2022 Statement on Principal Adverse Impacts

21 Invest France

July 2023

21 Invest

Statement on Principal Adverse Impacts of investment decisions on sustainability factors

Summary

21 Invest France considers the principal adverse impacts (PAI) of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of 21 Invest France.

This statement on principal adverse impacts on sustainability factors covers the reference period from January 1st to December 31st 2022.

21 Invest France considers and measures the Principal Adverse Impacts of investment decisions on sustainability factors as defined by Article 4 of the Regulation (EU) 2019/2088 of the European Parliament.

Principal adverse impacts are the most significant adverse impacts of investment decisions on sustainability factors in relation to climate change and other environmental-related impacts (resources depletion, environmental degradation, biodiversity loss), and adverse impacts in the field of social and employee matters, respect for Human Rights, anti-corruption and anti-bribery matters.

21 Invest France considers the principal adverse impacts at the entity level by measuring and tracking the aggregate adverse impact on the sustainability factors of all its financial products' investments, including co-investment funds.

21 Invest considers all mandatory principal adverse impact indicators and selected optional indicators of Annex 1 of the Delegated Regulation (EU) 2022/1288.

Date of first publication	**July 1st, 2023**
Date of latest update	November 7th, 2023

Statement on Principal Adverse Impacts of investment decisions on sustainability factors

Principal Adverse Indicator	Metric	Unit	2022	Perimeter[1] *Current value of investments*	Explanation	Actions taken, and actions planned and targets set for the next period
Climate and other environment-related indicators						
1. GHG emissions	Scope 1 GHG emissions	tCO_2e.	**1 352,1**	*88%*	Scope 1 & 2 GHG emissions were calculated either by a specialized provider or internally using energy consumption reported by portfolio companies	Target: increase the perimeter for scope 1, 2 and 3
	Scope 2 GHG emissions	tCO_2e.	**504,5**	*88%*		
	Scope 3 GHG emissions	tCO_2e.	**2 616,7**	*51%*	Scope 3 GHG emissions were calculated by a specialized provider or internally, using monetary emission factors. Uncertainty is close to 80% on GHG emissions calculated through monetary emission factors	
	Total GHG emissions	tCO_2e.	**4 473,3**	*51%*		
2. Carbon footprint	Carbon footprint	tCO_2e./€m of current value of investment	**25,2**	*51%*	Carbon footprint and GHG intensity figures were calculated only for portfolio companies which reported GHG emissions scope 1, 2 and 3. As a result, the figures may significantly vary over time when more portfolio companies will be included in this calculation. The relatively low carbon footprint and GHG intensity presented here correspond to tertiary business activities (Business Services, Tech/Software and Education)	Target: increase the perimeter for scope 3
3. GHG intensity	GHG intensity of investee companies	tCO_2e./€m of sales	**47,1**	*51%*		
4. Exposure to companies active in the fossil fuel sector	Share of investments in investee companies active in the fossil fuel sector	% of investments	**0%**	*100%*	21 Invest exclusion policy prevents investment in the fossil fuel sector	Target: Maintain 0%
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption	% total energy consumption	**99%**	*88%*	One portfolio company's electricity supply comes mostly out of renewable sources. In parallel, most portfolio companies operate in France where the electricity mix is low carbon, though not renewable. Electricity represents 48% of the total energy consumption	Encourage portfolio companies to source renewable energy when possible
	Share of non-renewable energy production	% total energy consumption	**0%**	*68%*	Few portfolio companies consume a significant amount of energy and/or own facilities or large premises	When relevant, encourage portfolio companies to install renewable energy production capacity
6. Energy consumption intensity per high impact climate sector	Manufacturing	GWh/€m of sales	**0,22**	*88%*	2 companies within the portfolio, representing 27% of current investments, are manufacturing companies in the healthcare sector	Encourage portfolio companies to implement energy saving measures and, when possible/relevant, invest in renewable energy production capacity
7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites located in or near biodiversity sensitive areas where activities of those investee companies negatively affect those areas	% of investments	**9%**	*100%*	1 portfolio company has a production site located near a biodiversity-sensitive area	Encourage the portfolio company to assess its impact on the nearby biodiversity sensitive area and if a significant negative impacts are identified, implement corrective measures and procedures
8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested expressed as a weighted average	t/€m invested	**0,0**	*100%*	No portfolio company reported emissions to water	NA
9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	t/€m invested	**0,0**	*100%*	No portfolio company reported hazardous waste	NA

[1] % of current value of investments, including co-investment vehicles that are managed by 21 Invest France

Statement on Principal Adverse Impacts of investment decisions on sustainability factors

Principal Adverse Indicator	Metric	Unit	2022	Perimeter[1] *Current value of investments*	Explanation	Actions taken, and actions planned and targets set for the next period
Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or the OECD Guidelines for Multinational Enterprises	% of investments	**0%**	*100%*	No portfolio company reported being involved in violations of the UNGC principles or the OECD Guidelines for Multinational Enterprises	Target: Maintain 0%
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 or grievance/complaints handling mechanisms to address violations of the aforementioned principles and guidelines	% of investments	**100%**	*100%*	There are already governance and social policies in place in most portfolio companies. However, such policies do not specifically monitor compliance with the UNGC principles or the OECD guidelines for Multinational Enterprises	Encourage portfolio companies to implement policies to monitor compliance with the UNGC principles or OECD guidelines
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	%	**19%**	*91%*	1 portfolio company could not report a consolidated figure	Target: increase the perimeter
13. Board gender diversity	Average ratio of female to male board members in investee companies expressed as a percentage of all board members	%	**12%**	*100%*	Several portfolio companies have 0 female board members to date	Encourage portfolio companies to appoint women as members of their Supervisory Board. Target: 15% or more
14. Exposure to controversial weapons	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	% of investments	**0%**	*100%*	21 Invest exclusion policy	Target: Maintain 0%
Additional climate and other environment-related indicators						
4. Investments in companies without carbon emissions reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	% of investments	**100%**	*100%*	Assessment of GHG emissions and GHG emissions reduction initiatives have been conducted and are being implemented in several portfolio companies	Encourage portfolio companies to conduct carbon footprint assessment and define emission reduction plans
Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters						
3. Number of days lost to injuries, accidents, fatalities or illness	Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average	Workdays	**9 418**	*100%*	This total represents 1,25% of the number of days worked by the employees of the 9 portfolio companies who reported this information	Encourage portfolio companies to lower the number of workdays lost to accidents, injuries and fatalities

[1] % of current value of investments, including co-investment vehicles that are managed by 21 Invest France

Statement on Principal Adverse Impacts of investment decisions on sustainability factors

Description of policies to identify and prioritise Principal Adverse Impacts on sustainability factors.

Before acquisition, principal adverse impacts on sustainability factors are analyzed and assigned a materiality level (low, medium, or high) and the related policies and initiatives in place to mitigate principal adverse impacts on sustainability factors are reviewed. For each adverse impact on sustainability factors identified as highly material, failure from the investment opportunity to have a proper policy, mechanism or monitoring process in place triggers a dedicated due diligence on the matter and delays the investment decision until sufficient assurance is met or the investment opportunity is dismissed. In the situation where a high materiality principal adverse impact is identified and cannot be mitigated, the investment would be turned down.

During the holding period, 21 Invest France monitors a large amount of indicators on sustainability factors including all mandatory and relevant optional Principal Adverse Impact Indicators. PAI indicators are communicated with portfolio companies on an annual basis and corrective measures are studied and, when possible/relevant, implemented in order to limit negative impacts on sustainability factors and/or limit residual risks to a minimum.

The materiality analysis conducted before investment is reviewed and updated using a double materiality assessment to identify high materiality sustainability factors and further contain negative impacts generated by portfolio companies on sustainability factors.

Statement on Principal Adverse Impacts of investment decisions on sustainability factors

Engagement Policy

During the holding period, sustainability factors are monitored based on information provided by the portfolio companies and specific key performance indicators (KPIs) are periodically examined.

In parallel, an annual qualitative and quantitative reporting assesses the performance and continuous improvement of the investee companies on a broad spectrum of sustainability factors covering social, environmental and governance matters.

Based on the material sustainability factors identified during the screening and due diligence phases, the investment team works closely with portfolio companies to improve on high materiality matters and, if relevant, assists them in initiating advanced actions such as:
- Defining GHG emissions reduction plans aligned with a 1.5°C scenario;
- Identifying and quantifying impacts on society and the environment;
- Developing new products and services that have a positive impact on society, the environment and/or climate change, monitoring them through an extra-financial business plan and promoting them through the development of shared value initiatives;
- Communicating on fundamental and material sustainability factors.

The level of achievement of the sustainability roadmap, including climate change and gender parity matters, are submitted for discussion to the Supervisory Board of each investee company at least once a year. Additionally, the investment team periodically reviews the level of achievement of the sustainability roadmap of all portfolio companies.

For further information, 21 Invest France describes its engagement policy with portfolio companies within its Sustainability Policy 2022.

Statement on Principal Adverse Impacts of investment decisions on sustainability factors

Reference to international standards

21 Invest France constantly interacts with the ecosystem and integrates international standards throughout its engagement policy to provide portfolio companies with the most up-to-date and relevant frameworks.

21 Invest, one of the first signatories of the **Principles for Responsible Investment** (PRI) in 2009, participates in the PRI reporting and has publicly shared its results since 2014. In 2021, 21 Invest received a 4* rating in the Private Equity section and a 4* in the Strategy and Governance section (top ratings).

Shared Value Initiative: since 2016, 21 Invest is the only fund in Europe that has signed this commitment, which aims to create a global community of companies considering societal problems as necessary

France Invest: 21 Invest is a signatory of the France Invest Gender Parity Charter and has long been an active member of the Sustainability Commission, participating to working groups

ICI (Initiative Climat International): 21 Invest is a signatory of the ICI which was created during the COP21 in Paris and whose objective is to limit global warming

Sustainable Development Goals: 21 Invest has integrated the sustainable development goals framework within its sustainability policy and is actively providing portfolio companies with insights on how to integrate and leverage the 17 objectives and their respective targets within their own sustainability strategy and policy.

Contact

Management Company

21 Invest France

France
9 avenue Hoche
75008 Paris
T +33 1 56 88 33 00

21invest.com

21 Invest

Custodian

CACEIS Investor Services Bank France S.A.
6, rue Ménars
75002 Paris – France
Tel. +33 (0)1 70 37 83 00 Fax. +33 (0)1 70 37 83 03
www.caceis.com