

SUSTAINABILITY INFORMATION

Product name: Ekkio Capital IV

Legal entity identifier: Ekkio Capital

ARTICLE 10 SFDR DISCLOSURE: PUBLICATION ON THE WEBSITE OF INFORMATION RELATING TO FINANCIAL PRODUCTS THAT PROMOTE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS

(a) Summary

The Fund promotes environmental and social characteristics for all portfolio companies without a sustainable investment objective. The environmental and social characteristics promoted by the Fund and the associated key performance indicators are as follows:

- Characteristic 1: Monitoring and reduction of GHG emissions
- Characteristic 2: Value sharing within the company
- Feature 3: Promotion of well-being and social dialogue at work

100% of the Fund's investments will be aligned with the environmental and/or social features promoted.

The Fund will invest in portfolio companies that, at the time of the initial investment, all have their registered office or main activity in Europe.

However, the management company expects that the majority of portfolio companies at the time of initial investment will have their registered office or principal place of business in France, Switzerland, Germany, Austria, Belgium, Monaco, or Luxembourg, reflecting the management company's geographical focus on these markets.

The Fund applies sustainability practices in the pre-investment, holding, and exit phases to ensure that characteristics, sustainability risks, and major negative impacts are taken into account.

(b) No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have a sustainable investment objective.

(c) Environmental or social characteristics of the financial product

The Fund promotes environmental and social characteristics for all companies in its portfolio. The environmental and social characteristics promoted by the Fund are as follows:

- Environmental characteristics:
 - Characteristic No. 1: Monitoring and reduction of GHG emissions
- Social characteristics:
 - Characteristic n° 2: Sharing value within the company
 - Characteristic n° 3: Promoting well-being and social dialogue at work

The Fund will invest primarily in portfolio companies, using a sector-based approach, mainly in the healthcare, tourism and leisure, control and security, and sustainable development sectors.

These characteristics will be promoted throughout the investment process: from the pre-investment phase to the holding and exit phases.

(d) Investment strategy

The Fund will invest primarily in Portfolio Companies whose registered office or main activity is located in France, using a sector-based approach, primarily in the tourism and leisure, healthcare, and ICT (testing/inspection/certification) sectors, as part of growth capital and buyout transactions ("leveraged buyouts and leveraged buy-ins) by acquiring equity interests in the capital or providing access to the capital of Portfolio Companies, with a preference for Investments between €5 million and €22.5 million per Investment. It is specified that the Management Company will have the option of expanding the sectors in which the Fund invests.

The enterprise value of the initial investment in the Portfolio Companies will be between €10 million and €75 million, it being specified that if the enterprise value of certain Portfolio Companies is less than €10 million or greater than €75 million, the Management Company must obtain the prior approval of the Advisory Committee before making the Investment in question.

The Fund's investment and divestment decisions are taken unanimously by the Investment Committee, with each member of the Investment Committee having one vote.

The following measures are implemented to ensure compliance with environmental and social characteristics:

Pre-investment phase

- The Fund applies a sector exclusion policy that limits Ekkio Capital's exposure to a number of negative impacts. In particular, the Fund does not invest in companies operating in the following sectors: alcohol, coal, deforestation, fishing, fossil fuel production, fur, gambling, GMOs, palm oil, tobacco and weapons.
- Subsequently, ESG factors, including sustainability risks and major negative impacts, are included in the investment note, discussed at the investment committee meeting, based on the results of the pre-investment screening and due diligence, and constitute one of the decision criteria for an investment.

Holding period

- During the first 12 months following the investment, an ESG action plan is drawn up for each portfolio company, based on the company's business model and its main negative impacts, with a particular focus on the Fund's environmental and social characteristics.
- Each year, the management company conducts a quantitative and qualitative survey of the sustainable development performance of the companies in its portfolio. In collaboration with Reporting 21, a panel of approximately 200 questions on environmental, social and governance criteria, including fund-specific indicators related to their characteristics, is monitored and analysed in order to assess the companies' sustainability issues and performance, as well as the implementation of the previously defined action plan.

- Next, an annual meeting (ESG committee) is organised with each portfolio company, attended by a representative from Ekkio, one or more partners in charge of ESG and the Reporting 21 team. During this meeting, the company's ESG performance and progress are presented in relation to the company's action plan. At this annual meeting, the ESG action plan is updated to incorporate new commitments and improvements.

The Fund assesses the good governance practices of portfolio companies through various procedures:

- Prior to investment, good governance practices will be analysed using the pre-investment analysis grid.
- During the holding period, they will be encouraged by the Fund and monitored annually using the ESG questionnaire.

(e) Proportion of investments

100% of the Fund's investments will be aligned with the environmental and/or social characteristics promoted.

Alignment with E/S characteristics includes investments in the financial product that are used to achieve the environmental or social characteristics promoted by the financial product.

The Fund will endeavour to apply the characteristics described above to all its investments. However, cash holdings are not included in the Fund's alignment.

(f) Monitoring environmental or social characteristics

In order to monitor the performance of portfolio companies with regard to the three characteristics promoted above, the management company has defined indicators for each of them.

- Characteristic 1: Monitoring and reducing GHG emissions

Description: Actively monitor and reduce greenhouse gas emissions.

- Percentage of companies within the Funds that have assessed their carbon footprint
- Total GHG emissions of the Funds (scopes 1, 2 and 3) in tonnes of CO₂eq.
- Percentage of companies within the Funds that have implemented other initiatives to reduce their GHG emissions
- Percentage of companies with a GHG emissions reduction trajectory
- Carbon intensity (scopes 1 & 2) of portfolio companies (tCO₂e/m€ of turnover)
- Assessment of companies' vulnerability to climate change (transition risks and physical risks)

- Characteristic 2: Value sharing within the company

Description: Involve employees of each holding company in the creation of value for the company.

- Percentage of companies within the Funds that have implemented a non-mandatory value sharing mechanism
- Percentage of capital held by non-executive employees
- Percentage of capital held by employees
- Total amount of value shared per exiting company

- Percentage of companies where the CEO's remuneration is conditional upon the achievement of sustainable development performance targets
- Characteristic 3: Promoting well-being and social dialogue at work

Description: Creating a supportive and collaborative work environment.

- Percentage of companies within the Funds that have been involved in labour disputes during the year.
- Percentage of companies within the Funds that have conducted a social survey in the last two years.
- Percentage of companies within the Funds that have implemented measures to promote the wellbeing of their employees.
- Percentage of companies with a social dialogue body.

(g) Methods

As explained in section (f) 'Monitoring environmental or social criteria', in order to assess the extent to which each portfolio company complies with the environmental and/or social criteria promoted by the Fund, specific indicators will be monitored by each company when it joins the portfolio. Data relating to these indicators will be collected annually using the annual ESG questionnaire sent to the portfolio. The management company will distribute this questionnaire to all portfolio companies once a year, starting from the financial year in which the company enters the portfolio and until it leaves.

(h) Data sources and processing

The data sources used to assess compliance with environmental and/or social criteria are provided directly by each portfolio company in its responses to the annual ESG questionnaire and/or supplemented by external consultants, if necessary.

In order to ensure the accuracy of the data, the management company, with the assistance of external consultants, conducts a thorough review of the questionnaire responses and performs consistency checks. An interview with the portfolio company's management is organised to verify and supplement the data.

Based on this data and interview, an annual meeting (ESG committee) is organised with each portfolio company.

Actual data is used wherever possible, but portfolio companies may use estimates for certain specific ESG indicators when data is not available. Estimated data represents less than 10% of the total ESG data collected during the annual ESG data collection process.

(i) Limitations on methods and data

As the data has not been verified, the management company cannot guarantee that the data provided by the portfolio companies is complete, accurate or reliable.

However, the management company will ensure that the available data is sufficient to assess the company's maturity on ESG issues each year, particularly with regard to the characteristics promoted by the Fund. If this cannot be guaranteed, the management company may assist the portfolio companies in collecting the necessary information.

(j) Due diligence

For each acquisition, ESG due diligence is carried out with the help of an external service provider in order to identify the main negative impacts on sustainability factors and implement improvement plans. In line with a risk-based approach, this due diligence includes an assessment of best practices and areas for improvement in order to define the company's sustainability roadmap.

Subsequently, the main negative impacts on sustainability factors are included in the investment note and discussed at the investment committee meeting, based on the results of the pre-investment screening and due diligence. They constitute one of the criteria for investment decisions.

(k) Engagement policies

The ESG team will engage with portfolio companies at least once a year to (i) support the implementation of the measures and steps outlined in the ESG roadmaps; and (ii) conduct an annual data collection exercise relating to the ESG roadmaps and broader ESG key performance indicators.

Each year, the management company conducts a quantitative and qualitative survey of the sustainability performance of its portfolio companies. A panel of approximately 200 questions on environmental, social and governance criteria, including fund-specific indicators related to their characteristics, is monitored and analysed to assess the sustainability issues and performance of companies, as well as the implementation of the previously defined action plan. The results are consolidated in a dedicated ESG report.

In addition, an annual meeting (ESG committee) is organised with each investment company. During this meeting, the company's ESG performance and progress are presented in relation to the company's action plan.

(l) Designated benchmark

No benchmark has been identified for the Fund.