

**KEENSIGHT**  
CAPITAL

# **Report on the Energy and Climate Law (Art. 29)**

*Year 2021*

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## 1. Scope of the Report

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The present Report relates to the application of Article 29 of the Energy and Climate Law (*Loi énergie-climat*, LEC) n°2019-1147 of November 8, 2019, and the decree n° 2021-663 of May 27, 2021. Accordingly, this Report includes data applicable to Keensight Capital (hereinafter referred to as Keensight Capital or Keensight) for the financial year ended 31/12/2021 and covers entity-level and fund-level information involving 100% of the assets under management. It is accessible via the Keensight Capital website: <https://www.keensightcapital.com>.

## 2. General ESG approach

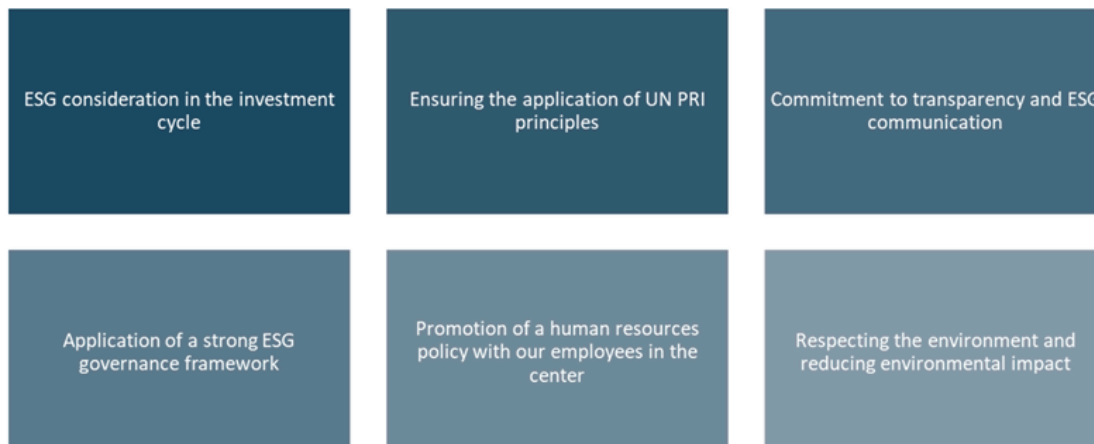
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Keensight Capital is a European growth buyout investor with deep expertise in the Technology and Healthcare sectors. We partner with the management teams of fast-growing and profitable companies providing capital, strategic guidance, and operational support.

Since its inception, the team at Keensight Capital has been delivering value to investors by backing management teams to build stronger and more valuable businesses. Long-term sustainability is at the core of what we do. We believe that having a responsible and proactive approach to sustainability will positively impact our performance, the success of our portfolio companies, and society at large. As such, we expect both our management company and portfolio companies to be committed to our environmental and social engagements.

Keensight Capital formalized its ESG (Environmental, Social, and Governance) approach in 2010 through an ESG policy structured in six pillars. These pillars are the backbone of our commitments to sustainability matters.

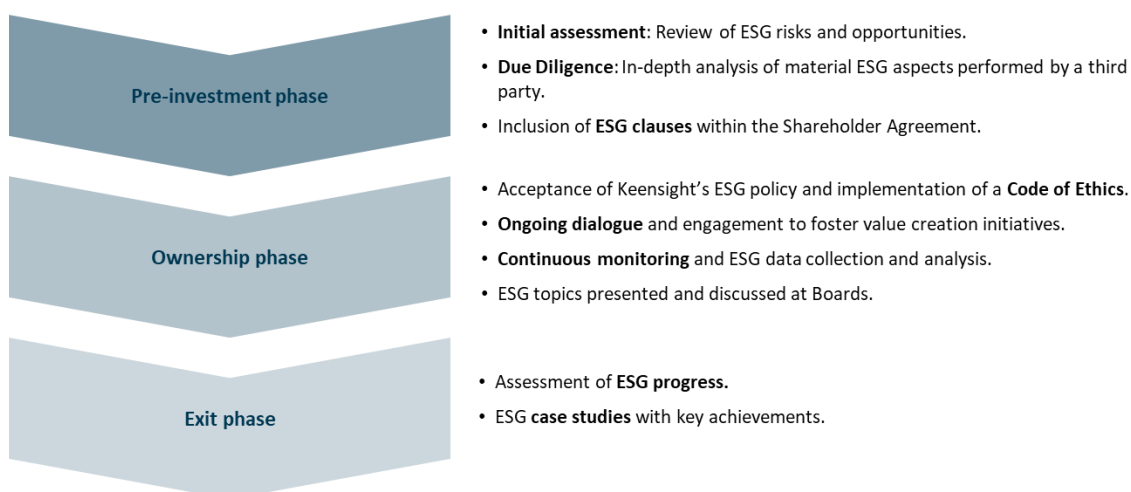
Summary of the pillars of the ESG Policy



In addition to the ESG Policy, Keensight Capital approved its Responsible Investment Policy<sup>1</sup> with the aim of providing more granularity to how sustainability risks and, overall, ESG criteria are considered in the investment cycle.

Both policies have been approved by the Board of Directors. They are interconnected and serve as our ESG general framework, which is characterized by the inclusion of environmental, social and governance criteria at every stage of our processes and for all investments.

ESG considerations in each phase of the investment cycle



<sup>1</sup> Access the Responsible Investment Policy here: [https://www.keensightcapital.com/wp-content/uploads/2021/06/20210430-Keensight\\_Responsible-Investment-Policy.pdf](https://www.keensightcapital.com/wp-content/uploads/2021/06/20210430-Keensight_Responsible-Investment-Policy.pdf)

Moreover, Keensight Capital follows a strict investment policy, defined in the rules of procedure. From the deal origination phase, we identify sectors that, according to our policy, are non-acceptable. These sectors include businesses that directly or indirectly are involved in the following:

- whose activity constitutes an illegal economic activity pursuant to applicable laws and regulations, or
- that engages in:
  - the production or distribution of tobacco, distilled alcoholic beverages, and associated products;
  - casinos, gambling, online betting, or similar enterprises;
  - the sale or production of arms/weapons and ammunition of any kind;
  - pornography;
  - human cloning for reproductive purposes.

## 2.1. ESG disclosure

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We are committed to providing our investors and the general audience, with clear, adequate, and transparent information. In that respect, ESG data is reported regularly through different channels:

- ESG information included in a dedicated section of the **Annual Report**, describing key initiatives undertaken during the year, improvement plans, and relevant KPIs;
- Annual publication of the **UN PRI Transparency Report**, which incorporates data on our responsible investment activities;
- **Annual General Meetings (AGM)**, including specific ESG presentations;
- **Incident notification procedure** to inform investors of ESG incidents and corrective measures occurring in the portfolio companies;
- Specific **ESG section on the website**, hosting relevant ESG policies, reports, documents, and other relevant sustainability information;
- **On-demand ESG reporting** to investors via data collection processes;
- **Constant open dialogue** with key stakeholders to provide ad-hoc information and follow-up metrics, if required.

## 2.2. List of financial products under Regulation 2019/2088

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With regards to Regulation (EU) 2019/2088 on the sustainability-related disclosures in the financial services sector (“SFDR”), as of 31 December 2021, Keensight’s financial products are classified as follows:

- *R Capital III: Article 6*
- *Keensight IV: Article 6*
- *Keensight V: Article 6*
- *Keensight Symeres Co-Invest: Article 6*
- *Keensight Adista Co-Invest: Article 6*
- *Keensight Spark I: Article 8*

## 2.3. Engagement and support of ESG initiatives and organizations

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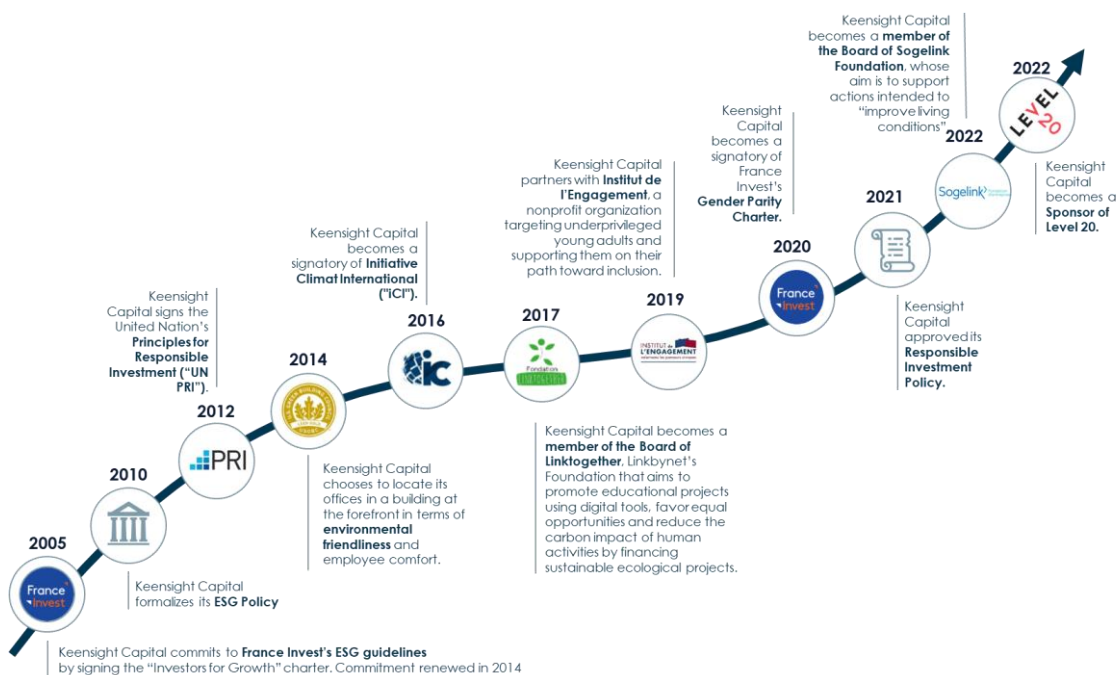
Keensight Capital recognizes the strategic importance of addressing ESG matters and encourages better transparency and disclosure of responsible investment practices across the investment industry, by engaging with colleagues and peers and participating in relevant initiatives.

- Since 2012, Keensight has been a signatory of the PRI, the Principles for Responsible Investment, promoted by the United Nations. The latest scores<sup>2</sup> are A (Strategy and Governance) and A+ (Private Equity);
- In 2014, Keensight renewed its commitment to France Invest’s guidelines by signing the “Investors for Growth” Charter;
- In 2016, Keensight became a signatory of Initiative Climat International (iCI), a global practitioner-led community of private equity firms and investors that seek to understand and manage the risks associated with climate change;
- In 2020, Keensight Capital became a signatory of the France Invest Gender Parity Charter, which defines diversity objectives for all private equity firms as well as for the portfolio companies;
- In 2022, Keensight became a Sponsor of Level 20, an organization dedicated to improving gender diversity in the European private equity industry.

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<sup>2</sup> Latest available scores.

Keensight Capital's commitment to ESG over the years



Furthermore, Keensight Capital participates frequently in various events on ESG topics to share best practices and improve the approach to these matters. Some of the most relevant working groups and initiatives that Keensight participates in are the following:

- Member of the ESG commission of France Invest (Working Group on Sustainable Finance and Working Group on Responsible Value Chain);
- Member of the taskforce iCI (Initiative Climat International) of France Invest's ESG Commission;
- Member of the Working Group on Sustainability Reporting by PRI - Principles for Responsible Investment.

### 3. ESG organization

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Keensight Capital is committed to making the utmost efforts to ensure and facilitate the implementation of ESG principles in our operations and across the portfolio. For this purpose, appropriate human, technical and financial resources are deployed as our ESG strategy recognizes that each one of these elements is inextricably linked to the other.

#### 3.1. ESG resources

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The ESG framework and commitments within the Firm are led by Philippe Crochet, Managing Partner at Keensight Capital, who is in charge of overseeing the deployment of sustainability initiatives across both the portfolio companies and the Management Company. Moreover, Ana Alvarez Grullon, ESG & Sustainability Director, is fully dedicated to coordinating and implementing the ESG strategy within the Firm and supporting the portfolio companies in their sustainability value creation journeys.

Nonetheless, the involvement of other team members is essential to guarantee the progress of ESG integration. In this sense, the investment team collaborates in the task of incorporating ESG into overall investment analysis and decisions. Likewise, other team members from the Performance Team and the Investor Relations department, have a key role in achieving our sustainability targets in their respective duties.<sup>3</sup>

In relation to the financial and technical resources, besides internal capabilities, Keensight Capital is supported by external advisors who help design tools and processes to improve ESG management.

#### 3.2. ESG training

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Keensight's employees, in their different duties, play a significant role in the implementation of ESG practices and processes, and for this reason, they undergo regular ESG training. Firstly, all staff, including new joiners, are informed of our ESG Policy, Responsible Investment Policy, procedures, and ESG commitments.

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<sup>3</sup> As of 31.12.2021, 4% of total FTEs have ESG responsibilities, growing to a 6% up to date (June 2022). This data is calculated by including the share of members' time dedicated to the management of ESG matters, comprised of the ESG team, Investment Team, Performance Team, and Investors Relations Team.



Furthermore, specialized training on different sustainability matters is organized through seminars, conferences, talks, etc. External agents provide such training, including associations (France Invest), external consultants, or specific training firms specialized in ESG topics (i.e., climate change or diversity).

Additionally, our ESG team provides regular training to the organization members, aiming to provide updates on processes, market trends, or the implementation of new ESG measures.

During 2021, our training program focused on providing content and tools to the investment team for managing and evaluating ESG topics in the investment process.

Finally, a new training program on a diverse set of ESG-related topics is being internally developed for implementation in the upcoming months.

## 4. ESG governance

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Keensight follows a systematic approach to embedding ESG in the operations. This is underpinned by a robust governance structure that considers sustainability topics as a key aspect in every step of our operations and has the ESG Policy and Responsible Investment Policy as the backbone. Such Policies organize our priorities and outline how ESG matters should be taken into account.

Keensight Capital has four key governance bodies: the Board of Directors, the Risk Committee, the Valuation Committee, and the Investment Committees of each Fund. Each of these bodies has specific duties, with a clear decision and escalation process. In this sense, ESG is part of these responsibilities. For instance, the Investment Committee is the decision-making body that performs ESG risks and opportunities analysis for each investment opportunity.

Similarly, the Board of Directors and Risk Committee oversee diverse aspects related to environmental, social, and governance matters and the correct application of Keensight's policies and procedures.

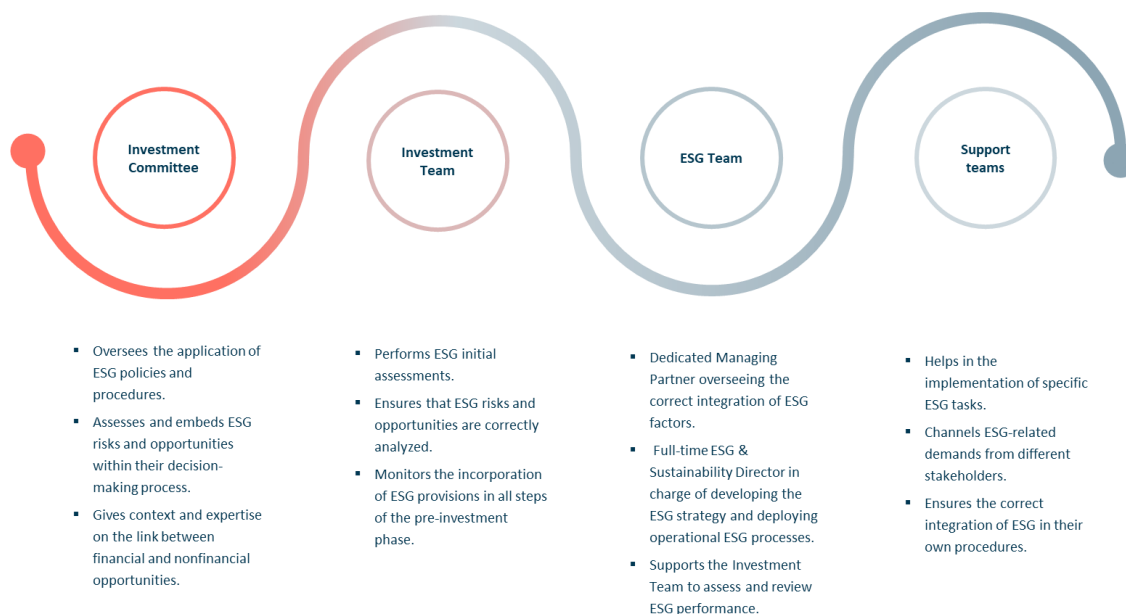
The ESG team is responsible for executing the ESG strategy and associated actions and presenting the governance bodies with performance KPIs and follow-up reports.

This organization helps channel relevant sustainability and ESG topics to the corresponding governance bodies.<sup>4</sup>

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<sup>4</sup> To review the knowledge, skills, and experience of the ESG team, please access the information on our website: <https://www.keensightcapital.com/esg/>

**Distribution of ESG responsibilities across the organization**



#### 4.1. ESG-linked remuneration

Keensight Capital has a Remuneration Policy<sup>5</sup>, highlighting the relevance of setting clear goals and implementing a sound risk management framework, including sustainability risks.

The variable remuneration is linked to the responsible investment performance for all team members through collective objectives and, more specifically, for team members involved in the ESG team through individual objectives.

#### 4.2. Engagement strategy

Keensight Capital’s Engagement Policy articulates its commitment to long-term value creation and applies to all entity operations and investments. Therefore, it comprises our voting policy, strategy monitoring, financial and non-financial performance, risk management, capital structure, social and environmental impact and corporate governance, dialogue with owned companies, the exercise of voting and other rights linked to shares, cooperation with other shareholders, communication with relevant stakeholders as well as the prevention and management of real or potential conflicts of interest in relation to their engagement.

<sup>5</sup> Access the Remuneration Policy here: [https://www.keensightcapital.com/wp-content/uploads/2021/06/20210430-Keensight\\_Remuneration-policy.pdf](https://www.keensightcapital.com/wp-content/uploads/2021/06/20210430-Keensight_Remuneration-policy.pdf)

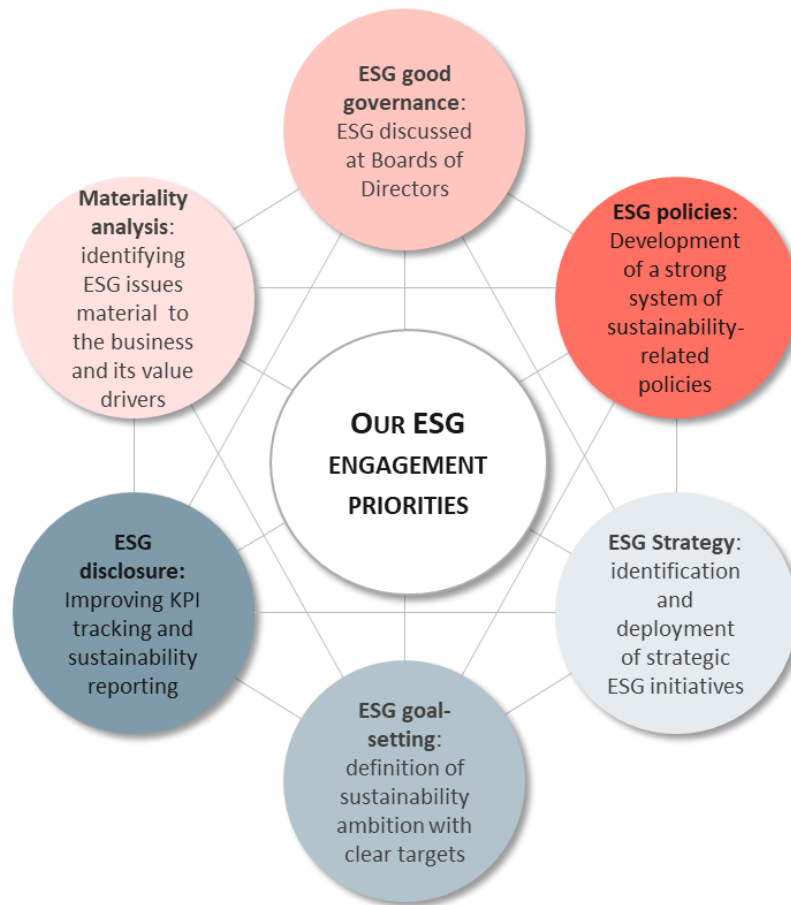
Consequently, Keensight reports on its voting policy in its Annual Report. As per this Voting Policy, Keensight Capital has chosen to attend the Annual Shareholders' Meetings whenever it holds (directly or indirectly) more than 5% of the shares of the company it has invested in, which is currently the case for all companies in our portfolio.

During the fiscal year 2021, Keensight attended all shareholding meetings and exercised its vote rights in relation to the following topics:

- Approving the annual accounts and the management of the company by its representatives;
- approving regulated agreements;
- electing the company's representatives;
- transactions impacting the company's shareholders' capital;
- changes in the By-Laws of the company;
- ESG matters.

Moreover, Keensight Capital continuously engages with its portfolio companies to advance ESG matters, advising and working alongside management teams in prioritizing and setting forth plans on a diverse range of sustainability topics.

Priorities of our ESG Engagement during 2021

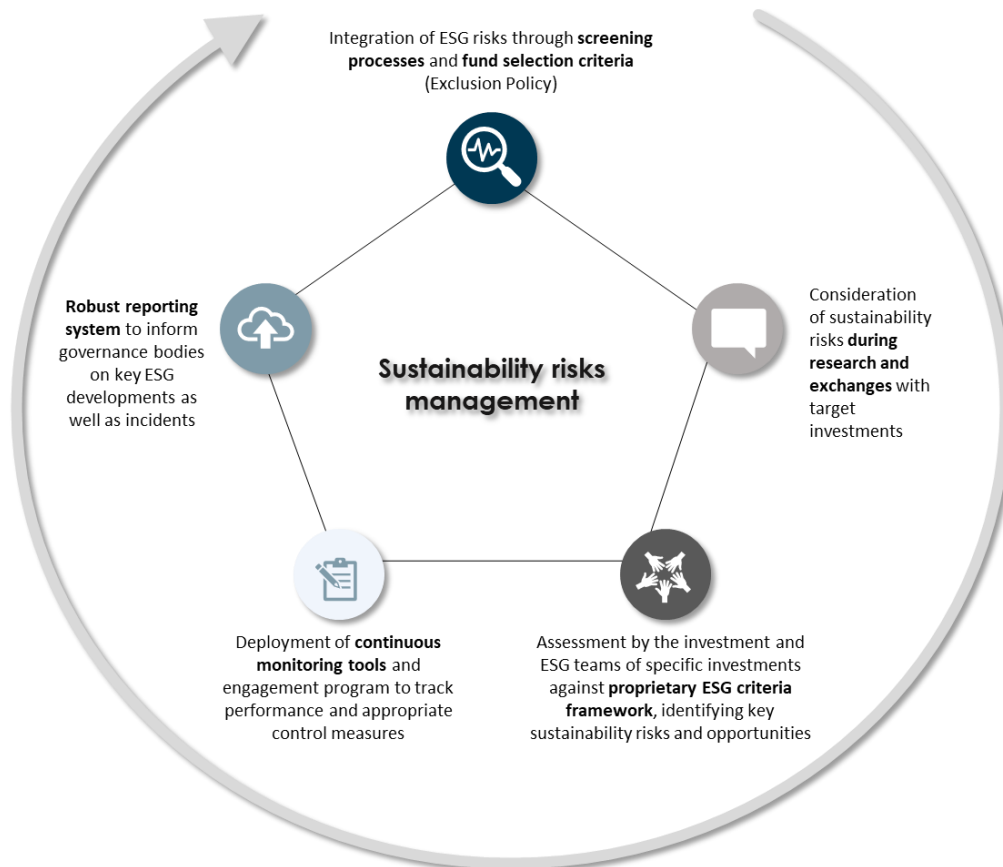


## 5. ESG risk management

Keensight Capital relies on a robust risk management system at every stage of the investment process. It includes checks on the risks associated with potential investments, ongoing monitoring of investments to ensure that risk limits are adapted to the risk profile of each fund, stress testing, and scenario analysis, as well as the establishment of corrective measures. In this sense, the risk management framework implemented by Keensight considers ESG aspects, as per its Responsible Investment Policy.

Keensight Capital integrates ESG, climate change, and sustainability risk issues into its investment process, throughout the investment analysis, ownership, and exit phases. Thus, in the analysis and decision-making processes of all investments, ESG criteria, sustainability risks, and principal adverse impacts are considered in a cross-divisional approach by all teams.<sup>6</sup>

### ESG risk management framework



<sup>6</sup> For more information, please refer to our Responsible Investment Policy.

## 5.1. Climate change strategy

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Keensight commitment to tackling climate change is articulated in the ESG Policy, Pillar 6. We are committed to establishing the necessary measures to reduce the environmental impact of our activities.

In this sense, in 2016, Keensight Capital joined the Initiative Climat International (ICI). Since then, during the assessment of potential investments and in-depth ESG reviews, climate change materiality has been incorporated within the analysis scope.

Climate risks and opportunities are assessed from short, medium, and long-term perspectives with the objective of understanding the potential consequences of physical and transition risks on the businesses and determining adequate action plans to mitigate such risks.

ICI's methodological approach comprises:

- During the investment phase: assessing climate impact on the company's future development through a set of key points
- During the holding phase: climate change awareness-raising for the management teams and materiality analysis of the company's carbon impacts. Based on the challenges, a thorough calculation followed by the definition of an action plan to reduce emissions and adapt to climate change
- During the exit phase: capitalizing on significant improvements and progress achieved

Moreover, following our monitoring program, the investment portfolio's carbon footprint and the evolution of measures undertaken are tracked. This process leads to identifying new initiatives and actions to improve performance and align with targets set.

Keensight has established a collaborative set of measures together with its portfolio to reduce greenhouse gas emissions, following the TCFD recommendations (Task Force on Climate Disclosure) on the subject.<sup>7</sup>

## 5.2. Biodiversity risks management

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Keensight's Responsible Investment Policy contains our commitment to managing biodiversity risks. Similarly, in line with the "Investors for Growth" charter promoted by France Invest,

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<sup>7</sup> Following reports will detail more information on the strategy of alignment with the Paris agreement, as well as associated targets.

Keensight encourages implementing good practices relative to the preservation of ecosystems and biodiversity with its target investment companies.<sup>8</sup>

Even though biodiversity is not a material topic in our investment sectors, its analysis and management are incorporated in all stages of the investment cycle.

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<sup>8</sup> Following reports will detail more information on biodiversity risk management and associated targets.

## 6. Table of references

<i>Law requirements</i>	<i>Report sections and sub-sections</i>
<b>1° Information on the entity's general ESG approach</b>	<p>2. General ESG approach</p> <p>2.1 ESG disclosure</p> <p>2.2. List of financial products under regulation 2019/2088</p> <p>2.3 Engagement and support of ESG initiatives and organizations</p>
<b>2° Information on the internal resources deployed by the entity</b>	<p>3. ESG organization</p> <p>3.1 ESG resources</p> <p>3.2 ESG training</p>
<b>3° Information on the approach to considering environmental, social, and governance criteria at the entity's governance level</b>	<p>4. ESG governance</p> <p>4.1 ESG-linked remuneration</p>
<b>4° Information on the engagement strategy</b>	4.2 Engagement strategy
<b>5° Information on the European taxonomy</b>	N/A
<b>6° Information on the alignment with the Paris Agreement</b>	5.1 Climate change strategy
<b>7° Information on the alignment with long-term objectives related to biodiversity</b>	5.2 Biodiversity risks management
<b>8° Information on environmental, social, and governance criteria for risk management</b>	5. ESG Risk management