

# **2024 Report**

**Loi Energie – Climat  
Energy-Climate Law**

## **Article 29**

PAI Partners (« PAI » ou « la Société ») est une société de capital-investissement de premier plan et notre objectif est de créer de la valeur pour l'ensemble de nos parties prenantes, y compris les investisseurs, les sociétés en portefeuille, leurs employés et les communautés dans lesquelles nous opérons. Notre Politique d'Investissement consiste à réaliser d'importantes plus-values à long terme en utilisant notre expertise sectorielle approfondie pour accélérer la croissance, intégrer les considérations environnementales, sociales et de gouvernance (ESG), et à travailler activement avec les sociétés de notre portefeuille pour que celles-ci deviennent plus résilientes.

Notre vaste expertise sectorielle et en matière d'investissement, ainsi que les relations à long terme que nous avons bâties avec nos parties prenantes de premier plan, nous aident à trouver des investissements à travers le monde pour des entreprises qui se trouvent à un stade de transformation dans leur développement.

En tant qu'investisseur dans l'économie réelle et contributeur actif aux initiatives de développement durable à l'échelle du secteur, nous sommes bien placés pour mener des actions en faveur du développement durable, tant au sein de notre propre portefeuille que sur les marchés privés. PAI a déployé une équipe ESG dédiée, responsable de la prise en compte de ces critères dans les trois principales phases du cycle d'investissement (en amont de toute acquisition, lors de la détention et lors de la sortie de la société du portefeuille).

Avec une participation majoritaire dans la plupart de nos sociétés en portefeuille et des représentants au sein de leurs conseils d'administration, nous sommes en mesure de définir les orientations nécessaires et de fournir des ressources et des capacités clés pour les accompagner à atteindre leurs objectifs ESG.

Le présent rapport est établi par PAI SAS (société de gestion agréée en tant que AIFM depuis le 2 janvier 2024 et filiale de PAI Partners) pour l'ensemble des fonds gérés. Au 31 décembre 2024, cela représente 17 véhicules,

Les fonds gérés par PAI SAS sont des fonds de capital investissement ayant pour stratégie d'investir au capital de sociétés non cotées. Ces fonds sont des Fonds d'investissement alternatif (FIA), au sens de la directive européenne AIFM. Leur souscription est exclusivement réservée à une clientèle professionnelle et ils ne sont pas ouverts aux investisseurs particuliers.

PAI Partners met à la disposition de ses souscripteurs et du public le présent document qui retrace sa politique sur la prise en compte de sa stratégie d'investissement des critères environnementaux, sociaux et de qualité de gouvernance et des moyens mis en œuvre pour contribuer à la transition énergétique et écologique ainsi qu'une stratégie de mise en œuvre de cette politique conformément à l'article 29 (II) de la Loi n° 2019-1147 du 8 novembre 2019 relative à l'énergie et au climat, dite loi « Energie-Climat » codifiée à l'article L. 533-22-1 du code monétaire et financier.

Cette déclaration couvre la période de référence du 1er janvier au 31 décembre 2024.

Conformément aux dispositions de l'article 29 de la Loi Energie-Climat et de son décret d'application n° 2021-663 du 27 mai 2021, le rapport couvrant l'année 2024 couvrent les dispositions de l'article D. 533-16-1.-III, 1°, 2°, 3°, 4°, 6°, 7° et 8°a. ■

PAI Partners (“PAI” or “the Firm”) is a pre-eminent private equity firm investing in market leading companies across the globe. Our purpose is to create value for all stakeholders, including investors, portfolio companies, employees, and the communities in which we operate. The Investment Policy of the Firm is to realise substantial long-term capital gains through investments made primarily in equity, and securities providing access to share capital, and other equity related and debt investments in unlisted companies, buyouts and leveraged transactions.

We use our deep sector expertise to accelerate growth, integrate environmental, social and governance (ESG) considerations into our investment process and actively work with our portfolio companies to become more sustainable. As a signatory of the Principles for Responsible Investment (PRI) since 2010, we implement and publicly advocate responsible investment practices.

Our extensive investment and sector expertise, and the long-term relationships we have built help us to source investments across the globe for companies that are at a transformational stage in their development.

As an investor in the real economy and an active contributor to industry-wide sustainability initiatives, we are well positioned to drive action on sustainability, both within our own portfolio and across private markets.

With a controlling interest in most of our portfolio companies, and with representatives on the Boards of Directors, we are able to set the direction and provide key resources, insights and capabilities to support their development and help them meet ESG goals.

This report is prepared by PAI SAS (management company approved as an AIFM since January 2, 2024 and subsidiary of PAI Partners) for all funds managed. As of December 31, 2024, this represents 17 vehicles.

The funds managed by PAI SAS are private equity funds whose strategy is to invest in capital of unlisted companies. These funds are Alternative Investment Funds (AIF), in the meaning given by the European directive known as AIFM. Their subscription is exclusively reserved for professional investors and they are not open to retail investors.

PAI Partners provides its investors and the public with the present document which outlines its policy on the consideration of environmental, social and governance criteria in its investment strategy and the means implemented to contribute to the energy and ecological transition as well as a strategy for the implementation of this policy in accordance with Article 29 (II) of Law No. 2019-1147 of November 8, 2019 relating to energy and climate, known as the “Energy-Climate” law codified in Article L. 533-22-1 of the French Monetary and Financial Code.

This statement covers the reference period from 1 January to 31 December 2024.

In accordance with the provisions of Article 29 of the Energy-Climate Law and its implementing decree n° 2021-663 of May 27, 2021, the report covering the year 2024 covers the provisions of Article D. 533-16-1.-III, 1°, 2°, 3°, 4°, 6°, 7° and 8°a. ■

# 1 | Information relating to the entity's general approach

→ This section refers to the Article D. 533-16-1, III, 1° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

## 1-a. Summary presentation of the entity's general approach to considering environmental, social and quality of governance criteria, and in particular in the investment policy and strategy

- In 2024, we broadened our strategic ESG priorities to reflect topics most material to our portfolio: climate change, nature, biodiversity, diversity and inclusion (D&I), and responsible supply chains.
- There are three core pillars of our responsible investment approach:
  - Systematic assessment of ESG risks and opportunities pre-acquisition, embedding of ESG in the value creation process throughout ownership to ensure readiness for a successful exit. For each of our portfolio companies, we develop a sustainability strategy in close collaboration with management and provide continuous support to foster the implementation of sustainable practices
  - Engagement on material topics which includes monitoring and measurement of the ESG performance of our portfolio companies to allow for our support towards improvement and is regularly reported transparently to stakeholders. Portfolio companies participate in PAI Partners' annual ESG Reporting Campaign which provides regular and transparent information to our investors, both in our annual Sustainability Report, during meetings (e.g. Annual General Meetings, Limited Partners Annual Committee, and Investor Days) and on ad-hoc basis upon request.
  - Building and maintaining momentum on sustainability in the private equity industry. PAI keeps an active presence, leading and contributing to thematic global networks and industry working groups. PAI participates in creating market standards, sharing best practices and acting as a thought leader.

In January 2024, PAI updated its Responsible Investment Policy (available on PAI's website), keeping it in lockstep with PAI's enhanced sustainability strategy, market evolution, and stakeholder expectations.

We integrate ESG considerations across the investment cycle:

### Pre-acquisition

1. **Screening** - We screen potential targets against our Exclusion Policy and excuse rights, as well as investment restrictions from our investors.
2. **Origination Committee decision-making** - We carry out a preliminary assessment and notify the Origination Committee of any material ESG risks and opportunities.
3. **Investment Committee decision-making** - ESG risks and opportunities are systematically discussed at all final Investment Committee meetings.



4. **Signing to closing** - We incorporate ESG topics as a growth transformation lever in the value creation plan (VCP) and assess the feasibility of sustainability-linked financing. We also **assess** the ESG implications if we were to carve out part of the company as part of our ownership strategy.

#### Ownership

5. **First 100 days** - During the first 100 days of ownership, we begin to embed ESG in business operations and strategy, including:
  - An ESG induction for key staff
  - ESG strategy discussions with management teams
  - A gap analysis to assess ESG practices with peers
  - Action plan development
  - An introduction to our annual sustainability reporting process
6. **Hold period** - As our ownership matures, we develop a sustainability strategy to align with the VCP. We also:
  - Support the implementation of sustainability initiatives
  - Offer technical assistance, expert knowledge and advice on best practices
  - Measure progress and performance through our annual reporting

#### Divestment

7. **Exit** - We continuously monitor and aim to improve ESG exit readiness, aided by PAI's proprietary internal ESG Performance Ratings.

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### 1-b. Content, frequency and means used by the entity to inform subscribers, affiliates, contributors, beneficiaries or customers of the criteria relating to the environmental, social and quality of governance objectives taken into account in the policy and strategy investment

PAI provides regular information relating to ESG to its stakeholders:

- **Investors:** We provide regular and transparent information to our investors, across our Responsible Investment Policy, annual Sustainability Report, quarterly and annual fund reports, Annual General Meetings, Limited Partners Annual Committee and Investor Days.
- **Portfolio companies:** In addition to the engagement described in our investment cycle, we host an annual Sustainability Club, which is a forum for ESG and sustainability representatives across our portfolio to gather in-person to learn from bespoke workshop sessions with industry experts, networking opportunities and portfolio company site visits.

To develop the capabilities of portfolio companies' sustainability professionals, we have curated a library of guidance and training on key topics. This ranges from regulatory updates to sustainability strategy and includes guides on setting science-based emission reduction targets, how to approach nature and biodiversity, and water stewardship. In 2024, we hosted 5 training sessions.



The Academy also fosters connections, allowing peers to engage in meaningful discussions and share their expertise, through virtual workshops on global and sector-specific sustainability issues. To support this, we launched an online portal and virtual forum in 2024, through which c. 200 portfolio company representatives have been provided access to these resources.

- With diversity and inclusion, building a pipeline of female talent and supporting female leaders are key objectives. In that spirit, PAI launched the Portfolio Women's Network (PPWN) in June 2023. The network is open to senior women and male allies throughout the PAI Portfolio, and it aims to empower and equip female talent with the leadership skills and support. The PPWN has run a quarterly series of events to share knowledge and bring talent together to create a sense of community. It is now focused on adding portfolio companies to create similar networks.
- **PAI employees:** PAI staff benefit from regular training on sustainability topics. Employees in different teams from across the firm are included in ESG discussions through the Sustainability Committee and the thematic taskforces. All staff are regularly updated on ESG developments through a regular newsletter and an interactive ESG & Sustainability intranet site. PAI's Management Committee oversees the day-to-day management of the firm and all non-investment related strategic and management decisions. Our sustainability strategy is also discussed with PAI's Operating Committee, which includes all Management Committee members.
- **Industry discussion:** As pioneers and active market players in the field of ESG, we advocate responsible investment, sustainability-related initiatives, thought leadership as a public good and strong industry collaboration. We also engage with regulators through industry bodies to comment on upcoming regulations.

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#### **1-c. List of financial products mentioned pursuant to Article 8 and Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, and the overall share, in percentage, assets under management taking into account environmental, social and quality of governance criteria in the total amount of assets managed by the entity**

As a European financial market participant, we are required by the Sustainable Finance Disclosure Regulation (SFDR) to disclose our approach to considering sustainability at general partner (GP) and fund level. We manage several funds concurrently:

- PAI SAS' active legacy funds (PAI Europe VI, PAI Europe VII) are categorised as Article 6 under SFDR.

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#### **1-d. Consideration of environmental, social and governance criteria in the decision-making process for the allocation of new management mandates by the entities mentioned in Articles L. 310-1-1-3 and L. 385-7-2 of the French Insurance Code**

This question is not applicable as PAI SAS does not manage such mandates.



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**1-e. Adherence of the entity, or of certain financial products, to a charter, code, initiative or obtaining a label on the consideration of environmental, social and governance quality criteria, as well as a brief description of these, consistent with d) of 2 of article 4 of the regulation mentioned above**

PAI is committed to building and maintaining momentum on sustainability in the Private Equity industry, keeping an active presence, leading and contributing to thematic global networks, industry working groups and towards creating market standards, sharing best practices and acting as a thought leader.

**PAI is a signatory of the following:**

- **UN Principles for Responsible Investment (PRI):** We became a signatory of the UNPRI in 2010. We completed the PRI reporting framework requirements for the first time in 2013 and the climate change reporting module in 2020.
- **CDP:** As an investor signatory of the Carbon Disclosure Project (CDP), we are part of a global initiative to drive greater corporate transparency and to provide the market with comparable and complete environmental data on climate change, deforestation, water security and plastic waste.
- **Science Based Target Initiative (SBTi):** The Science Based Target initiative (SBTi) ensures that emissions reduction targets set up by a company are in line with the latest climate science. In July 2024, PAI committed to setting science-based emission reduction targets (SBTs) aligned with the Science Based Targets Initiative (SBTi). This commitment aligns PAI's strategic goals with the global effort to limit global warming to 1.5°C and requires PAI to not only reduce own emissions but also those of portfolio companies.
- **UN Global Compact:** We are a member of the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative. We support the Ten Principles of the UNGC on human rights, labour, environment, and anti-corruption.

**PAI is a member of the following:**

- **BVCA:** We are a member of the British Private Equity & Venture Capital Association (BVCA) and follow the Walker Guidelines for Disclosure and Transparency in Private Equity. We are a member of the Responsible Investment Advisory Group.
- **ESG Data Convergence Initiative:** We are part of the ESG Data Convergence Initiative (EDCI), which aims to simplify reporting and interpretation of ESG data for general partners (GPs), limited partners (LPs) and portfolio companies.
- **FAIRR:** We are a member of FAIRR, a collaborative investor network that raises awareness of the ESG risks and opportunities in the global food sector.
- **iCI:** We were one of five private equity firms that collaborated in 2015 to launch the Initiative Climat International (iCI), a global community of private equity investors that seek to better understand and manage the risks associated with climate change. We are a member of the iCI France steering Committee.
- **Invest Europe:** Invest Europe is the association representing Europe's private equity, venture capital and infrastructure sectors, as well as their investors. We have been a member of the Core Responsible Investment roundtable since January 2020



- **PESMIT:** The Private Equity Sustainable Markets Initiative Taskforce (PESMIT) brings together leading private equity firms to identify ways that the industry can accelerate progress towards a more sustainable future.
- **The Task Force on Nature-related Financial Disclosures (TNFD):** The Task Force on Nature-related Financial Disclosures (TNFD) is developing a risk management and disclosure framework for organisations to report and act on evolving nature-related risks. We are a TNFD Forum Member and aim to align with the recommendations of the Task Force.

#### PAI is a supporter of the following

- **Task Force on Climate-Related Financial Disclosures (TCFD):** The Task Force on Climate-related Financial Disclosures (TCFD) provides a framework for companies to develop more effective climate related financial disclosures through their existing reporting processes. We aim to align our climate reporting with the recommendations of the TCFD.
- **Level 20:** In 2018, we became the first private equity firm in France to support the Level20 initiative, a non-profit organisation that aims to increase the number of women working in private equity. PAI staff are also members of the French and Spanish Level 20 Committees.
- **UN Sustainable Development Goals (SDGs):** The ESG and Sustainability Team considers the 17 United Nations Sustainable Development Goals (SDGs) throughout the investment cycle.
- Furthermore, on a case-by-case basis for respective portfolio companies, PAI supports with alignment and progress with respect to widely recognised ESG frameworks and standards (ISO, B Corp Certification etc.).



## 2 | Information relating to the internal resources deployed by the entity

→ This section refers to the Article D. 533-16-1, III, 2° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

### 2-a. Description of the financial, human, and technical resources dedicated to taking into account environmental, social and governance criteria in the investment strategy as a ratio of the total outstanding receivables managed or held by the entity.

PAI has a dedicated ESG & Sustainability Team that comprises six full time employees, with additional support from a cross-PAI Performance Group resource. The team is based across various PAI offices in order to have local presence with other functions within PAI. Our ESG & Sustainability team is composed of sustainability experts with over 50 years of combined experience.

PAI also uses external service providers where appropriate to support with GP level and portfolio company level sustainability initiatives.

PAI utilises various tools to enhance internal capabilities. This includes a reputational risk screening tool and a tool for assessing physical and transitional climate risks and opportunities, and biodiversity impacts and dependencies. We also employ an Internal Carbon Price (ICP) when assessing the transition risk profiles of companies during due diligence and have developed a proprietary ESG maturity scoring tool.

### 2-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.

PAI provides employees with ESG training at induction on PAI's approach to responsible investment, PAI's sustainability priorities, and the role we expect each individual to play in collaboration with our ESG and Sustainability Team. After induction training, our ESG & Sustainability Team provides ad hoc training on topical matters and provides updates via forums such as quarterly Town Hall meetings, quarterly ESG & Sustainability newsletters, and our ESG & Sustainability intranet site.

PAI relies on firmwide procedures on ESG and Sustainability integration across PAI's investment cycle. In line with PAI's purpose to create value for all stakeholders, this procedure provides a detailed breakdown of the ESG playbook from pre-acquisition to exit, with a core focus on collaboration between teams towards increasing ESG performance of portfolio companies.

PAI's ESG & Sustainability Team attends all Portfolio Review Committee (PRC) meetings along with PAI's Management Committee, respective Deal Teams and other Portfolio Performance Group (PPG) members, aided by a robust annual ESG reporting campaign, to monitor portfolio company ESG performance.

### 3 | Information relating to the process for taking into account environmental, social and governance criteria at the level of the governance of the entity

→ This section refers to the Article D. 533-16-1, III, 3° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

#### 3-a. Knowledge, skills, and experience of the governance bodies, in particular the administrative bodies, supervision and management, in terms of decision-making relating to the integration of environmental, social and governance criteria into the investment policy and strategy of the entity and the entities that the latter controls, where applicable.

PAI's Management Committee has overall responsibility for ESG and for the approval and review of PAI's sustainability strategy, supported by various Committees, Teams and Taskforces. The Management Committee are members of PAI's Investment Committee (IC) and Origination Committee (OC). The Management Committee are also members of the Portfolio Review Committee (PRC), which meets regularly to discuss the performance of portfolio companies. The ESG risks and opportunities of companies are regularly discussed in these Committee meetings, with the ESG & Sustainability team systematically in attendance.

PAI also has a Sustainability Committee which oversees PAI's Sustainability Strategy. The Sustainability Committee is composed of PAI's ESG team and senior professionals across various teams (e.g., Deal Teams, Investor Relations, Finance). The Sustainability Committee is facilitated by the ESG Team, and its members are selected by the Management Committee. Esohe Denise Odaro, PAI's Head of ESG & Sustainability, is the Committee's secretary. PAI's ESG & Sustainability Team are responsible for the execution of PAI's sustainability strategy and coordinating with the Management Committee.

In addition, PAI has had various thematic groups to support building and implementing the firm's PAI's sustainability strategy:

- PAI's Decarbonisation Taskforce ("DTF"), was composed of 7 members, representing 3 teams across departments. In 2024, the Taskforce worked alongside the ESG team in exploring and evaluating the suitability and feasibility of decarbonisation levers for PAI and its portfolio.
- Upon achieving its objectives (including PAI's commitment to set a science-based emissions reduction target, as well as launching our Internal Carbon Price), the DTF disbanded in Q3 2024. Decarbonisation remains a key focus for PAI, with Climate Change as one of our strategic sustainability priorities. As such, decarbonisation will continue to be discussed with the Sustainability Committee and the Management Committee.
- In 2024, PAI continued its Diversity & Inclusion Taskforce to review and improve PAI's diversity and inclusion policies and ambitions.
- PAI also has an internal Nature and Biodiversity working group as well as a Regulatory Watch working group, comprised of members from PAI's ESG & Sustainability Team.



PAI's Risk Committee oversees financial, non-financial and reputational risks falling within its scope of responsibility, including those related to ESG. The function of the Committee is to ensure that the firm maintains high standards of risk identification, risk assessment and risk management in order to minimize any financial or non-financial impact on any entity and at the firm level.

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### **3-b. Integration of environmental, social and governance criteria in the internal rules of the entity's board of directors or supervisory board**

PAI's Supervisory Board supervises PAI's Management Committee on an ongoing basis and ensures compliance with PAI's policies and procedures. As one of PAI's governing bodies, it supervises environmental, social and governance related topics while supervising PAI's Management Committee, however ESG factors are not formally integrated into its internal rules. The Management Committee reports to the Supervisory Board on a quarterly basis.

The Supervisory Board of PAI is an independent body comprised of senior professionals from outside the firm. Its members are elected by the partners of PAI.

The Management Committee of PAI supervises the definition of PAI's ESG strategy and reviews the annual reports prepared by the ESG team.

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## 4 | Information on the strategy of engagement with issuers or vis-à-vis management companies and on its implementation

→ This section refers to the Article D. 533-16-1, III, 4° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

PAI SAS believes that professional corporate governance standards are an essential part of its reputation and management experience.

Thus, voting at general assembly meetings is a key component of the ongoing dialogue with companies in which PAI SAS invests on behalf of the managed funds and their investors and forms an integral part of PAI's investment process.

PAI SAS has set up an Engagement and Voting Policy, is committed to ensuring consistent exercise of voting rights associated with shares held in the funds and exercises the voting rights with the sole view of preserving the interest of its investors.

None of the funds managed by PAI SAS holds publicly traded shares of listed companies as of December 31, 2024, therefore provisions from this section do not apply to PAI, or the funds it manages. <sup>1</sup>

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## 5 | Information relating to European taxonomy and fossil fuels

None of PAI SAS' funds have formal commitments in relation to the EU Green Taxonomy; however, potential for company alignment with the Taxonomy is assessed during due diligence and during ownership.

PAI SAS follows a cautious approach on EU Taxonomy reporting given that portfolio companies' EU Taxonomy related data are either unavailable or based on estimates. For these reasons, PAI SAS does not report on EU Taxonomy data as of 12/31/2024.

PAI investments are not materially exposed to fossil industry activities. PAI does not make investments in sectors directly relating to the production of fossil fuels, as set out in our Responsible Investment Policy.

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<sup>1</sup> In March 2022 PAI Europe VII portfolio company Asmodée was sold to Embracer and the fund received, as part of the transaction, some Embracer listed shares.

## 6 | Information on the strategy for alignment with the international objectives for limiting global warming

→ This section refers to the Article D. 533-16-1, III, 6° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

### 6-a. Targets and objectives

PAI recognises the critical importance of addressing climate change and its far-reaching impacts on the environment, society, and the economy. We also believe that proactive climate action can also create strategic advantages, as businesses which can operate more efficiently and contribute to global decarbonisation will be more resilient, driving long-term value creation for our investors and other stakeholders.

We are therefore committed to integrating climate considerations into our investment decisions, and actively are contributing to a sustainable future, including helping to limit global warming to 1.5°C.

As part of our commitment, we worked in 2024 to align our climate strategy with the Science Based Targets initiative (SBTi), to ensure our actions are in line with the latest climate science.

We commit to the following reduction targets which SBTi validated in early 2025:

- PAI has set a portfolio coverage decarbonisation target, validated by the SBTi, that 42% of its investments (by invested capital) will have SBTi-validated science-based targets (SBTs) by 2029 and 100% by 2040.

This target covers 98% of PAI's total investment and lending by invested capital as of 2022. As of that year, required activities made up 98% of PAI's total investment and lending by invested capital, while out of scope activities made up 2%.

- Through our Science Based Target, we have also committed to reducing our own operational Scope 1 and 2 emissions by 40% by 2029, from a 2022 baseline.

### Our climate progress and key achievements

Since the beginning of our sustainability journey, identifying opportunities to mitigate climate change has been at the core of our priorities. Simultaneously, we believe that decarbonising and addressing climate change offer value creation potential, for example by:

- improving energy management and reducing waste, which have been shown to drive operational efficiency across our portfolio, while reducing environmental impact.
- increasing resilience, by mitigating against transition risks and adapting to increasing physical climate risks.
- identifying and developing opportunities to provide low-carbon products and services, to help differentiate our portfolio companies in their markets, and create value from the transition to a low-carbon economy.



As early as 2019, we started to support our portfolio companies with aligning their decarbonisation pathways with the SBTi. Several other portfolio companies have since had their targets and decarbonisation pathways validated by the SBTi. In 2024, seven portfolio companies have validated their Science Based Target (SBTi) target, compared to three in 2023. Four portfolio companies have committed to Science Based Target (SBTi) as at 31 December 2024.

Recognising that we needed to align our actions with our values, we established a Decarbonisation Taskforce in 2023, reporting to our Sustainability Committee. Its purpose was to review and guide the approach we should take towards managing climate change risks and opportunities, including decarbonisation across the firm and our portfolio. The Taskforce completed its work with the development of our decarbonisation roadmap.

In collaboration with the Management and Sustainability Committees, in 2024, the ESG & Sustainability Team worked to align our commitments with a 1.5°C pathway. This included modelling the implications of an SBT-aligned target for our current and future investments, including considering both the potential benefits and impacts. Once we were comfortable with our model and strategy, we submitted our proposed targets to SBTi in November 2024, which were then validated in early 2025.

### Portfolio analysis

Our climate strategy is centered on assessing and addressing climate change impacts and opportunities throughout the deal cycle.

Physical climate risks, such as extreme weather events, rising sea levels and changing patterns of precipitation, can significantly impact the operational efficiency of companies. In 2024, we continued to enhance our climate change analysis in accordance with TCFD guidance, integrating physical climate risk screening into our due diligence process and introducing include screening of the existing portfolio. This work is supported by a suite of tools that aid our climate risk management. We use a tool that allows us to enhance our assessment of site-by-site physical climate risks and provides an estimated carbon footprint in case the prospective portfolio company is unable to provide one during due diligence.

Our Internal Carbon Pricing (ICP) mechanism also allows us to raise awareness of the carbon impact of prospective portfolio companies amongst our Investment Teams and the Investment Committee.

During the investment period, PAI progressively requires increased disclosure and transparency from portfolio companies on climate-related risks and opportunities in their value chain. PAI's objective is to improve the maturity of the portfolio companies on climate aspects.

Our annual reporting processes a series of carbon related performance indicators that we monitor annually, including scope 1, 2 & 3 GHG emissions, carbon intensity, GHG mitigation initiatives, total energy consumption and renewable energy consumption, allowing PAI to build a complete snapshot year on year. In 2024, we updated the way we collect carbon footprint data across our portfolio. We now request more granular data, as well as methodological notes from all portfolio companies, to aid our analysis and increase the robustness of data received.



## Overseeing our companies' decarbonisation journeys

In 2024, we adopted the Private Markets Decarbonisation Roadmap (PMDR), to support the monitoring of decarbonisation maturity across our portfolio over time, and to inform our engagement strategy with our portfolio companies. The PMDR is a tool developed in 2023 by Sustainable Markets Initiative's Private Equity Task Force (PESMIT), in collaboration with ICI and consultancy Bain & Co.

## Engaging our portfolio companies on climate action

Our engagement with our portfolio companies in 2024 focused in particular on their energy procurement, setting science-based targets, and their participation in CDP (formerly Carbon Disclosure Project), the world's only independent environmental disclosure system.

We significantly expanded our engagement with portfolio companies on energy procurement in 2024. Our proactive approach focused on improving risk management, identifying cost-saving opportunities, and accelerating the sourcing of renewable electricity across our investments. By working closely with companies to optimise their energy strategies, we have helped them become more resilient to volatile energy markets, while advancing their sustainability goals.

In business-to-business markets, CDP scores are an increasingly important factor in winning business with key customers. During the year, our engagement with our portfolio companies on CDP included running a live webinar, to increase their understanding of the initiative. We followed this up by providing support to portfolio companies for whom it was a material topic. This resulted in three of the five portfolio companies who reported their environmental data to CDP improving their scores over the previous year, and another retaining its A- rating. This progress highlights their commitment to transparent and robust climate transition planning. It also reflects their ongoing efforts to advance decarbonisation and demonstrate strong leadership in managing climate risks and opportunities.

## Decarbonising our own operations

The bulk of our decarbonisation efforts are focused on the predominant source of our emissions: our portfolio. In comparison, our own emissions are considerably lower. Even so, it is important that we are a role model for our portfolio companies, and actively aim to reduce our operational emissions. In 2024, we therefore committed to reducing our operational emissions over time, alongside our portfolio coverage decarbonisation target. This includes reducing our Scope 1 and 2 emissions by 40% by 2029, from a 2022 baseline year.

Each year, with the support of our internal Carbon Footprint Working Group (which includes office managers, Corporate Operations, and IT departments), we analyse our operational greenhouse gas (GHG) emissions and disclose them in line with GHG Protocol. We share the results with the Carbon Footprint Working Group, and with new joiners as part of our ESG on-boarding training, and firm-wide through our intranet. Our aim is to create awareness of our emissions and show ways to reduce them in our daily operations.

In 2024, we further improved our data collection systems, and analysed large emission categories, such as purchased goods and services, on a more granular basis.

While our focus is on reducing our operational emissions, we see value in creating additionality by supporting verified carbon offset projects. A project is classed as additional if it the emissions reductions would not have taken place without the project receiving income from carbon credits, which distinguishes it from projects emissions reductions that would have taken place regardless.

At the time of this report, we are in the process of finalising our offsetting programme for our 2024 emissions.



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**6-b. When the entity uses an internal methodology, elements of it to assess the alignment of the investment strategy with the Paris Agreement or the national low-carbon strategy:****At management company level:**

Each year since 2019, PAI measures its own carbon footprint. The boundary of the assessment includes all the relevant categories from the GHG Protocol methodology, excluding our financed emissions. Direct and indirect carbon emissions (business travel, energy, purchase of goods and services, commuting and IT) were considered for all of PAI's offices.

We use our carbon footprint (scope 1, 2 and 3), including PAI's carbon emissions and carbon intensity, to analyse evolutions compared to previous years.

**At portfolio level:**

We work with our portfolio companies to ensure they are making progress on the material climate risks and opportunities and on their climate action plan. We annually support portfolio companies in tracking and reporting a set of climate related KPIs, including the following:

- Geographic location of assets to assess exposure to physical climate risks
- Energy consumption
- Carbon footprint scope 1, 2, and 3 for all portfolio companies
- Carbon intensity: emissions per unit of revenue
- Weighted average carbon intensity of each fund

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**6-c. Quantification of results using at least one indicator:**

PAI SAS monitors the annual carbon footprint of all its portfolio based on companies which participate in the ESG Reporting Campaign, performed on a yearly basis. Scope 1, 2 and 3 in addition to carbon intensity are assessed each year through this exercise.

In addition, we monitor and track the carbon footprint issued from our own activities.

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**6-d. For entities managing index funds, information on the use of the Union's "climate transition" and "Paris Agreement" benchmarks defined by Parliament Regulation (EU) 2019/2089 European Parliament and of the Council of 27 November 2019**

This question is not applicable as PAI SAS does not manage index funds.





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**6-e. The role and use of the assessment in the investment strategy, and in particular the complementarity between the assessment methodology used and the other indicators on the environmental, social and quality of governance criteria used more largely in the investment strategy**

**At management company level:**

We share the results of our carbon footprint on an office-by-office basis with all colleagues at PAI and use this to identify reduction potentials in the areas which we can influence (e.g., goods purchases, IT, travel, events).

**At portfolio company level:**

During pre-acquisition phase: As outlined earlier, climate related material topics revealed in the ESG due diligence process are included in ESG memoranda that are discussed at the Investment Committee meetings prior to investment decision. Our focus is adapted upon the material need to address carbon depending on how substantial the concerned emitter is.

During ownership: Under PAI's Climate Policy, each portfolio company calculates its carbon footprint in collaboration with the ESG Team and an external provider. Their level of engagement is then determined, which helps us in understanding the maturity level of each portfolio company and in adapting our support to their specific needs. Based on the assessment provided during due diligence, we tailor the needed support when / if the company is acquired with a stronger focus brought to the higher carbon emitting activities. This is reflected in portfolio companies' respective ESG action plans, which is a pre-requisite under PAI's ownership.

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**6-f. The changes made to the investment strategy in connection with the strategy of alignment with the Paris Agreement, and in particular the policies put in place with a view to a gradual exit from coal and hydrocarbons non-conventional loans, specifying the exit schedule adopted as well as the share of total outstandings managed or held by the entity covered by these policies**

PAI SAS does not invest in coal or hydrocarbon assets.

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**6-g. Any actions to follow up on the results and changes made**

Actions and follow-ups are performed on an ad-hoc basis, in accordance with PAI's Management Committee.



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#### **6-h. The frequency of the evaluation, the provisional dates of update and the relevant evolution factors retained**

Our decarbonisation targets were validated by the Science Based Targets initiative (SBTi) in early 2025 after their validation process conducted in 2024.

As recommended in SBTi framework, we plan to monitor progress annually. We also plan to reassess targets at least every 5 years.

## 7 | Information on the strategy for alignment with long-term objectives related to biodiversity

→ This section refers to the Article D. 533-16-1, III, 7° of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021.

### 7-a. A measure of compliance with the targets set out in the Convention on Biological Diversity adopted on 5 June 1992

PAI is committed to the conservation of biological diversity, sustainable use of relevant components and the fair and equitable sharing of the benefits from the use of genetic resources in line with the targets set out in the Convention on Biological Diversity. PAI is one of the first private equity firm 'early adopters' of the Taskforce for Nature-related Financial Disclosures (TNFD),

PAI recognises that it is imperative to consider biodiversity risks when evaluating and managing businesses, and that food and consumer businesses in particular impact and depend on nature.

Our initiatives to minimise our biodiversity and nature-related impacts and dependencies in 2024 were as follows:

#### ■ Portfolio analysis:

We assess the extent of nature and biodiversity related impacts and dependencies using a TNFD-aligned third-party tool for portfolio analysis and pre-acquisition due diligence. It provides us with risk ratings for nature and biodiversity impacts and dependencies, which supports our engagement with portfolio companies with higher ratings.

We also monitor and manage several nature and biodiversity-related metrics, such as water intensity, to help track performance and inform future strategies.

#### ■ Portfolio engagement:

We support our portfolio companies in managing nature and biodiversity related risks and opportunities, for example with including water efficiency projects and working towards preparing for compliance with the EU's deforestation-free products regulation.

We developed a practical guide (RIPPLE) and accompanying webinar for our portfolio companies on water stewardship (RIPPLE) and facilitated a webinar on the topic in collaboration with the FAIRR Initiative, a collaborative investor network that raises awareness of the material risks and opportunities in the global food sector.

#### ■ Internal engagement and processes:

We provided TNFD disclosures in line with our commitment, as a private equity "early adopter" and continued to contribute to industry advancement through engagement by engaging with the Private Equity Sustainable Markets Initiative Taskforce (PESMIT) biodiversity working group. We continued to raise the profile of the topic internally.

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## **7-b. An analysis of the contribution to the reduction of the main pressures and impacts on biodiversity defined by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services**

We monitor the following KPIs from our portfolio companies in 2024 and provide analysis on the reduction of pressures and impacts on biodiversity to our investors through our annual Sustainability Report. We also identify companies which have elevated impacts on nature and biodiversity using a specialist third party tool during due diligence.

- Tonnes of hazardous waste and radioactive waste generated by investee companies per €1 million invested.
- Percentage of hazardous waste recovered.
- Tonnes of non-recycled waste generated by investee companies per €1 million invested.
- Average volume of water consumed by the investee companies (m3) per €1 million of investee company revenue.
- Tonnes of emissions to water generated by investee companies per €1 million invested.

We are committed to further aligning the impact KPIs that we monitor and manage to the TNFD.

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## **7-c. Mention of the support for a biodiversity footprint indicator and, where applicable, the way in which this indicator makes it possible to measure compliance with international objectives related to biodiversity**

In 2024 we continued our effort to align our reporting with the TNFD's guidance for Financial Institutions working on the implementation of two core metrics:

- % of invested capital in sectors considered to have material nature-related dependencies and impacts
- % of invested capital in companies with activities in sensitive locations

We monitor several of the metrics under the TNFD guidance for corporates listed below:

- Tonnes of hazardous waste and radioactive waste generated by investee companies per €1 million invested.
- Percentage of hazardous waste recovered.
- Tonnes of non-recycled waste generated by investee companies per €1 million invested.
- Average volume of water consumed by the investee companies (m3) per €1 million of investee company revenue.
- Tonnes of emissions to water generated by investee companies per €1 million invested.

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## 8 | Information on the procedures for taking environmental, social and quality of governance criteria into account in risk management

→ This section refers to the Article D. 533-16-1, III, 8°a of the French Monetary and Financial Code as modified by the Decree no. 2021-663 of 27 May 2021. The subsections b) to f) are not mandatory for FY 2021.

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As previously mentioned, environmental, social and governance risks are considered across the investment cycle, across Origination Committee (OC) and Investment Committee (IC) meetings during due diligence, Portfolio Review Committee (PRC) meetings during ownership and other regular meetings across our Management Committee (MC), Risk Committee, Supervisory Committee, Sustainability Committee and thematic ESG taskforce meetings.

Please refer to previous sections for details on these Committees, Teams and Taskforces and our broader approach to considering both ESG risks and opportunities across the investment cycle.

# Appendices

## Classification of Funds managed by PAI Partners SAS as of 31.12.2024

Funds	SFDR classification
PAI Europe VI	Article 6
PAI Europe VII	Article 6

## Cross referencing table with Article 29 of the French Energy-Climate Law

Required information under decree N°. 2021-663	Related section
<b>General approach of the entity</b>	Presentation of the entity's general approach to taking ESG criteria into account, particularly in its investment policy and strategy
	Summary & 1-a. Summary presentation of the entity's general approach to considering environmental, social and quality of governance criteria, and in particular in the investment policy and strategy, p.2-5
	Content, frequency and means used by the entity to inform members, contributors, on the criteria related to ESG objectives considered in the investment policy and strategy
	1-b. Content, frequency and means used by the entity to inform subscribers, affiliates, contributors, beneficiaries or customers of the criteria relating to the environmental, social and quality of governance objectives taken into account in the policy and strategy investment, p.5-6
List of financial products mentioned under Article 8 and Article 9 of Regulation (EU) 2019/2088	1-c. List of financial products mentioned pursuant to Article 8 and Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019, and the overall share, in percentage, assets under management taking into account environmental, social and quality of governance criteria in the total amount of assets managed by the entity, p.6-7
	The entity's adherence to a charter, a code, an initiative or obtaining a label on the consideration of ESG criteria, as well as a summary description of these
<b>Internal means to contribute to the transition</b>	1-e. Adherence of the entity, or of certain financial products, to a charter, code, initiative or obtaining a label on the consideration of environmental, social and governance quality criteria, as well as a brief description of these, consistent with d) of 2 of article 4 of the regulation mentioned above, p7-8
	Description of the financial, human, and technical resources dedicated to taking ESG criteria into account in the investment strategy in relation to the total assets managed or held by the entity
Actions taken to strengthen the entity's internal capacities	1-d. Consideration of environmental, social and governance criteria in the decision-making process for the allocation of new management mandates by the entities mentioned in Articles L. 310-1-1-3 and L. 385-7-2 of the French Insurance Code, p.7
	2-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.9

<b>ESG governance within the financial entity</b>	Knowledge, skills, and experience of governance bodies	3-a. Knowledge, skills, and experience of the governance bodies, in particular the administrative bodies, supervision and management, in terms of decision-making relating to the integration of environmental, social and governance criteria into the investment policy and strategy of the entity and the entities that the latter controls, where applicable. p.10
	Inclusion in remuneration policy of information on how this policy is tailored to incorporate sustainability risks	2-a. Description of the financial, human, and technical resources dedicated to taking into account environmental, social and governance criteria in the investment strategy as a ratio of the total outstanding receivables managed or held by the entity, p.9
	Integration of ESG criteria in the internal rules of the entity's board of directors or supervisory board	3-b. Integration of environmental, social and governance criteria in the internal rules of the entity's board of directors or supervisory board, p.11
<b>Engagement strategy with issuers or managers</b>	Scope of companies concerned by the engagement strategy	4   Information on the strategy of engagement with issuers or vis-à-vis management companies and on its implementation, p.12  6   Information on the strategy for alignment with the international objectives for limiting global warming, p.13-17
	Presentation of the voting policy	4   Information on the strategy of engagement with issuers or vis-à-vis management companies and on its implementation, p.12
	Assessment of the engagement strategy implemented, which may include the proportion of companies with which the entity has initiated a dialogue, the themes covered, and the actions taken to follow up this strategy	6   Information on the strategy for alignment with the international objectives for limiting global warming, p.13-17  7   Information on the strategy for alignment with long-term objectives related to biodiversity, p.18-19
	Report on the voting policy, on the tabling and voting of resolutions on ESG issues at general meetings	4   Information on the strategy of engagement with issuers or vis-à-vis management companies and on its implementation, p.12
	Investment strategy decisions, including sectoral disengagement	1-d. Consideration of environmental, social and governance criteria in the decision-making process for the allocation of new management mandates by the entities mentioned in Articles L. 310-1-1-3 and L. 385-7-2 of the French Insurance Code, p.7  6   Information on the strategy for alignment with the international objectives for limiting global warming, p.13-17
<b>SFDR Fund Classification</b>	SFDR Classification of Funds	Appendices - Classification of Funds managed by PAI Partners SAS as of 31.12.2023, p. 21
<b>Strategy for alignment with the Paris Agreement</b>	Quantitative target by 2030, reviewed every five years until 2050	6   Information on the strategy for alignment with the international objectives for limiting global warming, 6-a. Targets and objectives p.13-14
	Where the entity uses an internal methodology, elements on it to assess the alignment of the investment strategy with the Paris Agreement	6-b. When the entity uses an internal methodology, elements of it to assess the alignment of the investment strategy with the Paris Agreement or the national low-carbon strategy, p.15

	Quantification of results using at least one indicator	6-c. Quantification of results using at least one indicator, p.15
	Role and use of evaluation in investment strategy	6-e. The role and use of the assessment in the investment strategy, and in particular the complementarity between the assessment methodology used and the other indicators on the environmental, social and quality of governance criteria used more largely in the investment strategy p.16
	Changes in investment strategy related to the Paris Agreement alignment strategy	6-f. The changes made to the investment strategy in connection with the strategy of alignment with the Paris Agreement, and in particular the policies put in place with a view to a gradual exit from coal and hydrocarbons non-conventional loans, specifying the exit schedule adopted as well as the share of total outstandings managed or held by the entity covered by these policies, p. 16
	Possible follow-up actions on results and changes	6-g. Any actions to follow up on the results and changes made  Actions and follow-ups are performed on an ad-hoc basis, in accordance with PAI's Management Committee, p.16-17
	The frequency of the evaluation, the projected update dates and the relevant development factors selected	6-h. The frequency of the evaluation, the provisional dates of update and the relevant evolution factors retained, p.17
<b>Biodiversity alignment strategy</b>	A measure of compliance with the objectives of the Convention on Biological Diversity adopted on June 5, 1992	7-a. A measure of compliance with the targets set out in the Convention on Biological Diversity adopted on 5 June 1992, p.18
	An analysis of the contribution to the reduction of the main pressures and impacts on biodiversity	7-b. An analysis of the contribution to the reduction of the main pressures and impacts on biodiversity defined by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, p.18-19
	Mention of support for a biodiversity footprint indicator	7-c. Mention of the support for a biodiversity footprint indicator and, where applicable, the way in which this indicator makes it possible to measure compliance with international objectives related to biodiversity, p.19
<b>Integration of ESG risks in risk management</b>	Processes for identifying, assessing, prioritizing, and managing risks related to the consideration of ESG criteria, and the way risks are integrated into the entity's conventional risk management framework	6   Information on the strategy for alignment with the international objectives for limiting global warming, 6-a. Targets and objectives p.13-14  7-b. An analysis of the contribution to the reduction of the main pressures and impacts on biodiversity defined by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, p.18-19  8   Information on the procedures for taking environmental, social and quality of governance criteria into account in risk management, p.20

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