

## Report Article 29 of the Energy Climate Law (2024)

*Structure of sustainability information in the annual report in accordance with the provisions set out in V of Article D.533-16-1 of the Monetary and Financial Code, for organizations with more than 500 million euros in balance sheet or outstandings, not subject to the publication obligations of Article 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019*

### Regulatory context

Article 29 of the Energy and Climate Law 2019-1147 of November 8, 2019 (“Article 29”) amends the provisions of Article L. 533-22-1 of the Monetary and Financial Code (“CMF”) relating to non-financial reporting.

Published on May 27, 2021, the decree implementing Article 29, which amends Article D. 533-16-1 of the CMF, details the information to be published in this report, concerning:

- The inclusion of environmental, social and governance criteria (“ESG criteria”) in the investment policy;
- The means implemented to contribute to the energy and ecological transition.

This report concerns the financial year ending December 31, 2024.

Ekkio Capital is a portfolio management company with assets under management of €535 million at December 31, 2024.

At December 31, 2024, Ekkio Capital managed 7 FPCIs and 1 SLP. While these do not have sustainable investment as their objective within the meaning of Regulation (EU) 2019/2088, they nevertheless take ESG criteria into account, with the exception of FPCI Ekkio Capital V, which is classified as Article 8.

## **PART 1: INFORMATION PURSUANT TO ARTICLE 29 OF THE ENERGY AND CLIMATE LAW**

### **A. Ekkio Capital's general approach to environmental, social and governance criteria**

#### **A.1 Summary of approach**

Ekkio Capital's commitment is intended to set an example for its portfolio companies. For several years now, Ekkio Capital has been applying the Principles for Responsible Investment.



The management company also tries to ensure that portfolio companies implement ESG policies of their own.

Through its signature of the PRI, the France Invest charter and the FSI France Investissement charter, Ekkio has set realistic targets for SMEs, while remaining ambitious.

As a management company, Ekkio limits its environmental impact by encouraging the adoption of eco-responsible behavior and by raising awareness of climate issues among its employees and partners. For example, we recycle our waste, favor videoconferencing to limit travel (we recently installed 3 devices in our meeting rooms), have adopted a policy of responsible selection of our suppliers (energy, coffee, fruit...) and are attentive to energy savings within our offices. Thanks to our partnership with Les Joyeux Recycleurs, we recycled 408kg of waste in 2024, which represents 5 trees saved, 10 fleeces, 1 ink cartridge, 1 bike made and 421 cans made, and 44kg of CO<sup>2</sup> saved.

A.2. Content, frequency and means used to inform subscribers, members, contributors, beneficiaries or customers about the criteria relating to ESG objectives taken into account in the investment policy and strategy

Ekkio Capital promotes transparency on a daily basis. In fact, Ekkio Capital's ESG policy is accessible to all on its website. Ekkio communicates detailed ESG information on all portfolio companies to its investors via a specific ESG report.

At the annual investors' meeting, the ESG assessment of each company is presented, highlighting the main progress and actions taken, as well as the roadmap for the next 12 months.

At this stage, Ekkio Capital does not take into account the ESG performance of its holdings in the valuation of the portfolio, but assesses their level thanks to the ESG Reporting conducted by Cority. Since this was introduced in 2013, annual data analysis has led to the development of clear, ambitious guidelines for each investment in terms of :

- governance
- environmental footprint
- social footprint
- supply chain

Every year, the ESG maturity of the portfolio improves, and continues to do so this year (with a few exceptions).

Since 2022, we have been carrying out a carbon footprint (scope 1-2-3) for the management company as well as for the companies in the portfolio whose activity is the most carbon-intensive.



### A.3 Membership of the entity, or of certain financial products, to a charter, code, initiative or label on the consideration of ESG criteria, as well as a brief description of these criteria.

Ekkio Capital has been committed to the Principles of Responsible Investment for many years, and this year received a score of “92” from UNPRI for the Direct - Private EQUITY module, ‘89’ for the Policy Governance and Strategy module, and “100” for the Confidence building measures module.

Ekkio has also been a signatory of the France Invest Initiative charter since 2019, and has implemented a partnership with the Great Place to Work® label for its portfolio, which focuses on the QWL (quality of working life) criterion.

In 2023, Ekkio joined L'Initiative Climat International (iCI) and became a signatory of France Invest's Charte d'Engagement sur le partage de la valeur and Charte pour la parité.

### **B. Internal resources deployed by the entity**

While all members of Ekkio Capital are obviously invested in the ESG approach, a dedicated team has been set up to manage and support the companies in the portfolio. It comprises 2 partners and an account manager.

To promote ESG characteristics within companies, we have put in place the following elements:

- An ESG steering committee has been set up and meets annually at each portfolio company. This committee is made up of members of Ekkio's ESG team, the investors in charge of the portfolio company and the management of the company concerned. The committee defines an annual roadmap.
- The entire team is trained in ESG issues, to ensure that best practices are implemented at portfolio company level. The aim of this training is to raise awareness and provide the skills and knowledge needed to integrate ESG considerations into the operations of the management company and within the portfolio.

For various tasks, such as carrying out due diligence or providing high-quality training, the management company calls on specialist companies such as Cority or Carbometrix. In this way, we benefit from the perspective of independent experts, which is conducive to constructive discussions with portfolio companies with a view to implementing and developing their ESG strategy.

In terms of technical resources, the management company uses the Cority or Carbometrix platforms to collect data and the company's various KPIs. These tools are used as a platform to collect, review and validate data. The investment team is responsible for monitoring and reviewing the figures completed on the portal by the portfolio company. This approach enables a double level of control and review, as well as better, smoother integration and efficiency in the collection and production of ESG data.

**C. Approach to integrating environmental, social and governance criteria into the entity's governance structure**

The Company has not promoted any sustainable investments and, in the funds it manages, has no sustainable investment objectives.

As a result, it has not set up any governance system to monitor the extent to which ESG criteria are taken into account, other than those referred to in paragraph B above.

**D. Strategy for engagement with issuers or management companies and its implementation**

Ekkio Capital is committed to exercising its voting rights for all the companies in its portfolio.

Detailed information on votes cast is available in the annual voting and shareholder engagement report on the Ekkio Capital website <https://ekkiio.com/esg>.

**E. European taxonomy and fossil fuels**

In line with its policy of exclusion, none of Ekkio Capital's portfolio companies is active in the fossil fuel sector.

**F. Strategy of alignment with the international objectives of Articles 2 and 4 of the Paris Agreement relating to the mitigation of greenhouse gas emissions and, where applicable, for financial products whose underlying investments are made entirely on French territory, the national low-carbon strategy mentioned in Article L. 222-1 B of the Environmental Code.**

As part of its investment process, Ekkio Capital integrates ESG criteria into its investment decisions, monitoring and exit procedures.

**1. Prior to investment :**

The selection process excludes many sectors that violate human rights, generate environmental damage or operate in controversial industries.

For each acquisition, ESG due diligence is carried out with the help of an external professional to identify and implement improvement plans. For greater efficiency, ESG due diligence is obviously tailored to the target's business and characteristics.

**2. During the investment holding and disposal phases:**

Each year, the management company conducts a quantitative and qualitative survey on ESG criteria in the current financial environment. In collaboration with Cority, a panel of +210 questions on environmental criteria (energy consumption, water consumption, waste

production, etc.), social criteria (well-being in the workplace, accidents, staff turnover, pay gap) and governance criteria (gender parity in governing bodies, etc.) is used to gain a better understanding of the issues at stake. The annual ESG reporting campaign is carried out conscientiously, and an annual ESG committee meeting is held with each stakeholder concerned, attended by an Ekkio representative, one or more partners in charge of ESG and the Cority team. The study carried out on each investment is also carried out within Ekkio (as the management company), providing investors with precise, up-to-date data on Ekkio and the investments in its portfolio.

However, neither our portfolio companies nor Ekkio Capital, due to their respective size, have the human and financial resources to implement a structured strategy for aligning with the environmental objectives of the Paris Agreement. The process is underway, with a progressive and pragmatic approach.

For example

- For Ekkio Capital IV and Ekkio Capital V fund holdings, the carbon footprint (scope 1,2,3) is calculated every 3 years.
- Ekkio Capital will monitor the calculation of its financed emissions on an annual basis.
- For the Ekkio Capital IV and Ekkio Capital V funds, a decarbonization plan will be put in place for the portfolio's largest emitters, with the aim of aligning with the environmental objectives of the Paris Agreement by 2030.

**G. Strategy for alignment with long-term biodiversity objectives. The entity provides a strategy for alignment with long-term biodiversity objectives, specifying the perimeter of the value chain selected, which includes objectives set for 2030 and every five years thereafter.**

Biodiversity issues are an integral part of the challenges addressed and the indicators monitored in the ESG approach. However, given Ekkio Capital's business sector and the companies in which it invests, biodiversity issues are low (average portfolio issue score: 1.7/5, the lowest total with human rights and raw materials). Moreover, as with alignment with the Paris Agreements in terms of global warming, companies' financial and human resources do not allow them to define an alignment strategy for a low ESG issue.

**H. Taking environmental, social and governance criteria into account in risk management, particularly physical, transitional and liability risks related to climate change and biodiversity**

**Being an active promoter of ESG issues in portfolio companies is a fundamental commitment for Ekkio, based on 3 pillars:**

- Including ESG clauses in all shareholder agreements



- Formalizing an ESG action plan including a carbon reduction plan for all invested companies within 12 months of acquisition
- Provide specific ESG support and encourage initiatives (carbon footprint calculation, Great Place to Work assessment, value-sharing program, etc.).

These indicators are monitored annually and published in our ESG report. We aim to achieve a target of 100% on these three indicators for all future Ekkio funds.

### During the pre-investment phase

The selection process excludes sectors that violate human rights, generate environmental damage and operate in controversial sectors:

- Alcohol
- Coal
- Deforestation
- Fishing
- Fossil fuel production
- Fur
- Gambling
- GMOS
- Palm oil
- Tobacco
- Weapons

We only invest in companies based in Europe, thus mitigating the risk of corruption and human rights violations.

We use a **comprehensive pre-investment screening grid** to carefully evaluate potential opportunities.

This grid integrates 5 ESG themes (governance, supply chain, social, environmental, societal) and takes into account the main risks and negative impacts in terms of sustainability.

The pre-investment grid provides an initial overview of the company's ESG issues and performance prior to the **ESG due diligence assessment**, and is standardized across all business sectors to harmonize all assessments.

For each acquisition, an ESG due diligence is carried out with the help of **an external third party**, to identify and implement improvement plans. These due diligences include an **assessment of best practices and areas for improvement**, and help define the company's sustainable development roadmap. An in-depth assessment of climate and biodiversity risks is carried out for companies whose sectors are deemed to be exposed to such risks.

Subsequently, ESG factors, including sustainability risks and key negative impacts, are included in the investment memo, discussed at the **investment committee meeting** based on

the results of the pre-investment grid and due diligence report, and form one of the criteria for the investment decision.

Finally, we integrate sustainability into our contractual documents: in each shareholders' agreement, portfolio companies undertake to :

- Calculate their carbon footprint and build a carbon reduction plan
- Provide annual ESG reporting
- Participate in the creation of their company's sustainable development action plan
- Actively initiate corporate social responsibility initiatives within their company

### During the holding period

Within the first 12 months of investment, an **ESG action plan** is drawn up for each portfolio company, tailored to the company's business model and its main ESG challenges and risks. These action plans define the tasks to be carried out, the deadlines and the performance monitoring indicators.

Each year, the management company conducts a **quantitative and qualitative survey** on the sustainable development performance of its portfolio companies. In collaboration with Cority, 185 indicators on environmental criteria (energy and water consumption, waste production, etc.), social criteria (well-being in the workplace, accidents, staff turnover, pay gap, etc.) and governance criteria (gender parity in management bodies, etc.) are monitored and analyzed to assess the companies' **sustainable challenges and performance**, as well as the implementation of the action plan defined above.

An **annual sustainable development committee meeting** is then organized with each portfolio company, attended by an Ekkio representative, one or more partners in charge of sustainable development and the Cority team. At this meeting, the company's ESG performance and progress are presented, in connection with the company's action plan.

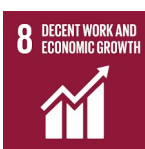
Following this annual committee meeting, the action plan is updated to incorporate new commitments and improvements.



**Climate impact** is assessed through a carbon footprint analysis carried out during the first year of investment on the three perimeters if the company has not yet carried out a carbon footprint analysis. A carbon emissions reduction trajectory is then defined as part of the ESG action plan.



**Health and well-being in the workplace** is assessed through precise monitoring of occupational health and safety, and the development of a social barometer. We track indicators relating to absenteeism rates, accident frequency and severity rates, and monitor the action plans of portfolio companies based on the Great Place to Work social barometer.



**The impact of responsible consumption and production** by portfolio companies is assessed in relation to responsible supply. Each year, we discuss ways of making their production processes more responsible.



**Gender equality** is assessed through the monitoring of specific indicators in annual reporting (percentage of women in shareholder governance, in operational governance, pay gap, gender equality index, diversity and inclusion policies, etc.).

This issue is further assessed and monitored if a risk has been identified.

### **During the exit process**

We share sustainability information in the exit memorandum, providing ESG performance data to potential buyers.

#### **I. List of financial products referred to under article 8 and 9 of the Disclosure Regulations (SFDR)**

FPCI Ekkio Capital V (article 8)

## **PART 2: INFORMATION ARISING FROM THE PROVISIONS OF ARTICLE 4 OF REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF NOVEMBER 27, 2019**

#### **J. Summary of main negative impacts on sustainability factors**

This section of the report stems from the provisions of the SFDR Regulation, and focuses on Ekkio Capital as a portfolio management company taking into account the main negative impacts on sustainability bills.

This statement on the main negative impacts on sustainability factors covers a reference period from January 1 to December 31, 2024.

Ekkio Capital formally integrates, in its investment monitoring processes, the management of negative sustainability impacts generated by the investments of the Ekkio Capital V fund (art.8), created in 2024.



## K. Description of the main negative impacts on sustainability factors and historical comparison

Indicators of negative impact on sustainability		Measuring element	Impact 2024	Explanation	Measures taken, measures planned and targets set for the next reference period
Greenhouse gas emissions	1. GHG emissions	Tier 1 GHG emissions in tonnes of CO2 equivalent Level 2 GHG emissions in tonnes of CO2 equivalent Level 3 GHG emissions in tonnes of CO2 equivalent	143,4 16,6 108 517,9		
	2. Carbon footprint	Carbon footprint in tonnes of CO2 equivalent per million euros invested	6 370,8		
	3. GHG intensity of investee companies	GHG intensity of investee companies	6 339,9		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector (%)	0,0%		
	5. Share of non-renewable energy consumption and production	Share of investee companies' energy consumption and production from non-renewable versus renewable energy sources, expressed as a percentage of total energy sources (%)	N/A		
	6. Energy consumption intensity by sector with high climate impact	Energy consumption in GWh per million euros of sales of investee companies, by sector with high climate impact	N/A		
Biodiversity	7. Activities with a negative impact on biodiversity-sensitive areas	Share of investments made in companies with sites/establishments located in or near biodiversity-sensitive areas, if the activities of these companies have a negative impact on these areas (expressed as a %)	0,0%		
Water	8. Discharge into water	Tons of water discharges from investee companies, per million euros invested, weighted average	0,0		
Waste	9. Ratio of hazardous and radioactive waste	Tons of hazardous and radioactive waste produced by investee companies, per million euros invested, weighted average	0,0		
Indicators relating to social issues, human resources, respect for human rights and the fight against corruption and bribery					
Social and human resources issues	10. Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises	Share of investments in companies involved in violations of the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises (expressed in %)	0,0%		
	11. Lack of compliance processes and mechanisms to monitor adherence to the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises.	Share of investments in companies that do not have a policy for monitoring compliance with the principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises, or mechanisms for handling complaints or remedying such violations (expressed as a %)	100,0%		
	12. Unadjusted gender pay gap	Average unadjusted pay gap between men and women in investee companies (expressed as a monetary amount converted into euros)	0,0		
	13. Gender diversity in governing bodies	Average ratio of women to men in the governance bodies of the companies concerned, as a percentage of the total number of members	0,0%		
	14. Exposure to controversial weapons (landmines, cluster munitions, chemical or biological weapons)	Share of investment in companies involved in the manufacture or sale of controversial weapons (expressed as a %)	0,0%		
Indicators applicable to investments in sovereign or supranational issuers					
Environment	15. GHG intensity Environment	GHG intensity of investment countries in tonnes of CO2 equivalent per million euros of gross domestic product	N/A		
Social	16. Countries of investment where social standards are violated	Number of investment countries with violations of social standards as defined by international treaties and conventions, UN principles or, where applicable, national law (numerical value)	N/A		
		Proportion of total number of countries benefiting from investments with violations of social standards as defined by international treaties and conventions, UN principles or, where applicable, national law (expressed in %)	N/A		
Indicators applicable to investments in real estate assets					
Fossil fuels	17. Exposure to fossil fuels via real estate assets	Share of investment in real estate assets used to extract, store, transport or produce fossil fuels (expressed in %)	N/A		
Energy efficiency	18. Exposures to energy-inefficient real estate assets	Share of investment in energy-inefficient real estate assets (expressed in %)	N/A		

## N. References to international standards

Ekkio Capital adheres to codes of responsible conduct such as the International Climate Initiative (iCI) and the PRI (see above).