

2021 Report

Loi Energie – Climat

Energy-Climate Law

Article 29

At a glance

As a signatory of the Principles for Responsible Investment (PRI), BlackFin Capital Partners ("BlackFin") is committed to integrating ESG criteria at all stages of its investment cycle.

Founded in 2009, BlackFin Capital Partners is an independent private equity firm led by nine partners who have worked together as managers and entrepreneurs in the financial industry for decades. The team has over 45 professionals across offices in Paris, London, Brussels, and Frankfurt. BlackFin is specialized in financial services and technology across continental Europe, with an investment strategy to create value for the business itself, investors alike, and for the communities in which the businesses perform. We operate as an active and influential investor, supporting management teams to take their businesses to the next level, and fostering the societies they serve. BlackFin actively supports businesses working towards positive outcomes, such as job creation for areas in need of greater economic gains. As such, we are proud to promote ESG characteristics across our funds and to implement required ESG disclosures.

We believe that the prolonged success of any business depends on the health of the economic and environmental systems around it. Thus, we have always treated non-financial factors as intrinsic to our work. Our sustainable investment policy instructs us that for the companies in which we invest, we take into account their impact on employees, clients, customers, society at-large, and the environment.

We believe that including ESG criteria accordingly in our investment strategy brings additional value to companies' performance. Our ESG approach is also adapted to the specificities of the financial services sector, which are subject to strong regulatory requirements. We perform a monitoring of our portfolio companies to guarantee compliance with our ESG values.

In accordance with the provisions of Article 29 of the Energy-Climate Law and its implementing decree n° 2021-663 of 27 May 2021, this report covers the reference period from 1 January to 31 December 2021 and covers the provisions of Article D. 533-16-1.-III, 1°, 2°, 3°, 4°, 6°, 7° and 8°a. This report details the general ESG practices applied by BlackFin. Some of the practices described herein, particularly regarding engagement with portfolio companies, might vary according to BlackFin's shareholding in these companies.

1) Information on the entity's general approach

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

1-a. Summary presentation of the entity's general approach to considering ESG criteria, and in particular in the investment policy and strategy

BlackFin is committed to promoting its ESG values through its investment policy and strategy and to have a significant ESG impact on its portfolio companies. More specifically, BlackFin is committed to:

- Conducting its activities with the highest ethical standards.
- Not investing in the sectors included in BlackFin's exclusion list.
- Working closely with its portfolio companies in order to improve their ESG practices and performance.
- Providing regular and accurate ESG information to investors and other stakeholders.

To ensure these objectives are met, BlackFin considers ESG topics across the investment cycle as follows:

Pre-Investment period: Before a fund invests in a target company, BlackFin assesses whether it is not included in its exclusion list, which includes:

- Mining
- Coal
- Tobacco
- Alcohol
- Gambling
- Weapons & firearms
- Pornography & prostitution
- Illegal economic activities including drugs
- Activities enabling illegal access to IT systems

After the confirmation that the company does not operate in any of the restricted sectors, BlackFin conducts a due diligence to fully identify and assess potential ESG areas of concern and opportunities for improvement. The due diligence results are submitted and assessed by the Investment Committee prior to the final investment decision.

Holding period: Within one year after the investment, BlackFin carries out the first ESG review of the investee company (with the assistance of an independent expert) and collects an average of 60 ESG KPIs. These KPIs are included in a scoresheet, which provides an overview of the ESG performance and situation of the portfolio company. Based on the scoresheet and on the results of the ESG review, a roadmap is defined and approved during the portfolio company's board meeting. The actions defined in the roadmap are to be implemented by the company within the next one to three years. The scoresheet is updated annually and additional operational support is provided to the portfolio company when needed.

Exit period: The exit phase represents BlackFin's opportunity to demonstrate its added value to the company's ESG performance. An ESG assessment of portfolio companies is made at exit through a Vendor Due Diligence where BlackFin aims to provide to potential buyer an analysis of the company ESG performance over time and the review of the ESG action plan initially defined during holding period.

1-b. Content, frequency and means used by the entity to inform stakeholders on the criteria relating to the ESG objectives considered in the policy and strategy investment

BlackFin values reporting transparency and regular communication, therefore it provides regular information on the ESG performance of its portfolio to investors, mainly through the following means:

- BlackFin's ESG Annual Sustainability Report: To be published in 2022, this report will be dedicated to our investors, in which we will provide a comprehensive overview of our portfolio companies' ESG performance and associated roadmaps.
- BlackFin's website: Our website contains a section on ESG describing the entity's ESG values, approach and commitments.
- UN PRI's public report: as a PRI signatory, BlackFin publicly reports on an annual basis on its responsible investment activities.
- Ad-hoc requests and questionnaires: BlackFin is readily available to answer any ad-hoc requests and questions on ESG from our investors.
- Presentations to Investors at BlackFin investor events (Limited Partners Advisory Committee, Annual General Meetings): BlackFin is committed to maintaining a close relationship and full transparency with its investors, with yearly communications, in-person meetings and informal discussions. An overview of the main actions taken by the portfolio companies are presented during these meetings.

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

BlackFin Tech II fund is subject to Article 8 of Regulation (EU) 2019/2088.

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

This question is not applicable as BlackFin does not manage any mandate.

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

BlackFin's consideration of ESG criteria is reinforced by our commitments to global initiatives.

- BlackFin is a signatory of the Principles for Responsible Investment since 2015. BlackFin has received the grade of A and we are committed to implementing all necessary measures to maintain this grade.
- BlackFin is directly involved in collaborating and advancing different international guidelines:
- ICI (Initiative Climat International, former IC20): BlackFin became a signatory of ICI in 2021 and committed to acknowledge the negative effects of climate change over our financial activities. As well, we will mobilize our best efforts to reach CoP 21 target of limiting global warming to 2°C and we will contribute to deploy Greenhouse Gas (GHG) emission reduction initiatives and secure sustainable investment performance among portfolio companies. The ICI is a global sharing platform which brings together and mobilizes all private equity firms wishing to make a concrete contribution to the fight against climate change.
- France Invest: BlackFin is a member of France Invest.
- Invest Europe: BlackFin has adopted the Invest Europe code of conduct (European Private Equity and Venture Capital Association).

2) Information on the internal resources deployed by the entity

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

2-a. Description of the financial, human, and technical resources dedicated to considering ESG in the investment strategy

As of December 2021, BlackFin's ESG team was composed of two employees (one Partner and one Associate) and one intern. BlackFin's ESG team is responsible for fostering awareness-raising at all layers of the firm. The team aims to provide a transversal view of BlackFin overall performance and promotes the smooth integration of ESG criteria in all BlackFin decision-making process. Weekly meetings are organized with our external advisor in order to monitor our ESG strategy. The ESG team is responsible for reporting on BlackFin ESG commitments to investors, contributes on BlackFin ESG improvements and ensures BlackFin compliance with ESG regulations. Our external advisor assists us through all the deal steps from the pre-investment period until the exit.

Moreover, the Investment Team is deeply involved in ESG matters. ESG is fully integrated within the deal process and the team works closely with BlackFin's ESG team and the external advisor to comply with our ESG values.

2-b. Actions taken to strengthen the entity's internal capacities.

BlackFin trains and raises awareness among its employees on ESG to embed good practices in our teams' daily work. ESG training sessions are organized with the following topics covered:

- Understanding ESG's main themes and trends,
- ESG integration to BlackFin portfolio strategic analysis,
- BlackFin's ESG roadmap and reporting.

In line with BlackFin's ESG ambitions, we believe that it is key to recruit an additional person fully dedicated to ESG, who will be responsible, from September 2022, for:

- Monitoring ESG requirements from sectorial and cross-sector regulation and coordinate associated reporting.
- Designing, reinforcing and coordinating the implementation of BlackFin ESG strategy (including climate strategy and diversity & inclusion strategy).
- Coordinating, with external consultants, the monitoring of ESG risk in the investment strategy.
- Facilitating and disseminating our ESG commitment to portfolio companies and stakeholders.
- Coordinating training and capacity building strategy related to ESG performance.
- Representing BlackFin in stakeholder discussions (including civil society).

3) Information on the process for considering ESG at the governance level of the entity

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

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

BlackFin's Investment Committee make investment decisions that follow the BlackFin's ESG Policy. The committee ensures therefore that ESG criteria are embedded throughout the entire investment cycle (as described in section 1.a above).

BlackFin's Management Committee is responsible for the approval and the review of BlackFin's ESG strategy and roadmaps. All key firm decisions are taken by the Management Committee which include, decisions pertaining to raising new funds / launching new investment activities, determination of employee remuneration, allocation of carried interest.

3-b. Integration of ESG criteria in the internal rules of the entity's board of directors or supervisory board

BlackFin's Board of Directors supervises BlackFin's Management Committee on an ongoing basis and ensures compliance with BlackFin's policies and procedures.

In the event of a breach of the ESG Policy, the incident will be notified to the Risk Committee which will take all the necessary measures to solve the incident.

4) Information on the engagement strategy with stakeholders

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

Throughout the holding period, BlackFin maintains a constant dialogue with the portfolio company's teams and actively monitors the evolution of their ESG practices. Furthermore, BlackFin most often has a seat on the Board of portfolio companies, which is a powerful means for promoting the integration of ESG criteria and to disseminate best practices.

Moreover, voting at assembly general meetings is a key component of the ongoing dialogue with companies in which BlackFin Capital Partners invests.

Consequently, BlackFin has set up a governing shareholder commitment and exercising voting rights policy.

None of the funds managed by BlackFin Capital Partners holds publicly traded shares of listed companies as of December 31, 2021.

5) Information on the European taxonomy and fossil fuels

This section will be dully communicated upon the entry into force of the relevant provisions of the Article 29.

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

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

6-a. Targets and objectives

At the management company level

Our ESG Policy tackle climate change and promotes the integration of climate risks into the investment strategy, as part of the overall integration of ESG criteria in the investment process. Moreover, BlackFin has further formalized its commitments to fight climate change by signing the ICI.

BlackFin decided to conduct the assessment of its 2021 carbon footprint for scopes 1, 2 and 3, for which the analysis has been carried in 2022. Furthermore, BlackFin plans on starting discussions in 2022 to ultimately become carbon neutral in the future.

At the portfolio level

Through the regular dialogue among with its portfolio companies, BlackFin contributes to raising awareness on climate change risks and issues. Moreover, we strongly encourage portfolio companies to assess their carbon footprint.

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

No internal methodology has been used for 2021.

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

No indicator has been considered for 2021, but BlackFin aims to calculate its carbon footprint in 2022.

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

This question is not applicable as BlackFin does not manage index funds.

6-e. Role and application of ESG indicators during the assessment of portfolio companies in line with the investment strategy

The indicators on environmental, social and quality of governance used in the investment strategy are defined on the scoresheet established by BlackFin and its external advisor. The assessment is made by BlackFin and the portfolio company after interactions over the actions implemented and those to be

implemented.

6-f. The changes made to the investment strategy in connection with the strategy of alignment with the Paris Agreement, and in particular the policies put in place with a view to a gradual exit from coal and hydrocarbons non-conventional loans, specifying the exit schedule adopted as well as the share of total outstanding managed or held by the entity covered by these policies BlackFin Capital Partners is not investing in any coal or hydrocarbon assets.

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

Actions and follow-ups are performed once a year in accordance with BlackFin's Management Committee. Indeed, the scoresheet defined a priority of actions to be taken by the portfolio company within the next one to three years, according to the level of priority.

The roadmap is then established and approved by the board of the portfolio company to monitor the improvement of the company's ESG actions.

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

The evaluation is made once a year and approved by the portfolio company board.

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

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

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

BlackFin is not currently able to develop a strategy aligned with long-term biodiversity objectives. Monitoring the impact of the financial sector on the biodiversity loss remains a challenge today for most market players, since the data related to biological diversity impacts remains scarce. Nevertheless, biodiversity risk might not be a major risk in financial services sectors, in which BlackFin invests.

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

No analysis was conducted during the year 2021 as BlackFin does not have a strategy aligned with long-term biodiversity objectives.

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

BlackFin did not defined a biodiversity footprint indicator during the year 2021.

8) Information on the procedures for taking ESG into account in risk management

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

ESG risks are systematically integrated and managed throughout our investment process, from our Due Diligence phase for which material and sector specific risks are assessed in priority. In particular, BlackFin has defined an exclusion list which allows the exclusion of main ESG risks, by sector and countries.

During the holding period, ESG reviews are conducted to provide detailed qualitative and quantitative data regarding risks and performance, all monitored and linked to an individual ESG roadmap, per portfolio company.

ESG risks identified by our monitoring system are then addressed and updated every year at the investment committee and are presented at portfolio companies Board meetings. Hence, BlackFin stands in a position to ensure that ESG related risks and opportunities, as any conventional risk and opportunity, that could impact our portfolio companies' financial performances are integrated and monitored.