

EXCLUSION

Policy

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EURAZEO

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EXCLUSION POLICY

I. PREAMBLE

A. Scope

This Exclusion policy (the "Policy") applies to Eurazeo SE, Eurazeo Mid-Cap (EMC), Eurazeo Investment Manager (EIM), Eurazeo Funds Management Luxembourg, Eurazeo North America, Eurazeo Infrastructure Partners (EIP) and Eurazeo UK Limited, and their wholly owned subsidiaries. These entities will be collectively referred to as "Eurazeo" throughout the Policy.

The present Exclusion Policy applies to investments in direct issuers (equity or debt) as well as to commitments in newly created funds (so-called "primary funds") and direct equity investments realised alongside other private equity firms (so-called "direct equity co-investments").

In case Eurazeo intends to acquire positions in an existing private equity fund, or a portfolio of private equity funds, the eligibility of the investment is assessed using a look-tough approach corresponding to the weight of exposed assets to the total portfolio.

B. Purpose

This Policy sets out Eurazeo's exclusions regarding sectors or activities with potential negative impacts on the environment, human dignity, health or society.

C. Availability

The present Policy, along with all documents referred to herein, is accessible publicly on Eurazeo's website and internally on Eurazeo's intranet. Please note that Eurazeo may update this policy at any time and without prior notice to adapt to the evolution of societal and environmental issues.

II. GENERAL PRINCIPLES

Eurazeo's approach is ambitious and balanced to accelerate the transition to a low-carbon and more inclusive economy. Eurazeo's Exclusion Policy defines and formalizes strict exclusions and investment restrictions with thresholds for companies operating in sectors or engaging in activities with potential negative impacts on the environment, human dignity, health or society.

- **Strict exclusions:** This category includes certain sectors whose direct or indirect negative impacts are incompatible with Eurazeo's responsible investment approach or cannot be overcome by transforming the business. Eurazeo will not invest in these sectors.

- Investment restrictions with thresholds:** The second category includes sectors for which a materiality threshold is provided. This approach allows investments in companies with less than 20% revenue derived from these sectors. In that case, Eurazeo is prepared to support them in transforming their activities, provided that the transformation objectives are formalized in the shareholder agreement. For secondary transactions (Private Funds Group), the Exclusion Policy specifies that this materiality threshold is assessed by transparency, corresponding to less than 20% of weighted turnover of the total fund.

Nota Bene: LP-interests transactions are portfolios of assets already built up by the managers, so EIM cannot influence the composition of the portfolios. EIM will, if necessary, exclude certain fund units from the scope of the transactions if they do not meet the materiality threshold.

	TOLERANCE BASED ON MATERIALITY	EXEMPTION
Sectors with potential negative impacts on the environment		
Fossil energy (coal, oil, and gas) generation	No	Gas projects aligned with the EU Taxonomy
Fossil energy (coal, oil, and gas) specific products and services	No	Gas projects aligned with the EU Taxonomy
Nuclear energy	Yes	-
Chemical pesticides	Yes	-
Palm oil	Yes	-
Fisheries	Yes	-
Factory farming	Yes	-
Animal testing	Yes	-
Fur	Yes	-
Sectors with potential negative impacts on human health or society		
Weapons	Yes	-
Narcotics	No	For medical purposes (regulated only)
Tobacco	No	For medical purposes (regulated only)
Alcoholic beverages	Yes	Soft alcoholic beverages Hospitality companies
GMOs	Yes	-
Medical activities	Yes	-
Gambling	No	Diversified hotel groups
Pornography and porn media	No	-

This Policy also incorporates a ban on general practices that have harmful societal or environmental impacts, which are referred to as 'cross-sectoral exclusions'. The specific details of these exclusions are outlined below.

This policy is an effective tool for mitigating sustainability adverse impacts and risks. It therefore contributes to implementing the highest environmental, social, and governance (ESG) standards, and is a key component of Eurazeo's Responsible Investment Policy, which is available on the [Eurazeo website](#).

III. CROSS-SECTORAL EXCLUSIONS

Eurazeo is committed to sustainable investment practices. As part of this commitment, Eurazeo may exclude companies and / or activities that have a significant negative impact on the environment.

This encompasses but is not restricted to agriculture and forestry; mining and quarrying; heavy manufacturing; construction; transportation and storage, as per sectors listed in Sections A to H of Annex I to Regulation (EC) No 1893/2006 of the European Parliament and of the Council.

Unless:

- Activities are aligned with the latest EU Taxonomy technical criteria and comply with the "Do Not Significant Harm" (DNSH) principle, or have a formal plan to achieve alignment or,
- A formal transition plan is designed to mitigate their negative impacts, in line with the globally recognized reference frameworks (such as the Paris Agreement, or the Kunming-Montréal Global Biodiversity Framework, etc.) or,
- A formal agreement is signed by the management to design and implement such transition plan or,
- Such activities do not exceed 20% of their revenues and the company commits to transition away to sustainable alternatives or exit from these activities.

Certain practices are banned, regardless of the economic sector, such as corruption, money laundering, human rights violations, activities in war-torn areas and breaches of International Labour Organization (ILO) principles, United Nation Global Compact (UNGC) and OECD Guidelines i.e.:

- Activities causing harm to human rights¹
- Activities that infringe upon the rights of indigenous and/or vulnerable groups without their Free Prior and Informed Consent (FPIC)
- Population displacement
- Any forms of forced or compulsory labour, including child labour

¹ This applies to the entire spectrum of internationally recognized human rights (as presented by ILO and Global Compact in particular), which includes labour rights such as the abolition of forced labour and child labour.

- Violation of freedom of association and effective recognition of the right to collective bargaining
- All forms of employment and occupation discrimination
- Activities that have a direct and adverse impact on human health, supported by evidence
- Trading of plant or animal species, or products thereof, in violation of CITES²
- Any activity involving Mountain Top Removal, located on the Arctic Circle or activities related to deep sea

IV. SECTORAL EXCLUSIONS

A. Sectors with potentially negative impacts on the environment

1. Coal³

End all support for coal projects

Eurazeo aims to contribute to restraining global warming well below 1.5°C and does not invest (0% threshold) in:

- The mining/extraction of all types of coal, including thermal coal and mountaintop removal (MTR).
- Coal power companies, or any company involved in the production/trade of coal-fired energy.
- The manufacturing of products and delivery of products and services specific to the coal industry.
- New coal projects or expansion of coal related projects, and companies involved in new or expansion projects as well as in coal project acquisition, along the entire coal value chain.

Companies with high exposure to coal

Companies operating in energy-intensive activities which derive more than 20% of their energy from coal-fired power and have an installed coal capacity of more than 5 GW are also excluded. Eurazeo will finance those companies solely when a binding agreement is signed to phase out the use of coal-fired power during the detention period. These thresholds will be regularly reassessed until a complete exclusion of all coal-exposed companies by 2030.

Exit strategy

By 2030, Eurazeo will cease to finance companies which derive their energy from coal-fired power although below 20% of the energy mix.

² Convention on International Trade in Endangered Species of Wild Fauna (www.cites.org)

³ See related regulatory framework and / or definitions: https://ec.europa.eu/clima/policies/international/negotiations/paris_en

2. Oil⁴ and gas

This exclusion cover:

- Upstream activities: exploration, development, production.
- Midstream activities: pipelines, LNG terminals, other transport infrastructure (including transportation vessels) and storage infrastructure.
- Downstream activities: refining infrastructure, oil and gas-fired power plants.
- New investments in companies that develop new oil and gas projects or are involved in the expansion of existing oil and gas projects.
- Specific Products and services.

Unconventional Oil and Gas

Unconventional Oil and Gas refers to the four following sectors: Arctic oil and gas, tar sands, fracking/shale oil and gas, and ultra-deep water. Eurazeo does not invest in unconventional oil and gas (0% threshold).

Conventional Oil and Gas

- **Oil:** Eurazeo does not invest in conventional oil. This exclusion includes specific products and services (0% threshold).
- **Gas:**
 - **Projects:** Eurazeo recognizes that conventional gas is a fossil energy which can contribute to the overall Paris Agreement objectives as a transition energy source. Therefore, Eurazeo does not invest in companies involved with conventional gas, unless aligned with the latest version of the EU Taxonomy and with a clear plan to ban new projects or expansion gas related projects and companies and diversify away the activity towards renewable sources of energy.
 - **Specific products and services:** Companies providing products and services specific to gas companies are authorized for investment if their activity is aligned with the latest version of the EU Taxonomy and with a clear plan to diversify away the activity towards renewable sources of energy.

Exit strategy

Eurazeo commits to ending oil and gas financing no later than 2030 across all asset classes and geographic regions⁵.

3. Nuclear energy

Eurazeo aims to contribute to restraining global warming well below 1.5°C and recognizes that nuclear energy and its low GHG emissions can contribute to the overall Paris Agreement objectives as a transition source of energy. However, such activity comes with negative externalities, in particular nuclear waste management and nuclear radiation risk.

⁴ See related regulatory framework and / or definitions: https://ec.europa.eu/clima/policies/international/negotiations/paris_en

⁵ Any remaining oil and gas companies in portfolio will be divested by 2030

Nuclear power generation projects are authorized for investment without limitation if their activity is aligned with the latest version of the EU Taxonomy.

Companies providing specific products and services to nuclear power plants, if these products and services do not exceed 20% of the companies' revenue.

For the activities which are not included in the latest version of EU Taxonomy, investments are authorized as long as:

- Nuclear power plants do not exceed 20% of their revenue or the company commits to reduce this activity down to 20% within an agreed timeframe.
- The company is pursuing the diversification of its activity towards renewable sources of energy.
- Carbon Capture technologies may be authorised on a case-by-case approach, based on their proven positive impact and as long as they do not contribute to the forbidden activities of this exclusion policy.

4. Pesticides⁶

Eurazeo does not wish to be involved in activities that have proven negative effects on both people's physical and mental health and biodiversity, as is the case with chemical pesticides.

However, Eurazeo recognizes that some chemical pesticides do not have economically viable substitutes at present. Therefore, companies involved in the production and trade of chemical pesticides are eligible for investment, as long as such activities do not exceed 20% of their revenue.

Companies involved with biocontrol technologies are authorized for investment.

5. Palm oil⁷

Eurazeo recognizes that the agri-commodities sector in general and palm oil in particular pose sustainability risks such as:

- Deforestation: Agriculture may involve clear-cutting of forest. Deforestation is of concern as forests are a prerequisite for biodiversity. Forests also serve as carbon sinks and therefore play an important role in climate change mitigation.
- Peatland degradation: Peatlands may be drained for agricultural purposes. This causes degradation and the emission of methane into the atmosphere contributing to climate change. Besides, drainage increases the risk of fire and flooding.
- Land issues: Large-scale land acquisitions for the purpose of plantations for agriculture may lead to land disputes with local communities.
- Working conditions: Working conditions in the agri-sector may be hazardous, for example because of lack of protection and the use of chemicals and pesticides. Child labour may also be an issue.

⁶ See related regulatory framework and / or definitions: <http://www.fao.org/3/a-i5008e.pdf>; <https://www.francechimie.fr/responsible-care>

⁷ See related regulatory framework and / or definitions: <https://rspo.org/>; <https://rsis.ramsar.org/>; <http://whc.unesco.org/en/list>; <http://highcarbonstock.org/the-high-carbon-stock-approach/>; <http://www.responsiblesoy.org/?lang=en>

- Water & soil pollution: The use of pesticides, herbicides and chemicals in agriculture may result in pollution of water and soil.

However, Eurazeo recognizes that banning and substituting palm oil with other agri-commodities in full might result in even greater sustainability risks. Therefore, palm oil-related companies are eligible for investment as long as the company meets the sectoral best practices for a sustainable palm oil.

Companies involved with palm oil that do not meet the sectoral best practices yet are eligible for investment as long as:

- The company is diversifying away to use sustainable alternatives.
- Palm oil does not exceed 20% of their revenue.

6. Fisheries⁸

Eurazeo is committed to preserving biodiversity and the 'do no harm' principle, which also applies to animal welfare. The company recognizes that certain practices in industrial fisheries may have adverse impacts on marine life, including fish, plants, corals, and other organisms that play a major role in regulating the planet's temperature and carbon sequestration. Therefore, Eurazeo does not invest in companies primarily engaged in fisheries that use all-encompassing practices such as bottom trawling, longlining, dynamiting, or poisoning.

Eurazeo may invest in companies which products or services may be accessory to the fishing practices described above. Consequently, Eurazeo may invest in those companies as long as such products or services do not exceed 20% of their revenue and with a commitment to transition away to sustainable alternatives or exit from those products or services.

7. Factory farming

Eurazeo is committed to the 'do no harm' principle, which also applies to animal welfare. The company recognizes the Five Animal Freedoms, which include the right of animals to be free from hunger and thirst, discomfort, pain, injury or disease, and fear and distress. Therefore, Eurazeo does not invest in factory farming.

Eurazeo may invest in companies which products or services may be accessory to the factory farming practices described above. Consequently, Eurazeo may invest in those companies if such products or services do not exceed 20% of their revenue and with a commitment to exit those products or services.

8. Animal testing

Eurazeo is committed to the 'do no harm' principle, which also applies to animal welfare. The company recognizes the Five Animal Freedoms⁹, which include the right of animals to be free from hunger and thirst, discomfort, pain, injury or disease, and fear and distress. Therefore, Eurazeo does not invest in animal testing.

⁸ See related regulatory framework and / or definitions: <http://www.fao.org/3/v9878e/V9878E.pdf>

⁹ See related regulatory framework and / or definitions: https://ec.europa.eu/food/animals/animal-welfare_en

However, Eurazeo does wish to support medical research. Consequently, Eurazeo may invest in medical companies that engage in animal testing, provided that the revenue related to such activity does not exceed 20% of the company's total revenue.

9. Fur¹⁰

Eurazeo is committed to the 'do no harm' principle, which also applies to animal welfare. Eurazeo recognizes the Five Animal Freedoms, which include the right of animals to be free from hunger and thirst, discomfort, pain, injury or disease, and fear and distress. Therefore, Eurazeo does not invest in the fur industry, including fur farming or manufacturing.

However, Eurazeo does wish to support diversified companies in the apparel industry. Consequently, the company may invest in companies producing, buying, or selling clothes with fur as long as such clothes do not exceed 20% of their total revenue with a commitment to transition away to sustainable alternatives or exit from those products or services.

B. Sectors with potentially negative impacts on human health or society

1. Weapons¹¹

Eurazeo is committed to the 'does not harm' principle which applies to the defence industry and acknowledges that the weapons industry poses sustainability risks, including:

- **Human rights violations:** weapons or dual use goods and technologies that may contribute to human rights violations in the hands of oppressive regimes.
- **Proliferation of controversial weapons:** components or techniques may be used in the manufacturing process of controversial weapons.
- **Corruption:** trade of weapons in fragile states may be associated with corruption.

Eurazeo does **not invest in companies engaged in both conventional and controversial weapons:**

- Antipersonnel landmines
- Cluster munitions
- Nuclear weapons
- Biological weapons
- Conventional weapons deemed excessively injurious or have indiscriminate effects
- Goods which have no practical use other than for the purpose of "capital punishment, torture or other cruel, inhuman or degrading treatment or punishment"
- Small Arms and Light Weapons

¹⁰ See related regulatory framework and / or definitions: https://ec.europa.eu/food/animals/animal-welfare_en

¹¹ See related regulatory framework and / or definitions: Ottawa convention; Oslo convention on cluster munitions; Fissile Materials Cut-off Treaty (FMCT); Biological and Toxin Weapons Convention (BTWC); Convention on Certain Conventional Weapons; EU Council Regulation No 1236/2005; Common Military List of the European Union; EU report on 'Human rights and technology: the impact of intrusion and surveillance systems on human rights in third countries' (2014/2232(INI))

- Military equipment

Eurazeo recognizes that some equipment, services, and software with dual use may be necessary for self-defence or civilian use. Companies involved in such activities are eligible for investment, provided that their revenue from defence activities do not exceed 20% of their total revenue.

2. Narcotics¹²

Eurazeo does not wish to be involved in activities that have both proven negative effects on people's physical and mental health and addiction capacity.

Eurazeo does not invest in companies that primarily focus on the production, trade, procurement, or storage/transportation of narcotic drugs and psychotropic substances. The legality of some substances may vary by country, as is the case for cannabis. Eurazeo does not invest in companies engaged with cannabis unless it is used for medical purpose.

3. Tobacco¹³

Eurazeo does not wish to be involved in activities that have both proven negative effects on people's physical and mental health and addiction capacity, though legal.

Eurazeo does not invest in the cigarette industry, which includes manufacturers and wholesale traders of cigarettes, tobacco, e-cigarettes, and associated smoking products. Eurazeo does not invest in tobacco leaf growing companies, except those that solely produce and sell tobacco for medical purposes.

4. Alcohol¹⁴

Eurazeo does not wish to be involved in activities that have both proven negative effects on people's physical and mental health and addiction capacity, though legal.

However, Eurazeo does wish to support diversified companies in the hospitality, beverage and agricultural industries.

Consequently, Eurazeo may invest in the following:

- Hospitality that serves alcoholic beverages, provided that the revenue related to such activity does not exceed 20% of the company's total revenue.
- Companies farming plants and grains for the beverage industry, or beverage producers and distributors, as long as their activity is either restricted to soft alcoholic beverages¹⁵ or do not exceed 20% of their total revenue.

¹² See related regulatory framework and / or definitions: http://www.unodc.org/pdf/convention_1988_en.pdf; https://www.unodc.org/pdf/convention_1961_en.pdf

¹³ See related regulatory framework and / or definitions: https://www.who.int/fctc/text_download/en/

¹⁴ See related regulatory framework and / or definitions: https://www.who.int/health-topics/alcohol#tab=tab_1

¹⁵ Soft alcoholic beverage relates to cat 3 of French Public Health Code Article L 3321 1

5. Genetically Modified Organisms (GMOs)¹⁶

Eurazeo is committed to the 'do no harm' principle and seeks to avoid activities that may have negative effects on both people's health and biodiversity. While Eurazeo recognizes the significant potential of life science research and biotechnologies for innovation and improving welfare, such innovation may also result in significant adverse impacts on life welfare. Therefore, following the precautionary principle, Eurazeo does not invest in companies that generate more than 20% of their revenue from the production, trade, and components associated with GMOs.

6. Medical activities

Eurazeo supports scientific and technological progress to promote public health. However, some medical activities may have negative impacts on people's health or raise ethical questions.

Eurazeo does not invest in:

- human cloning or human genome editing
- gestational surrogacy
- post-mortem medically assisted procreation
- euthanasia and assisted suicide

Following the precautionary principle, Eurazeo does not invest in companies that generate more than 20% of their total revenue from the production and trade of over-the-counter medicines.

Following the precautionary principle, Eurazeo does not invest in companies that generate more than 20% of their total revenue for the production and trade of opioid medicines.

Eurazeo may invest in research on human stem-cells, human genetic screening, algorithmic processing for preventive, diagnostic or therapeutic procedures, in line with the French bio-ethics regulation.

7. Gambling¹⁷

Eurazeo does not wish to be involved in activities that have proven negative effects on people's mental health and addiction capacity, though legal.

Eurazeo does not invest in the gambling activity, be it online or offline. Eurazeo may invest in hotel groups where casino activity is hosted, if such activity does not exceed 20% of their revenue.

8. Pornography and porn media

Eurazeo does not wish to be involved in pornography activities, though legal. Eurazeo does not invest in the pornography and porn media industry.

¹⁶ See related regulatory framework and / or definitions: <http://www.fao.org/fao-who-codexalimentarius/en/>

¹⁷ See related regulatory framework and / or definitions:

V. SCREENING FOR FUNDRAISING OPPORTUNITIES

As a global financial institution, Eurazeo consistently aims to mobilize capital that does not result from activities that are inconsistent with the objectives of allocating this capital. Consequently, Eurazeo applies screening not only to investment opportunities but also to fundraising opportunities.

A. Negative screening

Eurazeo does not accept subscriptions from organizations headquartered in countries that are listed on the FATF-GAFI list of high-risk jurisdictions. The Financial Action Task Force (FATF) is the global money-laundering and terrorist-financing watchdog. This inter-governmental body sets international standards that aim to prevent these illegal activities and the harm they cause to society. Should the FATF-GAFI bring modifications to this list overtime, this procedure will be updated accordingly. At the time this procedure is published, the list of high-risk jurisdictions is as follows: Democratic People's Republic of Korea, Iran.

The FATF also identifies several countries with Anti-Money Laundering (AML)/Combating of Financing of Terrorism (CFT) deficiencies, these are part of the list of "Jurisdictions under increased monitoring". Prior to accepting subscriptions from organizations headquartered in jurisdictions under increased monitoring, Eurazeo performs in-depth AMF/CFT due diligence on potential investors.

B. Positive screening

In case an investment fund is oversubscribed, Eurazeo will make its best reasonable endeavours to discriminate in favour of non-profit organizations such as foundations.

DISCLAIMER

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