



# 2022-23 Annual Sustainability Report

Better nutrition  
Better production  
Better living

*Application of Article 29 of the  
French Energy and Climate Act*



## Editorial by Michel Chabanel

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After becoming an independent player, Cerea Partners redefined its thematic investment approach around three pillars: *Better nutrition, Better production, Better living*, in order to contribute to a more virtuous and low-carbon economy.

This year, given the acceleration of regulations governing sustainable finance, we aim to go a step further in disclosing the transparency of our approach and the monitoring of our actions.

The impact of our investments must be reflected in a way that is measurable.

That is why we have created sustainability indicators linked to our three pillars of activity.

In early 2023, Cerea Partners officially launched a “period of reflection on Article 9” for the Cerea Capital III Fund with the aim of examining the eligibility of its current investments for qualification a sustainable investment under the SFDR based on their positive contribution.

The Cerea Partners teams are fully convinced of the value creation that results from the implementation and application of a CSR strategy. To this end, they work with the executives and shareholders of their portfolio companies to support them in their transformation.

Through close collaboration, we challenge existing structures with a view to improving them and achieving the most virtuous model.

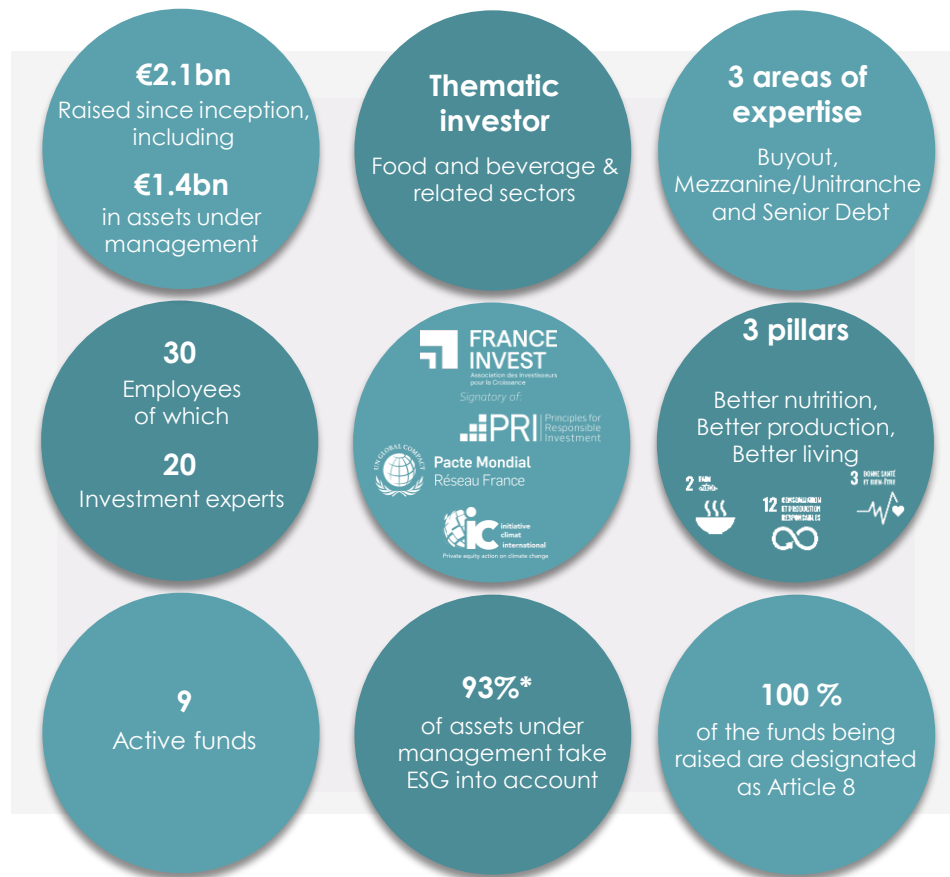
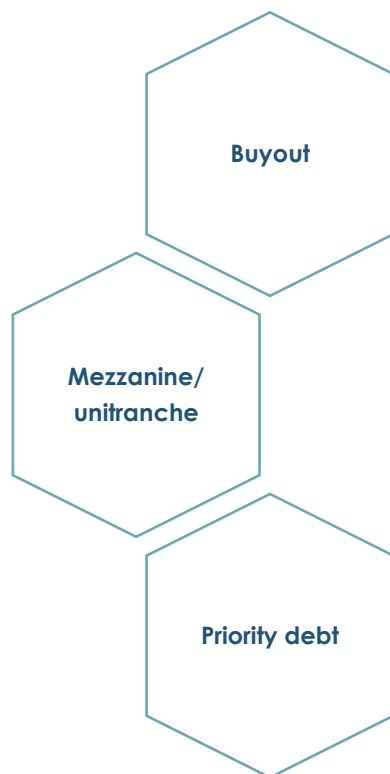
This year, we are delighted to show the progress we have made in rolling out our investment strategy and to present the ESG news from the companies in Cerea's portfolio.

I hope you enjoy reading this report.

**Michel Chabanel, Chairman**

# Cerea Partners, an investor specialised in the food and beverage universe

Created in 2004, Cerea Partners is an independent French asset manager approved as an alternative investment fund manager (AIFM) by the French Financial Markets Authority (AMF), specialised in SME and mid-cap financing within the food and beverage universe.



\* ESG criteria are taken into account by the CC II, CD II and CM III funds and the funds currently being raised as at 30 June 2023, i.e. CM IV, CD III and CC III.



# Highlights in 2022-2023

## 1 Carbon footprint - scope 3 included - of Cerea portfolios\*

- Identify the most important emission items
- Encourage companies to define decarbonisation plans
- Map the climate risks and issues of the Cerea portfolio

## 2 Structuring of ESG

- Oversee the achievement of ESG objectives and the monitoring of KPIs
- Continue to support ESG momentum within companies through ESG benchmarking
- Facilitate regulatory reporting: SFDR PAI, Taxonomy, Article 29 of the French Energy and Climate Act

## 3 Improve the ESG scoring tool

- Make it less open to differing interpretations
- Incorporate biodiversity
- Incorporate the various checks to be carried out under the SFDR

## 4 Climate & Biodiversity mapping

- Identify the main climate and biodiversity risks and issues for future portfolio companies
- Select relevant monitoring indicators
- Inform and discuss with companies

## 5 Transparency of publications

- Article 29 of the French Energy and Climate Act & 2022-2023 ESG report

\* Funds concerned: CC II, CC III, CM III and CD II

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# 1.1 Investment strategy

Cerea Partners, an independent French asset management company approved as an AIFM by the AMF, is a thematic investor specialising in the food and beverage universe and focused on three pillars: *Better nutrition*, *Better production*, *Better living*. Cerea Partners provides support to companies and entrepreneurs with their growth, transformation and succession projects.

A unique player through its thematic positioning and diversified financing offering, Cerea Partners offers companies the benefits of its knowledge and expertise in the food and beverage sector.

Cerea Partners seeks to meet the major challenges of the food and beverage universe through an investment strategy focused on its *3 pillars*:

## Better nutrition

- Develop a varied, high-quality and accessible food offering
- Encourage the development of natural and responsible products
- Promote local gastronomic traditions and know-how

## Better production

- Promote the circular economy, sustainable consumption and the use of natural resources
- Optimise production systems (efficiency and sustainability) and promote the emergence of more virtuous business models

## Better living

- Contribute to people's well-being and good health
- Develop products and services focused on improving the living conditions of consumers
- Improve working conditions
- Preserve biodiversity

## 1.2. List of Funds under Regulation (EU) 2019/2088

At 30 June 2023, Cerea Partners had assets under management of €1.4 billion, 93%\* of which through funds that take ESG criteria into account.



Cerea Capital	Vintage year	Size (€m)	SFDR classification
Cerea Capital	2007	€130m	Article 6
Cerea Capital II	2015	€225m	Article 6
Cerea Capital III	2022	Fund raising in progress	Article 8
Cerea Mezzanine	Vintage year	Size (€m)	SFDR classification
Cerea Mezzanine II	2008	€127m	Article 6
Cerea Mezzanine III	2017	€198m	Article 6
Cerea Mezzanine IV	2021	€294m	Article 8
Cerea Private Debt	Vintage year	Size (€m)	SFDR classification
Cerea Dette	2016	€268m	Article 6
Cerea Dette II	2018	€350m	Article 6
Cerea Dette III	2021	Fund raising in progress	Article 8

\* ESG criteria are taken into account by the CC II, CD II and CM III funds and the funds currently being raised as at 30 June 2023, i.e. CM IV and CD III.

## 1.3. ESG commitments

Cerea Partners has joined several market initiatives to engage with other investors and experts in order to improve its understanding of sustainability issues. These collective exchanges stimulate reflection on concrete solutions to help better integrate non-financial factors into our investments. The exchange of best practices makes it possible to better target the actions to be deployed to support our portfolio companies. The following are some of the initiatives that Cerea Partners has joined:

### Founding commitment



By signing the *UN Principles For Responsible Investment (UNPRI)* in 2010, Cerea Partners has committed to incorporate environmental, social and governance (ESG) criteria into its asset management methods and investment strategy and to take these criteria into account in the development of the companies that make up its fund portfolios.

For more information, see: <https://www.unpri.org/>

### Market commitment



Chairman of the Management Company Michel Chabanel served in the past as director of France Invest and was its Chairman between 2014 and 2016.

In 2022, Cerea Partners also joined the Steering Committee of France Invest's Sustainability Commission as head of the Working Group (WG) on Sustainability in the Value Chain. This WG focuses on the circular economy and human rights.



### Social commitment

#### Outreach/Mentoring - Gender Equality Working Group

Having signed France Invest's Gender Equality Charter in 2020, Cerea Partners is a member of the Talent & Diversity Commission Working Group, the aim of which is to promote and increase cultural and social diversity in private equity professions.

For more information, see: <https://www.franceinvest.eu/>

### Societal commitment



Since 2014, Cerea Partners has been committed to the United Nations Global Compact's corporate social responsibility initiative and its 10 principles regarding human rights, labour standards, the environment and the fight against corruption.

In 2022, three members of Cerea Partners joined the Climate Accelerator Programme of the French branch of the Global Compact to appraise the Management Company's climate strategy.

For more information, see: <https://pactemondial.org/>

### Climate commitment



A signatory of the *Initiative Climate International (ICI)*, Cerea Partners joined the Climate Working Group and contributed to the development of climate best practices guidelines for private equity players.

For more information, see: <https://collaborate.unpri.org/>



## 1.3. ESG commitments

As a responsible investor, Cerea Partners strives to be exemplary in its CSR approach and consistent in its efforts to promote responsible investment practices among its portfolio companies and within its ecosystem. In 2022 and 2023, we launched several projects and initiatives in relation to the following:

### Within the Management Company



Partnership with Food Banks since 2015



Integration of the 2022 Climate Accelerator Programme of the French branch of the Global Compact



"2 Tonnes" workshop for all Cerea employees



Climate workshop for the Capital deal team with the firm Carbone 4

### Within the Portfolio



Measurement of the carbon footprint (scopes 1, 2 and 3) of the portfolio companies



Climate workshop for executives and CSR managers



Development of climate & biodiversity mapping for the Cerea portfolio with Moonshot



Biodiversity footprint of the Cerea portfolio with Iceberg Data Lab



A Climate Workshop for portfolio companies led by PwC on 27 June 2023 covering the following topics:

- Overview of climate issues for the private sector
- Decoding international climate standards
- Analysis of the maturity of the company's practices on climate issues: how to comply with sustainable development objectives?
- Concrete measurement of the climate impact and performance of its business model

### Within our ecosystem



Member of the Sustainability Commission of France Invest



Head of the WG on Sustainability in the Value Chain



Talk by Cerea Partners during the Finance & Biodiversity Webinar: "How to integrate the biodiversity impacts of your investments?", with Bpifrance, BL Evolution and Iceberg Data Lab

## 2.1. ESG governance

Cerea Partners is governed in a collegial manner by an Executive Committee and a Partners Committee.

### Collegial governance

- Executive Committee: 3 members
- Partners Committee: 8 members

Reporting to the Chairman, the ESG team is responsible for:

- **Deploying the ESG investment strategy** for the Management Company
- **Supporting the portfolio companies** of the funds together with the members of the investment teams in charge of monitoring those companies
- **Formulating recommendations** which are implemented once approved by the Executive Committee

### ESG Team

- **2 members**
- **1 FTE 100% dedicated and 1 FTE approx. 15% dedicated**

In place since 2018 to manage and develop the following activities:

- **Formalise** a proprietary ESG rating tool
- **Carry out ESG analysis of companies** with members of the investment team
- **Deploy** the responsible investment strategy
- **Manage** the ESG investment processes
- **Support** the portfolio companies in implementing their CSR and Climate trajectory
- **Design sustainability reports** at the Management Company level (ESG report, Article 29 of the French Climate & Energy Act)
- **Monitor transparency commitments:** ESG reporting of funds, climate trajectory, information for subscribers

The financial resources including external services allocated to ESG are estimated at €71k as at 31 December 2022.

### Investment team

- Private Equity deal team – 11 members
- Private Debt deal team – 11 members

All members of the Investment Team are involved in and responsible for deploying Cerea's ESG investment strategy, particularly with regard to supporting and monitoring portfolio companies in the implementation of their CSR trajectory.

## 2.2. Proprietary tools

Cerea Partners has put in place proprietary ESG tools to monitor its portfolio companies and support them in implementing continuous improvements. These tools are updated periodically taking into account regulatory changes:

### ESG rating

#### Analysis of 8 dimensions of sustainability risk:

- Policies and resources
- Environment
- Biodiversity
- Social
- Governance
- Nutrition & health
- Supply chain
- Crisis management

#### Cerea's objectives

- **Incorporate ESG** into investment and risk management processes
- **Measure** companies' level of ESG maturity



### Annual ESG campaign

#### Collection of ≈ 100 non-financial indicators in 6 categories:

- General information
- Environment
- Social
- Governance
- Supply chain
- Stakeholders

#### Implementation of a dedicated ERP



To enable it to adhere to the principles of its responsible investment policy and new regulatory requirements, Cerea Partners set up a partnership with the Greenscope platform to:

- **Oversee** the achievement of ESG objectives and the monitoring of KPIs
- **Continue to support** ESG momentum within companies through ESG benchmarking
- **Facilitate regulatory reporting:** SFDR PAI, Taxonomy, Article 29 of the French Energy & Climate Act

### ESG benchmark

#### In 2023, 9 ESG interviews were conducted on a voluntary basis with our portfolio companies, including:

- 3 from Cerea Capital II
- 4 from Cerea Mezzanine III
- 2 from Cerea Dette II

#### Cerea's objectives

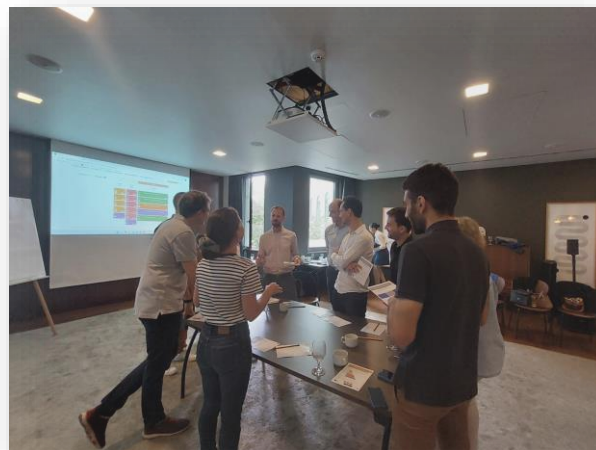
- **Inform** companies and **support** their transformation



## 2.3. Training

The investment teams receive regular training on sustainability themes to ensure appropriation and dissemination.

- In 2022, Cerea's investment teams received an average of 5.5 hours of training on ESG themes:
  - Ongoing training on the application of current SFDR requirements and Article 29 of the French Climate & Energy Act
  - Internal discussions on how to improve the ESG rating tool
  - “2Tonnes” information workshop for all Cerea employees
- In 2023, Cerea Capital's teams have already benefited from a climate training course provided by Carbone 4.

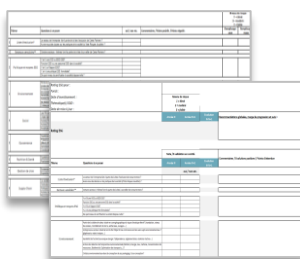




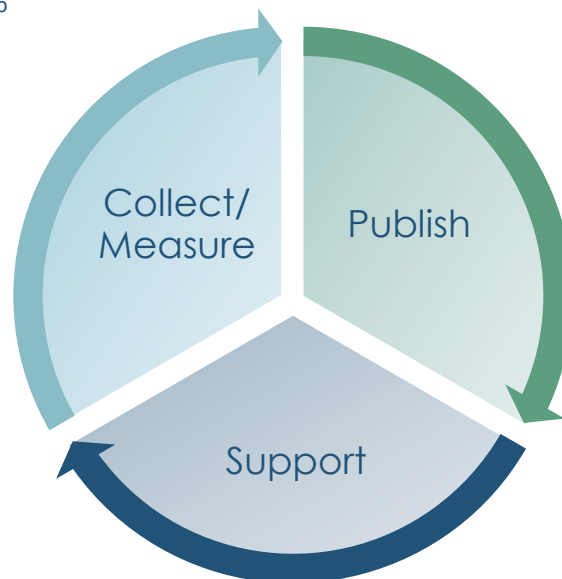
## 3.1. Investment cycle

How do we engage our stakeholders so that they incorporate sustainability?

- Analysis of sustainability risks at pre-investment stage by applying our **proprietary ESG rating tool** to our 3 investment strategies



- Collection of 100 non-financial indicators from our portfolio companies via our **annual ESG campaign**



- Annual sharing of a **customised summary sheet from the Cerea ESG benchmark** for all our portfolio companies that respond to the annual ESG study

- Inclusion of ESG in the agendas of Supervisory Committee/Board of Directors meetings at least once a year

- Since 2018, we have published an **annual ESG report** on our website



- Integration of ESG developments** and specific criteria related to the Cerea funds during **funds' Annual General Meetings**



## 3.1. Investment cycle

Sustainability risks and adverse impacts are integrated at every stage of the Cerea Partners investment cycle:

### Pre-investment

#### ESG rating: Sustainability analysis

- Enhance the analysis of the target company's different sustainability risks and opportunities

#### Roadmap

- Integrate the key points of the ESG analysis by identifying the strengths, areas for improvement and possible avenues for action

### Holding period

#### Companies on their ESG challenges

- Enable the companies being financed to compare themselves with the other Cerea portfolio companies in the same business segment

- Support the companies' CSR policies and monitor improvements in their CSR practices

- Provide the companies with a dynamic progress report

#### Resources/tools available

- Vendor ESG due diligence / Buyer ESG due diligence
- Company CSR report
- Dialogue with management and site visits
- Reviews of public sources of information
- Exchanges with the sponsor in the context of a sponsor transaction
- Formal list of sector exclusions in the ESG rating tool

- Annual ESG campaign
- Proprietary ESG benchmark tool
- Inclusion in the Supervisory Committee meeting agenda at least once a year (for investments in majority holdings)
- Formal review of the ESG rating of companies every year

### Sale

#### Be transparent

- Promote the ESG measures taken by the company

- Make ESG information available in the dataroom
- Vendor ESG due diligence

## 3.1. Investment cycle

As part of the ESG assessment, Cerea Partners implements the following key steps:

	Majority	Minority, Mezzanine and Senior debt	Approval by the Investment Committee
ESG rating	●	●	✓
ESG due diligence	●	Case-by-case	
Annual ESG campaign	●	●	
Annual update of ESG ratings	●	●	✓

The indicators used to measure the level of achievement of Cerea Partners' responsible investment strategy mainly include:

- Application of the exclusion list
- Systematic use of ESG ratings of the companies prior to investment and approval by the Investment Committee. Cerea Partners uses the ESG rating tool to assess the good governance practices of companies benefiting from its investments
- Annual updating of the ESG ratings of the companies in the portfolio and approval by the Investment Committee
- The annual ESG campaign
- Comparative analysis of the ESG performance of Cerea Partners' portfolio companies

## 3.2. Remuneration policy and risk management

### Remuneration policy

- The annual assessment of the members of Cerea Partners' investment teams includes qualitative ESG criteria, such as the quality of the ESG due diligence carried out at the time of investment, the application of an ESG rating and related presentation for approval to the Investment Committee, and the level of proactive support provided to companies in dealing with ESG issues.
- These objectives are also designed to encourage employees to properly analyse sustainability risks before investing. The goal is to continue to strengthen the inclusion of ESG in the remuneration process going forward, in particular by formalising more precise individual objectives consistent with Cerea Partners' sustainability strategy.

### Risk management

- The integration of sustainability risks, particularly physical and transition risks related to climate and biodiversity, is in the process of being implemented at Management Company level.



## 4.1. Engagement with portfolio companies

As a long-term investor, our objective is to support the companies in which we invest so that they continue to develop over the long term, beyond the duration of our investment. To this end, we **vote at general meetings** and pursue shareholder **engagement**. Our task is to help them adopt best practices in all areas that foster value creation. Cerea Partners maintains regular dialogue with the management of the companies in which we are shareholders. This is evident in particular at Supervisory Board or Board of Director meetings and through the voting process.

In accordance with the commitments made by Cerea Partners, **ESG is also included in the agenda and discussed at least once a year by the board committee**, in particular:

- **Progress made in relation to the CSR approach**
- **The decarbonisation approach**

### PRIVATE EQUITY

**Voting rights are exercised** for all companies in which we are a **majority shareholder**. Through systematic and proactive committee membership, the Team takes part in strategic discussions, approves or rejects management proposals and, where necessary, takes decisions necessary for the good governance of the company. The key decisions for which a vote and/or agreement by Cerea is necessary are listed in the shareholders' agreements and the articles of association and include in particular:

- Approval of the annual budget and authorisation to approve the annual financial statements
- Appointment of corporate officers and recruitment or discharge of a key manager
- Transactions affecting capital and voting rights
- Transactions affecting the company's assets (e.g. investment, disposal of assets, financial debt or off-balance sheet commitments)
- Risk management

### PRIVATE DEBT

When we act as co-investors, minority shareholders or in mezzanine financing, **we formally include ESG in our exchanges with the company and the reference shareholder** at least once a year as part of the annual ESG report. Since 2021, we have been sending a **personalised ESG summary sheet to the portfolio companies** offering a meeting for discussion and to obtain feedback on the company's CSR priorities for the following year. In 2022, 6 ESG interviews were conducted, including 4 with our Mezzanine III portfolio companies and 2 with our Debt II portfolio companies.

## 4.1. Engagement with portfolio companies

### ESG benchmarking tool: our engagement with companies

Cerea Partners sees dialogue and engagement as an important component of its investor responsibility towards its portfolio companies.

The approach implemented by it aims above all to improve practices, mitigate sustainability risks and increase transparency around ESG issues of the companies in which it invests. In this context, the exchange of best practices with peers is encouraged.

■ Cerea Partners carries out ESG benchmarking based on the results of its annual ESG campaign. It demonstrates its individual commitment by sharing the results of this ESG benchmarking each year with its portfolio companies.

■ The annual ESG benchmarking campaign operates as follows:

- **100% of the portfolio companies that respond to the annual ESG campaign** receive a personalised form showing the comparable companies in their sector of activity and the entire Cerea Partners portfolio.
- **For majority investments**, Cerea Partners conducts an interview with the CSR team and/or the CEO to discuss areas in which the company is ahead of or lags behind its peers. This interview is also an opportunity to address the objectives and monitoring of the ESG roadmap.
- **For minority investments, mezzanine and senior debt**, Cerea Partners offers an interview for interested portfolio companies.

## 4.1. Engagement with portfolio companies

### Example of initiatives with Synext Group



**Investment  
Country**

2018  
France

**Activities  
Workforce**  
as at 31.12.2022

Cheese and dairy equipment  
250 employees

An integrator of mechanisation and process solutions, Synext Group is a supplier of industrial equipment for the dairy agri-food industry. An expert in the design, manufacture, commissioning and maintenance of machines for the cheese and butter sector, Synext Group has four subsidiaries: Simon Frères, Chalon Mégard, Tecnal and Dima.

On foot of discussions with Cerea in 2021, Synext Group's management decided to appoint a CSR officer to implement a structured CSR strategy.

#### ESG policies & resources

- With CSR having become a key component of the company's employer brand, the CSR officer reports to the Human Resources function. The CSR officer was tasked with defining a roadmap, for which a CSR Performance Charter has been developed
- This Charter will make it possible to assess the company's trajectory on sustainability issues.
- In 2022, Synext Group published its first-ever CSR activity report.

#### Governance

- In 2023, the company joined the United Nations Global Compact by signing up to its 10 principles on human rights, labour standards, the environment and the fight against corruption.

#### Social


- Synext Group signed the Diversity Charter this year.





# 5.1. Strategy to align with the objectives of the Paris Agreement

## Improvement plan

### 1 Engage

-  As a member of the Initiative Climat International (iCI), Cerea Partners made a commitment in 2019 to:
  - Acknowledge that climate change is already affecting the economy, which represents risks and opportunities for companies.
  - Work to contribute to the COP21 objective to limit global warming to two degrees centigrade.
  - Help to reduce the greenhouse gas emissions of its portfolio companies and ensure performance is achieved in a sustainable manner.
-  To establish a robust climate strategy, Cerea Partners uses the roadmap defined by the iCI, which is based on the global Net Zero objective.

### 2 Reminder of short-term objectives and achievements in 2022

No.	Short-term objectives	2022	2023
1	Finalise the assessment of the carbon footprints of the funds' portfolio companies	✓	
2	Assess and publish the carbon footprint results of the main Cerea portfolios	✓	
3	Encourage Cerea Capital's portfolio companies to define decarbonisation plans	x	
4	Implement monitoring tools to manage the achievement of these objectives	x	
5	Organise a Climate Workshop for the executives and CSR managers of Cerea's portfolio companies		✓

No.	Medium- to long-term objectives	2025	2030
1	100% of portfolio companies to have a decarbonisation plan with related KPIs defined	x	
2	>60% of the portfolio companies to be aligned with the 2°C objective as validated by an independent third party	x	



## 5.2. Biodiversity strategy

### An approach in progress

#### 1 Understand

By their very nature, Cerea's portfolios show a high dependence on biodiversity and have strong impacts due to the investment strategy covering the food and beverage universe. Aware of the high dependence of the food value chain on biodiversity, Cerea Partners teamed up with Moonshot to map the climate and biodiversity risks of this sector in order to improve the way biodiversity risks and dependencies are taken into account and establish a robust climate and biodiversity strategy at the level of the Management Company.

This year, Cerea Partners presented a measurement of the impact of its portfolios on biodiversity. It joined forces with data provider Iceberg Data Lab to carry out this impact calculation using the Corporate Biodiversity Footprint (CBF) methodology. This formed part of the Management Company's action to produce biodiversity metrics at the portfolio level, also enabling it to comply with Article 29 of the French Energy and Climate Act.

#### 2 Take action

Raising the awareness of companies, selecting indicators and supporting the implementation of measurement and mitigation actions will be the main strands of our approach.

The application of Article 29 of the French Energy and Climate Act will have a transformative impact in helping us formalise our biodiversity strategy.

#### Purpose



- Appropriate and manage data with a view to informing the investment teams
- Set up a process of climate and biodiversity mapping
- Identify the main climate and biodiversity risks and issues for future portfolio companies



- Produce a quantitative indicator
- Assess the relevance of metrics
- Comply with Article 29 of the French Energy and Climate Act



- Support companies in taking biodiversity into account
- Promote our commitment to biodiversity

## 5.2. Biodiversity strategy

An approach in progress

### 3 Reminder of short-term objectives and achievements in 2022

Cerea Partners has set itself the following biodiversity targets:

No.	Short-term objectives	2022	2023	2024
1	Integrate biodiversity into Cerea Partners' responsible investment policy	✓		
2	Assess the biodiversity dependencies and impacts of Cerea's portfolios		✓	
3	Inform companies about biodiversity analysis			Planned
No.	2022 achievements	2022	2023	
1	Integrate biodiversity into the proprietary ESG rating tool	✓		
2	Incorporate new issues relating to biodiversity into the annual ESG campaign for 2023		✓	
3	Establish a mapping of the biodiversity risk analysis		✓	



## 6.1. European taxonomy & fossil fuels

### Taxonomy

The published Delegated Acts include a restrictive list of economic activities that currently meet the first two environmental objectives (mitigation and adaptation to climate change) within the meaning of the European Taxonomy.

The economic activities in which Cerea Partners invests are not mentioned in the Delegated Acts targeting the two climate objectives. As such, the eligibility rate is 0% for our portfolios at 31/12/2022.

Delegated Acts were published recently on the four other environmental objectives of the Taxonomy Regulation for which there was not sufficient time to establish the eligibility of Cerea Partners' investments. We will conduct an eligibility study in 2024 as we plan to invest in economic activities that contribute significantly to the transition to a circular economy.

### Share of outstandings in companies active in fossil-based energies

Cerea Partners has a strict sector exclusion list which it formally implements via its proprietary ESG rating tool. The Management Company excludes companies involved in fossil-based energies from its investment scope.

Excluded sectors: gambling/gaming, pornography/prostitution, tobacco, drugs, weapons, fossil fuels.

	Amount at 31.12.2022 in €bn	% of investment outstandings	Investment strategy	Number of funds covered
Assets under management	1.3	100%	Equity, Mezzanine, Senior debt	9
Investment in activities eligible for the European Taxonomy	0	0%	Not applicable	Not applicable
Investment in companies active in fossil- based energies	0	0%	Not applicable	Not applicable

## 7.1. ESG ratings of the Cerea Partners portfolio

For the purpose of analysing the sustainability risks of its target investments, Cerea Partners has updated its ESG rating tool taking into account regulatory changes based on a stricter scale.

### 8 strands of the sustainability risk analysis:



### ESG rating objectives:

- Identify the main sustainability risks
- Present the 3 biggest strengths and areas for improvement
- Guide the team in monitoring and supporting management and/or the sponsor



### Incorporation of biodiversity

#### 6 analysis criteria:

- Sites/facilities located in or near biodiversity sensitive areas or in a high water stress area
- Production or sale of chemical products
- Discharges into water and waste
- Level of non-recycled waste
- Direct or indirect contribution to land degradation, desertification, soil sealing, artificialisation of soils, deforestation
- Measures in favour of biodiversity



# 7.1. ESG ratings of the Cerea Partners portfolio

## Cerea Capital II

In 2023, a comprehensive review of the Cerea fund portfolio was carried out by the investment team members responsible for monitoring the different investment positions to assess the progress of the portfolio companies in relation to their RSE objectives.

### ESG rating of the CC II portfolio at 31.12.2022

Cerea Capital II portfolio			Internal ESG rating /3		
Portfolio companies	2020	2021	2022	Change 2021-22	Classification
Company 1	2.34	2.32	<b>2.34</b>	↘	●
Company 2	2.30	2.49	<b>2.49</b>	→	●
Company 3	2.39	2.36	<b>2.39</b>	↗	●
Company 4	2.25	2.23	<b>2.21</b>	↘	●
Company 5	2.19	2.24	<b>2.31</b>	↗	●
Company 6	1.79	1.79	<b>1.79</b>	→	●
Company 7	n.a.	2.00	<b>2.09</b>	↗	●
Average		2.29	2.32		

#### Classification of investments:

- Best-in-class
- Satisfactory
- Needs improvement

### Breakdown of the portfolio into amounts invested as at 31 December 2022:

- 88% of investments obtained a “Satisfactory” ESG rating (between 2.0 and 2.5)
- One investment representing 12% of the total amount invested was classified as “needs improvement”




## 7.1. ESG ratings of the Cerea Partners portfolio

### Key points relating to the Cerea Capital II portfolio

COMPANY	ACHIEVEMENTS IN 2022	PLANS FOR 2023
<p>2017</p> 	<ul style="list-style-type: none"> <li>Ensuring the reliability of strategic suppliers through adherence to the CPK responsible purchasing charter or another responsible platform. 85% are listed on SEDEX</li> <li>Improvement in revenue</li> </ul>	<ul style="list-style-type: none"> <li>Conduct audits of 2 to 3 strategic suppliers</li> <li>Waste and water consumption plan</li> <li>Target to use 100% recyclable packaging by 2025</li> </ul>
<p>2018</p> 	<ul style="list-style-type: none"> <li>Measurement of the carbon footprint - scope 3 included - to identify levers for action</li> </ul>	<ul style="list-style-type: none"> <li>Industrial audit under way to reduce production waste</li> <li>Heat recovery project to be studied</li> </ul>
<p>2018</p> 	<ul style="list-style-type: none"> <li>Definition of the Group's CSR strategy</li> <li>First CSR activity report</li> </ul>	<ul style="list-style-type: none"> <li>Implement periodic reporting to monitor CSR indicators</li> <li>Adhere to the principles of the Global Compact</li> <li>Measure the carbon footprint - scope 3 included</li> </ul>
<p>2018</p> 	<ul style="list-style-type: none"> <li>Measurement of the carbon footprint - scope 3 included</li> <li>Order FSC (sustainable forests) wooden beehives from the main supplier</li> </ul>	<ul style="list-style-type: none"> <li>Establish contracts with suppliers to ensure better traceability</li> </ul>

## 7.1. ESG ratings of the Cerea Partners portfolio

### Key points relating to the Cerea Capital II portfolio

COMPANY	ACHIEVEMENTS IN 2022	PLANS FOR 2023
 2018	<ul style="list-style-type: none"> <li>• Development of machines in the cellulose packaging markets</li> <li>• Measurement of the carbon footprint - scope 3 included - to identify levers for action</li> <li>• Renovation of reception apartments (insulation, door frames, heating)</li> </ul>	<ul style="list-style-type: none"> <li>• Change the sales mix in favour of machines intended for the reusable plastic (tableware) and cellulose packaging markets</li> <li>• Project to convert the vehicle fleet to electric vehicles and install charging stations at the Foncine-le-Haut site</li> </ul>
 2020	<ul style="list-style-type: none"> <li>• LNE MRP circular economy certification for "Incorporation of recycled plastic materials"</li> <li>• First CSR activity report</li> <li>• Significant improvement in the Pénicaut index (93/100 vs. 81/100 in 2021)</li> <li>• Implementation of a CSR action plan in 4 major areas: Eco-design, waste management, carbon footprint (all subsidiaries), ISO 14000</li> </ul>	<ul style="list-style-type: none"> <li>• Group CSR Manager</li> <li>• Create a working group on social issues following the first social survey (80% participation rate)</li> <li>• Continue the CSR action plan as part of the ISO 26000 approach</li> </ul>
 2021	<ul style="list-style-type: none"> <li>• Creation of a CSR Committee</li> <li>• Diagnosis of the maturity level of the existing CSR approach</li> <li>• Definition of the CSR strategy with support from R3 Impact</li> <li>• Diversity: 85/100 Pénicaut index 2022</li> </ul>	<ul style="list-style-type: none"> <li>• Build a 5-year CSR plan at Group level</li> </ul>

## 7.1. ESG ratings of the Cerea Partners portfolio

### Cerea Capital III



Investment  
Country

2022  
France

Activities

Network of franchised centres specialising in the treatment of excess weight on medical prescription

Workforce  
As at 31.12.2022

15 employees

Cerea Pillar

Better nutrition

Better living

#### Achievements in 2022

- Appointment of a CSR officer
- Co-construction of a CSR roadmap
- Measurement of the carbon footprint - scope 3 included - to identify levers for action

#### Plans for 2023

- Definition of the company's purpose and mission
- Publication of first CSR activity report
- Set out a decarbonisation plan

#### Monitoring KPIs

- Internal ESG rating 2.3/3
- Nutriscore A, B or C product range
- Significant contribution of revenue to health
- CSR certification



# 7.1. ESG ratings of the Cerea Partners portfolio

## Cerea Mezzanine III

ESG rating of the CM III portfolio at 31.12.2022

Cerea Mezzanine III portfolio		Cerea rating /3		
Portfolio companies	2021	2022	Change 2021-22	Classification
Company 1	2.5	2.6	↗	●
Company 2	2.5	2.5	→	●
Company 3	2.2	2.3	↗	●
Company 4	2.2	2.3	↗	●
Company 5	2.2	2.2	↘	●
Company 6	2.2	2.2	→	●
Company 7	2.2	2.2	→	●
Company 8	2.1	2.1	→	●
Company 9	2.2	2.1	↘	●
Company 10	2.0	2.0	→	●
Company 11	1.9	2.0	↗	●
Company 12	1.7	1.9	↗	●
Company 13	2.5	n.a.		
Average	2.20	2.22		

### Classification of investments:

- Best-in-class
- Satisfactory
- Needs improvement

Breakdown of the portfolio into amounts invested as at 31 December 2022:

35% of investments qualified as “best-in-class” ( $\geq 2.5$ )

### The best-in-class investments include:



- Formal CSR policy at Group level and deployment in progress
- GHG emission reduction plan in progress



- B Corp certified since 2022
- Increased investment and action to promote employee health and safety
- Publication of the 12th CSR report

61% of investments obtained a “Satisfactory” ESG rating (between 2.0 and 2.5)

One investment representing 4% of the total amount invested was classified as “needs improvement”

# 7.1. ESG ratings of the Cerea Partners portfolio

## Cerea Mezzanine IV

ESG rating of the CM IV portfolio at 31.12.2022

Cerea Mezzanine IV portfolio		Internal ESG rating /3		
Portfolio companies	2021	2022	Change 2021-22	Classification
Company 1	2.5	2.5	→	●
Company 2	n.a.	2.4	-	●
Company 3	n.a.	2.4	-	●
Company 4	2.3	2.4	↗	●
Company 5	2.2	2.3	↗	●
Company 6	n.a.	2.2	-	●
Company 7	2.0	2.0	↗	●
Average	2.29	2.32		

### Classification of investments:

- Best-in-class
- Satisfactory
- Needs improvement

Breakdown of the portfolio into amounts invested as at 31 December 2022:

35% of investments qualified as “best-in-class” ( $\geq 2.5$ )



- CSR integrated into corporate objectives and vision
- Structural environmental positioning with concrete commitments and reduction measures (carbon footprint, waste)
- Formalised and proactive approach to nutritional quality reflected by the Clean Label charter + IFS certifications

The remaining investments obtained a “Satisfactory” ESG rating (between 2.0 and 2.5).

# 7.1. ESG ratings of the Cerea Partners portfolio

## Cerea Dette II

ESG rating of the CD II portfolio at 31.12.2022

Cerea Dette II portfolio		Cerea rating /3		
Portfolio companies	2021	2022	Change 2021-22	Classification
Company 1	2.5	2.9	↗	●
Company 2	2.6	2.6	↗	●
Company 3	2.4	2.5	→	●
Company 4	2.5	2.5	→	●
Company 5	2.3	2.4	↗	●
Company 6	2.4	2.4	→	●
Company 7	2.4	2.4	→	●
Company 8	2.3	2.4	↗	●
Company 9	2.4	2.4	→	●
Company 10	2.2	2.4	↗	●
Company 11	2.3	2.4	↗	●
Company 12	2.3	2.3	→	●
Company 13	2.3	2.3	→	●
Company 14	2.2	2.3	↗	●
Company 15	2.3	2.3	→	●
Company 16	2.3	2.3	→	●
Company 17	2.4	2.3	↘	●
Company 18	2.2	2.1	↘	●
Company 19	2.2	2.1	↘	●
Company 20	2.1	2.1	→	●
Company 21	2.3	2.1	↘	●
Company 22	2.1	2.0	↘	●
Company 23	2.0	2.0	↘	●
Company 24	2.0	2.0	→	●
Company 25	1.9	1.9	→	●
Average	2.28	2.31		

Classification of investments:

- Best-in-class
- Satisfactory
- Needs improvement

Breakdown of the portfolio into amounts invested as at 31 December 2022:

18% of investments qualified as “best-in-class” ( $\geq 2.5$ )

The “best-in-class” investments include:



- B Corp certified since 2019
- Company with a mission to promote biodiversity
- 73% of packaging is recyclable
- 91/100 in the gender equality index in 2022



- Player in the circular economy
- Short-circuit supply
- Contribution of 100% of activities to EU taxonomy alignment



- 12 pilot CSR projects
- Gold rating from Ecovadis
- Ambition in relation to the conservation and reduction of water use
- 89/100 in the gender equality index in 2021

76% of investments obtained a “Satisfactory” ESG rating (between 2.0 and 2.5)

Three investments representing 6% of the total amount invested were rated “needs improvement”

# 7.1. ESG ratings of the Cerea Partners portfolio

## Cerea Dette III

ESG rating of the CD III portfolio at 31.12.2022

Cerea Dette III portfolio	Investment strategy	Cerea rating /3	
Portfolio companies	Cerea pillar	2022	Classification
Company 1	Better nutrition	2.6	●
Company 2	Better production	2.5	●
Company 3	Better production	2.4	●
Company 4	Better living	2.4	●
Company 5	Better production	2.3	●
Company 6	Better production	2.2	●
Company 7	Better production	2.1	●
Company 8	Better nutrition	2.1	●
Company 9	Better living	2.0	●
Company 10	Better production	2.0	●
Company 11	Better nutrition	1.9	●
Average		2.22	

### Classification of investments:

- Best-in-class
- Satisfactory
- Needs improvement

## Breakdown of the portfolio into amounts invested as at 31 December 2022:

14% of investments qualified as “best-in-class” ( $\geq 2.5$ )

The best-in-class investments include:



- 12 pilot CSR projects
- Gold rating from Ecovadis
- Ambitions in relation to the conservation and reduction of water use
- 89/100 in the gender equality index in 2021

77% of investments obtained a “Satisfactory” ESG rating (between 2.0 and 2.5)

One investment representing 9% of the total amount invested was classified as “needs improvement”



## 7.2. ESG performance

### Scope of the annual ESG campaign

- 1 In 2022, **47 investments** out of the 57 investments in place at 31.12.2022 responded to the annual ESG campaign conducted on Cerea's portfolio (versus 41 for the 2021 campaign).
- 2 This consolidated reporting covers the portfolio companies of **Cerea Capital II, Cerea Capital III, Cerea Mezzanine III, Cerea Mezzanine IV, Cerea Dette, Cerea Dette II and Cerea Dette III.**
- 3 The 2022 ESG data were collected via the Greenscope platform. The ESG questionnaire comprises 104 indicators split into **6 categories**: General information, Environment, Social, Governance, Supply Chain and Stakeholders.

#### General Information

##### Environnement

- Management policy and system
- Energy, water, waste
- Product liability
- GHG emissions
- Climate
- Biodiversity
- Disputes & controversies

##### Governance

- Board of Directors/Supervisory Board and committees
- Remuneration
- CSR policy
- Business ethics

##### Stakeholders

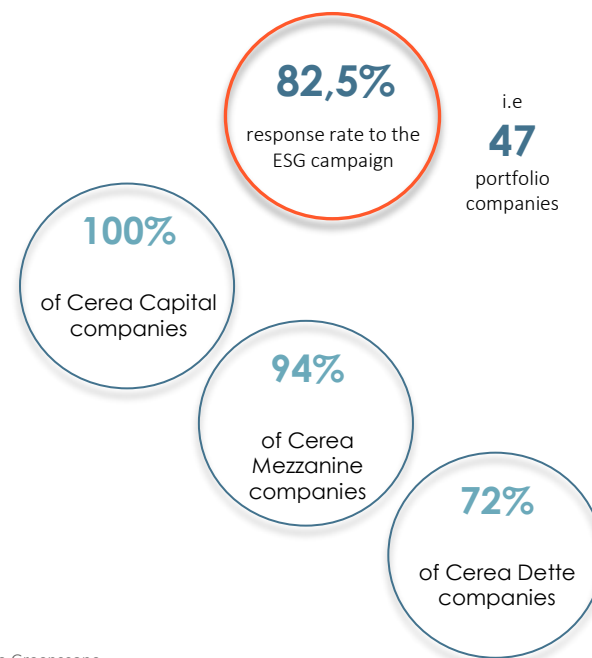
- Customers
- Patronage

##### Social

- Organisation and management of HR
- Employment
- Value sharing
- Training & career management
- Social climate & social dialogue
- Health & safety and working conditions
- Diversity
- Disputes & controversies

##### Supply-Chain

- Policies & resources
- Management of supplier risks
- Traceability, safety and quality management



Source: 2023 annual ESG campaign for the 2022 financial year via Greenscope

## 7.2. ESG performance

### Key indicators of the consolidated Cerea portfolio in 2022

#### Environnement

**70%** of the portfolio companies measured their GHG emissions, scopes 1, 2 and 3 (or are in the process of doing so)

vs. **63%** in 2021

**17%** of companies have drawn up a plan to reduce their GHG emissions with specific and quantified objectives and deadlines

vs. **34%** in 2021

**35%** of companies have implemented biodiversity measures

#### Social

**80%** of portfolio companies have implemented a system for sharing value creation with their employees above and beyond the legal requirement

vs. **78%** in 2021

**88/100** the average score on the professional gender equality index

vs. **83/100** in 2021

**17%** the average unadjusted gender pay gap

vs. **17%** in 2021

**7%** the average absenteeism rate

vs. **8%** in 2021

**24** average number of accidents

vs. **27** in 2021

Source: 2023 annual ESG campaign for the 2022 financial year via Greenscope

## 7.2. ESG performance

### Key indicators of the consolidated Cerea portfolio in 2022

#### RSE

**91%** of portfolio companies have included CSR on the agenda of the board of directors/supervisory board at least once a year

**87%** of portfolio companies have a CSR manager, **33%** of which full-time

**61%** of companies have defined a CSR roadmap (or are in the process of doing so)

**30%** of companies have published a CSR report

vs. **92%** in 2021

vs. **88%** in 2021

vs. **60%** in 2021

vs. **35%** in 2021

#### Governance

**27%** the ratio of women on management committees

**19%** the average percentage of independent members of governance bodies

**65%** of companies have put in place a formal code of ethics

vs. **22%** in 2021

vs. **18%** in 2021

#### Supply-Chain

**52%** of portfolio companies have put in place a formal responsible procurement policy

**26%** of companies conduct audits on their suppliers on CSR criteria

vs. **48%** in 2021

Source: 2023 annual ESG campaign for the 2022 financial year via Greenscope

## 7.2. ESG performance

### Key indicators on the portfolio by fund in 2022

No.	Indicator	Average	CEREA CAPITAL II	CEREA CAPITAL III	CEREA MEZZANINE III	CEREA MEZZANINE IV	CEREA DETTE	CEREA DETTE II	CEREA DETTE III
SFDR classification			Article 6	Article 8	Article 6	Article 8	Article 6	Article 6	Article 8
Total number of portfolio companies as at 31.12.2022			7	1	12	9	8	25	11
Response rate			100%	100%	91.7%	100%	75%	80%	72.7%
1	Measurement of GHG emissions, scope 3 included (or in progress)	70%	100%	100%	73%	56%	83%	60%	88%
2	Definition of a GHG reduction plan	17%	14%	n.c.	18%	11%	33%	16%	n.c.
3	Measures in favour of biodiversity	35%	57%	n.c.	45%	11%	17%	26%	38%
4	Implementation of a value sharing system over and above the legal requirement	80%	71%	100%	82%	78%	83%	84%	88%
5	Average score on the professional gender equality index	88	92	n.c.	87	86	84	83	84
6	Average unadjusted gender pay gap	17%	17%	n.c.	12%	10%	16%	19%	9%
7	Absenteeism rate	7%	9%	n.c.	8%	9%	6%	6%	6%
8	Number of accidents	24	23	n.c.	23	30	15	29	29
9	Turnover	18%	28%	n.c.	28%	21%	20%	17%	16%
10	Ratio of women on governance bodies	16%	12%	n.c.	16%	16%	10%	18%	15%
11	Independent members of governance bodies	19%	32%	n.c.	12%	21%	4%	20%	2%
12	CSR on the agenda of the board of directors	91%	100%	100%	90%	88%	67%	100%	100%
13	A formal code of ethics	65%	71%	n.c.	82%	56%	67%	68%	50%
14	A formal sustainable procurement policy	52%	57%	n.c.	55%	44%	83%	63%	38%
15	Mapping of supply chain risks	28%	17%	n.c.	50%	11%	60%	32%	n.c.
16	CSR manager and/or officer	87%	71%	100%	91%	89%	100%	84%	88%
17	Full-time CSR Manager	33%	14%	0%	36%	11%	83%	32%	25%
18	A defined CSR roadmap (or in progress)	61%	57%	100%	55%	56%	50%	58%	88%
19	Publication of a CSR report	30%	29%	0%	18%	11%	33%	42%	13%

Source: 2023 annual ESG campaign for the 2022 financial year via Greenscope

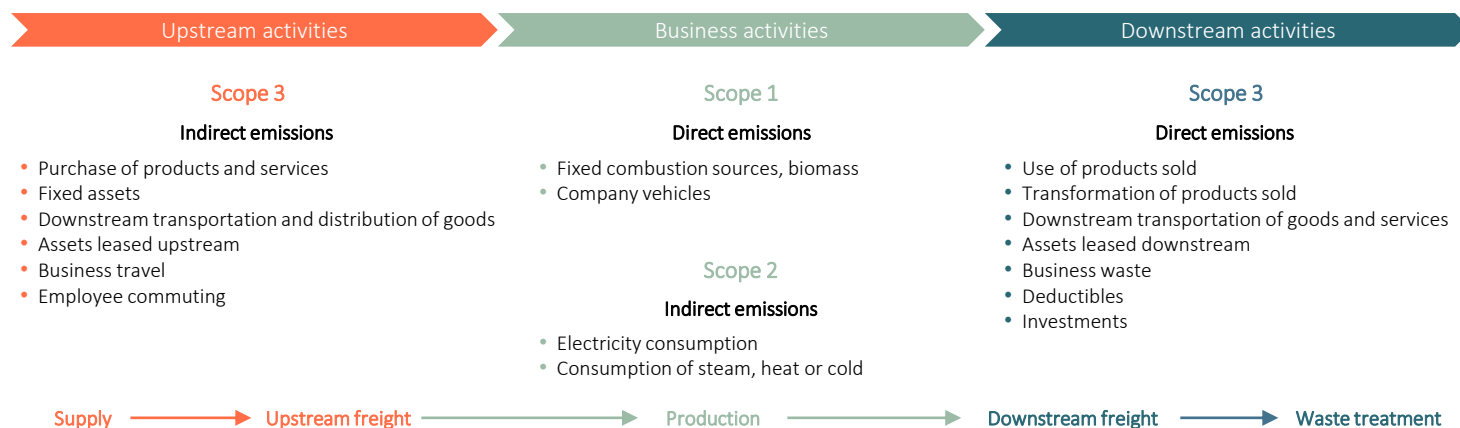


## 7.3. Carbon footprint

### Background

#### A. Scope

- In order to align with the Paris Agreement, Cerea Partners assessed the carbon footprint of the Management Company taking into account scope 1, 2 and 3 emissions and the category 15 emissions financed by it as defined by the GHG Protocol. Based on this, we identified areas for improvement to reduce our impact and set out a quantified action plan to reduce emissions in line with international objectives.
- In order to properly understand the carbon footprint, it is necessary to study all direct and indirect GHG emissions:

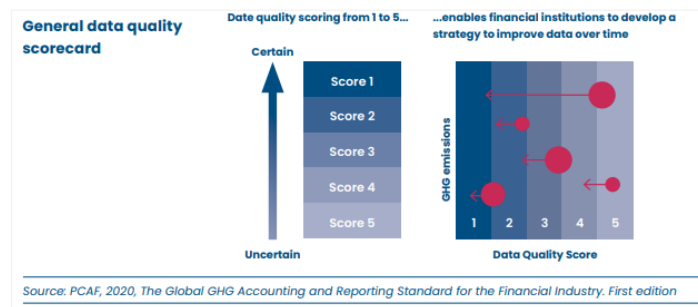


## 7.3. Carbon footprint

### Methodology

#### B. PCAF Principles

- The PCAF initiative developed a global accounting and reporting standard for measuring the GHG emissions of loans and investments in the financial sector, enabling financial institutions to set science-based targets and align their portfolios with the Paris Agreement.
- The PCAF standard has been reviewed by the GHG Protocol and is consistent with the requirements set out in the scope 3 corporate value chain accounting and reporting standard for category 15 emissions.
- Financial institutions must account for all category 15 (investment) emissions financed by them under the scope 3 standard, as defined by the GHG Protocol.
- The PCAF methodology sets out methods for assigning the emissions of portfolio companies and for qualifying data quality from score 1 (best quality) to score 5 (worst quality).
- PCAF sets out three options for calculating emissions financed via equities and corporate bonds depending on the emissions data used:
  - Option 1: reported emissions
  - Option 2: physical activity-based emissions
  - Option 3: economic activity-based emissions



## 7.3. Carbon footprint

### Results

In 2022, Cerea Partners together with its specialised service providers assessed the scope 1, 2 and 3 carbon footprint of its Cerea Capital II, Cerea Mezzanine III and Cerea Dette II portfolios. The results made it possible to identify levers for decarbonisation in order to meet emission reduction targets specific to those activities.



**Fund** Cerea Capital II  
**# companies** 7  
**Size** 225 M€

Business sector	Most significant emission items	Decarbonisation levers	PCAF score
Equipment	<ul style="list-style-type: none"> <li>Customers: 75%</li> <li>Raw materials: 14%</li> </ul>	<ul style="list-style-type: none"> <li>Energy efficiency of machines</li> <li>Product lifecycle analysis</li> <li>Engagement with strategic suppliers</li> </ul>	1
Equipment	<ul style="list-style-type: none"> <li>Being finalised</li> </ul>	<ul style="list-style-type: none"> <li>Being finalised</li> </ul>	1
Distribution	<ul style="list-style-type: none"> <li>Raw materials: 65%</li> <li>Transportation of goods: 19%</li> <li>Waste: 14%</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of packaging weight</li> <li>Increase in recyclability of materials</li> <li>Raising supplier awareness about the carbon footprint of products</li> <li>Selection of local suppliers to promote a shorter supply chain</li> </ul>	1

## 7.3. Carbon footprint

### Results



**Fund** Cerea Capital II  
**# Companies** 7  
**Size** 225 M€

Business sector	Most significant emission items	Decarbonisation levers	PCAF score
Food processing	<ul style="list-style-type: none"> <li>Raw materials: 80%</li> <li>Product packaging (production and end of life): 11%</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability of supplies</li> <li>Development of sequestration projects</li> <li>Eco-design of packaging</li> </ul>	1
Food processing	<ul style="list-style-type: none"> <li>Raw materials: 77%</li> <li>Transportation of goods: 10%</li> <li>Product packaging (production and end of life): 10%</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability of supplies</li> <li>Development of sequestration projects</li> </ul>	1
Food processing	<ul style="list-style-type: none"> <li>Raw materials: 40%</li> <li>Buildings: 22%</li> <li>Product packaging (production and end of life): 20%</li> </ul>	<ul style="list-style-type: none"> <li>Commitment to suppliers regarding the carbon footprint</li> <li>Optimisation of the use of gas boilers</li> <li>Reduction of packaging weight</li> </ul>	1
Packaging	<ul style="list-style-type: none"> <li>Raw materials: 53%</li> <li>End of product life: 28%</li> <li>Transportation of goods: 11%</li> </ul>	<ul style="list-style-type: none"> <li>Increase in the share of recycled PET in bottle manufacturing</li> <li>Reduction of product weight</li> </ul>	2



## 7.4. Biodiversity footprint

### Background

- As part of its investment policy, Cerea Partners aims to take action to promote biodiversity. We are aware that the erosion of biodiversity leads to the risk of loss of ecosystem services, which are benefits that nature provides to society (food, water, energy, materials, medical resources, air and water regulation services, etc.) on which companies rely to carry out their activities. These risks cumulate into significant economic and financial risks for companies and financial players.
- In 2023, we carried out an initial **measurement of the biodiversity footprint** of the companies in our portfolio with the support of Greenscope and Iceberg Data Lab, based on the principle of **dual materiality of biodiversity risks**:
  - from the perspective of **dependency** on ecosystem services
  - **impacts** on biodiversity erosion
- Although the risks and impacts are real, the measurement and indicators of companies' dependence and impact on biodiversity are still in the process of being structured and methodologies are still being devised, while meantime companies and players are starting to use them.



## 7.4. Biodiversity footprint

### ENCORE - Exploring Natural Capital Opportunities, Risks & Exposure - methodology

#### Analysis of dependencies on ecosystem services

- We used the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) methodology developed by the Natural Capital Finance Alliance in collaboration with UNEP-WCMC (UN Environment Programme World Conservation Monitoring Centre) to analyse dependencies on biodiversity. This methodology lists 21 ecosystem services on which companies rely to carry out their activities, based on which we calculated dependency scores for 47 portfolio companies.
- This first qualitative analysis of dependency allowed us to estimate the exposure of our portfolio in the event of disruption and scarcity of ecosystems and to better understand which companies in our portfolio have activities that are strongly linked to the provision of one or more ecosystem services.

#### Scope of the study

21 ecosystem services

47 companies

7 funds\*

ECOSYSTEM SERVICES ANALYSED		
Stabilisation and control of erosion rates	Dilution by atmosphere and ecosystems	Mass movement damping and attenuation
Bioremediation	Fibres and other materials	Disease control
Flood and storm protection	Filtering	Regulation of water chemical parameters
Groundwater	Limitation of sensory impacts	Maintenance of feeder habitats
Climate regulation	Maintenance of the hydrological cycle and water flows	Pollination
Surface water	Pest and pest control	Work of animal origin
Ventilation	Soil quality	Plant and animal resources

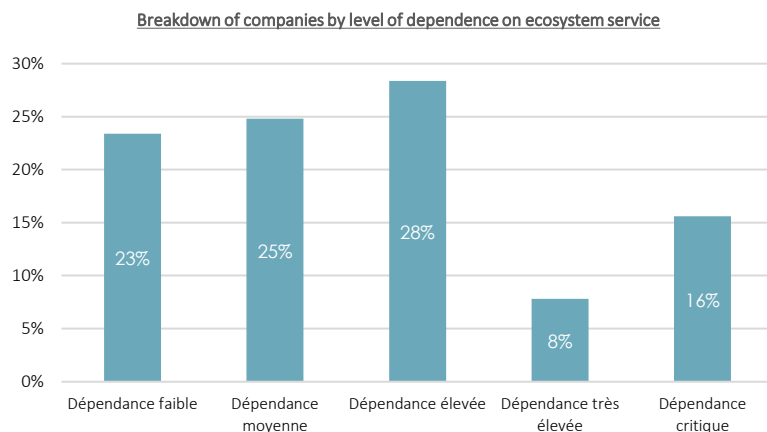
\*Scope covered: CC II, CC III, CM III, CM IV, CD II and CD III

Source: ENCORE methodology

## 7.4. Biodiversity footprint

### Results of the analysis of dependency on ecosystem services of the Cerea portfolio\*

Breakdown of companies by level of dependence on ecosystem services and interpretation

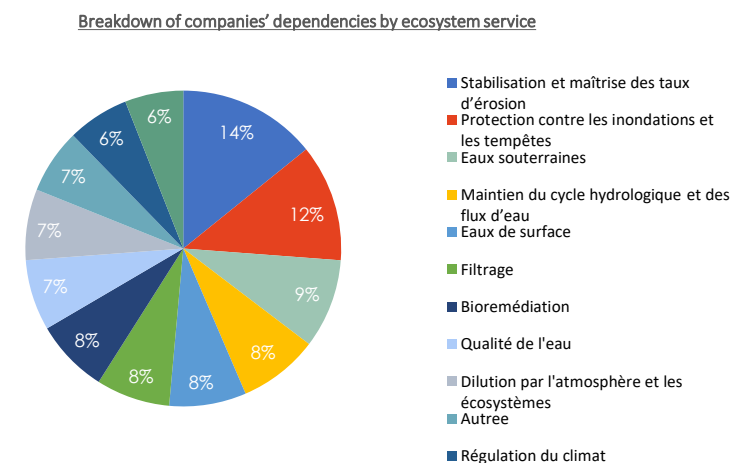


16% of the dependencies identified within our portfolio are considered critical, which means that some ecosystem services are essential and irreplaceable for the production processes of our portfolio companies.

In the case of Cerea Partners, most companies belong to the food and beverage sector, which is highly dependent on biodiversity and ecosystem services. Production processes in the sector are closely linked to the stabilisation and control of erosion rates, flood and storm protection, and groundwater and surface water management. These elements are essential to ensure the proper functioning of activities in the food and beverage sector.

\* Scope covered: CC II, CC III, CM III, CM IV, CD II and CD III

Breakdown of companies' dependencies by ecosystem service and interpretation



Cerea Partners' portfolio companies are mainly dependent on the following ecosystem services:

- Stabilisation and control of erosion rates (14%)
- Bioremediation (12%)
- Flood and storm protection (9%)
- Climate regulation (8%)

This analysis will enable us to deploy the action plans needed to respond to the identified issues of company dependencies on biodiversity.

Source: ENCORE methodology

## 7.4. Biodiversity footprint

### CBF (Corporate Biodiversity Footprint) methodology

#### Analysis of impacts on biodiversity erosion and the MSA metric to quantify the impact on biodiversity

- Unlike the qualitative approach used to measure companies' dependence on ecosystem services, we have assessed companies' impact on biodiversity in a quantitative and aggregate manner at the portfolio level.
- The methodology used by Cerea Partners is the Corporate Biodiversity Footprint (CBF), an approach expressed in  $\text{km}^2\text{MSA}$  (mean species abundance): this is a measure of biodiversity that expresses the mean abundance of native species in an ecosystem compared to their abundance in an ecosystem undisturbed by human activities and pressures. This corresponds to the negative impact (footprint) on biodiversity, i.e. the difference between an initial state and an end state of biodiversity. Thus, a MSA of  $-10 \text{ Km}^2$  would indicate a destruction of  $10 \text{ Km}^2$  of intact untouched ecosystem (primary forest).
- The methodology entails translating all pressures as pressure-impact damage functions based on the GLOBIO model into a single unit of impact on biodiversity, which is  $\text{Km}^2\text{MSA}$ .
- For each environmental pressure, the methodology takes into account the direct impact generated during the measurement year (year N) but also the impact that will be generated in subsequent years.
- Using this methodology, we measure the annual biodiversity footprint of our portfolio of unlisted companies.



#### Consideration of the pressures exerted by the company's activities

- The CBF models companies' impact on biodiversity through four main environmental pressures on species and habitats:
  - Land use:** with land occupation, transformation, increase, encroachment and fragmentation
  - Climate change** due to greenhouse gas (GHG) emissions
  - Air pollution:** disruption of ecosystems due to eutrophication and acidification of terrestrial systems (nitrogen and sulphur emissions respectively)
  - Water pollution:** eco-toxicity of fresh water with the release of toxic compounds into the environment and the entanglement of plastics.
- These pressures are calculated throughout the company's value chain, evaluating its processes, products and supply chains. All pressures are grouped in scopes 1, 2 and 3 in accordance with the definitions in the GHG Protocol:
  - Scope 1** covers all impacts of the organisation's direct operations;
  - Scope 2** covers all impacts related to energy purchases;
  - Scope 3** covers all indirect impacts arising from the value chain, both upstream (purchases excluding energy) and downstream (product use and end of life).

Source: Iceberg Data Lab CBF methodology



## 7.4. Biodiversity footprint

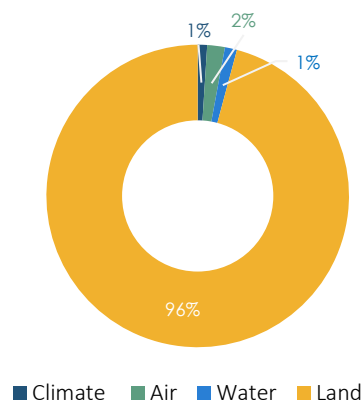
### Results of the analysis of the potential impacts on biodiversity erosion of the Cerea portfolio\*

#### Contributions relating to the biodiversity footprint

- In order to better understand the origin of the biodiversity impact of its portfolios, Cerea Partners presents a measurement of the contribution of each of these three CBF scopes as well as each of the four environmental pressures to its biodiversity footprint indicator.
- Scope 3 (> 98% of the score), and more particularly upstream scope 3, represents a substantial portion of the calculated footprint. The main natural pressure responsible for the biodiversity impact is land use (96%).

#### Breakdown of impact by biodiversity pressures

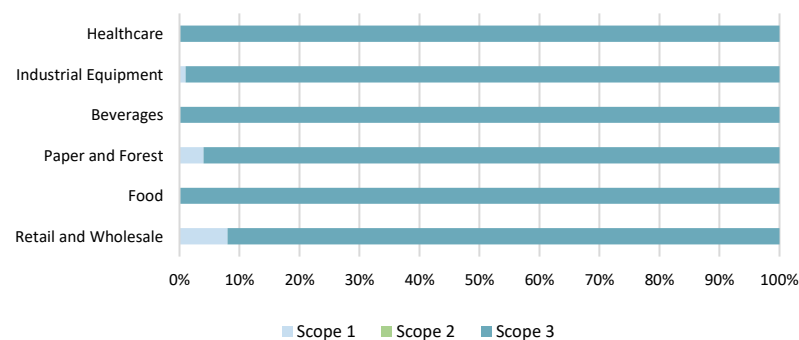
<b>Total</b>	<b>-1.74k</b>	km2.MSA
Climate change	-17.55	km2.MSA
Land use	-1.68k	km2.MSA
Air pollution	-34.24	km2.MSA
Water pollution	-10.35	km2.MSA



#### Breakdown of impact by scope

<b>Total</b>	<b>-1.74k</b>	km2.MSA
Scope 1	-7.02	km2.MSA
Scope 2	-0.24	km2.MSA
Scope 3	-1.73k	km2.MSA

#### Breakdown of the impact of the portfolio's sectors by scope



\* Scope covered: CC II, CC III, CM III, CM IV, CD II and CD III

Source: Iceberg Data Lab

# Cross-reference table Article 29 French Energy and Climate Act (1/3)

Appendix E - Cross-reference table with the provisions of Article D. 533-16-1 of the French Monetary and Financial Code including any improvement plans referred to in section 9, Chapter III of Article D. 533-16-1 of the French Monetary and Financial Code

## 1: Entity's general approach

a) A brief presentation of the entity's general approach to taking into account environmental, social and governance criteria, particularly in relation to the investment policy and strategy	P.6, 11, 13-15
b) Content, frequency and means used to inform subscribers, affiliates, contributors, allocators or customers about the criteria relating to the ESG objectives taken into account	P.13
c) List of financial products referred to in Articles 8 and 9 of the Disclosure Regulation (SFDR) (respectively products that promote environmental and/or social characteristics and products that have as their objective sustainable investment)	P.7
d) The adhesion of the entity or certain financial products to a charter, code, initiative or label related to the consideration of ESG criteria and a brief description of them, in accordance with paragraph 2 d) of Article 4 of the Disclosure Regulation (SFDR)	P.8-9

## 2: Internal resources deployed by the entity

a) Description of the financial, human and technical resources used to take ESG criteria into account in the investment strategy relative to the total assets managed or held by the entity. The description includes all or some indicators: share, as a percentage, of the corresponding full-time equivalents; share, as a percentage and amount in euros, of the budgets devoted to ESG data; amount of investment in research; use of external service providers and data providers	P.10
b) Actions taken to strengthen the entity's internal capacities. The description includes all or part of the information relating to training, the communication strategy, the development of financial products and services associated with these actions	P.12

## 3: Approach for taking environmental, social and governance criteria into account as part of the entity's governance

a) Knowledge, skills and experience of governance bodies, including administrative, supervisory and management bodies, in terms of decision-making relating to the integration of ESG criteria into the investment policy and strategy of the entity and entities controlled by that entity where applicable. The information may include the level of supervision and the associated process, the reporting of results, and skills	P.10
b) Inclusion, in accordance with Article 5 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, in remuneration policies of information on how said policies are adapted to take into account sustainability risks, including details on the criteria for linking the remuneration policy to performance indicators	P.16
c) Inclusion of ESG criteria in the internal regulations of the entity's board of directors or supervisory board	P.10

## 4: Strategy for engagement with issuers or management companies and related implementation

a) Scope of companies concerned by the engagement strategy	P.17
b) Presentation of the voting policy and assessment	n.a.
c) Assessment of the engagement strategy implemented, which may include the percentage of companies with which the entity has initiated dialogue, the themes covered and the actions taken to monitor this strategy	P.18-19
d) Assessment of the voting policy, in particular relating to submissions and voting at general meetings on resolutions on environmental, social and governance issues	n.a.
e) Decisions taken on investment strategy, particularly in relation to sector disengagement	n.a.

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Appendices

# Cross-reference table Article 29 French Energy and Climate Act (2/3)

Appendix E - Cross-reference table with the provisions of Article D. 533-16-1 of the French Monetary and Financial Code including any improvement plans referred to in section 9, Chapter III of Article D. 533-16-1 of the French Monetary and Financial Code

## 5: European taxonomy and fossil fuels

- a) Proportion of outstandings in activities subject to the technical examination criteria defined in the Delegated Acts relating to Articles 10 to 15 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to promote sustainable investments and amending Regulation (EU) 2019/2088, in accordance with the Delegated Act adopted pursuant to Article 8 of that Regulation
- P.23
- b) Share of outstandings in companies active in the fossil fuel sector, within the meaning of the Delegated Act pursuant to Article 4 of the Disclosure Regulation (SFDR)
- P.23

## 6: Strategy to align with the international objectives of Articles 2 and 4 of the Paris Agreement on the mitigation of greenhouse gas emissions and, where applicable, for financial products whose underlying investments are fully realised on French territory, a national low-carbon strategy referred to in Article L. 222-1 B of the Environmental Code (in line with paragraph 2 d) of Article 4 of the Disclosure Regulation - SFDR)

- a) A quantitative target for 2030, reviewed every five years until 2050. This target must be reviewed no later than five years before its deadline. The target includes direct and indirect greenhouse gas emissions in absolute value or intensity value relative to a reference scenario and a reference year. It can be expressed by measuring the implicit temperature increase or by the volume of greenhouse gas emissions
- P.20-22, 37-38
- b) Where the entity uses an internal methodology, information on that methodology to assess the alignment of the investment strategy with the Paris Agreement or the national low-carbon strategy
- P.20-22, 37-38
- c) Assessment of the engagement strategy implemented, which may include the percentage of companies with which the entity has initiated dialogue, the themes covered and the actions taken to monitor this strategy
- P.20-22, 37-38
- d) Quantification of the results using at least one indicator
- P.20-22, 37-38
- e) The role and use of valuation in the investment strategy, and in particular the complementarity between the valuation methodology used and the other indicators on environmental, social and governance criteria more widely used in the investment strategy
- P.20-22, 37-38
- f) Changes in the investment strategy in line with the strategy of alignment with the Paris Agreement, and the policy for phasing out coal and unconventional hydrocarbons, specifying the chosen exit timetable and the share of total assets managed or held by the entity covered by these policies
- P.20-22, 37-38
- g) Actions, if any, carried out to monitor results and changes that have occurred
- P.20-22, 37-38
- h) The frequency of assessment, expected review dates and relevant development factors used
- P.20-22, 37-38

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# Cross-reference table Article 29 French Energy and Climate Act (3/3)

Appendix E - Cross-reference table with the provisions of Article D. 533-16-1 of the French Monetary and Financial Code including any improvement plans referred to in section 9, Chapter III of Article D. 533-16-1 of the French Monetary and Financial Code

7: Strategy to align with long-term biodiversity-related objectives. The entity provides a strategy for alignment with long-term biodiversity-related objectives, specifying the scope of the value chain used, which includes objectives set by 2030, and then every five years, on the following elements:	
a) Measurement of compliance with the objectives of the Convention on Biological Diversity adopted in 1992	P.22
b) Analysis of the contribution to the reduction of the main pressures and impacts on biodiversity defined by the Intergovernmental Platform on Biodiversity and Ecosystems Services (IPBES)	P.41-45
c) Reference to the use of a biodiversity footprint indicator and, where appropriate, the way in which this indicator measures compliance with international biodiversity-related objectives	P.45
9: Publication of a continuous improvement plan in the event that the entity does not publish some of the information mentioned under 1 to 8 above	
Presentation of the continuous improvement plan in the event that the entity does not publish some of the information mentioned under 1 to 8 above	P.20-22, 37-38



# Acknowledgements

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