UNIGESTION

PRIVATE EQUITY
ESG REPORT 2023

CONTENT

PRIVATE EQUITY AT UNIGESTION

USD 10.9bn

Assets under management in private equity

UN PRI Score

Direct - ★★★★★ 91/100
Indirect - ★★★★★ 94/100

30 years

of private equity experience

67%

of private equity assets managed according to ESG criteria

64

Private Equity specialists across 5 office locations

Article 9

Fund launched in October 2022 and first investment made

53% of fund managers

improved their ESG score in 2022

38% of fund managers

are signatories of the ESG Data Convergence Initiative

41% of our companies

improved their ESG score in 2022

40% of our companies

Committed to report Principle Adverse Impact (PAIs) Indicators by 2023

Figures as of 31st March 2023. Our complete PRI Transparency and Assessment Reports are available at https://www.unigestion.com/responsible-investment/policies-and-reporting/

ABOUT UNIGESTION

Unigestion is an independent, specialist asset management company providing innovative, tailored solutions for investors worldwide. All our portfolios are underpinned by a common investment DNA which has remained at the heart our investment approach across our areas of expertise – private equity, equities, and multi asset & wealth management– since we were founded in 1971.

Our investment DNA combines convictions around active risk management, the combination of human insight with technology, research-led investment and ESG integration.

We believe that intelligent risk-taking is key to delivering consistent returns over time. Active risk management is the engine of performance. It allows us to target rewarded risk more precisely, permits us to assess the risk-return profile of each investment and enables us to adapt to different market conditions and tailor portfolios to investors' risk appetite.

We believe that combining mind and machine helps us make smarter, faster decisions. We use sophisticated proprietary tools to process market data in a robust, repeatable and scalable way, combining this with the human insight of our experienced investment teams, who use discretionary and forward-looking analysis to assess future risks.

We believe in innovation. Our culture of research, supported by close links with academia, enables us to constantly evolve our processes as the market develops, driving new investment ideas that we can share with clients to meet their requirements as they evolve. ESG principles are deeply rooted across all our investment lines, with 72% of all our assets covered by ESG considerations. We believe that investing in well-governed businesses with responsible practices can make a positive contribution to our clients' portfolios over the long term.

We strive to be responsible stewards of our clients' assets within a framework of strong governance and transparency. Effective stewardship benefits companies, investors and society as a whole. Our stewardship and engagement activity focuses on the ESG factors we believe will have the greatest impact for long-term investors and we take an active approach to our ownership of both public and private companies. Consistent with our commitment to being a responsible long-term investor and our duty to act in our clients' best interests, Unigestion is a signatory to the UN Principles for Responsible Investment (PRI).

Headquartered in Geneva, we have an independent and stable ownership structure that benefits all our stakeholders: clients, employees and society at large. Our largest shareholder is the Famsa Foundation, a charitable foundation established by Unigestion's Chairman Bernard Sabrier in 2011, which makes substantial contributions to a wide range of projects in the charitable, educational, cultural and medical fields. Our management team and other institutions are also shareholders, ensuring both an alignment of interests with clients and high standards of corporate governance.

EXECUTIVE SUMMARY

We are proud to present our latest Private Equity ESG report, highlighting our continued commitment to environmental, social, and governance factors as an integral part of our investment approach. In recent years, ESG considerations have moved beyond risk mitigation and become a key driver of performance for companies and investors alike – a development we support.

Highlights of the last 12 months include our annual ESG review across all investments, launching the Climate Impact Fund - our first Article 9 Fund - and publishing on a voluntarily basis the Principle Adverse Impact (PAI) indicators in accordance with the SFDR for the majority of our funds for the first time this year. The PAI indicators are used to evaluate the performance of a company in terms of ESG factors and help investors identify potential risks associated with investing in a particular asset. PAIs can range from issues related to climate change, such as greenhouse gas emissions, to social issues, such as labour practices and human rights violations. By monitoring and reporting on PAIs, companies can demonstrate their commitment to sustainability and transparency, and investors can make informed decisions about where to invest their money. We are also proud that in connection with our ESG efforts, Unigestion has been named "Best ESG Firm: Mid Cap" at the Private Equity Wire ESG AAA Awards in 2022.

As a fund manager, we recognise that data is critical in making informed investment decisions. This is why we also support the ESG Data Convergence Initiative (EDCI), which aims to standardise ESG data and reporting across the private equity industry. By signing on to the EDCI, we hope to encourage greater transparency and accountability when it comes to ESG reporting. This in turn helps us make better informed investment decisions that take into account ESG performance at the company level.

Yet, geographical discrepancies remain. European fund managers and companies continue to lead the way in terms of putting greater emphasis on ESG considerations compared to those located in the US for example. This report includes an analysis of green taxonomies and regulations currently being developed or implemented across major economies. We therefore continue to encourage all organisations to prioritise ESG factors in their decision making processes as the long-term benefits for all stakeholders are significant.

One of the key initiatives that we believe in is the Science Based Targets Initiative (SBTi), which aims to help companies set science based emissions reduction targets to limit global warming. We are holding active discussions with our investees to sign on to the initiative and take action to reduce their carbon footprint in order to mitigate the risks of climate change and support the global efforts to achieve 1.5-degree alignment.

Overall, this report is aimed at our investors and clients, enabling them to gain a better understanding of our ESG approach and see clearly the results and interpretations of our annual ESG analysis as well as our efforts to engage with companies and fund managers alike.

POLITICS OF SUSTAINABLE FINANCE WORLDWIDE

Attention around sustainability has not gone unnoticed by financial regulators worldwide. With everyone interpreting "sustainable finance" as they see fit, it was only a matter of time until governments and regulators stepped in to build a common framework and language to define sustainability. Those efforts have resulted in the creation of regulations known as "green taxonomies", a set of criteria that define economic activities as sustainable and ensures a positive contribution to the climate challenge. The rulebook established by the taxonomies provides clarity on definitions and helps avoid greenwashing.

The following analysis conducted by Unigestion compares the current status of green taxonomies and regulations of major economies. This will help us, and our clients, to better understand the needs and requirements defined by jurisdictions. National taxonomies can help a country tackle its most urgent environmental problems because these tools do the heavy lifting for investors, telling them where financing can be directed to positively impact the climate, the environment, and/or social issues. Yet, challenges remain. While it is encouraging to see so many countries developing their own taxonomies, there is a risk that a "maze of taxonomies" will render these tools impractical if there is no co-ordination. If jurisdictions classify economic activities differently, this may lead to a situation where a company's economic activity is considered "green" by one country's taxonomy and "not green" by another. We firmly believe that decisions on this topic have not yet been carved in stone and will remain a topic of continued discussion over the coming years.

EUROPE

The EU Commission's Sustainable Finance Disclosure Regulation ("SFDR") came into force in March 2021, detailing how to integrate and report sustainability considerations within the financial industry. Level 1 of the SFDR defines disclosure obligations for all financial market participants with 500+ employees in relation to the integration of sustainability risks and opportunities at entity and financial products level. This regulation is backed by the EU Taxonomy, a framework that defines environmentally sustainable investments, serving as a science-based dictionary that classifies an investment's contribution to one of six environmentally sustainable objectives. Most recently, Level 2 of the SFDR came into force in January 2023, requiring financial market participants to disclose the Principal Adverse Impact (PAI) indicators. More information about our approach to the PAIs can be found on page 8.

Since leaving the EU, the United Kingdom has developed its own taxonomy – the UK Green Taxonomy – which will build on existing EU taxonomy, and focus on investments that contribute to the UK's target of reaching net zero.

NORTH AMERICA

The U.S. market is one of the major markets that has yet to develop a comprehensive regime to define and regulate sustainable finance for environmental and social investments. However, the possibility for U.S. regulators to leverage on what the EU Commission has already implemented is now gaining traction. Using existing standards and frameworks would further strengthen and deepen a common understanding across asset managers and investors.

Canada, on the other hand, is a step ahead of its neighbour. The so-called "Transition Taxonomy" is currently under development by the Canadian Standards Association ("CSA"). Compared to the European taxonomy, the Canadians place emphasis on transition-related financial products and services. This should spur capital inflows to decarbonise current "brown" industries by investments that aim to reduce greenhouse gases or to improve their environmental footprint.

ASIA PACIFIC

Proposals and implementation of green taxonomies in Asia are characterised by regional differences. Singapore proposed the development of a taxonomy for financial institutions in 2021 which should be used by all countries in the ASEAN. Meanwhile, Malaysia published its own Climate Change Taxonomy in the same year, claiming its leading position as the green finance hub of Southeast Asia.

At the beginning of 2023, the Australian government announced that it will co-fund the development of a national sustainable finance taxonomy – a decision that has been highly welcomed by the country's super funds.

Outside these regional blocs, countries like Russia, China and Bangladesh have each developed their own understanding and classification system to define "sustainable investment", with separate green taxonomies already in place.

Geography	Green Taxonomy	Status
China	Green Bond Endorsed Project Catalogue	**Implemented**
European Union	Sustainable Finance Disclosure Regulation	**Implemented**
Malaysia	Climate Change and Principle-based Taxonomy	**Implemented**
South Africa	National Green Finance Taxonomy	**Implemented**
South Korea	K-Taxonomy on Green Industries	**Implemented**
Australia	Sustainable Finance Taxonomy	**In progress**
Canada	Canadian Green and Transition Financial Taxonomy Framework	**In progress**
Mexico	Green Finance Taxonomy	**In progress**
Singapore	Sustainable Finance Disclosure	**In progress**
UAE	Taxonomy for Sustainable Finance	**In progress**
United Kingdom	Green Finance Taxonomy	**In progress**
New Zealand	None – *but the NZ 2030 Roadmap established the plan to create a sustainable financial system*	**In discussion**
United States	None – *but the US SEC proposed a framework for companies to disclose certain climate-related risks*	**In discussion**

SFDR PRINCIPLE ADVERSE IMPACT (PAI) INDICATORS

On 1st January 2023, the SFDR Level 2 was adopted, requiring financial market participants to disclose the Principal Adverse Impact (PAI) indicators, relating to adverse impacts on climate, the environment, social, employee, human rights, anti-corruption, and anti-bribery levels. These indicators are divided into a set of 14 core indicators and 31 additional indicators with investors required to report on all 14 core indicators plus two additional indicators, of which one is related to the environment and another one to social and/governance matters.

CURRENT METHODOLOGY

In 2022, we contacted fund managers and companies to request data on the Principal Adverse Impact (PAI) indicators. However, given the generally low availability of data from many fund managers, we have had to develop a proxy methodology to measure the PAIs for our funds. For each underlying portfolio company, a proxy company in the public market, operating in the same geography and GICS sector with available PAI data, was identified and the company with the closest financial metrics (EV, revenues and EBITDA) was selected. The required climate data was then extracted from the Trucost data base, a practice in line with market standards.

We expect to receive an increasing amount of real ESG data in the next 12 months, as fund managers and companies improve their capabilities given increasing pressure from both investors and regulators. We will continue to update the proxy data with real data and launch the next annual data collection campaign in Q3 2023.

EXAMPLE

For our own active funds, we included the proxy PAIs in the quarterly reports for Q4 2022 and Q1 2023. The table below is an extract from the Unigestion Secondary V Q4 2022 quarterly report:

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			Unit of Measure	Impact 30.09.22	Coverage (%)
Greenhouse gas emissions	**1. GHG emissions**	Scope 1 GHG emissions	Tonnes	5,681	100
		Scope 2 GHG emissions	Tonnes	1,780	100
		From 1 January 2023, Scope 3 GHG emissions	Tonnes	20,158	100
		Total GHG emissions	Tonnes	27,619	100
	2. Carbon footprint	Carbon footprint	Tonnes/mUSD of Enterprise Value	82	100
	3. GHG intensity of investee companies	GHG intensity of investee companies	Tonnes / mUSD of Revenue	311	100
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	%	0.1%*	100
	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	%	N/A	N/A
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million USD of revenue of investee companies, per high impact climate sector	GWh/mUSD of Revenue	N/A	N/A
Biodiversity	**7. Activities negatively affecting biodiversity-sensitive areas**	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	%	N/A	N/A
Water	**8. Emissions to water**	Tonnes of emissions to water generated by investee companies per million USD invested, expressed as a weighted average	Tonnes/mUSD of Enterprise Value	0.0	38
Waste	**9. Hazardous waste ratio**	Tonnes of hazardous waste generated by investee companies per million USD invested, expressed as a weighted average	Tonnes/mUSD of Enterprise Value	N/A	N/A

*Represents the investee - Schenk Tanktransport - transportation services' company with the following revenue breakdown: airgas and CO2 - 35%, fuel - 28%, LNG - 5%. Investment thesis: shifting away from fuels and focus on improving the sustainability of the company.

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS			Unit of Measure	Impact 30.09.22	Coverage (%)
Social and employee matters	**10. Violations of UN Global Compact principles and Organisation 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	100
	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	%	0	100
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	%	N/A	N/A
	13. Board gender diversity	Average ratio of female to male board members in investee companies	%	N/A	N/A
	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	100

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS			Unit of Measure	Impact 30.09.22	Coverage (%)
Emissions	**1. Emissions of inorganic pollutants**	"Tonnes of inorganic pollutants equivalent per million USD invested, expressed as a weighted average	Tonnes	60	96
	2. Emissions of air pollutants	"Tonnes of air pollutants equivalent per million USD invested, expressed as a weighted average	Tonnes	384	99
	3. Emissions of ozone depletion substances	"Tonnes of ozone depletion substances equivalent per million USD invested, expressed as a weighted average"	Tonnes	N/A	N/A

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS			Unit of Measure	Impact 30.09.22	Coverage (%)
Social and employee matters	**6. Insufficient whistleblower protection**	Share of investments in entities without policies on the protection of whistleblowers	%	N/A	N/A
	8. Excessive CEO pay ratio	Average ratio within investee companies of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)	%	N/A	N/A
Human Rights	**9. Lack of a human rights policy**	Share of investments in entities without a human rights policy	%	N/A	N/A

OUR APPROACH TO INTEGRATING ESG FACTORS

We integrate ESG considerations across all our investment lines. From research and sourcing, to analysis and engagement, we go the extra mile to ensure the best possible outcome for our clients. To harmonise our ESG efforts, we have developed a four-pillar approach (see chart below) which is applied to all asset classes we manage. This includes strict screening criteria in the early stages of evaluating new opportunities by employing norm-based and exclusionary screenings (Pillar I & II). By doing this, we ensure that for example tobacco producers, controversial weapons or excessive carbon emitters will not be found in any Unigestion product, be it private equity, equities, or multi asset & wealth management. For the opportunities that pass our norm-based and exclusionary screenings, we review ESG considerations pre-investment and during our holding period in accordance with our proprietary scoring methodology (Pillar III). We aim to improve the ESG profile of our investments via engagement initiatives with clear objectives and timelines (Pillar IV).

OUR RESPONSIBLE INVESTMENT APPROACH

Pillar I

Norm-Based Screening

- Controversial Weapons
- Tobacco Producers
- Adult Entertainment Producers
- Thermal Coal Exposure
- Predatory Lending
- Un Global Compact non-compliant

Pillar II

Exclusionary Screening

- Companies or funds with no ESG policy or plans to develop one
- Companies or funds with ESG related litigation
- High carbon emitters

Pillar III

Esg Guidelines

- Annual review of ESG scores
- Portfolio ESG score higher than pre-investment score

Pillar IV

Engagement

- Board representation in companies and funds
- Implementation of engagement plan in companies

Bottom-up Screening (Pillars I and II)

Top-down Guidelines (Pillar III)

Parallel Process (Pillar IV)

For each new investment, we actively exclude opportunities that do not meet key ESG norms including investments in tobacco, adult entertainment and UN Global Compact non-compliance. We also exclude from our investment universe companies that (i) have no ESG policy or no intention of developing one during our ownership, (ii) have major ESG-related litigations or (iii) are high carbon emitters.

With respect to risk mitigation, we conduct a qualitative and quantitative assessment of the material ESG risks, with the support of data provided by the Sustainability Accounting Standards Board (SASB) and determine the financial impact on the investment should substantial ESG risks materialise. As part of our ESG due diligence for every new investment, we measure companies against stringent ESG standards using 20 quantitative and qualitative criteria for direct investments and 42 criteria for fund investments, using our proprietary scoring methodology.

This is an important tool allowing the investment team to gain a thorough understanding of the level of ESG integration of a company or fund, as well as to determine specific key performance indicators (KPIs) and the potential engagement plan on specific issues. Once the Investment Committee has approved an investment, the engagement plan is implemented and closely monitored alongside the annual update of the ESG score. Our goal is to develop our investments into ESG leaders in their respective industries, as this will be a core feature of the leading companies of the future.

The KPIs we regard as the most significant are tracked annually with the results from our 2022 analysis presented in the forthcoming pages. Please note that the analysis is based on an internally-developed methodology and therefore reflects our opinion.

ESG IN FUND INVESTMENTS IN 2022

We started to invest in private equity funds in 1996 and have made more than 500 fund investments to date. Thanks to our wide network, we are able to scan hundreds of fund opportunities every year. As outlined in the previous section, fund investments are assigned an overall ESG score as part of our due diligence and, based on the results, we develop an engagement plan with the fund managers to monitor their progress on all relevant ESG factors. In 2022, we completed the annual ESG review of our existing fund investments, with ESG data received from 116 fund managers, a 10% increase to the number of fund managers reviewed in 2021. Highlights of our fund manager evaluation are shown below.

HIGHLIGHTS OF THE 2022 ESG REVIEW OF FUND INVESTMENTS

53% of fund managers **improved their ESG** score

Only 10% of fund managers had a **slight decrease** in their ESG score

EU managers scored higher that their US and APAC counterparts

Emerging managers performed well on social and governance matters

North American managers scored **lowest on environmental factors**

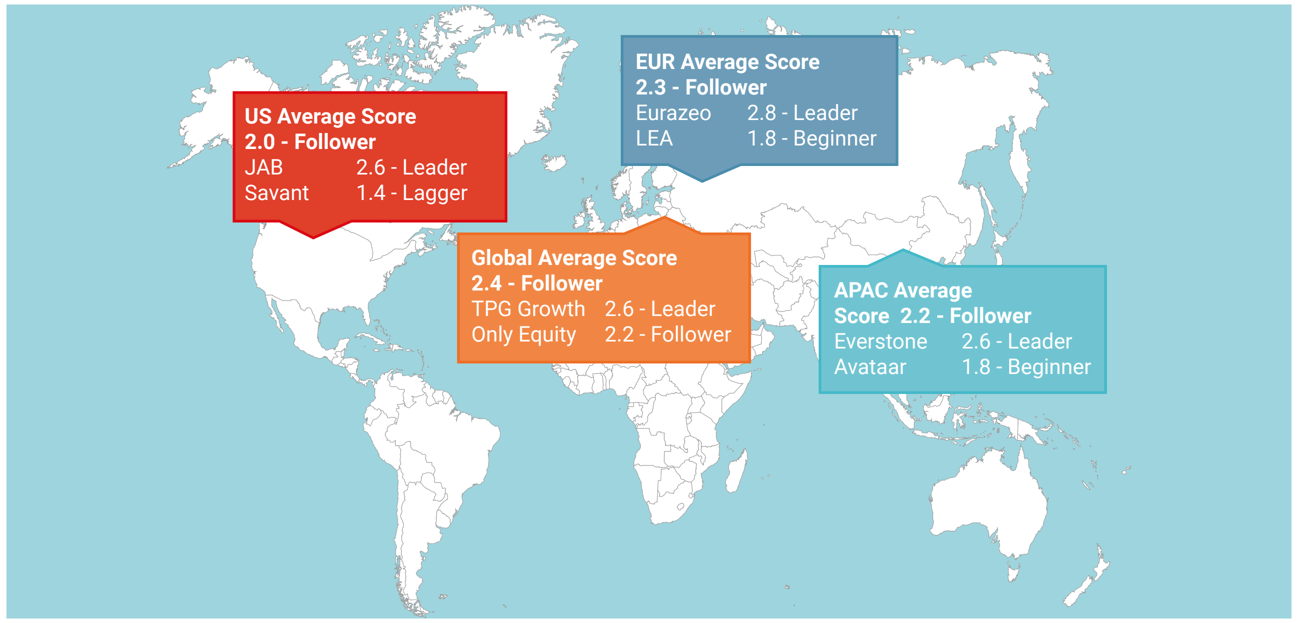
Unigestion's fund portfolio is composed of:

22%	60%	15%	3%
Leaders	Followers	Beginners	Laggers
2021 - 14%	*2021 - 63%*	*2021 - 22%*	*2021 - 1%*

The map below shows the average 2022 score of the fund managers by their target regions, as well as the best and worst scores in each region.

OVERVIEW OF FUND MANAGERS' 2022 ESG SCORES

Overall average score	**2.2 - Follower**
Eurazeo	2.8 - Leader
Savant	1.4 - Lagger



[1]Excludes fund managers of funds with only a small exposure in our portfolio or in liquidation as well as fund managers for which due diligence was done in the last 12 months.

ESG KPIS BY GEOGRAPHY

Relevant KPIs on ESG factors have been summarised and are used for ongoing monitoring purposes to demonstrate the evolution and progress of fund managers. Most of our managers are already integrating ESG factors into their operations and plan to improve on them going forward. With stricter regulations to define and invest according to sustainable factors, we see a trend for further integration of ESG factors and this should build further confidence among investors. In 2022, 93% of fund managers confirmed they had a **Responsible Investment Policy** in place, with European managers clearly leading and US managers somewhat lagging. Since early 2021, Unigestion has not invested in funds managed by managers that do not have a Responsible Investment Policy.

	All	EUR	US	APAC
% of fund managers with a Responsible Investing Policy	93%	97%	86%	87%

On the ***Environmental*** side, 81% of the managers reviewed are tracking their environmental footprint, a strong increase compared to 65% in 2021. European managers also lead the way with 92% tracking their footprint, which we assume is attributable to stricter environmental policies and requirements from financial regulators based in Europe. A similar picture can be seen in the assessment of **climate risks**, where 81% of European fund managers reviewed have incorporated processes to assess relevant risks that derive from climate change in their portfolio.

	All	EUR	US	APAC
% of fund managers tracking their environmental footprint	81%	92%	41%	73%
% of fund managers assessing climate risks in their portfolios	75%	81%	59%	57%

One of the most relevant ***Social*** factors is Health & Safety, which aims to protect the workforce from accidents and fatalities. We are pleased to report that 95% of reviewed fund managers already monitor health & safety incidents within their portfolios, an increase from 90% in 2021. We believe that social factors will become even more relevant in the future, given the introduction of the social taxonomy in the EU. Employee Turnover Rate is being assessed by 84% of European fund managers reviewed across our portfolio, with 59% for the US and 80% for APAC fund managers.

	All	EUR	US	APAC
% of fund managers monitoring health & safety in their portfolios	89%	92%	77%	87%
% of fund managers assessing employee turnover rate	79%	84%	59%	80%

With respect to ***Governance***, we asked our fund managers whether they assess board independence and to disclose the percentage of women in senior positions. Interestingly, concerning board independence, this is the only measure where, with 86%, US fund managers are leading and APAC managers are considerably lagging. Regarding women in senior positions, only 14% of all fund managers reviewed have more than 30% of women in such roles, with 25% of APAC fund managers leading. We continue to engage with fund managers to increase this figure to improve diversity across the board.

% of fund managers assessing independence of Board Member

74%	72%	86%	67%
All	EUR	US	APAC

Fund managers with >30% of women in senior positions

14%	8%	11%	25%
All	EUR	US	APAC

ENGAGEMENT PRIORITIES

The following sections showcase some of our investments in terms of our 2022 ESG review and engagement priorities. In general, our objective is to engage with all fund managers, especially those with a lower classification and thus with greater potential to improve. We actively identify ESG topics for potential engagement, customising our approach to each fund manager.

LEA PARTNERS – LEA MITTELSTANDSPARTNER II

Industry: B2B Tech Focus
Market: DACH
ESG Score 2022: 2.0 («Beginner»)

Lea Partners is an emerging manager, headquartered in Germany and focusing on building leading digital businesses across DACH with diverse end-markets. We recognised the teams' proven approach to source and create value in the B2B technology software industry, having committed in Fund II through our Emerging Manager Choice II fund.

Engagement Priorities

Environment
- Encourage fund manager to sign the UN PRI and become more actively engaged with other RI initiatives
- Start tracking and measuring the environmental footprint of underlying portfolio companies

Social
- Start tracking and measuring health & safety incident of underlying portfolio companies
- Start tracking and measuring absenteeism rate of underlying portfolio companies
- Implement succession plan

Governance
- Implement policy for introducing committees in underlying portfolio companies
- Increase percentage of women in senior positions

	2022	2023
ESG Processes	2.1/3	
Environment	2.0/3	
Social	1.8/3	
Governance	2.1/3	
	2.0 Beginner	

Engagement Timeline

2022 – **UNG Investment**

2023 – Encourage to sign UN PRI; Start tracking environmental footprint of portfolio companies

2024 – Increase percentage of women in senior positions; Start tracking work related health & safety incidents

BAYPINE PARTNERS – BAYPINE CAPITAL I

Industry: Digital transformation
Market: United States
ESG Score 2022: 2.3 («Follower»)

BayPine is a private equity investment firm, headquartered in Boston and founded in 2020 to invest in high-quality, market-leading businesses in traditional industries with the intent of facilitating a comprehensive digital transformation. The firm's strategy is designed to instill durable core-economy companies with the execution speed, innovation mindset and technology infrastructure of leading "new economy" businesses.

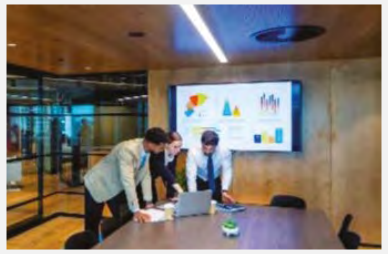
Engagement Priorities

Environment
- Encourage fund manager to sign the UN PRI and become more actively engaged withother RI initiatives
- Incorporate comprehensive process to consider ESG risks and opportunities into the investment process
- Start tracking and measuring the environmental footprint of underlying portfolio companies

Social
- Start tracking and measuring health & safety incident of underlying portfolio companies
- Start tracking employee turnover / absenteeism rate of portfolio companies
- Improve gender pay gap at firm and portfolio company level

Governance
- Further improve ownership practices by voting and active engagements
- Increase percentage of women in senior positions at firm and portfolio company level

	2021	2022
ESG Processes	2.0/3	2.3/3
Environment	1.0/3	2.0/3
Social	1.8/3	2.4/3
Governance	2.5/3	2.5/3
	1.9 Beginner	2.3 Follower



Engagement Timeline

2021 – **UNG Investment**

2022 – Baypine signed UN PRI and other RI initiatives; Started tracking environmental footprint of portfolio companies; Started tracking H&S incidents of portfolio companies

2024 – Increase percentage of women in senior positions; Improve active ownership and engagement practices during holding period

ESG IN DIRECT INVESTMENTS IN 2022

2022 and the first half of 2023 has been a very busy – and successful – time for our direct funds. We successfully launched **our second Article 8 vehicle, Unigestion Direct III** – which as of May 2023 had already made six commitments in exciting companies that promote environmental and social characteristics.

As part of our annual ESG review, all direct investments were analysed, except for exits and new investments in 2022, where recent due diligence had already been conducted. An update of our highlights from the 2022 ESG review and their development is presented in the following pages

HIGHLIGHTS OF THE 2022 ESG REVIEW OF DIRECT INVESTMENTS

68% of our companies **improved their ESG** score in 2022

3 out of 4 companies classified as «**Leaders» are European**

European companies achieved the highest scores

New investments in UD II were mostly «Beginners», mainly due to the **lack of information on ESG**

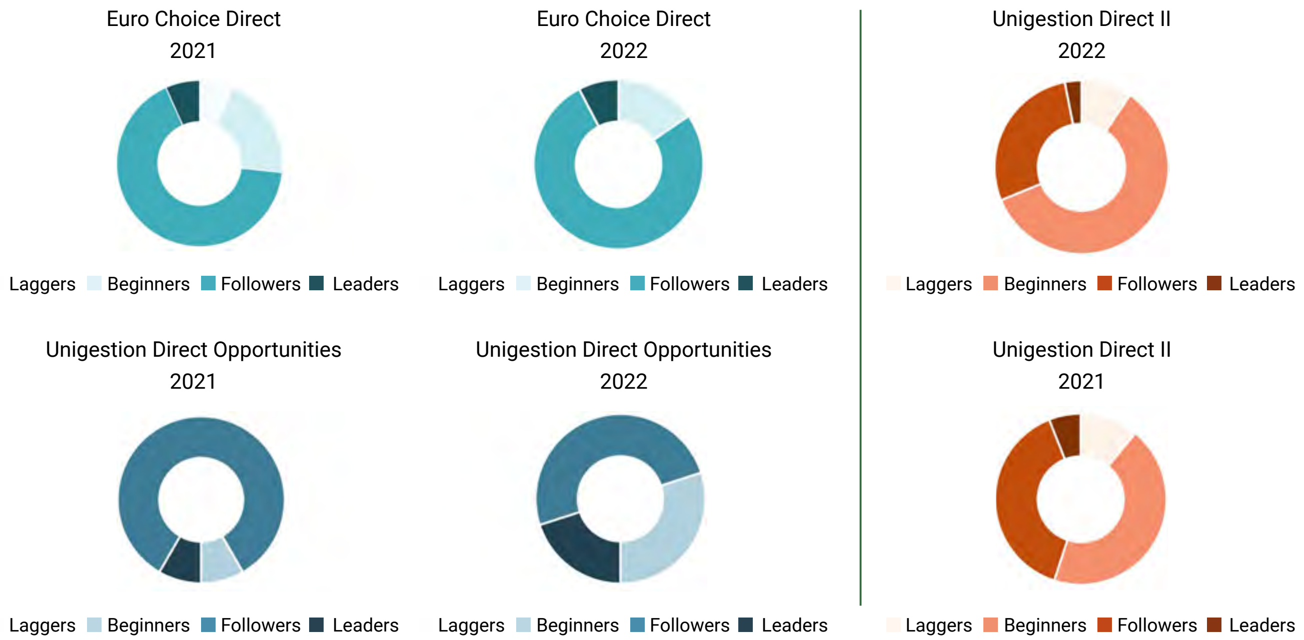
APAC and North American companies scored lowest on their ESG process

Unigestion's direct portfolio is composed of:

8%	46%	40%	6%
Leaders	Followers	Beginners	Laggers
2021 - 21%	*2021 - 58%*	*2021 - 16%*	*2021 - 5%*

Our earliest direct funds, Unigestion Direct Opportunities 2015 and Euro Choice Direct, demonstrate a similar spread of classifications in 2022. We are happy to announce that Euro Choice Direct no longer has any Laggers in the portfolio and the percentage of Followers has significantly increased. Unigestion Direct II has made seven new investments over the past 12 months. Therefore, the percentage of Lagger and Beginners is still fairly high and the percentage of laggers has increased in 2022, compared to 2021, which we expect to decrease through active engagement during the holding phase in the coming years.

ESG CLASSIFICATION SPLIT OF UNIGESTION'S DIRECT FUNDS



The next section summarises relevant KPIs on certain ESG factors across the three funds. We use this data for ongoing monitoring purposes to demonstrate evolution and progress across our portfolio companies. We are pleased to report that most companies already integrate ESG factors into their operations and take sustainability factors into consideration. The below summary shows some examples of our three direct funds, namely **Euro Choice Direct** (ECD), **Unigestion Direct Opportunities** (UDO) and **Unigestion Direct II** (UD II), an SFDR Art.8 fund.

Regarding ***Environmental*** factors, we are pleased that companies across our two mature portfolios of UDO and ECD are well advanced with the majority having an ESG policy in place and using a significant share of renewable energy. We expect UD II to pick up over the next 12 months, reporting improved figures in the next annual review.

	UDO	ECD	UD II
% of companies with an ESG policy	60%	92%	42%
% of companies providing ESG training to employees	25%	54%	62%
% of renewable energy used	44%	25%	23%

With respect to ***Social*** factors, all companies in the UDO portfolio and almost all the companies in the ECD portfolio have diversity initiatives in place. Similarly, we expect the percentage for UD II to improve as we encourage companies to implement such policies and initiatives.

	UDO	ECD	UD II
% of companies with diversity initiatives	100%	77%	69%
Absenteeism rate	3%	5%	4%

Regarding ***Governance***, the UDO portfolio shows the highest percentage of women at board level while ECD's portfolio companies have the highest percentage of independent board members. UD II is not far behind the two mature funds with regards to those two KPIs. We will continue to engage with the investee companies to improve these figures which we believe to be critical for good governance at every company.

% of female board members

34% UDO

22% ECD

21% UD II

% of independent board members

29% UDO

30% ECD

24% UD II

KEY ESG KPIS IN OUR DIRECT PORTFOLIOS

The below tables show an extract for each fund with the KPIs we source from each company as part of our ESG scoring. It demonstrates how some companies are more advanced than others when it comes to implementing ESG considerations, providing us with enough data to understand where to engage.

EURO CHOICE DIRECT	Consumer	Food & Beverages		Healthcare	Infrastructure		Tech & Communication	
	Torf	Citri & Co	Tapi	AlterPharma	Emmeti	Robur	Adista	Guestline
ESG PROCESS								
ESG policy	✓	✓	✓	✓	✓	✓	✓	✓
No ESG litigations	✓	✓	✓	✓	✓	✓	✓	✓
ESG officer	✓	✓	✓	✓	✓	✓	✓	✓
Employee growth	✓	✓	✓	✓	✗	✓	✓	✓
ESG training	✓	✓	✓	✗	✓	✓	✓	✗
ENVIRONMENTAL								
Environmental policy	✓	✓	✓	✓	✗	✓	✓	✗
Tracking E footprint	✓	✓	✓	✓	✗	✓	✓	✓
% renewable energy	0%	2%	12%	55%	50%	48%	100%	0%
% waste recycled	51%	100%	81%	25%	50%	20%	100%	35%
SOCIAL								
Diversity initiative	✗	✓	✓	✓	✓	✓	✓	✓
Wellbeing initiative	✓	✓	✓	✓	✓	✓	✓	✓
H&S incidents	2	293	44	0	6	n/a	4	0
GOVERNANCE								
Code of conduct	✓	✓	✓	✗	✓	✓	✓	✓
% of women at board level	54%	19%	20%	11%	0%	0%	10%	44%
% of independent board members	0%	0%	60%	40%	0%	100%	0%	43%

UDO	Services		Financial Industry		Healthcare		Transport
	Teamsport	Areas	Futur Pension	Atria	WCG	Zenitas	Transporeon
ESG PROCESS							
ESG policy	✓	✓	✓	✗	✓	✗	✓
No ESG litigations	✓	✓	✓	✓	✓	✓	✓
ESG officer	✓	✓	✓	✗	✗	✗	✓
Employee growth	✓	✓	✓	✓	✗	✓	✓
ESG training	✓	✓	✓	✗	✓	✗	✓
ENVIRONMENTAL							
Environmental policy	✓	✗	✓	✗	✓	✓	✓
Tracking E footprint	✓	✓	✓	✗	✗	✓	✓
% renewable energy	100%	0	100%	n/a	n/a	0%	40%
% waste recycled	40%	31%	100%	n/a	n/a	0%	60%
SOCIAL							
Diversity initiative	✓	✓	✓	✗	✓	✓	✓
Wellbeing initiative	✓	✓	✓	✓	✓	✓	✓
H&S incidents	1	10	0	0	0	140	0
GOVERNANCE							
Code of conduct	✓	✓	✓	✓	✓	✓	✓
% of women at board level	14%	26%	29%	22%	52%	40%	25%
% of independent board members	63%	15%	60%	0%	25%	0%	60%

UD II	Financial Services	Healthcare		Resource Transformation		Technology		Transport
	Blauwtrust	Prollenium	Evaluate	AWS	Cedes	LMG Holding	Paratus	Freightwise
ESG PROCESS								
ESG policy	✗	✓	✓	✓	✓	✓	✗	✗
No ESG litigations	✓	✓	✓	✓	✓	✓	✓	✓
ESG officer	✗	✗	✓	✓	✓	✓	✗	✓
Employee growth	✓	✓	✓	✓	✓	✓	✗	✓
ESG training	✗	✓	✓	✓	✓	✓	✓	✗
ENVIRONMENTAL								
Environmental policy	✗	✓	✓	✓	✓	✓	✗	✗
Tracking E footprint	✗	✓	✓	✗	✓	✓	✗	✗
% renewable energy	n/a	8%	0%	n/a	22%	100%	33%	15%
% waste recycled	n/a	68%	0%	n/a	91%	100%	n/a	30%
SOCIAL								
Diversity initiative	✗	✓	✓	✗	✓	✓	✓	✗
Wellbeing initiative	✓	✓	✓	✗	✓	✓	✓	✓
H&S incidents	n/a	0	0	0	1	0	0	0
GOVERNANCE								
Code of conduct	✓	✓	✓	✓	✓	✓	✗	✓
% of women at board level	10%	0%	43%	0%	12%	40%	0%	0%
% of independent board members	80%	14%	0%	50%	60%	50%	0%	20%

EXAMPLES OF DIRECT INVESTMENTS' ESG REVIEW 2022 AND ENGAGEMENT PRIORITIES

The below examples showcase our 2022 ESG engagement priorities and achievements for two of our portfolio companies. In general, our objective is to engage with companies, especially those with a lower classification and thus with potential to improve and drive change. Specifically, the examples show how we identify ESG challenges and customise our approach to meet the needs respectively.

NZ BUS – UNIGESTION DIRECT OPPORTUNITIES FUND

Industry: Transportation
Market: New Zealand
ESG Score at exit: 12.7 («Follower»)

NZ Bus is the largest urban bus operator in New Zealand with a modern fleet of over 700 buses operating across 13 depots. The company operates in key urban centres in Auckland, Wellington and Tauranga. Unigestion invested alongside its investment partner Next Capital, recognising the considerable scope to grow the business through various initiatives and drive ESG actions, having successfully exited it in 2022.

Engagement Priorities

Environment
- Introduce electric bus fleets across all regions, targeting to operate fully electrified by 2030
- Increase the use of renewable energy across all operational buildings
- Encourage NZ Bus to measure and reduce the percentage of waste recycled

Social
- Reduce number of work related health and safety incidents
- Introduce a remuneration committee on company level

Governance
- Increase the percentage of female members at senior management and board level
- Increase the percentage of independent board members
- Introduce anti-money laundering policy and succession plan

	2020	2021
ESG Processes	4.0/5	4.0/5
Environment	2.0/5	3.0/5
Social	1.0/5	2.7/5
	10.0	12.7
	Follower	Follower

Engagement Timeline

% of renewable energy increased from 0 to 100%

% of female senior management members increased from 0 to 22%

2019 – **UNG investment**

2020 – Introduced 155 electric bus vehicles across the Auckland region

2022 – **UNG exit to strategic investor**

HOME INSTEAD – UNIGESTION DIRECT II

Industry: Elderly Care
Market: Europe
ESG Score 2022: 5.8 («Beginner»)

Home instead is a Swiss healthcare services company, providing non-medical home care services to the elderly at home, ranging from personal care (washing, dressing), household support (cleaning, cooking), reablement services for elderly released from hospital (rehabilitation) to medicalised services (respiratory care etc.). Upon investing, we identified a range of ESG measures to introduce during ownership.

Engagement Priorities

Environment
- Introduce ESG policy, name an ESG officer and start providing ESG training to employees
- Start measuring and tracking GHG footprint
- Start measuring and tracking % of renewable energy and % of waste recycled

Social
- Introduce diversity, well-being and charity initiatives
- Start measuring and tracking work-related health & safety incidents
- Start measuring and tracking absenteeism rate

Governance
- Introduce code of conduct, whistleblowing, anti-bribery and anti-corruption policies
- Increase the % of women in executive management
- Increase the % of independent board members

	2021	2022
ESG Processes	2.0/5	3.5/5
Environment	0.0/5	0.0/5
Social	0.0/5	1.0/5
Governance	0.4/5	1.3/5
	2.4	5.8
	Lagger	Beginner

Engagement Timeline

2021 – **UNG Investment**

2022 – Dedicated ESG officer was appointed in Q4 2022
Well-being and charity initiatives introduced in 2022
% of female executives increased from 0 to 40% in Q4 2022

2024 – Track work-related health & safety incidents
Increase % of independent board members

2026 – Track GHG footprint, waste and renewable energy

UNIGESTION CLIMATE IMPACT

In Q4 2022, we launched our **Climate Impact Fund** – an Article 9 fund which invests in companies that provide solutions to the climate challenge. We expect to achieve this objective in two ways: (i) by investing in companies with enabling activities (i.e. providing a product or service that enables their customers to decarbonise) and (ii) by investing in companies with transitional activities (having a significant carbon footprint at present and focusing on its decarbonisation journey).

The fund has made its first investment in Project Duke, **a low carbon heating network in the UK**. Duke is a SFDR Art.9 project build-up investment in energy transition addressing the second largest source of greenhouse gas emissions (GHG) in the UK – heating. The climate impact is achieved via the replacement of gas-based heating solutions by centralised air-sourced heat pumps, enabling ca. 66% of GHG emissions to be avoided. The low carbon heating networks will be built significantly below the EU Taxonomy threshold (65g vs 100g GHG/KWh) and Duke is currently in the process of validating science-based targets (SBT).

Name	Duke
Investment date	November 2022
Investment stage	Project build-ups
Headquarters	UK
Climate impact sector & SDG	Energy Transition SDG 7 (targets 7.1, 7.2)
Environmental activity	Enabling and Transitional
Unigestion role	Co-investment alongside Asper (SFDR Art.9)
GHG intensity at entry	Networks to start operating at 65g GHG / KWh (vs. 100g GHG / kWh EU Taxonomy threshold)
ESG Score	Follower (14.0 / 20.0)

Climate Impact Profile

- **GHG emissions avoidance:** Low carbon heating via ASHPs to replace gas- based heating solutions, enabling c.66% Greenhouse Gas (GHG) emissions to be avoided.
- **GHG intensity (Scope 1-3) at entry (tCO2 / EURm):** Networks to start operating with GHG intensity of 65g GHG / kWh (vs. 100g GHG / kWh EU Taxonomy threshold).
- **GHG emission reduction target:** Net zero - in process to validating science-based targets.

GLOSSARY

Active Ownership	Actively exercising your rights as a shareholder, by voting at shareholder meetings and engaging – having an active dialogue – with investee companies, to benefit clients and potentially society as a whole.
Carbon Footprint	The total amount of greenhouse gases that are generated by a person or entity, usually measured in equivalent tons, over the course of a year.
Carbon Intensity	An entity's carbon emissions, typically divided by its revenues, though the denominator can also be square meter, per employee, unit of production, etc.
Emerging Managers	General Partners raising or managing their 1st or 2nd fund.
Engagement	Contact between an asset manager and investee entity on matters relating to ESG factors with the aim of improving practice, disclosure or both.
ESG Integration	ESG integration is the analysis of all material factors in investment analysis and investment decisions, including environmental, social, and governance factors.
EU Taxonomy	The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities, aiming to provide companies, investors and policymakers with appropriate definitions to determine which economic activities can be considered environmentally sustainable.
Exclusion List	A list of securities to be removed from a fund's investible universe due to their failing to meet certain criteria.
Intergovernmental Panel on Climate Change (IPCC)	IPCC is the United Nations body for assessing the science related to climate change. It aims to provide policymakers with regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation options.
Paris Agreement	Breakthrough international treaty on climate change adopted at COP21, Paris, 2015. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.
Principle Adverse Impact Indicators (PAIs)	SFDR Level 2, requiring financial market participants to disclose sustainability data, relating to adverse impacts on climate, the environment, social, employee, human rights, anti-corruption, and anti-bribery levels, consisting of 14 mandatory and 31 voluntary indicators focusing on environmental and employee matters, respect for human rights, and anti-corruption and anti-bribery matters.
Science Based Target Initiative (SBTi)	Initiative to drive climate action in the private sector by enabling organizations to set science-based emissions reduction targets.
Scope 1, 2 and 3 Greenhouse Gas Emissions	Scope 1,2 and 3 emissions are greenhouse gas emissions that cause carbon footprints. As their name suggests, they are measured in three ways, according to how they were created: Scope 1 emissions are those that are directly generated by the company, such as an airline emitting exhaust fumes. Scope 2 emissions are those that are created by the generation of the electricity or heat needed by the company to sell its main products or provide its main services. Scope 3 emissions are those caused by the entire value chain, including the end-user of the product over its life cycle, and are much more difficult to measure.
Sustainable Finance Disclosure Regulation (SFDR)	The EU SFDR is a regulation that is designed to provide transparency for investors to distinguish and compare between the many sustainable investing strategies that are now available. It sets specific firm- and investment-level disclosure criteria and classifies funds into three distinct categories, according to the degree to which sustainability is a consideration.
Sustainability Accounting Standards Board (SASB)	SASB is a non-profit organization; its Standards guide the disclosure of financially material sustainability information by companies to their investors. Available for 77 industries, the Standards identify the subset of ESG issues most relevant to financial performance in each industry.
Task Force on Climate-Related Disclosures (TCFD)	The Financial Stability Board created the TCFD to develop recommendations to improve and increase reporting of climate-related financial information.
United Nations Global Compact (UNGC)	The UNGC is a voluntary initiative for companies based on CEO commitments to implement universal sustainability principles and to take steps to support United Nations goals.
United Nations Sustainable Development Goals (SDGs)	The 17 SDGs have been laid out by the UN as a plan for achieving a better future for all over the next 15 years to end extreme poverty, fight inequality and injustice, and protect our planet.

read our latest investment thinking

www.unigestion.com/publications

contact us

General Information
info@unigestion.com

Clients
clients@unigestion.com

Press
pressrelations@unigestion.com

Disclaimer