



CICLAD 7

SFDR disclosure

2024

As part of its ESG policy, Ciclad takes into account the Principal Adverse Impacts (PAIs) on sustainability factors of its investment decisions. This document is the consolidated declaration of PAIs on sustainability factors of Ciclad's most recent fund Ciclad 7, covering the time period January 1st to December 31st, 2024.

Summary of the Principal Adverse Impacts on Sustainability Factors

Ciclad 7 takes into account the PAIs of investment decisions on sustainability factors (i.e., environmental, social, and employee matters, respect for human rights, anti-corruption and anti-bribery matters):

At all stages of the investment cycle and throughout the Fund's duration, the Management Company assesses the Principal Adverse Impacts on sustainability factors. During the investment and divestment periods, the collection of indicators allows for assessing the presence or absence of Principal Adverse Impacts. The PAIs measured by these indicators are as follows:

Climate and other environment-related indicators : greenhouse gas emissions (scope 1, 2 and 3); carbon footprint; greenhouse gas emissions intensity; exposure to companies active in the fossil fuel sector; the share of non-renewable energy consumption and production; energy consumption intensity per high impact climate sector; activities negatively affecting biodiversity-sensitive areas; emissions to water; hazardous waste and radioactive waste ratio; investments in companies without carbon emission reduction initiatives

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters such as violations of the United Nations Global Compact principles and the OECD Guidelines for Multinational Enterprises; the lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises; the unadjusted gender pay gap; board gender diversity; Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) and the rate of accidents.

Description of the principal Adverse impact on Sustainability Factors and historical comparison



This table presents the consolidated results of PAIs, as defined by the Sustainable Finance Disclosure Regulation (SFDR), covering 5 out of the 5 companies in our portfolio on 31 December, 2024.

It should be noted that results are presented for the full perimeter. Since two companies joined the portfolio during 2024, 2023 data and 2024 data are not strictly comparable. This change in perimeter explains the significant variations that can be observed for some indicators, especially regarding environment.

PAI	Metric	2024	2023	Coverage rate	Explanation	Measures
Climate and other environment-related indicators						
1. GHG emissions	Scope 1 GHG emissions (tCO ₂ eq)	36.39	28.93	55%	As of today, an estimation of GHG emissions is available for 4 out of the fund's 5 companies, with one having calculated its scope 3 emissions.	Ciclad assesses each portfolio company's risks and opportunities related to climate change and ensures that mitigation, adaptation or restoration measures are taken if necessary. Ciclad's objectives for 2025 are that 75% of the portfolio's companies measure their scope 1 and 2 emissions, 40% implement an emissions reduction plan, and 40% reduce their scope 1 and 2 GHG intensity. In addition, Ciclad encourages its investees to assess their scope 3 emissions.
	Scope 2 GHG emissions (tCO ₂ eq)	20.22	5.07	82%	Scope 1 and 2 emissions are based on available energy consumption data, including electricity and gas.	
	Scope 3 GHG emissions (tCO ₂ eq)	926.43	NA	19%	Energy consumption data has been converted into tCO ₂ eq by an external third party.	
	Total GHG emissions (tCO ₂ eq)	983.05	34.00	82%	GHG emissions and intensity have increased substantially compared to 2023 due to: i) better availability of data for existing investees, ii) the addition of scope 3 emissions for one portfolio company, and iii) the inclusion of two new companies in the portfolio's perimeter.	
2. Carbon footprint	Carbon footprint	30.94	0.99	82%		
3. GHG intensity of investee companies	GHG intensity of investee companies	51,92	2,09	82%		
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	100%	None of the Fund's investees are active in the fossil fuel sector. In addition, Ciclad's responsible investment policy excludes investing in companies involved in coal production.	
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	100%	100%	100%	None of the investee companies produce energy, neither do they use renewable energy sources.	Ciclad actively encourages its portfolio companies to reduce their carbon footprint by adopting green energy contracts.
6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	0.042	0.017	100%	Three of the portfolio's five companies are active in a high impact climate sector. The first one operates in the manufacture of fabricated metal products, the second one is a cosmetics products retailer, and the third one specializes in aircraft maintenance.	Ciclad encourages its investee active in high impact climate sector to monitor its energy consumption and to reduce it, particularly by conducting an energy audit. This is aimed at achieving an overall reduction in greenhouse gas emissions, especially in high impact climate sectors.

Description of the principal Adverse impact on Sustainability Factors and historical comparison



PAI	Metric	2024	2023	Coverage rate	Explanation	Measures
7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	0%	100%	None of the fund's investee companies operate near biodiversity-sensitive areas.	
8. Emissions to water	Tons of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0	Not available	81%	None of the four investees for which data was available have activities involving discharging pollutants into the water. Data was unavailable for one portfolio company.	In accordance with its exclusion policy, Ciclad does not invest in chemical industries that have a harmful impact on biodiversity, hence a low risk of water pollution. However, when it deems it necessary, Ciclad engages with investees to ensure they comply with environmental regulations and encourage best practices in water management and pollution prevention.
9. Hazardous waste and radioactive waste ratio	Tons of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.82	0	100%	Two portfolio companies generate hazardous waste, none of which is radioactive.	The investees closely monitor their waste production to offer a reliable traceability on waste management downstream.
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
10. Violations of UN Global Compact principles and Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	100%	No violation of the UNGC principles or OECD Guidelines for Multinational Enterprises has been reported by the portfolio.	Ciclad is watchful of controversies, and ensures that investees comply with regulations on human rights, anti-corruption and anti-bribery.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	100%	100%	100%	The fund's companies are SMEs with headcounts not exceeding 150 employees. At this stage of development, the investees have not deemed it a priority to establish formal processes regarding these elements.	Ciclad is actively engaged and maintains constant contact with the management of the portfolio companies. Any violation of the UNGC Principles or OECD Guidelines for Multinational Enterprises will be promptly identified and addressed.
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	1.35%	-7%	45%	Two portfolio companies were able to provide the information, with respective pay gaps of 5% and -2%. The average gay gap is higher in 2024 because it covers 2 companies, including one new investment, whereas data was available for only one company in 2023.	Ciclad promotes ethical governance practices, including gender equality and pay equity

Description of the principal Adverse impact on Sustainability Factors and historical comparison



PAI	Metric	2024	2023	Coverage rate	Explanation	Measures
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	24%	25%	100%	Three out of the five portfolio companies have female board members. Board gender diversity varies substantially among our investees, with ratios ranging from 0% to 60%. The decrease compared to 2023 is due to the inclusion in the portfolio of 2 new investments with lower board gender diversity ratios.	Ciclad encourages its investees to be more inclusive at board level. The fund's objective for 2024 is to have at least one female board member in 50% of the portfolio.
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	0%	Ciclad's responsible investment policy excludes investing in companies involved in the production or marketing of non-conventional weapons.	
Other indicators for principal adverse impacts on sustainability factors						
Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	35%	0%	100%	Most portfolio companies implement at least one action aimed at mitigating their environmental impact. Although efforts still need to be made among the portfolio's most recent investments, it should be noted that the 2 investees without such initiatives both operate in the service sector. Carbon emissions therefore represent a lower priority than social and governance issues.	Reducing carbon emissions is a top priority for Ciclad. Two specific objectives have been set in Ciclad's roadmap regarding emission reduction. Therefore, all its investees are encouraged to implement carbon emission reduction initiatives.
Rate of accidents	Rate of accidents in investee companies expressed as a weighted average	0.024	0.004	100%	The rate of accidents has increased as compared to 2023 since one of the fund's new investments operates in aircraft maintenance, which involves a certain level of risk with regards to occupational health and safety.	Ciclad closely monitors health and safety measures in the work environment and encourages its investees to track their progress by monitoring accident rates.

Description of policies aimed at identifying and prioritizing the Principal Adverse Impacts on Sustainability Factors

Ciclad has always considered the role of an investor with a strong ethical dimension, both in the selection of its investments and in its interactions with management. For Ciclad, investing in the capital of an SME has always been a committed act carrying a strong social responsibility.

Ciclad has developed a comprehensive policy for incorporating Environmental, Social, and Governance (ESG) criteria into its managed funds.

This policy is part of a long-term vision in which ESG criteria are viewed as drivers of value creation and performance for companies. Ciclad's responsible investment policy is supported by the management company's ESG Committee, which is made up of 4 members with various functions and seniority.

During the selection phase, potential investments are subject to a policy of exclusion. Ciclad does not invest in companies that do not comply with its ESG policy. Additionally, Ciclad may exclude companies based on their industry sector or for non-compliance with international norms, conventions, and standards, particularly concerning human rights.

When the compliance analysis with its exclusion policy is conducted, an analysis of ESG risks and opportunities is systematically carried out by Ciclad's team and their independent advisor. Four areas are covered:

- Social (Health, safety, working environment, Training, Career management and security of jobs, Profit sharing and Diversity and equal opportunities)
- Environmental (Energy consumption, Emissions, Waste management, Ecoconception)
- Governance (Financial risk management, Governance structure, CSR policy and strategy, Business ethics)
- Stakeholders (Products/services safety and quality, Responsible procurement, Data privacy, Community involvement).

ESG due diligence aims to assess the company's ESG performance, as well as to identify the main ESG risks and opportunities and position them on a risk map based on their probability of occurrence and severity. This mapping is carried out taking into account the various possible Principal Adverse Impacts (PAI) to highlight the company's potential negative impacts on the environment and people.

In parallel with this due diligence, an ESG questionnaire is completed by the company. This questionnaire covers all the topics featured in the PAI regulation and complements the analysis of potential negative impacts of the companies. This questionnaire also allows to collect the quantitative data required for the computation of the PAI indicators.

The risks identified through the diagnosis, risk mapping, and questionnaire serve as a basis for Ciclad to establish an action plan with the management of the portfolio company, in order to reduce these negative impacts to an acceptable level during the holding period.

An update of the diagnosis, risk mapping, and questionnaire is carried out annually. This allows for the monitoring of the action plan established when the company enters Ciclad's portfolio and best supports the company in reducing its potential negative impacts.

Engagement policy

Ciclad's engagement policy is an integral part of its shareholder and fiduciary responsibility. Ciclad strives to maintain a constructive and regular dialogue with its portfolio companies to promote the development of best practices. Additionally, the management company commits to transparently reporting its actions and providing regular updates to its stakeholders.

Voting Policy

As a majority shareholder (70% of operations), Ciclad actively participates in the governance of its portfolio companies, where it is systematically represented. Through its voting policy, Ciclad seeks to best represent the interests of various

stakeholders while aligning with its responsible investment strategy.

The management company is particularly vigilant on matters like capital structure and voting rights. Ciclad supports decisions that favor fairer, more sustainable, and responsible practices.

Dialogue

By investing directly in companies, Ciclad regularly interacts with each portfolio company and takes an active investor approach to encourage the improvement of their ESG practices. ESG topics are addressed at least once a year during a Supervisory Board or Monitoring Committee meeting.

Ciclad's position as a majority shareholder and regular dialogue promote the implementation of action plans and communication of best practices. The annual ESG diagnosis measures the progress of portfolio companies in ESG matters. The dialogue is structured around the implementation of the action plan defined following the diagnosis. Ciclad's role is to support the portfolio companies and provide the necessary expertise to implement actions and achieve objectives.

Transparency and communication with investors

As a management company, Ciclad aims to support the implementation of the social responsibility of its investors by offering them the opportunity to invest in funds that promote responsible investment practices.

To ensure maximum transparency with Ciclad's investors, the ESG policy is publicly available on its website. Additionally, Ciclad annually communicates information about the ESG performance of managed funds and portfolio companies through an annual ESG report.

Since 2019, Ciclad has been collecting extensive qualitative and quantitative information based on indicators defined by international and national frameworks, including PAI indicators, among which:

- **Environment:** GHG emissions, Carbon footprint, GHG intensity of investee companies, Exposure to companies active in the fossil fuel sector, Share of non-renewable energy consumption and production, Energy consumption intensity per high impact climate sector, Activities negatively affecting biodiversity-sensitive areas, Emissions to water, Hazardous waste and radioactive waste ratio, and Investments in companies without carbon emission reduction initiatives ;
- **Social, human rights, and corruption matters:** Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, Unadjusted gender pay gap, Board gender diversity, Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons), and rate of accidents.

The assessment of the ESG issues and performance of investee companies allows Ciclad to support them in defining an action plan aimed at improving their ESG maturity and mitigating their PAIs.

If an investee company does not show sufficient progress as to the reduction of its Principal Adverse Impacts, Ciclad may increase the frequency of meetings with the company's Management to ensure the implementation of appropriate actions.

References to international standards

The Sustainable Development Goals (SDGs) are a set of 17 global objectives adopted by the United Nations in 2015 as part of the 2030 Agenda for Sustainable Development. They aim to eradicate poverty, protect the planet, and ensure prosperity for all by 2030. Ciclad, with the support of an external third party, assesses the contribution of all portfolio investments to the 17 SDGs during the ESG due diligence. This evaluation is updated annually based on information collected through the ESG diagnostic and the ESG questionnaire.

France Invest : As a member of France Invest, Ciclad follows its code of conduct and has adhered to its parity charter since its creation.

PRI is an initiative launched by the United Nations. The aim is to promote the integration of environmental, social, and governance (ESG) factors into investment decision-making and ownership practices through six guiding principles. Ciclad has been a PRI signatory since 2019. By adhering to this international initiative, Ciclad has committed to operationally

implementing the 6 principles outlined by the United Nations and to incorporating these issues into all its investment decisions. Ciclad is committed to progressively implementing these principles and to reporting on their implementation.

Label Relance : Through this label, Ciclad commits to integrating the following ESG criteria into its investment strategy (E : Measures supporting ecological transition, especially greenhouse gas reduction, S : Value-sharing initiatives, G : Best governance practices and gender equality). In order to monitor these commitments, Ciclad has defined a roadmap with quantified objectives. The most recent funds have been labelled "Label Relance" (fund Ciclad Entreprise, Ciclad 7).

iCI (initiative Climate International) : Ciclad has been a iCi signatory since 2021. The aim is to provide our portfolio companies with the best tools. As our first action as an iCI member we decided to make our best efforts to measure Scope 1 and 2 GHG emissions of all our portfolio companies. Our long-term objective is to help our portfolio companies build effective action plans to reduce their carbon footprint.



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