# Responsible Investment Policy

***Last updated: March 2021***

## 1. Introduction

Andera Partners, an asset management firm specialising in private equity, aims to support entrepreneurs in their growth strategies in order to generate regular financial returns for the investors who entrust us with their funds. Andera Partners seeks to give meaning to finance by being a responsible investor and striving to maximise solutions that benefit the companies in which we invest and all their stakeholders.

Andera Partners therefore aims to be a partner for its portfolio companies, building on the principles of working together as equals, trusting each other and sharing risk. Andera Partners believes that financial performance must go hand in hand with the adoption of ESG best practices.

That is why Andera Partners has been a signatory to the UN Principles for Responsible Investment (UNPRI) since 2012. Andera Partners documents its engagement in its Responsible Investment Charter, signed by all employees and available to view on our website www.anderapartners.com

***The principles for responsible investment:***

1. Incorporate ESG issues into investment analysis and decision-making processes;
2. Be an active shareholder and incorporate ESG issues into ownership policies and procedures;
3. Seek appropriate disclosure on ESG issues by the companies in which we invest;
4. Promote the adoption and implementation of the Principles in the investment sector;
5. Work together to enhance our effectiveness in implementing the Principles;
6. Report on our activities and progress towards implementing the Principles.

Andera Partners is engaged:

- As a growth company, having obtained the CO2-neutral® label in 2019 and having implemented multiple initiatives at the asset management level to ensure that our engagement is exemplary;
- As an investor, having performed ESG analyses on portfolio companies since 2012, with a sharp acceleration from 2016, and having calculated its portfolio's scope 1, 2 and 3 carbon emissions in 2020 and put specific ESG roadmaps in place for some of its portfolio companies in 2021;
- As an influencer in its community, through its sponsorship initiatives and by joining the Initiative Climat International in 2019.

This policy covers all of Andera Partners' investment activities. It ensures compliance with part of the requirements set out in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "**Disclosure Regulation**") and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the "**Taxonomy Regulation**").

## 2. Governance

The governance of Andera Partners is based on a collegial model comprising a Management Board (2 members) and a Board of Partners (10 members) representing the firm's main activities.

A Head of CSR, reporting to Management, is responsible for coordinating the implementation of initiatives put in place by the ESG Committee (attached to members of the Board of Partners) and for developing and deploying an ESG strategy for the firm and its portfolio companies.

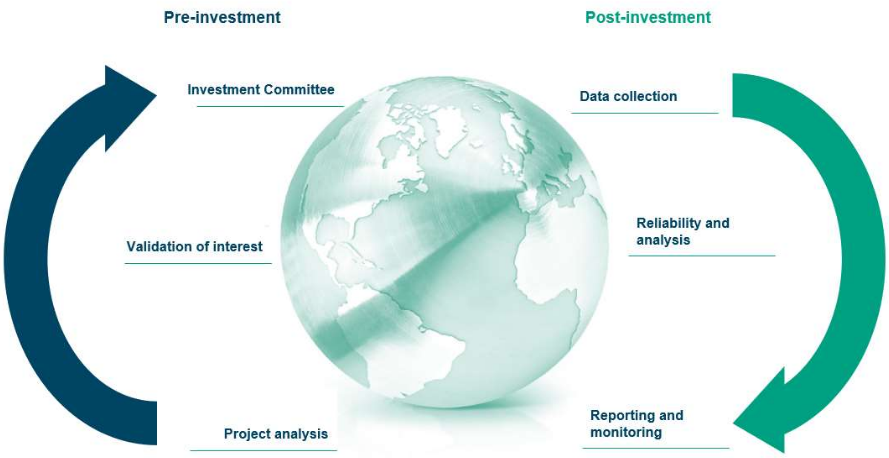
***ESG committee's mission:*** Making recommendations which, if approved by the Board of Partners, will be implemented and monitored.

To ensure adoption and dissemination, our investment teams receive regular training on sustainability risks (at least once a year).

In addition, Andera Partners' remuneration policy also incorporates consideration for sustainability risks and will be strengthened in the future.

## 3. Sustainability risks (SR) built firmly into our investment process

**OUR CONVICTION**
*Taking sustainability risks into account*
*is essential for creating strategic value for the long term*




Since Andera Partners invests in companies of different sizes and business sectors, we incorporate sustainability risks using an approach that factors in the materiality of these risks in view of the company's business model.

This approach to sustainability risk is incorporated and documented:

→ **in the analysis of investment opportunities, by implementing indicators listed in the investment memorandum,**

→ **In preparing annual reporting**, highlighting key summary indicators and, for each portfolio company, action taken and progress made on selected themes,

→ **in our practices as a professional shareholder**, by identifying possible areas for improvement with portfolio company managements and supporting them as they implement positive changes throughout the investment period.

## 3.1 Taking sustainability risks into account during the pre-investment period

**Identification of investment opportunities**:
Companies associated with the following sectors are systematically excluded:
- Tobacco
- Weapons
- Betting and gambling
- Genetically modified organisms[1]
- Human cloning[1]
- Pornography

We also exclude any company presenting a sustainability risk involving a very high likelihood of adverse effects that could undermine the value of the investment (major risks could include, for example, physical or transition risks relating to climate change, reputation or governance).

**Preliminary opportunity analysis**

The preliminary analysis matrix includes an initial assessment of the company's exposure to sustainability risks.

**Non-binding offer**

The non-binding offer systematically includes a paragraph on our ESG approach.

**Binding offer**

The requirement for the future portfolio company to complete an annual ESG questionnaire online is a condition for the binding offer.

**Due diligence**

Due diligence systematically includes a social audit, as well as an environmental audit in the event of significant materiality (in particular with respect to climate issues, the use of resources linked to biodiversity, industrial risks and, more broadly, all forms of air, soil or water pollution). If pre-acquisition due diligence on sustainability risks is not performed, a post-acquisition assessment is carried out.

## 3.2 Taking sustainability risks into account during the holding period

Andera Partners undertakes to support portfolio companies in their efforts to make positive changes throughout the investment period.

As a professional shareholder, Andera Partners is responsible for encouraging these companies to adopt good governance standards, to uphold their various governance bodies and to form a leadership team around the entrepreneur that is able to drive the company's future development.

Andera Partners also ensures that portfolio companies adopt best practices in terms of social responsibility. Job creation and job enrichment naturally feature among the objectives of portfolio companies' growth strategies. Andera Partners also supports the implementation of schemes whereby employees obtain a share of their company's profits and/or capital, beyond what is required by applicable legislation. Lastly, the performance of key social indicators for all portfolio companies is monitored at least once a year, as these are leading indicators of economic dynamism and the incorporation of sustainability risks in relation to the issue of wellbeing at work.

Compliance with best environmental practices is a key factor for sustainable development and risk management for our portfolio companies, which implement a process for continuous improvement in these areas.

In our investment activities in the life sciences sector, we implement a specific approach to address ethical issues, giving primacy to ethics and the quality of medical service, while scrupulously complying with the national and international standards of pharmaceutical and medical device industry associations.

In order to provide this support and perform specific monitoring, Andera Partners has, since 2016, conducted an annual ESG analysis on portfolio companies, while continually improving the breadth, depth and reliability of the associated data, in particular by having it verified by an external firm. This annual ESG reporting is produced for all our portfolios across all our activities.

[1] When not for research/therapeutic purposes

Indicators analysed annually to monitor sustainability risks:

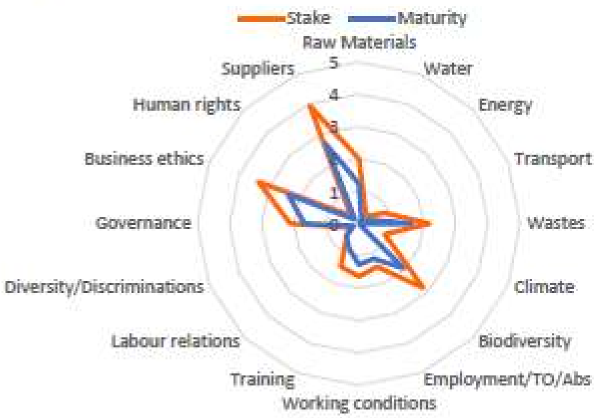
- **Governance**
  - CSR at board level
  - Presence of independent directors on supervisory boards
  - Presence of women on supervisory boards and in operational governance bodies
  - Business ethics
  - CSR management
  - IT/Cybersecurity
- **Environment**
  - Environment management
  - Energy
  - Digital
  - Transport
  - Water
  - Waste
  - Climate Change
  - Biodiversity
- **Social**
  - Employment
  - Working hours
  - Absenteeism, accidents
  - Training
  - Social dialogue
  - Diversity
  - Remuneration
- **Supply chain**
  - Responsible Purchasing
  - Raw materials
  - Suppliers

A report is then produced for each portfolio company, along with individual awareness building approaches and improvement planning strategies. This annual monitoring of indicators covering the key sustainability risks enables us to keep good track of how material ESG issues are defined for each portfolio company.

These reports are shared with the portfolio companies' managements and provide a platform for dialogue between investment teams and portfolio companies, particularly during supervisory board meetings.

**Sustainability risk mapping**
**(example)**

The collected data allow to analyze portfolio companies and to identify the level of stake and maturity of the company on the 16 following axes:



For each theme assessed, the issue's significance is rated on a scale of 0 to 5
Issue: 0 = no issue; 5 = major issue

The issue is assessed in light of the company's size, business sector, countries of operation and data reported, as well as, to a lesser extent, relative to other companies in the portfolio

Maturity: assessed in relation to the issue's rating and answers to the following questions:
✓ Is the company aware of the issue?
✓ Has the company implemented policies to address the issue?
✓ Does the company monitor quantitative data on the issue?
✓ Are the results satisfactory? (in absolute terms, in intensity, compared with the benchmark - internal versus other portfolio companies, sectoral or national depending on the information available, and changing over time)
✓ Has the company done everything in its power to address this issue and is there any avenue for improvement?

The greater the difference between the issue rating and the maturity level, the higher the ESG risk.

Comprehensive ESG reviews are conducted by an external firm for the Andera Midcap and Andera Expansion funds in order to accurately assess sustainability risks. Action plans are established together with the portfolio company's management and indicators to monitor their implementation are identified.

### 3.3 Taking sustainability risks into account during the disposal phase

Andera Partners implements long-term actions that reach beyond its investment horizons and makes ESG information available during the disposal phase. Vendor ESG due diligence is carried out when appropriate.

## 4. Andera Partners' commitment to the fight against Climate Change

In 2019, Andera Partners joined Initiative Climat International, which has been co-signed by a large number of French and international private equity actors. This engagement reflects Andera Partners' determination to actively contribute to the fight against climate change.

As part of this initiative, Andera Partners is taking a proactive role in the 2°C Alignment Working Group.

**Commitments of Initiative Climat International**

**1. Recognise that climate change will have adverse effects on the economy, which presents both risks and opportunities for businesses**
o By engaging publicly through the signature of the ICI
o By spreading the initiative among private equity actors

**2. Join forces to contribute, at their level, to the objective of COP21, to limit global warming to two degrees**
o By taking climate issues into account throughout the investment period

**3. Contribute to reducing the greenhouse gas emissions of portfolio companies and ensuring sustainability of performance**

o By gradually measuring the portfolio's carbon footprint, for companies for which this is a material issue
o By defining, together with these companies' managements, an action plan to reduce emissions and adapt to climate change

As part of this initiative, Andera Partners undertakes to incorporate into its investment process a specific analysis of how climate risks are taken into account.

***Assessing the materiality of climate risk via Initiative Climat International***

*- is the company affected by carbon/climate-related regulations?*

*- have some of its customers (government, large companies, etc.) already expressed expectations in terms of climate strategy?*

*- is part of the value chain located in a geographical region with a high climate risk? Are some of the business partners (suppliers, subcontractors, distributors, etc.) affected by carbon or climate-related regulations?*

*- has the company or its business sector recently been the subject of controversy relating to the carbon/climate issue?*

*- are the company's market conditions sensitive to climate and energy issues (dependence, competition, technology issues, etc.)?*

*- has the company performed a voluntary carbon audit (scopes 1, 2, 3)?*

*- does the company foresee an IPO?*

Andera Partners builds the climate dimension into its investment process, in particular by calculating scope 1 and 2 emissions for all its portfolio companies, with scope 3 calculations progressively being rolled out. These indicators are monitored annually in order to assess the emission reduction trajectories followed by portfolio companies.

In December 2019, based on its performance in 2018, Andera Partners reached an important milestone in its approach to combating climate change when it obtained the $CO_2$-neutral® label. This exemplary approach is also a first step towards reducing the greenhouse gas emissions of portfolio companies.

# 5. Concordance table

| **Regulations** | **Concordance** |
|---|---|
| **Article 173** | |
| General approach for incorporating ESG criteria into investment policies | 3. |
| Content, frequency and means used to inform investors | 3.2 |
| List of UCIs that take ESG criteria into account | 1. |
| Adherence to ESG charters, codes, initiatives and labels | 1. & 4. |
| General description of ESG risks, activities exposed to them and internal procedures for identifying ESG risks | 3.2 |
| ESG criteria, reason for choosing the main criteria for compliance with the objectives set by entities in terms of social, environmental and governance quality. | 3.2 |
| Information used to analyse these criteria | 3.2 |
| ESG analysis | 3.2 |
| Incorporation of the results of this analysis into the investment policy | 3.1 |
| **SFDR regulation** | |
| Policies on incorporating sustainability risks into investment processes | 3. |
| Due diligence policy on the principal adverse impacts (PIA) of investment decisions on sustainability factors | *Forthcoming (currently being drafted)* |
| Incorporation of sustainability risks in remuneration policies | 3.1 |
| **Taxonomy** | |
| % of sustainable investments | *Forthcoming (taxonomy criteria not taken into account)* |