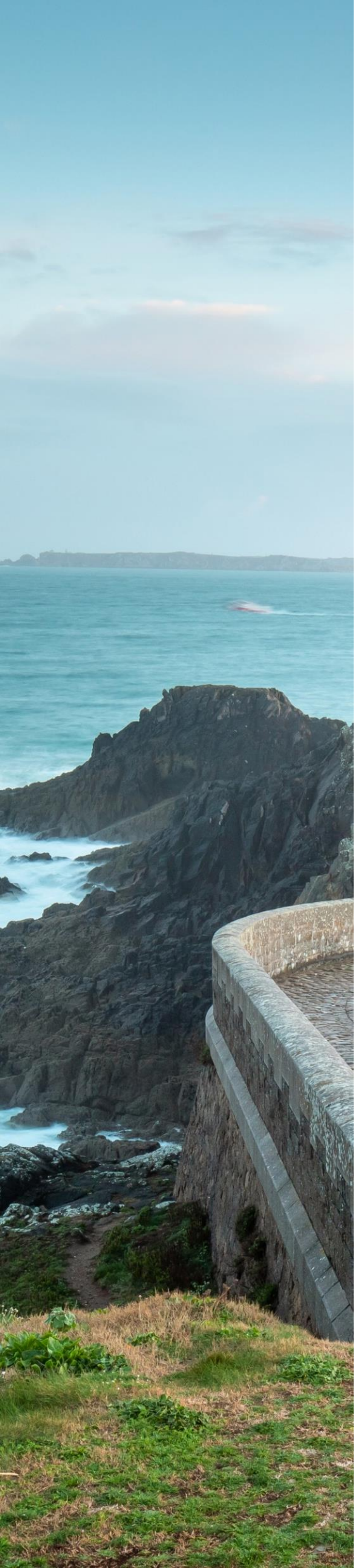
andera PARTNERS

ACTION FOR CLIMATE AND SUSTAINABILITY

RESPONSIBLE INVESTMENT POLICY

JULY 2024



Contents

Introduction

REGULATORY SCOPE

This policy covers all Andera Partners' investment activities. It enables us to meet the obligations of Regulation (EU) 2019/2088 of the European Parliament and Council of 27 November 2019 on the publication of sustainability information in the financial services sector ('Disclosure Regulation') and Article 29 of the French Energy-Climate Act.

PRESENTATION OF THE APPROACH

Andera Partners, a French and European management company specialised in unlisted investments, aims to support entrepreneurs in their growth strategy. Andera Partners is a responsible and committed player that endeavours to work towards maximising its positive contribution to all its stakeholders.

In order to formalise its commitment, Andera Partners is involved with several external initiatives and organisations:

▪ SIGNATORY TO THE UN PRINCIPLES FOR RESPONSIBLE INVESTMENT (UNPRI) SINCE 2012

1. Integrating ESG issues in investment decision-making and analysis processes;
2. Being an active shareholder and incorporating ESG issues in shareholder policies and procedures;
3. Asking the companies in which we invest to be transparent about ESG issues;
4. Promoting the adoption and implementation of the Principles in the investment sector;
5. Cooperating to improve the effectiveness of our implementation of the Principles;
6. Reporting on our activities and progress in implementing the Principles.

▪ SIGNATORY OF THE INTERNATIONAL CLIMATE INITIATIVE SINCE 2019

1. Recognising that climate change will have effects on the economy that represent risks and opportunities for companies;
2. Rallying to contribute, at their level, to the COP21 objective of limiting global warming to two degrees;
3. Contributing to reducing the greenhouse gas emissions of their portfolio companies and ensuring the sustainability of performance.

▪ SIGNATORY OF THE FRANCE INVEST PARITY CHARTER SINCE 2020

1. In our management company:
    - Adopting more inclusive recruitment practices
    - Implementing measures to retain female talent in our management companies
2. In the companies we support: committing to monitoring parity
    - For venture, corporate venture and growth equity funds
    - For growth capital, buyout capital, infrastructure and private debt funds
3. Among investors in our private equity funds

Introduction

- SIGNATORY TO THE FRANCE INVEST VALUE SHARING CHARTER SINCE 2023

1. For all profitable companies with 11 or more employees:
   - Put in place within 12 months (or promote, in the case of private debt) a value-sharing scheme (profit-sharing, value-sharing bonuses or profit-sharing)
2. Within the management company:
   - Measuring the level and nature of coverage of portfolio companies by a value-sharing scheme on an annual basis

- VALIDATION OF ANDERA PARTNERS' CARBON TRAJECTORY BY THE SCIENCE BASED TARGETS INITIATIVE (SBTI) IN 2023

1. At the management company:
   - Andera Partners commits to reduce its GHG emissions from scopes 1 and 2 by 50% in 2030 compared to 2019
2. At portfolio level (scope 3, category 15):
   - Andera Partners is committed to ensure that 100% of eligible invested companies have validated a decarbonisation trajectory, aligned with the Paris Agreement, with SBTi by 2033

- ANDERA PARTNERS, A MEMBER OF THE "FINANCE FOR BIODIVERSITY FOUNDATION" SINCE 2024

Protecting and restoring biodiversity through investment in:

1. Collaborating and sharing knowledge
2. Being committed to companies
3. Assessing the impact
4. Setting goals
5. Reporting publicly on these matters

- OTHER INITIATIVES

I

GOVERNANCE AND DEDICATED RESOURCES

Sustainability Governance

The governance of Andera Partners is collegial, composed of a Management Board (2 members), a College of Partners (13 members representing the main activities of Andera Partners) and a Supervisory Board (3 professionals with experience in the sector, as independent members). The systematic and annual inclusion of Sustainability on the agenda of the Supervisory Board is planned since 2022.

Environmental, social and governance criteria have been incorporated in the rules of the Supervisory Board.

A Sustainability team, reporting to Management, is responsible for deploying a sustainability strategy for the management company and its portfolio companies.

Noëlla de Bermingham
Chief Sustainability Officer

Elsa Baillet
Sustainability Manager

Héloïse Klitting
Sustainability Analyst

ORGANISATION OF SUSTAINABILITY GOVERNANCE WITHIN ANDERA PARTNERS

*The Sustainability team is composed of 3 FTEs, who represent 2.7% of Andera Partners' FTEs

Internal training

In order to ensure that these issues are taken on board and disseminated, our investment teams receive training in sustainability risks every year.

- Andera Partners organises a week dedicated to ESG, called "ESG Week", to raise awareness of sustainability issues among all its employees and to give everyone the opportunity to deepen their knowledge of environmental and social issues through a variety of different workshops.

- During this week devoted to sustainability, Andera Partners employees are trained via an online training tool on a range of different subjects: integrating ESG into the investment profession and investment processes, regulations relating to sustainable finance and various environmental and social issues (climate, biodiversity, diversity, inclusion, value sharing, etc.). This training is compulsory for everyone and is updated every year.

Remuneration policy

In accordance with Article 5 of the SFDR Regulation, Andera Partners' remuneration policy takes into account sustainability risks and will be strengthened in the future. Andera Partners has a measured performance-related compensation approach so it does not encourage risk taking. Andera Partners' goal is to create a reasonable and appropriate remuneration framework and to ensure that employees are not encouraged to take risks that are deemed excessive and/or inappropriate, including sustainability risks.

Any decision on the allocation of variable remuneration for a team or an individual employee takes into account the company and team's performance and will gradually incorporate ESG criteria, including in terms of sustainability risks.

For example, two of the six Andera Partners teams have committed to linking their Carried Interest to ESG criteria. For the Andera MidCap 5 fund, 10% of the team's Carried Interest is conditional on meeting ESG commitments. For the Andera Infra funds, 15% of the Carried Interest is conditional on achieving 20 impact KPIs. For both teams, if the commitments or KPIs are not met, then the associated Carried Interest share will be paid to the Andera Partners Foundation.

II ENGAGEMENT STRATEGY

Dialogue with companies

Our ambition as a responsible investor is to help the companies in which we invest to be sustainable in a world where social, societal and environmental issues are growing, in order to make sustainability a powerful strategic topic, a source of innovation, value creation and a unique selling point. Andera Partners sees dialogue and engagement as an important pillar of its relationship with portfolio companies. Andera Partners may assist portfolio companies in the implementation of their sustainability strategy, risk management, environmental and social policies and good governance.

Indeed, supporting portfolio companies in the implementation of an ESG approach is an integral part of Andera Partners' strategy. This commitment to companies is detailed in Part IV of this document.

ESG issues are systematically addressed with almost all portfolio companies (with the exception of companies in the process of being sold), by means of annual reporting. Since 2018, more than 55 companies have received more in-depth support on ESG topics.

▪ IN GOVERNANCE BODIES

As part of its monitoring role, Andera Partners is responsible for attending, where appropriate, meetings of the company's governance bodies and general meetings. If the investment conditions allow it, Andera Partners systematically requests a seat on the governance bodies of unlisted companies.

▪ USING THE VOTING POLICY AND THE SHAREHOLDER ENGAGEMENT POLICY

The Andera Partners voting policy aims to promote company projects, value creation and the development of economic activities under sustainable and fair conditions. Andera Partners promotes the implementation of good governance and business ethics, social policy and environmental protection. Andera Partners will vote in the exclusive interest of the investors of the funds it manages.

The Shareholder Engagement Policy, which aims to present Andera Partners' strategy in terms of shareholder engagement and long-term investment, is formalised in a document published on the Andera Partners website.

The results of Andera Partners' engagement strategy and voting policy are published on the Andera Partners website. The key figures for 2023 relating to Andera Partners' dialogue with its portfolio companies on ESG issues are published on the next page of this report.

III TRANSPARENCY OF POLICIES RELATED TO SUSTAINABILITY RISKS AND PRINCIPAL ADVERSE IMPACTS

Consideration of principal adverse impacts at entity level

Andera Partners does not take into account principal adverse impacts at entity level.

The vast majority of Andera Partners' funds take these impacts into account, but some do not, which means that Andera cannot report on the mandatory PAIs for all the assets in its portfolio, particularly for assets outside the European Union in which the financial product has a minority position.

Andera Partners does, however, integrate these impacts into the vast majority of its funds. The process for taking these impacts into account within these funds is detailed in the following pages.

General presentation

Due to the diversity of the sizes and sectors of the companies in which Andera Partners invests, the incorporation of sustainability risks and the principal adverse impacts of investments on sustainability factors is carried out with a view to considering the materiality of the issues in relation to the business model.

This consideration of sustainability risks and principal adverse impacts is incorporated and formalised for all Andera Partners funds at each stage of the investment cycle:

1. Investment

EXCLUSIONS

- Application of ESG exclusions

PRELIMINARY ANALYSIS OF THE OPPORTUNITY

- Analysis of the materiality of ESG issues and potential contribution to the UN Sustainable Development Goals
- Study of eligibility to the European Taxonomy
- Analysis of sustainability risks

PRE-ACQUISITION DUE DILIGENCE

- Systematic internal and/or external ESG due diligence: analysis of sustainability risks and opportunities as well as principal adverse impacts
- Incorporation of the analysis' summary in the investment note for discussion at the Investment Board meeting

SHAREHOLDER AGREEMENTS

- Incorporation of ESG clauses

2. Transformation

SUPPORT WITH THE IMPLEMENTATION OF AN ESG APPROACH

- Personalised support for the implementation of an ESG approach
- Measuring the carbon footprint within portfolio companies and drawing up an action plan to reduce it *(and an SBT roadmap for eligible companies)*

MONITORING

- Annual ESG reporting
- Annual sustainability risk mapping
- Production of a summary sheet for each company and each fund to identify areas for progress and improvement

3. Divestment

TRANSMISSION

- Provision of relevant ESG information at the time of divestment in order to value the efforts made during the holding period by the portfolio company.

The risk management framework is reviewed annually to ensure its relevance.

1. Integration of sustainability risks and principal adverse impacts of investments in the investment phase

• ESG EXCLUSIONS

Systematic exclusion of companies operating in the sectors listed in the appendix, including the total exclusion of investments in coal and non-conventional hydrocarbons.

In addition, any company that already has a high sustainability risk in the pre-investment phase that could impact the value of the investment (examples of major risks include physical or transition risks related to climate change, reputation or governance) and/or that has a high risk of adverse impact on sustainability factors is excluded.

• PRELIMINARY ANALYSIS OF THE ESG INVESTMENT OPPORTUNITY

An ESG analysis grid has been developed internally and is now systematically deployed by all teams in the pre-investment phase. It includes:

- an estimate of the impact of an investment on the Sustainable Development Goals
- a pre-analysis of the potential eligibility of the investment opportunity for the European green taxonomy
- an analysis of the company's commitments
- an analysis of material sector- and industry-specific ESG issues (based on the SASB Materiality Map)
- an analysis of dependencies and impacts on Biodiversity
- a study of the exposure of the main sites to the physical risks of climate change

• PRE-ACQUISITION ESG DUE DILIGENCE

ESG due diligence is systematically carried out prior to investment. Its modalities depend on the investment typology and the materiality of the sustainability issues as well as the categorisation of the funds with regard to SFDR regulations. The goal is to analyse the risks, opportunities and possible adverse impacts on the target's sustainability factors.

Depending on the importance of the pre-identified sustainability issues, 3 approaches are used:

- **Internal ESG due diligence** based on a questionnaire sent to management (questions on Social, Environmental, Societal, Ethical and Governance issues);
- **External ESG due diligence** on the main risks (social due diligence, HSE/Environmental due diligence in the event of significant materiality, in particular on climate issues, use of resources in relation to biodiversity, industrial risks and, more broadly, all forms of pollution in the air, soil or water);
- **Strategic due diligence** incorporating ESG issues at the heart of strategic and commercial analysis.

A summary of the conclusions of this due diligence is included in the investment note presented to the investment board. ESG due diligence is an integral part of the investment decision.

CHARACTERISATION AND SEGMENTATION OF ESG RISKS AND OPPORTUNITIES ANALYSED

The risks and opportunities taken into account in the pre-investment phase, as well as through the support to the companies in which we invest, vary depending on the characteristics of the company in question: size, geography, business sector, etc

It can cover the following topics:

- Responsible purchasing and value chain management
- Working conditions
- Human rights
- Sales practices
- Purchasing and circularity
- Physical risk linked to climate change
- Product quality and safety
- Consumers well-being
- Energy management
- GHG emissions
- Water and discharges into water
- Environmental impacts
- Regulatory risk management
- Competition and business ethics
- Critical risk management
- Health and safety of employees
- Waste management including hazardous waste
- Employees attraction and retention
- Diversity and Inclusion
- Business model resilience
- Data protection and cyber security
- ...

In addition to the issues addressed with companies during the pre-investment and holding phases, Andera Partners carries out work at management company level to gain a better understanding of the related ESG risks. This work is carried out in collaboration with the Sustainability and Compliance teams.

SHAREHOLDER AGREEMENTS

The standard clauses in shareholders' agreements systematically include the following clauses:

- ESG
- Anti-money laundering
- Anti-corruption

As part of our commitment to decarbonising our portfolio, we are gradually adding clauses concerning the adoption of a carbon roadmap in line with the Paris Agreement goal of limiting global warming to 2°C or 1.5°C.

2. ESG transformation and monitoring in the holding period

1. SUPPORT FOR THE IMPLEMENTATION OF SUSTAINABILITY APPROACHES

Andera Partners is committed to supporting portfolio companies in their progress throughout the life of the investment. Andera Partners is committed to supporting its portfolio companies in adopting the best Social, Societal, Environmental, Ethical and Governance practices, and preventing or mitigating the sustainability risks to which they may be exposed, as well as any adverse impacts related to their activities.

Specific supports are provided to portfolio companies by the Andera Partners Sustainability team, occasionally with the support of an external consultancy. The goal is to support management in defining an ESG roadmap with quantitative goals.

The carbon footprint of each portfolio company is also measured annually (Scope 1, 2 and 3), either in detail or estimated where materiality is low or moderate. Andera Partners also encourages companies to define action plans specifically on the reduction of greenhouse gas emissions in order to limit companies' impact on climate change.

Similarly, Andera Partners will particularly encourage companies to identify their impact on the issue of biodiversity conservation and to define an action plan to reduce their footprint in case of materiality.

2. MONITORING AND SUPPORTING PORTFOLIO COMPANIES

• ANNUAL ESG REPORTING

Since 2016, Andera Partners has carried out an annual analysis of the ESG performance of its portfolio companies, as part of a process of ongoing improvement of the comprehensiveness, relevance and reliability of the data collected, in particular through the verification of ESG reporting by an external firm. This annual ESG reporting is carried out for the portfolios of all Andera Partners' activities and enables the annual monitoring of sustainability risks and the key adverse impacts of investments on sustainability factors. ESG reporting covers more than 100 KPIs (including the regulatory indicators required by the SFDR) which cover the following topics:

General information

Scope of the company, its activities, its customers and its turnover

Governance

Governance bodies, management, ethics and certifications

Supply chain

Supply chain organisation, sustainable procurement, suppliers

Social footprint

Workforce, absenteeism, accidentology, training and diversity

Environmental footprint

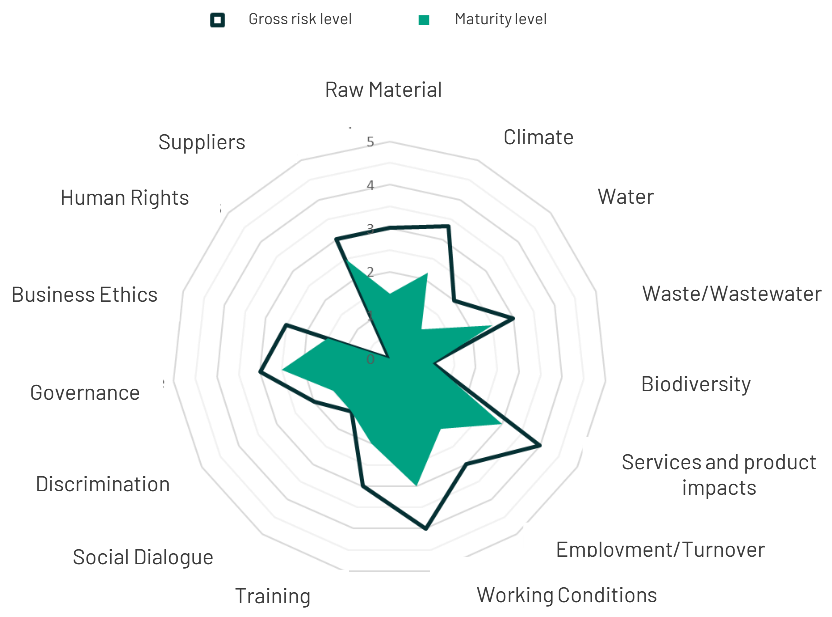
Energy consumption, water consumption, waste generated, transport, carbon footprint, biodiversity

2. Transformation & CSR monitoring during the holding period

• ANNUAL SUSTAINABILITY RISK MAPPING AND PRINCIPAL ADVERSE IMPACTS

ESG Reporting data allows for an annual assessment of the level of sustainability risk and the principal adverse impacts for companies and their level of maturity in dealing with these risks. This analysis is carried out both in terms of the portfolio company and the fund.

Example of a risk analysis matrix



Analysis methodology:

ESG performance: 0 = no initiative put in place to address the ESG issue; 100% = issues completely mitigated by the implementation of the relevant initiatives

ESG PERFORMANCE:

Is the company aware of the risk?
Does the company have policies in place to address this risk?
Does the company monitor quantitative data on this risk?
Are the results satisfying? (in absolute terms, in intensity, compared to the benchmark, and in terms of evolution over time)

ESG performance should be seen in the light of the materiality of the issues for each company. If a company's performance on an ESG issue is poor, but the issue appears to be significant in relation to the company's business (SASB risk assessment matrix), then it is considered a risk. The greater the gap between the gross risk level and the maturity level, the greater the residual ESG risk. This qualitative analysis makes up for the lack of a quantitative estimate of the financial impact of the main environmental, social and governance risks identified for the companies in Andera's portfolio.

2. Transformation & CSR monitoring during the holding period

- **PRODUCTION OF A SUMMARY SHEET FOR EACH COMPANY AND FOR EACH FUND**

DIALOGUE WITH PORTFOLIO COMPANIES

A summary sheet is produced at the end of the ESG Reporting for each portfolio company with an individual approach to raising awareness. This annual monitoring of indicators covering the major sustainability risks and adverse impacts allows for precise monitoring of the change in consideration of material ESG issues by each of the portfolio companies.

These sheets are shared with the management of the portfolio companies and become a tool for dialogue between the investment teams and the portfolio companies, particularly during Supervisory Board meetings.

DIALOGUE WITH INVESTORS

Reports by fund are also formalised and sent on an annual basis to investors in order to share the sustainability progress of the companies in the funds' portfolios in all transparency, in addition to Andera Partners' annual ESG Report.

Reporting in accordance with the requirements of the SFDR regulation (SFDR templates) will also be provided to investors in Article 8 and 9 classified funds. Each year, the management company also responds to the various ESG questionnaires sent out by its subscribers.

3. Divestment

Andera Partners implements long-term actions that extend beyond the investment horizon and provides ESG information at the time of exit in order to value the efforts made during the holding period by the companies in the portfolio. Where relevant, Vendor ESG Due Diligence is carried out.

4. Our specific commitments for the latest funds raised or in the process of being raised

SFDR CLASSIFICATION OF OUR FUNDS

andera Infra	Andera Smart Infra 1 and Terra Nea **Article 9** classified funds under SFDR
andera Co-Invest	Andera Co-invest I and II **Article 8** classified funds under SFDR
andera Expansion	Andera Expansion 3 **Article 8** classified fund under SFDR
andera Life Sciences	Biodiscovery 6 **Article 8** classified fund under SFDR
andera MidCap	Andera Midcap 5 **Article 8** classified fund under SFDR
andera Acto	Andera Acto V **Article 8** classified fund under SFDR

All other funds are classified as Article 6 under SFDR

SOME RATIOS

50% of the assets under management **take into account environmental, social and governance criteria** (Article 8 or 9 classified funds under SFDR).

100% of the **latest funds raised by each of Andera Partners' investment strategies are classified Article 8 or 9 by SFDR.**

IV

FOCUS ON CLIMATE AND BIODIVERSITY RISKS

Integrating sustainability risks and principal adverse impacts related to climate change and biodiversity conservation at the heart of the investment cycle

1. Investment

EXCLUSIONS

- Application of ESG exclusions
  - ***Climate***: *exclusions for coal and unconventional and conventional fossil fuels*
  - ***Biodiversity***: *exclusions for palm oil or logging*

PRELIMINARY ANALYSIS OF THE OPPORTUNITY

- Materiality analysis of ESG issues and potential contribution to the Sustainable Development Goals
- Analysis of sustainability risks:
  - ***Climate:*** *Assessment of physical and transition risks*
  - ***Biodiversity:*** *sectoral analysis of impacts and dependencies*
- Study of eligibility for the European Taxonomy
  - *Analysis of contribution to climate change mitigation or adaptation*

PRE-ACQUISITION DUE DILIGENCE

- Internal or external analysis of sustainability risks and opportunities and the key adverse impacts
- Incorporation of a summary of the analysis in the investment note for discussion at the Investment Board meeting

SHAREHOLDER AGREEMENTS

- Incorporation of ESG clauses

2. Transformation

SUPPORT WITH THE IMPLEMENTATION OF AN ESG APPROACH

- Personalised support for the implementation of ESG procedures
  - **Climate via the Andera Climate Solutions Programme:** measuring the carbon footprint, defining an SBT trajectory for eligible companies and an action plan to reduce it.
  - **Biodiversity,** where the issue is material: measurement of footprint (msa.km^2) and definition of a mitigation action plan

MONITORING

- Annual ESG reporting including the measurement of the principal adverse impacts of investments (SFDR "PAI" indicators)

4 indicators on **Climate** issues and 2 on **Biodiversity** issues

- Annual sustainability risk mapping

(analysis of exposure to **Climate** and **Biodiversity** issues and maturity in taking them into account)

- Production of a summary sheet for each company and for each fund to identify areas for progress

3. Divestment

TRANSMISSION

- Provision of relevant ESG information at the time of divestment in order to value the efforts made during the holding period by the portfolio company.

1. Specific approach to fighting climate change

1. MANAGEMENT COMPANY'S COMMITMENT TO THE CLIMATE

In early 2019, Andera Partners joined **the International Climate Initiative**, co-signed by a large number of French and international private equity players. This commitment marks Andera Partners' desire to actively contribute to the fight against climate change.

As part of this initiative, Andera Partners is actively contributing to the Working Group on 2°C alignment and net zero commitments.

In 2023, Andera Partners signed up to **the *Science Based Targets Initiative (SBTi)* and validated its decarbonisation roadmap** a few weeks later. Andera Partners' decarbonisation roadmap and goals are detailed on the next page of the policy.

As part of its membership of the SBTi, Andera Partners launched its **Andera Climate Solutions** programme in 2023, to support invested companies in measuring their carbon footprint, defining a roadmap aligned with the Paris Agreement, defining a decarbonisation action plan and validating these decarbonisation goals with the SBTi.

2. CONSIDERATION OF CLIMATE RISK IN THE PORTFOLIO

During the pre-acquisition phase, Andera Partners systematically carries out an analysis of the issues related to Climate Change.

In addition, since 2022, Andera Partners has carried out an **in-depth analysis of the physical and transitional risks related to climate change** for its entire portfolio. The aim of this analysis is to measure the companies' exposure to the physical risks of transition as well as to climate change-related opportunities, based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD).

Analysis methodology

RISKS ANALYSED	
Transition risks	Policies and regulations
	Technological
	Market
	Reputational
Physical risks	Extreme
	Chronic

OPPORTUNITIES ANALYSED
Resource efficiency
Energy source
Products and services
Markets
Resilience

The results of this analysis are available in Andera Partners' annual Sustainability Report, published on the management company's website.

1. Specific approach to fighting climate change

3. STRATEGY FOR ALIGNMENT WITH THE PARIS AGREEMENTS

Accelerating our action against climate change

In April 2023, Andera Partners adopted a decarbonisation trajectory aligned with the Paris Agreement and validated by the Science Based Targets Initiative.

This trajectory includes both Andera's "direct" carbon footprint (scopes 1 and 2) and also its indirect footprint (scope 3, category 15) related to its investment portfolio, which accounts for 99% of its overall footprint.

Our carbon trajectory

Andera Partners (Scopes 1, 2)**:**

Goal: - 50% reduction in GHG emission by 2030 in comparison to 2019

Portfolio (Scope 3, category 15):

Goal: 100% of eligible invested companies* to have a decarbonisation trajectory validated by SBTi by 2033

Assessment frequency: The carbon footprint is updated every year (management company and portfolio companies), with the aim of supporting between 5 and 8 companies per year (Andera Climate Solutions Programme) to reach 50% of eligible companies validated by the SBTi in 2028 and 100% in 2033.

More information is available in **our white paper "Decarbonisation of SMEs: the key role of private equity players"**: **https://www.anderapartners.com/wp-content/uploads/2023/07/vEN-_-SBTi-_-04-07-23.pdf**

* Our commitments cover 40% of our total investments in 2022 (60% are optional or not eligible for SBTi's Private Equity methodology).

2. Specific approach to biodiversity conservation

1. MANAGEMENT COMPANY COMMITMENTS TO BIODIVERSITY

Andera Partners is committed to the objectives of the **1992 Convention on Biological Diversity**, including its three main goals:

- the conservation of biological diversity;
- the sustainable use of biological diversity and;
- the fair and equitable sharing of benefits arising from the use of genetic resources.

Andera Partners also set up a Biodiversity Working Group within the France Invest Sustainability Commission to accelerate the definition of a methodology and approach adapted to Private Equity.

2. CONSIDERATION OF BIODIVERSITY RISK IN THE PORTFOLIO

During the pre-acquisition phase, Andera Partners systematically carries out an analysis of the issues related to biodiversity erosion.

This analysis is based on the concept of the dual materiality of biodiversity risks: from the point of view of dependence on ecosystem services and impacts on biodiversity erosion.

Since 2023, Andera Partners has also been assessing its portfolio's exposure to physical and reputational risks related to biodiversity. This analysis provides a local approach to risk, taking into account the precise location of portfolio companies, the integrity of ecosystems in the regions where they operate, companies' dependence on ecosystem services, and the impact of their activities on local biodiversity. The analysis also takes into account the portfolio's potential reputational risk by considering the proximity of sites to protected and conserved areas and key biodiversity zones.

3. STRATEGY FOR ALIGNMENT WITH BIODIVERSITY OBJECTIVES

Andera Partners is committed to integrating the biodiversity aspect into the heart of its investment process, in particular by measuring the materiality of the issue for all of its portfolio companies.

In 2023, the strategy for alignment with long-term biodiversity goals was developed and significant targets were set at portfolio level. To this end, Andera Partners aims to have 100% of the companies in its portfolio analysed for their impact and dependence on biodiversity, and to ensure that all companies for which biodiversity is a material issue have an action plan to reduce their impact by 2030.

V TAXONOMY

ANDERA PARTNERS' APPROACH

In the context of Regulation (EU) 2020/852 of the European Parliament and Council of 18 June 2020 on the establishment of a framework for sustainable investment ('Taxonomy Regulation'), Andera Partners has developed an approach by shareholding.

USING TOOLS DEVELOPED IN-HOUSE

To this end, a Taxonomy eligibility analysis is systematically carried out before the investment, during the Due Diligence phase. Research is then carried out by the Sustainability teams to link them to NACE codes, in order to better understand the potential eligibility and alignment with the European Green Taxonomy.

Once in the portfolio, the company is analysed in detail to allow Andera Partners to study eligibility and alignment. An internal tool has been developed to allow taxonomy analysis of each portfolio company. This tool is supplemented in collaboration with the investment and Sustainability teams to provide a better understanding of the company and the challenges of the regulatory framework.

For the first time in 2023, the management company worked with an external consultancy to calculate the eligibility and alignment of each of the companies in its portfolio.

LEADING TO RESULTS PUBLISHED IN TRANSPARENCY

The first results relating to Taxonomy are published in the Article 29 LEC report available on the management company's website.

Appendices

Concordance table

Regulation	Content/Article	Reference
SFDR: "Disclosure" Regulation (EU) 2019 2088	Article 3: Incorporating sustainability risks into the investment decision-making process	Pages 9 to 21
	Article 4: Consideration of the key adverse impacts of investments on sustainability factors	Page 11
	Article 5: Incorporation of sustainability risks in remuneration policy	Page 7
MIF 2	Organisation: Incorporation of sustainability risks in the organisation and risk management policies and procedures	Pages 5 to 23
Task force on Climate-related Financial Disclosure (TCFD)	1. Governance of climate-related risks and opportunities	Page 5
	2. Climate Strategy	▪ Pages 20 to 22
	3. Management of climate-related risks and opportunities	▪ Page 20 ▪ Fund ESG reports ▪ Annual Sustainability report
	4. KPIs and indicators used to assess climate-related risks and opportunities	▪ Page 20 ▪ Fund ESG reports ▪ Annual Sustainability report
United Nations Global Compact	1. Incorporating the Ten Principles of the UN Global Compact in our strategy and operations, and promoting them in our sphere of influence (shareholdings)	▪ Annual Sustainability report
	2. Publication of a report to publicly communicate progress (COP/ECO)	
	3. Actions in support of the UN SDGs	

Normative exclusions

Normative Exclusions	Clarification on exclusion	Details of the standard's content	
UNGC Principles	Exclusion of companies that seriously and repeatedly violate international standards or conventions or one or more of the ten Global Compact principles.	**Human rights** Principle 1: Businesses must support and respect the protection of internationally proclaimed human rights; and Principle 2: Businesses are urged to ensure that they are not complicit in human rights abuses. **Labour** Principle 3: Businesses must uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: Businesses must contribute to the elimination of all forms of forced and compulsory labour; Principle 5: Businesses must contribute to the effective abolition of child labour; and Principle 6: Businesses must contribute to the elimination of discrimination in respect of employment and occupation. **Environment** Principle 7: Businesses must support a precautionary approach to environmental challenges; Principle 8: Businesses must undertake initiatives to promote greater environmental responsibility; and Principle 9: Businesses must encourage the development and diffusion of environmentally friendly technologies. **Anti-corruption** Principle 10: Businesses must work against corruption in all its forms, including extortion and bribery.	https://www.unglobalcompact.org/what-is-gc/mission/principles
OECD Guidelines	Covers operations and the supply chain.	The Guidelines are recommendations by governments to multinational enterprises to promote responsible business conduct in the areas of labour relations, human rights, environment, taxation, disclosure, anti-corruption, consumer interests, science and technology, and competition.	http://mneguidelines.oecd.org/guidelines/
ILO		In particular, the eight core ILO Conventions that deal with four key issues: freedom of association, non-discrimination and the prohibition of child labour and forced labour. - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); - Right to Organise and Collective Bargaining Convention, 1949 (No. 98); - Forced Labour Convention, 1930 (No. 29); - Abolition of Forced Labour Convention, 1957 (No. 105); - Minimum Age Convention, 1973 (No. 138); - Worst Forms of Child Labour Convention, 1999 (No. 182); - Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment and Occupation) Convention, 1958 (No. 111)	
CITES Convention	Trade in any species or animal or plant product regulated by the CITES Convention	The Convention on International Trade in Endangered Species of Wild Fauna and Flora, known by its acronym CITES or as the Washington Convention, is an international agreement between states. It aims to ensure that international trade in wild animal and plant specimens does not threaten the survival of the species to which they belong.	

Sectoral exclusions

Andera Partners strictly excludes from its investments companies whose turnovers are linked to the following activities:

Controversial activities	Clarification on strict exclusion	Exceptions allowed
Illegal economic activity	• Illegal and/or criminal economic activity (e.g. drug dealing, prostitution, counterfeiting) • Economic activity whose income is hidden from the tax authorities	-
Activities in oppressive and uncooperative regimes	Business activity whose headquarters are located on the list of prohibited countries. If present in countries classified as very high risk or non-cooperative, a compliance check is required	If the list is modified during the annual update
Arming	• Production, sale and components of controversial weapons: anti-personnel landmines (defined by the 1999 Ottawa Treaty), cluster bombs (defined by the 2008 Oslo Convention on Cluster Munitions), chemical and biological weapons (defined in the 1993 Paris Convention on Chemical Weapons), nuclear weapons • Production and sale of conventional lethal weapons	Conventional weapons components, services for military purposes
Casinos, gambling and chance	Activity of casinos and similar businesses	-
Cloning	Economic activity using cloning for human or animal reproductive purposes outside the context of biomedical research or for therapeutic purposes	Animal reproduction for biomedical research or therapeutic purposes
Animal experimentation	Economic activity conducting animal experiments for products that are not subject to this legal and/or regulatory requirement and outside the context of biomedical research or therapeutic purposes	-
Logging	Logging activity	Sustainably managed forests (with certification)
Tobacco	Production and sale of tobacco and related products (including vaping products)	-
Nuclear	Production, sale, storage and transport	• Providers of services to nuclear power plants or production of components (no limitation in case of impact-limiting activities) • Use of this technology for therapeutic and/or medical diagnostic purposes
GMO	Production, sale outside the context of biomedical research or for therapeutic purposes	Use of GMOs for medical purposes (e.g. gene therapy products for human use, drug production, production of biological tools for therapeutic R&D purposes, etc.) with the existence of a liability policy and compliance with international conventions on GMOs
Pornography	Production and promotion of pornographic content	-
Alcohol	Economic activity involved in production and distillery activities and any activity related to Groups 4 & 5	Retail, with a maximum authorised threshold of 30% of turnover
Unconventional fossil fuels and conventional fossil fuels (shale gas, shale oil and oil sands)	Extraction, production, sale, storage and transport	• Activities to limit impact • Service providers (with a maximum authorised threshold of 30% of turnover)
Palm oil	Economic activity that has not obtained or is not committed to obtaining RSPO certification or any other internationally recognised certification	Sourcing, with a maximum authorised threshold of 30% of turnover

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ACTION FOR CLIMATE
AND SUSTAINABILITY