

CLIMATE STRATEGY

MERIEUX EQUITY PARTNERS

2025

June 2025

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EDITORIAL

Climate change is a tangible, measurable and, above all, inevitable reality. Heatwaves, floods, droughts, pressure on resources: the warning signs are multiplying, and with them the impact on our economies, our territories and our lives.

Faced with this profound transformation, and as part of our 'One Health' approach, we are committed to investing in companies and technologies that take these environmental issues into account in their business model.

Supporting our portfolio companies in integrating climate issues into their strategy means helping them to understand that tomorrow's performance depends on the ability to anticipate risks, innovate sustainably and create value without compromising the vital balance of our planet.

The challenges are huge, but so are the opportunities. The ecological transition is a lever for innovation, competitiveness and attractiveness. It makes it possible to strengthen the resilience of value chains, meet the growing expectations of stakeholders and talent, and gain access to financing that is increasingly conditional on environmental criteria.

As responsible investors, Mérieux Equity Partners has to take action and be agents of change, rather than spectators of its consequences.



Christine DEMODE
President

“

Climate change is the main threat to human health. Together with our portfolio companies, let's meet the climate change challenges and build a stronger and more resilient future.

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Justine CHABROL
ESG Manager

“

A year after the publication of our Nature strategy, this Climate strategy further strengthens our commitment to the environment and to the fight against climate change.

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ELEMENTS OF INTRODUCTION

In 2025, Mérieux Equity Partners (MxEP) continued the work on its GHG inventory improving the quality and the granularity of the data used to assess MxEP's 2025 carbon footprint.

Simultaneously, MxEP began to develop a Climate Strategy in line with its climate objectives and commitments along the entire investment cycle, as well as the Nature Strategy established in 2024. In this regard, MxEP ESG team reviewed and consolidated MxEP 2024 financed emissions per fund, updated and refined the physical climate risk screening performed last year, and implemented the Private Market Decarbonization Roadmap (PMDR) methodology establishing MxEP's portfolio companies (PCs) Alignment Scale.

In addition, driven by the "One Health" approach, MxEP aims to support its PCs in achieving a positive impact on the society and on the environment, with the ultimate objective to contribute to improving and saving patients' lives.

Altogether, MxEP's ambition is the successful integration of Climate into its investment decisions, secondarily providing tailored support to PCs along their climate journey, and the definition of a strategy to manage climate-related issues at Mérieux Equity Partners and fund levels.



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CLIMATE, A KEY COMMITMENT FOR MERIEUX EQUITY PARTNERS

Mérieux Equity Partners is committed to responsible and sustainable investments. MxEP actively integrates ESG and Climate considerations into its own activities and those of its PCs, demonstrating its commitment to contributing to the global push for sustainability and limiting global warming to 1.5°C.

MxEP is convinced that ESG is an assurance of sustainability and performance that will benefit all its stakeholders. To formalize its commitments, the firm signed up several initiatives:

- MxEP is a signatory of the **Principles for Responsible Investment (PRI)** and this Responsible Investment policy and its content were defined in accordance with the PRI.
- MxEP is also an active member of **France Invest** through involvement in its commissions and Working Groups (ESG, Biodiversity, Acceleration & sustainability) and the signature of France Invest's Charter for growth, Charter for Gender Equity and very recently Charter for Value Sharing.
- MxEP has joined the **International Climate Initiative** early 2022.

CLIMATE IS AT THE FOREFRONT OF ESG AGENDAS

The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) underscores the urgent need for decisive climate action to limit global warming to 1.5°C above pre-industrial levels. It highlights that without immediate and sustained emissions reductions across all sectors, the window to prevent catastrophic climate impacts will close rapidly. The report also emphasizes the importance of enhanced international cooperation and policy alignment to scale up climate mitigation and adaptation efforts.

Building on these findings, the 29th Conference of Parties (COP29) in Baku (in November 2024) made significant progress in global climate governance, operationalizing the Loss and Damage Fund and finalizing Article 6 frameworks for carbon markets. These developments aim to strengthen financial mechanisms and global cooperation to meet the Paris Agreement targets.

The alignment between IPCC scientific insights and COP29 policy advancements underscores the imperative for investors and corporations to integrate robust climate strategies into ESG frameworks. By aligning with evolving climate policies and prioritizing decarbonization, forward-looking stakeholders can mitigate risks and capitalize on emerging opportunities in a low-carbon economy.

Mérieux Equity Partners has responded to this call for action by embarking on a process to align its strategy to the objectives of the Paris Agreement.

CLIMATE, A KEY COMMITMENT FOR MERIEUX EQUITY PARTNERS

OVERVIEW OF FRAMEWORKS AND REGULATIONS

Since the Paris Agreement was sealed in December 2015, an increasing number of global and national climate change laws, regulations and initiatives have been implemented worldwide bringing Climate to the forefront of the environmental agendas.

- **French Decree on Article 29 of the Energy-Climate Law.**

The French decree implementing Article 29 of the Energy-Climate Law (29 LEC) establishes stringent sustainability-related financial disclosure requirements for market players. It emphasizes the integration of climate and biodiversity considerations into risk management processes. Market participants such as MxEP are required to disclose their alignment with the Paris Agreement's objectives and provide detailed reporting on the environmental impact of their investments, including ESG factors. The decree encourages transparent climate strategies and the adoption of quantitative targets for enhanced accountability.

- **SFDR Articles 6, 8, and 9**

The Sustainable Finance Disclosure Regulation (SFDR), applying to EU-based financial market participants with over 500 employees, aims to increase transparency in financial markets concerning sustainability risks and the promotion of sustainable investment products in the EU. It classifies financial products into three categories:

- **Article 6:** Products either integrate financially material environmental, social and governance (ESG) risk considerations into the investment decision-making process, or explain why sustainability risk is not relevant, but do not meet the additional criteria of Article 8 or Article 9 products.
- **Article 8:** Products promote social and/or environmental characteristics, and may invest in sustainable investments, but do not have sustainable investing as a core objective.
- **Article 9:** Products have a sustainable investment objective. Under the SFDR, financial service providers must disclose how sustainability risks are integrated into their investment processes and regularly publish reports on adverse impacts.

- **Corporate Sustainability Reporting Directive**

The Corporate Sustainability Reporting Directive (CSRD), a pan-European regulation, should initially have applied to more than 50,000 companies by 2026 and have required them to address issues such as carbon, pollution, water, biodiversity and the circular economy.

Original reporting deadlines required Wave 1 companies* to disclose in FY24, Wave 2 companies** in FY25, and Wave 3 companies*** in FY26. Early 2025, the Omnibus Law introduced significant changes to the CSRD, aiming to reduce administrative burdens and enhance EU business competitiveness. Consequently, among other changes, the European Commission proposed a 2 year-delay for large undertakings that have not yet started implementing CSRD and for listed SMEs (Waves 2 and 3) and introduced voluntary reporting standards for SMEs, removing the requirement for sector-specific, while maintaining only limited assurance requirements for sustainability reports.

CLIMATE, A KEY COMMITMENT FOR MERIEUX EQUITY PARTNERS

Among the leading voluntary frameworks and initiatives, the following can be listed:

- **Private Markets Decarbonization Roadmap**

The Private Markets Decarbonization Roadmap (PMDR), developed by Bain on behalf of the Initiative Climat International (iCI) and the Sustainable Markets Initiative's Private Equity Task Force, provides a structured framework for private equity firms to reduce and disclose GHG emissions. It addresses the unique challenges of private markets, such as dynamic fund cycles and fiduciary responsibilities. The roadmap offers practical guidance on balancing emissions-reduction priorities with fiduciary duties, defining decarbonization plans, and leveraging available levers in different asset classes. Furthermore, the framework includes asset-specific guidance and flexible tools for reporting on Scope 1, 2, and 3 emissions.

- **Science-Based Targets Initiative**

The Science-Based Targets initiative (SBTi), launched by the Carbon Disclosure Project (CDP), the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF), offers companies a comprehensive framework to set science-based targets for reducing GHG emissions. By aligning corporate strategies with climate science, companies can contribute to limiting global warming to 1.5°C and achieving net-zero emissions by 2050. SBTi provides tools, standards, and guidance to help companies establish ambitious climate goals. This framework fosters innovation and enhances investor confidence by demonstrating a commitment to long-term environmental sustainability.

To formalize our commitments, in the first quarter of 2025, we analyzed which PCs would be in scope should MxEP decide to set Science-Based Targets (SBTs). Given the specificities of the PCs and considering the Science Based Targets initiative (SBTi) coverage criteria, it was determined that only a few mature PCs (buyout companies) would fall within the SBTs' perimeter. This would require including their Scope 1 and 2 emissions within MxEP's Scope 3 – Category 15: Investments boundary.

Since MxEP believes that climate-related efforts and commitments should address all participations and be tailored to the PCs' specific contexts, the firm has decided to implement a different framework to drive greenhouse gas (GHG) emissions reduction within its funds: the Private Markets Decarbonization Roadmap (PMDR).

In 2025, MxEP began implementing the PMDR methodology to understand and communicate to its stakeholders where its PCs are on their decarbonization journey.

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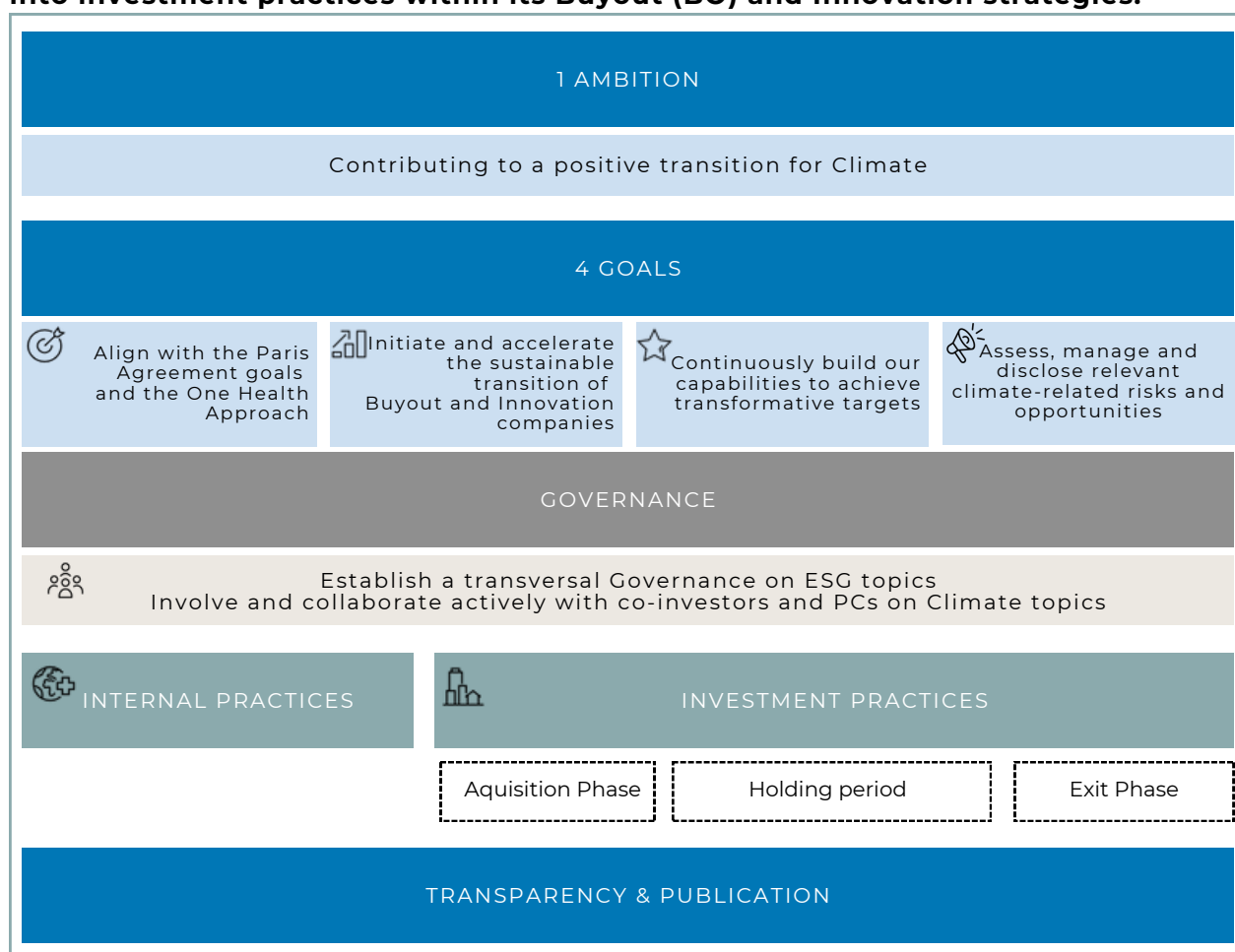
CLIMATE INTEGRATED INTO MERIEUX EQUITY PARTNERS' STRATEGY & GOVERNANCE

OVERVIEW OF THE STRATEGY

The global healthcare system is heavily reliant upon stable natural ecosystems and economic networks for essential resources and products such as, among the many, clean air, water, and medicines. However, supply chain disruptions caused by extreme climate events can lead to the overexploitation of natural resources in unaffected areas. These regions often need to compensate for the supply originally provided by the impacted sourcing regions, potentially exacerbating health issues.

MxEP recognizes the pressing challenges posed by climate change and its impact on long-term business resilience and investment strategies. Building upon the Nature Strategy established in 2024, MxEP demonstrated its commitment to climate action in 2025 by launching a comprehensive climate project in partnership with an external consultancy firm. This initiative aimed to elevate the company's Climate Strategy, integrate it into the existing ESG strategy, and align it with evolving global standards.

This strategy encompasses internal operational practices and integrates Climate into investment practices within its Buyout (BO) and Innovation strategies.



CLIMATE INTEGRATED INTO MERIEUX EQUITY PARTNERS' STRATEGY & GOVERNANCE

ONE AMBITION

Mérieux Equity Partners' ambition is to lead the health sector towards a sustainable future by actively **contributing to a positive Climate transition towards Net-Zero by mid-century.**

MxEP is dedicated to prioritizing human health as its top concern, with a strong commitment to integrating climate-centric considerations into its policies and actions, ensuring a positive transition towards a healthier environment, and maintaining continuous efforts to help its PCs in this journey.

GOALS

This ambition is articulated through four main goals:

1

Aligning with the Paris Agreement goals and the One Health Approach to reduce GHG emissions limiting global temperature increase to 1.5°C.

2

Initiating and accelerating the sustainable transition of BOs and Innovation by engaging with them and providing support for their Climate journey.

3

Continuously building capabilities to achieve transformative targets and make meaningful progress on Climate-related issues.

4

Assess, manage and disclose relevant climate-related risks and opportunities on the entire portfolio, including subsequent mitigation and adaptation plans.

CLIMATE INTEGRATED INTO MERIEUX EQUITY PARTNERS' STRATEGY & GOVERNANCE

GOVERNANCE

Like what was done for the Nature strategy, the objective of MxEP's new Climate-focused governance model is not only to align its Climate Strategy with the existing Nature Strategy and ESG actions, but also to integrate ESG considerations more broadly into the company's and its PC's business models, with a particular focus on Climate. Also for Nature, by integrating Climate considerations into its governance model, MxEP can better understand and manage its Climate-related impacts, risks and opportunities, as well as impacts and dependencies on Climate, while also collaborating with co-investors and PCs to address Climate-related issues.

Mérieux Equity Partners' transversal governance structure around Climate and ESG builds upon two main pillars:

Establish a transversal governance on ESG topics

MxEP aims to align with the expectations and demands of stakeholders by integrating ESG considerations into its investment practices.

This includes actions such as:

- Integrating ESG in existing committees to ensure it is taken into account during the deal validation process.
- Involving top management on ESG and Climate-related topics.
- Allocating sufficient budget to internal resources dealing with ESG and Climate topics.

Involve and collaborate actively with co-investors and PCs on Climate topics

MxEP seeks to actively engage and collaborate with co-investors and PCs on Climate topics.

This includes actions such as:

- Engaging with co-investors to promote shared ESG-related activities (questionnaires, trainings, KPIs, roadmaps...).
- Mapping co-investors at the PCs and MxEP level to identify major collaboration opportunities to develop common ESG and Climate approaches for PCs and future acquisitions.
- Keeping the mapping up to date and communicating internally.

By jointly addressing ESG and Climate considerations, MxEP aims to leverage the synergies between these two areas and contribute to broader sustainability objectives. Moreover, MxEP acknowledges that climate change will pose even more severe pressures on ecosystems in the coming years, turning into the primary source of biodiversity decline. As such, Mérieux Equity Partners is convinced that aligning its current Climate & Nature-related strategy with broader ESG commitments is key to effectively responding to the challenge.

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CLIMATE INTEGRATED INTO MERIEUX EQUITY PARTNERS' INTERNAL PRACTICES

Mérieux Equity Partners is convinced that the collective effort will create a significant difference. Driven by the objective to have a positive impact, we are initiating measures and inspiring individuals to contribute more towards the preservation of our Climate.

Integrating climate issues into internal practices is essential to support the Climate Strategy.

This includes actions such as:

- To continue conducting **ESG and Climate awareness-raising trainings and workshops** (e.g., the Climate Fresk, 2Tonnes) to educate employees about the importance of decarbonization and sustainability practices, at least once every year, and through the internal monthly ESG Newsletters.
- To develop and enforce an **environmental actions** outlining sustainable practices for office usage (e.g., reducing energy consumption, minimizing waste generation, increasing the share of reused and refurbished electronic equipment).
- To promote and reinforce the **travel policy** to reduce GHG emissions.
- To expand **ESG criteria in bonuses** to the **whole** MxEP team by integrating a specific criterion linked to the achievement of ESG objectives within the variable remuneration.

As an integral part of the Climate Strategy, and in an effort to maximizing its contribution to aligning the Health sector with the objectives defined in the Paris Agreement, MxEP also commits to continue measuring emissions related to its own activities and that of all its PCs, to reduce these emissions, and ultimately to offset residual emissions which cannot be abated through the development of nature-based projects. In line with best practices, MxEP focuses its initial efforts on measuring and reducing emissions and will consider offset options at a later stage.

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CLIMATE INTEGRATED INTO THE INVESTMENT PRACTICES

Given the urgency of the climate crisis, Mérieux Equity Partners has an important role to play, through action plans defined with our PCs to provide a response to the problem linked with climate change. Integrating climate considerations at every stage of the investment cycle, from acquisition to exit, is essential.

ACQUISITION PHASE

The integration of Climate topics and actions target all deals, regardless of the size of the investment considered.

From 2025 onward, we commit to:

- Enhance **Climate considerations in Shareholder agreements** for 100% of new acquisitions.
- Strengthen the **exclusion criteria**.
- Reinforce **Climate criteria in the Due Diligence**.
- Identify **critical Climate practices** linked to the deal's production processes and suppliers.
- Include the Climate assessment into the **decision-making process** of a deal on potential for improvement.

HOLDING PERIOD

Because of the difference in size between the PCs, and to make the action plan as relevant and realistic as possible, Mérieux Equity Partners decided to separate the integration of Climate topics and action into Buyout and Innovation companies.

CLIMATE INTEGRATED INTO THE INVESTMENT PRACTICES



BUYOUT COMPANIES

- In relation to MxEP's PMDR Alignment Scale, support PCs with "No Pathway to Align" to a low-carbon economy (i.e., all PCs that cannot progress past "Preparing to Decarbonize") to **build Climate capacity** by providing awareness-raising sessions, trainings and tools on e.g., carbon accounting, climate risk assessment, circular economy, waste policy, with the objective to target 50% of Buyout companies by 2026 and 100% by 2028.
- Establish **PCs' GHG inventory** (covering scope 1, 2 and 3 emissions) for 100% of all Buyout companies by 2029.
- Identify **climate-related impacts, risks and opportunities** (including associated mitigation and adaptation plans) for 100% of all Buyout companies by 2029.
- Enhance **Climate considerations in ESG questionnaires** and dialogues with PCs from 2025.
- Establish **Climate-related roadmaps**, including KPIs and targets (e.g., procurement policy, water consumptions, mapping of the value chain) from 2026.
- Integrate **Climate's improvements into the calculation of asset valuation** as well as other improvements related to ESG topics in the timing of the exit. A pilot is to be conducted in 2026. If successful, the objective is to generalize the calculation to all BOs by 2030.



INNOVATION COMPANIES

- Support PCs to **build Climate capacity** and progressively integrate Climate in their activities, with the objective to ramp up from 50% of Innovation companies targeted by 2026 to 100% by 2028.
- Establish **PCs' high-level GHG inventory** (covering scope 1 and 2 emissions) for Innovation companies by 2029.
- Screen **climate-related impacts, risks and opportunities** (including associated mitigation and adaptation plans) for 100% of Innovations by 2028.
- Integrate **Climate in strategic dialogues** and in ESG questionnaires from 2025.

CLIMATE INTEGRATED INTO THE INVESTMENT PRACTICES

- Establish **high-level Climate-related roadmaps**, including KPIs and targets (e.g., procurement policy, GHG emissions, water consumptions, mapping of the value chain) from 2026.
- Integrate **Climate's improvements into the calculation of asset valuation** as well as other improvements related to ESG topics in the timing of the exit. A pilot is to be conducted in 2026. If successful, the objective is to generalize the calculation to all Innovation companies by 2030.

EXIT PHASE

Integrating Climate topics into the exit phase contributes to a smoother sale process, preserves deal value, meets regulatory requirements, enhances reputation, and meets the expectations on Environment.

The integration of Climate topics and actions target all deals, regardless of the size of the investment considered:

- Evaluate the asset (considering institutional, regulatory and market components) about ESG improvements and include progresses made on ESG and Climate in PC's **Vendor Due Diligence**. A pilot is to be conducted in 2026. If successful, the objective is to generalize the assessment to all PCs by 2030.

Throughout the investment cycle, the integration of Climate issues aims to achieve our ambition of contributing to a positive Climate transition towards Net-Zero by mid-century.



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