

2021

NON-FINANCIAL
PERFORMANCE
STATEMENT



Laurent QUIRIN,
Chairman of the
Supervisory Board

"Despite the coronavirus crisis, Kepler Cheuvreux's employees have always remained united around Kepler Cheuvreux's core values: independence, commitment, entrepreneurship, social and environmental responsibility.

Inspired by these shared ideals, we launched the **Kepler Cheuvreux Foundation** to support non-profit organisations promoting public interest initiatives in Europe.

Since its creation in June 2020, the Foundation has distributed more than €2.5 million to various pan-European charities, an achievement that would have been impossible to reach without the commitment of Kepler Cheuvreux's employees, clients, and partners.

The success of the **Kepler Cheuvreux Charity Trading day** is the best example of what can be achieved when we act as a united community: almost €371,000 was raised for the Foundation in less than 24 hours!"

"Since 2010, Kepler Cheuvreux has been a pioneer in **ESG research**. As of end-2021, more than 100 analysts had been trained and are now able to produce reports on ESG issues.

Over the years, the ESG component has become one of the cornerstones of our equity research offering.

Kepler Cheuvreux has once again demonstrated its commitment towards environmental and social issues by being one of the first financial services companies to move its "traditional" equity research to an integrated ESG research model. On the asset management side, the launch of the first **Kepler Cheuvreux Invest** fund includes a consistent and fully integrated ESG strategy aimed at investing in environmentally responsible assets.

Kepler Cheuvreux was the first - and so far, the only - brokerage firm in Europe to sign the **United Nations Principles for Responsible Investment** in 2008 and will continue to promote responsible investment and ESG integration practices in the coming years."



Grégoire VARENNE,
Chairman of the
Management Board



Julia ALICHE,
Managing Director
and Chief
Operating Officer

"Our top priority in 2021 was to continue to protect the **health** of Kepler Cheuvreux's employees and their families.

This unprecedented crisis brought its share of changes and Kepler Cheuvreux was quick to learn the lessons of the crisis. Several major action plans were implemented throughout 2021 around measures that have shown a real success in terms of efficiency.

Thus, **working from home** was extensively generalized and the organisation of seminars in virtual format was institutionalised for the integration of newcomers".

"Kepler Cheuvreux's pan-European DNA was fully preserved as the Group continued to expand. **Multicultural diversity** is promoted throughout the Group, where we have adopted a strict policy condemning all forms of harassment or discrimination related to, inter alia, gender, nationality, disability, religion, or sexual orientation.

More than **22 different nationalities** are now represented in the Group, bringing together people from different cultural backgrounds and enriching our Kepler Cheuvreux community as a whole".



Marine BAZÉ,
General Secretary



Henri BERTRAND,
Human Resources
Director

"As Kepler Cheuvreux is and always will be a people-focused company, we have established a three-pronged employee's personal and **professional development strategy** whose success is based on:

- Detecting and promoting **young talents**, with more than 125 trainees recruited to permanent positions over the last five years.
- **Mentoring and internal promotion** of experienced staff, through the creation of the "Talent" and "Challengers" career path programs.
- Support offered to **senior employees** with the possibility of part-time work on a voluntary basis".

OUR ACTIVITIES



Research

Research is the foundation of our business. Our empirical research aims to challenge the consensus



Execution

Execution services provide a first-class trading platform with experienced sales traders and traders



Advisory

A wide range of solutions: Corporate Finance, Fixed Income & Credit, Kepler Cheuvreux Solutions, Retail Services & Private Banking



Asset management

A range of funds targeting the financing of growth SMEs, from Preferred Capital to Equity

OUR KEY FIGURES¹

1st

independent equity broker in Europe

€2bn

in shares traded daily

1st

Continental European equity research coverage

8

employees who have received a grant for their CFA certification

1st

broker by country in Europe²

136

employees who have made financial contributions to the Kepler Cheuvreux Foundation

13

major financial centres

600

employees

€286m

revenues in 2021

1,200

institutional clients

¹As of April 2022. | ² 2021 Institutional Investor Survey.

I. INTRODUCTION



PURPOSE AND SCOPE OF APPLICATION

In accordance with European Directive 2014/95/EU, Kepler Cheuvreux (the "Company") is required to report on the Group's non-financial performance for the 2021 financial year (from 1 January to 31 December 2021).

This Non-Financial Performance Statement (the "NFPS") describes the Kepler Cheuvreux Group's (the "Group's") business model, its main environmental, social, and societal challenges, the risks associated with its business, its products and its services, and the commitments it has made to mitigate these risks and capitalise on these issues. The policies implemented and their results will be detailed in this report to illustrate the Group's actions in 2021.

The scope of the NFPS covers all Group entities (including branches and subsidiaries). Any restrictions on the scope of the presentation of key performance indicators are described in the footnotes.

REGULATORY ENVIRONMENT

Kepler Cheuvreux is an investment firm supervised by the Banque de France through the French prudential supervision and resolution authority (Authority de Control Prudentiel et de Résolutions - ACPR).

Its activities are also subject to supervision by the French Financial Markets Authority (AMF) in France and by local regulators when the Company operates under the European passport.

Kepler Cheuvreux is also subject to the regulations applicable to investment firms and financial markets adopted by the European Union bodies. Among those with a significant impact are the Capital Requirements Regulation adopted in 2008 and 2009, and the Markets in Financial Instruments Directive 2014/65/EU, known as MiFID II.

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II. KEPLER CHEUVREUX'S BUSINESS MODEL



I. A BUSINESS MODEL BASED ON A SOLID HERITAGE

a) 1997 - Origins

The Company was founded in 1997 as Julius Baer Brokerage (JBB), a wholly owned subsidiary of the Swiss banking group Julius Baer Holding. In 2003, the latter sold JBB to Lightyear Fund. JBB then changed its name to Kepler Equities, which Icelandic bank Landsbanki acquired in 2005. It was renamed Kepler Landsbanki.

b) 2008 - MBO and independence

Following Landsbanki's bankruptcy in 2008, Kepler Landsbanki was bought out by its employees through an MBO (management buyout) and once again changed its name to Kepler Capital Markets (KCM). It became independent and refocused solely on brokerage activities.

c) 2011 - Equity investment by new institutional shareholders

In 2011, the investment firm BlackFin Capital Partners acquired a 47% stake in KCM, bringing together four institutional shareholders: Caisse des Dépôts, Crédit Mutuel Arkéa, and Banca Leonardo, whose brokerage and research unit was acquired by KCM.

d) 2011-18 Reshaping of the group and multiplication of strategic alliances in international markets

The decade was marked by the multiplication of strategic partnerships that allowed the Group to expand internationally, starting in 2011 with an alliance between KCM and UniCredit in equity brokerage and Equity Capital Market (ECM). UniCredit then acquired a stake in KCM in 2013.

In April 2013, KCM acquired Cheuvreux from Crédit Agricole CIB and the company was renamed Kepler Cheuvreux.

In December 2013, Kepler Cheuvreux acquired the activities of Derivatives Capital, a French company specialising in structured products for wealth management advisors and private banks.

During the period 2015 - 2018, Kepler Cheuvreux established strategic ECM distribution and research partnerships with Rabobank for the Netherlands, Swedbank for the Nordics, and Belfius for Belgium. These three banks also acquired stakes in Kepler Cheuvreux. In the same period, the Company signed a research distribution agreement with Piper Sandler in the United States.

e) 2018 - Two new major shareholders

In June 2018, Atlas Merchant Capital and Edmond de Rothschild Equity Strategies (ERES) bought out BlackFin Capital Partners' stake, giving them an interest in Kepler Cheuvreux of 20% and 7%, respectively. However, 40% of Kepler Cheuvreux's voting rights continue to be controlled by its management and employees.

f) 2019 - A new major partnership

In 2019, Kepler Cheuvreux and Macquarie Group (Macquarie) announced a cross-distribution of equity research in their respective regional markets - Europe and Asia-Pacific (APAC).

II. A UNIVERSAL BUSINESS MODEL

Kepler Cheuvreux is a leading, independent European financial services company. The Company specialises in Research, Execution, Fixed Income and Credit, Structured Solutions, Corporate Finance and Asset Management.

The Company employs a staff of around 600 and is present in 13 major financial centres in Europe and the US.

As mentioned above, in addition to its local presence, Kepler Cheuvreux has also entered into cross-distribution partnerships for equity research and execution services with leading financial institutions in their region such as Macquarie for Asia Pacific and Piper Sandler for the US. These partnerships enable the Company to provide global research and execution coverage to equity market clients.



a) Execution Services

Kepler Cheuvreux's execution services combine first-class and tailored-made client services. Through the platform, expertise and value-added services help clients navigate through the liquidity maze and implement cost-effective solutions for the complex post-trade landscape.

A key element of Kepler Cheuvreux's business, its execution services, is one of the most complete and customisable solutions on the market, offering:

- Sales Trading,
- Direct Market Access and Algorithmic Trading,
- Portfolio Trading,
- ETF,
- Derivatives.

The Group's share of the Continental European equity brokerage market (around 10%) reflects its strong position. In the broader markets of Europe, the United Kingdom and North America, the Company has a stable market share of more than 5%.

b) Research Services

The foundation of Kepler Cheuvreux's business is the research product, which is leveraged across all activities. In addition to equity research products comes top-ranked strategic, ESG, credit, and quantitative research.

Thanks to its independence, the absence of proprietary trading and Chinese walls that prevent information leaks, Kepler Cheuvreux is committed to providing objective and conflict-free research services in the best interest of the client.

Kepler Cheuvreux's empirical research seeks to challenge the consensus and to critically question company management's statements.

Field research is a unique selling point: the multi-local franchise is close to the companies covered, but also to their unlisted competitors, their customers, their suppliers and, where applicable, regulators and politicians. Kepler Cheuvreux is convinced that company meetings produce more accurate information and actionable insights. The traditional bottom-up approach is integrated into pan-European sector, thematic and ESG products.

Kepler Cheuvreux, a pioneer in ESG research, has committed substantial resources to this area since 2010.

More importantly, Kepler Cheuvreux is the first broker to include an ESG component in all its research, and its analysts fully take ESG issues into account in their valuation models. In concrete terms, all Kepler Cheuvreux analysts now report on the ESG profiles of the companies they follow in collaboration with the ESG research team.

c) Fixed Income & Credit

The Fixed Income and Credit business line relies on a broad knowledge of institutional needs to participate in all types of Fixed Income products in the primary and secondary markets.

The research team works closely with the sales team to provide clients with liquidity and expertise in the secondary and primary markets. Kepler Cheuvreux's credit research provides extensive coverage alongside Kepler Cheuvreux's equity research, which covers more than 1,200 companies. The team has developed its own credit methodology to value hybrid corporate, investment grade, high yield, and financial bonds.

d) Structured products (Kepler Cheuvreux Solutions)

Kepler Cheuvreux Solutions is the independent European leader in the research, design, and marketing of tailor-made structured investment solutions. Being part of the Kepler Cheuvreux Group enables it to place Research at the heart of its offering and to benefit from the critical size of a major player in financial services in Europe.

Created in 2011, this business line - based in Paris, Geneva, and Zurich - now has more than 50 experienced professionals, one third of whom are financial engineers. Kepler Cheuvreux Solutions teams embody five fundamental values to serve their clients: creativity, adaptability, independence, cohesion, and stability.

Kepler Cheuvreux Solutions' turnkey offering and services are based on four pillars:

- Cross-asset research, relying on the broadest equity coverage in Europe, with more than 100 analysts;
- Financial engineering, designing differentiating investment solutions in full independence;
- Open architecture, giving privileged access to more than 30 issuing banks;
- Personalised follow-up, combining local sales support and the implementation of dedicated digital solutions.

e) Corporate Finance

Since 2009, Kepler Cheuvreux Corporate Finance ("KCF") has been supporting its clients in their strategic transactions.

From M&A advisory to capital raising and financing solutions, Kepler Cheuvreux Corporate Finance assists companies, financial sponsors, family offices and entrepreneurs in the design and implementation of tailor-made solutions to support their strategic developments.

Kepler Cheuvreux Corporate Finance promotes long-term relationships and provides independent expert advice with exclusive commitment and no conflicts of interest.

f) Asset Management

Kepler Cheuvreux also provides a full range of asset management services to investors through its private asset management platform Kepler Cheuvreux Invest ("KCI").

KCI gives access to a range of alternative investment strategies, from debt to equity, for institutional and private investors, as well as for asset managers.

Founded in 1998 and wholly owned by Kepler Cheuvreux, KCI is an asset management company (AIFM) approved by the French financial markets authority (AMF).

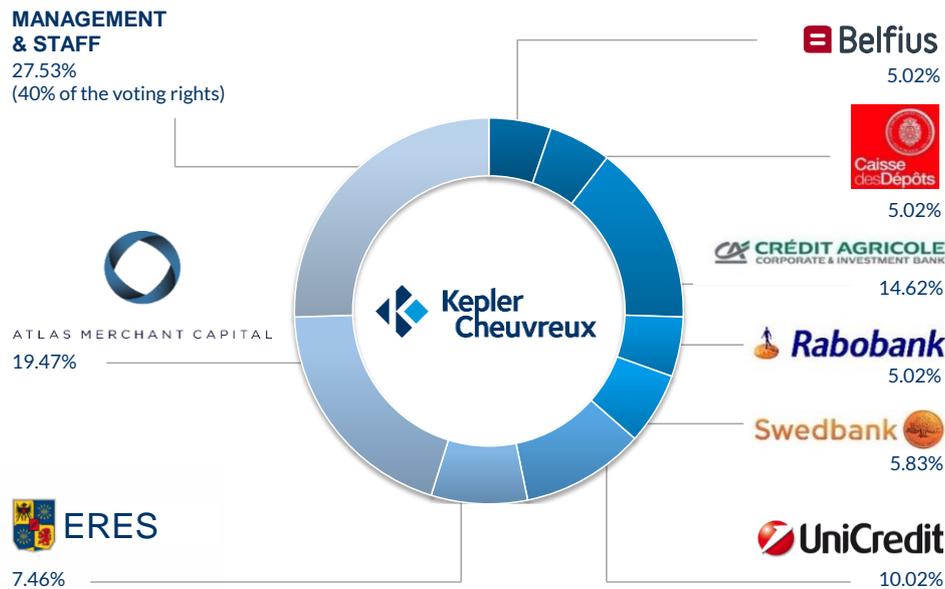
III. GOVERNANCE AND STAKEHOLDERS



I. THE GROUP'S CAPITAL STRUCTURE

The Company is controlled by Kepler Holding SA, which holds 40% of its voting rights and owns 27.53% of its share capital. Kepler Holding SA is owned by the Group management and staff.

In parallel, the Company also enjoys the support of prestigious institutional shareholders such as Atlas Merchant Capital (19.47%), Belfius (5.02%), Caisse des Dépôts (5.02%), Crédit Agricole CIB (14.62%), Edmond de Rothschild Equity Strategies (7.46%), Rabobank (5.02%), Swedbank (5.83%) and UniCredit (10.02%).



II. GOVERNANCE

Pursuant to the Company's Extraordinary General Meeting of Shareholders of 27 October 2017, the Company's governance structure was changed from a Société Anonyme (public limited company) with a one-tier structure, managed by a Board of Directors, to a two-tier structure with a Management Board and a Supervisory Board.

Since then, and in accordance with Article 17 of the Company's Articles of Association, the Company's executive management is carried out by the Management Board under the control of the Supervisory Board.

a) Management Board

In accordance with the applicable legislation and Articles of Association, the Management Board has been vested with the broadest powers to act in all circumstances on behalf of the Company. However, it exercises these powers within the limit of the corporate purpose and subject to those expressly conferred by law on shareholders' meetings and the Supervisory Board.

As part of the Supervisory Board's ongoing supervision of the Company's management, the Management Board submits a report to the Supervisory Board at least once every quarter.

In accordance with the provisions of Article L. 225-58 of the French Commercial Code, it should be noted that the current Management Board meets the requirement for balanced gender representation.

b) Supervisory Board

The Supervisory Board performs the permanent control of the Company's management by the Management Board, in accordance with the provisions of Article L. 225-68 of the French Commercial Code and Article 16 of the Company's Articles of Association.

In particular, the Supervisory Board carries out, at all times of the year, the audits and controls it deems appropriate for the fulfilment of its duties and may be provided with all the documents it deems necessary for this purpose. In addition, it appoints and dismisses the members of the Management Board, authorises related-party agreements and presents to the Annual General Meeting of Shareholders its comments on the Management Board's report and on the financial statements for the past year.

As permitted by law, the Management Board must submit certain transactions listed in paragraph 3 of Article 17.4 of the Articles of Association for approval by the Supervisory Board (approval must be obtained in advance in the case of transactions referred to in the fourth paragraph of the same article).

In accordance with Article 15.1 of the Company's Articles of Association, the members of the Supervisory Board meet as often as necessary in the interests of the Company and at least once every three months, on the invitation of the Chairman.

The Supervisory Board is gradually becoming more female with the imminent arrival of a third woman to replace a resigning member. This number could even increase to four when a second resigning member will be replaced.

c) Committees assisting the Supervisory Board

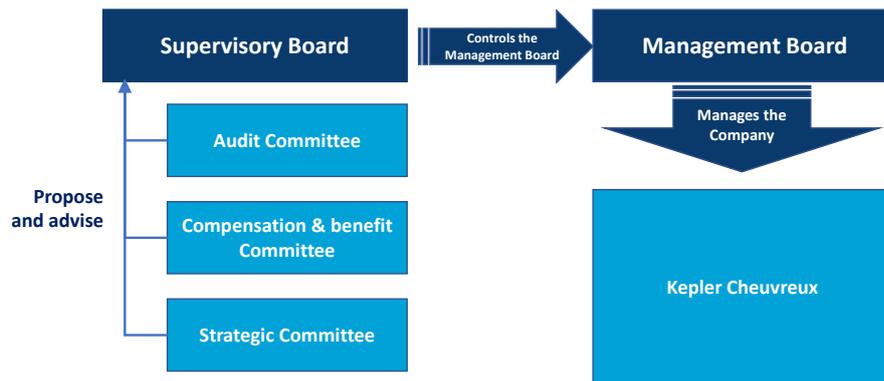
The Supervisory Board receives all documents and information required to perform its duties.

To this end, three committees made up of members of the Supervisory Board assist the Board in its tasks:

- **The Audit Committee:** it submits to the Supervisory Board its opinions, proposals and recommendations concerning the preparation and control of accounting data, internal control procedures and the efficiency of internal control systems.

At its 15 October 2015 meeting, the former Board of Directors decided to assign additional responsibilities to this committee as regards to internal control, in particular periodic control, and compliance. Previously, these duties had been assigned to the Compliance Committee, which was merged with the Audit Committee given the Company's size and the fact that the two committees were dealing with related topics.

- **The Remuneration Committee:** it submits to the Supervisory Board its opinions, proposals and recommendations relating to the hiring and remuneration policy for the managers and executives of the Company and its subsidiaries.
- The mission of the **Strategy and Investment Committee** is to submit to the Supervisory Board its opinions, proposals and recommendations relating to the determination and implementation of the budget and the strategic plan, or to any plan for the creation, development or closing of activities or subsidiaries.



III. THE GROUP'S KEY STAKEHOLDERS

Kepler Cheuvreux has identified its internal and external key stakeholders for whom the Company creates value through its activities:

- **Clients and prospects:** Kepler Cheuvreux offers them its market knowledge and local expertise through a network of 13 offices, as well as high-quality services and products.
- **Management, employees, institutional shareholders, and other financial partners:** they all benefit directly from the Company's financial success.
- **Employees and social partners:** the Company provides them with a safe, positive, and stimulating environment maintained by an attentive Human Resources department.
- **Suppliers:** the Company has built long-term, trusting relationships with its suppliers while fostering the entrepreneurial and innovative spirit needed to collaborate with Kepler Cheuvreux.
- **Regulatory bodies and external auditors:** Kepler Cheuvreux has developed trusting relationships with them based on communication, cooperation and good business conduct that meet the highest level of regulatory requirements.
- **Financial market professional associations** (AMAFI, SFAF, etc.): Kepler Cheuvreux regularly takes part in discussions and working groups on regulatory issues and industry practices.

IV. NON-FINANCIAL CHALLENGES AND COMMITMENTS



I. METHODOLOGY

Kepler Cheuvreux produces an annual study approved by the Management Board on the environmental, social, and societal risks (ESS) associated with its business.

To better understand these risks, Kepler Cheuvreux takes into account the specific characteristics of its business and its environment, namely:

- Its business model (see section II),
- Stakeholders' expectations on its business activities (see section III),
- Applicable regulatory requirements (see section I).

Following this study, Kepler Cheuvreux identifies the main risks to which it is exposed and defines the commitments and actions to be implemented to mitigate them.

The results of the analysis have also revealed that the Group does not face risks related to the fight against food waste, food insecurity, respect for animal welfare, the circular economy or responsible, fair, and sustainable food. Accordingly, these risks are not considered sufficiently significant and are not included in the commitments described in this report.

II. CLIENT SATISFACTION, FAIR TRADE AND ETHICS

a) Main risks incurred by Kepler Cheuvreux

In terms of client satisfaction, fair trade and ethics, the main risks that the Company could face are:

- any practices contrary to the rules of professional conduct and ethics (lack of loyalty, corruption, intentional non-compliance with procedures, etc.);
- reputation and competence risk relating to front office traders;
- a possible slow adaptation of products and services to meet ESG-related challenges and innovation; a potential lack of societal engagement with local stakeholders and the community at large, or even a lack of sponsorship initiatives.

b) Kepler Cheuvreux's commitments

Kepler Cheuvreux is a leading independent European financial services company with a true entrepreneurial spirit. Accordingly:

- The Company does not engage in proprietary trading. It focuses on providing objective, conflict-free advice, and execution services in the best interest of its clients. As a leading European financial services company, client satisfaction remains the top priority for Kepler Cheuvreux.
- The Company's entrepreneurial spirit is a catalyst for innovation. Kepler Cheuvreux was one of the first European brokers to sign the "Principles for Responsible Investment"(PRI) in 2008. Since then, the Company has continued to expand its ESG offering across its business lines and locations, while considering how products and services offered to clients can benefit from this approach. The Company has also established a long-standing financial partnership with the Institut Louis Bachelier to develop academic financial research in France. Kepler Cheuvreux then enables its clients to benefit from its advances through its products and services.
- As part of the Company's pan-European presence, the Kepler Cheuvreux Foundation, a public foundation, was created to support pan-European public interest initiatives (fundraising and grants). The Foundation's objective is to make a substantial and concrete contribution to the common good, involving its employees, clients, and partners, in the context of the COVID-19 crisis and beyond in the years to come.
- The Company is committed to promoting a culture of ethics among its employees. The implementation of the Group's compliance and ethics culture is based on an internal system of

reference documents which, alongside legal and regulatory requirements, are based on three main documents:

- The Compliance Manual: it aims to provide a framework for the Group companies' activities in terms of compliance and ethics.
- The Employee Handbook: it guides the actions, decisions, and behaviour of each employee daily. This document can be consulted by all Group employees as soon as they join the Group.
- The Execution Policy: it specifies the Company's commitment to take all sufficient measures to fulfil our best execution obligation.

Challenges	Inherent Risks	Commitments
Products and services with a social and environmental impact	Slowness in adapting products and services to ESG-related challenges and innovation.	Promotion of ESG products and services (to issuers and investors)
Client satisfaction and company recognition	Reputation and competence risk relating to front office traders.	Excellent recognition in customer surveys
	Unethical practices (disloyalty, corruption, intentional non-compliance with procedures).	
Corporate sponsorship	Lack of societal commitment to local stakeholders and the community at large. Lack of sponsorship initiatives.	Contribute substantially and concretely to the common good

III. PROTECTION OF HUMAN CAPITAL

a) Main risks incurred by Kepler Cheuvreux

In terms of protecting human capital, the main risks that the Company may face are:

- a potential loss of company attractiveness, reduced employee motivation, talent drain, increased HR operating costs;
- a possible deterioration of the company's identity or questioning of its values;
- possible discriminatory practices within the company;
- possible negative impacts of occupational hazards and natural disasters on employees health;
- potential psychosocial risk resulting from unsatisfactory employment and working conditions.

b) Kepler Cheuvreux's commitments

The Company's Human Resources are its most valuable asset in combating potential risks related to the protection of human capital. That is why Kepler Cheuvreux continually invests in people. For example:

- The Company ensures that it **continues to train** its employees, that they are **satisfied** and that they grow by offering them the opportunity to **develop in a safe and healthy environment**.
- The **well-being** of Kepler Cheuvreux **employees** remains a top priority, particularly with the development of work from home.
- Kepler Cheuvreux fights all types of discrimination (gender, origin, religion, disability, etc.) to ensure diversity in its workforce. The Company's main commitments to promoting diversity are based on its corporate identity:
 - Kepler Cheuvreux pays particular attention to its pan-European identity and **promotes the multicultural diversity of its staff**.
 - Kepler Cheuvreux employs experienced senior staff who interacts with and nurtures talented young graduates, an essential part of ensuring the company's continued and sustained success.

Challenges	Inherent Risks	Commitment
Diversity of human capital	Deterioration of the Company's identity, questioning of its values.	Promote intergenerational interactions.
	Discriminatory practices within the Company.	Promote cultural diversity within the Group.
Employee health and safety	Negative impacts of occupational hazards and natural disasters on employee health. Psychosocial risk caused by unsatisfactory employment and working conditions.	Provide a working environment conducive to staff development. Fight against social isolation and promote team spirit.
Development of human capital and its satisfaction	Loss of company attractiveness, reduced employee motivation, talent drain, increased HR operating costs.	Enable employees to develop professionally and personally within Kepler Cheuvreux.

IV. ENVIRONMENTAL IMPACT

a) Main risks incurred by Kepler Cheuvreux

In terms of environmental impact, the main risks that the Company may face are:

- a possible inability to support employees in their desire to adopt more environmentally friendly modes of transport. Not considering more environmentally friendly modes of transport for business travel.
- a potential lack of consideration for environmental and social issues in the selection of and relationship with suppliers.
- a possible deterioration in the Group's image as a responsible company.

b) Kepler Cheuvreux's commitments

Kepler Cheuvreux is committed to combating climate change and therefore aims to work with its stakeholders to reduce overall carbon emissions and natural resource consumption associated with the company's activities:

- **Greener modes of transport** are encouraged whenever possible, both for staff travel and short-distance business trips.
- **Office consumption of natural resources** is monitored to reduce unnecessary waste and help identify areas for improvement.

Challenges	Inherent Risks	Commitments
Greener modes of transport	Failure to support employees in their desire to adopt greener modes of transport	Encourage employees to make environmentally friendly commutes.
	Not considering greener modes of transport for business trips.	Promote sustainable business travel practices.
Consumption of natural resources	Failure to consider environmental and social issues in the selection of suppliers and in the relationship with them.	Reduce unnecessary waste and identify opportunities to minimise the company's resource consumption.
	Damage to the Group's image as a responsible company.	

V. MATERIALITY ANALYSIS

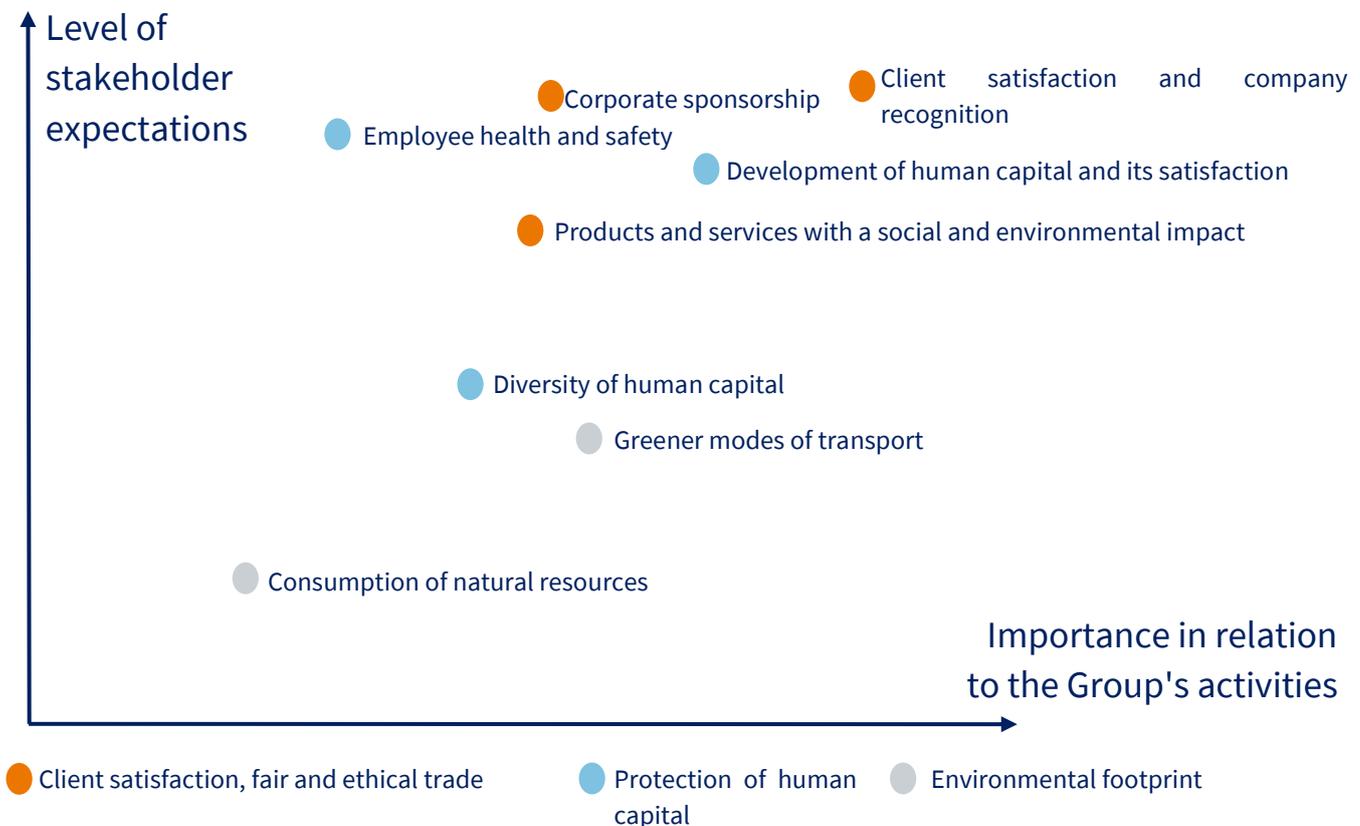


I. METHODOLOGY

The materiality of the environmental, social, and societal risks identified in the previous section was assessed in the context of collaborative workshops and individual interviews with internal stakeholders identified as priorities¹. The answers collected enabled a detailed assessment of the importance of each of the Group's commitments in relation to its activities (X axis of the matrix), as well as the expectations of stakeholders concerning each of the Group's commitments (Y axis of the matrix).

The indicators resulting from this mapping are presented in part VII. *Appendices: Methodology, scope, and summary of performance indicators.*

II. RESULTS



¹ The persons responsible within the Group are: members of the Management Board, the Chairman of the Supervisory Board, the Head of Human Resources, the Head of Purchasing, the Head of Compliance, and the heads of business lines or entities.

VI. ANALYSIS OF NON-FINANCIAL PERFORMANCE



I. METHODOLOGY

This section describes how Kepler Cheuvreux translates its environmental, social, and societal (ESS) commitments into actions and mitigates the inherent risks described in section III above.

The progress made and the areas for improvement that remain at Group level are described and quantified as best as possible based on indicators monitored by the various internal stakeholders involved in ESS issues.

II. CLIENT SATISFACTION, FAIR TRADE AND ETHICS

a) Products and services with a social and environmental impact

Kepler Cheuvreux is proud to be the first – and so far, the only – brokerage firm in Europe to have signed the Principles for Responsible Investment (PRI) in 2008².

The PRI were developed, at the request of the United Nations Secretary-General, by an international group of institutional investors, reflecting the growing relevance of environmental, social, and corporate governance issues in investment practices. Kepler Cheuvreux reports annually on its compliance with the six Principles for Responsible Investment and renews its commitment to promoting these principles within the financial industry. The "Responsible Investment Transparency Report" is publicly available on the UN PRI website³.

Kepler Cheuvreux's commitment to PRI is an additional lever for making ESG products and services one of the cornerstones of the Group's offering.

Research Services

Kepler Cheuvreux has made ESG one of the main focuses of the investment recommendations produced by its research department. A dedicated ESG team is responsible for producing non-financial analyses on certain themes and economic sectors, but also for internally promoting the integration of ESG criteria and metrics in the production of "traditional" research.

The ESG research team consists of four experienced analysts specialising in climate change, social/societal, reputational, and corporate governance issues.

This team represents 4% of the total number of full-time permanent financial analysts (102 employees as of 31 December 2021). Of the remaining 96% of "traditional" analysts, 91 (89%) contributed significantly⁴ to at least one ESG research report in 2021 compared to 44 (37%) in FY20. This highlights the progress made in integrating ESG issues into Kepler Cheuvreux's production of "traditional research".

Reporting on ESG issues was stable in FY 2021 compared to FY 2020. Thematic ESG reports are in-depth analyses dealing with complex environmental, societal, or social issues relating to a particular sector, industry or topic. There are two types of thematic reports: the Q&A report, written in the form of questions and answers on the topic, and the 360 report, which provides a comprehensive analysis of a topic, sector, or industry. The thematic reports published in 2021 included the following topics: *What are our takeaways from COP26?*, *All about carbon capture* and *Is biodiversity being properly addressed by the agri-food industry?*

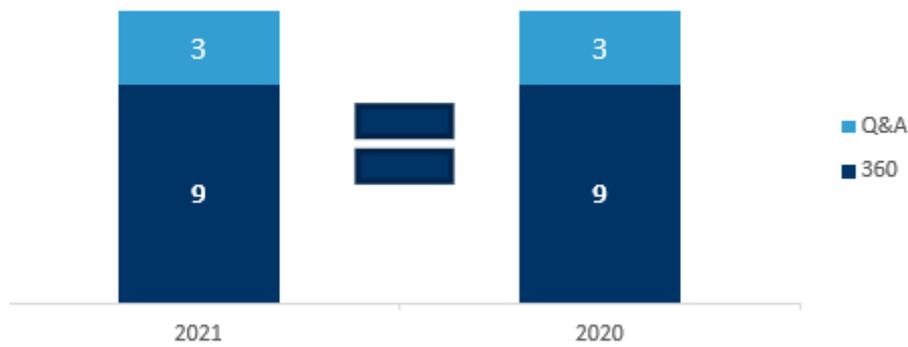
² See <https://www.keplercheuvreux.com/fr/recherche/>

³ See <https://www.unpri.org>

⁴ A significant contribution is noted when the analyst's name appears on the front page as one of the report's authors.



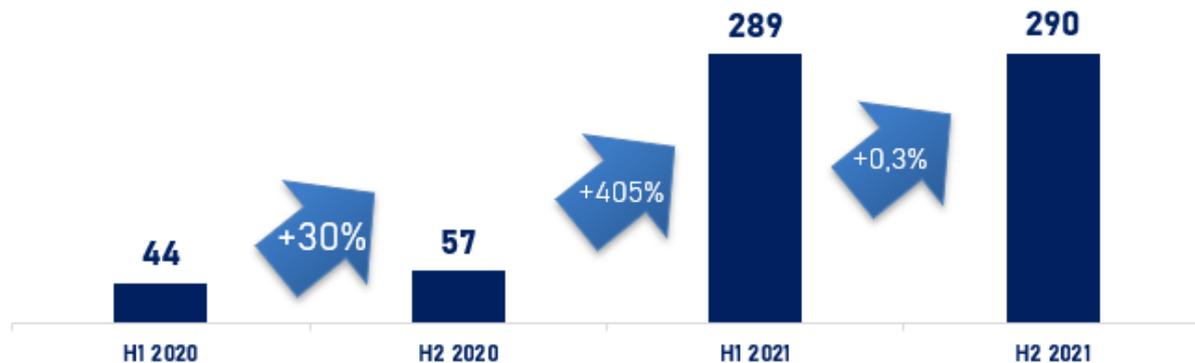
Key ESG Thematic reports



In terms of the total number of ESG research reports published (including thematic reports and the rest of the ESG research production), Kepler Cheuvreux has significantly increased its production to meet its clients' demands and to promote the integration of non-financial criteria in company evaluations. In FY2021, 579 ESG reports⁵ were published compared to 101 in FY2020, a significant increase of 472%.

⁵ Database of published reports on the Kepler Cheuvreux research website

Number of ESG reports released over time



Asset Management

Kepler Cheuvreux's asset management activities are concentrated within its subsidiary KCI. Founded in 1998, KCI is an AMF-supervised Alternative Investment Fund Manager (AIFM) that provides access to alternative investment strategies, from subordinated financing to quasi-equity and equity investments, for institutional and private investors, as well as for asset managers.

KCI was acquired by the Kepler Cheuvreux Group in 2018. The team is responsible for leading KCI's fundraising and investment strategy. Although KCI represents a relatively small proportion of the Group's front office staff (2%)⁶, their contribution to responsible investment is significant.

KCI supports entrepreneurs and companies in their financing needs through the capital structure (subordinated financing, quasi-equity, equity) and has a clear focus on the growth of small and medium-sized enterprises.

In 2021, KCI was in the fundraising phase (with the first closing of its initial tech fund, Move Capital Fund I, carried out on 17 December 2021) and has not yet entered its investment phase. Specifically, KCI manages closed-end funds for professional investors and investments are made in unlisted instruments. KCI is currently promoting two strategies: one in private equity "Tech Growth & Late-Stage" and one in preferred capital financing (subordinated debt, quasi equity, and equity) for SMEs and mid-caps. To date, KCI, a UNPRI signatory, has a consistent ESG approach integrated into its investment process, but has not yet been able to test it. Note that since the closing of the Move Capital Fund I last December, the fund has been analysing its first investment opportunities and could conduct its first ESG due diligence audits in 2022 with KCI's expert partner, EthiFinance.

With respect to mandatory disclosures for asset management companies, KCI has already prepared to be fully compliant with the applicable industry ESG standards regarding:

- *Implementing climate change risk policies:* KCI is addressing climate change through:
 - its ESG approach, detailed in its ESG Charter (available on the Company's website);
 - signing the UNPRI Charter in 2020, which outlines KCI's commitment to managing climate change risks;
 - adding sustainability to KCI's risk mapping.

Lastly, KCI has implemented several initiatives to address environmental, social, and governmental risks, primarily through the integration of ESG risk assessment into the investment process, the incorporation of sustainability risks into KCI's assessment policy, and the creation of an ESG advisory board.

⁶ Out of 236 front office employees (i.e., involved in financial transactions or trading instruments).

- *The contribution of its investment strategy to the energy and environmental transition:* KCI's funds will all incorporate a consistent and fully integrated ESG strategy into their investment process to mitigate climate change risks through positive impacts (e.g., waste management, greenhouse gas emissions limitation, etc.). These are measured via investment companies' answers to the surveys collected annually by the company and its service provider Ethifinance, as well as the ESG roadmap, which is formalised at the closing of each transaction and reviewed annually throughout the holding period.
- *KCI's level of climate-friendly investments:* at this stage, it is not envisaged that KCI funds will have a specific climate-friendly investment threshold. However, the company is firmly committed to a positive ESG approach aimed at reducing the overall greenhouse gas intensity of all its portfolio companies.
- *KCI's contribution to the international goal of limiting global warming:* KCI plans to obtain the iC20 label in 2022 to step up its commitment to fighting climate change in line with the COP21 goal of limiting global warming to two degrees and has received confirmation from the iC20 board that its ESG approach is consistent with the label. The label will be granted to KCI as soon as a first investment has been made by Move Capital Fund I.

More generally, the company has already prepared to meet the responsibilities of its future investment activities through:

- The commitment to several principles supported by the French association of investors for growth (France Invest) such as the "France Invest Commitment Charter" and the "France Invest Gender Equality Charter" (which promotes gender parity in private equity and in the companies that KC Invest supports) since the first day of publication of the two charters.
- The appointment of a partner to implement and monitor the development and effectiveness of KCI's responsible investment practices, with the help of an expert ESG service provider, Ethifinance, to support future investments. Ethifinance is also a signatory to the UNPRI and is therefore aligned with the objectives of KC Invest.

Structured products (Kepler Cheuvreux Solutions)

In 2011, the Kepler Cheuvreux Group launched Kepler Cheuvreux Solutions, the business line dedicated to the research, design, and marketing of custom-made structured investment solutions. Being part of the Kepler Cheuvreux Group enables it to place Research at the heart of its offering and to benefit from the critical size of a major player in financial services in Europe.

The teams based in Paris, Geneva and Zurich now include more than 50 experienced professionals, one third of whom are financial engineers. With €12.5 billion in products issued since its inception, Kepler Cheuvreux Solutions is the leading independent provider of structured investment solutions in Europe.

Kepler Cheuvreux Solutions provides solutions that enable investors to align their investment objectives with their values by working with the leading players in ESG analysis. To complete its offering, Kepler Cheuvreux Solutions has hired a dedicated ESG specialist, who will complement the specialised research team within the Group by identifying secular and tactical investment themes around responsible investment and supporting our clients in building their investment policy.

The business line's responsible investment solutions are based on three pillars:

- Investment in a responsible underlying or basket, through sector and norm-based exclusion policies. We also take into account companies' environmental, social and governance profile to exclude those that do not meet the requirements.
- Investment in sustainable themes, through baskets of shares exposed to specific issues such as the energy transition, water management or recycling, which provides an investment universe that contributes directly to sustainable development.
- Investment in responsible projects, through green notes and bonds, to directly support the transition to a more environmentally friendly economy. The amounts invested will finance projects to support companies' energy and environmental transition.

b) Client satisfaction and company reputation

With a presence in 13 major financial centres, Kepler Cheuvreux has a unique multi-local business model that allows its research teams to be close to the companies they cover and its sales teams to be close to investors. This proximity allows the Group to offer a better and more responsive service, taking into account the specificities, knowledge and opportunities of the local market.

Fair treatment of clients and the development of relationships are governed by a set of policies and procedures applied across the Group by all employees.

Kepler Cheuvreux has formalised and implemented a strict execution policy, requiring employees to ensure fair treatment of all orders and in accordance with the principles set out in the execution policy. All necessary measures are thus taken to offer clients the best possible execution. The execution policy is updated annually. It is available to the public on the Kepler Cheuvreux's website.

Customer complaints are handled quickly, accurately, and fairly by dedicated traders. Complaints may call into question the quality of the service and the Group's reputation. Complaint handling is governed by the compliance manual distributed to all Kepler Cheuvreux's employees.

[Institutional investor survey](#)

The annual Institutional Investor survey is a must-read for market professionals, distinguishing the best players in research production and Corporate Access⁷.

It enables Kepler Cheuvreux to assess its clients' satisfaction and verify that the services offered are in line with their expectations.

The 2021 edition for Europe reflects the views of 4,226 portfolio managers and analysts from 1,468 financial institutions. A total of 56,266 votes were analysed and the results are presented below.

⁷ Corporate Access services allow investors to refine their investment decisions by meeting with listed companies. The services offered include the organisation of roadshows, thematic conferences, site visits and one-to-one meetings with the management of listed companies.

Results on Corporate Access

Category	2021 ranking	2020 ranking
Corporate Access - Overall	2nd	1st
Pan-European - Overall	1st	1st
Conferences	1st	1st
Field trips	6th	1st
Logistics	3rd	1st
Roadshows	2nd	1st
Quality of the team	5th	1st
Virtual event	2nd	New

Research results

Category	2021 ranking	2020 ranking
Research - Overall	10th	8th
Small & Mid-cap	2nd	3rd
Property/Real estate	4th	8th
ESG	6th	8th
Retail/Food	6th	8th
Food producers	7th	8th
Oil services	7th	8th
Forestry, paper, and packaging	6th	8th
Medical technologies and services	6th	11th
Automotive and car parts	7th	6th
Banking	8th	10th
Technology / Software	8th	5th
Construction and building	10th	8th
Pharmaceuticals and biotechnology	10th	13th

Gestion de Fortune magazine award

On its 10th anniversary, Kepler Cheuvreux Solutions was named the second-best structured products provider by French magazine *Gestion de Fortune* and remains the leading independent structured products provider for the seventh consecutive year. In addition, Kepler Cheuvreux Solutions was ranked "Outstanding" (best ranking) for the third consecutive year in the 2021 ranking of the best independent structured products designers in France by *Décideurs Magazine*.

c) Corporate sponsorship

Kepler Cheuvreux's employees share key values: independence, commitment, entrepreneurship, and social & environmental awareness.

Kepler Cheuvreux is a truly entrepreneurial company with employees and management owning more than a quarter of the share capital and holding 40% of the voting rights.

Thanks to its local presence, the Group has been very sensitive to the social and health impacts of the COVID-19 crisis in the 12 countries where it operates and focused on protecting its employees and clients from the very start of the crisis.

Aware of its social responsibility, the Group wishes to go further by making a substantial and concrete contribution to the common good. To achieve this goal, the Kepler Cheuvreux Foundation was established in 2020 to help support pan-European fundraising and grants, in line with the Kepler Cheuvreux Group's pan-European footprint.

The Kepler Cheuvreux Foundation is a non-profit organisation that only supports other non-profit organisations, whether public or private. To achieve its objectives, the Kepler Cheuvreux Foundation supports:

- Public and private healthcare providers in Europe, especially in critical contexts.
- Charities that help victims of the economic and social consequences of the pandemic in the short term, and those in need in the longer term.
- Public and private non-profit healthcare research institutions across Europe.
- European institutions that help the elderly or disabled.

Since its creation in March 2020 and its legal incorporation in June 2020, the Foundation has distributed a total of €2.5 million to charities, including €1.3 million for 2021. The 26 charities selected in 2021 are based in seven European countries. In the near future, the Foundation's efforts will remain focused on medical organisations dedicated to children (Necker-Enfants Malades children's hospital, Het Verdeten Kind (the Forgotten Child, etc.) and food banks. For example, the Italian association Opera San Francesco per I poveri said that thanks to donations from Kepler Cheuvreux, it was able to provide more than 30,000 meals to people in need in Milan. In France, the Restos du Cœur association said that donations from Kepler Cheuvreux helped provide nearly 90,000 meals. In the longer term, in accordance with its charter, the Foundation's charitable activities will focus on healthcare, education and the fight against poverty in Europe.

In total in 2021, 136 full-time employees (24% of the total permanent workforce) of the Group as of December 2021 contributed directly to the Foundation, either by making donations through bonus sacrifices or more regularly via payroll (€164k). As of 31 December 2020, 147 employees, or 27% of the total workforce, had contributed directly to the Foundation.

Indirect contributions were also made through various fundraising events organised by the company, such as:

- The North-South Challenge, for which Kepler Cheuvreux employees committed to covering the distance between the Group's two most remote offices (Oslo - Madrid) over a two-week period and to donating an amount for each kilometre covered. A total of 171 contributions raised an additional €25,000 for the Foundation.
- The Charity Trading Day, held on Thanksgiving Day in the United States (26 November), enabled the equity brokerage employees (around 160 employees, i.e., 67% of the front office staff) and their clients to raise nearly €371,000 for the Foundation.

The Foundation is always open to donations. Kepler Cheuvreux has continued to contribute €50,000 per month since the Foundation was launched. Other exciting fundraising events are planned for 2022 that will allow the Foundation to expand its philanthropic efforts across Europe.

III. PROTECTION OF HUMAN CAPITAL

a) Human capital satisfaction and personal development

Since Kepler Cheuvreux is a people-focused company, the company's greatest asset is its people.

Kepler Cheuvreux's staff and management are the Group's main shareholders. As they own 27.53% of the share capital and hold 40% of the voting rights, they benefit directly from the Group's performance thanks to their commitment and work. This direct, reward-based incentive ensures that staff motivation and dedication remain high and consistent over time.

The continuous development of Kepler Cheuvreux's human capital is supported by its training and development policy.

Through the Group's CFA policy, approved by management, Kepler Cheuvreux covers 75% of the costs of the CFA exam as well as the costs of study material for high-performing young employees. The Company offers candidates five review days for each exam level to ensure they are well prepared and have the best chance of success.

In 2021, eight employees benefited from this policy, at a total cost of €2,300. In 2020, due to the global COVID-19 pandemic, the CFA Institute suspended exam sessions for the entire year, so only two employees were able to take advantage of this opportunity.

During the pandemic, the Chief Information Security Officer (CISO) made the Finance Department employees who create / approve payments via Swift aware about the risks of cybersecurity and cyber-attacks through a training email and documentation that raised awareness of cyber-risks (e.g., phishing risks) and informed employees on how to respond to such attacks.

In addition, the Company has launched two programs to develop and retain top talents, described in the Capital Diversity section.

b) Employee health and safety

Normal operation of the company

As a responsible employer, Kepler Cheuvreux is committed to providing a safe environment in which its employees can thrive. Accordingly, every year Kepler Cheuvreux conducts or updates an analysis of the health and safety risks for its Paris staff and presents it to the Social and Economic Committee (CSE) of the Paris office. The 2021 analysis covered 16 risk categories and 40 sub-risks. The key risks that were identified were:

- assessed to see how relevant they are to Kepler Cheuvreux's business;
- compared to current practices to see if they are effectively mitigated by the business; and
- reviewed to determine possible areas for improvement.

Major risks identified	Practices implemented to mitigate risk	Room for improvement -2022 target
Ventilation, sanitation of premises	Satisfactory	None
Thermal environments (hot, cold)	Satisfactory	None
Workstation lighting	Satisfactory	None
Emergency organisation	<p>Frequent updating of emergency numbers (firefighters, etc.) on bulletin boards.</p> <p>Serious accident guidelines posted on evacuation signs.</p> <p>Medical supplies available at the reception and in accordance with occupational physician guidelines.</p> <p>Business centre security staff trained in first aid. Trained evacuation officers with an annual refresher course.</p>	Safety instructions must be given to each new employee when they join the company.
Hazardous substances, chemical risks	Satisfactory	None
Energy	Satisfactory	None
Work equipment	Satisfactory	None
Road-related hazards	Satisfactory	None
Work carried out by external companies	Satisfactory	None
Risk of falling objects from height or due to work/repairs on site	Satisfactory	None

Major risks identified	Practices implemented to mitigate risk	Room for improvement -2022 target
Risk of fire or explosion	Satisfactory signage of fire extinguishers and periodic review of their operation. Smoke detectors are present near the office in each department and are checked periodically. Satisfactory installation and frequent inspection of the fire door.	Safety instructions must be given to each new employee when they join the company. Ensure that emergency exits are clearly identified. The list of employees trained in first aid should be made public and posted on bulletin boards. Purchase of high visibility emergency vests.
Office equipment	Screens are available to reduce glare. Distance between seat and screen compliant with standards. Annual visual inspection by the occupational health department. "Screen work awareness" documentation provided. Hands-free headset provided with business phone.	More ergonomic chairs and office furniture have been installed in several of our premises. A policy of allowance for working from home equipment was implemented during the fourth quarter of 2021.

The analysis also focused on psychosocial risks to identify ways to further mitigate them and ensure employees' well-being. Several options were discussed with the CSE:

- Implementation of actions to prevent occupational risks.
- Implementation of training and information initiatives on psychosocial risks.
- Fighting stress at work and promoting best practices, particularly in terms of dialogue within the company and organisational methods to deal with psychosocial risks.
- Promoting work/life balance (right to disconnect, working from home, part-time work).
- Developing employees' awareness and understanding of workplace stress, its possible causes and ways to prevent and treat it.

Kepler Cheuvreux is committed to the well-being of its employees and will continue to implement these recommendations.

In order to continuously improve the well-being of its employees, the Company constantly develops tools to govern the professional environment by preserving a healthy and respectful work environment for everyone. With this in mind, in 2021, Kepler Cheuvreux implemented this commitment through four charters and procedures:

- The Charter against discrimination and harassment:

Kepler Cheuvreux promotes a flexible, responsible, responsive structure that is rich in experience and diverse cultures. Along these lines, the Charter sets three priorities: gender equality, protection against discrimination and equal opportunities at work and recognition of the diverse cultures and nationalities that is a source of richness.

- Agreement on professional gender equality:

The agreement aims to ensure equal opportunities for access to employment and throughout a person's working life, to ensure equal access to vocational training, to promote balance between personal, professional life and family commitments and to combat moral and sexual harassment and sexist behaviour.

- Collective profit-sharing agreement:

In 2021, the Company negotiated a new profit-sharing agreement to involve its employees in the company's success. The main objective of this update was to change the rules for the distribution of profit-sharing, by switching from a distribution based on salary level to equal distribution among all employees based solely on the time spent with the Company during the financial year in question.

- Working from home policy:

To ensure the safety of its employees, to comply with local health measures and to meet the demands of its employees, Kepler Cheuvreux has implemented a working from home procedure. It sets the framework for efficient work organisation and seamless continuity of its services.

Business continuity plan

Following the occurrence of the COVID-19 pandemic in March 2020, the business continuity plan was implemented in each of Kepler Cheuvreux's 13 offices.

Led by a dedicated committee (the Business Continuity Plan Committee), the BCP measures were guided by two key objectives: a) protecting employees' health; and b) ensuring business continuity with high quality customer service without operational risk to the company. The BCP committee adopted several measures as early as March 2020 and the crisis management review conducted in 2021 emphasised that the decisions taken were appropriate:

- A BCP team already in place that immediately appointed and mobilised local representatives in each location.
- The definition and monitoring of key indicators for informed decision-making on business impacts.
- Immediate involvement of business line managers and desks to work on business line impact analyses and thereby calibrate the needs as closely as possible.
- The resilience of the new infrastructure was key in the crisis management.
- The transition to large-scale working from home within two weeks went smoothly.
- The way the staff rapidly and professionally adjusted to new virtual communication modes and then virtual customer events.
- Activation of the Paris backup site, then creation of a new backup site in London within a few weeks.
- The ability to reorganise the premises in just a few days to bring back employees in the best possible sanitary conditions.

Particular emphasis was placed on the fight against social isolation, a major threat since the beginning of the crisis. Given the psychosocial risks caused by a feeling of isolation, isolated employees were brought back to the offices as soon as possible, within the limits defined by local government restrictions. Specific requests made through the line management were reviewed by the BCP committee to identify the best solution for each employee.

For example, as employees considered the Paris backup site as anxiety-provoking, the BCP committee and management agreed in the fourth quarter of 2021, with the arrival of the OMICRON Variant, to create a "white" area for half of the trading and sales trading teams in the Longchamp offices, physically separated from the main trading room, in order to allow employees designated for the backup site to avoid suffering from more difficult working conditions as long as the situation allowed.

As Microsoft Teams rapidly became the primary tool for employee collaboration, managers were made aware of the need to resume the daily interactions and team meetings that employees were used to. Kepler Cheuvreux has also been working on a virtual recreation of its offices in partnership with Kozy Office.

The assessment of the crisis management carried out in 2021 also highlighted areas for improvement that were immediately the subject of action plans. For example, since the integration of newcomers may have been disrupted by working from home and the lack of physical meetings with the teams, a virtual integration seminar was created in 2020, and building on its success, a new session was organised in November 2021.

c) Diversity of human capital

Kepler Cheuvreux is committed to promoting workforce diversity, which is a strength in an ever-changing pan-European market. This is part of the company's core values. To this end, the Group is proud to be committed to the fight against harassment and discrimination based on age, gender, nationality, disability, religion, beliefs, or sexual orientation.

Discrimination affects the work environment and can have a devastating effect on the health, confidence, morale, and performance of those who experience it. Therefore, the company does not permit or tolerate any form of workplace harassment or discrimination based on a person's sex, nationality, disability, religion, beliefs, or sexual orientation. In 2021, the company developed a collective anti-discrimination and anti-harassment policy, establishing the following rules that must be followed by all Kepler Cheuvreux employees:

- Discrimination in the workplace against any person based on age, gender, marital status, religious or other beliefs, sexual orientation, nationality, ethnic or national origin, or disability is unacceptable.
- The company will not permit any applicant or employee to receive less favourable treatment than would be accorded to any other person for any of the above reasons.
- In the case of persons with disabilities, the company considers all possible reasonable adjustments to enable that person to be hired or to continue in a job that he or she could otherwise perform.
- The company ensures equal opportunities in recruitment, training, development, and promotion within the company.

Each Kepler Cheuvreux employee must support this policy, as each member has a responsibility to fight discrimination and promote equality, tolerance, and diversity.

Cross-generational diversity

Kepler Cheuvreux was founded in 1997 and many of its employees have been involved in this entrepreneurial venture for several years. The Group now has one of the most experienced and solid teams in the European brokerage industry. This creates a dual challenge because Kepler Cheuvreux must ensure the long-term success and innovation of the Group by training and promoting young employees, while allowing for a smooth and active transition from one generation to the next.

Kepler Cheuvreux has developed a cross-generational policy allowing senior employees (aged over 55) to benefit, on a voluntary basis, from a part-time work formula, structured as follows:

- Aged between 55 and 56 => 10% or 20% part-time.
- Aged between 57 and 59 => 20% or 30% part-time.
- Aged between 60 and 61 => 30% or 40% part-time.
- Aged over 62 => 50% part-time.

The cross-generational programme is a unique opportunity to add more flexibility to employees' working lives and, for them, to enjoy more free time and prepare for their retirement step by step, while giving the Group the opportunity to continue to benefit from their expertise. As of 31 December 2021, another eight employees out of the 77 eligible employees within the Group (i.e., 14%) had signed up for this programme, bringing the number of beneficiaries to 24.

As a responsible employer, Kepler Cheuvreux is also focused on supporting and promoting the next generation of leaders. Every six months, about 60 interns join the Group, of which about 20 are hired each year (13 more during 2021). Over the last six years, Kepler Cheuvreux has trained and recruited 138 talented young people, demonstrating the Group's commitment to promoting young and talented employees. These recruitments are offered on a Group-wide basis, as Kepler Cheuvreux's multi-local presence allows for greater flexibility in terms of geographical hiring and position within the Group.

Kepler Cheuvreux has also created two programmes dedicated to the company's young talents to strengthen its human capital development policy.

The Talent programme was designed to develop and retain top talent with exceptional skills and a positive attitude towards the company, but with limited experience within Kepler Cheuvreux. A selection of approximately 30 employees per year, appointed by the business line managers, will participate in the programme (representing approximately 15% of the workforce aged under 35).

The duration of the programme is estimated at 2-3 years and will include both mandatory external courses (CFA or comparable local training) and internal courses on various business topics taught by senior professionals within Kepler Cheuvreux. In addition, it will provide the opportunity for a six-month temporary assignment to another office in the same business line or any other business line (subject to COVID-19 restrictions and company travel policies). The objective is to allow participants to discover other areas of the company and improve their learning curve.

A dedicated mentor will be assigned to each participant. This mentor will provide guidance, direction and advice. Bi-annual meetings with management and line managers in Paris (digitally during COVID-19 restrictions) will be held to provide direct access to management and discuss activities, challenges and career opportunities. The direct involvement and encouragement of these young talents by experienced professionals is a testament to Kepler Cheuvreux's commitment to passing on knowledge and skills across generations.

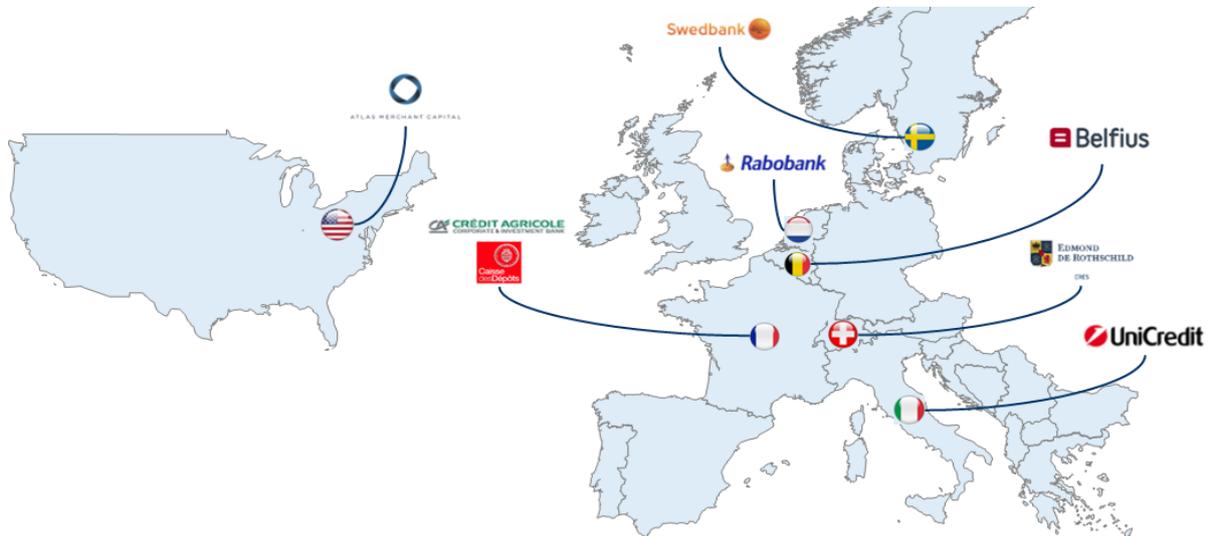
On the other hand, the Challenger programme is designed for strong senior professionals with a high level of technical, personal and leadership skills who believe in Kepler Cheuvreux's business model and who may be ready to take on new or greater responsibilities. A selection of 10 to 15 employees from all business sectors will be considered for this three-year programme. As with talent development programme, tailor-made internal and external training will be offered, and a special mentoring system by business line managers will be established to share behaviours, experience, knowledge, relationships, and skills.

Both programmes were fully designed at the end of 2020 for a 2022 launch if the evolving health crisis allows.

d) Multicultural diversity

Kepler Cheuvreux's multi-local nature is at the heart of the Company's business proposition, with a presence in 13 major financial centres including North America. The diversity of the shareholders, as well as their representation in the Group's main governance bodies, illustrates the Company's multi-local identity.

Representation of nationalities in the Group's shareholders

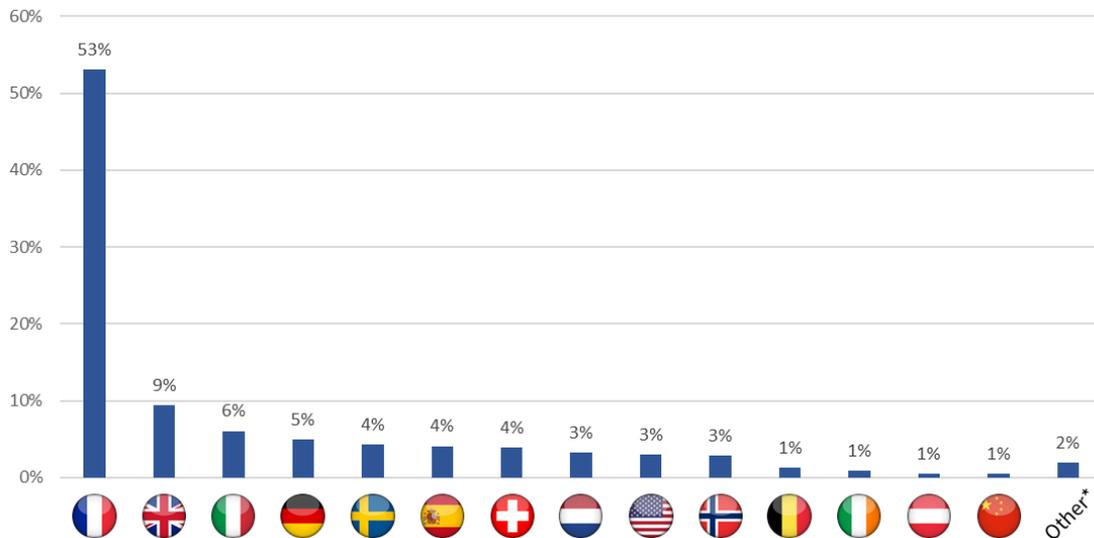


Representation of nationalities in the Group's main governance bodies

Nationality	Supervisory Board	Management Board	Strategy and Investment Committee	Remuneration Committee	Audit Committee
	8	3	2	3	3
	1		1	1	1
	2		1	1	1
	1				
	1				1
	1				1
	1				
Percentage of non-French speaking representatives	47%	0%	50%	40%	57%

This diversity is also maintained within the company's workforce, to remain close to local issues and to meet customer expectations and the specific features of each market. Although French employees are in the majority, approximately 50% of the workforce is made up of other nationalities, which creates significant diversity within the Group. In total, the company's workforce is made up of 22 nationalities.

Representation of nationalities within the Group



*Nationalities representing less than 1% of the total population

Lastly, people of all origins and religions are represented in the Group and are considered on an equal footing for recruitment, promotion, and training opportunities.

IV. ENVIRONMENTAL FOOTPRINT

a) Greener modes of transport

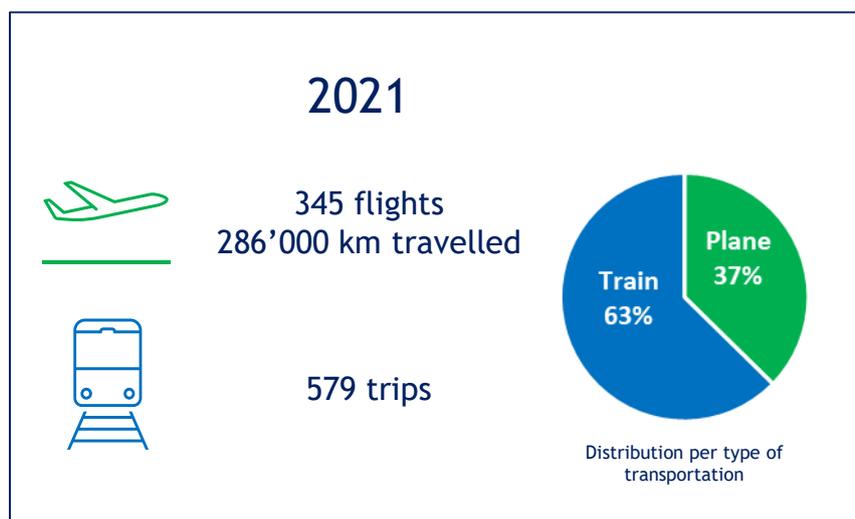
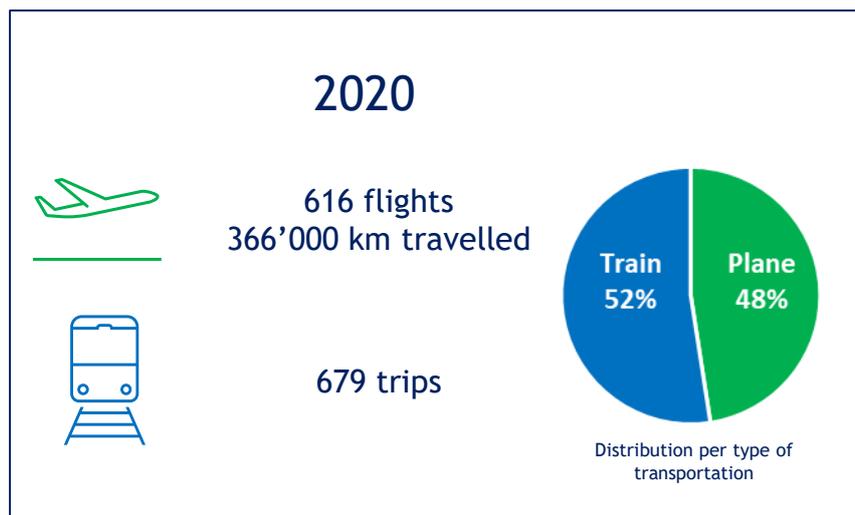
Green mobility initiatives

Kepler Cheuvreux supports its employees in their transition to low-carbon transport. Kepler Cheuvreux offers several options, depending on its employees' requests and needs. For those who prefer to cycle to the office, the Group has installed bicycle parking facilities in each of its offices to make cycling more accessible to all. In cases where the employee prefers to or has to use a car, the Group offers free electric charging stations in its main offices for electric cars, which generate less greenhouse gas and other emissions than cars powered solely by internal combustion engines. In addition, employees who prefer carpooling within the company have priority for parking spaces. Carpooling is not only better for the environment but is also perfectly in line with Kepler Cheuvreux's values of team spirit and solidarity.

This year, the Group worked to find a new office in the Lake Geneva region of Switzerland and did not fail to take into account the impact of its employee commuting in its decision making. In 2022, the employees of the Eysins office will move to new premises in downtown Nyon, at the foot of the main railway station, allowing them to reach Geneva and Lausanne in approximately 30 minutes. This new configuration, combined with the implementation of working from home for several years, will significantly reduce emissions related to employees' commuting.

Responsible business travel

Kepler Cheuvreux is present in 13 major financial markets and has a unique multi-local business model that enables research teams to be close to the companies they cover and sales staff to be close to investors. However, this proximity requires a high degree of mobility among Kepler Cheuvreux's staff. Salespeople can visit their clients' headquarters to discuss business opportunities, while analysts can visit the facilities of companies they cover to improve the relevance of their analyses. Kepler Cheuvreux is aware of its environmental responsibilities and has implemented a strict travel policy that limits the use of air travel for short-distance trips when rail travel is an option.



More specifically, the Group monitors the following nine major routes, which account for a substantial share of business travel traffic (26% of total travel in 2020 and 22% in 2021):

- Paris - London
- Amsterdam - Brussels
- Paris - Brussels
- Zurich - Paris
- Geneva - Paris
- Madrid - Barcelona
- Paris - Luxembourg
- London - Brussels
- Paris - Amsterdam

The Group has effectively limited the use of air travel on these routes, while promoting the use of train whenever possible. The estimated gain in traffic reduction on these routes between 2020 and 2021 was 18.5 tonnes of CO2.

Key routes	2020 Air traffic	2021 Air traffic	Change in traffic	CO2 impact 2021 versus 2020
Paris-London	3	7	133%	518,700
Paris-Brussels	No flights in the last two years		-	
Geneva-Paris	160	32	-80%	-16,014,720
Paris-Luxembourg	No flights in the last two years		-	
Paris-Amsterdam	No flights in the last two years		-	
Amsterdam-Brussels	No flights in the last two years		-	
Zurich-Paris	23	3	-87%	-2,981,100
Madrid - Barcelona	No flights in the last two years		-	
London-Brussels	No flights in the last two years		-	
Total			-77%	-18,477,120

Key routes	2020 rail traffic	2021 rail traffic	Change in traffic
Paris-London	60	50	-17%
Paris-Brussels	27	34	26%
Geneva-Paris	34	36	6%
Paris-Luxembourg	11	16	45%
Paris-Amsterdam	6	16	167%
Amsterdam-Brussels	9	5	-44%
Zurich-Paris	1	2	100%
Madrid - Barcelona	0	1	100%
London-Brussels	3	0	-100%
Total	151	160	6%

b) Consumption of natural resources by offices

Kepler Cheuvreux closely monitors the water, electricity, and paper consumption in its offices as part of its policy of minimising the consumption of natural resources.

The Group has installed waste sorting bins (glass/paper/plastic) to encourage recycling practices and reduce waste in each of its offices. Individual bins at each desk, which do not encourage recycling, have been removed. The impact of this change is significant. In terms of paper consumption, in 2021, more than 593kg of paper was recycled in the Paris office alone, which was directly reused in the company's printers. This represents the saving of 6 saved trees, or an equivalent of 31 kg of CO2. These figures are slightly down due to lower paper consumption in 2021 compared to 2020, when 774 kg of paper was recycled (-23%). In addition, Kepler Cheuvreux has eliminated energy-consuming electric hand dryers in the office washrooms, replacing them with recycled paper towels.

This process ensures the minimisation of paper waste and an overall improvement in the sustainability of the Group's natural resource consumption.

As for water consumption, a vast project has been carried out to reduce water waste in Paris, the Group's largest office. The temperature control of the air conditioning system has been centralised in one place to reduce overall consumption. The existing overall air conditioning system (an open-loop enclosure air conditioner) has been replaced by a closed-loop system, which is much less damaging to the environment. In addition, the sanitary facilities of the Paris office have been equipped with motion sensing faucets to minimise water consumption.

Kepler Cheuvreux also closely monitors electricity consumption. To reduce its environmental footprint, the Group has equipped the trading room of its Paris office with LED bulbs with motion sensors, to limit energy waste. Older computer screens are being replaced by newer, less energy-consuming screens.

In 2020, electricity and water consumption indicators showed very low figures, as employees' presence in the offices was very marginal due to the pandemic crisis. In 2021, we learned to live with the virus, and energy consumption figures increased as on-site work resumed. In Paris, water consumption increased by 44% (565m³ to 811m³), but remains well below the 2019 figures (1,124m³). In addition, the figures for chilled water, which is used for room and workstation air conditioning, also increased sharply in 2021. It increased from 144 Kkwh in 2020 to 218 Kkwh in 2021, due to employees returning to on-site work.

Electricity consumption remained stable with an increase of 4% (528 Kkwh to 548 Kkwh).

VII. APPENDICES: METHODOLOGY, SCOPE, AND SUMMARY OF PERFORMANCE INDICATORS



- **Methodology**

The purpose of this Appendix is to specify the method used to assess risks and the scope covered by the various monitored indicators.

Kepler Cheuvreux has developed an internal model to measure its ESG risks (see section *V.1. Methodology*) which establishes a matrix based on 3 themes and 35 criteria.

This mapping thus makes it possible to measure the materiality of the challenges to which the Group is exposed.

This ESG risk mapping is updated annually. To this end, Kepler Cheuvreux mobilizes all stakeholders responsible for monitoring sustainable development and social responsibility indicators and actions.

Once completed, the updated ESG risk mapping is to be validated and action plans that may be needed to better control the identified risks are attached to it.

- **Scope**

The ESG risk assessment covers the entire Group i.e., the Company, its subsidiaries, and branches. However, the indicators used to monitor the risks can cover smaller scopes within the Group.

The Group operates in many countries. The Paris, the Swiss and the London entities gather most of the workforce and activities. Certain indicators (such as water or electricity consumption) may therefore sometimes cover only a representative part of the Group.

- **Details of key indicators**

Indicator	Description	Calculation	Scope
Workforce as of 31/12/2021	Breakdown by nationality	\sum employees on permanent contracts by nationality	Group's employees on permanent contracts at the end of 2021 (562 employees).
	Gender distribution	$\frac{\text{Female or male on permanent contract}}{\text{Total employees on permanent contracts}}$	
	Age distribution	\sum employees on permanent contracts by age group (5 – year increments)	
Employees who participated in the Chartered Financial Analyst (CFA) training program	Sum of employees who benefited from the CFA exam assistance programme during the year	List of the employees who benefited from the CFA assistance programme	
Employees trained in cybersecurity	List of the Group's employees who received cybersecurity training	List of identified employees, as determined by experts	The scope covers all Group employees. The selection of trained people was determined by experts. For 2021, these were the people in charge of payments.
Number of ESG reports produced during the year	Sum of reports with an ESG theme produced by the Kepler Cheuvreux Research teams	\sum reports with an ESG theme published	Reports published in 2021 via the Research portal including an ESG analysis.
Electricity consumption	Calculation of electricity consumption in Kkwh	\sum electricity consumption in Kkwh communicated by the supplier	Electricity consumption in Kepler Cheuvreux Paris office in 2021. Paris office gathers 37% of the Group's workforce.

Indicator	Description	Calculation	Indicator
Water consumption	Calculation of water consumption in cubic metres	\sum <i>water consumption in cubic meters communicated by the supplier</i>	Water consumption in Kepler Cheuvreux's Paris office in 2021. Paris office gathers 37% of the Group's workforce. <i>(Note that one of the three water meters has been defective since 2020. The measures presented do not take this meter into account).</i>
Chilled water consumption	Calculation of chilled water consumption in cubic metres	\sum <i>chilled water consumption in cubic meters communicated by the supplier</i>	Consumption of chilled water in Kepler Cheuvreux's Paris office in 2021. Paris office gathers 37% of the Group's workforce.
Quantity of paper recycled during the year	Calculation of the amount of paper that Kepler Cheuvreux has recycled	\sum <i>electricity consumption communicated by the supplier</i>	Paper recycled by Kepler Cheuvreux's Paris office in 2021. Paris office gathers 37% of the Group's workforce.
Change in CO2 emissions related to business travel	Calculation of CO2 consumption related to main travel routes for Kepler Cheuvreux employees	\sum <i>consumption in tonnes of CO2 on the 9 main travel routes</i>	Nine main travel routes between Kepler Cheuvreux's offices have been identified. On these nine routes, consumption in tonnes of CO2 was calculated in 2021.
Kepler-Cheuvreux's positioning in the annual Institutional Investor survey	Review of Institutional Investor's rankings on Corporate Access activities	Monitoring of rankings for the eight main Corporate Access indicators	2021 rankings monitored on: Corporate Access - Overall; Pan-European - Overall; Conferences; Field Trips; Logistics; Roadshows; Team quality; Virtual Event.
	Review of rankings published by Institutional Investor on Research activities	Monitoring of rankings where Kepler Cheuvreux's Research is in the top 10	2021 rankings monitored on: - Research - Overall; - All indicators where Kepler Cheuvreux ranks in the Top 10 and in the whole ranking.
Number of employees involved in the Foundation	Number of employees who contributed financially to the Foundation	\sum <i>permanent employees who contributed financially to the Foundation</i>	Group employees with permanent contracts in 2021.
	Number of employees who attended Foundation events	\sum <i>permanent employees who attended Foundation events</i>	

- Performance indicators

Pillars	Challenges	Indicators
<p>Client satisfaction, fair trade and ethics</p>	<p>Products and services with a social and environmental impact</p>	<p>Qualitative</p> <ul style="list-style-type: none"> - First and only brokerage firm in Europe to sign the UN-PRI. - Strengthening of the ESG research team within Kepler Cheuvreux with the appointment of a new experienced co-head. Integration of ESG criteria in "traditional research" analyses. - KCI, the Group's AM division, is publicly committed as a responsible investor (signatory of the UN-PRI, France Invest's Commitment Charter, and the Gender Equality Charter). - Development of an ESG offering within KCS, the Group's business line dedicated to the research, design, and marketing of tailor-made structured investment solutions. <p>Quantitative</p> <ul style="list-style-type: none"> - Stable production of thematic ESG reports between 2020 and 2021. - A 472% increase in the number of ESG reports produced by research in 2021.
	<p>Client satisfaction and company recognition</p>	<p>Qualitative</p> <ul style="list-style-type: none"> - Policy covering the management, the reporting, and the handling of customer complaints. - Entertainment practices and client gift policies and anti-corruption practices (threshold / governance / reporting). - Independence and impartiality of the account management team (responsible for client coverage) (not subordinate to any particular office or sales team) ensuring neutral coverage and service in the best interest of clients. <p>Quantitative</p> <ul style="list-style-type: none"> - <i>Institutional Investor's</i> rankings on Research and Corporate Access activities allow Kepler Cheuvreux to assess its clients' level of satisfaction and to compare itself with the competition. - On Research, Kepler Cheuvreux is in the top 10 for 13 sectors (including ESG, for which the ranking improved from 10th to 8th). Overall, 15 sectors improved in the ranking versus 14 that declined. - Corporate Access activities fell from the 1st in 2020 to the 2nd rank in 2021. - Kepler Cheuvreux Solutions, Kepler Cheuvreux's structured products division, was elected the second best structured products provider by <i>Gestion de Fortune</i> and remains the leading independent structured products provider for the seventh consecutive year. In addition, for the third year in a row, Kepler Cheuvreux Solutions was ranked "Outstanding" (best ranking) in <i>Décideurs Magazine's</i> 2021 ranking of the best independent structured product designers in France.

Pillars	Challenges	Indicators
Client satisfaction, fair trade and ethics	Corporate sponsorship	<p>Qualitative</p> <ul style="list-style-type: none"> - Creation of the Kepler Cheuvreux Foundation to assist in fundraising and grant-making at the pan-European level, in line with the Group's pan-European footprint. - In 2021, the Foundation distributed a total of €1.3 million to charities for the benefit of people in need of food on the one hand and, on the other hand, for the care and protection of sick children. - Kepler Cheuvreux has contributed €50,000 per month to the Foundation since its creation. - In 2021, 136 employees (24% of the total workforce) contributed directly to the Foundation, making donations via bonus sacrifice or regular donations via payroll (€164k). In 2020, 147 employees contributed directly to the Foundation (27% of the total workforce). - The North-South Challenge: a total of 171 contributions raised an additional €25,000 for the Foundation. - The Charity Trading Day, held on Thanksgiving Day in the United States (26 November), enabled the equity brokerage employees (around 160 employees - 67% of the front office staff) and their clients to raise nearly €371,000 for the Foundation.
Protection of Human Capital	Diversity of Human Capital	<p>Qualitative</p> <ul style="list-style-type: none"> - All employees are subject to the Group's anti-discrimination and anti-harassment policy, which condemns any form of workplace harassment or discrimination based on gender, nationality, disability, religion, belief, or sexual orientation. - Development of a cross-generational policy allowing senior employees (aged over 55) to benefit, on a voluntary basis, from a part-time work arrangement. - Rollout of two programmes to encourage young talent in the company: the Talent Programme, designed to develop and retain top talents who have exceptional skills and a positive attitude towards the company, but limited experience within Kepler Cheuvreux, and the Challenger Programme, designed for strong senior professionals with a high level of technical, personal and leadership skills who believe in the KECH business model and may be ready to take on new or greater responsibilities. - Promotion of multicultural diversity within the Group. <p>Quantitative</p> <ul style="list-style-type: none"> - 8 new employees applied to join the cross-generational programme, bringing the total to 24 participants, out of 77 eligible employees. - Selection of about 15 participants for the Challenger programme. Selection of about 30 participants for the Talent programme. - 24 nationalities represented in the Group, with 53% of French people. The Group's two main locations are in France and French-speaking Switzerland.

Pillars	Challenges	Indicators
Protection of Human Capital	Employee health and safety	<p>Qualitative</p> <ul style="list-style-type: none"> - Deployment of risk analyses concerning the health and safety of its Paris staff. The main risks identified were i) assessed for their relevance to Kepler Cheuvreux' business; (ii) compared to current practices to see if they are effectively mitigated by the company; and (iii) reviewed to determine opportunities for improvement. - Annual analysis of psychosocial risks, with recommendations for improvement to be addressed in the future. - maintaining the BCP Committee, whose task is to protect employees during the pandemic. - Reorganisation of all premises to ensure social distancing and separation of teams. - Communication about all barrier measures and their importance, via emails, on-site verbal reminders, and posters posted in common areas of the office (e.g., the cafeteria). - Placement of plexiglass barriers between employee offices. - Distribution of individual mug to all employees and newcomers. - Creation of a team rotation system (one team on site while the other works remotely) when on-site work was possible and authorised by the local authorities. - Working from home encouraged for people in poor health and those over 55 years of age (approximately 10% of the Group's permanent full-time workforce). - A ban on travelling between offices to avoid spreading the virus between offices. - Development of a project that virtually recreates the office layout through a partnership with Kozy Office, aiming at facilitating social and professional interactions with colleagues during working from home. <p>Quantitative</p> <ul style="list-style-type: none"> - Between 60 and 70% working from home in total over the year 2021. - Replacement of 200 chairs in the Paris office. - Replacement and modernisation of all the Group's IT equipment, country by country over Q4 2021 and Q1 2022.
Protection of Human Capital	Human Capital Development and Satisfaction	<p>Qualitative</p> <ul style="list-style-type: none"> - Creation of a Group CFA policy covering 75% of exam fees as well as the cost of study materials for the Group's young talent. Candidates are given five days off to study each exam level to ensure that they are well prepared and have the best chance of success. - The Chief Information Security Officer (CISO) has made all finance department employees with access to the SWIFT treasury tool aware of the risks of cybersecurity and cyberattacks. <p>Quantitative</p> <ul style="list-style-type: none"> - In 2021, 8 employees took advantage of the training programme, including 3 attending the full training and 5 attending reminder levels. Thanks to the company, one employee also took a CSR training course provided by the CFA. - 7 people received training and a reminder of basic rules related to cybersecurity as part of their onboarding on the SWIFT cash tool.

Pillars	Challenges	Indicators
Environmental footprint	Greener modes of transport	<p>Qualitative</p> <ul style="list-style-type: none"> - Bicycle parking available at each office. - Free electric vehicle charging stations. - Staff carpooling priority for parking spaces. - Kepler Cheuvreux has for several years been involved in discussions with local authorities to open a bus line between its office in Nyon, Switzerland and neighbouring France, which was launched in February 2020. - Implementation of a travel policy limiting the use of air travelling for short distance trips when trains can be used instead. <p>Quantitative</p> <ul style="list-style-type: none"> - The breakdown of business travel by mode of transport (trains or air) was 52/48 in favour of trains in 2020. It improved to 63/37 in 2021. - On the 9 major routes where Kepler Cheuvreux monitors air travel, a 77% decrease was noted between 2021 and 2020, with 6 of the 9 routes having no flights recorded over the last two years. - The estimated gain from reducing traffic on these routes between 2020 and 2021 is 18.5 tonnes of CO2. - At the same time, train use on these 9 major routes has remained high and even increased by 6% in 2021.
	Consumption of natural resources	<p>Qualitative</p> <ul style="list-style-type: none"> - Installation of waste sorting bins (glass/paper/plastic) to encourage recycling practices and reduce waste. - Removal of individual bins at each desk, which do not encourage recycling. - Installation of motion sensing faucets in the Paris office. - Installation of full LED bulbs with motion sensors in the Paris office, as well as new, less energy-consuming computer screens. - Removal of electric dryers in the office bathroom, replaced with recycled paper towels. - Replacement of the old energy-consuming air conditioning system in the Paris Office. <p>Quantitative</p> <p>The quantitative data measured below relates to the Kepler Cheuvreux Paris offices. These offices account for 37% of the Group's total workforce.</p> <ul style="list-style-type: none"> - More than 593 kg of paper was recycled in 2021 versus 774 in 2020 (-23%), due to lower consumption. - Water consumption data reveals that between 2019 and 2020, the volume consumed increased by 44% (565m3 to 811m3), but is still well below 2019 levels (1,124m3). Chilled water consumption (air conditioning) also increased from 144 Kkwh in 2020 to 218 Kkwh in 2021, due to employees returning to on-site work - Electricity consumption remained stable with an increase of 4% between 2021 and 2020 (528 Kkwh to 548 Kkwh).



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