

SUSTAINABLE INVESTOR CHARTER

Kepler Cheuvreux Invest ("KC Invest"), a subsidiary of the Kepler Cheuvreux Group, is a portfolio management company specialised in financing medium-sized companies in Continental Europe through equity, quasi-equity, junior debt, unitranche and/or senior debt instruments.

KC Invest's management philosophy is reflected in its commitment to systematically integrate Environmental, Social and Governance (ESG) criteria into its analysis of investment opportunities and its portfolio monitoring, as well as criteria relating to relations with external parties (customers and suppliers).

In line the Kepler Cheuvreux Group's ESG approach, KC Invest signed the Principles for Responsible Investment (PRI) in March 2020 and aims to soon become a member of the International Climate Initiative (iCi).

With this Charter, KC Invest wishes to formalise and strengthen the involvement of its teams on these topics.

Our engagements

Since its creation, KC Invest has always sought to fully satisfy its investors, support its portfolio companies in their development and involve its team members.

To achieve this:

- We are committed to ensuring that there is always an alignment of interests between the investors and the management of the companies we support.
- We are committed to communicating on our funds' financial and non-financial performance through periodic reporting and shareholder meetings according to best practices.
- We are committed to supporting the development of our investments and encouraging them to give their managers and employees access to the benefits resulting from their growth.
- We are committed to ensuring, as far as possible, the strict application of environmental and social standards by our portfolio companies (inclusion of an ESG clause in legal documentation whenever possible, inclusion of ESG on the agenda of a Supervisory Board or Board of Directors at least once a year).
- We are committed to integrating the UN Sustainable Development Goals ("SDGs") into our investment policy, with a particular focus on Gender Equality (Goal 5), Decent Work and Economic Growth (Goal 8), Responsible Consumption and Production (Goal 12) and Climate Action (Goal 13).
- We are committed to raising awareness of environmental, social and governance criteria among all KC Invest employees, both in their role as investors and within our own management company (ESG monitoring, regular exchanges with Kepler Cheuvreux ESG analysts, participation in France Invest ESG Commission's meetings, participation in conferences about ESG, communication with PRI, responsible use of resources: electricity, paper, ink, travel, etc.).

Our responsible investment objectives

Convinced that improving extra-financial processes has a direct impact on financial performances, we systematically integrate ESG criteria in our investment and portfolio companies' follow-up processes.

This approach allows us to better understand the specifics of each business model, and to be able to promote a process of continuous improvement in the ESG practices of our portfolio companies throughout the investment period.

Our management process

The implementation of this approach is guided by the following management principles, defined in accordance with the values of ethics and transparency to which we are firmly committed:

- We do not invest in companies whose core business is related to the production of controversial weapons (cluster munition, landmines, chemical and nuclear weapons), distilled alcohol and tobacco. We also exclude from our investment scope the activities of production of pornographic content, gambling (physical or online), human cloning and GMOs. In addition, we will not invest in companies that do not respect human rights at work.
- We also do not invest in companies operating in certain economic activities that are contrary to the energy and ecological transition, or that are currently controversial: fossil fuel exploration and production.
- We ensure that the companies we invest in are fully compliant with international standards (OECD Guidelines, UN Declaration of Human Rights, UN Security Council).
- Prior to each investment, we analyse the ESG performance of the companies with the help of an expert partner, using a specific tool. This analysis of their ESG performance allows us to identify the strengths and areas for improvement for each portfolio company to best support its sustainable development.
- We conduct a periodic monitoring process of the main ESG indicators defined for each of our investments. This allows us to proactively engage in an annual dialogue with our portfolio companies to analyse the evolution of their ESG performance.

Steering approach

This Charter applies to all levels of KC Invest and to all funds advised or managed by KC Invest. The extra-financial approach is supported by all employees (they all signed this Charter), who are responsible for applying it through:

- The investment process
- The monitoring of portfolio companies
- The reporting and the shareholder meetings

To ensure the quality and evolution of our approach, KC Invest has appointed, within KC Invest, a person responsible for its implementation and monitoring.

The Kepler Cheuvreux Invest team