

astorg.

Sustainability Report

2024

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FOREWORD

UNCOVERING VALUE, REDUCING RISK, ENHANCING RETURNS

As investors, our mission is to create value within our portfolio companies. Achieving that goal can take many forms, from crafting a strategic plan and driving operational excellence, to building strong leadership, fostering innovation, strengthening the financial structure, or implementing a fit-for-purpose governance system. At Astorg, we add a crucial pillar to the value proposition we offer to our partners by providing dedicated support to improve sustainability performance.
We firmly believe that this is essential not just to protect value, by mitigating risks, but also to create value, by seizing opportunities for our portfolio companies.

SUSTAINABILITY, AN INTEGRAL PART OF OUR INVESTMENT APPROACH

This is why sustainability has been seamlessly integrated into our investment process, our portfolio companies and our own corporate culture. We have steadily built and bolstered our internal capabilities and standards to enhance sustainability performances. In fact, we have set up an entire programme devoted to driving continual improvement in our portfolio's sustainability results. Moreover, in a further sign of how we see sustainability as an integral component of our value creation approach, ESG now sits squarely within our newly created Portfolio Performance function.

TANGIBLE AND COMPELLING ACHIEVEMENTS IN 2023

WE LISTEN. We firmly believe that by establishing a true, respectful dialogue, we can uncover the vision, aspirations and beliefs of the businesses we invest in, paving the way for genuine alignment between management and shareholders that leads to value-creating strategies. In 2023, we organised new events dedicated to fostering dialogue between our stakeholders and held one-on-one sustainability meetings with LPs and portfolio companies.

WE UNDERSTAND. To create value and encourage change within our portfolio, we understand that our team needs to be equipped with the best tools. In 2023, we invested in our internal expertise and resources to give our teams the best possible training, so that they can support portfolio companies on their journey. Our ESG unit works hand in hand with the rest of the team with the goal of maximising financial and sustainability performances alike.

WE ACT. We went from strength to strength since December 2022. We added three companies to our portfolio: Fastmarkets, a cross-commodity price reporting agency, hg medical, a manufacturer of orthopaedic implants for bone surgery, and Sofico, a software solutions and services provider for the automotive leasing and mobility industry. Our existing portfolio companies made headway on a range of sustainability issues. We continue to make steady progress on climate and diversity, while exploring forward-looking issues such as artificial intelligence. In 2023, we also reinforced our commitment to venture philanthropy through Astorg Philanthropy Investments: another way for us to generate a positive impact on the environment and society.

Building sustainability into every stage of our investment process has allowed us to uncover and maximise value in innovative ways. Today, we are well positioned to leverage our structured approach and keep creating value in our four core sectors of healthcare, technology, business services and industrials. We will continue to investigate new topics, including biodiversity and responsible supply chains, while working hard, as ever, to reduce risk and enhance returns.



Thierry Timsit
Chief Executive Officer
Astorg

ASTORG HIGHLIGHTS

Astorg is a European private equity firm with over €22 billion of assets under management. Astorg works with entrepreneurs and management teams to acquire market-leading, global companies mainly headquartered in Europe. Enjoying a distinct entrepreneurial culture, a long-term shareholder perspective and a lean decision-making body, Astorg has offices in London, Paris, New York, Frankfurt, Milan, and Luxembourg.

MAY 2024

€22bn
assets under management

26
years of investing

28
portfolio companies

160+
employees across 6 offices

SUSTAINABILITY FOUNDATIONS

Incident escalation policy and procedure approved in February 2024

All Astorg funds categorised as Article 8 funds under the EU Sustainable Finance Disclosure Regulation

Sustainability policy updated in February 2024

100% of ESG due diligence before binding offer

5 full-time ESG and impact professionals

DECEMBER 2023

SUSTAINABILITY TRAINING

100%
of investment team has received ESG training

11
hours of sustainability training per investment team member

CLIMATE

Validated Science Based Targets

Decarbonisation requirements in shareholders' agreement for all new investments as of 2022

DIVERSITY

47%
female employees

28%
women in investment team

50%
women in investment team hires in 2023

14%
female Partners

27
nationalities

UN PRI RATING

Policy Governance & Strategy	Direct – Private equity	Confidence building measures
★ ★ ★ ★ ★	★ ★ ★ ★ ★	★ ★ ★ ★ ☆

PORTFOLIO HIGHLIGHTS

Astorg has valuable industry expertise in healthcare, software and technology, business services and technology-based industrial companies. With 26 years of experience under its belt, the private equity firm has built a solid portfolio.

DECEMBER 2023

45,000+
employees (across 27 portfolios companies in December 2023)

1,700+
jobs created

ENGAGEMENT

100%
of companies discuss ESG topics at board level

100%
of companies have a dedicated ESG point of contact within the company

100%
of companies have at least quarterly ESG meetings

6
ESG training sessions for portfolio companies organised by Astorg in 2023

SUSTAINABILITY-LINKED LOANS

Sustainability-linked loans: **6**

Total amount of loans: **€3.3bn**

Savings: **€8m+**

CLIMATE

44%
of overall portfolio companies' GHG emissions (scope 1, 2 & 3) are covered by SBTi- validated targets as of May 2024[1]

20
companies out of 28 have SBTi commitments. 9 of them have SBTi-validated targets as of May 2024

32%
of investments by invested capital have set science-based targets as of May 2024[1]

22%
of companies' total energy consumption sourced from renewable energy in 2023

DIVERSITY AND HUMAN RIGHTS

28%
of women/underrepresented minorities among board members appointed by Astorg at companies invested since 2022, as of March 2024

100%
of companies have an anti-discrimination and equal opportunities policy[2]

92%
of companies have a formal human and labour rights policy or related documents that cover human and labour rights topics[2]

1. New acquisitions are excluded, in alignment with SBTi criteria, which allow a 24-month grace period. One portfolio company in which Astorg holds less than 25% of the fully diluted shares is also excluded.
2. Out of 25 companies responding to Astorg's 2023 ESG questionnaire.

PORTFOLIO HIGHLIGHTS

DECEMBER 2023

CYBERSECURITY

3.2

point average score (out of 5 points) in cybersecurity assessment[3] (vs. 3 in 2022)

78%

of portfolio companies assessed in 2022 and 2023 improved their cybersecurity score (18 companies)

IMPACT

€800k+

deployed by Astorg Philanthropy Investments since its creation in 2022

14

organisations supported across 6 countries

ECOVADIS RATING

22

portfolio companies rated by EcoVadis in 2023[4]

100%

of companies improved or maintained performance from 2022 to 2023

100%

of companies have an action plan to improve their EcoVadis score

95%

of companies at or above industry benchmark as of January 2024

77%

of EcoVadis-rated companies received a medal in 2023 for their ESG accomplishments

Average portfolio improvement since acquisition:

+19pts

3. Declarative cybersecurity risk survey of 24 portfolio companies, based on the NIST-CSF framework.

4. Excluding Fastmarkets, whose first scorecard was published in January 2024, recent acquisitions hg medical (July 2023) and Sofico (Jan 2024), as well as Audiotonix and Acturis, as they represent minority investments. EcoVadis is also excluded from the scope.

Uncovering Value

Delivering long-term returns

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Focusing on client centricity

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Creating lasting partnerships with portfolio companies

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A proud participant in sector initiatives

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Astorg's sustainability strategy

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DELIVERING LONG-TERM RETURNS

Successful private equity investments involve a balanced approach that both creates and protects value, with the ultimate goal of generating attractive risk-adjusted returns for investors.

“At Astorg, we pride ourselves on being hands-on investors who systematically look to enhance the value we create in each of our investments. Achieving high performance is about having the right people and processes, good communication and flawless execution. We are constantly investing in our internal tools and teams to deliver tailor-made value creation initiatives that will take our portfolio companies forward. To harness this in-house knowledge and experience, a Head of Portfolio Performance function was created this year to oversee responsibility for the ESG, Digital and Operations Teams, but also to formalise value creation playbooks that can be applied in a highly replicable and efficient way. The new function reflects our utmost dedication to investment performance at the portfolio level.

Benjamin Cordonnier,
Partner, Business Services
Head of Portfolio Performance
Astorg



Astorg integrates sustainability into its business strategy with the aim of safeguarding long-term value while meeting social and environmental needs.

Astorg’s sustainability strategy is guided by the goal of unlocking value at portfolio companies. By establishing a constructive dialogue with management teams, Astorg is able to uncover the vision, aspirations and beliefs of investee businesses. This allows Astorg to identify sustainability-linked market opportunities that will consolidate the competitive advantage of portfolio companies or allow them to gain market share. This approach also makes the companies more attractive to talent, especially new generations of employees keen to work for businesses that are seen as enablers of a sustainable transition.
As a leading European investor, **Astorg also has a responsibility to protect value** by ensuring the long-term resilience of portfolio companies’ business models to upcoming transitions and by anticipating compliance costs due to the increasingly stringent regulatory landscape.
This is particularly applicable in sustainability, an area characterised by very active regulatory efforts by the European Union, including for example the regulations linked to the EU Green Deal, such as the Corporate Sustainability Reporting Directive. The section of this report dedicated to climate change shows how Astorg is actively engaging with its portfolio companies to mitigate climate change risks and prepare for current and emerging compliance costs.

SUSTAINABILITY AT EVERY STAGE OF THE INVESTMENT PROCESS

This approach, which combines seeking opportunities and monitoring risks, is made possible by the incorporation of ESG criteria at every stage of Astorg’s investment process. ESG screening during the due diligence phase is used to identify any material breach of Astorg’s prohibited or restricted investments, but also to start uncovering the elements that will create value in the future.

During the investment process, ESG progress within the portfolio is monitored by engaging with companies’ management and supporting their ESG programmes. Astorg works with portfolio companies to collectively build action plans, reviewed at board level on a yearly basis, which are geared to maximise returns at financial and extra-financial levels.

The benefits of these efforts are confirmed by growing investor interest in sustainable companies during exits. The portfolio company case studies showcased in this edition of Astorg’s Sustainability Report (Normec, Solina, Corialis and Corsearch) provide concrete examples of how Astorg’s successfully unlocks value-creation opportunities within its portfolio.

FOUR KEY PILLARS TO SUPPORT ASTORG’S STRATEGY

For the 2022-2025 period, Astorg strategically chose to focus on **4 key cross-cutting pillars: Climate, Diversity, Equity & Inclusion (DE&I), Information Security and Impact.** These pillars are relevant to all companies and stakeholders and will be Astorg’s primary focus for value creation and protection.

This is an ambitious task, requiring the involvement of all internal and external stakeholders to pursue a shared roadmap, but at Astorg, we listen, we challenge, and we align to achieve our goals.



Normec



Normec is a leading provider of testing, inspection, and certification ("TIC") services, focused on: life safety, sustainability, foodcare and healthcare.

SECTOR	Business services
HEADQUARTER	The Netherlands
FUND	Astorg VII
ENTRY	2020
ISO CERTIFICATIONS	14001, 17020, 17021, 17025, 17065, 27001, 45001

KEY FIGURES

41%

of women employed **across the organisation**

44%

of women on the **Board**

43%

of women in **senior positions**

~14%

of renewable energy (1,2% in 2021)

~24

hours of training per employee via the Normec Academy

Enabler of sustainable transition

CREATING VALUE

As EU regulations tighten and market demands rise, businesses must embrace sustainability, safety, health, and quality. **Normec, through quality testing, inspections and certifications, enables this transition, safeguarding resources, ensuring safety, and promoting high standards of quality, ultimately advancing ESG progress.**

> **At Normec, we practice what we preach by integrating ESG in the core business and across our governance.**

Marco Zomer
Chief Sustainability Officer
Normec



Normec provides specialised services in **life safety, sustainability, foodcare, and healthcare** sectors. Their offerings include technical inspections to ensure **worker safety, environmental tests for air, water, waste, and soil, as well as certifications for fair labour practices and CO2 management.** By enforcing **rigorous compliance standards** and **promoting best practices**, Normec **elevates the credibility and effectiveness of its clients' sustainability efforts,** helping them make a **significant positive impact on society and the environment.**

How does Normec define value creation?
By delivering precise data and expert guidance, along with adherence to best practices, Normec equips businesses to adopt responsible and sustainable practices. This strategic support not only facilitates their transition but also drives substantial change across various industries.

Cross-cutting Sustainable progress

2023 MILESTONES

Normec has not only set but also realised ambitious sustainability goals from 2020 to 2023, in collaboration with Astorg. By actively enhancing its ESG standards and strengthening its ESG strategies, Normec demonstrates its commitment to **leading by example in the industry, thereby creating substantial value.**

- **Increased share of total renewable energy** (*from ~1.2% in 2021 to ~14% in 2022*).
- GHG monitoring.
- **SBTi targets approved in February 2024** *(reduce scope 1 and 2 emissions by 42% by 2030, reduce scope 3 emissions by 52% per EUR value added by 2030 from a 2022 base year, and increase active annual sourcing of renewable electricity from 10% in 2022 to 100% by 2030).*

- Creation of the **Normec Academy** to train employees on specific ESG topics.
- Achievement of **wider gender diversity** (*~44% women in Board, 43% in senior management positions and 41% on total employees*).

- Appointment of the **Chief Sustainability Officer.**
- **Change champions** mobilised across the company to support the Sustainable agenda.
- Normec's **Socially Responsible Contracting and Purchasing.**
- Normec's **Code of Conduct.**



Sustainability-Linked Loans

EXPANDED ACCESS TO CAPITAL AS EMBRACING SUSTAINABILITY GOALS ATTRACTS A WIDER INVESTOR AUDIENCE

- Positive pricing impact for borrower with potential interest margin deductions of 0.05-0.1%
- Strong message to the market and reputation boost by committing to meet sustainability objectives
- Anticipation of evolving regulatory requirements

EXAMPLES OF SUSTAINABILITY-LINKED KPIs OR INITIATIVES TO BE IMPLEMENTED

- **EcoVadis score improvements.**
- **Climate change:**
  - Submitting science-based targets to SBTi for validation.
  - Completing a carbon assessment with respect to GHG Scopes 1, 2 and 3.
  - Reducing GHG emissions per employee.
- **Diversity, equity and inclusion (DE&I):** Progressively increasing the proportion of women in leadership team to reach a defined % in 2026.
- **Supply chain:** Progressively achieving ISO certification for industrial sites to reach at least a defined % of certified sites by 2026.

SUSTAINABILITY-LINKED LOANS: 6

Total amount of loans:
€3.3bn

Savings:
€8m+

“At Astorg, we encourage all new investments to have Sustainability-Linked Loans whenever possible. As lenders and investors are increasingly interested in supporting sustainable initiatives, portfolio companies that embrace sustainability goals are more likely to attract a wider pool of investors and lenders and therefore be in a competitive position.



Alexandre Falewee
Director
Astorg

“By setting sustainability performance targets, not only are companies eligible for a premium when their sustainability performance improves, but they demonstrate a strong commitment to the market and ultimately improve their reputation.



Parinaz Bhot
Director
Astorg

FOCUSING ON CLIENT CENTRICITY

At Astorg, ensuring all stakeholders' interests are aligned is considered a key to success. That is why Astorg's teams keep the conversation going with Limited Partners (LPs) all year long, to share their views and collect valued information. To formalise this process, Astorg organised a dedicated event in 2023, focused on LPs' expectations on DE&I and climate. A survey was also conducted, taking this approach even further.



"A lot of organisations use client centricity as a buzz word. For us, being client-centric is a fundamental principle of our relationships with investors that has, over the past year, led us to considerably expand the team dedicated to servicing investors, densify our investor engagement programme, enhance our reporting, and develop a new investor portal that will be user-friendly and of value add for our investors.

Jean Raby
Chief Client and
Business Development Officer
Astorg





Engaging with investors through a dedicated sustainability event

In September 2023, Astorg held its first **Sustainability Day** dedicated to investors: 16 LPs joined Astorg's ESG and investment team for a half-day forum, where they attended presentations of Astorg's current approach to sustainability engagement, four simultaneous roundtables about LPs' expectations on DE&I and climate at General Partner (GP) level, and a panel discussion about how LPs, GPs and portfolio companies collaborate along the value chain. During the event, ESG representatives from three of Astorg's portfolio companies (Echosens, EcoVadis and Solina) and four Astorg Partners engaged in the conversation with LPs.

A DESIRE TO TRANSLATE CLIMATE POLICIES INTO TANGIBLE RESULTS

The two climate roundtable discussions led to different results, with some LPs valuing concrete results over adherence to initiatives and public commitments, and others expressing their appreciation for GPs (and companies in general) which set carbon reduction targets, with particular attention to Net Zero commitments and strategies. In this context, Astorg received positive feedback on being one of the frontrunners in the sector to achieve target validation by the SBTi[5].

PUSHING THE DE&I DISCUSSION BEYOND GENDER

DE&I roundtable discussions led to the conclusion that one major challenge associated with collecting DE&I metrics arises from different regions requiring disclosures of different metrics, with a clear divide between the US and Europe. Consequently, GPs implement varying strategies when it comes to diversity, with some setting public targets and commitments, and others deciding to solely monitor DE&I KPIs, without setting objectives.

Recognised initiatives such as the ESG Data Convergence Initiative[6] are considered helpful to LPs in benchmarking their GPs (e.g., based on the number of women on the board of directors), but do not provide information on other relevant dimensions that can be identified through richer DE&I data. Additionally, LPs expressed a desire for GPs to go beyond the "gender" dimension of DE&I to measure progress in other aspects of visible and non-visible diversity.

5. The Science Based Target Initiative is one of the most established GHG reduction initiatives, as it is one of the few that defines carbon reduction targets in line with climate science. Astorg received target validation from the SBTi in 2021, making it one of the forerunners in the PE sector. Astorg commits that 30% of its PE investments by invested capital will have set science-based targets by 2025 and 100% by 2030 from a 2021 base year. Astorg's portfolio targets cover 100% of total investment and lending activities as of 2021.
6. EDCI: open partnership of PE stakeholders committed to streamlining the industry's historically fragmented approach to collecting and reporting on ESG data.

EMBEDDING ESG AT THE HEART OF COMPANIES' BUSINESS MODELS

ESG is becoming more embedded in portfolio companies' strategies, but quantifying its financial impact is still a big challenge.

All participants at the ESG event agreed on the need for ESG to become more embedded in companies' business models. In this respect, LPs had the opportunity to learn about the challenges and benefits that may arise from putting sustainability at the heart of a company.

"The LP Sustainability Event was a great opportunity to see how Astorg's longstanding commitment to ESG works in practice and hear directly from portfolio companies on how their sustainability initiatives can help to create value for LPs.

Maaike van der Schoot
Head of Responsible Investment
AlpInvest



"As a responsible investor, Adams Street is committed to engaging with our General Partners to promote dialogue regarding the investment risks associated with material ESG factors. To that end, we were extremely pleased to be able to participate in Astorg's 2023 LP Sustainability Day, which was a unique opportunity for us to engage directly with Astorg and its portfolio companies to exchange perspectives on why ESG topics matter and how they can be addressed in ways that create and protect long-term value for us as investors, while delivering positive outcomes for society and the environment.

Yohan Hill
Director of ESG and Responsible Investing
Adams Street Partners



"Schroders Capital right away got enthusiastic when the idea of an event that would bring together some of Astorg's portfolio companies and LPs first came up during an engagement call. We appreciate the open exchange across the value chain, which supported our philosophy for ESG value creation and reporting, but also gave us some new ideas. It was also a good opportunity to exchange with other LPs and align our expectations of Astorg. We've been encouraging other GPs to think about organising a similar (bi-)annual event.

Amara Goeree
Sustainability Director for Private Equity
Schroders

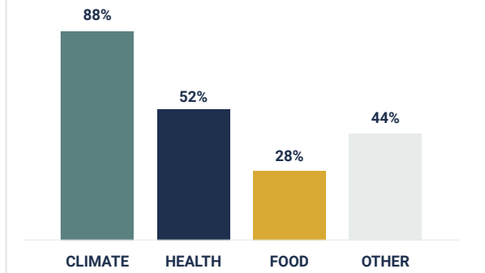


Gathering investor insights via a sustainability survey

In 2023, Astorg shared a sustainability survey with its LPs to better understand their current sustainability expectations towards GPs and how they believe the sector will evolve. The findings are summarised below:

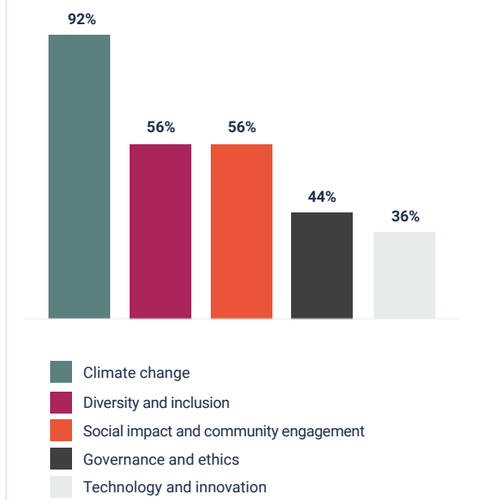
- **Integrating sustainability in the investment process:** 88% of surveyed LPs have a responsible investment policy in place[7].
- **SFDR classification:** a majority of respondents allocate 0-50% of their total PE allocations to Art.8 funds and less than 5% to Art.9 funds.
- **Climate is expected to remain a key sustainable investment theme:** sustainable investments are focusing on this theme, and investors also expect this focus to remain in the next 5 years.
- **LPs expressed the need to increase focus on DE&I and governance:** over half of surveyed LPs believe that they will focus on DE&I and social impact & community engagement in the next 5 years.
- **"Quantifying financial impacts of ESG factors"** and **"Unreliable ESG data"** are the main challenges identified in integrating ESG considerations into dialogue with GPs.
- **Importance of ESG performance in assessing a GP's value proposition:** 88% of survey respondents consider ESG performance to be somewhat important (56%) or very important (32%) when assessing a GP's value proposition.
- **ESG Data collection:** most LPs expressed a preference for SFDR PAIs (67%) and ESG Data Governance Initiative reporting (63%). On the GP side, standardising data collection practices would also help GPs and portfolio companies in their data collection exercises.

WHAT ARE YOUR SUSTAINABLE INVESTMENT THEMES?



Source: Astorg 2023 ESG Survey (base respondents = 24)

WHAT ARE YOUR MAIN AREAS OF FOCUS IN TERMS OF SUSTAINABLILITY IN THE NEXT 5 YEARS?



Source: Astorg 2023 ESG Survey (base respondents = 25)

7. Where "responsible investment" is defined by the PRI as the practice of "considering ESG issues when making investment decisions and influencing companies or assets". What is responsible investment? | Introductory guide | PRI (unpri.org)



Solina is the leading European manufacturer of ingredient and seasoning blends, serving over 18,000 customers in the food industry.

SECTOR	Industrials, Food
HEADQUARTER	France
FUND	Astorg VII
ENTRY	2021
ISO CERTIFICATIONS	14001, 45001

KEY FIGURES

45%

of women in leadership team

100%

of **strategic suppliers rated EcoVadis**

100%

of **High Impact Raw Materials are traceable and sustainability sourced**

67%

recyclable packaging in 2023 (goal of 100% of packaging to be recyclable or reusable by 2025)

60%

of green energy (goal of 80% by 2025 and 100% by 2030)

"We put sustainability at the heart of our business model"

Interview with Ellen Madsen, Solina's Group Sustainability Director

WHAT IS SOLINA'S OVERALL INNOVATION STRATEGY AND THE ROLE OF SUSTAINABILITY?

Solina's innovation strategy focuses on **better nutrition, new proteins, waste reduction, product transparency and packaging.** Sustainability is central to each area, aiming to make food production more environmentally friendly and nourishing. While meeting market demands, we also offer **healthier alternatives** to clients who may not initially seek such requirements.

HOW IS SUSTAINABILITY EMBEDDED INTO THE COMPANY'S BUSINESS STRATEGY AND ORGANISATION?

Since 2023, sustainability and ESG have become integral to Solina's strategic direction. This shift acknowledges **sustainability as a core driver of value creation**, responding to evolving stakeholder expectations and regulatory frameworks. As Chief Sustainability Officer and Board Executive member, **I oversee the integration of ESG topics across all functions, with key personnel incentivised based on sustainability performance** aligning with financial objectives.

> **"At Solina, we've truly embedded sustainability into the core of our business. This journey required a significant strategic pivot and a cultural shift amongst our team.**

Ellen Madsen
Group Sustainability Director
Solina



HOW IS SOLINA INVOLVING ITS STAKEHOLDERS ON THE NEW PREDOMINANT ROLE SUSTAINABILITY PLAYS IN THE OVERALL STRATEGY?

Stakeholder engagement shapes Solina's strategy, with inputs from employees, suppliers, and customers forming the basis of our materiality matrix. **Each department is responsible for integrating sustainability into daily activities, while suppliers are required to attain an EcoVadis score and adhere to our Code of Conduct. Collaborations, like the development of a carbon footprint tool** with clients, further enhance stakeholder involvement.

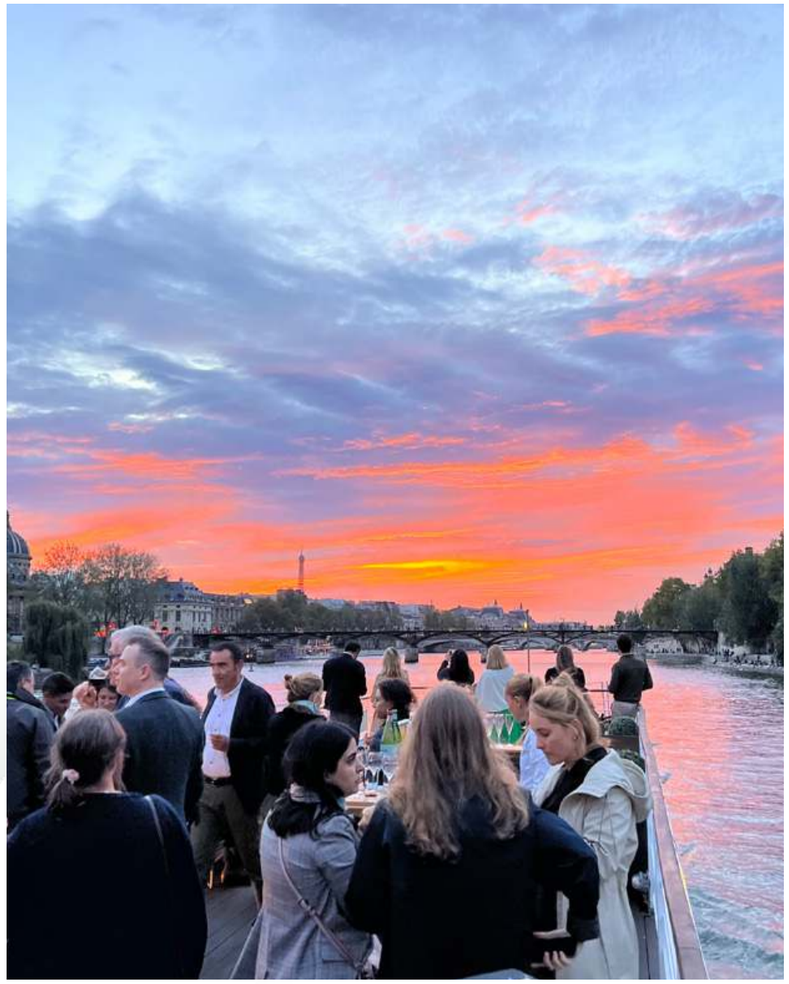
TO WHAT EXTENT HAS ASTORG HELPED IN ACCELERATING YOUR GROWTH FROM AN ESG PERSPECTIVE?

Astorg provides **support and guidance**, with regular dialogues facilitating the exchange of insights and resources on sustainability projects. Their presence on the board offers crucial support, while their **portfolio playbook sets ambitious targets**, pushing Solina to elevate sustainability efforts.

WHAT ARE THE MAIN CHALLENGES THAT YOU FACED ALONG THIS PATH?

Integrating sustainability into our business required **a shift in mindset, transitioning from viewing ESG as an isolated activity to recognising it as a strategic driver of value creation**. The primary challenge has been ensuring all employees embrace this new mindset and actively contribute to our sustainability goals.

CREATING LASTING PARTNERSHIPS WITH PORTFOLIO COMPANIES



Companies gathered in Paris for the annual sustainability event with Astorg in September 2023



Astorg actively supports its portfolio companies' sustainability efforts through various initiatives. By offering a robust sustainability community, Astorg creates a platform for networking and sharing best practices. Astorg provides strategic guidance, assists in developing sustainability roadmaps, and offers standardised reporting templates to streamline sustainability reporting processes while offering portfolio companies curated lists of subject matter experts and consultants.

- **A community of 60+ ESG practitioners across 28 portfolio companies.**
- **An in-person ESG event per year to share best practices in the portfolio.**
- **6 ESG training courses in 2023 focusing on science-based targets, sustainability strategy and ESG regulations in the EU.**

This community, and in particular the event that is organised each year, strengthens Astorg's sustainability strategy by allowing its portfolio companies to witness the progress made by their peers. Their sharing of best practices and experiences regarding their individual sustainability journey contributes to our collective success.

"Our portfolio company events aren't just about discussing current issues; they are safe spaces for sharing experiences. It's not easy to bring our globally dispersed companies together, but seeing our Sustainability Leaders leave full of new ideas and inspiration makes it all worthwhile.

Michel Sudol
ESG Coordinator
Astorg



A PROUD PARTICIPANT IN SECTOR INITIATIVES

In addition to embracing sustainability in its portfolio, Astorg is dedicated to being part of the conversation at a global level. Exchanging with other private equity professionals, institutional investors, regulators and international institutions is a fundamental component of our strategy.



ASTORG IS A PROUD MEMBER OF THESE SECTOR INITIATIVES:

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

initiative climat international
Private equity action on climate change

RACE TO ZERO
Climate Ambition Alliance

Signatory of: PRI Principles for Responsible Investment

INVEST EUROPE

FRANCE INVEST

LEVEL 20

European Leveraged Finance Association

ESG Data Convergence Initiative

ASTORG UN PRI 2023 ASSESSMENT REPORT

Signatory of: PRI Principles for Responsible Investment

Policy Governance and Strategy	★ ★ ★ ★ ★	96%
Direct – Private equity	★ ★ ★ ★ ★	100%
Confidence building measures	★ ★ ★ ★ ☆	80%

ASTORG'S SUSTAINABILITY STRATEGY



Astorg's sustainability strategy embodies years of iterative refinement, attuned to market dynamics, regulatory shifts, and the nuanced needs of both portfolio companies and broader stakeholders. Rooted in collaborative engagement and an unwavering commitment to uplift every entity within its ecosystem, Astorg has forged a path marked by two pivotal principles:

- **Engagement:** Astorg fosters a culture of collaboration by providing a trusted platform for portfolio companies through a spectrum of initiatives including events, training programmes, networking opportunities, and regular interactions. This ethos cultivates a robust ecosystem where dialogue and shared learning thrive.
- **Inclusivity:** embracing the motto "no company left behind", Astorg champions the advancement of all its investments towards sustainability excellence. This ethos underscores Astorg's confidence in its ability to guide portfolio companies towards heightened environmental, social and governance (ESG) standards.



"Built on years of dialogue with our LPs, portfolio companies, peers and business partners, our sustainability strategy is focused on strengthening our portfolio's ESG performance. We created a programme to ensure continual improvement of our portfolio companies, which includes running a data campaign to make sure we are working on strong bases, organising events to foster collaboration and the sharing of best practices, as well as measuring the carbon footprint of each individual company, along with our own. This systematic approach, combined with the integration of environmental, social and governance criteria at every stage of our investment process, allows us to elevate sustainability to a strategic level, uncovering value for all our stakeholders.

Viviana Occhionorelli
Partner, ESG
Astorg



Climate stewardship has long been a cornerstone of Astorg's agenda, underscored by diligent monitoring of both its own and portfolio GHG emissions alongside the establishment of ambitious reduction targets. This commitment to climate action culminated in Astorg and its portfolio companies embracing Science Based Targets initiative (SBTi) goals, marking a significant milestone in the evolution of the company's sustainability strategy.

Drawing inspiration from global best practices and stakeholder insights, Astorg's current sustainability strategy is anchored on four pillars, each of them being associated with clear goals:

13 CLIMATE ACTION

CLIMATE

Reduce absolute scope 1 and 2 greenhouse gas (GHG) emissions by 50% by 2030 from a 2020 base year.
Commit that 30% of private equity investments by invested capital will have set science-based targets by 2025, and 100% by 2030, from a 2021 base year.

5 GENDER EQUALITY

DIVERSITY, EQUITY & INCLUSION

40% of women and underrepresented minorities within Astorg-appointed board members for all new investments from 2022 onwards.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

INFORMATION SECURITY

Reach the highest information security level for 100% of its portfolio companies within three years of acquisition.

3 GOOD HEALTH AND WELL-BEING

IMPACT

Develop an impact methodology to support portfolio companies and investment teams. Make certain investments with a positive and measurable social impact in relation to improving health and well-being outcomes for people living with disabilities and chronic conditions, and in accordance with a specific set of defined criteria.
Provide philanthropic support to organisations, both non-profits and social enterprises, that improve health and accessibility outcomes for people living with disabilities and chronic conditions.

The efficacy of Astorg's sustainability strategy is further bolstered by the deployment of instruments (e.g., EcoVadis scores, Sustainability-Linked Loans) and initiatives aimed at facilitating the integration of ESG principles into its portfolio companies' core business. These efforts extend to ensuring compliance with regulatory frameworks, fostering safe and equitable workplaces, and aligning sustainability initiatives with Astorg's value creation levers including the company's proactive stance in positioning businesses strategically, exploring growth opportunities, and reinforcing senior leadership at portfolio companies. Astorg's sustainability strategy underscores its status at the vanguard of sustainability integration in private equity.



Standing up for Climate and Nature

As a major pillar of Astorg's sustainability strategy, climate has become an example of the firm's dedication to reducing its impact, and of its commitment to a disciplined approach. Astorg combines ambitious objectives for itself and its portfolio companies with the goal of reducing its global carbon footprint, enhancing its portfolio's resilience to climate change, and monitoring any potential risks.

Accelerating climate transition with our decarbonisation roadmap
P.36

Improving climate resilience with the risk management plan
P.44

Preserving Biodiversity
P.46

ACCELERATING CLIMATE TRANSITION WITH OUR DECARBONISATION ROADMAP



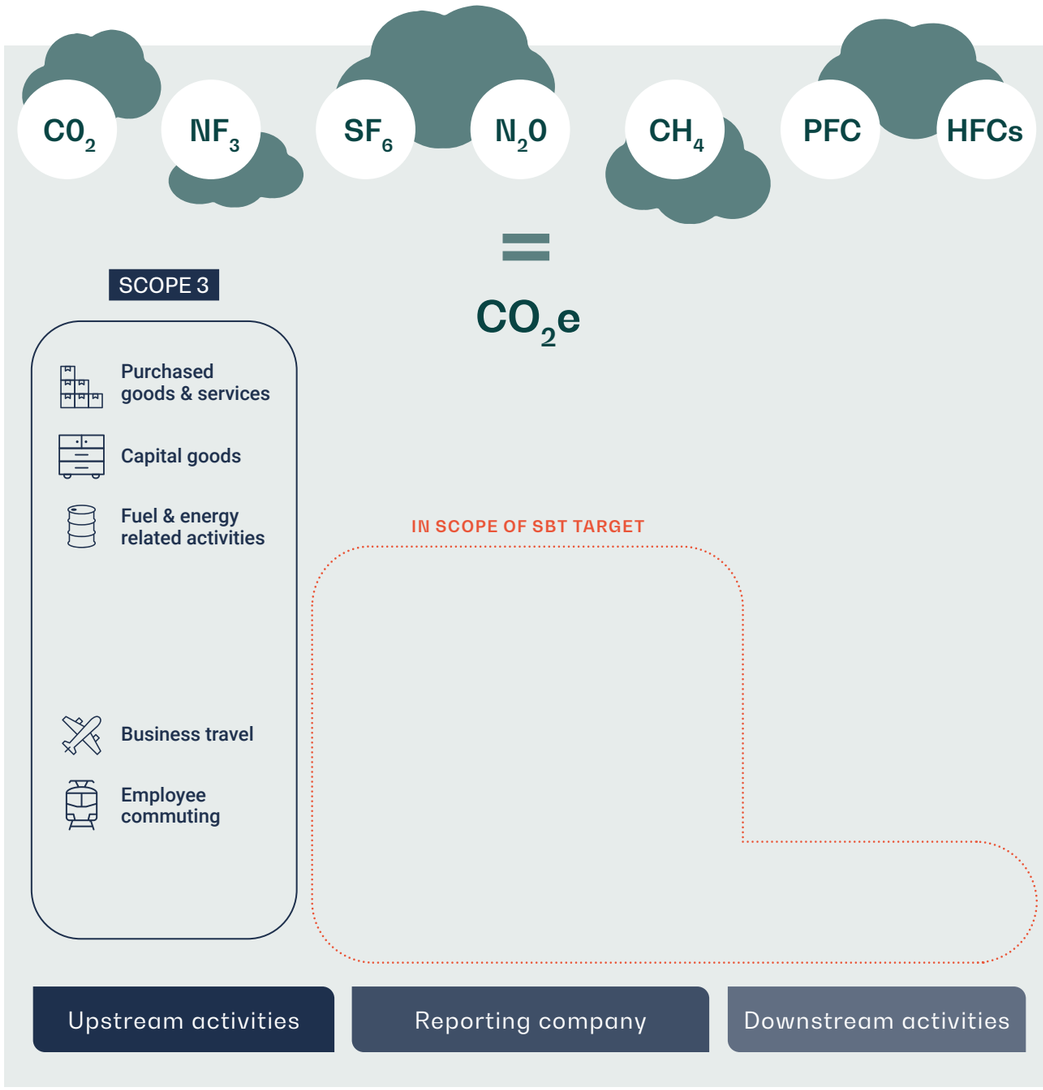
“Decarbonisation is now a must in asset management and will only gain more significance. At Astorg, we assess the carbon footprint of all potential investments. Companies with strong decarbonisation strategies are poised for higher returns due to efficient resource management and lower adaptation costs to changing regulations.

Lorenzo Zamboni
Partner
Co-Head Flagship Fund
Astorg



As a fund manager, Astorg recognises that most of its greenhouse gas (GHG) emissions are tied to its investments (more than 99%). As a result, Astorg’s decarbonisation strategy is focused primarily on supporting the journey of its portfolio companies. However, this does not diminish the commitment to environmental responsibility within Astorg’s own operations (Scope 1 and Scope 2 emissions). Astorg believes in leading by example, which is why its approach to sustainability is twofold: while Astorg actively works with portfolio companies to measure, track and reduce their GHG emissions, it also rigorously monitors and addresses its direct emissions.

EMISSIONS SOURCES COVERED BY ASTORG’S CARBON FOOTPRINT ASSESSMENT





> **Supporting decarbonisation efforts of our portfolio companies is important to both protecting and creating value. By reducing emissions, we not only safeguard our investments but also lay the foundations for a future where environmental responsibility ensures lasting value.**

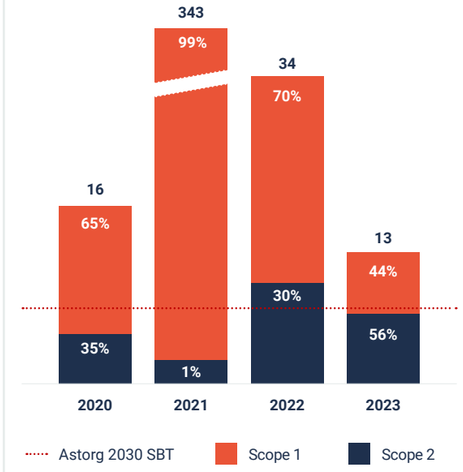
Nathalie Medawar
ESG Director
Astorg

At Astorg

SCIENCE-BASED TARGETS REPORT ON PROGRESS

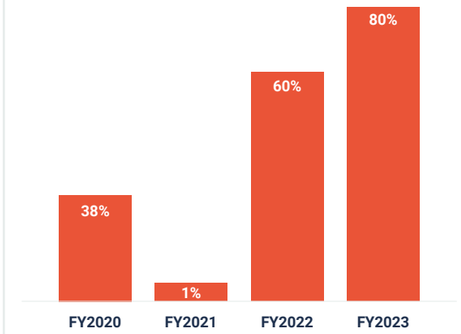
Astorg commits to reducing absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year.

ASTORG OFFICES SCOPE 1 AND 2 EMISSIONS IN tCO_2e



15% emissions reduction compared to 2020

INCREASING THE SHARE OF RENEWABLE ENERGY AT ASTORG OFFICES



80% renewable energy and 100% renewable electricity consumed by Astorg's offices in 2023

In 2021, Astorg received approval and validation by the Science Based Targets initiative (SBTi) for its GHG emissions reduction targets. This step was important for the firm to assert its leadership position on climate change action. It is also a wonderful tool to enable the teams to better assist portfolio companies on their own climate journeys.

Using 2020 as a base year for setting a science-based target presented unique challenges, particularly due to the atypical operational patterns influenced by the global pandemic. During this period, Astorg's offices were not fully occupied, leading to an uncharacteristic decrease in day-to-day energy consumption and associated emissions. This anomaly means that the baseline data from 2020 do not accurately reflect Astorg's typical operational footprint. It is important to consider these factors when evaluating progress against the set goals.

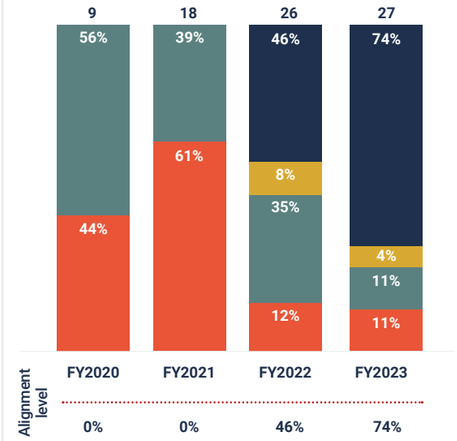
Focusing on scope 1 and 2, GHG emissions decreased by 15% in 2023, compared to FY2020 and by 60% compared to FY2022. On the one hand, Astorg continued to expand its business with the opening of new offices in Frankfurt and New York, bringing new sources of emissions, such as district heating. On the other, mobile combustion decreased by 50% and electricity is now carbon free. This is due to the transitioning of the Luxembourg office to renewable energy sourcing and the purchase of Energy Attribute Certificates (EACs) for the remaining electricity consumption.

Purchasing EACs for electricity emissions can contribute to achieving zero emissions in offices that are not owned by Astorg. However, it is crucial that this strategy does not overshadow the importance of improving buildings' energy efficiency.
While purchasing EACs contributes to financing the renewable energy sector and helps neutralise the carbon footprint of electricity consumption in the short term, it does not reduce actual energy use.
This is why Astorg seeks to engage with landlords to monitor and challenge the energy efficiency of the offices it occupies.



At portfolio companies

PORTFOLIO DECARBONISATION STATUS – PRIVATE MARKET DECARBONISATION APPROACH (PMDR)



Not started: not started to measure emissions or plan how to reduce them

Capturing data: reporting emissions data but currently no plan in place to reduce emissions

Preparing to decarbonise: planning to reduce emissions in-line with an approach agreed with the GP

Aligning: committed to a decarbonisation plan aligned to a transition pathway

Aligned: delivering against a net zero plan and operations aligned to science-based target

74% of portfolio companies are actively working on their decarbonisation strategy, with board oversight of the plan.

Astorg collaborates with an external provider to support portfolio companies in their carbon footprint evaluations. Since initiating this process in 2019, there has been a marked enhancement in the accuracy and completeness of the processed data. Throughout the year, Astorg actively works with portfolio companies to identify the appropriate dataset and refine the related data gathering methods. Astorg aims to ensure that portfolio companies acquire the necessary information to establish actionable strategies for emissions reductions.

As of December 31, 2023, the portfolio carbon footprint analysis accounts for 100% of the invested capital. This analysis is conducted, compiled and disclosed in alignment with the standards set by the GHG Protocol. The evaluation employs a hybrid approach, using supplier-specific data, activity data and spend. The results from the 2023 evaluation can be found in the appendix of this report.

SCIENCE-BASED TARGETS REPORT ON PROGRESS

Astorg commits that 30% of its PE investments by invested capital will have set science-based targets by 2025 and 100% by 2030 from a 2021 base year. Astorg's portfolio targets cover 100% of total investment and lending activities as of 2021.

As of May 2024:

- **32% of investments by invested capital have set science-based targets[8].**
- **44% of overall portfolio companies' GHG emissions (scope 1, 2 & 3) are covered by validated SBT targets[8].**
- **20 companies out of 28 have SBTi commitments. 9 of them have SBT validated targets.**
- **One additional company has submitted its targets and is awaiting validation, while 4 companies are currently working on their target setting and near-term reduction roadmap.**

8. New acquisitions are excluded, in alignment with SBTi criteria, which allow a 24-month grace period. One portfolio company in which Astorg holds less than 25% of the fully diluted shares is also excluded.

CORIALIS
core innovative aluminium integrated solutions



Corialis is a leading European designer and manufacturer of aluminum systems for windows and doors, with a specific focus on the residential and renovation segments

SECTOR	Industrials
HEADQUARTER	Belgium
FUND	Astorg VII
ENTRY	2021

KEY FIGURES



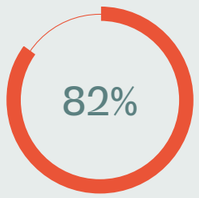
of total **renewable electricity**



of process waste externally recycled



sales of Cradle-to-Cradle certified systems



of employees receiving a **performance review**



of billet suppliers complied with **Code of Conduct** (% of volume)



of **buyers** receiving **training on responsible sourcing**

Transformative change in aluminum industry

CREATING VALUE

The EU's Renovation Wave, part of the Green Deal, aims to double the EU's renovation rate by increasing energy-efficient building upgrades by 2% annually. Corialis is pivotal in this, supplying sustainable aluminum building systems to meet the growing demand for sustainable infrastructure.

> **In today's project market, the demand for sustainable, low-carbon solutions is soaring. ESG is pivotal as we mobilise our value chain towards sustainability.**

Lien Van den Broeck
Sustainability Manager
Corialis



By aligning its **GHG reduction goals** with the Science-Based Targets initiative and **engaging suppliers across its broader value chain**, Corialis ensures its efforts drive measurable, industry-wide impact. At the vanguard of the sustainable industry, Corialis embodies a commitment to facilitate **the transition of our society towards a more sustainable future through transformative change.**

How does Corialis define value creation?

With a competitive edge rooted in advanced certifications **like Cradle-to-Cradle** (in 2023, 25% sales of C2C certified systems with a 30% objective by 2025), Corialis ensures its **products meet and exceed stringent environmental and social standards. The company aligns its GHG reduction targets with the Science-Based Targets initiative, leveraging its sustainable practices to drive measurable progress** in the construction industry while meeting the growing demand for eco-friendly infrastructure.

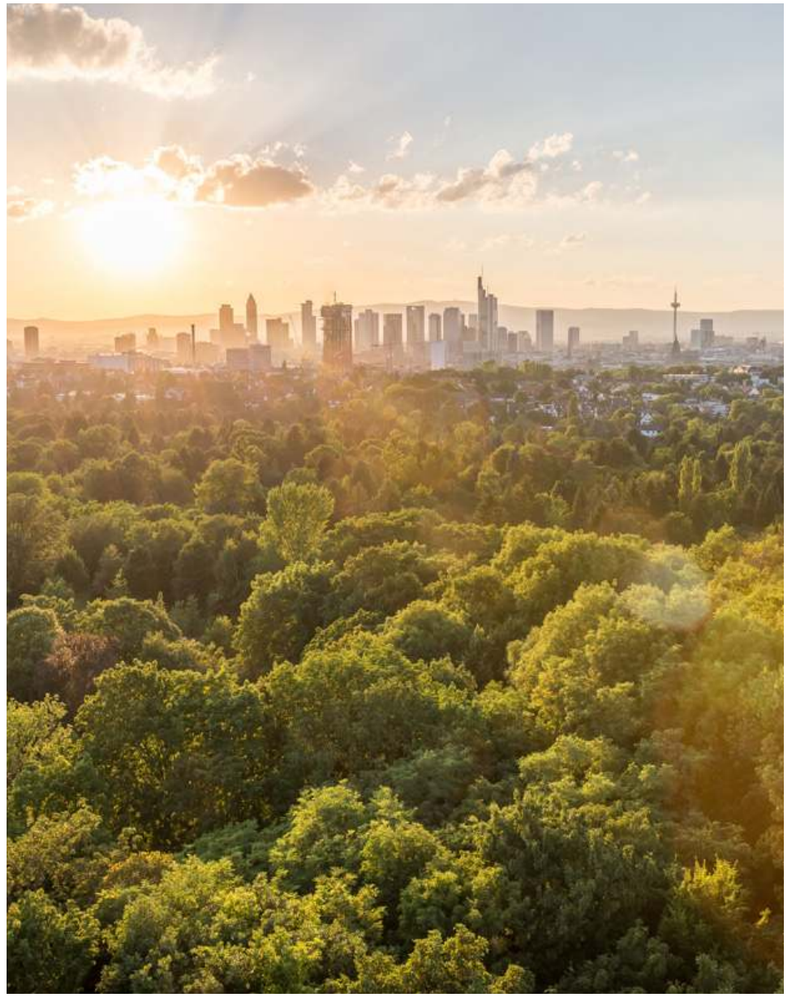
Climate action & supply chain mobilisation: minimising impact

2023 MILESTONES

Corialis has integrated sustainability into its company strategy by collaborating closely with Astorg as an accelerator, maximising efforts in 2023 to achieve key sustainability milestones:

- **EcoVadis Gold Medal** for a second year, with a 5-point improvement from the previous year.
- **89% of all operational hubs are ISO 45001 and ISO 9001 certified** *(78% in 2022)*, **100% of all production hubs are ISO 14001 certified** *(100% in 2022)* **and 86% of all production hubs are ISO 50001 certified** *(57% in 2022)*.
- **Approval of the carbon reduction targets by the SBTi** *(reduce absolute scope 1, 2 and 3 GHG emissions 25.5% by 2030; and increase active annual sourcing of renewable electricity from 63% in 2022 to 100% by 2030)*.
- Release of the **Group Sustainable Procurement Policy,** and further focus on **supplier engagement**.
- **Supplier engagement (optimisation of the billet supply mix)** as a key driver to reduce emissions *(~70% of emissions derive from the purchase of aluminum billets)*.
- **Cybersecurity assessment** performed.

IMPROVING CLIMATE RESILIENCE WITH THE RISK MANAGEMENT PLAN



At Astorg, we acknowledge that transition and physical risks present substantial challenges for a private equity firm like ours, where the imperative to sustain growth intersects with potential market and reputational risks.

- Transition risks, including regulatory changes, technological shifts, and evolving market preferences, demand proactive measures to adapt investment strategies to support a low-carbon economy.
- Physical risks – stemming from climate change impacts such as extreme weather events (acute and chronic) – require thorough risk assessments and mitigation strategies to safeguard investments. These challenges are compounded by the reputational risks associated with inadequate responses to environmental concerns, which can affect stakeholder trust and market position.

To address these complex dynamics, Astorg is committed to integrating comprehensive risk management practices that not only mitigate negative impacts but also identify opportunities. Astorg is therefore committed to fostering a collaborative environment with its portfolio companies to address the challenges and opportunities posed by climate change.

A TAILORED APPROACH TO CLIMATE RISK

With this aim, Astorg initiated a series of workshops designed to discuss the development of resilience strategies tailored to each enterprise.
During an interactive session, climate-related risks and opportunities were identified for each entity, based on several models and scenarios processed by a third-party climate expert. The collective efforts were then channelled into brainstorming and formulating adaptive solutions and impact reduction techniques. This cooperative approach allowed for the exchange of innovative ideas and shared expertise, enriching the resilience planning process.
Each portfolio company has access to an online platform to identify the locations at risk.

BUILDING RESILIENCE BEFORE BEING AT RISK

The overarching objective of this workshop was to equip each company with a set of potential resilience actions for consideration. Astorg aims to empower portfolio companies with the tools and insights necessary to further investigate and, eventually, integrate these resilience measures into their core business strategies.

As next steps, Astorg plans to evaluate companies' results individually and validate with them a roadmap, including:

- actions that can be easily implemented to mitigate their impact on climate or help them adapt to climate issues.
- actions requiring further investigation to improve efficiency (energy audit, solar panel efficiency study).
- investigations to help drive decision-making (in-depth climate scenario analysis if relocating activities for instance).

For more details on this project, please refer to Astorg's TCFD report in the appendix section.

PRESERVING BIODIVERSITY

Biodiversity is one of the planetary boundaries facing the greatest risk. Addressing this issue within the realm of private equity investment is a formidable task that begins with recognising our reliance on the ecosystem services provided by nature and understanding the corresponding impact of our economic activities.



Astorg has taken a step-by-step approach to gain a comprehensive understanding of the material risks associated with its portfolio companies.

In 2021, Astorg assessed the portfolio's sectoral dependencies and impacts on ecosystems with the ENCORE tool (recommended by the Task Force on Nature-related Financial Disclosure - TNFD).

In 2022, building on past analyses, Astorg conducted a comprehensive biodiversity risk assessment (encompassing both physical and transition risks, using the TNFD framework).

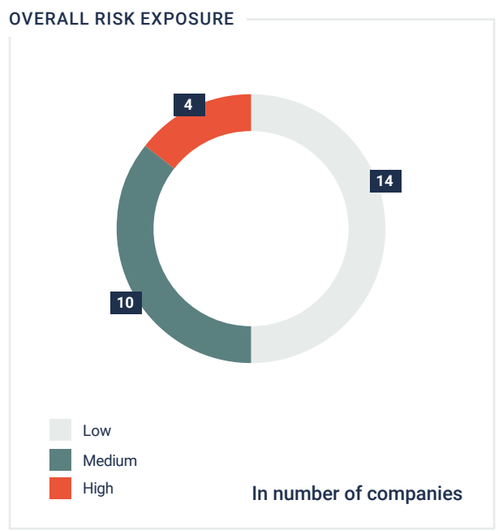
In 2023, these two analyses were updated to include newly acquired companies (outcomes detailed below).



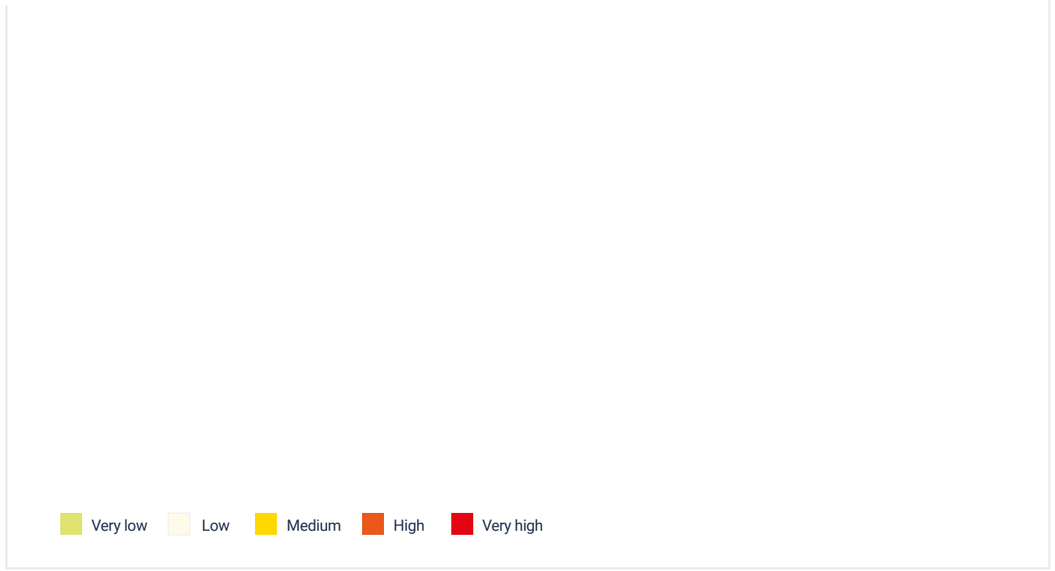
OVERALL BIODIVERSITY RISK EXPOSURE OF ASTORG'S PORTFOLIO

Through the identification of companies vulnerable to nature-related physical and transition risks, Astorg found that 4 companies are potentially exposed to high biodiversity risks. The assessment outcomes have heightened risk awareness among Astorg's teams and partners.

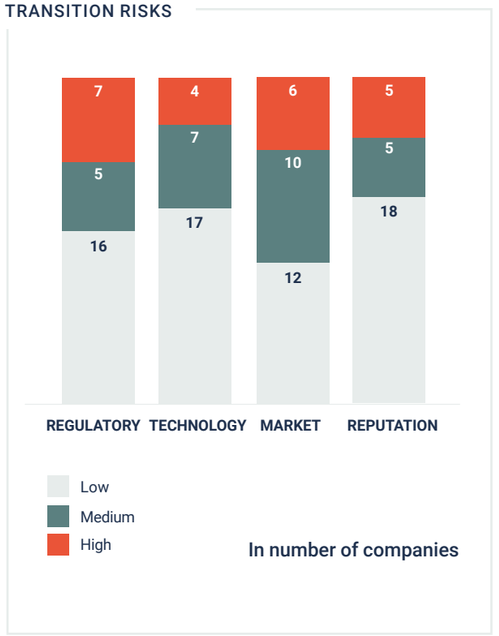
Astorg aims to deepen its engagement with portfolio companies on biodiversity-related issues, fostering the creation of dedicated action plans, disclosures, and identifying potential opportunities.



EXPOSURE OF ASTORG'S PORTFOLIO TO BIODIVERSITY SENSITIVE AREAS (WWF) - MANUFACTURING SITES



TRANSITION RISKS



PHYSICAL RISKS[9]: EXPOSURE OF ASTORG'S PORTFOLIO TO BIODIVERSITY-SENSITIVE AREAS (WWF) (MANUFACTURING SITES ONLY)

Astorg's assessment relies on the WWF Biodiversity Tool, providing location-specific and industry-specific evaluations of biodiversity physical risks. Approximately 8 of Astorg's portfolio companies' manufacturing sites are located in potentially biodiversity-sensitive areas, according to the WWF Risk Tool. Moving forward, further analyses will delve into these sites' sensitivity and impacts to ensure appropriate measures are implemented when needed.

TRANSITION RISKS[10]

The assessment is based on companies' specific information and was conducted with the support of a third-party, following TNFD recommendations.

Astorg's portfolio companies operate in biodiversity-sensitive sectors such as the agri-food value chain, chemical industry and construction, which heavily rely on biodiversity-sensitive raw materials and may induce potential negative impacts. These operations result in higher exposure to transition risks, including regulatory and market risks.

Additionally, increased transparency on companies' sustainability practices will enable reputational risks to be managed. Going forward, Astorg will monitor the main risks identified and engage with affected portfolio companies to mitigate the negative impacts on biodiversity.

These portfolio-level assessments provide Astorg with an initial diagnosis of the main risks and potential impacts on biodiversity. This initial step is crucial in guiding informed and effective actions aimed at mitigating the adverse effects of Astorg's activities on biodiversity and implementing strategies to manage identified risks.

Looking ahead, Astorg's focus will shift towards acknowledging these risks and spearheading collective efforts to safeguard biodiversity.

In the following years, Astorg plans to undertake several initiatives, both internally and at the portfolio company level:

- Raise awareness among the investment team about the portfolio's biodiversity assessment.
- Share and challenge analyses with selected companies to refine Astorg's understanding of companies' main impacts.
- Engage and support these companies in the elaboration of mitigation strategies.
- Craft an action plan for Astorg's investment strategy that sets ambitious goals for biodiversity conservation.
- Foster collective action within the industry by fostering dialogue with key stakeholders.

9. Nature-related physical risks are a direct result of an organisation's dependence on nature. Physical risks arise when natural systems are compromised by the impact of climatic events (e.g., extreme weather, such as drought), geologic events (e.g., seismic events such as earthquakes), or changes in ecosystem equilibria (e.g., soil quality or marine ecology), which affect the ecosystem that service organisations depend upon.

10. Transition risks are divided into 4 categories: Nature-related regulation risks are linked to potential changes in regulation and increased reporting requirements; Technological risks are linked to the transition to more efficient technologies and to the emergence of innovations with a lower or improved impact on nature; Nature-related market risks are linked to a potential shift in consumer demand, changes in costs of materials, or disruptions in raw materials availability; Nature-related reputational risks are linked to changes in perception concerning a company's actual or perceived nature impacts.

Upholding Diversity, Equity and Inclusion

Astorg firmly believes that cultivating an environment that brings different perspectives into the company's distinctive culture leads to a healthier workplace environment, but also to innovation and better decision-making. To attract the best talent and create an inclusive workplace, Astorg is carrying out many dedicated initiatives internally, as well as in its portfolio.

A powerful engine for performance and innovation

P.52

A POWERFUL ENABLER OF PERFORMANCE AND INNOVATION

Q&A

with Sonia D'Emilio
Chief Human Capital Officer
Astorg



HOW DOES ACTIVE LISTENING CREATE VALUE IN YOUR FUNCTION?

The art of listening is about listening in such a way that you get to the bottom of things. It is about understanding the meaning behind the words by actively engaging in dialogue with our stakeholders.
The HR function encourages initiatives to promote this mindset where we focus on what truly matters, where we seek to understand our singularities and embrace our differences. This, indeed, is the essence of inclusion that is derived from active listening.

WHAT IS AN AREA OF PROGRESS YOU ARE PROUD OF IN TERMS OF DIVERSITY, EQUITY AND INCLUSION (DE&I) AT ASTORG?

We have continued to progress on all our DE&I workstreams. Our key milestones for 2023 included publishing our parental leave policy and increasing the proportion of investment professional women to 28%. In fact, female hires made up the largest proportion of overall recruitments. We also increased awareness on inclusion and psychological safety through the delivery of firm-wide workshops.

WHAT IS AN AREA OF CONTINUED IMPROVEMENT AT ASTORG?

Building an inclusive culture is a journey – and one that we are still on. We believe that people thrive and create most value when there is mutual trust, respect, and a safe space to speak up without being judged regardless of background, gender and any other form of difference.
This is an area where we need to continue to improve as we are committed to fostering a workplace where diversity is celebrated, and inclusion is an integral part of our culture.

At Astorg

Astorg is committed to fostering DE&I initiatives and firmly believes that an inclusive environment where people feel heard is the cornerstone of an engaged and well-performing firm. Astorg's DE&I commitments begin with prioritising diversity in recruitment, actively seeking and welcoming diverse talent. The next step is to focus on creating the right environment, including through initiatives around flexibility, mentorship and equal opportunities. For example, on equal opportunities, Astorg is reviewing potential biases in its talent and business processes that could impact the career progression of diverse groups.

These DE&I initiatives are led by Astorg's DE&I task force with HR support after alignment with the DEI Steering Committee on Astorg's ambitions in this area. The Executive Committee is updated 2 to 3 times a year and approves the yearly objectives. Progress against commitments is tracked, including through an annual inclusion survey. In 2023, the response rate was 81%.

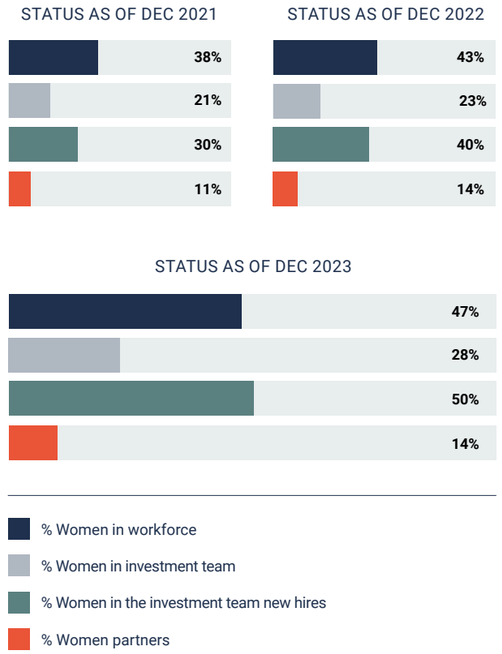
Our team represents **27 nationalities** across our six offices, reflecting our commitment to diversity.

IN 2023, A FOCUS ON IMPROVING THE WORKPLACE ENVIRONMENT FOR ALL

Last year, efforts were concentrated on fostering inclusion and workplace flexibility as well as improving career management, constructive feedback and cross-level relationships. Astorg **hosted 16 workshops on how to give and receive feedback and 18 workshops on inclusion.** These workshops were firm-wide, and efforts were made to ensure that participants in each workshop were from different levels, offices & functions. Astorg also hosted a specific workshop on inclusion for Partners to share and agree on the role and impact of the leadership team in this area. Work was also done to create a positive workplace environment that prioritises employee well-being and fosters social connections. Astorg supports the well-being of its employees and recognises the importance of family life, exemplified by the development in 2023 of a company-wide parental policy to support employees during parental leave and ensure a smooth transition back to work upon their return.

PROMOTING WOMEN IN THE WORKPLACE

Astorg strives to cultivate an environment built upon listening and open-minded debate that values diverse perspectives and promotes a culture free from discrimination. In particular, Astorg is committed to supporting its female employees across all levels, implementing measures to reduce bias in the recruiting process. In 2023, 50% of new investment professionals hires were female, with the goal of reaching 30% representation for women in the investment team by 2030. Progress has been made, with 28% representation achieved in 2023, a 5% increase from the previous year.

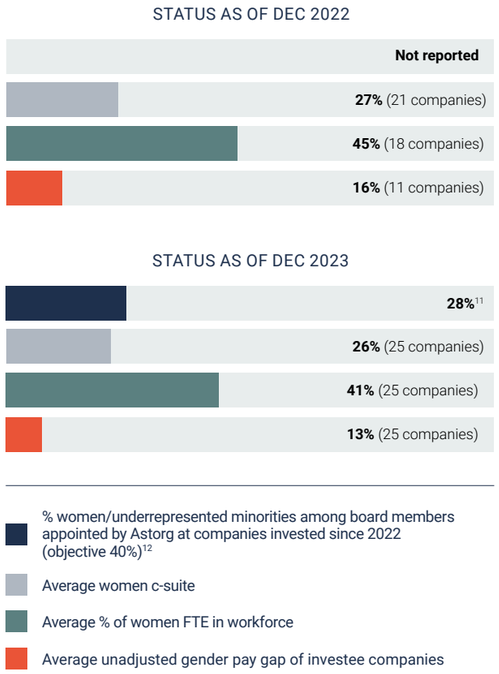


At portfolio companies

Astorg provides value to its portfolio companies by offering targeted support on various human capital topics, further advancing shared goals of diversity and equity. Portfolio companies are required to report DE&I KPIs, and Astorg's team leverages its extensive networks (e.g., female leadership network across the portfolio) to assist each of the portfolio companies in setting and achieving their DE&I goals.

Astorg's specific ambition is to achieve 40% of women and underrepresented minorities among Astorg-appointed board members for all new investments from 2022 onwards.

In 2024 Astorg will establish new DE&I ambitions for portfolio companies, focusing on pay equity, equal opportunities, and an inclusive culture.



HUMAN RIGHTS

Astorg is committed to protecting human rights within its portfolio companies and tracks all its portfolio companies' human rights policies and violations of the UN Global Compact Principles (UNGC). Astorg will also refrain from investing in companies that are known to directly cause or contribute to human rights violations, such as forced or child labour, human trafficking, sex trafficking and torture.

- **92% of portfolio companies have human rights policies in place and have no recorded violations of UNGC principles** (23 companies out of 25 responding to this question).
- **96% of portfolio companies have established a commitment to human rights beyond compliance with all local applicable laws** (22 companies out of 23 responding to this question).

11. Companies in the scope: Corden Pharma, Fastmarkets, IPCOM, Open Health, Avania, hg medical.
12. This KPI measures the percentage of women and underrepresented minorities in the boards of companies in the Astorg VIII and Mid-Cap funds invested since 2022, where Astorg has majority ownership or co-control (observers not included). Astorg's objective is to achieve 40%.

"Setting an ambitious public target on board diversity has pushed us to change the status quo at Astorg and to look into the way we form our boards. We now have diversity requirements when recruiting advisors and when searching for independent board members. On top of that, this project is directly related to our objective to have a more diverse investment team which will result in higher female representation on corporate boards in the future."

Judith Charpentier
Partner
Co-Head Flagship Fund
Member of the DE&I Steering Committee
Astorg





CORSEARCH®



Corsearch is a leading player in the brand risk and performance market, serving over 5,000 clients across multiple industries

BRONZE 2023 ecovadis Sustainability Rating

SECTOR	Tech
HEADQUARTER	United Kingdom
FUND	Astorg VII
ENTRY	2021

KEY FIGURES

18M

brand misrepresentations removed in 2023

UN Global compact signatory

since 2023

95%

success rate in removing brand lookalikes

7.65/10

Employee Engagement score *(eNPS)*

CASE STUDY

Ensuring consumer safety and promoting responsible market practices

CREATING VALUE

Corsearch is a leader in maintaining brand trust and consumer safety globally. Using the Hybrid Intelligence of advanced AI and human expertise, it helps clients **combat fraud, protect intellectual property, and ensure consumer well-being.** Its solutions **mitigate financial, supply chain, and reputational risks and promote responsible market practices.**

Corsearch's **proactive approach** not only protects brands and reputations but also strengthens **consumer trust and safety**. For example, Corsearch **prevented the circulation of counterfeit medicines**, averting potential health crises and preserving market integrity.

Corsearch **embeds sustainability in its strategy, with three key objectives: minimising its environmental footprint, fostering an inclusive workforce, and maintaining strong governance to build trust**. Equity, diversity and inclusion is at the heart of Corsearch and how it engages with customers and colleagues.

What does it mean to create value at Corsearch?
Corsearch **creates broad societal value by safeguarding brands and fostering consumer trust** through its expertise in brand protection, content protection, and trademark solutions.

> **"Corsearch is a force for good in the world, especially how we work to protect consumers and their trust in brands and support a world where consumers can trust the choices they make: Together, we make an impact.**

Angela Williams
Chief People Officer
ESG Lead
Corsearch



Prioritising Societal Impact through Diversity, Equity, and Inclusion

2023 MILESTONES

Corsearch has partnered with Astorg as a facilitator on their ESG journey. Since the acquisition, the **company has successfully established ambitious ESG commitments and implemented various initiatives** to integrate ESG into its business strategy:

- **Transitioning datacenters to cloud** for lower GHG emissions.
- **Monitoring GHG** *(carbon reporting)*.

- Launching **Female Future Leaders programme** *(women career programme)*.
- Implementing **#BeBetter** *(engagement and continuous learning programme)*.
- Establishing **Gender and Pride Networks**.
- **Cultural Engagement programme** *("We are Corsearch", more than 700 employees involved)*.
- Design and delivery **of Leadership and Management capability** building.
- Launching **Corsearch Academy**.
- **Inclusive talent sourcing and recruiting**.

- Appointing **Chief People Officer for ESG**.
- Establishing **EDI Lead group**.
- Introducing **Corsearch Code of Conduct**.
- Appointing **Chief of Happiness Team** *(local initiatives and projects related to women, children, and the environment)*.
- Performing **cybersecurity** assessment.
- Providing **online training** for CoC, anti-harassment, H&S.

Enhancing cybersecurity and harnessing AI

With more than twenty years of experience investing in innovative companies, Astorg believes technological progress can create new opportunities as well as new risks for its portfolio. As a result, Astorg is very attentive to the maturity of its portfolio companies regarding cybersecurity, while keeping a close watch on new opportunities on the market, such as artificial intelligence.

Improving information security

P.60

Leveraging the power of Generative AI

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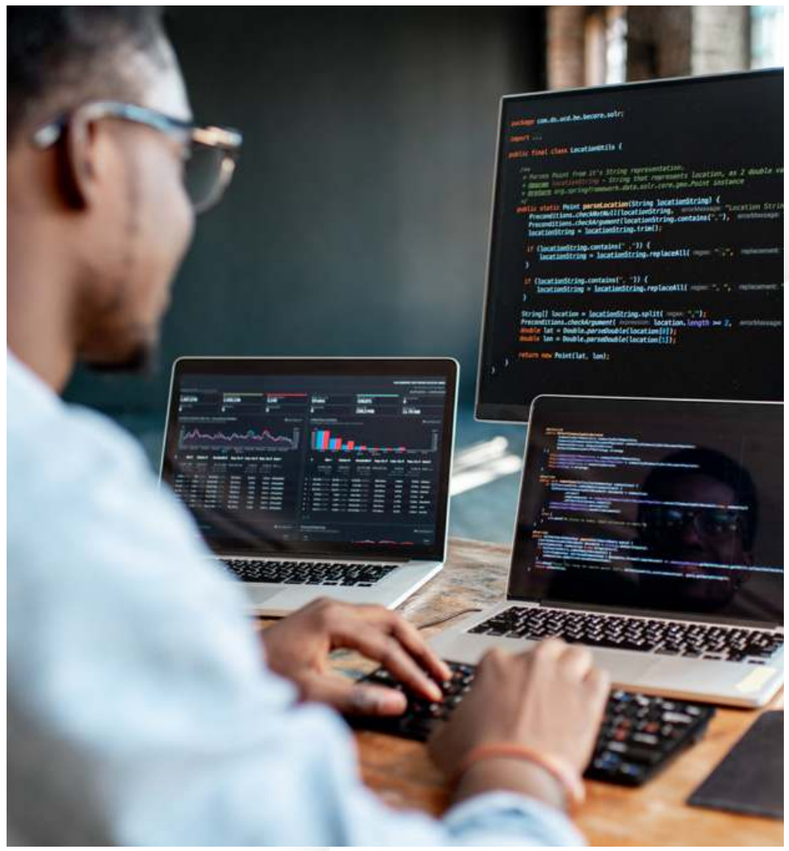
IMPROVING INFORMATION SECURITY

Information security has been identified as a top risk by the World Economic Forum. It is gaining importance due to increasingly heavy reliance on technology, exacerbated by the emergence of artificial intelligence (AI) and global political instability.



Cyberattacks can impact a company's operations, employees, customers, reputation and stakeholders. Over the last few years, major technological trends have emerged, such as widespread cloud adoption, digitalisation, big data, IT/OT convergence and especially the recent rise of AI. This, coupled with societal changes, such as remote/hybrid working after the COVID-19 pandemic, and geopolitical events, has introduced new cyber risks affecting businesses in every major industry.

To ensure maximum preparedness for any cyberthreat to an organisation, Astorg is committed to ensuring that all its portfolio companies reach a higher information security sector standard within three years of acquisition.

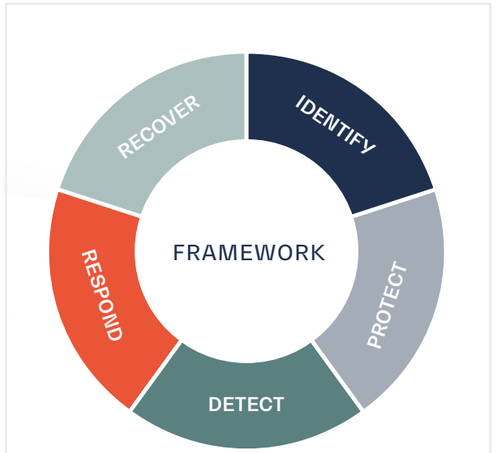
"Cyber resilience is vital for business continuity. A well-defined cybersecurity strategy can not only increase a company's security status and reduce the risk of cyber exposure, but can also help reduce its financial loss and reputational damage.

Marc Rocanière
Managing Director
Chief Information Officer
Astorg



ASSESSING THE PORTFOLIO'S MATURITY THROUGH THE ASTORG CYBER SURVEY

Since 2021, Astorg has conducted a declarative cybersecurity survey for all its portfolio companies. The 2023-24 survey covered 25 portfolio companies, with another portfolio company, Corialis, conducting a separate high-level audit in 2023. The Astorg Cyber Survey uses the globally acknowledged National Institute of Standards and Technology Cybersecurity Framework (NIST CSF), which assesses the performances of five functions (Identify, Protect, Detect, Respond and Recover).



The NIST CSF uses a scale from 1 and 5, which indicates the "control levels": not in place, ad hoc, defined, measured, optimised. This is also known as the "maturity level". Scores may also be between these integers (a description of each level can be found in the appendix). In this year's survey, every portfolio company was rated on its current level of cybersecurity maturity. The target ratings were devised through discussions with experts and former executives in 2021 and were different for each of the four industry sectors of Astorg's portfolio companies: Industry, Healthcare, Software and B2B Services.

OVERALL RESULTS OF THE 2023-24 ASTORG CYBERSECURITY SURVEY

+0.2

maturity improvement since 2022, with 4 companies recording significant improvements (>0.5-point improvement)

5

companies are well above their industry maturity target (gap >0.5 point)

SUPPORTING THE PORTFOLIO'S CYBERSECURITY ROADMAPS

In 2024, Astorg will continue to support the progress of its portfolio companies in increasing their cybersecurity maturity by implementing the recommendations put forward by the cybersecurity roadmaps developed for each company. The main actions for the next year are as follows:

- **Receive** all roadmaps developed by the Astorg Cybersecurity Team for the portfolio companies and organise a further session with the Astorg Cybersecurity Team, which is tasked with supporting the companies to implement their bespoke roadmaps.
- **Assist** companies with their cybersecurity, especially in the event of a cyberattack.
- **Introduce** a new survey by the end of 2024 to assess the cybersecurity maturity of any new Astorg investment and to monitor the progress of the companies assessed in the last survey.
- **Improve** Astorg's cybersecurity survey by reassessing the 2021 maturity target, moving from v1 to v2 of the NIST Framework, which includes the new Govern function.
- **Continue** to perform cybersecurity due diligence as part of the pre-investment phase.



LEVERAGING THE POWER OF GENERATIVE AI

DIGITALK #1 - THE REVOLUTIONARY POWER OF GENERATIVE AI

In March 2024, Astorg organised the inaugural session of the **DigiTalk** series, focusing on **the revolutionary power of Generative AI (GenAI)**.

The Astorg team heard from experts from Bain & Company, Carrefour and Microsoft about the fundamentals of GenAI and how it will transform Astorg and portfolio companies. Engaging in a hands-on learning experience, the team explored practical examples of how GenAI is revolutionising private equity as well as how it can be used to support Astorg's teams and clients.

> **Generative AI is poised to revolutionise value creation processes in companies by driving innovation, efficiency and personalisation. By automating complex tasks, enhancing data analysis, and enabling the creation of new products and services, GenAI will not only streamline operations but also unlock unprecedented levels of creativity and strategic insight. Companies that leverage GenAI will be able to develop tailored customer experiences, optimise supply chains, and accelerate decision-making, thereby gaining a competitive edge in an increasingly dynamic market.**

Valérie Legat,
Managing Director
Head of Digital
Astorg



> **Digital and AI tools can assist companies in anticipating controversies, enhancing data quality for critical metrics such as carbon emissions, complying with stringent reporting regulations like CSRD, and promptly addressing customer demands on sustainability. However, amid this progress, significant challenges persist: ensuring the ethical use of AI, mitigating the amplification of current biases and prejudices against minorities, and navigating the complexities of technological advancement with a steadfast commitment to equity and inclusivity. Overcoming these hurdles is imperative for unlocking the full potential of technology in advancing sustainability while upholding principles of fairness and social responsibility.**

Viviana Occhionorelli
Partner, ESG
Astorg



Astorg Philanthropy Investments



Astorg is committed to driving transformative change within the company and across portfolio companies, continuously exploring avenues to amplify our positive impact. One of these avenues is Astorg Philanthropy Investments (API), a venture philanthropy arm dedicated to supporting the transition towards a healthier and more inclusive society. Through its dedication to responsible practices and sustainable initiatives, Astorg strives to create lasting value while actively contributing to a better future.

Suppor[illegible] h[illegible] sition to a hea[illegible] r [illegible] ore inclusiv[illegible] ie[illegible]
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P.68

Momentum since launch and looking forward
P.69

Overview of projects supported
P.70

SUPPORTING THE TRANSITION TO A HEALTHIER AND MORE INCLUSIVE SOCIETY

Created in 2022, Astorg Philanthropy Investments provides catalytic support to organisations that improve health and accessibility outcomes for people with disabilities and chronic conditions.



Astorg Philanthropy Investments (API) is supported by Astorg's international team and leverages Astorg's expertise and network of advisors in the healthcare, software and tech sectors. Over 25 colleagues support API by serving as board members or members of the investment committee, reviewing opportunities or providing ad-hoc technical support. Astorg recognises its responsibility to drive positive change in society and leverage the entire Astorg ecosystem to create long-lasting value. Astorg Philanthropy Investments is funded by Astorg through a combination of management fees and carried interest. It is organised under the auspices of the King Baudouin Foundation, which provides extensive expertise and access to its philanthropic network. API aims for long-term capital preservation across its portfolio and all proceeds will be reinvested in other opportunities.



ASTORG PHILANTHROPY INVESTMENTS APPROACH

Impact Focus – API seeks to support organisations or projects that, through the product or service they offer, directly and meaningfully improve health and accessibility outcomes for people living with disabilities and chronic conditions.

Regions or countries – Europe, North America and Israel.

Structures – Investments (equity, loans, hybrid funding), and grants.

Investments (equity, loans, hybrid funding)

- **2 deals per year** c. €300,000 each.
- **Businesses** – B2B and B2B2C.
- **Maturity** – Seed, Series A and Series B (preference for opportunities at revenue-generating stage).
- **Sectors** – Preference for underfunded disabilities and chronic conditions where support is most needed. These include but are not limited to women's health, cardiovascular diseases and musculoskeletal conditions.
  API does not invest in biotech.

Grants

- **Annual call for projects** – Once a year, charities are invited to submit funding proposals aligned with the mission of API. The Astorg team reviews the submissions and selects three projects that receive a grant of €30,000 each.
- **Donation matching –** API matches Astorg colleagues' charitable donations, doubling the impact of their contributions.

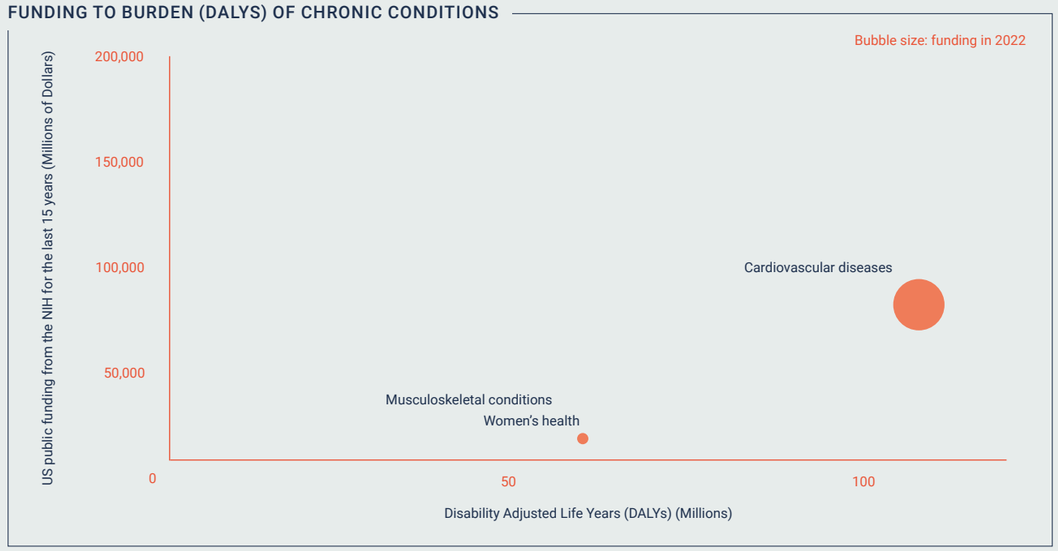
Refining the impact focus

In 2023, API refined its impact focus by identifying underfunded chronic conditions to drive its sourcing efforts, ensuring API funds the most needed solutions in the sectors synergetic to Astorg's expertise.

While the analysis had limitations, it served as a valuable starting point for discussions about priority sectors. Below is a simplified overview of the findings which enabled the team to decide to focus its sourcing efforts on women's health, musculoskeletal conditions and cardiovascular diseases.

As API's mandate is to support organisations or projects that, through the product or service they offer, improve health and accessibility outcomes for people with disabilities and chronic conditions, opportunities covering other chronic conditions and disabilities will certainly be considered as well.

FUNDING TO BURDEN (DALYS) OF CHRONIC CONDITIONS



- **Methodology:** A comparative analysis was conducted of the most burdensome conditions against the funding received. Chronic conditions with a low funding-to-burden ratio are considered underfunded relative to the impact on the population. The methodology is based on the World Health Organization's burden of disease dataset (2019) and used public funding data across a 15-year period to benchmark the level of over- or underfunding (from the National Institute of Health (NIH) (2022)). The most burdensome diseases were identified using a measure called Disability Adjusted Life Years (DALYs), which looks at premature death or years lived with the disease/disability.
  To reflect the API mandate, categories for acute/nonchronic conditions were eliminated.
- **Limitations:**
  - European and American DALYs data are combined, which could lead to over or under-estimation of the burden for each condition. However, both European and American burden data demonstrated similar trends when individually assessed against public funding data.
  - The benchmark for the level of public funding for conditions is based on the last 15 years of US public (NIH) funding. This may not represent funding patterns in the private sector or the European market. While funding data was more readily available for the US, European data were reviewed where possible.
  - The category 'women's health' has been created by the team based on estimated values.

MOMENTUM SINCE LAUNCH AND LOOKING FORWARD

In 2023, Astorg made significant progress in shaping its philanthropic strategy. **Since its inception, API has allocated over €800,000 to support 14 organisations across 6 countries, with the active participation of more than 25 Astorg colleagues**. A comprehensive overview of all the supported projects can be found on the following pages. Astorg has sharpened its focus, strengthened its commitment to venture philanthropy, and increased the involvement of the Astorg international team. Looking ahead, the key objectives are:

- **Fostering stronger collaboration and synergies** between the projects supported by API and Astorg's own strategy and network, including portfolio companies, advisors and consultants.
- **Continuously exploring innovative venture philanthropy solutions** that API can fund to amplify its impact.
- **Collaborating with the venture philanthropy sector,** learning from others, and sharing Astorg's own learnings and best practices.

"When we first discussed establishing a venture philanthropic arm at Astorg, it was evident from the outset that we wanted to adopt a more hands-on approach than traditional philanthropy, ensuring we leveraged Astorg's strong investment expertise and network. It's fascinating to witness how ideas evolve, and I believe Astorg Philanthropy Investments truly reflects Astorg's entrepreneurial spirit and can play a pivotal role, albeit small, in supporting the transition towards a healthier and more inclusive society. This marks an exciting new chapter in our ongoing commitment to sustainable and responsible investment.

Pascal Vinarnic
Chairman of Astorg Philanthropy Investments
Astorg Board Member



If you would like to know more about Astorg Philanthropy Investments or have any questions, please contact Cristina Spiller at cspiller@astorg.com.

OVERVIEW OF PROJECTS SUPPORTED



Café Joyeux and Astorg teams (New York)

Organisations supported since 2022

inHEART

Equity investment

Year: 2024

Location: France

Description: inHEART was founded in 2017 with the mission of optimising treatment strategies for patients with cardiac conditions, improving health outcomes and returning patients to full, healthy lives. inHEART developed a cloud-based software that creates a digital 3D model of the patient's heart. The AI-enabled software is used by physicians for ablation therapy support and allows for pre-procedural planning and intra-operative surgery support. The use of inHEART leads to more efficient, safer procedures, and improves patient care.

Support provided: Strategy implementation – The API team will support the company in a few strategic areas such as cybersecurity and go-to-market strategy, drawing on Astorg's network of industry advisors.

Hope for Paediatric Epilepsy

Grant

Year: 2024

Location: UK

Description: HOPE is a charity supporting families with children with epilepsy. With the grant money, HOPE will purchase approx. 70 seizure sensors (a wearable device) and monitors. They will be used by children with epilepsy who are at risk of suffering from seizures at night, reducing potential complications from suffocation and Sudden Unexpected Death in Epilepsy ('SUDEP').

Support provided: Financial

Friedreich Ataxia Research Alliance
Grant

Year: 2024

Location: USA

Description: FARA, a research alliance, raises awareness, conducts research and unites clinicians and patients in a global collaboration to find a treatment for people with Friedreich's Ataxia (FA), a rare degenerative condition for which there is no available cure. Due to limited FA specialists, patients often travel long distances for care and trials. The grant money will help cover these travel costs.

Support provided: Financial

Adi Negev-Nahalat Eran
Grant

Year: 2024

Location: Israel

Description: ADI Negev-Nahalat Eran is a rehabilitation village for people with complex disabilities and medical conditions. The medical team kicked off a technology-based project with the aim of increasing individuals' ability to communicate and interact (most participants are non-verbal children). With the grant money, the team will buy an eye tracking monitor and iPads for the residents to stay connected to their families.

Support provided: Financial

Respiro Libero Onlus Foundation
Grant

Year: 2023

Location: Italy

Description: The Respiro Libero Onlus Foundation is a non-profit organisation established in 2019 to support the technological modernisation of the paediatric pulmonology department of the Regina Margherita Hospital in Turin, Italy.
The project focuses on increasing the number of outpatient consultations, the number of specialist consultations and the number of patients treated at home.

Support provided: Financial

Afuté
Grant

Year: 2024 and 2023

Location: France

Description: Afuté is a non-profit organisation founded in 2020 with the aim of teaching professional cooking skills to young people aged 14-18 with learning disabilities.

Support provided: Financial

Epoca
Equity investment

Year: 2023

Location: France

Description: Epoca's mission is to improve the lives of elderly patients suffering from multiple chronic conditions by reducing the length and recurrence of their hospital stays and enabling them to remain in the comfort of their own homes for as long as possible. To meet this challenge, Epoca uses IoT devices to capture patients' vital signs, and transmit the information to a proprietary data analytics platform monitored 24/7 by a team of in-house healthcare professionals.

Support provided: Strategy implementation – The API team will support the company's European expansion and provide ad-hoc support on strategic projects.

Necker Hospital – Children's Obesity
Grant

Year: 2023

Location: France

Description: The Necker-Enfants Malades Hospital is a leading children's hospital in Paris. The paediatric obesity team is developing a remote tracking system to improve the standard of care and monitoring of obese children.

Support provided: Financial

Café Joyeux Foundation US
Grant

Year: 2024 and 2022

Location: USA

Description: Astorg Philanthropy Investments has funded Café Joyeux to open its first Café Joyeux US location in New York. Café Joyeux is a café and coffee company that employs people with intellectual and developmental disabilities and operates primarily in France.

Support provided: Strategy implementation – Christopher Cozzone joined the Café Joyeux US Board as an observer and provided strategic guidance to the team.

API MATCHED DONATIONS MADE BY ASTORG COLLEAGUES TO THE FOLLOWING CHARITIES:

- **Les Restos du Cœur,** France
- **Association pour l'Amitié,** France
- **MS Society,** UK
- **British Heart Foundation,** UK
- **Sea Turtle Conservation Bonaire,** Netherlands

LOOKING AHEAD

Benjamin Cordonnier
Partner, Business Services
Head of Portfolio Performance
Astorg

Viviana Occhionorelli
Partner, ESG
Astorg

HOW DOES ASTORG PLAN TO NAVIGATE THE CHANGING LANDSCAPE OF ESG WITHIN THE COMPETITIVE MARKET? ARE THERE SPECIFIC AREAS OF FOCUS OR DIFFERENTIATION THAT YOU ARE PRIORITISING?

Viviana: Astorg is strategically positioned to navigate the evolving ESG landscape, leveraging its robust relationships with portfolio companies and its well-established in-house ESG framework. To ensure adaptability, our strategy undergoes regular reviews, with the latest conducted two years ago. A key outcome of our most recent review has been a heightened emphasis on supporting our companies in areas such as diversity, equity and inclusion (DE&I). For instance, Astorg has set specific targets for board diversity, with plans to extend requirements to address gender pay gaps, promote equal opportunities, and enhance employee engagement. This iterative process of refining our sustainability approach, coupled with our focus on value creation, will ensure our continued relevance in the future.

HOW DOES ASTORG PLAN TO LEVERAGE VALUE CREATION WITHIN ITS INVESTMENT PORTFOLIO AS A DIFFERENTIATOR GOING FORWARD?

Benjamin: Value creation through a sustainability lens is a cornerstone of Astorg's strategy. We currently capitalise on our proactive investment approach to optimise value creation through three primary levers: strategic positioning, identifying and seizing inorganic growth opportunities, and reinforcing senior leadership. These levers, complemented by tailored initiatives like enhancing operational and sales excellence, form the foundation of our existing value creation model. Astorg's updated model entails developing sector-specific playbooks across various dimensions like pricing optimisation or introduction of AI, assisted by a team of highly skilled internal functional experts, guiding businesses through the entire investment lifecycle. Our aim is to formalise our knowledge and expertise to support companies in their sustainability journey, including efforts to cultivate and enhance sustainable branding. We firmly believe that fully integrating sustainability into our broader shareholder value creation framework will serve as a pivotal differentiator for Astorg moving forward.

HOW DO YOU ENVISION THE EVOLUTION OF ASTORG'S FOUR STRATEGIC PILLARS IN THE FUTURE?

Viviana: The four pillars of our sustainability strategy anchor Astorg's commitment to value creation and protection. They not only enable us to drive sustainable growth but also safeguard the value we create. Through these pillars, we uphold a best-in-class ESG programme, fostering continuous improvement both within our organisation and across our portfolio companies. As we steer a course through the dynamic landscape of business and societal expectations, our pillars ensure that we remain at the forefront in our pursuit of sustainable excellence.



Appendix

APPENDIX 1

TCFD DISCLOSURE

This appendix offers additional details and comprehensive insights into Astorg's adoption of the Task Force on Climate-related Financial Disclosures (TCFD) guidelines. As the importance of climate change continues to escalate as a pivotal issue for businesses, investors and stakeholders globally, the TCFD framework stands out as a premier international standard to help identify the major pillars of climate topics integration in Astorg's business model and disclose climate-related governance, strategy, risk management and KPI progress.

Governance

Astorg's climate-related governance structures are formalised, and oversight, coordination and implementation responsibilities are clearly defined.

Astorg's priorities are to raise climate awareness throughout the organisation (at the board and management level), conduct training for partners, investment directors and analysts, and participate in cross-industry workshops on climate integration.

RESPONSIBLE INVESTMENT OVERSIGHT

Astorg's senior leadership provides ultimate oversight of the company's responsible investment efforts. Accountability for this work extends throughout the organisation and builds on strong collaboration between teams. The CEO is responsible for integrating climate-related issues into the investment process and for managing the organisation. The Executive Committee is responsible for the approval and review of Astorg's climate policy, strategy and action plans, notably by reviewing SBTi progress. Astorg's Investment Committee is responsible for the assessment of factors related to climate change during the investment decision-making process.

IMPLEMENTATION RESPONSIBILITY

All Astorg private equity investment professionals are responsible for implementing and monitoring climate-related issues throughout the investment cycle together with portfolio companies' management. In doing so, they are supported by the ESG team.

Astorg's ESG team provides climate-related inputs into investment decisions and subsequent investment management, coordinates climate risk and opportunities analysis and carbon footprint assessments, conducts internal training and oversees monitoring and reporting. The ESG team can be supported by external consultants in conducting these tasks.

PARTNERSHIP AND COLLABORATION

Astorg typically engages experts for the various ESG projects managed at the portfolio level or at a specific investee level. Within the private equity industry, Astorg is a trusted partner in several climate-related initiatives. The company has demonstrated its commitment to limiting global warming with active contributions to initiatives, such as Initiative Climat International (iCI) since 2018, the Science Based Targets initiative since 2021, and the Net Zero Asset Managers Initiative since 2022.

Astorg's ESG team also advocates for collective action on climate change within the private equity industry by participating in cross-industry initiatives and speaking at international conferences.

Strategy

As part of its climate strategy, Astorg has developed and has kept on improving an implementation plan to effectively address and manage macro-level risks and opportunities identified through comprehensive sector and scenario analysis.

MACRO-LEVEL RISKS AND OPPORTUNITIES

The main challenges for Astorg in terms of mitigation and adaptability to climate change relate to its investment portfolio. Astorg engages, educates and collaborates with its portfolio companies on their climate-related activities.

Climate change presents various challenges for private equity investors. For instance, the growing occurrence and intensity of extreme weather events are heightening companies' vulnerability to the physical effects of climate change. Moreover, transition risks, such as market regulations and policies, are significantly affecting and will persist in influencing private equity portfolio companies.

Investors want to evaluate their exposure to both physical and transition risks and incorporate this evaluation into their investment strategies. Astorg thoroughly analyses material climate-related risks and opportunities in its portfolio. A third-party provider conducts these assessments, which are based on insights gathered through dedicated workshops with companies per sector, data collection and training sessions with Astorg's portfolio companies. Potential risk mitigation measures are also discussed as part of the process[1].

Below is a visual representation of the overall process, showing how climate-related risks and opportunities are integrated into the investment strategy:



To help portfolio companies respond to the climate challenges facing them, Astorg aims to support them to:

- **Mitigate their impact on climate.** This means setting ambitious targets and identifying a feasible but credible roadmap of reduction measures (aligned with SBTi criteria).
- **Anticipate future climate challenges and adapt their business models** to improve resilience to future physical and transition risks.

1. Several resources from the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA) and the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) were used to identify and evaluate the risks and opportunities in two different scenarios and for two time horizons:
   - Transition risks: short term (2025), medium term (2030),
   - Physical risks: medium term (2030) and long term (2050).

   The analysis was supplemented with national scenarios, policies, strategies and long-term projections.

Risk Management

Climate risk management is a continuous process taking place along the entire investment cycle. The depth of analysis and level of engagement depends on the exposure of portfolio companies.

WORKING WITH PORTFOLIO COMPANIES ON CLIMATE-RELATED CHALLENGES

- **Transition risk assessment**

The shift towards a low-carbon global economy introduces risks for companies, including climate regulations, reputational damage, technology advancements and other transformative changes. Among these transition risks, carbon pricing evaluates the additional costs to which companies are exposed due to high-carbon business activities.

Rising carbon costs can impact a company's financials, both directly, by putting a cost on companies' own emissions, or indirectly, through elevated costs for electricity or other raw materials.

Risks were evaluated based on the Net Zero Emissions scenario (NZE), considering a short-term time horizon (2030). This highlighted the most material transition risks identified (in terms of likelihood and impact) and assessed per sector invested. For example, in the healthcare sector, most of the market and policy risks are considered highly significant and should be given special attention. A detailed list of climate risks was shared and discussed with each portfolio company to identify related resilience measures that it should consider starting to implement.

	MARKET	TECHNOLOGY	POLICY	REPUTATION
Healthcare	Highly Significant	Significant	Highly Significant	Medium
Chemicals	Highly Significant	Significant	Highly Significant	Medium
Manufacturing	Highly Significant	Highly Significant	Highly Significant	Significant
Software/B2B services	Highly Significant	Medium	Significant	Medium

- **Physical risk assessment**

Astorg evaluates exposure to physical risk under three scenarios based on the IPCC Shared Socio-economic Pathways (SSPs), ranging from medium (SSP 2-4.5, Middle of the road scenario) to higher (SSP 5-8.5, Fossil fuel-driven development scenario) CO_2 concentrations. The physical hazards considered in this assessment are windstorms, heavy rain, tropical cyclones, cold waves, droughts, riverine flooding, coastal flooding, heat waves, water scarcity, extreme snow and heat stress.

The table below shows the adjusted overall exposure ratings for Astorg's portfolio, presenting how each location is categorised as very low, low, moderate, high or very high exposure, including companies' own locations and those of identified suppliers. Under the high-risk scenario, portfolio companies have 46% of their locations with a medium level of exposure to physical risks by 2030. 56% of the locations are highly exposed by 2050. Portfolio companies have access to an online platform to identify the locations at risk and include them in their overall strategy.

EMISSIONS SCENARIOS

Hazard rating	2°C		4°C	
	SSP2-4.5		SSP5-8.5	
	2030	2050	2030	2050
Very low	0.0%	0.0%	0.0%	0.0%
Low	20.5%	13.3%	15.6%	4.4%
Moderate	46.7%	42.1%	45.9%	19.5%
High	26.8%	31.1%	31.5%	56.2%
Very High	6.0%	13.5%	6.9%	19.9%
	100%	**100%**	**100%**	**100%**

CLIMATE-RELATED RISKS AND OPPORTUNITIES AS A PRIVATE EQUITY FUND

- **Sustainable growth**

Companies which are managed responsibly and include ESG factors in their overall strategy are expected to create sustainable value within the private market, as ESG management is more and more considered as a key driver of success.
For example, energy efficiency or GHG emissions reductions lead to cost savings and avoid additional costs due to carbon pricing schemes. These are, therefore, key components of value creation.

- **Climate-related physical and transition risks**

Any disruption related to physical risks or constraint related to transition risks at the investee company level could potentially affect the revenues, the costs, and, therefore, the valuation of the company and related investments for Astorg. At the corporate level, Astorg is not exposed to physical risks since the company has few offices, and employees have the opportunity to work remotely. Conversely, in view of the calls for more transparency on asset managers' practices and engagement with investees, Astorg is exposed to transition risks due to requirements from regulations (SFDR) and Limited Partners.

- **Reputational risks**

Astorg has committed to the Science Based Targets initiative (SBTi), which offers a means to assist investee companies in progressing on their climate strategy and setting targets for themselves, and to make sure that 100% of invested capital is in companies with validated targets. Astorg's reputation could be affected if it fails to reach its objectives or take action to mitigate potential negative impacts of investee companies. External and internal stakeholders may demand accountability.

- **Market risks**

During the pre-acquisition phase, Astorg carries out an ESG due diligence process, including specific assessments on the climate performance of potential future portfolio companies. If Astorg fails to identify climate-related opportunities and risks from future investments, the company could lose a value creation opportunity pertaining to related investments or see its investment income affected.

Metrics and Targets

In November 2021, Astorg had its SBTi target validated and since then has actively supported its portfolio companies in obtaining their own SBTi validation.

To achieve the targets set, Astorg is working to reduce greenhouse gas (GHG) emissions from its own activities, as well as those of its investments.

METHODOLOGY OF CARBON FOOTPRINT MEASUREMENT

Astorg measures its GHG emissions following the GHG Protocol Standard. Input data are based on invoices, reports and suppliers' feedback.
The company estimates some data using benchmarks where the information is unavailable.
All types of greenhouse gases are included and converted into metric tons of CO_2 equivalent (tCO_2e) based on the Global Warming Potentials (GWPs) from the IPCC Fifth Assessment Report (AR5) using 100-year values. Emissions factors come from the up-to-date databases of Ademe, DEFRA, eGRID, EcoInvent and the International Energy Agency.

Astorg evaluates its direct and indirect GHG emissions based on an operational control approach. All scope 1 and 2 categories are included, while the focus for scope 3 is on the most material categories

ASTORG'S CARBON FOOTPRINT – OVERVIEW AT CORPORATE LEVEL

In 2023, Astorg Group's total GHG emissions amounted to 3,765 tCO_2e. Astorg extended its operational boundaries to new subcategories in the "purchased goods and services" category, improving the completeness of the carbon footprint. Using a similar scope as in FY2022, global GHG emissions increased by 83% compared to 2022, primarily due to the increase in employees' transportation-related emissions.

Astorg is closely monitoring yearly emissions related to business travel and is working on alternatives to reduce current usage.

	2020	2021	2022	2023
Scope 1	**10.4**	**340.0**	**23.5**	**6.0**
Fugitive emissions	1.3	1.3	14.6	
Mobile combustion	9.2	338.7	9.0	6.0
Scope 2	**5.6**	**3.4**	**10.1**	**7.5**
Electricity	5.6	3.4	2.3	
District heating	0	0	7.8	7.5
Scope 3	**354**	**509**	**1,121**	**3,751**
Business travel	260	329	1,014	1,987
Capital Goods	60	32	8	16
Commuting	28	77	57	78
Energy Supply	6	41	6	7
Purchased Goods and Services	1	0	1	1,647
Upstream leased asset		29	34	16
Total Scope 1, 2 & 3 (excl. Category 15) - tCO_2e	**370**	**852**	**1,154**	**3,765**

Astorg is committed to an absolute 50% reduction of scope 1 and 2 GHG emissions by 2030 from a 2020 base year. Astorg's emissions decreased by 15% in 2023 compared to the base year 2020.

For scope 3 targets, Astorg commits that 30% of its private equity investments by invested capital will have set science-based targets by 2025, and 100% will have done so by 2030 from a 2021 base year. Astorg's portfolio targets cover 100% of total investment and lending activities as of 2021.

PORTFOLIO COMPANIES' CARBON FOOTPRINT AND SBTi COMMITMENT

- **Portfolio companies – Carbon footprint results**

Astorg continues to support portfolio companies in developing their climate strategies. Since 2019, Astorg has requested carbon footprint assessments from all its portfolio companies, as well as a set of targets validated by SBTi within 2 years. Over the years, significant improvements have been made in companies' awareness and expertise, data accuracy and completeness.

In 2023, information on scope 1, 2 and 3 emissions was collected and processed/modelled for 27 companies.

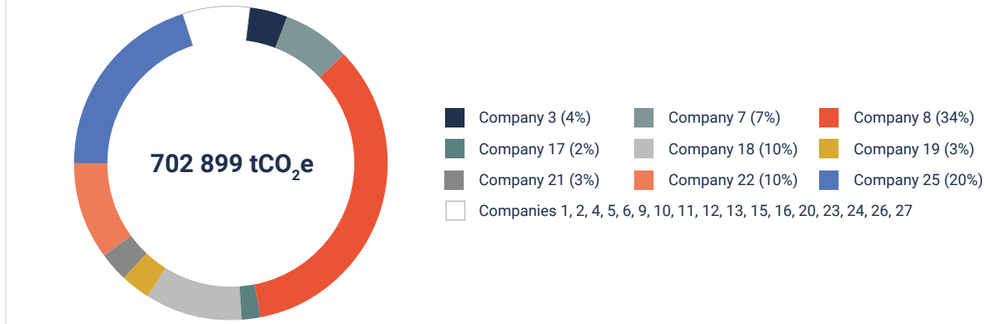
21.6% of the total energy consumed by portfolio companies is sourced from renewable energy. Renewable energy is sourced from biogas, on-site production and purchases of Energy Attribute Certificates (EACs). Some portfolio companies have also initiated innovative energy efficiency processes, including cogeneration, i.e., waste incineration on-site with energy recovery, which reduces the company's overall energy consumption, as no additional energy from fossil sources is needed.

RENEWABLE ENERGY CONSUMPTION AT PORTFOLIO AND FUND LEVEL[2]

YEAR	FUND	Non renewable energy consumed (MWh)	Renewable energy consumed (MWh)	% renewable energy per fund
2022	Astorg VI	131,711	117,655	47%
	Astorg VII	289,162	79,247	22%
	Astorg VIII	386,588	17,304	4%
	Mid Cap	97,206	22,854	19%
	Continuation	3,637	381	9%
		908,304	**237,441**	**21%**
2023	Astorg VI	143,864	92,523	39%
	Astorg VII	355,216	88,231	20%
	Astorg VIII	263,139	28,105	10%
	Mid Cap	68,437	20,704	23%
	Continuation	4,298	1,049	20%
		834,954	**230,613**	**22%**

2. Nuclear-sourced electricity is included in the non-renewable energy consumption data.

PORTFOLIO CARBON FOOTPRINT FOR YEAR 2023



Four companies represent 75% of the total financed emissions in Astorg's portfolio.

Investing in carbon-intensive companies with strong decarbonisation plans can yield substantial returns, drive positive environmental change through active engagement, ensure strategic diversification, support long-term growth, and potentially lead to financial outperformance.

- **Portfolio companies – progress on SBTi commitments**

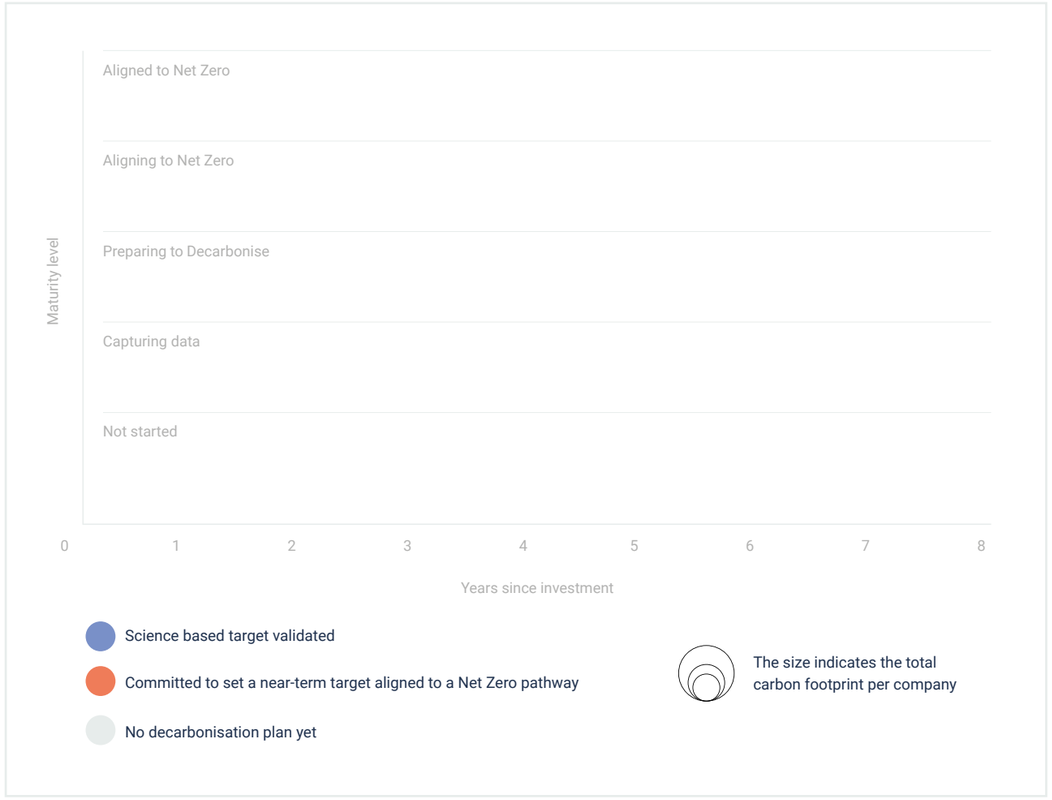
Since 2019, Astorg has been working with its portfolio companies on their carbon footprint assessments, initially regarding their scope 1 and 2 emissions, and then on their full scope since 2020. In 2021, Astorg started engaging with portfolio companies on developing their emissions reduction plans in preparation for their SBTi commitments.
In 2023, 19 companies committed to the Science Based Targets initiative. Of these, 9 now have validated targets and 2 others have submitted targets to the SBTi.

These companies have been working on their carbon reduction strategies, aligning with a Net Zero pathway. Astorg has already reached its 2025 objective, namely, to have 30% of private equity investments (measured by invested capital) with SBTi-validated targets by 2025. By 2030, the aim is to increase this to 100%.

This represents 44% of total GHG emissions covered by near-term validated targets.

Beyond the SBTi commitment, which demonstrates companies' ambitions, it is important to look at the level of maturity in developing climate strategies to achieve these targets.

Below is an overview of portfolio companies' maturity levels, relative to the share of invested capital and the number of years Astorg has been investing in them. It also includes investments in which Astorg has minority shares[3].



In accordance with the Private Market Decarbonisation Roadmap (PMDR) initiative, Astorg defines five levels of maturity: Not started, capturing data, preparing to decarbonise, in the process of aligning with the Net Zero pathway and aligned with the Net Zero pathway.

Before reaching the "Aligning" level, companies take action to measure their carbon footprint and start internal discussions on which actions could be implemented to decarbonise activities. The approach is actively discussed with Astorg's team. When aligning, companies have committed to science-based targets and are working on a near-term roadmap. Finally, "aligned" companies are considered as having a roadmap which demonstrates a year-on-year emissions profile in-line with the NZE pathway.

Most of the companies[4] that are already SBTi-committed are in the aligning phase. Once SBTi-committed, the companies involve their leadership team and start working on a plan to be integrated in their overall strategy. We expect such initiatives to accelerate with upcoming regulations (CSRD, CSDDD, etc), which require greater transparency in how companies identify, assess and manage current and future ESG impacts, risks and opportunities across their value chain.

3. Companies within the same range of maturity in the graph should be considered at the same level of Net Zero alignment.

4. 2024 investments are not covered

APPENDIX 2

DETAILS OF THE 2023 BIODIVERSITY ASSESSMENT



Sources : ENCORE, INDEFI analyses

APPENDIX 3

INFORMATION SECURITY

The Astorg Cyber Survey uses the globally acknowledged National Institute of Standards and Technology Cybersecurity Framework (NIST CSF), which covers five functions (Identify, Protect, Detect, Respond and Recover).

- **Identify –** Determines an organisation's critical functions and what risks could disrupt those functions. The purpose is to establish an organisational understanding of the management of cybersecurity risks to an organisation's sensitive information and capabilities.
- **Protect –** Defines relevant safeguards needed to deliver critical infrastructure services. This reinforces an organisation's capability to minimise the effects of a cybersecurity incident.
- **Detect –** Defines relevant measures in place to identify cybersecurity risks and incidents.
- **Respond –** Defines the implementation of relevant measures with regards to a cyber incident and helps the organisation to mitigate the impact.
- **Recover –** Defines the strategic plan to restore any services or capabilities impaired by the cybersecurity incident.

DESCRIPTION OF CYBER RISK CONTROL LEVELS IN THE NIST CSF FRAMEWORK

Control level	Description
[0-1] NOT IN PLACE	There are no organised processes in place. Security processes are reactive and not repeatable, measurable or scalable.
[2] - AD HOC	Some processes become repeatable. A formal programme has been initiated to some degree, although discipline is lacking. Some processes have been started to be established, defined and documented.
[3] DEFINED	Processes have become formal, standardised and defined. This helps create consistency across the organisation.
[3-4] MEASURED	The organisation measures, refines and adapts their security processes to make them more effective and efficient based on the information they receive from their programme.
[4-5] OPTIMISED	Processes are automated, documented and constantly analysed for optimisation. At this stage, cybersecurity is part of the overall culture. The organisation is constantly monitoring and evolving their processes to make them better.

APPENDIX 4

ARTICLE 29 CORRESPONDENCE TABLE

ARTICLE 29 – LEC DISCLOSURES	LOCATION OF DISCLOSURE
1° Entity's overall approach	Astorg Sustainability Policy
2° Internal means to contribute to the transition	Astorg Sustainability Policy
3° ESG governance in the entity	Astorg Sustainability Policy
4° Strategy for engagement with investee companies	Uncovering Value
5° 'Sustainable' investments and investments in fossil fuels	Refer to Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors
6° Alignment strategy with Paris Agreement and low carbon strategy	Accelerating climate transition with our decarbonisation roadmap Improving climate resilience with the risk management plan
7° Alignment strategy with long-term biodiversity objectives	Preserving Biodiversity
8° Approach to taking ESG criteria into account in risk management	Appendix. TCFD Disclosure
9° Publication of a continuous improvement plan in case the entity does not publish some of the information mentioned in 1° to 8°	Not applicable

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