

# RESPONSIBLE INVESTING AND STEWARDSHIP POLICY

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## OVERVIEW

Equistone Partners France SAS (“Equistone”, “we”, “us” and “our”), is an investment manager (‘AIFMs’) that operates in France. As stewards of investors’ capital, Equistone manages its business and investments responsibly to unlock long-term value. As such, Equistone recognises the importance of integrating Environmental, Social and Governance (‘ESG’) considerations into our investment decision-making as well as throughout the holding period of fund assets. The purpose of this policy is to outline the framework governing the approach of Equistone in using ESG issues to better inform our investment decisions.

Equistone believes that aligning the interests of our clients and portfolio companies with those of society at large can enhance returns for our investors on top of our collective and individual contributions to the communities we belong to. We recognise that responsible investment – the consideration of ESG issues when making investment decisions and active engagement with companies on these issues – is part of our fiduciary duty. We believe that businesses must preserve the trust of stakeholders and effectively manage ESG issues to guarantee they remain resilient and attractive for the future. We therefore take an interest in how companies in our portfolio manage ESG risks and opportunities and, on behalf of our investors, encourage companies to adhere to strong standards of ESG conduct. As a signatory of the Principles for Responsible Investment (PRI), Equistone is committed to promoting best practice ESG initiatives throughout our own organisation, the organisations we interact with and the wider industry.

In line with best practice, this policy is informed by:

- › The Principles for Responsible Investment (PRI)
- › The UN Global Compact Ten Principles
- › The Sustainable Development Goals and targets
- › The UN Guiding Principles on Business and Human Rights
- › The OECD Guidelines for Multinational Enterprises
- › The ILO Declaration on Fundamental Principles and Rights at Work

## ENVIRONMENTAL AND SOCIAL FACTORS

The ESG factors that Equistone incorporates into its investment decision-making process are shaped by two primary inputs: materiality at firm, fund, and portfolio company level and Equistone’s overall targets and commitments as a responsible investor.

When referring to materiality, Equistone considers both the factors that have implications on a firm’s financial value as well as the firm’s wider impact on the world. This is because ESG factors which may not be considered material in the first instance can, in a rapidly evolving macroeconomic and sustainability landscape, prove to have an impact on an organisation. The table below provides a non-exhaustive overview of some of the environmental and social factors that are reviewed within our investment screening and due diligence process.

### ENVIRONMENT

- › Greenhouse Gas (“GHG”) emissions
- › Climate change (physical and transitional climate risks)
- › Energy management
- › Waste management
- › Water management
- › Biodiversity
- › Product / services design, and lifecycle
- › Raw material sourcing and efficiency

### SOCIAL

- › Health and safety
- › Employee engagement and development
- › Labour relations
- › Diversity and inclusion
- › Human rights
- › Community relations
- › Cyber security and data protection

## PRIORITY ENVIRONMENTAL AND SOCIAL FACTORS

While the ESG issues addressed at portfolio company may vary due to materiality, Equistone is committed to addressing Climate Change and Human Rights across the entirety of our portfolio, in alignment with the PRI's highest priority issues for signatory action. This is due to our belief that the systemic sustainability risks posed by climate change and the safeguarding of human rights are material to all our businesses.

## GOOD GOVERNANCE

### GOOD GOVERNANCE DEFINITION

Equistone considers "good governance" to mean a standard of governance that is aligned to widely recognised industry norms and international standards. This is consistent with both the good governance topics identified in Sustainable Finance Disclosure Regulation ("SFDR") – management structures, employee relations, staff remuneration and tax compliance – as well as the Minimum Safeguards provision of the EU Taxonomy Regulation ("MS") which requires companies to respect basic human rights and follow good business conduct rules.

### GOVERNANCE INDICATORS AND EXAMPLE METRICS

The table below summarises some of the topics that form part of Equistone's good governance assessment<sup>1</sup>. While the example metrics are purposefully simplistic for comparability and monitoring purposes, their relevance will vary according to the size of the company and the sector in which the company operates as well as the jurisdiction(s) in which the company operates. Where possible, metrics have been aligned to the Principal Adverse Impact indicators<sup>2</sup> to align with industry best practice. They may also vary based on the evidence and information available to investment teams as well as any wider governance or ESG factors uncovered separately as part of due diligence. As such, no one indicator will be determinative, and judgement will be required.

TOPIC	INDICATOR	EXAMPLE METRICS
Sound Management Structure	Board Structure and Diversity	Range of relevant skills and experience
		Share of non-executive members
		Share of females in the board and management
		Separation of Chairman and CEO
		Board or equivalent body comprising of at least [3] members
	Risk management processes and committees	ESG / CSR policy and/or strategy
		Risk management policy and/or processes
		Breaches of anti-competition laws
Business ethics	Bribery and Corruption	Policy on anti-corruption and anti-bribery
		Code of conduct
	Ethics	Supplier code of conduct
Remuneration of Staff	Remuneration	Compliance with applicable minimum wage requirements

<sup>1</sup> In developing our key metrics and approach, Equistone has consulted the international standards and frameworks referenced on page 1 as well as the October 2022 Platform on Sustainable Finance Final Report on MS, which advises on the application of MS in relation to the Taxonomy Regulation (TR1) Articles 3 and 18.

<sup>2</sup> [https://www.eiopa.europa.eu/publications/principal-adverse-impact-and-product-templates-sustainable-finance-disclosure-regulation\\_en](https://www.eiopa.europa.eu/publications/principal-adverse-impact-and-product-templates-sustainable-finance-disclosure-regulation_en)

TOPIC	INDICATOR	EXAMPLE METRICS
Employee Relations	Approach to health and safety and employee engagement	Average unadjusted gender pay gap
		Health and safety policy
		Work-related accidents/injuries rate
		Number of workdays lost to injuries, accidents, fatalities
	Human Rights	Presence of grievance/complaints handling mechanism related to employee matters
		Violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
		Policies to safeguard human rights
Tax Compliance	Tax risk management	Instances where companies have been found guilty of tax evasion
		Compliance with relevant tax law
		Tax residency in jurisdictions on the EU list of non-cooperative jurisdictions for tax purposes

## ESG IN THE INVESTMENT LIFECYCLE

ESG factors are embedded across the entire investment lifecycle - from deal screening and due diligence to holding and exit.



## SOURCING

Early in the process of identifying potential investments, Equistone screens targets against its exclusionary criteria. The exclusionary criteria include both compliance with international standards and good practices, as well as involvement in specific sectors. In making investment decisions, Equistone:

1. Will avoid investing the Fund's capital in companies that:

- a. are registered or operate in a country subject to embargoes imposed by the UN<sup>3</sup> or the European Union<sup>4</sup>;
  - b. are headquartered or operate in non-cooperative jurisdictions for tax purposes (as set out in the EU list of non-cooperative jurisdictions for tax purposes);
  - c. have materially and knowingly breached current legislation or have not remediated infractions of non-compliance;
  - d. are involved in manufacturing, distributing, developing or trading of any controversial weapons (chemical and biological weapons, anti-personnel land mines, cluster munitions, depleted uranium, white phosphorus and nuclear weapons).
2. Consistent with an ordinary business purpose, ensure that the Fund does not invest in companies that derive more than 25% of revenues from:
- a. the generation of coal-fired electricity and operation/upgrade of coal-fired power plants;
  - b. the exploration, development and production of oil and gas;
  - c. the production, distribution and/or trade of arms or ammunition;
  - d. the production, trade, and distribution of tobacco products;
  - e. any activity of prostitution or procuring of prostitutes;
  - f. the production and distribution of pornographic content;
  - g. gambling activities.

Exclusionary criteria continue to be investigated in the due diligence phase as more information becomes available.

Moreover, Equistone will apply more stringent requirements when considering investments in sensitive sectors, that are associated with important sustainability risks. For example, Equistone's Investment Committee and the relevant boards of Equistone will consider the risk that an investment could result in serious adverse impacts on the environment or exploiting vulnerable groups in society. In the event a potential investment is determined to have significant sustainability risks where appropriate safeguards are not able to be put in place prior to or immediately following investment, Equistone will not proceed with the investment.

Finally, investment teams carry out controversy research so that major material ESG and reputational risks are ruled out early in the process.

## DUE DILIGENCE

All potential investments are reviewed for material ESG risks and opportunities in the due diligence phase, including but not limited to the environmental and social factors listed earlier in this policy as well as relevant governance metrics. Identification of material issues and opportunities is the shared responsibility of Equistone's investment professionals, including the ESG Manager. Guidance on the typical material risks and opportunities associated with Equistone's primary sectors is made available to deal teams to guide due diligence, although materiality is assessed at the portfolio company level as each case is unique.

As further information becomes available, additional due diligence tools are introduced. An ESG toolkit is completed prior to acquisition that provides a broad review of ESG risks based on the SASB materiality matrix. Climate-related risks and opportunities as well as maturity regarding decarbonisation are systematically questioned in due diligence.

Appropriate questions regarding the commitment, practices, and strategy of the potential investment company are posed to management to assess capabilities and commitment to delivering improved sustainability outcomes. Where necessary, external advisors and specialists are brought in to support with more detailed ESG due diligence.

<sup>3</sup> <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

<sup>4</sup> [https://www.eeas.europa.eu/eeas/european-union-sanctions\\_en](https://www.eeas.europa.eu/eeas/european-union-sanctions_en)

Material risks and opportunities are included in investment committee papers and are refined as the conversation and process progress. At a minimum, investment committee papers include a broad overview of material ESG risks and opportunities, including specific sections on climate-related risks and opportunities and an overview of good governance findings. The Investment Committee discusses the ESG due diligence findings.

Equistone seeks answers to due diligence questions regarding the governance arrangements of prospective investee companies with the support of its ESG Manager and third parties where appropriate. The investment team will present its good governance findings in the ESG section of the Investment Paper, where Investment Committee can challenge findings. This process should identify any shortfalls in governance which might require changes to implement during our investment period.

If Equistone determines that improvements can be made to a prospective investee company's governance practices, it will seek to address these post-acquisition. Equistone will also respond to relevant developments that are identified during ongoing monitoring post-acquisition.

## HOLDING AND STEWARDSHIP

Equistone is committed to using stewardship as a critical tool for addressing sustainability risks and opportunities in our portfolio companies and in maximizing overall long-term value. Our approach to managing ESG across the businesses we invest in during the holding period is centered on collaboration, ongoing dialogue, advice, engagement, and support.

Throughout the life of an investment, Equistone advises portfolio company management teams to address both our priority ESG factors as well as risks and opportunities identified as material for each investment in the due diligence phase. The table below provides an overview of how we practice stewardship during the holding period, although engagement is determined on a case-by-case basis and components may vary based on jurisdiction.

Our overall stewardship objectives are to help our companies:

- › Realize GHG emission reductions and develop credible net zero plans
- › Improve practices, processes and policies for safeguarding human rights
- › Develop strong practices, policies and approaches to management of ESG risks and opportunities, including ensuring board accountability
- › Accomplishing progress on material ESG issues

COMPONENT	DESCRIPTION
<b>Baselining ESG Performance and KPIs</b>	<ul style="list-style-type: none"> <li>› On acquisition, portfolio companies are required to complete a baseline assessment of their performance across ESG metrics and indicators, to support development of an action plan.</li> </ul>
<b>Post-acquisition Plans</b>	<ul style="list-style-type: none"> <li>› The baselining exercise, along with wider findings from the due diligence phase, is used to inform development of an ESG plan.</li> <li>› Expectations on ESG performance (or policies and processes) are incorporated into post-acquisition plans. For example, Equistone requires new investments to: <ul style="list-style-type: none"> <li>› Add “ESG” as a standing agenda item to board meetings;</li> <li>› Develop a plan for baselining Scope 1, 2 and 3 emissions within an acceptable timeframe.</li> </ul> </li> </ul>
<b>ESG in Portfolio Company Governance</b>	<ul style="list-style-type: none"> <li>› During the life of the investment, ESG action plans are reviewed and approved by the management teams of the portfolio companies.</li> <li>› The ESG standing agenda item is used to review and monitor ongoing progress over the entirety of the holding period, including agreed KPIs post-100-day plan completion.</li> <li>› Equistone asks all new investments to identify a management-level sponsor to oversee ESG reporting at the board.</li> </ul>

COMPONENT	DESCRIPTION
	<ul style="list-style-type: none"> <li>› ESG targets and/or KPIs are built into Management Incentive Plans to align performance incentives with achieving sustainability outcomes, where appropriate.</li> </ul>
Ongoing Engagement	<ul style="list-style-type: none"> <li>› The ESG Manager reviews progress on sustainability or ESG projects and initiatives, connection to appropriate external advisors and provision of ad hoc support and advice where needed. Given that Equistone's approach to stewardship is tailored to each company, support and advice may vary.</li> <li>› The ESG Manager supports the investment team with overseeing ongoing monitoring of material ESG risks and opportunities as well as ESG incidents. In the event of an ESG incident, the ESG Manager will support the relevant Equistone investment professionals with reviewing and agreeing necessary actions to remediate the situation at hand.</li> </ul>
Annual Review of Progress	<ul style="list-style-type: none"> <li>› Equistone releases an ESG questionnaire annually to collect updated data on the metrics used for baselining. Investee companies are required to complete the questionnaire and to provide an overall update on ESG action plans.</li> <li>› Equistone is committed to making data collection exercises mutually beneficial for all investee companies. Debrief sessions are used following data collection and benchmark release to update ESG action plans and review insights and takeaways.</li> </ul>
Learning Community Access	<ul style="list-style-type: none"> <li>› Portfolio companies are connected to one another to enable knowledge and skills transfer around relevant sustainability / ESG topics. Where possible, Equistone convenes learning community events.</li> </ul>

Given that Equistone primarily acquires majority stakes in its portfolio companies, it will typically receive certain governance rights (e.g., board seats) to ensure that sufficient focus and engagement is given to managing ESG risks and opportunities within our companies. In the case of minority investments in our flagship fund or with respect to our reinvestment fund strategy, we strive to collaborate with the majority investor to achieve agreement on material ESG issues and action plans.

Stewardship efforts and results are monitored and tracked by Equistone's ESG Manager with support from the wider investment team. Regular updates are disseminated across the organization to ensure continuous learning and feedback into our investment process. An overview of our stewardship activities is presented in our annual ESG review.

## EXIT

Prior to exit, Equistone will support our portfolio companies to demonstrate the key ESG milestones reached as well as measure and articulate value created or risks mitigated. The data collected throughout the life of investments enables demonstration of progress on key ESG issues. Documentation will vary across portfolio companies but can include:

- › Integration of an ESG narrative across the Investment Memorandum;
- › A standalone ESG vendor due diligence report;
- › A standalone sustainability or ESG report;
- › Case studies and disclosure of key performance indicators.

## ADDITIONAL GUIDANCE ON PRIORITY ESG FACTORS IN INVESTMENT LIFECYCLE

### CLIMATE CHANGE

Equistone manages climate-related financial risks in the context of our investment and stewardship activities by:

- › Performing due diligence on physical and transitional risks on all targets;
- › Incorporating follow-on actions with respect to climate risk management in post-acquisition plans;

- › Raising management awareness of climate-related risks (in alignment with TCFD) early on in the holding period;
- › Establishing appropriate climate change KPIs for ongoing monitoring at the board level;
- › Supporting companies to establish credible decarbonisation plans throughout the life of the investment.

## HUMAN RIGHTS

Equistone safeguards human rights in the context of our investment and stewardship activities by:

- › Performing due diligence on human rights related risks on all targets;
- › Incorporating follow-on actions in post-acquisition plans;
- › Requiring portfolio companies to have in place appropriate policies that intersect with safeguarding human rights aligned to international standards and best practice;
- › Supporting portfolio companies in implementing appropriate processes to ensure management of human rights along the supply chain;
- › Monitoring relevant human rights related KPIs at the board level.

## RESPONSIBLE OPERATIONS

Equistone's management of ESG issues extends beyond the portfolio to encompass our direct operations. Through our ESG and Diversity & Inclusion ("D&I") Committee, ongoing engagement of our staff and strong governance and ethics approach, Equistone aims to deliver of the following commitments:

- › Complete an annual assessment of Scope 1 – 3 emissions and reduce our GHG emissions in line with the Paris Agreement;
- › Be recognised as a diverse and inclusive employer through engagement of the ESG & D&I Committee and monitoring of D&I outcomes;
- › Continuously uphold the highest standards of business conduct, through our Code of Conduct, Business Ethics and Anti-Bribery and Corruption policies and annual training.

## GOVERNANCE AND OVERSIGHT

Equistone's Management Committee have formal oversight over and accountability for responsible investment. Recommendations regarding these decisions are provided through two pathways: the deal team as well as Equistone's ESG, Diversity & Inclusion Committee and support functions.

Equistone's ESG Manager oversees the implementation of the Firm's responsible investment programme on a day-to-day basis. The ESG Manager is the main internal resource responsible for the day-to-day responsible investment and stewardship activities, although the responsibility for implementing the responsible investment programme is the shared responsibility of Equistone. This applies to the screening of potential investments as well as during the holding period (see section on ESG integration across lifecycle for further detail). Based on governance arrangements with portfolio companies, Equistone works in partnership with management teams to ensure that ESG initiatives are implemented and followed. The ESG Manager oversees stewardship efforts within their respective portfolios, identifies and partakes in collaborative, industry-wide initiatives, and provides specialist guidance to their country teams.

The ESG Manager is also a member of the ESG, Diversity & Inclusion Committee, through which recommendations and reporting are ultimately provided up to the Management Committee.

## ESG, DIVERSITY & INCLUSION (ESG & D&I) COMMITTEE

The ESG & D&I Committee is chaired by the ESG Manager and supported by a Team member for compliance, this Committee:

- › Provides oversight and recommendations on ESG and D&I strategy to the Supervisory Board;
- › Monitors portfolio-wide ESG and D&I initiatives;

- › Oversees external reporting and sector commitments;
- › Identifies internal training needs.

Recommendations issued by the ESG & D&I Committee ensure that Equistone's responsible investment approach is in line with industry best practice, comply with applicable legal and regulatory requirements and are in the best interests of all stakeholders including the Limited Partners.

## REPORTING

Progress on ESG matters and performance is proactively, transparently, and regularly communicated to our Limited Partners and other stakeholders through multiple channels, our primary methods of which are detailed below. Equistone regularly engages Limited Partners through dialogue and completion of ESG questionnaires.

METHOD	DESCRIPTION
Article 29 Report	Equistone issues an annual Article 29 Report in line with French law. The report includes the general approach to ESG integration, information on ESG governance, our approach to value creation and an overview of our climate strategy. The Article 29 Report is available on the website.
Principles for Responsible Investment Annual Transparency Report	Equistone has been a signatory to the PRI since 2019. Signatories are required to report on their responsible investment activities annually. Equistone's Annual PRI Transparency report provides a broad overview of our responsible investment activities. The PRI transparency reports are available on the PRI website.
Annual Investors Meeting	ESG has been a formal agenda point at our annual investor meetings since 2019. The meeting provides us with an invaluable opportunity to discuss ESG with our investors face-to-face.
Quarterly Investor Reports	For periodic Fund and investee level reporting, Equistone utilises quarterly investor reporting to highlight case studies and provide an overview of stewardship activities.

## TRAINING

Equistone recognises that the ability of the firm to achieve its responsible investment objectives and robustly enact its ESG program depends on the buy-in and commitment of all professionals across the organisation. As such, Equistone strives to measure the firm's understanding, knowledge, and level of comfort with sustainability and ESG topics and issues and gather open-ended feedback on the best way to enhance these. Equistone assesses the responsible investment capabilities and training needs of its investment professionals on an ongoing basis through dialogue with the ESG manager, surveys, and broader performance management. The ESG Manager also plays a central role in developing the ESG facet of our wider learning and development plan.

At least once a year, the firm is committed to providing ESG training to all Equistone professionals, with the purpose of keeping the organisation up to date on priority ESG topics, developments within the industry, and sustainability regulation. In addition, Equistone provides regionally tailored, ad hoc training to individuals and/or teams when needs are identified, and functions undertake more focussed ESG training in relation to their strategies as and when necessary.

## INDUSTRY INITIATIVES

Equistone's stewardship work extends to wider industry engagements. In accordance with PRI signatories' commitment to promote acceptance and implementation of the Principles within the investment industry (Principle 4) and to work together to enhance effectiveness in implementing the Principles (Principle 5), Equistone takes part in relevant responsible investment or specific ESG topic organisations and collaborative initiatives. These bring valuable insight to the continuous refinement of our approach and enable us to contribute to the

dialogue around best practice in Responsible Investment. Through these industry associations, Equistone representatives attend events, participate in working groups, join panels and learn from others in the space through a variety of other mechanisms.

Equistone is a signatory, member, or sponsor of the following initiatives:

INITIATIVE	DESCRIPTION
Principles for Responsible Investment (PRI)	The world's leading proponent of responsible investment through an international network of financial institutions. Equistone has been a signatory since 2019.
Initiative Climat International (iC International)	The first initiative in the private equity industry to support the reduction and management of greenhouse gas emissions by portfolio companies.
Level20	A not-for-profit organisation dedicated to attracting and retaining more women in the European private equity industry.
France Invest	An association bringing together private equity firms active in France. Equistone has been a participant in the association's ESG Commission and Talent & Diversity Commission since 2019.

## POLICY REVIEW

Equistone's ESG & D&I Committee has responsibility for on-going review of and recommendations to the Management Committee regarding Equistone's Responsible Investment policy. As such, this policy will be updated as required to address developments in the firm's approach as well as to ensure ongoing alignment with international best practice and continue meeting the ESG information needs of our stakeholders.

The Management Committee is responsible for the ultimate approval and adoption of this policy.

This policy was last updated in October 2025.