



TRAIL

SCALE UP GREAT COMPANIES



Trail Responsible Investment Policy



Presentation of Trail

- Trail is a European private equity investment firm founded in 2007 with over €750 million aggregated capital managed to date. Trail's mission is to invest in highly performing European companies and accompany them to scaling up in size, scope and geographical presence. Trail specific focus is on innovation and corporate transformation.
- Trail has set-up a first-of-its-kind investment platform across Europe and Asia, with its two strategic Chinese partners, the Silk Road Fund and CICC, China's preeminent investment bank and asset manager.
- Trail benefits from a team with complementary and longstanding experiences as industrialists and investors open to the world and committed to the Europe-Asia relationship.
- Trail is trusted by leading European and Asian institutionals, family investors and entrepreneurs.



Objective and scope of the policy

- The objective of the policy is to document Trail Responsible Investment approach, its values and commitments towards its stakeholders and especially within its investment process.
- This document will be communicated to all Trail stakeholders and will be publicly available on its website.
- This policy applies to Trail as a managing company, its funds and its portfolio companies.



Trail Responsible Investment

- Trail’s responsibility is to act in a responsible manner internally and externally, caring for the interest of all the stakeholders, including all communities and international partners.
- Trail has decided to formalise a Responsible Investment strategy that permanently takes into account the objective of sustainable value creation within the companies which its funds are invested in.
- Trail considers that basing investment decisions on the sole criteria of financial return can lead to ignoring social, environmental and economic consequences, and to generating risk factors in terms of reputation, social cohesion, efficiency, litigations, market losses or transparency for instance. The occurrence of these risks usually leads to an under performance of the investments.
- As such, Trail wishes to assist its portfolio companies in implementing a governance and management framework enabling the reduction of non-financial risks exposure and even the transformation of those risks in additional growth factors.
- In addition, Trail has committed to apply the Principles for Responsible Investment, by becoming a signatory of the PRI

1

We will incorporate ESG issues into investment analysis and decision-making processes

2

We will be active owners and incorporate ESG issues into our ownership policies and practices

3

We will seek appropriate disclosure on ESG issues by the entities in which we invest

4

We will promote acceptance and implementation of the Principles within the investment industry

5

We will work together to enhance our effectiveness in implementing the Principles

6

We will each report on our activities and progress towards implementing the Principles



Principles for Responsible Investment

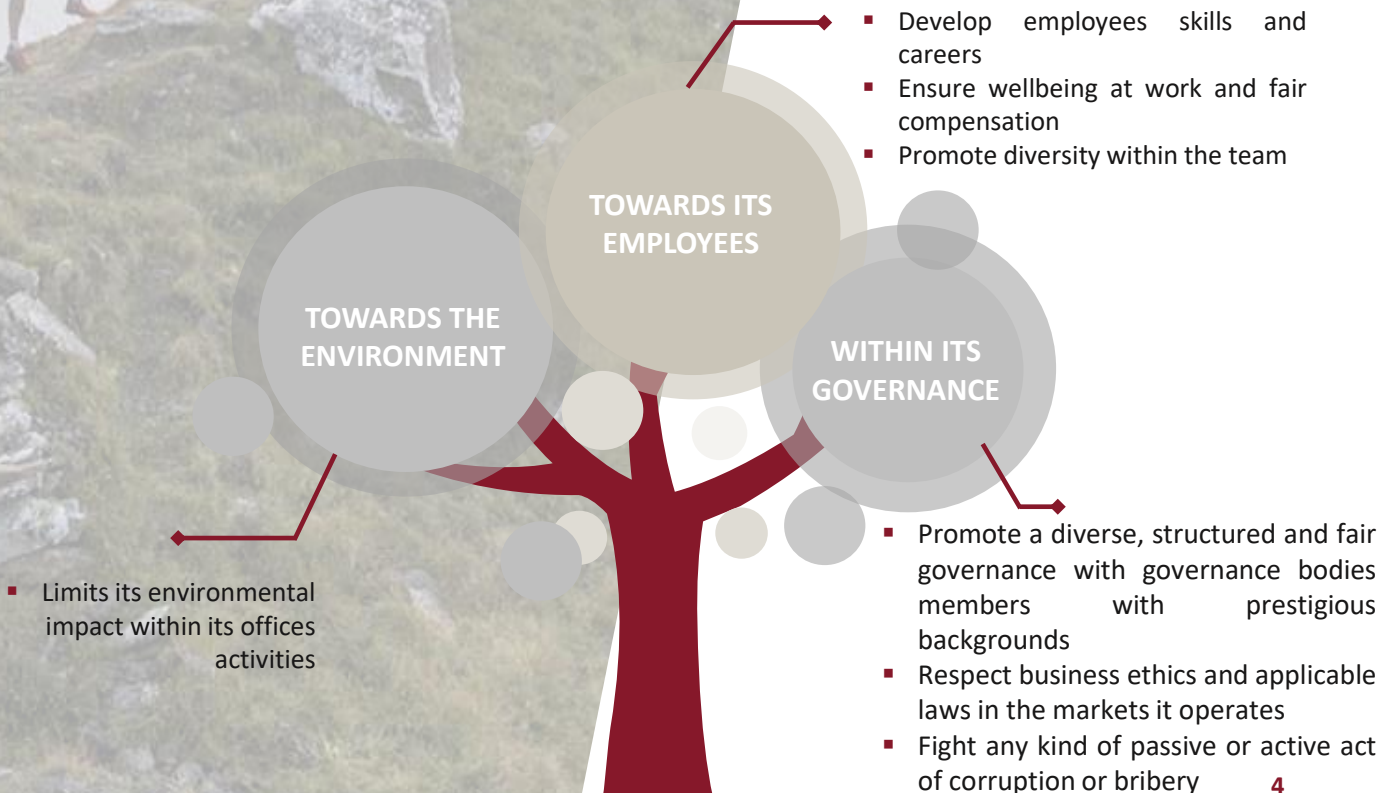


Governance of Responsible Investment at Trail

- The Responsible Investment strategy is monitored by the partners and embedded in the practices of all investment team members.
- Trail has designated two persons responsible for implementing the strategy, Amaury Lefebure (Partner) and Jean-Pierre Bouquet (ESG Senior Advisor), and relies on external consultants in order to implement the Responsible Investment processes and regularly train the team on the topic.

Trail commitments

: 1 : As a company



Within its investment process

A

Prior to investment



EXCLUSION POLICY

- Tobacco and tobacco-related products
- Gambling facilities or products
- Pornography, prostitution or similar enterprises
- Illicit drugs
- Products, or any services, promoting the termination of human life
- Any product or activity that is deemed illegal in the jurisdiction in which the relevant person or entity is located pursuant to applicable laws or regulations or which contravenes any applicable international conventions, agreements or bans (to the extent legally binding on such persons or entity)
- Coal mining and coal-based power generation
- Palm oil
- Entities whose practices include illegal use of electronic data, genetic manipulation or human cloning



DUE DILIGENCE

- Trail systematically considers environmental, social, business ethics and governance risks factors and growth opportunities when considering an investment opportunity.
- An ESG screening based on an internal tool is systematically performed by the investment team to ensure consistency between the target business model and practices and Trail values and commitments.
- If relevant, ESG due diligence are conducted by external experts.



INVESTMENT MEMO

- ESG risks factors and opportunities, and eventually conclusions from the ESG due diligence, are included in the investment memo presented to the investment committee. It is systematically included in the investment memorandum on the social topics, and on an ad-hoc basis for environmental topics.
- On a case-by-case basis, Trail seeks to identify priority ESG actions to be implemented following the investment.

**B****Throughout ownership period**

- Portfolio companies are pro-active on numerous ESG topics and have their own ESG-management processes and policies, notably on climate change issues.



- An ESG section will systematically be included within the general action plan established with the portfolio companies at the beginning of the ownership phase. This section will include key actions to implement in order to address main ESG risks and opportunities identified during the pre-investment phase.



- The ESG action plan will be discussed yearly at the board, to ensure its progress and implementation. ESG is discussed at board meetings if a specific ESG issue is identified.



- In addition, Trail engages with the portfolio companies management over a yearly ESG reporting. An ESG questionnaire is addressed to all portfolio companies. Quantitative and qualitative data is analysed by external ESG consultants to ensure its consistency and reliability. An interview is then conducted with the portfolio company management in order to identify main ESG topics progress, good practices implemented over the year, improvements to be implemented.
- The reporting and analysis are summarized in an ESG factsheet which is communicated to the portfolio company management and used by the investment team as a discussion tool.

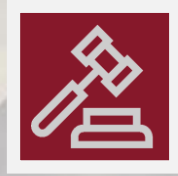


- In terms of ESG incidents management, the Trail team is systematically informed, closely monitors the incident management and measures undertaken.

Criteria used for ESG analysis and reporting

GOVERNANCE

- Organisation and diversity of the operational and shareholders governance
 - Business ethics and corruption
 - Data privacy and cybersecurity
 - Certifications
 - ESG governance



SOCIAL

- Workforce per gender, geographic breakdown, contract
- Hires and departures, turnover
 - Working time organisation
 - Absenteeism
 - Health & Safety
 - Training
 - Labour relations
 - Diversity
- Compensation and benefits



RELATIONSHIPS WITH NON-PROFIT ORGANISATIONS



SUPPLY CHAIN

- Responsible purchasing process
- Raw materials
- Suppliers and subcontractors



ENVIRONMENT

- Environmental risks management and policies
- Eco-design
- Energy and water consumption
- Waste production and reuse
- Carbon footprint and climate risks
- Biodiversity
- Environmental litigations and fines



C

At investment exit

- When relevant, vendor due diligence are conducted in order to analyse the portfolio company footprint and its progress on the ESG part of the action plan over the ownership phase.
- A profit-sharing plan is systematically negotiated with the portfolio companies pre-investment.

3

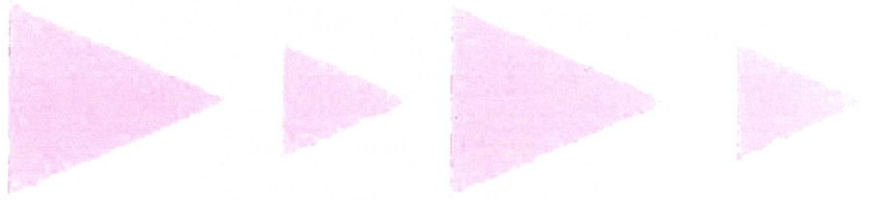
Towards its investors

- Taking account extra financial factors in its investing process is also a commitment towards its investors, as it allows Trail to identify and mitigate environmental, social, governance and supply chain risks and leverage associated opportunities within its funds.
- Trail commits to communicate to its funds investors its ESG reports at fund and portfolio levels and answers their information requests regarding ESG topics.

4

Within the industry

- Trail is a member of France Invest, and signatory of its Diversity Charter.



Signature of Trail's partners and team

Xavier Marin
President

Hervé Machenaud
Member of Supervisory
Board

Amaury Lefébure
Partner

Maria Chatti-Gautier
Partner

Olivier Chartier

Jean-Pierre Bouquet

David Kiman

Mounia Hakam

Edouard Dole