and create operations that are, above all, **human adventures**.

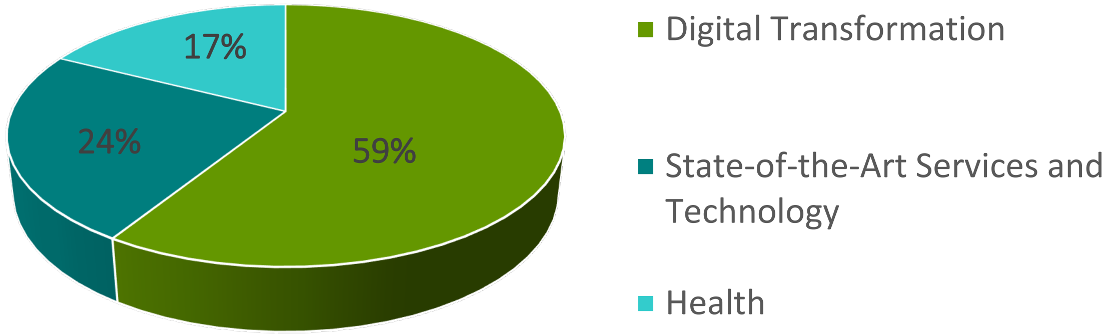
We target profitable, innovative, growing companies based in France, mainly in the B2B sector in **digital transformation, health and services, and high-tech.**

We invest as minority or majority shareholders, always **in partnership with the management** as part of primary operations for reinforcement of equity or transfers.

In keeping with our **Exclusion Policy**, we do not invest in highly polluting and/or carbon-intensive sectors.

Our investment process incorporates non-financial criteria from the outset, as taking them into account contributes to creating sustainable value for the companies in our portfolio. Our **ESG Policy** is also available on our website.

Breakdown by sector of monitored companies at end-2021 in €



277	investment opportunities received	70%	of the deal flow received from the outset in the strategy	2.88%	of these opportunities led to an investment

OUR INVESTMENT STRATEGY

A strong team with 21 years of experience

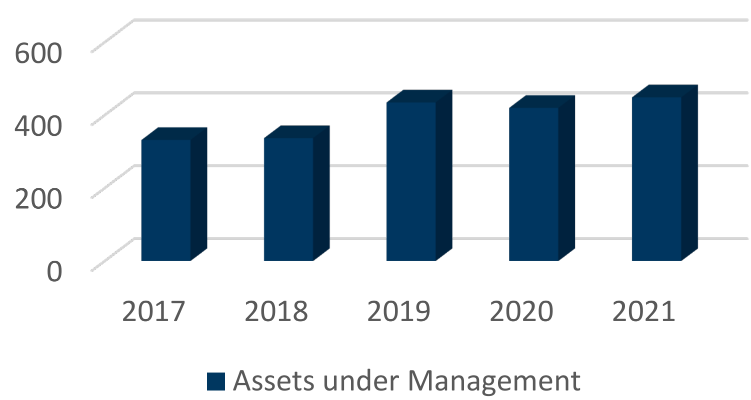
An **experienced, stable team of 18 people with complementary profiles** and successful industrial and entrepreneurial experiences.

A **close relationship with entrepreneurs** and structured, well-honed support for their ambitions: we create links in the context of primary operations and ensure the harmonious development of the companies we support.

Recognition of our management by French institutional investors, including our **Pension Reserve Fund** in 2018.

In 2020, our fund **ISATIS Capital Vie & Retraite** was awarded the Relance label, which recognises the contribution of our management to supporting French SMEs. This fund is classified under Article 8 of the SFDR.

In addition, 100% of the new funds raised since 2021 are classified under **Article 8 of the SFDR** and promote the environmental and social characteristics of their investments.



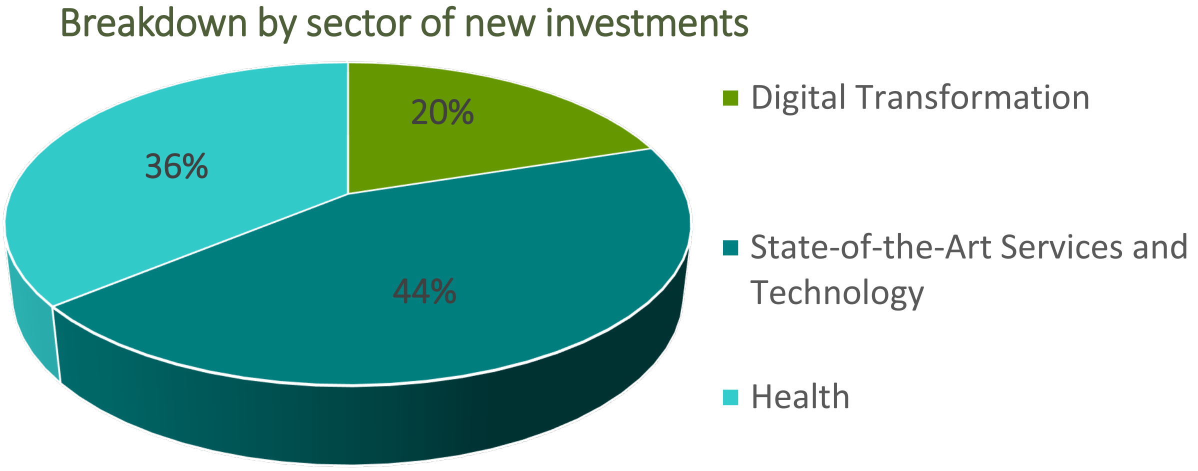
More than €739M in capital inflows and nearly €375M distributed to investors who have placed their trust in us since 2002. Assets under management of approximately €414M at the end of 2021.

OUR INVESTMENT STRATEGY

Four new companies entered our funds in 2021. They employ 275 people, all based in France: Digital Value, MPH, Sagitta Pharma, and Upsideo.

Investments in these new holdings totalled €28.2 million.

Of these investments, 44% are in the State-of-the-Art Technology and Services sector, followed by 36% in the Health sector.



At the end of 2021 and during 2022, seven companies were sold. After these sales, there were 30 holdings in the funds that we manage.

Of the 30 holdings, seven were unable to respond to our questionnaires. They were in the process of being sold or integrating an acquisition, were undergoing a reorganisation, or lacked time or human resources.

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ESG ASSESSMENT

ESG ASSESSMENT

Our convictions and values

Isatis Capital's ESG Investment Policy has been regularly updated and posted in full on its website since 2018.

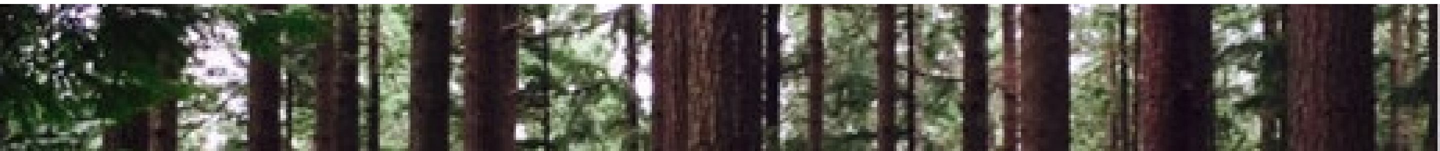
Our investment philosophy is based on the belief that considering environmental, social, and governance (ESG) issues is essential to creating sustainable value and performance for the businesses in which we invest.

In addition, considering these criteria is necessary from the beginning of the investment decision process because it allows us to improve our knowledge of the business. As long-term investors, we need to be able to identify any ESG risks and/or opportunities that may impact the valuation of the business in which we invest through our funds.

Before any investment, we first ensure that the business model of the business under review is not based on engaging in controversial activities, as identified in our Exclusion Policy. This document is also available on the company's website.

Aware of the consequences of climate change on ecosystems, society, businesses, and financial players, we formalised a Climate Policy as well as a materiality analysis tool for climate-related environmental issues in 2022.

Once we make the investment, we integrate and monitor ESG criteria according to the steps presented below. In the case of SMEs, the instructional aspect is strong and based on collaboration and trust with the business leaders.



ESG ASSESSMENT

ESG integration at Isatis Capital

First Contact

- ✓ Present Isatis Capital's ESG policy
- ✓ Explain what Isatis Capital expects from its holdings in terms of CSR and with what measurement tools
- ✓ Get initial views from management

Due diligence dedicated to ESG issues

- ✓ Use the ESG questionnaire to identify issues and assess them more thoroughly
- ✓ Establish an initial ESG risk scale and SWOT

Investment report

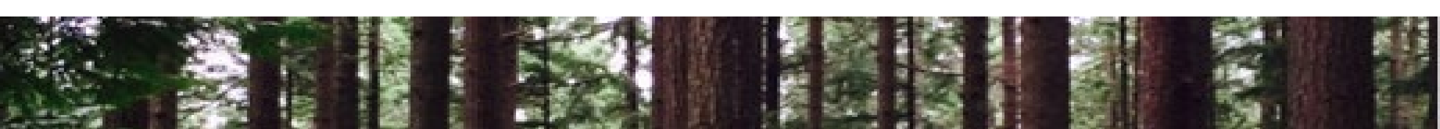
- ✓ A dedicated ESG page, including a materiality matrix
- ✓ Analysis regarding this matrix.
- ✓ Areas for improvement
- ✓ Opportunities for improvement with management.

Shareholders' agreement

- ✓ Include a dedicated ESG clause with appended data tables to be provided annually

Monitoring of holdings

- ✓ Organise contacts on problem areas to understand and consider solutions
- ✓ Support the business in structuring its ESG policy and raise the subject of CSR within the boards
- ✓ ESG reports: Assessment, progress, worsening, and actions to be taken
- ✓ ESG alerts: describe the incident, the actions to be taken, and the impact on the business's results or image
- ✓ Collect data

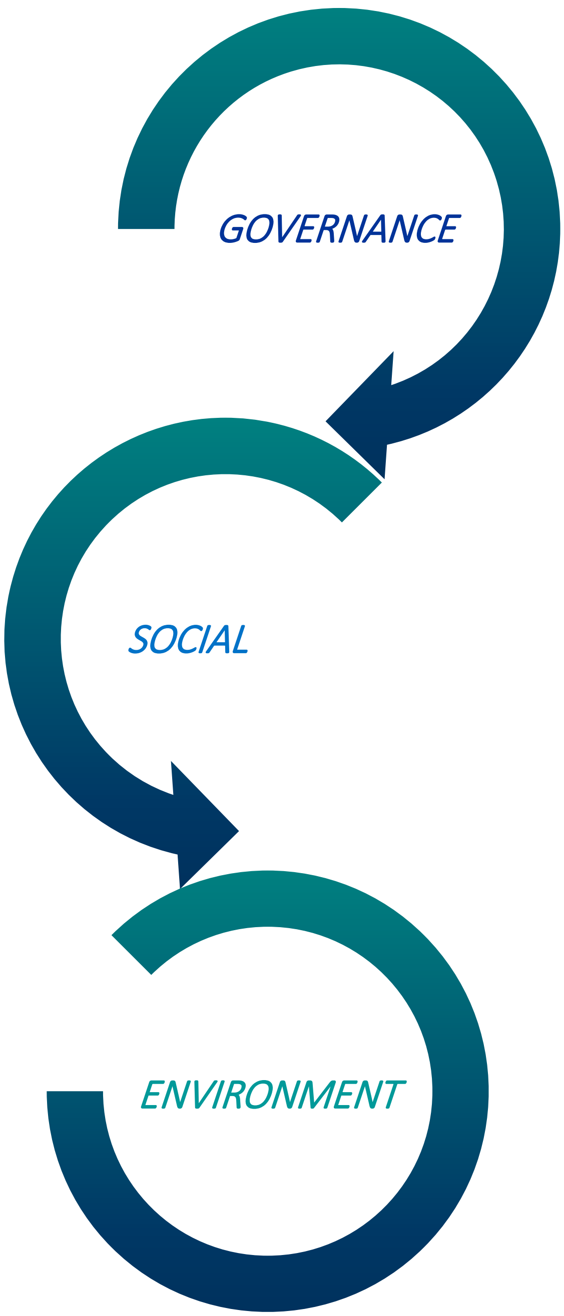


ESG ASSESSMENT

Our priority ESG issues

Our analysis of the main ESG issues takes into account the specific characteristics of our holdings, especially their size, business sector, and level of awareness of their leaders in this area.

Nevertheless, certain ESG factors are considered essential and are applied to all our investments:



Approach: systematic, exclusion criteria

Our criteria:

- ✓ Composition of the board’s bodies
- ✓ Operation of the board
- ✓ CSR strategy
- ✓ Operations

Approach: systematic, exclusion criteria

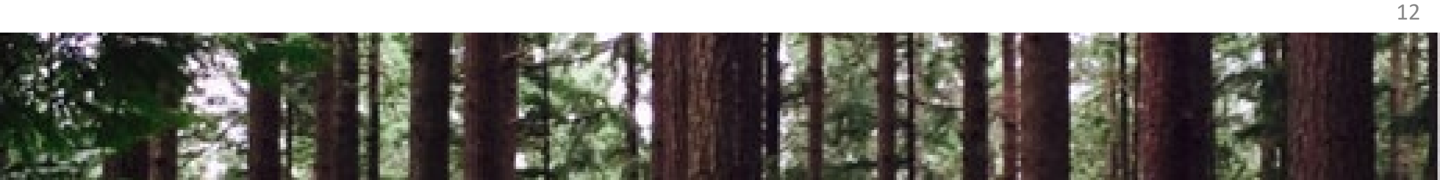
Our criteria:

- ✓ Social strategy
- ✓ Skills development and talent retention
- ✓ Diversity and equal opportunities
- ✓ Health and safety
- ✓ Dialogue between management and labour

Approach: systematic, exclusion criteria

Our criteria:

- ✓ Environmental strategy
- ✓ Energy consumption
- ✓ GHG emissions
- ✓ Waste management



ESG ASSESSMENT

Our local commitments and initiatives

March 2018

ISATIS CAPITAL joins the UN PRI initiative and commits to the six UN Principles for Responsible Investment.

October 2020

Our fund ICVR is awarded the Relance label

April 2021

ISATIS Capital adheres to the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure) on transparency on environmental and climate change risks.

In-house appointment of an ESG advisor.

December 2021

We joined the International Climate Initiative (ICI), promoted by France Invest and recognised internationally by the PRI.

We are signatories to the France Invest Gender Equality Charter, reinforcing our support for equal opportunities within our profession and our management company.

We have also been members of the AFG since 2013 and participated in the Rixain Law Working Group launched in December 2021.

2022

Establishment of regular ESG training for the team.

Isatis Capital's first assessment of its carbon footprint and its portfolio (scopes 1, 2, and 3).

Standardisation of ESG clauses in shareholders' agreements and monitoring of ESG issues in the Board of Directors.

Formalisation of our company's climate policy and CSR policy.

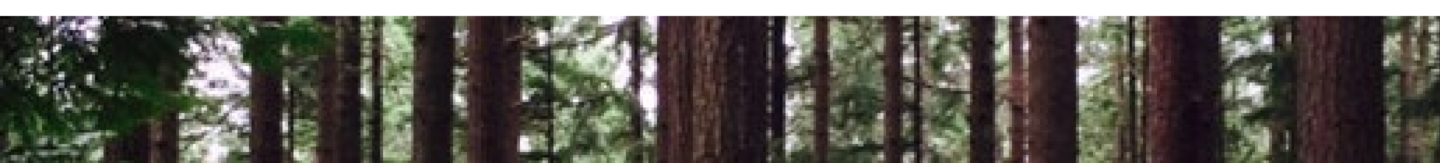
ESG ASSESSMENT

Our local commitments and initiatives

Isatis Capital joined the International Climate Initiative in 2021

The three commitments of the International Climate Initiative are the following:

PRINCIPLES	ACTIONS
Recognising that climate change will affect the economy, representing risks and opportunities for businesses.	Complete exclusion of coal from our investment policy. Formalisation of a Climate Policy and implementation of a materiality analysis tool for climate risks.
Joining forces to contribute, at their level, to the objective of COP21 of limiting global warming to two degrees.	Our questionnaires sent to our holdings include a large section on Climate. Isatis Capital's objective is to put this issue on the agenda of the holdings concerned: <u>in progress</u>
Contributing to reducing the greenhouse gas emissions of their portfolio businesses and ensuring the sustainability of performance.	Isatis commissioned an external service provider, SAMI, to conduct a carbon footprint assessment of 21 holdings, in the first stage: <u>in progress</u> The objective is to work with business leaders to define an action plan to reduce the GHG emissions of their businesses: <u>in progress</u>



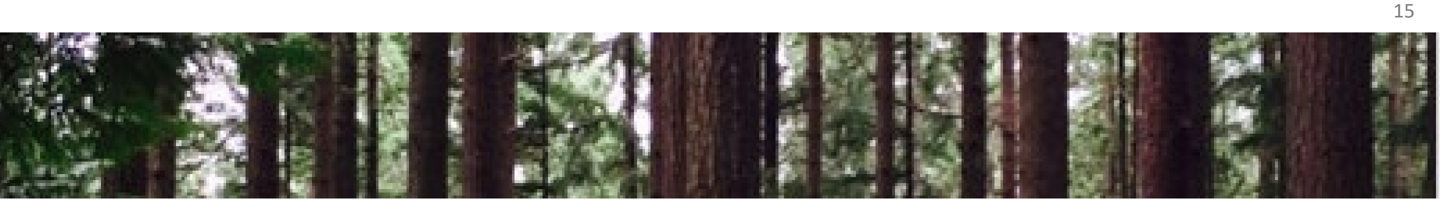
ESG ASSESSMENT

Our local commitments and initiatives

Isatis Capital has been a UN PRI signatory since 2018

As UN PRI signatories, we are committed to **six principles:**

PRINCIPLES	ACTIONS
Incorporate ESG issues into investment analysis and decision processes.	All new acquisitions since 2020 undergo an ESG analysis in the investment phase. An ESG SWOT is included in the investment report.
Be active owners and incorporate ESG issues into our ownership policies and practices.	All new acquisitions must adhere to our values and agree to make progress on ESG issues. Part of our investment managers' bonuses is based on the importance of addressing CSR issues within board meetings.
Seek appropriate disclosure on ESG issues by the entities in which we invest.	Since 2019, an ESG clause has been included where it is stipulated that the company must provide ESG data annually. The questionnaire in question is attached to the shareholders' agreement. Since 2021, all our holdings have responded annually to our questionnaires, except some that are in the process of being sold or acquired.
Promote acceptance and implementation of the Principles within the investment industry.	Isatis Capital is an asset manager subject to the expectations of its institutional clients, who are themselves PRI signatories.
Work together to enhance our effectiveness in implementing the Principles.	Since 2021, a person from Isatis Capital has been appointed to participate in working groups, notably at France Invest, the AFG.
Report on our activities and progress towards implementing the Principles.	Isatis Capital has published an annual ESG report since 2019.



ESG ASSESSMENT

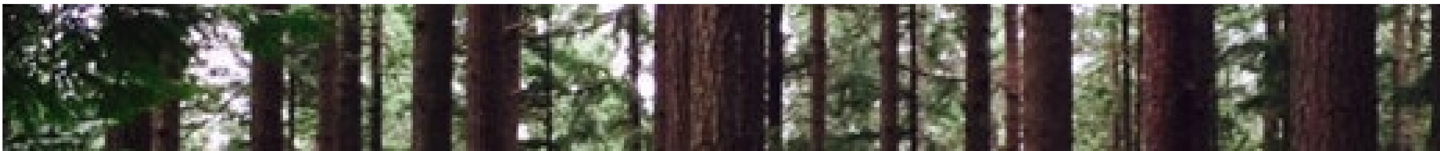
Our local commitments and initiatives

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Isatis Capital is committed to following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

For each of the four pillars below, our obligations include:

PRINCIPLES	ACTIONS
Governance: describe the organisation's governance of climate risks and opportunities.	Each holding is asked to describe the CSR responsibilities in a broad sense. We must make progress on this point and include this specific issue in the Due Diligence questionnaire: in progress.
Strategy: describe the actual and potential climate risks and opportunities for the business, its strategy, and its financial planning, where material.	Each holding is required to provide a climate risk and opportunity assessment, but few companies have the capacity to do so. The aim is to address this topic within board meetings: in progress.
Risk management: describe the processes used by the organisation to identify, assess, and manage climate risks.	Of the 'Environment' questions we ask the business during the due diligence phase, 34% concern risk management with two modules: 'Energy' and 'Climate and climate change risks'
Indicators and targets: publish indicators and targets for assessing and managing material climate risks and opportunities.	All of our holdings are required to provide us with quantitative data on the carbon footprint, energy, and water consumption annually. Nevertheless, the response rate on indicators and targets remains insufficient. We need to make progress on this: in progress.



ESG ASSESSMENT

Our local commitments and initiatives

For our fund Isatis Capital Vie et Retraite (ICVR), which was awarded the Relance label in 2020, some of our obligations are:

- **Obligations applicable to the fund's investment strategy and shareholder engagement policy**, such as the exclusion of companies engaged in coal-related activities and the inclusion of E, S, and G Principles of the Relance Label Charter in the fund's investment policy.

- **Cross-cutting obligations**, such as compliance with a portfolio analysis rate of more than 75% of net assets and developing an ESG score for the portfolio to be monitored annually.

- **Obligations applicable to the management company**, such as establishing an ESG correspondent and communicating a CSR roadmap.

FRANCE INVEST
Association des Investisseurs pour la Croissance

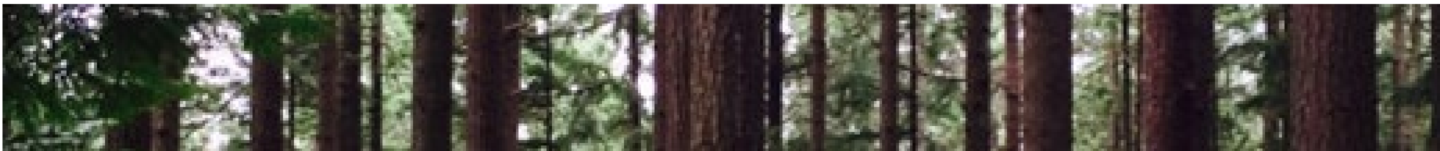
Charte
FAVORISER LA PARITÉ FEMMES-HOMMES dans le Capital Investissement

Isatis Capital became a signatory to the France Invest Gender Equality Charter in December 2021

We are committed to a goal of having women constitute 25% of the individuals who have responsibilities in investment committee decisions by 2030 and 30% by 2035 and equipping ourselves with the tools to achieve this goal.

We have also committed to a goal of women constituting 40% of the investment teams by 2030.

However, achieving these goals will depend on our company's size and future development and labour market conditions.



ESG ASSESSMENT

Interview with Isatis Capital

➢ What were the highlights of 2022 for Isatis Capital?

2022 was a turning point for Isatis Capital to align with the commitments we made in 2021. In this regard, we carried out two important initiatives:

- we set up a cycle of internal and external ***training*** *for our investment team; and*

- we finalised our ***partnership with SAMI*** *to conduct the carbon footprint assessment of both our company and our portfolio holdings. In 2021, Isatis Capital and 21 portfolio holdings underwent a carbon footprint assessment. In particular, scope 3 emissions were calculated based on sector modelling, adjusted to capture scale effects associated with the size of each business.*

In addition, ***France's Rixain law of 24 December 2021*** *requires portfolio management companies to set a goal of balanced gender representation among the teams, bodies, and managers responsible for making investment decisions.* ***We signed the France Invest Gender Equality Charter*** *(see our commitments below).*

Eric Boutchnei
Member of the Management Board

We put in place several concrete actions, including gender-neutral recruitment processes, a gender pay equity policy, a sexual harassment policy integrated into our internal rules, formalisation of family-friendly policies (maternity and paternity leave), and encouragement of flexibility in the organisation of working hours.

The percentage of women in investment teams currently stands at 18%. Our goal is to have women constitute 40% of investment team members by 2030, subject to recruitment policy trends dependent on future economic conditions.

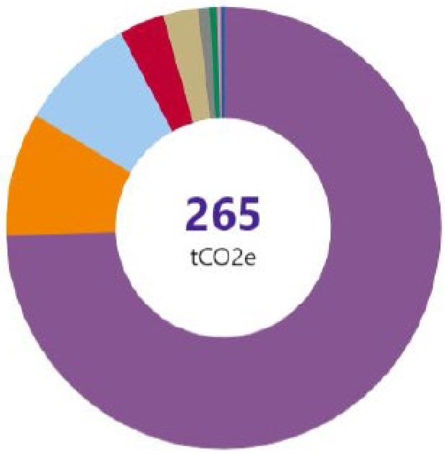
ESG ASSESSMENT

Interview with Isatis Capital

- ➢ What were the initial results of the carbon footprint assessment conducted by SAMI?

In 2021, the carbon footprint generated by our company, including scopes 1, 2, and 3, was 265 tonnes of CO2 (excluding emissions generated by portfolio companies).

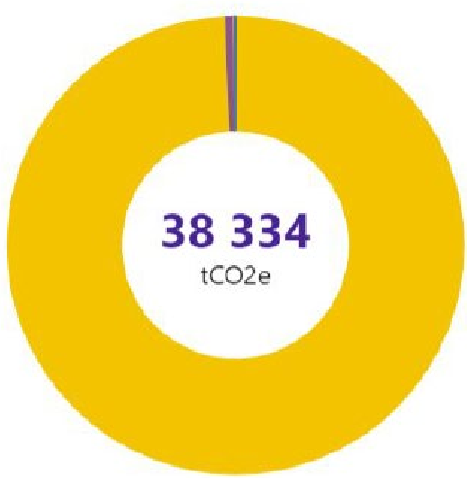
Breakdown of our emissions (excluding portfolio emissions):



Investments **0%**
Food and accommodation **8,7%**
Business vehicles **0,8%**
Remote working **0,1%**
Procured services **74,5%**
Business facilities **3,3%**
Business travel **0,6%**
Digital **9%**
Procured small supplies **2,6%**
Equipment **0,3%**

The tonnes of CO2 emitted by all our portfolio companies, including scopes 1, 2 and 3, totalled 38,334, representing 99.3% of Isatis Capital's absolute footprint.

Breakdown of our emissions (excluding portfolio emissions):



Investments **99,3%**
Food and accommodation **0,1%**
Business vehicles **0%**
Remote working **0%**
Procured services **0,5%**
Business facilities **0%**
Business travel **0%**
Digital **0,1%**
Procured small supplies **0%**
Equipment **0%**

ESG ASSESSMENT

Interview with Isatis Capital

➢ What actions are you going to implement following the carbon footprint assessment?

Calculating the carbon footprint of our company and our portfolio companies is an essential step in making a concrete contribution to our commitments to the Paris Agreements. Our action plan to reduce our direct and indirect carbon emissions focuses on two main areas. The first relates to the life of our management company, and the second concerns our activities, especially the investments we make.

At Isatis Capital*, we've already put in place several actions, also grouped together in our* *CSR Charter**, aimed at improving the life of the business across the three dimensions of the environment, social issues, and governance. On the environmental front, we've introduced new initiatives and/or strengthened existing ones to:*

- *Reduce and sort waste, using the solidarity-based enterprise 'Les joyeux recycleurs';*
- *Reduce plastic bottle consumption by installing water fountains;*
- *Minimise paper printing;*
- *Give preference to travel on trains and public transport for business trips and our annual seminar;*
- *Repair computer equipment when possible and keep it in use as long as possible.*

In terms of our investments*, since 2021, we've adopted an* Exclusion Policy *according to which we will not invest in, among other companies, those whose principal activity is coal extraction and/or producing or selling coal-based energy. Isatis Capital is also committed to strictly limiting its investment in businesses whose primary activity is extracting and refining oil and gas.*

Since 2021, we've also been a signatory to the International Climate Initiative *(ICI), which aims to unite and mobilise private equity players who wish to make a concrete contribution to the fight against climate change.*

In 2022, we formalised a Climate Policy *to supplement our investment strategy: a materiality analysis is conducted for each investment opportunity to assess the climate, physical, and transition risks and/or opportunities that may have a financial impact on the invested business, both in the pre-investment phase and for as long as it is held.*

ESG ASSESSMENT

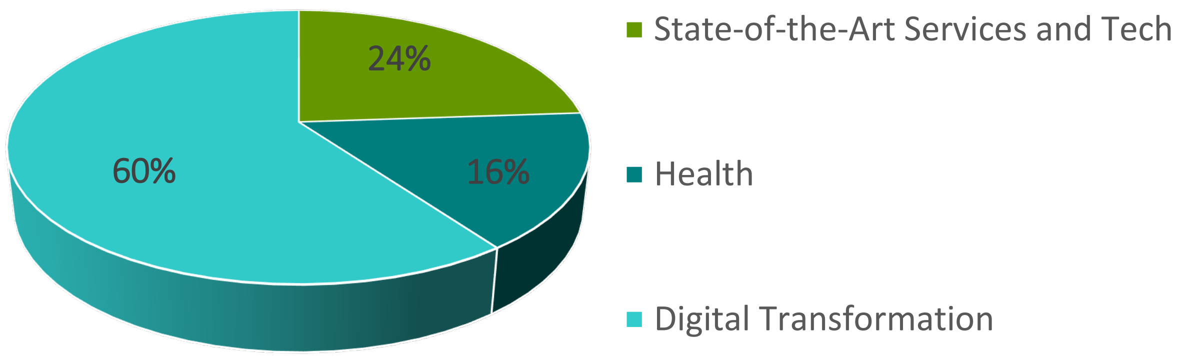
Summary ESG analysis of our holdings

We have seen a continuation of the 2020 trend with a satisfactory inflow rate.

Only one company out of the 23 did not respond to the 2021 KPI questionnaire. The companies that provided ESG information represented 89% of our invested assets.

However, there is a lack of data for the environmental KPIs. A large proportion of companies (11) consider that they are not concerned because of the low impact of their activities on the environment and climate change or have problems with the methodology for measuring their impact.

Breakdown by sector of companies that responded to both questionnaires



Two questionnaires are sent to our holdings. The due diligence questionnaire is sent out during the investment phase to assess managers' knowledge of ESG issues.

The second questionnaire is sent annually to collect environmental and social data, with a governance update every two years.

ESG ASSESSMENT

Summary ESG analysis of our holdings

SOCIAL*

The number of FTEs increased by 12.6% on a like-for-like basis. The permanent employment contract rate was 93.8%, up from 92% in 2020. The staff turnover rate, which takes into account new employees and departures, increased with the economic recovery. It was 37% on average (versus 27.7%). The ability to attract the necessary skills is a challenge for small businesses. In this respect, the issues most cited by our holdings were well-being and retention. Career development, recruitment, and remuneration were each mentioned by only 26% of the surveyed companies.

The average time with the business of employees was stable at 6.2 years. However, the median remained at 4.2 years, illustrating the challenge for our holdings, which are facing a very high staff turnover rate, especially among young people. Employees under 35 years of age represented 45% of staff on average (compared with 45.7% on a like-for-like basis).

The proportion of women in the workforce decreased to 29% due to new employees and departures. The rate of female executives reached 42%. All the responding companies reported that they respect gender pay equity for the same job and equivalent experience. One third of the monitored companies reported their gender equity index.

The absenteeism rate was 2.5% on average.

Involving employees in the business's financial performance was taken into account by 78.3% of respondents, including 50% through profit sharing. Profit sharing, variable pay, and bonuses were also mentioned. Just under a third of the companies (27.8%) opened up their capital to employees who are not members of the management committee.

65% of the holdings responded about the geographical distribution of their suppliers. France was considerably in the lead with an average rate of over 93%. 26% of the holdings only included social criteria due to the strong presence of suppliers in France.

93.8%
Rate of permanent contracts (% of staff)

37%
Average staff turnover rate

6.2 years
Average employee time with the company

29%
Percentage of women among the staff

42%
Proportion of female executives

2.5%
Absenteeism rate

78.3%
Involve their employees in financial performance

93%
Rate of suppliers in France

26%
incorporate environmental criteria

* See the appendices for more details on the summary of indicators

ESG ASSESSMENT

Summary ESG analysis of our holdings

GOVERNANCE*

In 2021, the governance of our holdings was based on a Supervisory Board structure for 57% of our holdings and a Board of Directors structure for 25% of our holdings. The rest were organised around strategic committees or policy committees to manage governance. Isatis Capital is a member of all these boards.

The main characteristics to be noted are

- A small number of directors (4.8 on average) on the boards, given the small size of our holdings.
- A low proportion of women on boards (11 out of 28 businesses). The average rate of women on boards is about 8.8%. The same is true for independent directors (5 out of 28 businesses have an independent director).
- The CSR strategy is not yet sufficiently discussed by the boards: only 13 holdings mention CSR at least once a year. 37% of the surveyed companies reported having a formalised CSR policy.
- Risk management is still insufficiently formalised, but there has been progress since 2020: 50% of respondents to this question (92.5%) have formalised a code of conduct, 39% have an anti-corruption code (response rate of 82%), and 71.4% have an information systems security policy.

Concerning operational organisation, 71.4% of the surveyed holdings have set up an executive committee and/or management committee.

With regard to the composition of the governance bodies of our holdings, we must make progress in terms of diversity: women represent 28.7% on average.

83%
of holdings had a board of directors or supervisory board structure

39.3%
of holdings had at least one female director

8.8%
Average rate of women on boards

4.8
directors including Isatis-Capital

37%
of surveyed holdings had a formalised CSR

50%
of respondents had a code of conduct

25%
of surveyed companies brought up CSR at the executive/management committee level

28.7%
Average proportion of female executive/ management committee members

* See the appendices for more details on the summary of indicators

ESG ASSESSMENT

Summary ESG analysis of our holdings

ENVIRONMENT*

The businesses in Isatis Capital's portfolios are small and belong to service sectors or sectors whose activities or products have a low environmental impact.
Note: The acquired and sold holdings in 2021 do not make the percentages comparable with 2020.

The responses to our annual questionnaire led to the following findings, which were very similar to previous years:
The percentage of companies that have formalised an environmental policy remains insufficient (43.5%), while almost 70% have an EMS or a manager. This disappointing result can be explained by the lack of financial and human resources and the difficulty of measuring their impacts and externalities. Only 34.8% have set up monitoring indicators for their energy consumption and waste. However, 61% of the surveyed companies believed that they needed to invest to comply with the energy transition.

61% of the companies considered their positioning within their sector to be ahead or average, and 43.5% believed that they had a positive or neutral impact. These two points are reflected in the low percentage of companies that measure their carbon footprint (26.1%). However, there was a change in the trend, as 29.4% intended to do so.

In addition, Isatis Capital decided to support its holdings with the help of an external service provider to calculate the carbon footprint on the three scopes progressively. This began in 2022.

Nevertheless, the environmental approach is present for a large proportion of the respondents, and many actions have been implemented. The main actions implemented to reduce adverse impacts focus on greener mobility, waste management, reducing electricity consumption, optimising packaging, and eliminating plastic.

Waste sorting was in place for 95.7% of respondents, and 81.8% were seeking to reduce the volume of waste through concrete initiatives.

The weak application of integration of environmental criteria into the selection of suppliers continued. 47.8% of surveyed companies incorporated environmental criteria.

43.5%
of surveyed holdings had a formalised environmental approach

60.9%
of surveyed holdings felt they needed to invest to reduce their impacts

34.8%
of surveyed holdings had set up monitoring indicators

60.8%
of holdings believed they were ahead of or within the average of their sector

55.5%
of surveyed holdings measured or planned to measure their carbon footprint

95.7%
of surveyed holdings had a selective sorting system

47.8%
of holdings incorporated environmental criteria into the selection of suppliers

* See the appendices for more details on the summary of indicators

4

TESTIMONIALS FROM ENTREPRENEURS

TESTIMONIALS FROM ENTREPRENEURS

METALINE

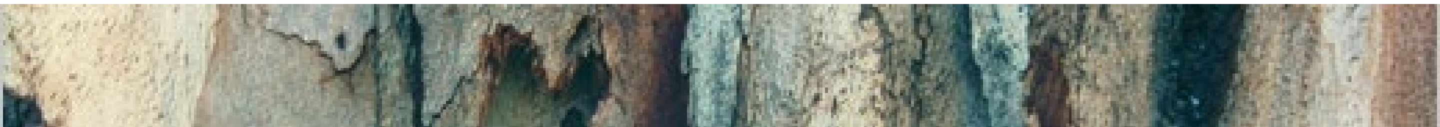
A key player in Managed Services, the METALINE group currently has seven companies dedicated to Digital Workplace IT facilities management, Data Centre infrastructure management, and software publishing.

The METALINE group is committed to a more sustainable future by promoting humans, the environment, and ethical practices while remaining successful and profitable. The implemented actions reflect our values based on equality, respect, quality, listening, integrity, client satisfaction, trust, and team spirit.

'As Chairman of the Group, it's important for me to continue integrating CSR and all the possible energy reductions that are part of the IT environment into our services of tomorrow.'

Samuel Amiet

Chairman of METALINE



TESTIMONIALS FROM ENTREPRENEURS

METALINE

Responsible governance

In an environment where digital technology is present in all homes, businesses are becoming increasingly important in our daily lives. It is therefore important to act to reduce our social and environmental impacts. CSR is thus a strong commitment by our management and is part of the development of our organisation. With this in mind, we recruited a CSR manager in 2022 to steer and implement the group's strategy.

Accession to the United Nations Global Compact

Since 2021, the METALINE group has committed to the United Nations Global Compact. In 2022, our chairman drafted his Communication on Progress, highlighting our commitment to its ten principles.

Assessing our performance

As part of a continuous improvement process, ECOVADIS evaluates our CSR performance on the following themes every year: Social and Human Rights, Ethics, Environment, and Responsible Purchasing. In 2021, METALINE IT received a score of 60/100 (silver medal).

Employee engagement

Today, it is important for us to involve our employees in our CSR approach clearly and concretely. To this end, we will roll out three CSR awareness modules in 2023, particularly on anti-discrimination and anti-corruption issues.

We regularly communicate about CSR issues. A good practices guide (energy, sustainable mobility, and waste sorting) was sent to all head office staff. Together with our partner GREENLY, we will also raise awareness of the various climate-related issues.

PEOPLE AS OUR CENTRAL FOCUS

As a service company, our major impact concerns our social footprint. Since 2021, the METALINE group has been a signatory to the Diversity Charter.

Gender equity

The digital world is often synonymous with masculinity. Our ambition is to break this code to achieve greater gender equity. Each year, we report our gender equity index. In 2021, METALINE SERVICES and METALINE DATACENTER SERVICES received a score of 93/100 and 84/100, respectively.

Human resources development

To maintain our skill levels and help our employees grow, we invested in an **in-house training department** in 2021. Regular training sessions are organised to facilitate access to electrical safety knowledge.

In 2019, we established the **POEI** (Individual employment operational preparation) scheme to train and recruit unemployed individuals with no experience and/or diploma related to our professions for permanent employment contracts. METALINE is contractually committed to hiring a permanent employee at the end of this training course. In 2021, we hosted nine trainees.

Inclusion

In our inclusion approach, we are partners with Les Plombiers du Numérique, a project for the professional integration of young people lacking qualifications. Our role is to help unemployed young people without a diploma improve their skills in the digital field through practical training courses and support from tutors. We constantly recruit throughout the year and may decide to offer a contract at the end of a traineeship. In 2021, we hosted nine trainees.

We also partner with the Association des Paralysés de France (APF) to integrate individuals with disabilities into our work alongside our clients.

Societal commitment

On Saturday, 1 October, METALINE participated in the Solidarity Walk against Breast Cancer with the organisation Odyssea. This was an opportunity to raise employee awareness of this disease, which affects around 54,000 people each year in France, making it the most common cancer among women.

TESTIMONIALS FROM ENTREPRENEURS

Respect for the environment

Aware of the impact of its activities, the METALINE group has set up various environmental actions.

Reducing our waste

The METALINE group is supported by the business Les Joyeux Recycleurs for recycling and recovering paper, plastic bottles, cups, cans, coffee capsules, lights, cartridges, batteries, pens, and caps. In 2022, 142 kg of waste was recycled and recovered.

In the digital age, METALINE has chosen electronic business cards in the form of QR codes with M-CARD. The PVC cards are 100% manufactured in France from recycled materials.

Our payslips are automatically placed in a secure electronic safe. Our partner Digiposte provides us with a responsible digital service from La Poste, which offsets 100% of its carbon emissions.

Reducing our greenhouse gas emissions

The METALINE group conducted its first greenhouse gas emissions assessment with the company GREENLY. The aim was to identify our priority issues and establish an action plan.

Responsible innovation

Because beyond being good pupils and showing our employees good practices, we offer our clients sustainable, responsible services. It is important for us to act in our development and offer solutions for a more responsible digital world.

We have supplemented our service offering with QUALIRSE, a CSR fleet management tool. This innovative application designed in-house calculates the carbon footprint and consumption of the client’s equipment at the managed assets level.

To help our clients reduce their DATACENTER emissions, we offer the installation of IT equipment in oil baths on request. This service provides immediate gains in terms of carbon impact and energy savings compared with a conventional installation.

TESTIMONIALS FROM ENTREPRENEURS

METALINE

Business ethics

Code of ethical conduct

Corruption is against the law and our fundamental principles. In 2020, the METALINE group deployed a code of ethical conduct. It specifies the internal procedures to be followed by all employees. In 2023, we will roll out a code of conduct describing our CSR expectations from our suppliers.

Establishment of a whistleblowing procedure

To comply with France’s Sapin 2 Law, the METALINE group will establish a whistleblowing procedure applicable to all group companies in 2023. It will allow any actual or suspected human rights violations, environmental harm, or violation of any other rule in the code of conduct to be reported.

Information systems security

We are in the process of obtaining ISO 27001 (Information System Security) certification to protect our business and build trust with our partners and clients. In 2021, METALINE Datacenter Services scored 813/1000 in the Cybervadis assessment.

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OUTLOOK FOR 2023 AND BEYOND

OUTLOOK FOR 2023 AND BEYOND

Considering non-financial issues is a long-term process, constantly transforming and mobilising many technical and human resources. This includes:

- Monitoring regulatory developments that may affect the activities of our company, our funds, and our investee businesses.
- Regularly training our teams on these issues and communicating clearly with our holdings about our expectations in terms of non-financial objectives and reporting.
- Collecting, analysing, and reporting the non-financial indicators of our holdings to identify any risks they will have to face.
- Continuously adapting and improving our processes for considering non-financial issues: from investment, compliance, and risk management to the marketing of our funds.

We have been working on these aspects since 2018 and will continue to do so in the years to come.

In our opinion, it is important for everyone to be actively involved in this process of incorporating non-financial aspects, which should not be looked at as a burden, but as a real opportunity to act in the face of climate change through the activities of our company and the businesses we fund.

For 2023, we have identified three specific areas for development that we believe are essential:

1/ Carbon footprint assessment:

Following on from our first carbon assessment in 2022, we will continue our efforts to calculate and especially reduce the carbon emissions of both our company and our holdings.
We intend to systematically inform, train, and raise awareness among our holdings so that they implement a low-carbon approach if they have not already done so.

OUTLOOK FOR 2023 AND BEYOND

2/ Non-financial data:

Since establishing our ESG policy in 2018, we have collected, processed, and analysed a large amount of non-financial data on our holdings.

Over time, we have seen an increase in the volume and significance of the data. It is now unthinkable to separate a business's financial value from the social, environmental, and governance considerations that define it.

We are convinced that internalising the flow of data, whether financial or non-financial, is an essential asset for better understanding and supporting our holdings, as well as for better control of the risks associated with our investments.

With this in mind, we are currently working on implementing an internal ESG database to monitor changes in these indicators more efficiently, in the same way as for financial indicators.

3/ Biodiversity:

The massive decline in biodiversity is an issue with serious impacts on human populations and the climate.

Recent European regulations also include this factor in considering the principal adverse impacts of investments by financial players.

Through our activities, we have the opportunity to contribute indirectly to preserving and safeguarding biodiversity by incorporating this factor into the analysis of our investments and redirecting our funding to activities with a low biodiversity impact.

This year will be an opportunity to further educate ourselves on these issues and promote their integration into our process.

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APPENDICES

APPENDICES
Summary tables of ESG practices of our holdings

SOCIAL		
1. Human resources management	Number of respondents	Results
The main issues cited by the businesses	23	*95.7% of companies considered well-being to be a priority to retain employees and reduce staff turnover and absenteeism. * 43.5% sought to retain talent under circumstances making finding skills difficult. * Career development, recruitment, and pay were important issues for 26% of them. Training to retain and improve skills was a priority for 21.7% of companies.
Involvement of employees in the business's financial performance	22	*95.7% of companies had established a performance sharing policy (41% incentive scheme, 22.7% profit sharing, and 31.8% in the form of bonuses, allowances, and/or company savings plans and matching contributions) * A small proportion (22.7%) had opened up its capital to employees, and 13.6% were considering doing so.
2. Change in staff headcount	Number of respondents	Results
Staff turnover rate (recruitment+departure/2)/headcount at start of year N	22	The post-pandemic recovery of activity was reflected in a high staff turnover rate of 46.3%, with large disparities ranging from 1% to more than 100%. The median was 22%.
Proportion of permanent contracts (% of staff):	20	93.8% on average, up from 92% in 2020.
Proportion of apprentices (% of staff)	22	The proportion was 2.6% vs 3%.
New hires expected in the next 12 months	22	1,419, up significantly (856 in 2020), including an average of 71.8% on permanent contracts.
3. Dialogue between management and labour and motivation	Number of respondents	Results
Establishment of a satisfaction survey	18	The response rate was low: 78.3% of surveyed companies. Of these companies, only 44.4% had established an employee satisfaction survey.
Percentage of employees with at least one career appraisal	22	All holdings conducted an annual appraisal. 88% of employees on average (vs 90%).
Staff representation bodies active in your business (staff representatives, trade unions, works council, etc.)	23	5 companies did not have an employee representation body, 3 of which were associated with a deficiency report.
Number of labour disputes initiated over the period	22	There were 14 ongoing disputes involving 41% of respondents, down from 27 in 2020. Most resulted from disputes over redundancies and contract terminations.
4. Appeal to and retention of talent	Number of respondents	Results
Average employee time with the company	18	6.3 years with the company on average. The median was 4.2 years.
Training: Percentage of employees trained during the year (as % of average headcount)	20	On average, 37.5% of employees had received training, down slightly from 2020. The main theme was skills improvement for 14 companies, followed by safety for 8 businesses.

APPENDICES

Summary tables of ESG practices of our holdings

SOCIAL		
5. Gender-equal opportunities	Number of respondents	Results
Percentage of women on staff	22	29% on average, down from 34.7% in 2020, due to the sale of a number of holdings. The reason given for this low rate was the difficulty of finding women in their professions. Disparities by sector ranged from 5% to more than 69%.
Percentage of female executives	22	41.9% of women were executives.
Percentage of female management committee members	21	Low representation of women on the management committee: 24%, up 3 points from 2020.
Respect for gender pay equity for the same job	22	All businesses believed that they respected pay equity. 8 companies had reported their equity index, with scores ranging from 91 to 43.
6. Employee health and safety	Number of respondents	Results
Number of accidents	22	3.8 on average, down slightly from 2020. 4 businesses reported at least 10 or more accidents.
Absenteeism rate (in days/empl.):	19	It averaged 2.51%, down sharply from 2020, marked by COVID-19.
Work/life balance	22	For 95%, well-being at work was a priority issue. The means most cited were dialogue and working conditions for 65%.
7. External stakeholders	Number of respondents	Results
Existence of client satisfaction indicators	22	68.2% of responding companies had implemented client satisfaction monitoring, up from 58% in 2020.
Integration of social criteria in selecting suppliers	20	Very few companies had integrated social criteria (30%). 75% of companies had more than 90% of their suppliers based in France.
Local economic impact of your business	20	50% believed that they had a direct impact on local job creation by favouring local recruiting and local suppliers and subcontractors.

APPENDICES

Summary tables of ESG practices of our holdings

GOVERNANCE		
1. Composition of governance bodies	Number of companies	Results
Structure	28	25% board of directors 57% supervisory board 18% other structures (strategy committee, etc.)
Percentage of women on the board	26	57.7% of respondents had no female board members. The average representation rate was 8.8%
Number of independent Board members	27	Only 5 companies had at least one independent director.
Total number of Board members	27	The boards are quite small. The average was 4.8 members.
Appointment of a director with responsible for overseeing ethics	18	The number of companies with a formalised code of conduct increased to 13 from 5. 66.7% of them had an identified supervisor; this role was held by the Chairman/Founders in 75% of cases.
Appointment of a director responsible for overseeing the environmental and social policy of your business?	25	Only 24% of businesses had a director (including Isatis Capital) responsible for monitoring CSR projects, if any.
2. Management of CSR risks	Number of companies	Results
Formalised CSR policy	27	37% of respondents reported having a formalised CSR policy, a decrease from 2021.
Existence of a code of conduct	26	50% had a code of ethics
Existence of an anti-corruption policy	23	39% had a policy in place
Existence of an information systems security policy	20	The response rate was 71%. 100% of respondents reported having this policy in place.
Board presentation of CSR strategy at least once a year	19	Yes for 68.4% of respondents. Note that just over one third of surveyed companies did not answer the question.
3. Operational governance	Number of companies	Results
Existence of a management committee, executive committee, or other bodies	22	Only 78.6% answered this question. 91% of them had a management committee, executive committee, or other bodies.
Number of women on the committee	20	80% of respondents had women representing just under one third (28.6% on average), far from balanced.
Are CSR issues and progress regularly discussed? [1]	12 [1]	Yes for 58% of respondents.

1) This question was asked for the first time in 2021 during due diligence or updates. This explains the low rate of respondents

APPENDICES

Summary tables of ESG practices of our holdings

ENVIRONMENT		
1. Environmental strategy	Number of respondents	Results
Formalisation of the environmental approach	23	Less than half (43.5%) had a formalised environmental policy, while 69.6% reported having an EMS or manager.
Positioning in the sector	23	13% believed they were ahead, and 47.8% within the average. The rest did not know.
Need to invest to achieve energy transition compliance	23	60.9% of respondents believed that they needed to invest to align with the energy transition.
Carbon footprint measurement	23	Very few companies calculated their carbon emissions (26.1%). The calculation scope was most often focused on employee mobility. 29.4% planned to do so. ISATIS CAPITAL decided to offer to help its holdings obtain a carbon footprint measurement across all holdings with the help of an external partner.
2. Environmental Impact	Number of respondents	Results
Assessment of environmental impact of the activity	23	Almost all respondents were unable to assess their impact. Nevertheless, 34.8% had implemented energy monitoring indicators.
Actions taken to reduce environmental risks	14	3 actions were mentioned by the holdings who answered this question (61%): Limiting transport by plane or car Sorting waste and eliminating plastic Limiting electricity consumption with LEDs, turning off computers.
Assessment of environmental impact of products or services.	23	43.5% believed they had a positive or neutral impact, and 13% a negative impact.
Eco-design	23	56.5% answered this question (13), 53.8% of which had implemented an eco-design approach.
3. Waste management	Number of respondents	Results
Waste sorting system	23	95.7% had implemented selective sorting.
Hazardous waste	23	8 companies reported having hazardous waste (printer toner cartridges, batteries, paint, oil, etc.)
Initiatives put in place to reduce the amount of waste produced in your business	23	81.8% had implemented actions to reduce waste such as reusable containers.
4. Environmental Risks	Number of respondents	Results
Identification of raw material risks in the value chain	12	We added this new indicator to our questionnaire in 2020. Only new employees since 2020 were subject to this question and those updated: 75% of holdings that answered this question considered that it was not applicable to their activities or they had no identified risks.
Identification of climate change risks	12	We added this new indicator to our questionnaire in 2020. Only new employees since 2020 were subject to this question and those updated: 91.7% considered that they were not concerned.
5. Stakeholders	Number of respondents	Results
Inclusion of environmental criteria in supplier selection	23	47.8% of respondents included environmental criteria.

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A French public limited company (SA) with a management board and a supervisory board with a capital of 1,000,000 euros
Paris Trade and Companies Register (RCS): 792 875 064
AMF approval: GP 13-000026

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