

Adagia Partners

ESG Policy

Table of Contents

1. INTRODUCTION	2
2. ESG PILLARS	3
3. ESG IN THE INVESTMENT PROCESS	5
4. COMMITMENT	6

1. Introduction

The purpose of this policy is to define Adagia Partners' (i.e. Adagia Partners SAS, its subsidiaries and the Adagia Partners funds) approach and commitments regarding Environmental, Social and Governance matters.

This ESG policy applies to Adagia Partners as a firm as well as to its portfolio companies, with the exception of minority investments, where we encourage the implementation of ESG targets and monitoring.

Our ESG Principles

Adagia Partners' first objective is to create value for its investors, and we are convinced that long term value creation can only be achieved through sustainable development. Companies with ESG focus outperform their peers due to their attention to the environment and climate change, job satisfaction of employees, strength of customer relations, better procurement, and effectiveness of the company's board, among other factors.

We acknowledge our social and environmental responsibilities and understand that ESG benefits society at large as well as our investments, creating value for our investors. The primary drivers for full inclusion and integration of an active ESG policy within Adagia Partners are the following:

- Risk management and value creation, as ESG enhances the sustainability and long-term success of companies
- Alignment with our investors, as Adagia Partners is accountable for their choices and principles
- Regulation, as we need to anticipate possible changes in policy

As a hands-on owner transforming business models and processes, Adagia Partners implements a tailored approach to ESG, which is designed to generate a measurable and tangible impact.

Our goal is to align our ESG policy with the highest market standards. Adagia Partners is a proud signatory of UNPRI is part of the following targeted initiatives promoting ambitious ESG targets:

- France Invest Climate Initiative International (ICI) – The French Network (ICFrance)
- France Invest Charter “Promoting gender equality in private equity and in companies”

Dedicated Governance

All of Adagia Partners' investment professionals endorse the ESG policy and are responsible for implementing it in the firm and within the portfolio companies. One Partner is in charge of leading the ESG policy improvement, implementation and monitoring, together with the three Founding Partners of Adagia Partners.

ESG matters are discussed formally at Adagia Partners' Advisory Board, Executive Committee, Investment Committee and Portfolio Committee. ESG related information will be communicated to investors during the Annual General Meeting with a dedicated workshop or presentation.

ESG matters at portfolio company level are addressed primarily at dedicated ESG & Regulation Committee meetings, which take place at least twice a year, and also at the Advisory Board. A Corporate Social Responsibility (CSR) manager is appointed in each portfolio company.

All Adagia Partners officers are expected to attend a specific ESG training program at least once a year with notable focus on greenhouse gas (GHG) emissions reduction.

2. ESG Pillars

Adagia Partners fully integrates ESG risks and value creation opportunities into its investment process.

In each of the Environment, Social & Governance pillars, Adagia Partners emphasises a single priority where we believe we can have a measurable impact and bring added value to the portfolio company. The ESG pillars are also applicable, when relevant, to Adagia Partners itself as a company.

Environmental Respect

Adagia Partners supports initiatives and projects aiming at reducing environmental impact through:

- Minimising use of natural resources and energy
- Recycling
- Fighting against pollution
- Implementing a responsible procurement policy
- Reducing carbon emissions to mitigate global warming

Global Warming is a priority challenge for Adagia Partners and its team training, completed by all new joiners, includes a specific module on this topic.

Adagia Partners adopts a tailored methodology to reduce carbon emissions, carbon being the most dangerous and rampant greenhouse gas. The following methodology is implemented in each portfolio company:

- Measurement of carbon footprint, split by emission source
- Monitoring of carbon emissions over time
- Benchmarking the portfolio company's carbon emissions versus its broader sector
- Implementation of emission reduction measures
- Where possible, sharing of best practices and communication of results achieved. Adagia Partners encourages its portfolio companies to disclose their carbon emissions every year.

Social Responsibility

Adagia Partners endeavours to achieve the following objectives:

- Elimination of child labour and all forms of forced labour
- Respect of workers' rights
- Better health and safety at work
- Access to social protection cover and, depending on social laws and customs, health, life and disability insurance
- Promotion of diversity in all its forms: gender, disability, age, nationality, culture, religious beliefs, and sexual orientation
- Enhanced training and employability of staff
- Efficient talent management

Adagia Partners makes specific efforts on diversity and inclusion. In particular, Adagia Partners ensures that portfolio companies adopt fair, inclusive HR and recruitment policies. We intend to become a signatory of the Gender Equality Charter of France Invest (Charte Parité), which supports the following objectives:

In the investment teams

- Women to represent 25% of the persons responsible for investment committee decisions by 2030 and 30% by 2035
- A target for women to represent 40% of investment teams by 2030

In portfolio companies with more than 500 employees

- Women to hold at least 30% of the seats on executive committees by 2030

Ethical Governance

Adagia Partners' governance approach relies on the following principles:

- Systematic setup of Audit and Remuneration Committees
- Long-term trust with management
- Loyalty and transparency
- Ethical obligations in conducting business
- Prohibition of any form of corruption
- Effective risk and compliance policies
- ESG integration within corporate culture and ESG awareness promotion within all teams and employees, in particular with regards to UN SDGs (Sustainable Development Goals)
- Profit sharing with employees (ESOP programs)

As a key governance measure, Adagia Partners targets to implement large Employee Share Ownership Programs (ESOP), in order to support ethical share of the value created within portfolio companies. Associating employees to the share capital ensures alignment of interests with all of the shareholders.

3. ESG in the Investment Process

Acquisition Process

Origination

Adagia Partners bans any investments in the following industries: Tobacco, Pornography, and Weapons. Irrespective of industry exclusion, Adagia Partners refuses any investment opportunity which is against our values of integrity and responsibility. Any investment opportunity pertaining directly or indirectly to child or forced labour, for example, are dismissed.

Pre-investment phase

During the analysis of an investment opportunity, the deal team investigates ESG matters within a separate due diligence, executed by internal and external experts.

Adagia Partners focuses particularly on climate change risk caused by greenhouse (GHG) emissions, which may have a material effect on a company's long-term sustainability and investor returns. Adagia Partners teams are expected to check how companies have prepared or are preparing for a lower-carbon economy. Carbon emission levels and their reduction potential within companies will be systematically addressed.

The ESG due diligence is also meant to assess the company's level of awareness and involvement regarding ESG matters (existing policies and resources allocated to ESG). It includes a preliminary mapping of the relevant UN SDGs addressed by the company's business and market.

Investment decision

Investment decisions are made taking into account ESG factors and the ability to mitigate risks and leverage opportunities identified in that respect. The investment memorandum includes key ESG requirements and recommendations for an action plan in order to meet clear objectives and milestones. The due diligence findings and the action plan are discussed with the management team in order to agree on the priority measures.

Signing and closing

The Adagia Partners ESG policy will be shared with management teams and co-investors ahead of a transaction, with its main principles to be incorporated in the shareholders' agreement.

Monitoring and Improvement during Ownership

Post-closing, an ESG audit is performed (by the operational teams of Adagia Partners and through a specialized third party if necessary). An ESG Roadmap incorporating a set of KPIs and more in-depth SDGs mapping is agreed with Management. The role of the Adagia Partners deal team is to ensure that its portfolio companies focus on the most relevant ESG topics.

On a quarterly basis, ESG KPIs are monitored and discussed during Board meetings.

On a half-yearly basis, the ESG & Regulation Committee performs an in-depth review of progress achieved and potential incidents or shortcomings.

Every year, an ESG questionnaire is sent to all portfolio companies, in order to measure improvement achieved in each pillar. The data collected are used for benchmarking at portfolio level.

Exit

At exit, an ESG Vendor Due Diligence is provided to potential buyers in order to:

- provide evidence of compliance with ESG laws and standards, and
- highlight the continuous improvement of ESG measures and the level of performance achieved.

4. Commitment

Expected Portfolio Company commitment

Adagia Partners will request that every portfolio company agrees that they will carry out their business with the aim of achieving the following objectives:

- Efficient use of natural resources
- Annual assessment of its carbon footprint, with the assistance of Adagia Partners teams
- Safe and healthy working conditions for its employees and contractors
- Fair treatment of employees in terms of recruitment, progression, remuneration and conditions of work, irrespective of gender, race, colour, language, disability, political opinion, age, religion, or national/social origin
- Attention paid to employees' representatives and to consultative work-place structures
- Successful promotion and implementation of ESOP for employees
- Integrity and loyalty of business practices and refusal of any type of bribery
- Transparent reporting to Adagia Partners and timely and accurate information of any incident
- Effective allocation of time and resources to achieve the ESG action plan

Adagia Partners' commitment

Adagia Partners intends to act in accordance with its ESG principles at the Management Company level and has taken various actions itself on identified topics:

Environment:

- Adagia Partners implements initiatives to reduce energy and paper consumption.
- The procurement policy is designed to favor recycling actions.

Social:

- Adagia Partners promotes diversity (equal treatment and fair recruitment) within its teams.
- All employees have access to training sessions on deontology, anti-money laundering regulations, climate change, ESG integration and SDGs awareness.

Governance:

- Funds carried interest is shared among all full-time employees.
- The Advisory board is composed of members independent of the Management Company.
- A Code of Conduct is adopted within the firm.