PANARCHY PARTNERS

A Resilience Perspective on Edenred
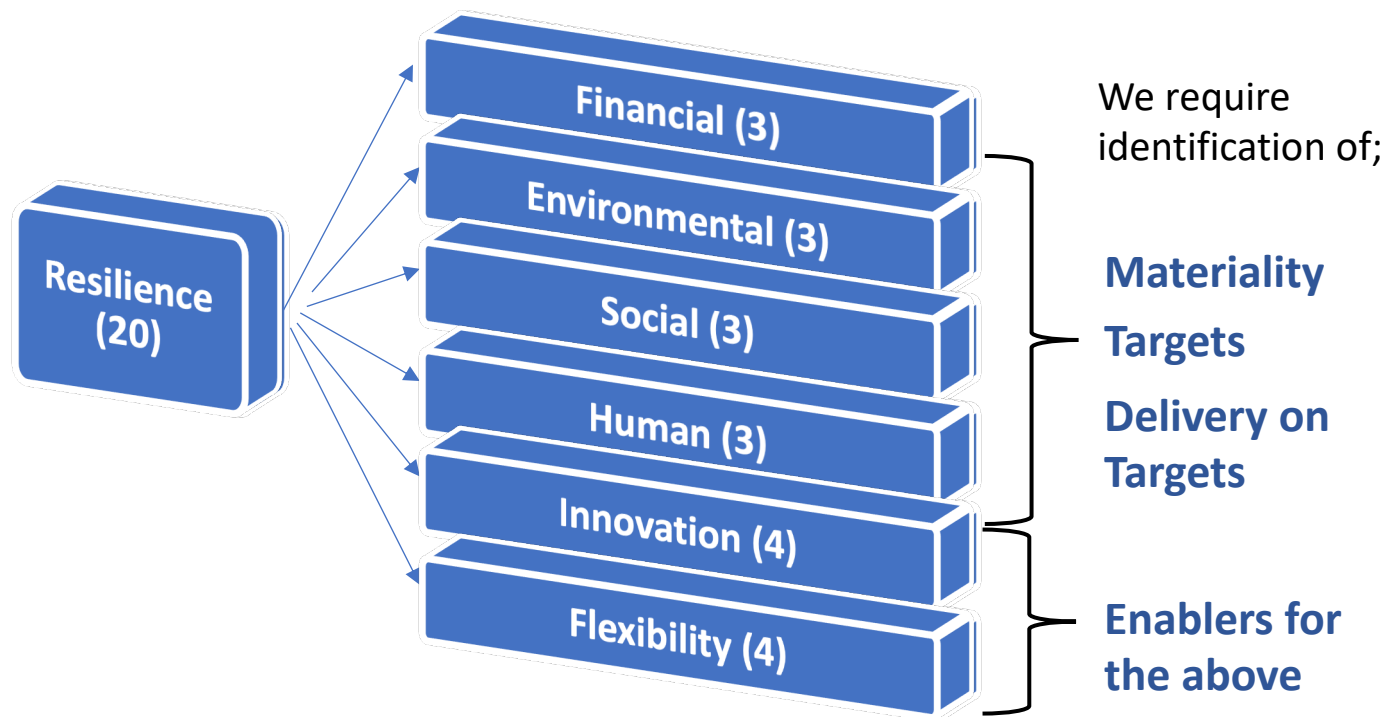June 2023

Our Resilience Methodology and Framework

Why Purpose? *Purpose does not mean perfect. Our portfolio companies exhibit Purpose by exerting significant influence, directly and via second-degree effects, on their extended ecosystem including their suppliers, competitors, customers, governments and shareholders.*

We assess companies to be first *respectful* of the four forms of capital (Financial, Environmental, Social and Human) and then *resilient* by being innovative and flexible.

Using our Resilience Framework, companies are examined and scored out of 20 based on:

1) **Materiality**
2) **Targets**
3) **Delivery on Targets**
4) **Innovation and Flexibility**

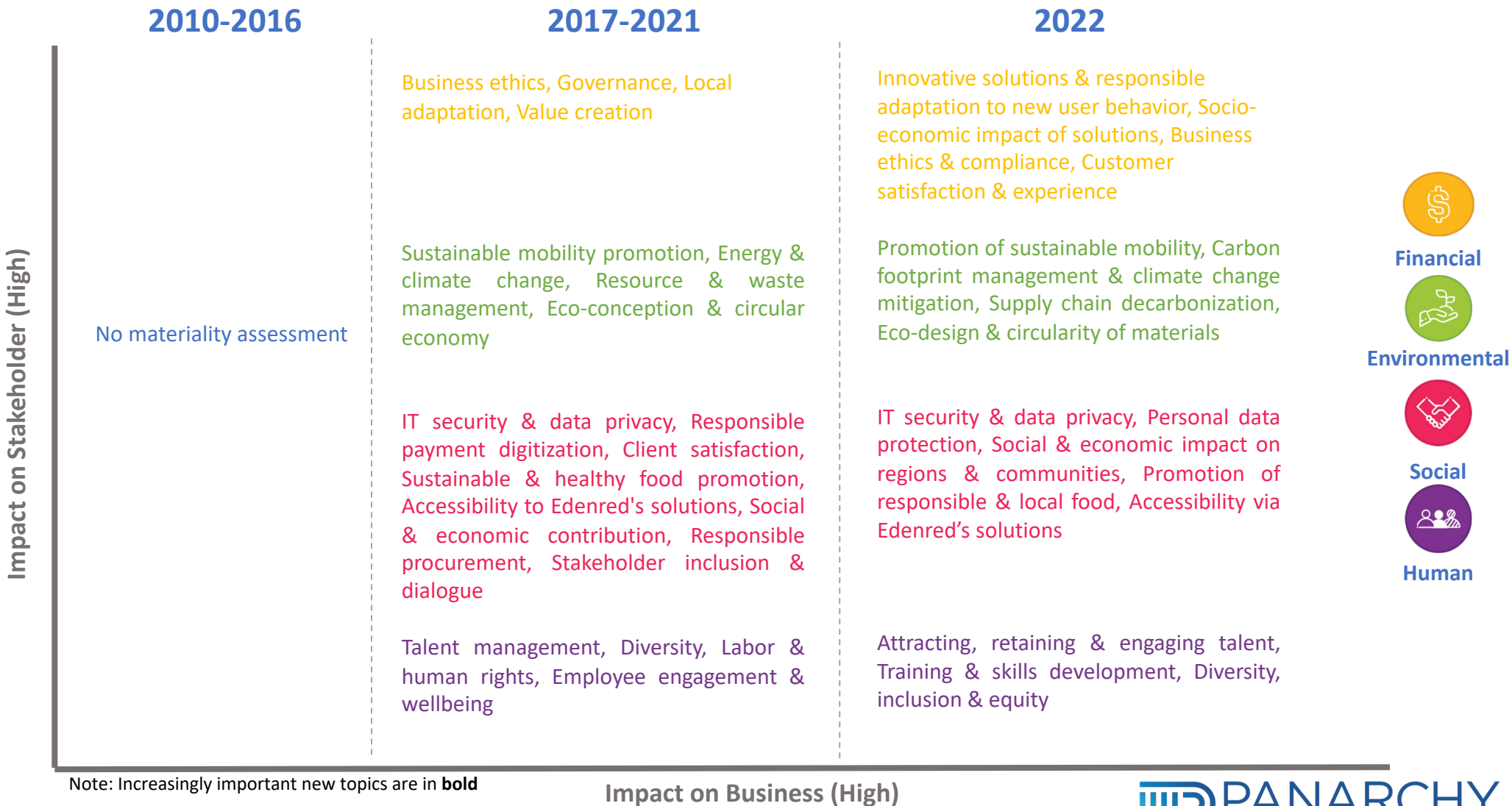Resilience (20)

Financial (3)

Environmental (3)

Social (3)

Human (3)

Innovation (4)

Flexibility (4)

We require identification of;

Materiality

Targets

Delivery on Targets

Enablers for the above

PANARCHY PARTNERS

Edenred's Materiality Journey

2010-2016

2017-2021

2022

Baseline ESG Issues*
- Data security ✓
- Employee engagement ✓
- Diversity & inclusion ✓
- Business ethics ✓

Source: SASB Materiality Finder

Impact on Stakeholder (High)

No materiality assessment

Business ethics, Governance, Local adaptation, Value creation

Sustainable mobility promotion, Energy & climate change, Resource & waste management, Eco-conception & circular economy

IT security & data privacy, Responsible payment digitization, Client satisfaction, Sustainable & healthy food promotion, Accessibility to Edenred's solutions, Social & economic contribution, Responsible procurement, Stakeholder inclusion & dialogue

Talent management, Diversity, Labor & human rights, Employee engagement & wellbeing

Innovative solutions & responsible adaptation to new user behavior, Socio-economic impact of solutions, Business ethics & compliance, Customer satisfaction & experience

Promotion of sustainable mobility, Carbon footprint management & climate change mitigation, Supply chain decarbonization, Eco-design & circularity of materials

IT security & data privacy, Personal data protection, Social & economic impact on regions & communities, Promotion of responsible & local food, Accessibility via Edenred's solutions

Attracting, retaining & engaging talent, Training & skills development, Diversity, inclusion & equity

Financial

Environmental

Social

Human

Note: Increasingly important new topics are in **bold**

Impact on Business (High)

PANARCHY PARTNERS

Edenred's Resilience Journey

Stakeholder Engagement & Credentials

- 2010: First stakeholder engagement

- 2018: First year of sustainability reporting

- 2022 sustainability reporting in line with GRI, UNGC, SASB, TCFD

- **CDP 2022** – B for climate change

- **Impact on 12 UN SDGs** – 1-5, 8, 10-13, 16, 17

- **Practices** – How do you promote well-being for Edenred's own employees?

- **Tools** – DreamTeam Manifesto of the company's managerial culture, through 11 commitments

- **Free Products** – Free Merchant Listing, free marketing support and training

- **Financial Causation** – Commitment to double eco-services by 2030, with a potential financial impact of MEUR 9.76. (Maximum revenue of (3% x 2) x Operating Revenue 2021 = 6% x MEUR 1,627)

S.M.A.R.T Targets

Beyond 2022 – 2025 with 3 growth drivers: Scale the core, Extend beyond, Expand in New Business

Medium to long-term highlights:

1. SBTi - Committed to Net Zero carbon by 2050

2. 28% reduction in absolute scope 1 and 2 GHG emissions by 2030, baseline 2019

3. 70% of solutions eco-designed or recycled and zero net paper by 2030

4. 5,000 days of volunteering by employees per year by 2030

5. 85% of merchants/users informed about balanced nutrition and food waste by 2030

6. 40% of executive positions filled by women by 2030

7. 100% of employees receiving at least one CSR training 2030

## Enablers for Delivery: Innovation & Flexibility

- Governance – No role separation of Chairman and CEO

- ~€360mn invested in innovation in 2022

- Launched a dedicated e-commerce platform, Ecoshop

- 5 new eco-services launched in 2022 Please elaborate

- 33% women representation in executive positions, 51% women in total workforce in 2022

💲 Strategic Financial Targets

2. >+12% EBITDA growth by 2025
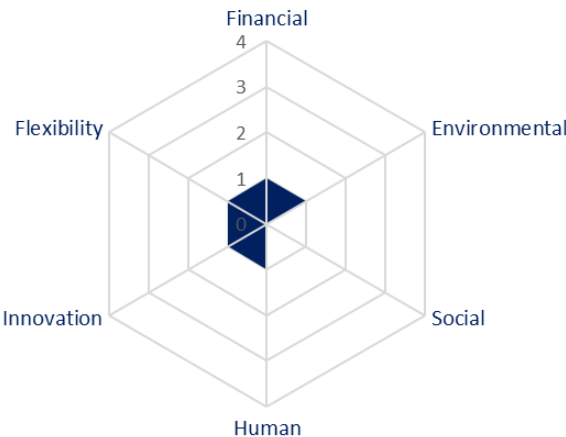
3. >70% FCF/EBITDA by 2025
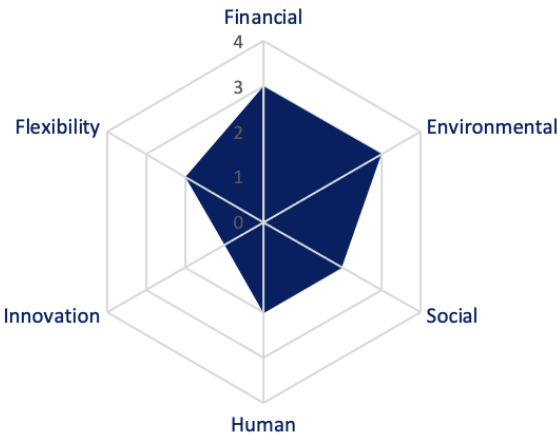
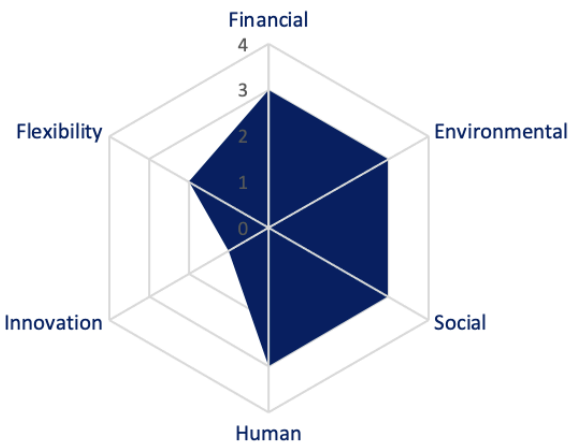# Resilience Journey – Edenred

2010
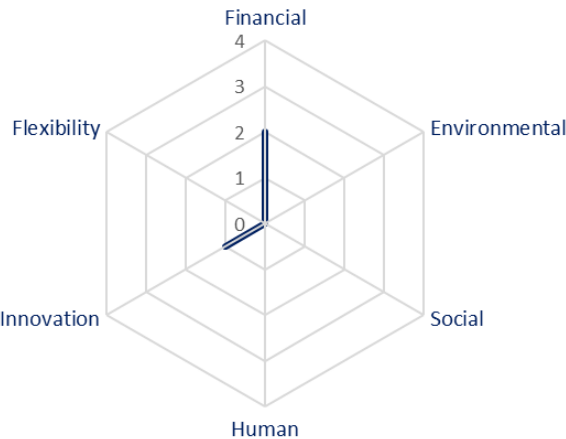
Total score: 3

2015

Total score: 5

2019

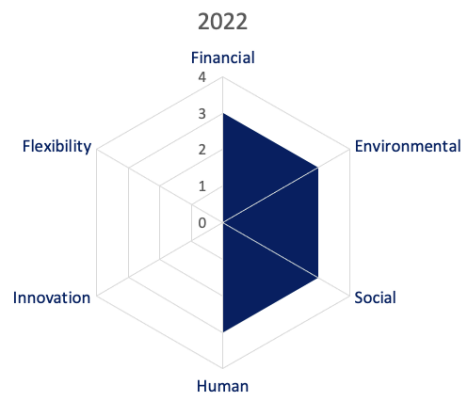**Total score: 13**

2022

Total score: 15

Resilience Framework – Edenred

2022 (15 Points)

Materiality / Targets / Delivery
12 points

Capitals	Materiality	Targets	Delivery
Financial	1	1	1
Environmental	1	1	1
Social	1	1	1
Human	1	1	1

Innovation
1 point

Research & Development (0)	New Product Launches (1)
Innovation (2)	
Collaborations & Partnerships (0)	Exemplary Innovation (0)
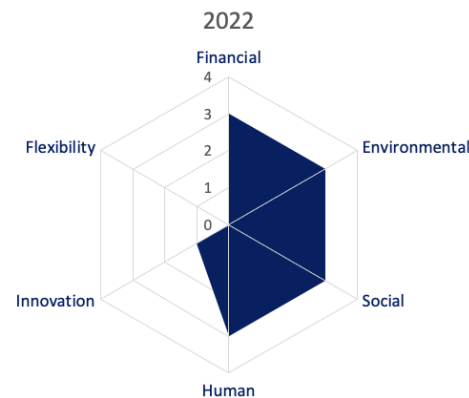
Flexibility
2 points

Governance (0)	Diversity & Inclusion (1)
Flexibility (2)	
Whistleblowing Policy (1)	Exemplary Flexibility (0)

2022

2022

2022

PANARCHY PARTNERS
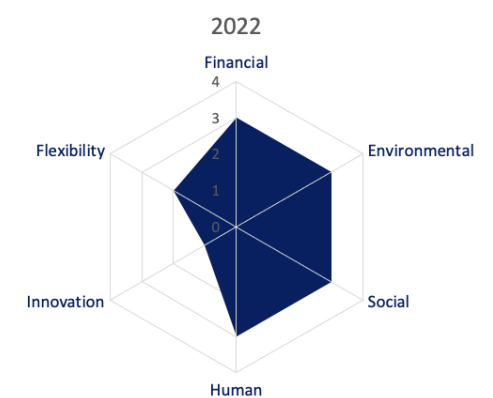
Resilience Framework (2022) – Targets & Delivery

Materiality, Targets, Delivery: 12/12 points

Capital	Materiality	Targets & Delivery
Financial	Innovative solutions and responsible adaptation to new user behavior, Socio-economic impact of solutions, Business ethics and compliance, Customer satisfaction and experience	**New targets for 2022-2025:** 1. >+12% annual like-for-like EBITDA growth by 2025 (25% in 2022) ❓ 2. >70% FCF/EBITDA by 2025 (70% in 2022) ❓
Environmental	Promotion of sustainable mobility, Carbon footprint management and climate change mitigation, Supply chain decarbonization, Eco-design and circularity of materials	**New targets:** 1. SBTi - Committed to Net Zero carbon by 2050 2. 15% reduction in absolute scope 1 and 2 GHG emissions by 2025, baseline 2019 (6% in 2022 vs 2019) ✔ 3. 28% reduction in absolute scope 1 and 2 GHG emissions by 2030, baseline 2019 (6% in 2022 vs 2019) ✔ 4. 70% of solutions eco-designed or recycled and zero net paper by 2030 ❓ **Ongoing targets:** 1. 36% reduction in GHG emissions intensity (m^2) vs 2013 by 2022, 52% by 2030 (51% in 2022) ✔ 2. 35% of solutions eco-designed or recycled and zero net paper by 2022 (33% in 2022) ✘ 3. 20 eco-responsible services by 2022, 1 eco-responsible service per country by 2030 (30 to date) ✔
Social	IT security & data privacy, Personal data protection, Social and economic impact on regions and communities, Promotion of responsible and local food, Accessibility via Edenred's solutions	**Ongoing targets:** 1. 1,000 days of volunteering by employees per year by 2022, 5,000 by 2030 (2,347 days in 2022) ✔ 2. 52% of merchants/users informed about balanced nutrition and food waste by 2022, 85% by 2030 (57% in 2021) ✔ 3. 50% of subsidiaries certified for quality management by 2022, 85% by 2030 (58% in 2022) ✔
Human	Attracting, retaining and engaging talent, Training and skills development, Diversity, inclusion and equity	**Ongoing targets:** 1. 80% of employees trained every year by 2022 (86% in 2022) ✔ 2. 31% of executive positions filled by women by 2022, 40% by 2030 (33% in 2022) ✔ 3. 100% of employees receiving at least one CSR training by 2025, 100% by 2030 (86% in 2022) ✔ 4. 100% of employees approve the charter of ethics by 2022 (100% in 2022) ✔

Resilience Enablers (2022) – Innovation & Flexibility

Innovation: 1/4 points

R&D

What was the R&D spend in 2022? The URD states 'None' under R&D activities
- ~€360mn invested in innovation in 2022
- >€1.7bn technology investment since 2016
- Open Innovation program to explore future solutions and to drive innovation

New Product Launches

- Launched a dedicated e-commerce platform, Ecoshop where users can shop eligible products and services in categories such as homewares, personal care, children, food & beverages, fashion and electronics

- Launched the Move for Good program in 2022, to help companies reduce the environmental impact of their mobility. Users can offset 100% of emissions through third-party certified projects, such as forest protection and methane recovery Please elaborate on the quality control of these offsets and project oversight

Collaboration & Partnerships

- Did not find mentions of any significant collaborations in 2022 aimed at advancing research, innovation and technology Please share any ongoing relevant collaborations

Exemplary Innovation

Any examples of exemplary innovation?

Flexibility: 2/4 points

Governance

Chairman and CEO role separation: No
# of board members (>6) : 10 members   Board gender diversity: 5 females (50%)
CEO tenure (<10 years): Since 2015

Diversity & Inclusion

- Women in executive positions was 33% in 2022 down from 34% in 2021
- Women in the global workforce and management positions remained about the same, at 51%
- Global diversity action plan and strategy with three pillars - 1. recruitment, 2. promotion, 3. retention
- Diversity Steering Committee comprises 5 of the Group's top executives, including Chairman and CEO

Whistleblowing Policy

- Whistleblowing policy embedded in the Charter of Ethics
- SAFE Alert Line, 24/7 and whistleblowing procedures

Exemplary Flexibility

Any examples of exemplary innovation?

PANARCHY PARTNERS

Climate Target Mapping – Edenred

CLIMATE TARGET BOUNDARY

EDENRED versus GPF PORTFOLIO (%)

			Other Activities	
1.	Absolute & Intensities (Approved Sectors)	Avoided/Saved Emissions	Outside Product Life Cycle	**Nil** — **Portfolio: 18%**

				CO₂ Emissions Refers to CO₂ emissions only, defined by the GHG Protcol	**All GHG Emissions** Refers to CO₂ and one or more types of GHG emissions, defined by the GHG Protocol	**All GHG Emissions & Other Radiative Forcers** Adapted from CDP and IPCC definitions of climate neutrality-related terms (SR15)
2.	**Metrics in Terms of Scopes**	**Scopes**	**Boundary**	**S.M.A.R.T Targets**		
3.	Absolute & Intensities (Approved Sectors)	Scope 1,2,3	Value Chain	Nil	**SBTi-approved reduction targets** Committed to Net Zero carbon by 2050 for Scope 1, 2 and 3a (indirect emissions linked in particular to purchases, employee commuting and product end-of-life) **Portfolio: 78% (SBTi verified), 9% (Non SBTi verified)**	Nil **Portfolio: 5% (SBTi verified)**
4.	Absolute & Intensities (Approved Sectors)	Scope 1,2	Operations	Nil	15% reduction in absolute scope 1 and 2 GHG emissions by 2025, baseline 2019 / 28% reduction in absolute scope 1 and 2 GHG emissions by 2030, baseline 2019 **Portfolio: 93%**	Nil
5.	Absolute & Intensities	Scope 1,2,3	Product Life Cycle	No certified carbon neutral products **Portfolio: 7%**		
6.	Absolute & Intensities	Scope 1,2	Sites	No certified carbon neutral sites **Portfolio: 18%**		
7.	Absolute & Intensities	Scope 3 (Cat 15)	Investments	Not relevant **Portfolio: 0%**		

Scope of activities covered

Scope of climate forces covered

[1]Science-based targets (SBTi-verified) indicate an adequate coverage of companies' scope 3 emissions. [2]Non SBTi-verified scope 3 emissions indicate inadequate disclosure of scope 3 emissions. [3]Carbon footprint refers to the amount of GHGs (including CO₂ and methane) that are generated by an individual, event, organization, service, place or product.

Assessment of companies' climate target boundaries and disclosures –

1. Companies with avoided/saved emissions targets
2. Companies with emissions reduction S.M.A.R.T targets
3. Companies that have disclosed Scope 1, 2 and 3 emission targets (SBTi-verified)
4. Companies that have disclosed Scope 1, 2 and 3 emission targets (non SBTi-verified)
5. Companies that have disclosed at least Scope 1 and 2 emission targets
6. Companies that have certified the carbon footprint of products, services or sites
7. Refers to the availability of data for category 15 under scope 3 in CDP

PANARCHY PARTNERS

"As Panvestors, it is our goal to become a stakeholder in all forms of capital – only then do we believe we will benefit comprehensively as shareholders"

PANARCHY PARTNERS