



Sustainability Report

2022

Edito

2022 was an important year for MBO. After more than 20 years of investing in French SMEs through our Buyout team, we have decided to take the next step in our development by transforming MBO into a fund platform. The launch of our Flex strategy is the first step in this process.

From its inception, MBO has understood the need to integrate sustainability issues in its investments and operations. As we expand our offerings to include a range of different strategies, backed by multiple investment teams, we also reflect more broadly on the purpose of our business.

2022 again proved that sustainability issues affect our portfolio companies and day-to-day work. Climate change coupled with war in Europe and growing geopolitical tensions has led to a new energy paradigm. The Covid-19 pandemic led to profound and still-unresolved questions about our healthcare systems, supply chains and employment. These issues are becoming increasingly disruptive to our economies and lives.

As a result, MBO is convinced that genuine consideration of sustainability issues cannot be limited to small adjustments in the way we work; it requires dedicated resources and expertise. While everyone at MBO remains responsible for integrating environmental, social and governance (ESG) issues, we have decided to create a dedicated sustainability team and place it at the heart of our platform to lead our approach in collaboration with our team members and partners.

Because MBO is an active investor that works closely with the management of its portfolio companies, our ESG approach is resolutely action oriented. It is specifically adapted to French SMEs and considers the characteristics of each company individually, including sector, size, and maturity. It goes beyond regulatory compliance, such as Article 29 of the Energy-Climate Law in France or SFDR in Europe. Understanding the stakes faced by our companies, linking ESG issues with financials, and enabling a company to realise its potential – all while seeking to make a positive impact on the world – can be challenging work. But we believe it is the right way to move forward together and contribute to the emergence of a more positive economy.

This report aims to provide full transparency on our approach and its implementation. We hope you find it informative and engaging.

June 2023



Eric Dejoie
CEO



Ladislav Smia
Head of Sustainability

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MBO & Sustainability

MBO, a lead investor in the French Lower Mid-Market...

MBO is a hub that have a unique footprint in the French lower mid-cap companies market, giving access to the best investment opportunities. MBO brings together an ecosystem of expertise around high-potential entrepreneurs to enable our investments to accelerate their growth trajectory, while implementing an active policy of positive impact. This active investment approach enables us to offer our clients consistent and high-performance investment strategies. With more than 20 years experience in this segment, MBO has a unique track record, having raised over €1 billion and backed more than 120 companies since our inception.

In 2022, MBO has decided to transform the firm into a platform of funds with multiple investment strategies. In addition to our buyout team, which targets companies looking to open their capital to equity investors, MBO announced the launch of a new Flex investment strategy in 2023. The Flex fund is aimed at entrepreneurs who wish to pursue their development projects while limiting their dilution potential.

...looking for impactful entrepreneurs

Since its inception in 2002, MBO has taken a proactive approach to meet the environmental and social challenges of our time.

The visible effects of the environmental crises we are currently facing are becoming more pronounced, including heat waves, droughts, forest fires, floods, and the alarming decline of biodiversity. While there is still a long way to go, businesses, consumers and public authorities can no longer ignore these trends. This challenge to our societies is driving structural changes in innovation, regulation and consumer choices. The development of low-carbon energy, less polluting mobility solutions, better management of water and waste, alternatives to intensive agriculture - the list of sectors having to fundamentally question their development model is rapidly expanding.

These environmental shocks are occurring in a world where the vast majority of people still aspire to have a better life. The private sector has an important role to play in increase access, without discrimination, to decent work, good health, adequate housing and quality education. Reconciling these aspirations for progress with increasingly stringent environmental constraints, in a world of growing inequality, is a major challenge for our economies.

The companies we finance are already affected by these environmental and social challenges, with very real consequences for their business. Consumers and regulators expect companies to provide solutions on sustainability issues, with significant potential for technological, regulatory or behavioural disruption. As well as providing solutions, many companies need to adapt their practices to these changes. Whether it is management practices, supply chain, eco-design, energy or waste management, no company can ignore the risks involved.

While many financial players now factor these issues into their investment decisions, we believe that our role extends beyond merely integrating these risks and opportunities into our analytical framework to maximize returns. The financial sector, through its constant contact with a large part of the economy, has a major responsibility to contribute to a more positive economy.

€ **1** bn raised
since inception

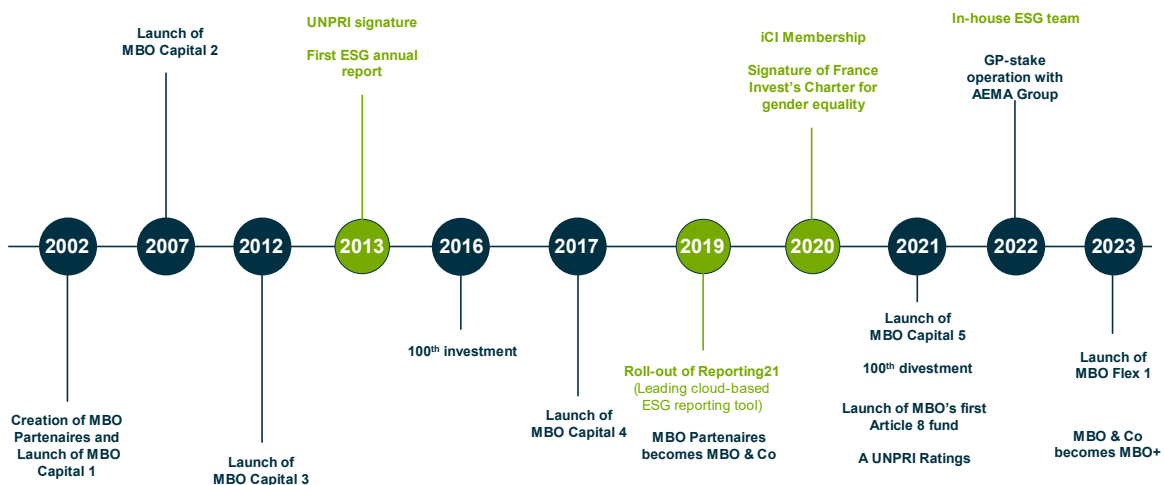
29
team members

124
companies supported
since MBO's
inception

At MBO, we share this vision with our portfolio companies, clients, peers and public authorities. Our aim is to invest and support entrepreneurs who want to be part of this movement, whether through their products and services, or by improving their ESG practices.

Resources & Governance on Sustainability

Over time, MBO has strengthened its resources to take greater account of environmental, social and governance issues into its investment decisions. Today, MBO relies on both internal and external resources, as well as collaboration with key industry players.



Internal resources

Everyone at MBO is involved in addressing environmental and social issues within the company. Moreover, to drive the integration of sustainability, MBO has a dedicated sustainability team with three main responsibilities.

- **ESG within the investment process.** The team oversees all ESG-related processes and works closely with the investment teams on pre-investment deal analysis, post-investment ESG follow-up and action plans, and the exit phase.
- **Partnering with our stakeholders.** The sustainability team is the primary point of contact for our stakeholders on sustainability related issues including industry-led initiatives, regulators and LPs.
- **Direct MBO impact.** The team is also involved in driving the firm's internal sustainability policies, such as promoting diversity in the workforce or reducing our direct environmental impact.

The sustainability team is also responsible for raising awareness of sustainability issues and providing training to all employees.

All members of the investment teams are involved in the ESG-related processes throughout investment cycle. For example, the investment teams ensure that ESG risks and opportunities are properly integrated into investment cases. Post-investment, they work with the sustainability team to develop ESG

action plans and ensure their proper implementation. They are also involved in the integration of ESG issues during the exit phase.

Investor relations and middle office teams play an important role in the firm's ESG processes. As regulatory and LPs expectations continue to evolve, they work closely with the sustainability team to ensure that MBO implements the best available practices.

Our assistants are also mobilised on sustainability issues to support all employees with internal sustainability policies such as travel or office management. Such engagement is essential to reduce MBO's direct impact and to ensure the consistency of our overall ESG approach.

External resources

We work alongside a network of experts and advisors to help us define and implement our sustainability policy.

- **ESG data collection.** Since 2019, we have been working with Reporting21 (formerly Sirsa) which provides us with the tools to collect and consolidate ESG data for all of our portfolio companies.
- **Due Diligence.** Each investment opportunity is subject to a third party ESG due diligence, selected based on the advisor's expertise, which may vary depending on the transaction.
- **Carbon footprint.** To assess the carbon footprint of all our portfolio companies and management company, we work with Carbometrix. Carbometrix is recognized for its expertise on carbon accounting, trajectory, and benchmark solutions, in particular expertise on small and medium-sized enterprises.
- **Cybersecurity.** Cybersecurity risks are a growing threat to all businesses. A breach can have serious operational and financial consequences, as well as exposing personal and sensitive data. To encourage our portfolio companies to strengthen their tools and procedures, we work with Almond Consulting, a company specialised in this area.

In addition to these recurring partners, we work with external consultants on an ad hoc basis on our ESG approaches.

ESG Governance

ESG & Climate risks and opportunities are reviewed within several governing bodies.

- **Investment Committee.** All investment committee' members are trained on ESG. Furthermore, our head of sustainability participates in the Investment Committee of our funds.
- **Executive Committee.** Our head of sustainability sits on the Executive Committee where ESG considerations are fully integrated within MBO strategy.



An active member of the Responsible Investment ecosystem

As responsible investment is still a work in progress within the financial industry, with increasing regulatory pressure and constant innovation from market participants, we believe it is important for MBO to play an active role in market initiatives and discussions with public authorities on these issues. This involvement allows us to promote our views on responsible investment, to participate in the dynamics of the market and to stay in touch with the best practices of our peers.

Broad ESG commitments

- **France Invest.** The French PE industry association, France Invest, formerly AFIC, has published several charters to promote responsible investment practices within the industry. MBO signed the first charter on responsible practices in June 2013 as well as its updates since then. In addition to these formal commitments, the firm actively participates in France Invest's sustainability initiatives. We are also an active member of working groups on climate change and ESG regulation.
- **PRI.** MBO has been a signatory to the UNPRI since 2013¹. The firm also actively participated in the consultation process launched by the PRI in 2022 on its future vision, mission and purpose.



Signatory of:



Thematic initiatives

- **Climate Change.** MBO joined the iCI (Initiative Climat International) in 2020 to strengthen its focus on climate action. The iCI is an initiative launched in November 2015 to develop shared methodologies for measuring and reducing climate risks.
- **Gender Diversity.** MBO signed the France Invest Charter for Parity in Private Equity in 2020. The France Invest Charter in favour of Parity in Private Equity is a set of guidelines and commitments put forward by France Invest to promote gender diversity within the PE industry, both at management company and investment level. The firm also participates in Level20, a mentoring and coaching programme, with specific actions for women.
- **Social integration.** We believe that promoting social integration is crucial to creating a more just and equitable society. To do so, we have worked with Article 1, an organisation that promotes social integration and equal opportunities for underrepresented groups since 2021. Through this partnership, we aim to foster DEI both at management company level and within portfolio companies.



In addition to our commitment to industry-led initiatives, MBO maintains close connections with regulators on the development of sustainable finance and regularly participates in public consultations on the subject.

¹ <https://www.unpri.org/signatory-directory/mbo/1469.article>

Being transparent about our action

Despite the proliferation of regulations and initiatives, responsible investment practices vary significantly across different players in the industry. In this context, we recognize the importance of transparency regarding our Environmental, Social, and Governance (ESG) approach, ensuring our clients and stakeholders have a clear understanding of our decision-making process.

Since 2019, we have prioritized full transparency by sharing our general approach with customers, outlining how it influences our investment decisions and daily operations. Additionally, we have provided consolidated reports and company-specific analyses, accompanied by relevant indicators. This year, we have taken further steps to enhance transparency by publishing a publicly available report on our website, complementing the information shared with our clients.



Our Sustainability Approach as an Investor

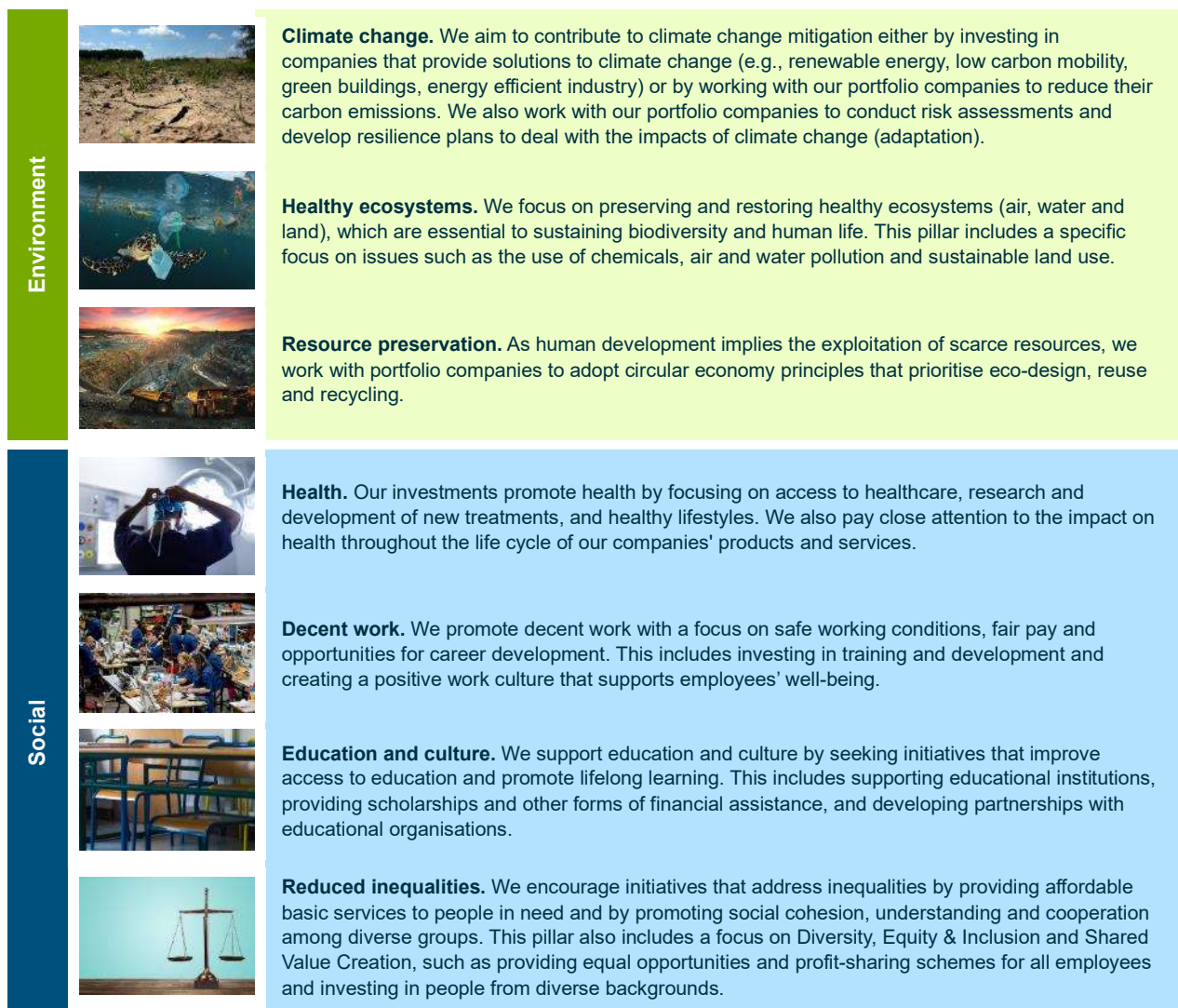
Environmental & Social Challenges for MBO

By signing the UN Global Compact, MBO committed to promoting and implementing the United Nations' Sustainable Development Goals (UN SDGs), a set of 17 goals designed to address pressing social, economic and environmental challenges on a global scale. As an investment company, we believe our primary responsibility is to promote the application of these principles within the companies in which we invest. To this end, we have defined a list of seven environmental and social characteristics that we seek to promote.



MBO supports the Sustainable Development Goals

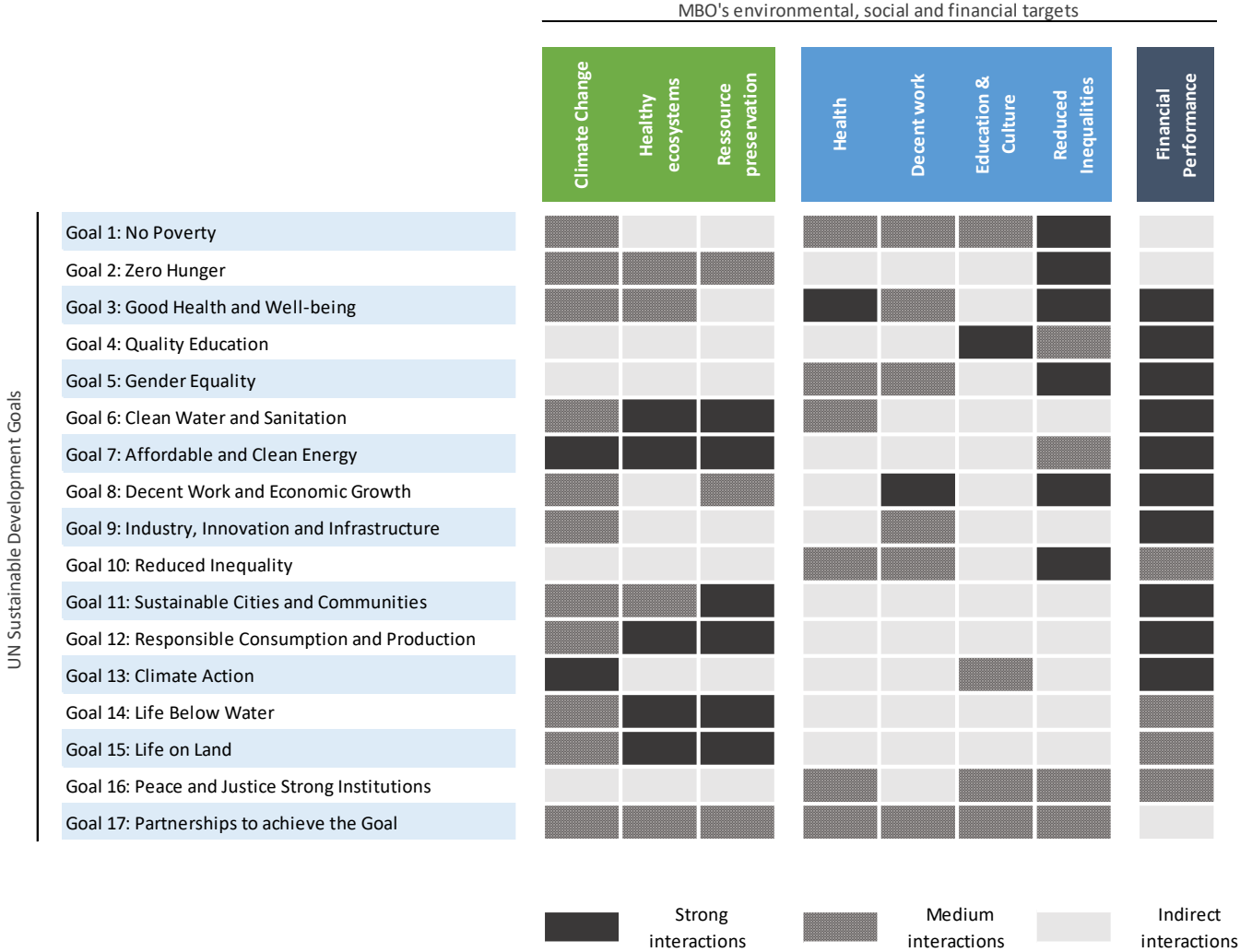
Figure 1: List of environmental & social characteristics promoted by MBO to its portfolio companies.



Source: MBO

These environmental and social characteristics, together with our financial objectives, have strong interactions with the UN SDGs.

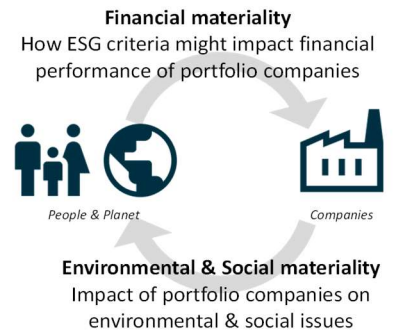
Figure 2: Interactions between MBO environmental, social and financial targets & UN SDGs



Source: MBO

In addition to promoting these environmental and social characteristics to create a positive impact, we believe that our economies are rapidly evolving to meet environmental and social challenges. These changes have had -and will-continue to have both positive and negative financial implications for our investments. Throughout the lifecycle of our investments, we therefore consider how sustainability issues may be a source of new risks or opportunities that have a material impact on the performance of our portfolio companies and portfolio construction.

By seeking both a positive impact on society through our work with portfolio companies and the integration of environmental and social issues into our financial analysis, we align with the "double materiality" guidelines promoted by EU regulations.



Governance & Sustainability

In order to incorporate environmental and social considerations into their operations, companies must adapt their governance practices. Consequently, we actively encourage each of our companies to establish a robust governance framework, which includes:

- **Management quality.** Implementing a clear and effective management structure that emphasizes quality and ensures a well-defined allocation of responsibilities at the executive level.
- **Non-executive board.** Establishing a non-executive board who can provide valuable insights and offer a diverse perspective to the company's decision-making process. This board serves as a crucial check and balance, enhancing the overall governance system.
- **Integration of CSR.** Clearly assigning and addressing corporate social responsibility (CSR) issues and developing a dedicated roadmap to guide the company's sustainable initiatives. This roadmap should outline specific goals and actions to be undertaken, enabling the company to proactively address environmental and social concerns.
- **Business ethics.** Placing a strong emphasis on business ethics throughout all levels of the organization. This includes promoting a culture of integrity, transparency, and adherence to ethical principles in all business dealings. We engage with our portfolio companies to establish codes of conduct, provide ethics training to employees, and enforce ethical standards consistently.

Responsible Investment Strategy

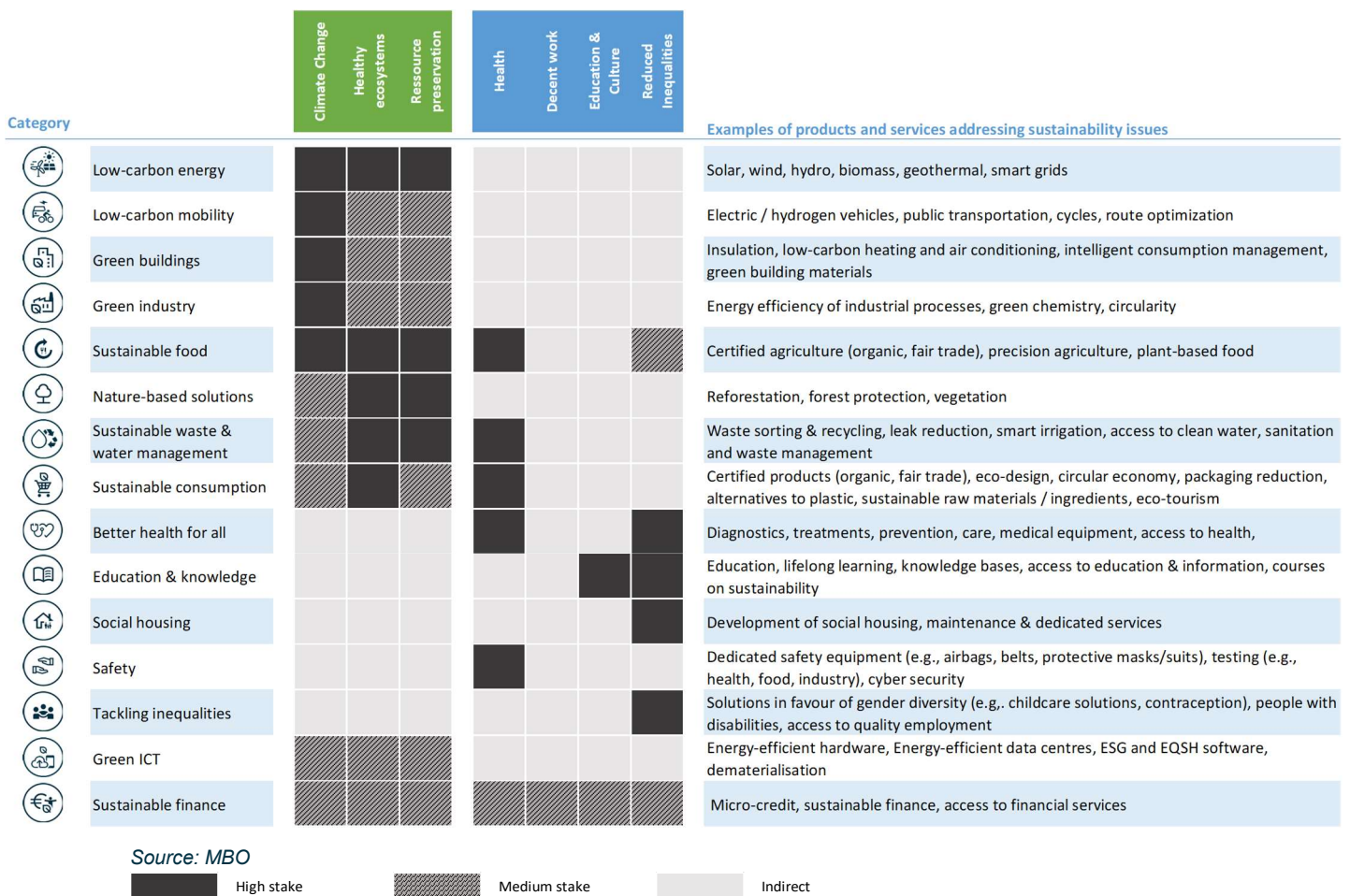
In order to both contribute to a more sustainable economy and better integrate sustainability issues into our financial analysis, MBO has developed a responsible investment strategy based on three pillars.

Exposure to solutions providers

Investors can have a positive impact on society by investing in companies that provide solutions to environmental or social challenges. From a macro perspective, redirecting capital flows towards a more sustainable economy is critical to the success of the transition. In addition, by being an active investor in our portfolio companies, we believe that we can help our managers accelerate the growth of their businesses and thereby increase their positive impact. From a financial perspective, focusing on such companies and the underlying trends is a way to capture new growth potential.

To date, there is no universally accepted framework to define a list of activities answering environmental or social challenges. MBO has therefore developed its own framework of *solution providers*, i.e., products and services that specifically address sustainability issues.

Figure 3: Solutions providers for MBO



MBO reports publicly on its exposure to companies providing such solutions. In addition, from 2023 on, MBO will consider investment targets in such companies for all new portfolios.

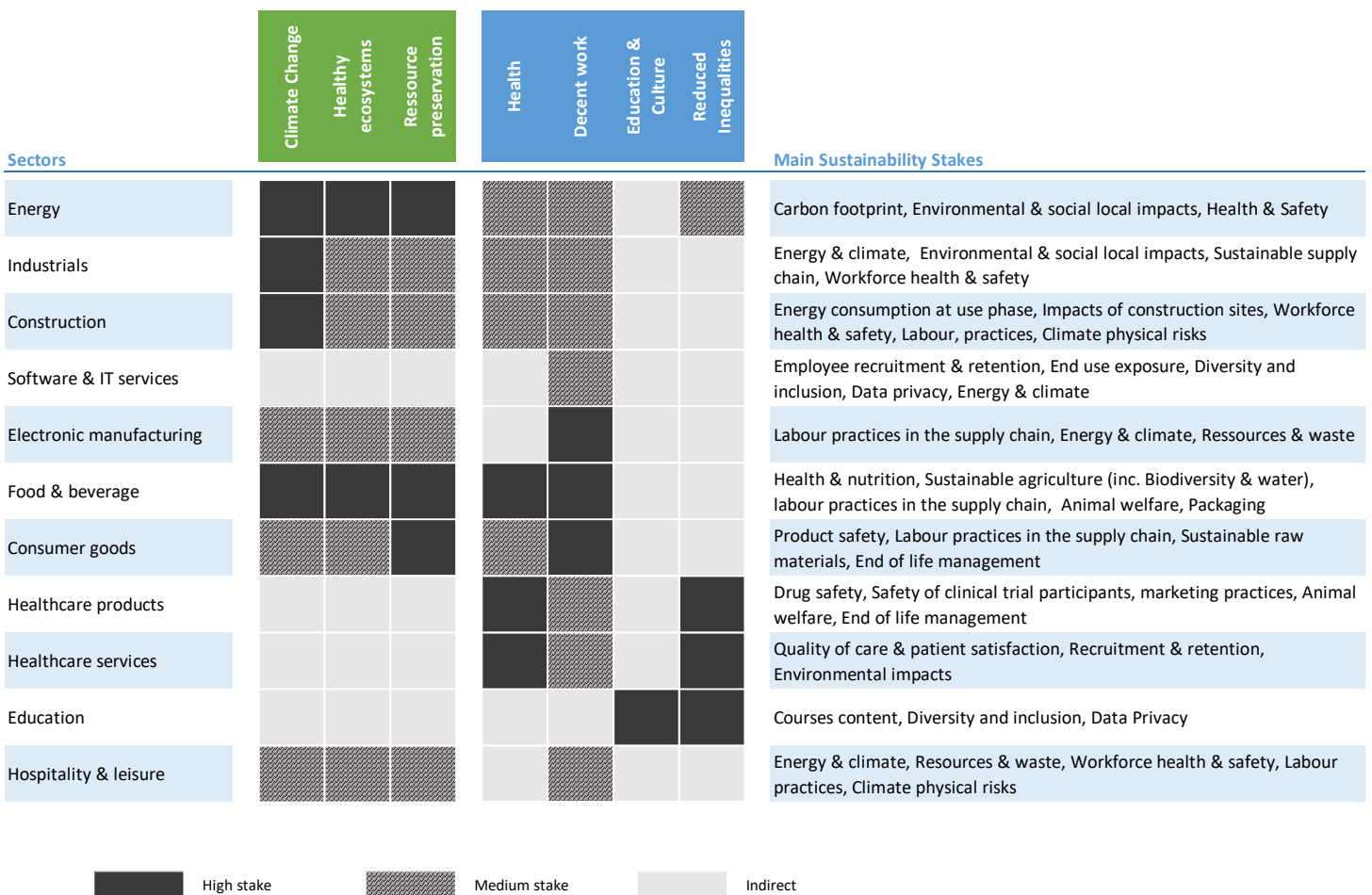
Support companies' ESG transformation

As an active investor with more than 20 years experience in the lower mid-market segment, we have a long track record of interacting with company managers and employees. These daily interactions give us leverage to drive change at all levels of the companies in which we invest in.

To encourage companies to accelerate their ESG journey, we build on these relationships to promote the integration of key environmental and social issues throughout the lifecycle of their products and services. This approach also helps us to progressively mitigate the financial risks associated with increasing environmental and social risks.

As a result, we work with each portfolio company to define an ESG roadmap based on the specifics of their industry.

Figure 4: Examples of sustainability stakes per sector



Source: MBO

Each portfolio company is also invited to participate in our annual ESG reporting campaign. This reporting is integrated into our tracking of ESG roadmaps.

High ESG Standards

In addition to investing in solution providers and engaging in transformation, we apply high ESG standards in our deal screening. This approach enables us to avoid businesses that could be severely disrupted by sustainability trends, while avoiding supporting activities with high negative impacts and limited transformation opportunities.

All MBO investment opportunities undergo a rigorous ESG screening process, drawing on both internal and external resources. These reviews aim to ensure that the development plans of our investment targets are compatible with the achievement of the UN SDGs and respect international frameworks such as the 'United Nations Guiding Principles on Business and Human Rights' (UNGPs) or the 'OECD Guidelines for Multinational Enterprises'.

This pillar also implies for us to maintain a list of sectors that are excluded from our investment scope due to their negative environmental and/or social impacts.

Examples of sector excluded

- Fossil fuel production
- Pesticides/GMO
- Tobacco
- Weapons and ammunition
- Palm oil production
- Fur farming/manufacturing
- Gambling

Investment process

To implement this strategy, the MBO teams integrate ESG criteria throughout the investment cycle.

Pre-Investment

For each potential investment, both the investment and sustainability teams define a list of material ESG risks and opportunities, to be analysed from an impact and financial point of view. For each item, the teams assess the level of exposure and maturity of the company.

Following this first internal review, the teams work with external advisers to conduct a dedicated ESG due diligence. This external review aims at collecting evidence of companies' sustainability claims and to challenge the team's internal views.

Holding Period

Potential ESG improvements that have been identified during the pre-investment phase serve as the basis for discussion with future portfolio companies to build an ESG roadmap. Following investments, we put a strong emphasis on strengthening the governance of ESG in portfolio companies

without any dedicated ESG resources. ESG topics are discussed at least once a year with the board.

To ensure alignment of our company managers with these strategic roadmaps, we have been adopting financial incentive tools that incorporate ESG criteria into executive variable remuneration and debt rates (such as ESG margin ratchets). By incorporating these criteria, we incentivize our executives to prioritize and achieve environmental, social, and governance goals, reinforcing our commitment to sustainable practices.

Exit

MBO places an emphasis on ESG risks and opportunities at the time of exit for all its portfolio companies. MBO works with portfolio companies to formalise their sustainability strategy, their past ESG performance and future targets. This approach may involve conducting a dedicated external ESG due diligence process.



Source: MBO



Our Sustainability Approach within our Management Company

As an investment company, MBO believes that most of its impact is related to its investment strategies. However, we believe that we need to align our investment principles with our internal practices. As a result, several measures have been implemented to manage direct ESG impacts.

MBO believes that human capital is its most important asset as a management company. Encouraging employee engagement, retention and development helps to create a more supportive and inclusive workplace culture that improves performance and retains top talent.

- **Professional development programmes.** MBO provides training and development programmes for employees as well as leadership development initiatives (assertive communication, coaching, etc.). These programmes are designed to enhance skills and promote careers within the firm. Over the last 3 years, the firm has provided over 700 hours of training and personal development, including over 300 hours of coaching. All team members, from partners to trainees, have benefited from these programmes.
- **Assessments.** The annual appraisal interview process focuses on both technical and behavioural skills, as well as ESG issues. The criteria are communicated transparently to employees. The interview is also used to discuss any training or development needs, including opportunities for coaching or mentoring to help achieve goals and improve performance.
- **Working environment.** MBO ensures that employees have a stimulating working environment in the office and the opportunity to work remotely. Weekly sports classes are also offered to employees.
- **Wage policy.** The company offers profit-sharing scheme and access to carried interest to all employees.

MBO also places a strong emphasis on Diversity, Equity, and Inclusion (DEI) in all aspects of business. The DEI Policy of the firm mainly focuses on two pillars.

- **Gender Diversity.** MBO recognises the barriers to advancement and inclusion that women can face, leading to a less welcoming environment and limiting their potential. By prioritising gender diversity, we aim to create a more equitable workplace culture that is supportive of all employees, regardless of gender.
- **Social integration:** We believe that promoting social integration is crucial to creating a more just and equitable society. As a private equity firm, we recognise that we can play a role in promoting social integration within our own organisation by ensuring that people with different background can access their full range of talent and potential.

In terms of direct environmental impact, MBO has taken several initiatives.

- **Building.** Environmental criteria, such as building insulation and heat pumps, were important factors in the choice of the firm's new office (2022). A study is currently underway to further optimise heating and air conditioning.



- **Transport.** Our teams are strongly encouraged to opt for train travel or videoconferencing for meetings outside Paris. The firm has also set up a sponsorship programme to help employees purchase electric bicycles for commuting.
- **Waste.** Teams are encouraged to reduce printing and avoid single-use plastics (e.g., we provide a fully equipped kitchen and dishwasher). The firm also works with an external organisation to give a second life to its IT equipment when it is no longer fit for purpose and to recycle its paper waste.

The firm also considers social and environmental criteria in its purchasing.

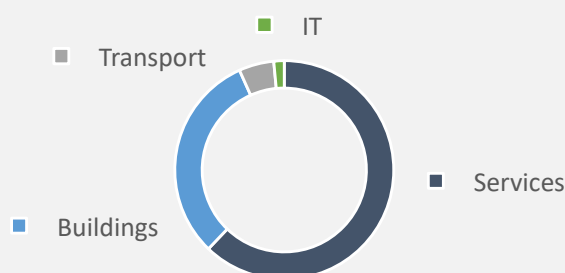
Carbon footprint of our operations

In addition to calculating the carbon footprint of each of our portfolio company, we assess every year the carbon footprint of our operations, even if the related impact is much lower than the impact of our investments. In 2022, this direct carbon footprint is assessed at ~230 tCO₂ eq, ~8 tCO₂eq./employee. As most our portfolio companies are based in France, we have a very limited use of planes, leading to a relatively low carbon footprint.

Therefore, the bulk of our direct impact is concentrated on our offices. In 2022, we moved from an office using fossil gas, to an office operating a heat pump. Our second source of direct emissions is related to transportation. Although we avoid planes as much as possible, we still use this mean of transportation on an occasional basis, when no suitable alternative is available. On transportation, the other significant items are related to daily commute from our employees and the impact of the remaining company cars. All company cars have been sold in 2022. IT (production and end of life) and other pieces of equipment are a minor source of impact for MBO.

As a management company, we also have indirect impact related to the services we buy from third party providers, such as consultants and lawyers for due diligences or compliance. Although the related figure appears to be important, the level of uncertainty regarding these numbers are quite high and we have limited leverage to reduce the carbon footprint of these service providers.

Figure 5: Breakdown of GHG emissions per type





**Sustainability Performance of our
Portfolio Companies
– Consolidated View**

Reporting Scope

As of December 2022, MBO has three active portfolios, invested in 13 companies with diverse activities and size.² For 2022, all but one of the companies have reported their sustainability indicators. These KPIs have been formally reviewed by the MBO teams for all twelve companies.

	Company name	Industry	Business Description	Turnover 2022 (M€)	#FTEs 31/12/2022	Date of Investment
MBO Capital 3	Cosmogen	BtoB - Services	Design and manufacturing of cosmetics packaging	17.5	19	November 2016
	Icare	Healthcare & Life Sciences	Laboratory analysis and testing of pharmaceuticals and medical devices	15.2	150-200	December 2016
MBO Capital 4	Groupe LT	BtoB - Services	Construction equipments rental	57.2	296	July 2018
	BCF Life Sciences	Healthcare & Life Sciences	Natural amino acids production	50.0	213	July 2018
	Sequoiasoft	Software & IT Services	Management and booking software solutions provider for the hospitality industry	31.6	362	July 2019
	Pinson Paysage	BtoB - Services	Landscaping services provider	152.0	1 472	October 2019
	Dentylis	Healthcare & Life Sciences	Dental care centers	107.0	946	September 2020
	Groupe IEF21 Education	BtoC - Consumer Goods & Retail	Private higher education specialised in digital and IT	19.4	80	June 2021
	Groupe Bage	BtoB - Services	Design and construction of energy, telecommunication and water supply networks	91.8	581	July 2021
MBO Capital 5	Klee Innovative Services	BtoB - Services	Digital business solutions and consulting	92.0	652	November 2021
	CMN	Healthcare & Life Sciences	Healthcare company dedicated to nuclear medicine diagnosis.	23.0	54	December 2021
	Praxedo	Software & IT Services	Field Service Management (FSM) software solutions	19.9	164	March 2022
	Len Médical	Healthcare & Life Sciences	Communication platform dedicated to healthcare professionals	12.3	43	July 2022

Source: MBO

* Amount invest (including reinvestment)/ Total commitment of the portfolio

² In addition to these 13 companies, MBO has two inactive investments, one in MBO Capital 2 and one in MBO Capital 3. Both companies are valued at €0.

Solution providers

9/13 companies in MBO Portfolios have a significant exposure to products or services that tackle sustainability issues. Health is the main theme in the portfolio, with five companies involved in health centres, in diagnostics, analysis and testing of healthcare products, in the production of pharmaceuticals, and in devices, and knowledge management for healthcare professionals. Regarding the other themes, four companies provide products and services that tackle environmental concerns such as low carbon energy, low carbon mobility, nature-based solutions or sustainable water management. Two companies focus on education and knowledge.

Figure 6: Portfolio companies providing solutions to sustainability issues



Source: MBO

In addition, to these nine companies, Klee Innovation Services (MBO Capital 5) and Cosmogen (MBO Capital 3) also provide some products and services answering sustainability issues. Part of Klee Innovation Services business is focused on IT services for public entities and NGOs, with specific IT development on improved health management and environmental services. Cosmogen, through its eco-conception practices and increased focus on recycled plastics, encourages the development of a more responsible cosmetics industry. However, for these two companies, the environmental and social benefits remain difficult to quantify.

Regarding the alignment of our portfolio companies with the EU Taxonomy Climate Delegated Acts, although Groupe Bage, Pinson Paysage, BCF Life Sciences and Praxedo provide products and services that could contribute substantially to climate change mitigation, to date they are not able to calculate this figure.

Mitigating sustainability risks

Assessing how our portfolio companies work to mitigate their sustainability risks is a complex exercise. Given the diversity of sectors and situations, and the current level of disclosure in the private sector on such issues, we believe that only a limited set of indicators, can be aggregated at portfolios level.

	Type of indicators consolidated at portfolio level
Climate Change	Quantitative & qualitative review
Healthy ecosystems	Qualitative review
Ressource preservation	Qualitative review
Health	Quantitative & qualitative review on health & safety
Decent work	Quantitative & qualitative review on job creation, turnover rates and health & safety
Education & culture	Only available at company level
Reduced inequalities	Quantitative & qualitative review on gender diversity

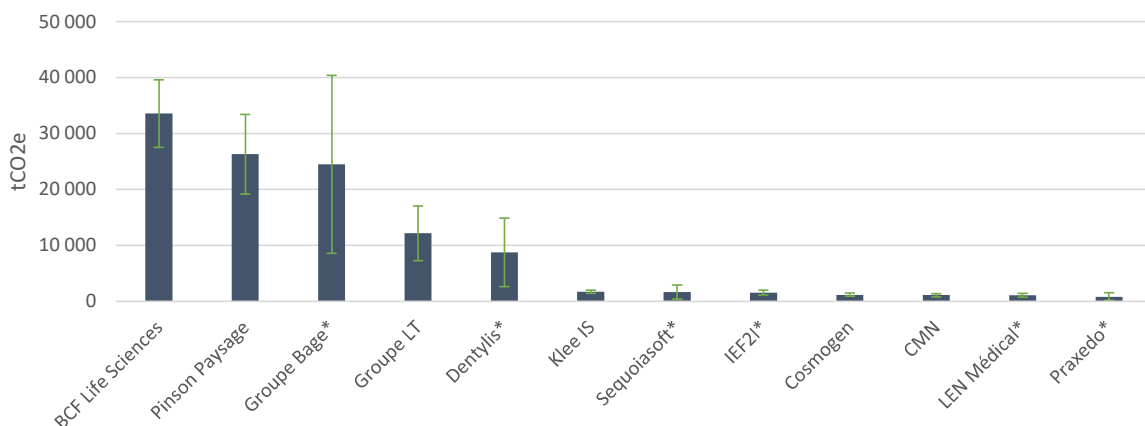
We also provide at portfolios level a review of CSR governance and business ethics.

A detailed sustainability analysis is provided company per company to our customers

Climate change

Through our partnership with Carbometrix, we have estimated greenhouse gas (GHG) emissions for all companies in the portfolio across their entire scope, including their operations, their entire supply chain, and the use and end-of-life of their products (Scopes 1, 2 and 3). This estimation is based on company reported data and industry averages. Building on this analysis, we encourage each portfolio company to develop a climate strategy targeting their main sources of emissions.

Figure 7: Absolute carbon footprint of MBO portfolio companies



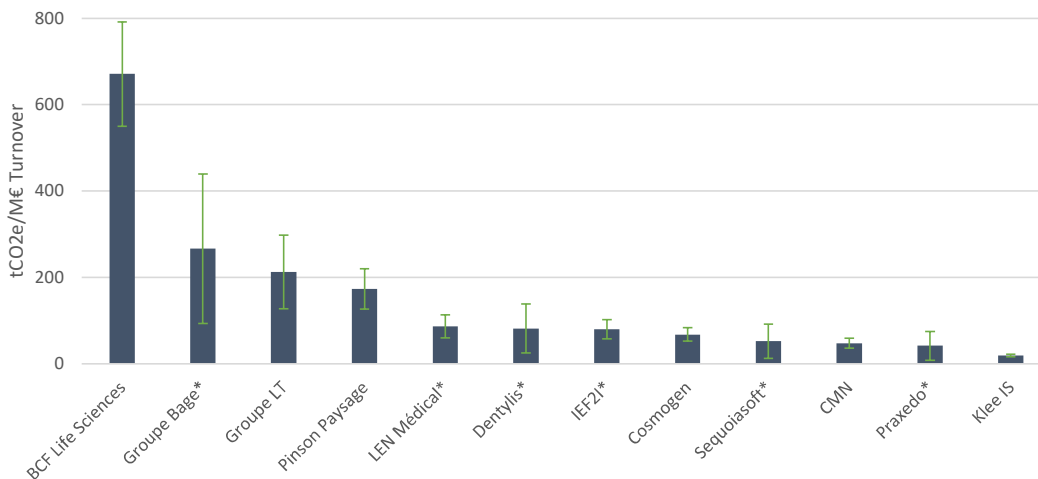
Source: MBO / Carbometrix / Company Data

* The greenhouse gas emissions of the company have been extrapolated based on available data. The assumptions used in this context may not correspond entirely to the actual activity of the companies. The result provides only a broad indication of the magnitude involved. Uncertainty levels are displayed on the graph (green error bars).

Emissions are concentrated (>85%) among five companies: BCF Life Sciences, Pinson Paysage, Groupe Bage, Groupe LT and Dentylis. The emissions from BCF Life Sciences are mainly due to the energy consumption associated with its industrial process, while Pinson Paysage, Bage, and Groupe LT have high emissions due to their vehicle fleets. We have worked with each of these companies to develop ambitious action plans to reduce their emissions. BCF hired an energy manager in 2022 to implement an energy efficiency plan in its factory. This plan aims to reduce energy consumption by 30% by 2027 through investments and process optimisation. Groupe LT has converted a third of its trucks to biofuel (BE100), and Pinson and Bage are studying the electrification of their fleet vehicles alongside dedicated third parties.

Regarding Dentylis, their primary source of emissions is related to patients traveling to care centres. However, the company strategy to increase the number of health centre is already an answer to limit patients road travel, and the company has limited leverage to reduce emissions further.

Figure 8: Carbon Intensity



Source: MBO / Carbometrix / Company Data

* The greenhouse gas emissions of the company have been extrapolated based on available data. The assumptions used in this context may not correspond entirely to the actual activity of the companies. The result provides only a broad indication of the magnitude involved. Uncertainty levels are displayed on the graph (green error bars).

In terms of carbon intensity (GHG emissions/turnover), we can identify four types of companies:

- Industrial activity with high level of emissions (BCF Life Sciences)
- Companies with fleet vehicles and significant use of materials with medium level of emissions (Groupe Bage, Groupe LT, Pinson Paysage)
- Companies with patients or students who need to travel to the company's premises with low level of emissions
- IT companies (Sequoiasoft, Praxedo, Klee Innovative Services) with low level of emissions

Cosmogen has a specific profile in our portfolios. Although the company relies on plastic production in China, its carbon intensity remains limited due to the relatively small amount of plastics produced.

Both absolute figures can be put into perspective by the positive impact of some of the portfolio companies:

- BCF Life Sciences develops bio-stimulants (17% sales in 2022, >x4 since 2016 with strong growth potential) that reduce greenhouse gas emissions compared to chemical fertilisers and help increase carbon storage in soil.
- Pinson Paysage contributes to vegetation increase, thereby enhancing the carbon sink and improving cities' resilience to rising temperatures.
- Groupe Bage contributes to accelerating the energy transition through its activities on the power grid, on wind and solar projects, on EV charging stations or on the connection of biogas plants to the gas grid.
- Praxedo's products help its customers limit the number of technician visits and optimise their routes, thereby limiting road journeys and CO₂ emissions. Praxedo estimates that its products contribute to the avoidance of more than 20,000 tonnes of CO₂ per year.
- The digitalisation of healthcare content by players such as LEN Medical has led to a reduction in the number of medical sales representatives on the road.

We are working with these companies to better quantify the avoided emissions associated with the use of their products and services.

Healthy ecosystems & resource preservation

Regarding other environmental issues, the impact is also concentrated among a limited number of companies.

- **Air pollutants.** In addition to climate change, oil consumption, which for our portfolios comes mainly from the fleet vehicles of Pinson Paysage, Groupe Bage and Groupe LT, and gas consumption related to BCF Life Sciences, result in the emission of air pollutants such as nitrogen oxides (NO_x), particulate matter (PM), volatile organic compounds (VOCs) or carbon monoxide (CO). The production of plastics in the Cosmogen supply chain also involves the emission of air pollutants. Although we have not quantified these emissions, our action plans to limit the use of fossil fuels for these companies also contribute to reducing these emissions.
- **Solid waste.** As a result of its landscaping activities, Pinson Paysage produces a significant amount of waste, particularly green waste. In order to reduce this amount of waste, the company offers its customers the opportunity to recycle green waste by re-integrating it into their site. BCF Life Science's industrial process also generates a significant amount of non-hazardous waste, but the company has managed to significantly increase waste recovery in 2022 (from 19% in 2021 to 71% in 2022).

Other companies generate much lower amounts of waste, either directly or indirectly.

- **Water.** Direct water consumption is mainly concentrated in one company in the portfolio, BCF Life Sciences, as its industrial process requires significant volumes of water. BCF Life Sciences has planned to build a wastewater treatment plant to limit the amount of wastewater discharged in the public sewer.

Biodiversity

The figures on the collapse of living organisms are alarming. Since 1970, vertebrate populations have declined by more than 2/3. The world loses 12 million hectares of tropical rainforest every year. Nearly 40% of freshwater fish species are at risk of extinction.

From a global perspective, agriculture is the main cause of this collapse of biodiversity. Nearly half of the world's habitable land is currently used for agriculture, for grazing and growing crops, as well as for cotton and tobacco. To date, our portfolios only have indirect exposure to the food and textile industries.

However, biodiversity collapse is also related to the fragmentation of ecosystems, climate change, the exploitation of marine resources, and, more broadly, the impact of industry. Our work to limit our portfolio companies' impact on climate change, and to safeguard healthy ecosystems and natural resources aim at providing a contribution to the global fight against this mass extinction.

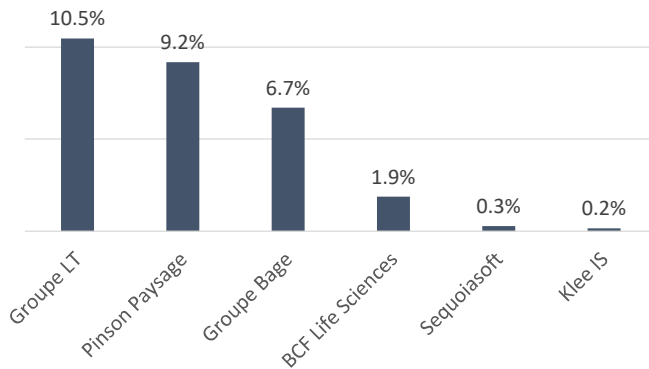
Furthermore, one of our portfolio companies, Pinson Paysage, actively engages in the maintenance and creation of green spaces, renaturation efforts, and ecological compensation, thereby playing a significant role in mitigating biodiversity losses.

Although we are not able yet to provide a quantify the biodiversity footprint of our portfolio companies, we keep a strong monitoring of on-going initiatives on this topic.

Health / Decent work: health and safety

Within our portfolios, health and safety issues are mainly relevant for companies with fleet vehicles, manual work and industrial sites. All these companies have implemented dedicated Health and Safety policies and we are working with them to improve these figures.

Figure 9: Lost-time accident rates (# Lost-time accidents / # employees)



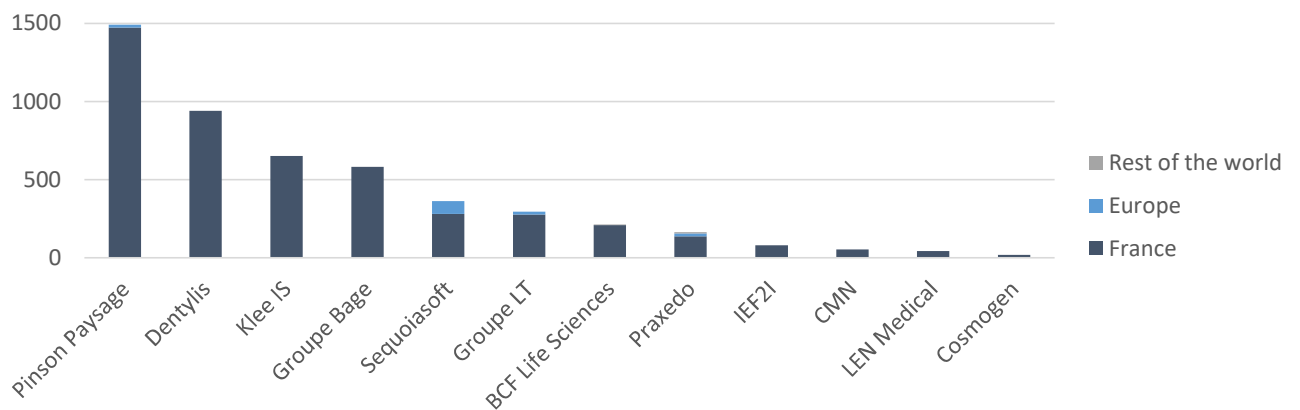
Source: MBO / Company data

Scope: Companies with more than 100 employees, no data submitted in 2022 by Dentytis and Praxedo.

Decent work: job creation

From an employment perspective, our portfolio companies have very different sizes. The large majority of jobs are located in France.

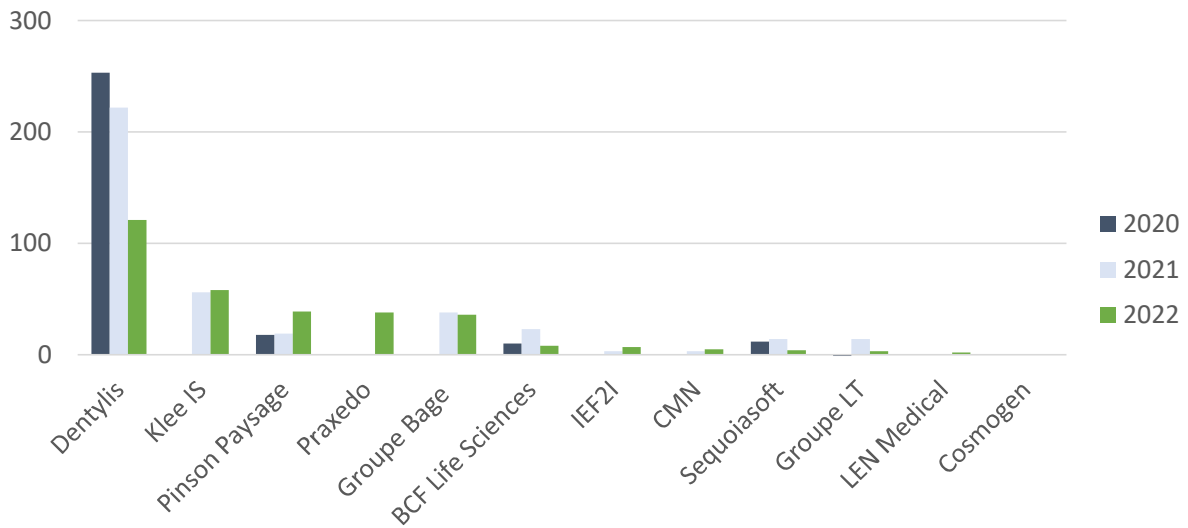
Figure 10: Number of employees in MBO portfolio companies - 31/12/2022



Source: MBO / Company data

As an investor targeting growth companies, all our portfolio companies tend to create jobs. Dentytis is by far the main contributor to job creation within the portfolio, thanks to the opening of dental and other health centres all over France (from 15 centres in 2019 to 49 in 2022). In line with their growth profile, Groupe Bage, Klee IS, Pinson Paysage and Praxedo also participated significantly in creating jobs within our portfolios.

Figure 11: Job creation within portfolio companies over time

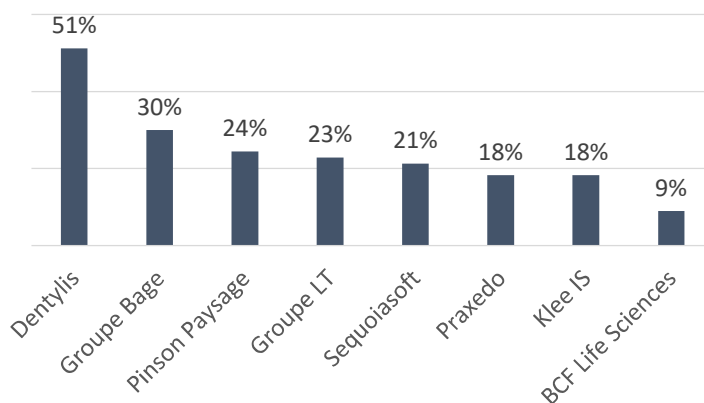


Source: MBO / Company Data

Decent work: turnover

From a turnover perspective, departure rates (# of departures/total workforce) are around 20% for most portfolio companies with two exceptions. Dentylis has higher departure rates as the market for dental professional was still tense in 2022. On the other end, BCF Life Sciences displays low departure rates. This low turnover can be attributed to the strong HR policies implemented by the company as well as the specialisation requirements for many jobs and its location in Brittany. Beyond these two exceptions, companies involved in physical work (Groupe Bage, Pinson Paysage, Groupe LT) tend to have higher departure rates than companies within the information technology area (Sequoiasoft, Praxedo, Klee IS).

Figure 12: Departure rates



Source: MBO/Company data

Scope: Companies with more than 100 employees

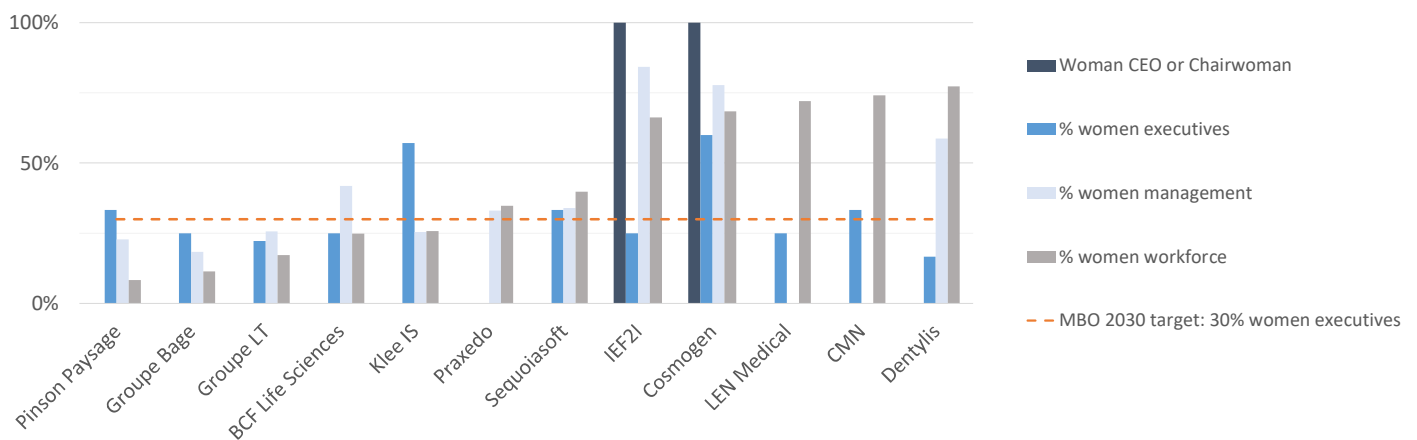
We work with all our portfolio companies to identify the reasons for departure and to implement best practices on HR policies.

Reduced inequalities: gender diversity

As a signatory of the France Invest Gender Parity Charter, we promote gender diversity within our portfolio companies. To date, although the share of women in executive positions tends to be around 30% in most cases, we have very diverse situations from a gender diversity perspective from one portfolio company to another:

- Companies involved in civil engineering (Pinson Paysage, Groupe Bage, Groupe LT), industry (BCF Life Sciences) and IT (Klee IS, Praxedo, Sequoiasoft) tend to have a low share of women within the workforce but women tend to be significantly more represented in management and executive bodies than in the workforce.
- Companies in the health sector (LEN Medical, CMN, Dentylis) tend to have a high share of women in the workforce but a much lower representation at executive positions.
- Groupe IEF21 education (education) and Cosmogen (cosmetics) tend to have a high share of women, both within their workforce and at management positions.

Figure 13: Gender diversity within MBO Portfolio companies



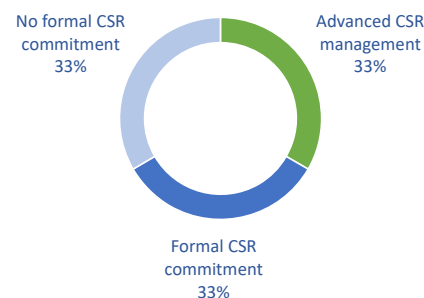
Source: MBO / Company data

To face this diversity of situation, we adapt the way we engage with companies on gender diversity. Increasing the share of women in the workforce of companies involved in civil engineering appears to be a long-term goal. In France for instance, women represent less than 2% of construction workers. For IT companies, increasing the share of woman in the workforce is also a challenge, as in France women represent less than 17% of developers. Still, we work alongside these companies to build specific policies to attract and retain women. Regarding health companies, we focus on increasing the share of women within executive positions. As LEN Medical and CMN are both small companies and recent investments for MBO, gender diversity targets are more

of a long term goal. In early 2023 Dentytis hired a woman as CEO, which will help improve the representation of women at executive positions within the company. Ultimately, for IEF21 and Cosmogen, the challenge in terms of gender diversity in such sectors is attracting and retaining more men.

Governance

We actively promote the development of progress plans by each company in our portfolio, focusing on addressing their key sustainability issues. The majority of reporting companies (8 out of 12) have established formal CSR commitments. It is worth noting that smaller-sized companies with less than 100 employees may have limited resources, which could explain the absence of such policies. Certain companies in our portfolio have developed advanced CSR management practices, allocating dedicated resources, utilizing tools, and setting specific targets.



In terms of business ethics, no ethical disputes or breaches of ethical principles have been identified among our portfolio companies. We continue to prioritize and support ethical practices across on all our portfolio companies.

ESG for our MBO Flex fund

As we are currently raising funds for our new strategy, MBO Flex, we have adapted our Responsible Investment strategy to the specific needs of this fund:

	Implication on MBO Flex Strategy
1. Exposure to solution providers	→ ≥50% investment target in solution providers
2. Support companies' transformation	→ Up to 100 bps ESG margin ratchet and other interest alignment mechanisms (e.g., ESG KPIs in variable compensation)
3. Sustain high ESG standards	→ 100% of deals going through an internal ESG analysis & external due diligence process

Moreover, to align the team's interests with the Firm's ESG commitments, 15% of the carried interest of the Fund is indexed on the achievement of sustainable investment targets. The fund is expected to start investing in 2023.



MBO+ SAS

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