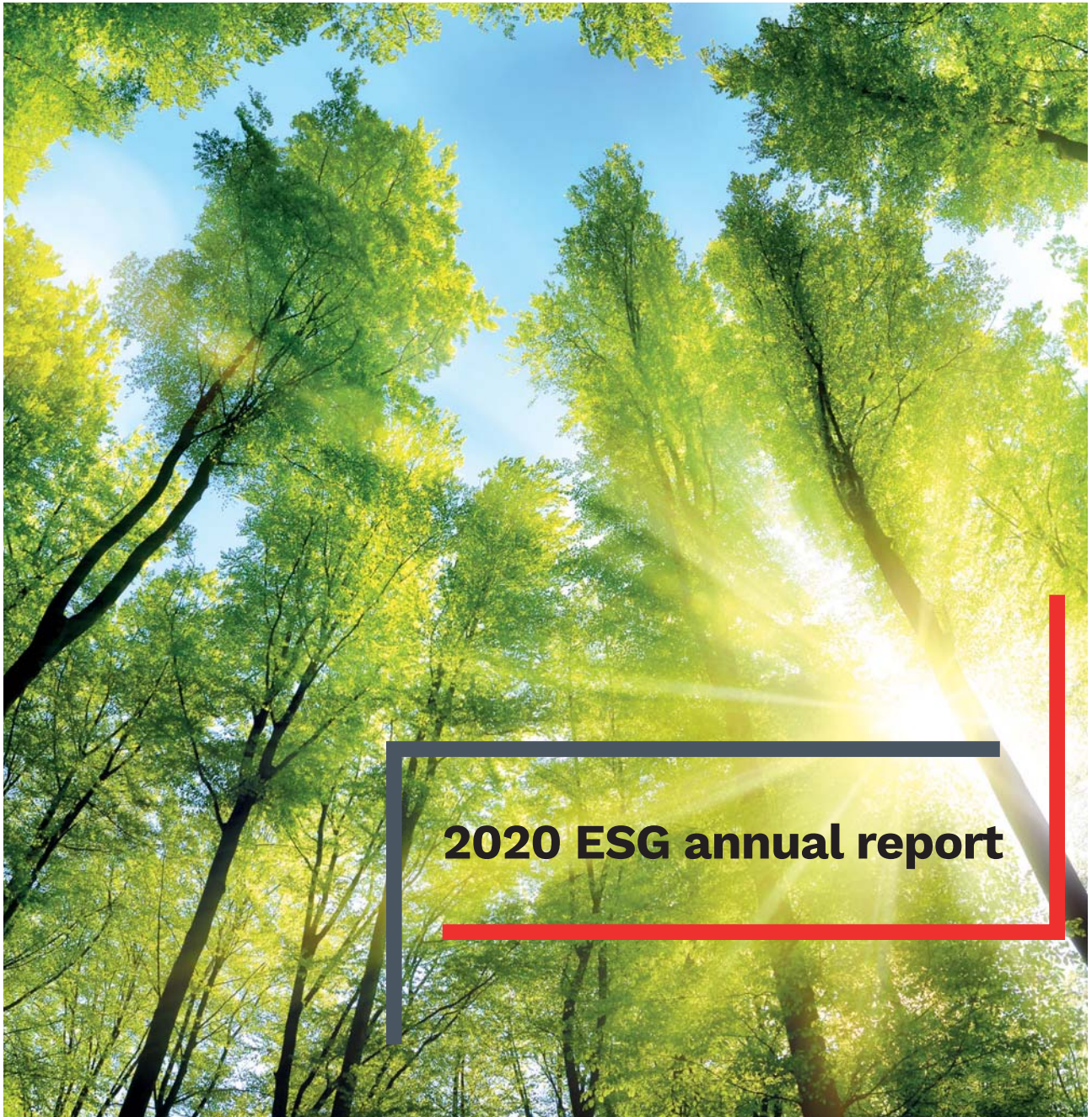




ENTREPRENEURS EN CAPITAL



2020 ESG annual report



ENTREPRENEURS EN CAPITAL

Naxicap Partners is a French private equity firm specialized in leveraged buyouts and growth capital. Naxicap is committed to responsible investing, and as a majority shareholder, promotes sustainable development in its portfolio companies.

Editorial

Eric AVEILLAN,
CEO Naxicap Partners



Since 2015, Naxicap Partners has pursued an evolving ESG strategy to reflect its values and convictions. Affirming our position on environmental, social and governance issues is of high priority to us. Our vision remains founded on being a responsible financial partner, ensuring long-term resistant returns for our investors and to secure sustainable growth of our portfolio companies.

Our ESG program aims to be best in class. We have mobilized significant resources, established a dedicated team, undertaken commitments such as the PRI and the International Climate Initiative and formalized an internal ESG process overseen by our Middle Office. Furthermore, we have trained our investment teams to constantly educate and keep them up to date on these dynamic subjects.

In 2019, all four of our new investments were subject to extensive ESG due diligences, giving them the best possible baseline to establish their roadmap throughout the holding period and to set ambitious yet relevant targets and objectives, subject to annually monitoring and discussion at the Supervisory Board. We aim to see our portfolio companies making progress year upon year, and we fully support them in this goal. We are convinced that the best strategy moving forward is to offer future buyers companies integrating sustainability into their long-term business models. We are convinced that an adequate management of ESG issues contributes to higher value in the long run.

Furthermore, climate being a central concern, Naxicap has estimated in 2019 its portfolio companies' carbon footprint, scope 1, 2 and 3. It provides solid foundations to establish a trajectory for reducing greenhouse gas emissions.

Finally, in line with our ESG strategy, as applies to ourselves, we attach great importance to offer optimal working conditions to our employees. We seek to create a culture in which expertise and skills are valued, offering appropriate training and career development programs to all our employees.

This 5th annual report demonstrates our progress over the past five years in the field of ESG, as well as giving a review of our portfolio companies' achievements on their environmental, social and governance practices. In the coming years, we want to be proud of the role that all of us play in creating positive change.

I wish you good reading.

Eric Aveillan



**We aim to see
our portfolio
companies
making progress
year upon year,
and we fully
support them
in this goal.**

**“That is what
ESG investing
is all about –
taking a wider
view”**

Fiona Reynolds – CEO PRI

Table of contents

01

**OUR
COMMITMENTS**
p.07

03

**ESG
APPROACH**
p.29

05

**PORTFOLIO
REVIEW**
p.39

02

**NAXICAP
PARTNERS:
THE
MANAGEMENT
COMPANY**
p.13

04

**GLOBAL
PORTFOLIO
PERFORMANCE**
p.34

06

APPENDICES
p.59





Our commitments

ESG charter



NAXICAP'S INVESTMENTS



We undertake to make investments compliant with our values

We do not invest in:

- illegal economic activity: any production, trade or other activity not permitted by law or regulations,
- production of or trade in tobacco,
- manufacture of or trade in weapons and ammunition of any kind,
- pornographic activity and prostitution,
- casinos, betting enterprises and equivalent.

Our most recent funds include these criteria in their By-Laws.

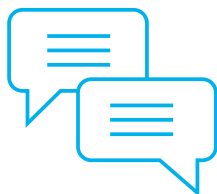
For all new investments, we aim to know the companies' suppliers and to be sure they act responsibly (no child labor or undeclared work, in France or abroad).



We undertake to examine ESG criteria before investing in a company

Our teams highlight the main ESG risks and opportunities of every company before investing. We try to identify industry best practices and to deliver first recommendations, discussing these with the management team of the company. This pre-analysis is systematically included in our investment memorandums.

In the more advanced stages of the investment process, we aim at a deeper awareness of the company's practices. ESG audits are then carried out by external auditors, delivering a more detailed analysis of the ESG criteria and providing a roadmap for the coming years. An ESG clause is included in every Shareholder agreement; companies undertake to report on ESG data annually and to inform us regularly on their actions.



We undertake to monitor and support our portfolio's ESG initiatives from investment to exit

Based on the customized ESG roadmap built with the management team, we maintain a continuous dialogue with our portfolio companies on their ESG initiatives, year after year, and support their efforts. The main objectives are assessed periodically at the Supervisory Board allowing us to validate their satisfactory improvement. We particularly aim at seeing regular progress on:

- efforts towards reducing environmental footprint,
- development of a relevant and well-functioning Human Resources Management System,
- well-balanced governance instances,
- control of suppliers and subcontractors,
- monitoring of client satisfaction.

The companies answer an annual questionnaire of c. 120 indicators allowing Naxicap to monitor their progress and to compare them to other companies in our portfolio. We undertake to actively fulfill our role as Supervisory Board member, and to support the ESG action plan with the management.

NAXICAP'S INVESTORS

We undertake to report our ESG actions transparently to our LPs

Our investors are concerned by the implementation of good ESG practices in the companies of the portfolio they have invested in. Naxicap Partners undertakes to report transparently its actions and the companies' initiatives to its investors. We collect ESG data annually from our portfolio companies through an online reporting tool and analyze the answers using our in-house methodology. We provide our LPs with dedicated reports by fund based on this methodology and the companies' answers to the indicators. In turn, we reply to our LPs' questionnaires, detailing our ESG initiatives.



WITHIN NAXICAP

We undertake to offer our associates the best possible work environment

As a Management Company, our employees represent our most important asset. Providing our associates with a positive and dynamic working environment is one of our key priorities. We undertake to offer equal working conditions to our employees, with no difference based on gender. We undertake to train our employees every year and to support them in their career development. We conduct annual interviews with each staff member to review their objectives and to understand their expectations. A tutoring program allows junior staff to spend time with more experienced staff in order to share their experience.



We undertake to be law compliant, internally well controlled and to limit our risks

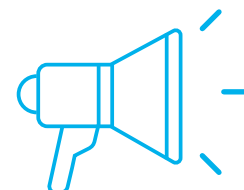
Inherited from Natixis's culture, Naxicap Partners focuses on operational excellence. The Risk & Compliance and the Middle Office departments are added-value in-house expertise functions of Naxicap in which we have invested heavily. Beyond complying with legal provisions and mitigating operational risks, our processes enable us to provide a safe and high level of service to our portfolio companies, and to our LPs for all of our transactions.



OUTSIDE NAXICAP

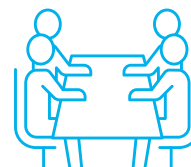
We undertake to promote responsible investment within our profession

We believe that investing more responsibly involves all the actors of the profession, from LPs, through management companies such as Naxicap, down to the companies in which we invest as well as their employees. We undertake to participate in workshops to increase public awareness, to communicate and demonstrate the benefits of good practices for companies and for the investment industry. In the long run, we believe that responsible practices will have a positive impact on profitability.



We undertake to support initiatives related to economic progress, our know-how and our values

We support the chair « Resilience & Leadership » launched by the Ecole Navale, HEC and the Université de Bretagne Occidentale. The objective is to develop an indicator measuring and analyzing management resilience. This is a subject concerning every stakeholder of an organization (Board members, employees, suppliers, customers, etc.), where the role of the leader is central. Naxicap supports Live for Good - an association fostering, training and promoting young (and at times disadvantaged) social entrepreneurs. Each employee within Naxicap has the opportunity to contribute to a project by offering his/her expertise, such as coaching and advisory based on his/her professional and private experiences.



NAXICAP

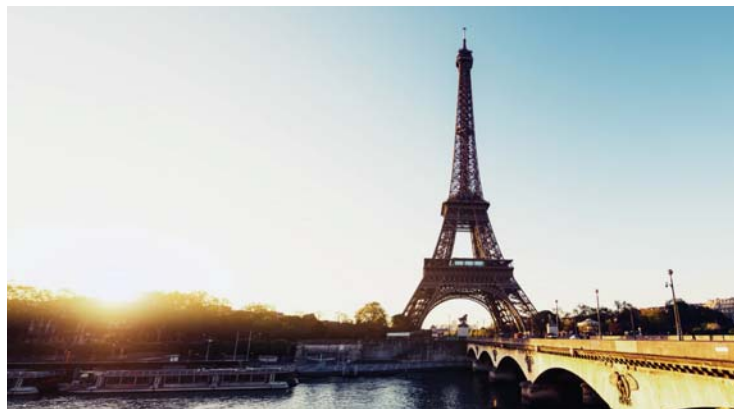
Scoring range:

E

A+

**The results of
the annual PRI audit 2019:
Naxicap awarded**

**A+ for Strategy & Governance
A for Direct Private Equity**



Signatory of the PRI since January 2016



Supported by the United Nations, the PRI is the world's leading proponent of responsible investment, joined by near **3,038 investment managers, asset owners and service providers worldwide, representing US\$89 trillion AUM** (PRI, 2020).

It works to understand the implications of environmental, social and governance (ESG) factors on investment performance. It supports its investor signatories in incorporating these factors into their investment and ownership decisions.

As a signatory of the PRI, Naxicap Partners undertakes to respect and incorporate the six PRI principles.



The PRI in Person conference takes place every year, bringing together PRI signatories and other investment professionals to learn, network and collaborate.

As every year, Naxicap was attending the annual PRI conference in September 2019 which was held in Paris. It is a great occasion to learn more about the current and future trends related to responsible investing, to share experiences and practices with other responsible investors and to identify ESG issues to watch out for in 2020.

Signatory of Initiative Climat France since October 2016



In order to take the inclusion of sustainable development criteria one step further and to anticipate future regulations of the Article 173 of the French Energy Transition Law, Naxicap Partners signed the Initiative Climat France (previously iC20) in October 2016.

Conscious of their responsibility as shareholders, the **36 iC signatories** decide to unite and take action in order to contribute to the COP21 objective of limiting global warming to 2°C.

All signatories commit to:

- Engage publicly through the signature of the Climate Initiative
- Include climate issues in the investment process
- Carry out a gradual measurement of the carbon footprint of carbon-material companies
- Define with the management of the companies an emissions reduction action plan and adaptation to climate change measures for these companies.

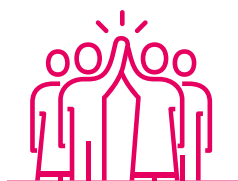
The Initiative is thus a long-term commitment for Naxicap aiming to reduce the GHG (greenhouse gases) emissions of its investments and to ensure the sustainability of their performance.



A photograph of a person wearing a blue lab coat and safety glasses, working on a server rack in a data center. The person is holding a component, possibly a fan or a filter, and is looking at it. The background shows rows of server racks and bright overhead lights. A thick pink L-shaped graphic element frames the text on the left and bottom.

Naxicap partners: the management company

Key figures



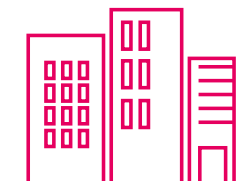
64

professionals
As of 31 December 2019



**€3.5
billion**

**under
management**
As of 31 December 2019



88

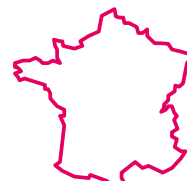
**portfolio companies
(Mid and Small Caps)**

Of which



61

**under Naxicap's
ESG scope**

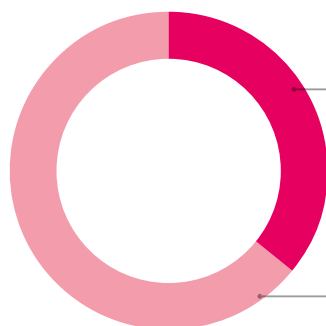


**Primary focus
on investments
in France**



**Majority
shareholders**

Our investors



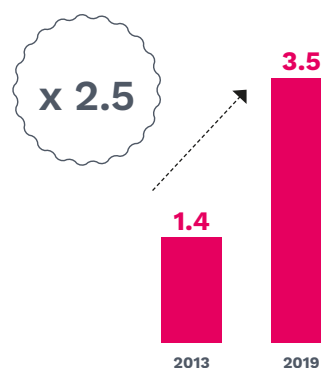
36%

Own behalf
(BPCE Group)

64%

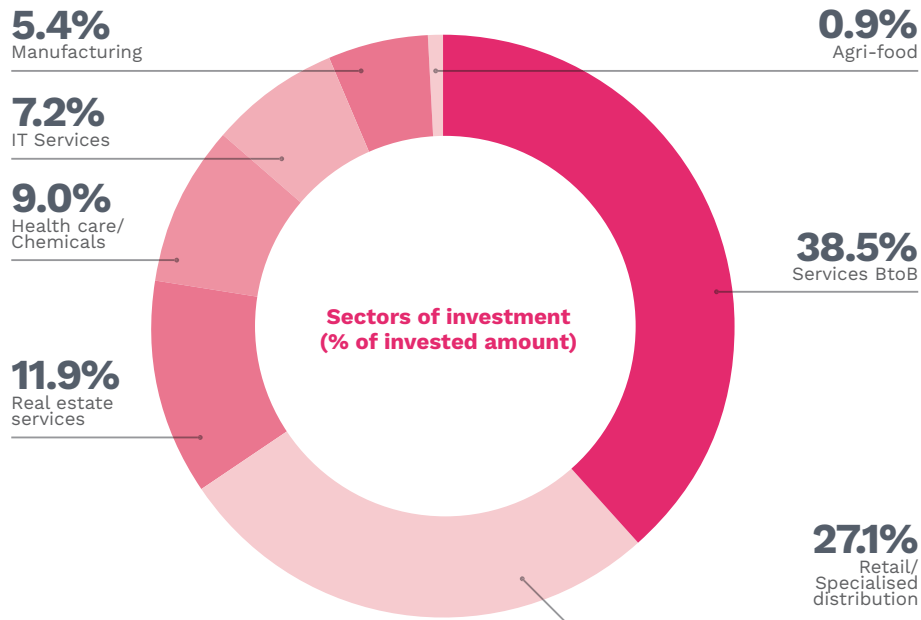
French and foreign
Insurers, Pension
Funds, Funds of Funds

Assets under management
In € billion



Our investments

A large range of sectors



**€50m
to
€200m**

**investment
tickets**



41

majority investments

representing

87%

**of the invested
amounts**

We want to act as responsible investment managers and work with managers of companies who share our vision of business. Curiosity and anticipation of mutations are essential to guarantee the sustainability of our companies. With a portfolio of 88 companies, and a majority position in 41 of them, this is our role, as the management company, to encourage their responsible initiatives.

Agility is essential to understand the challenges of the portfolio company, in every sector.

We demonstrate a continuous interest, a careful listening, a true consideration.

We believe that sharing knowledge and good initiatives contribute to effectiveness and performance.

Our offices



Covering France

Our teams are spread over 4 cities in France and an office in Germany.



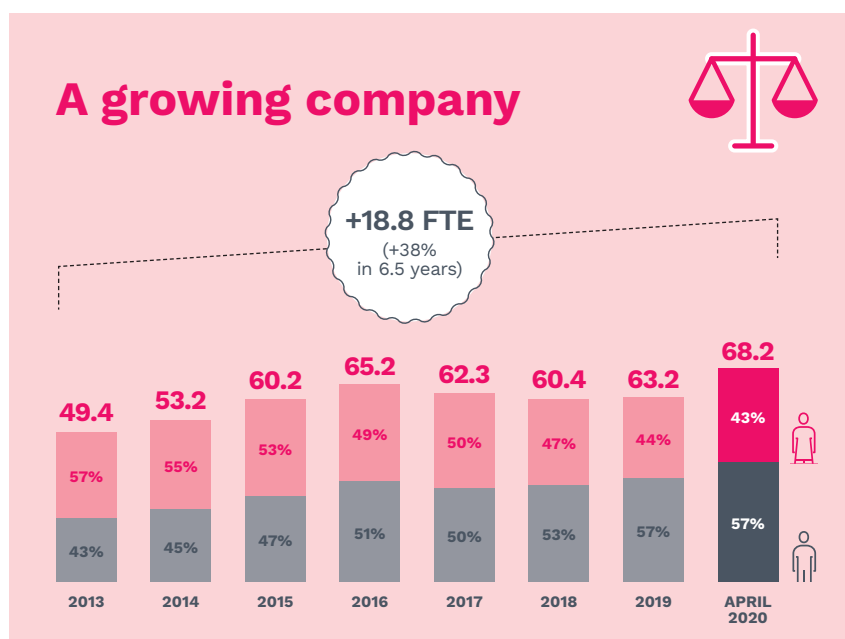
**64 professionals work
for Naxicap Partners**

As of 31 December 2019

Our people

A structured management company with significant human resources

Our employees are our main asset. We have strongly reinforced our teams in the past years, especially on the support functions side.



We produce an annual social report



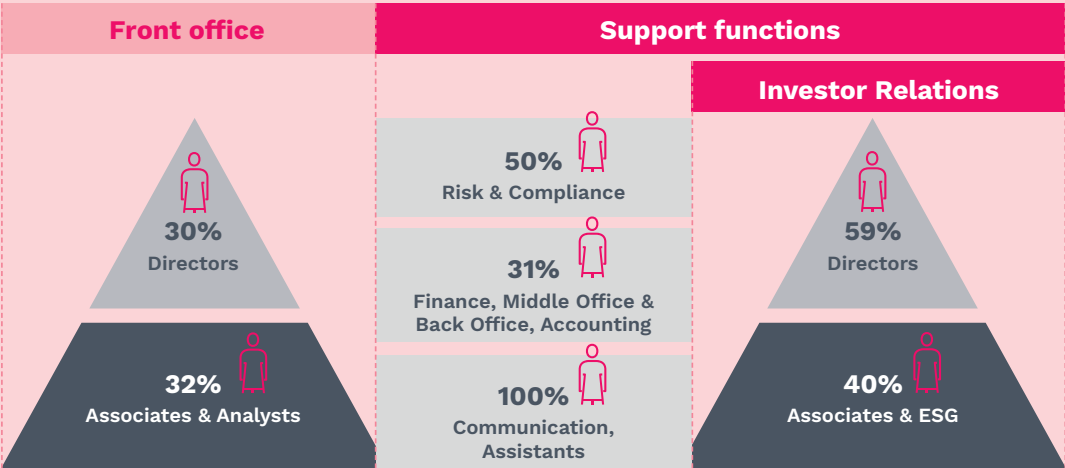
Knowing our human capital is essential to understand our historic human resources trends and to anticipate the needs of tomorrow. We produce an internal social report providing key information regarding our staff: gender, functions, contracts, age pyramids, diploma, seniority, hiring, departures, internal mobility, promotion, training.

Women at Naxicap

One women
at NAXICAP's Board



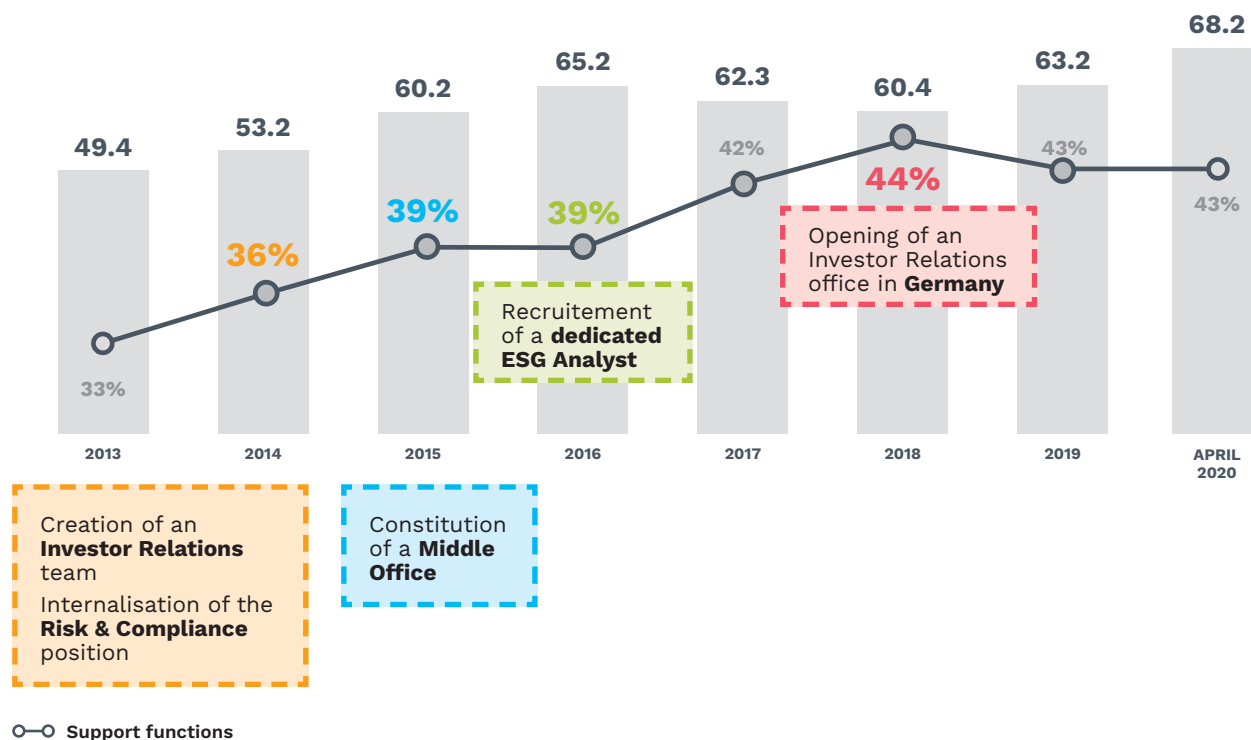
35%
of our executive
functions are held
by women



(As of 31/12/2019)

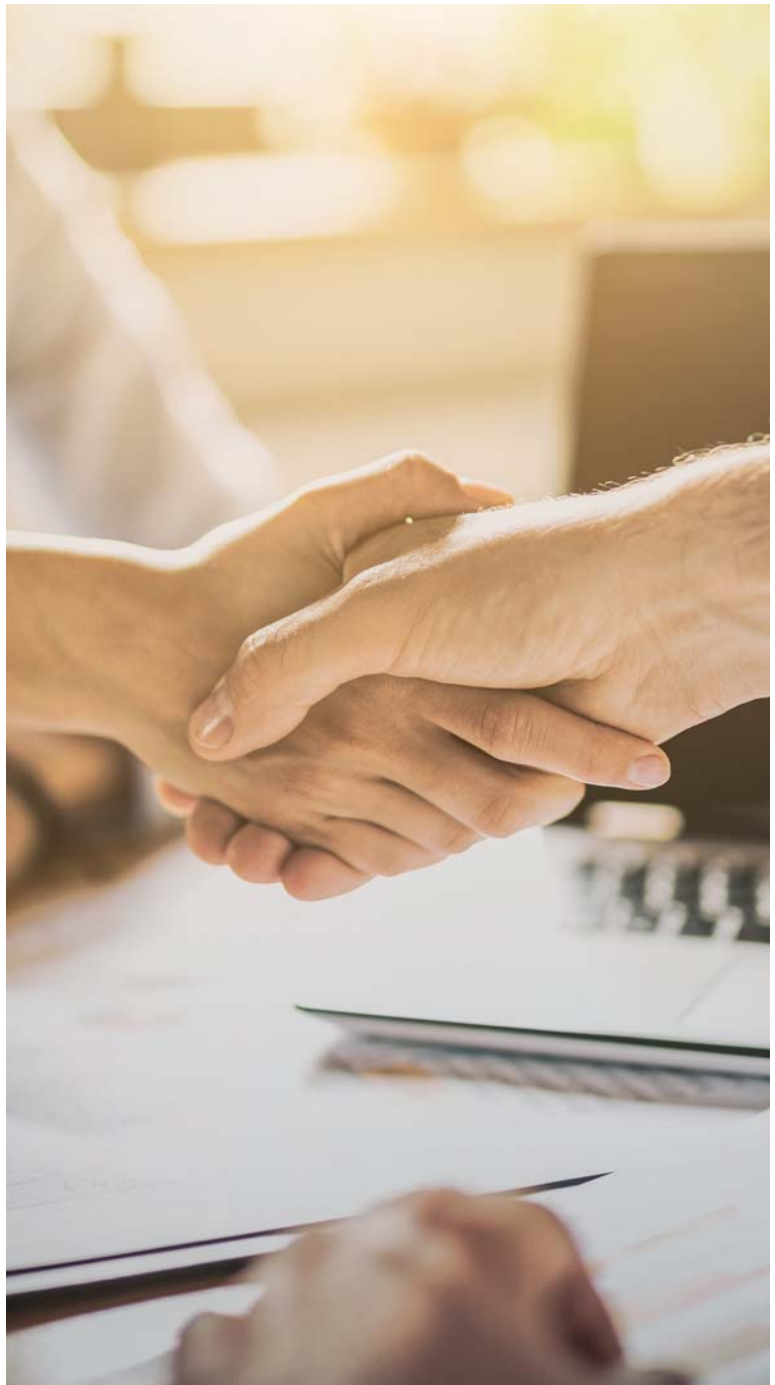
Our people

Increasing support functions



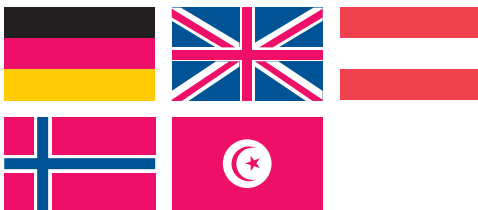
//
**Naxicap aims at strict
compliance with internal
and external rules
to ensure a complete risk
control for our LPs.** //

Nicolas Marcque,
Head of Risk & Compliance



Our people

Working with people with diverse outlooks



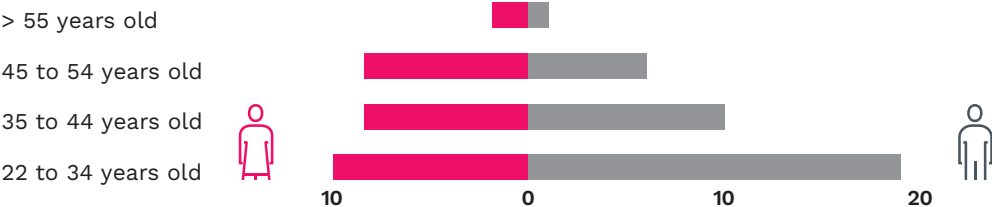
We work with people with different nationalities, ages and backgrounds and we believe that diversity is essential to understand our business and to adapt to the needs of our portfolio companies.



**38.8
years old**

**is the average age
of Naxciap's employees**

Age breakdown, by gender



We attach a great importance to offer our employees the best working conditions and a positive and dynamic work environment.

Contracts

100%



of our employees have a **PERMANENT CONTRACT** (CDI - Contrat à Durée Indéterminée).

3



employees have a **PART-TIME CONTRACT**. Part-time contracts give the possibility to work from 80% to 99% of the legal time in France.

5



employees have benefited from **INTERNAL MOBILITY** within Naxicap since 2013. Mobility has been geographical - from one office to another - or a change of function between the front office and the support functions.

Training programs



1,247

hours of training in 2019,
an average of 19 hours
per employee

Finance
Tax & Legal
Compliance
IT & Digital
ESG
Languages

Our people

Empowering our employees to contribute to change

Employees' initiatives



The Women's Foundation is an organism collecting funds aiming to develop and support actions for women's rights. The Foundation manages the funds and redistribution to associations. It analyses financial requests and determines priorities based on associations' opinions.

- Facilitate the daily life of women
- Improve women's rights, working with public authorities
- Ensure access to justice for women victims of violence and discrimination
- Eradicate stereotypes



Gwendoline Lafarge,
Naxicap's employee
carrying the initiative

La Nuit des Relais

In 2018 and 2019, Naxicap participated to « La Nuit des Relais » (relay race), organised by the Women's Foundation in order to collect funds from companies. Naxicap was partner of the event in 2019.



**Naxicap's employees run
for the second time in 2019**



Naxicap offers its employees the opportunity to support young (and sometimes disadvantaged) social entrepreneurs. Each Naxicap employee can provide its expertise such as coaching, advisory and network based on his/her professional and private experience.



3 projects

supported by Naxicap's employees in 2019



Optave

Project

Algorithm for calculating the ecological and social impact of travel

Project's holder

Suzy Teillet

In detail

Optave is an online platform that offers companies the ability to measure and offset carbon emissions linked to business travel. Travels can thus be compensated by funding projects such as reforestation, cleaning of water in certain regions or reduction of dependence on fossil fuels.



ZAC

Project

Reconditioning of eyeglass frames

Project's holder

Ophélie Vanbremeersch

In detail

Lunettes de Zac is an innovative solution for reconditioning glasses. Its mission is to collect unused glasses in order to repack them before offering them to the general public at very affordable prices.



Les Grimpeurs

Project

Worldwide scholarship search engine

Project's holder

Hocine Youbi

In detail

Hocine has developed a global search engine for scholarships and inspiring backgrounds that have obtained scholarships or joined prestigious schools/universities.

Greener offices

**We aim to be more responsible
in our own offices**



ELISE

In January 2019, Naxicap, in collaboration with the other companies sharing its office buildings, implemented a waste recycling with Elise, a French company ensuring stable jobs to people with employability difficulties.



7,870

plastic bottles avoided in 2019.

In 2018 and in 2019, Naxicap installed water fountains for its employees in its Paris & Lyon offices (59 people). Since then, it has enabled to avoid 7,870 plastic bottles of 1 L. It is the equivalent of 858 kg of CO₂ (109 g of CO₂ per bottle – production, transport and recycling).

The avoided emissions represent:



1

**round-trip
Paris-Stockholm
for one person**



110

**round-trip
Paris-Marseille
for one person**



5

**round-trip
Paris-Rennes
(Bretagne)**





ESG approach

The ESG approach is a continuous process of improvement, both in our portfolio and Naxicap itself; it forces to review the company with a complementary perspective to our usual audits and highlights axes of major progress.

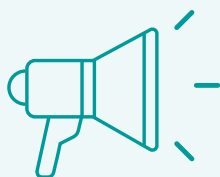


Angèle FAUGIER,
Board Member
and Managing Director



Kyrre Johan KNUDSEN,
ESG Manager

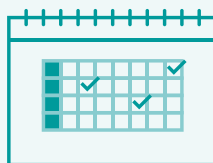
Leading the Naxicap ESG journey since 2015



2015

Raising awareness & action plan

- ▶ **A Partner dedicated to ESG**
- ▶ Elaboration of an action plan for the Management Company
- ▶ First ESG audits



→ 2016

Implementation & commitment



- ✕ **Signature of the PRI**
- ✕ **Creation of a dedicated ESG team**
- ✕ **Integration of ESG criteria in the investment process**
- ✕ Development of an in-house ESG scoring methodology
- ✕ **ESG Charter**
- ✕ ESG clause in the Shareholder Agreements
- ✕ ESG roadmap in our portfolio companies
- ✕ Signature of the iC20



→ 2017

Communicating & working with our investment teams

- Carbon footprint assessment of the Management Company
- First climate analysis into investment memorandums
- **First ESG VDD**
- **Rated A on first PRI audit**
- ic20 active member
- Beginning of regular meetings between the ESG team and the Investment teams



Isabelle GUERIN,
Investor Relations
Director



Elodie PAVOT,
Investor Relations
Associate

**A team dedicated
to ESG to better answer
to the challenges
of tomorrow**



→ **2018**

Specific attention to climate

- ✓ **Implementation of an estimation methodology for calculating the Scope 1 & 2 emissions of our portfolio companies**
- ✓ Climate training to the investment teams by PwC



→ **2019**

Working on ESG risks

- ESG portfolio risk mapping
- Naxicap's Social report internally published
- **First portfolio carbon footprint estimation, including scope 3 emissions**
- **Winner of the Grand Prix PRIVATE EQUITY**
in the category
"ESG - Sustainable Development"



→ **2020**

A sustained support to our companies

- **Launch of ESG committees**, providing a detailed review of each portfolio company
- **Individual support & advice to the management** of our portfolio companies

Our actions

We consider that ESG initiatives start at the management company level in order to ensure coherence and credibility regarding our employees, portfolio companies and investors.

Since 2015, Naxicap Partners has adopted a set of procedures aiming to integrate the consideration of ESG issues throughout the investment cycle and to accompany the managers.

In 2019: Our management company

Learning & sharing

9

conferences

- 2 Initiative Climat France general meetings
- 4 IC workshops
- 1 PRI Annual Conference in Paris
- 1 PRI breakfast session on climate change & fair transition
- Annual ESG Conference France Invest



Raising awareness

- Climate training to Naxicap's Front Office
- Individual ESG meetings with Naxicap's investment teams about the companies they follow



Reporting & transparency

- 11 LPs questionnaires
- 1 PRI audit
- 6 dedicated ESG fund reports
- 1 annual ESG report



Our portfolio companies

4

NEW INVESTMENTS IN 2019

(falling under Naxicap's ESG scope, i.e. > €5m)



% of the deals' cost

95%

Pre-investment ESG analysis in investment memos

95%

Pre-investment Climate analysis in investment memos

100%

ESG audits

100%

ESG clause in Shareholders Agreement

Pre-investment





Campings & villages



Sales 2019: €150m



Majority



FTE 2019: 900



Senior residences



Sales 2019: €245m



Majority



FTE 2019: 2,294



Corporate real estate



Sales 2019: €44m



Majority



FTE 2019: 70



Ophthalmic surgery



Sales 2019: €33m



Majority



FTE 2019: 178

Our portfolio companies

88%

of our portfolio companies answered Naxicap's annual indicators ESG questionnaire (120 questions)

45

companies, representing 89% of the amount invested in the companies under Naxicap's ESG scope, fully completed the questionnaire, enabling an in-depth ESG assessment

20

ESG roadmaps approved in Supervisory Boards

22

complete ESG company in-house analyses

Holding Period

Exit

4

VDD





Global Portfolio Performance

ESG portfolio performance summary



Environment



Social



Governance



Stakeholders

Portfolio performance by selected ESG subject

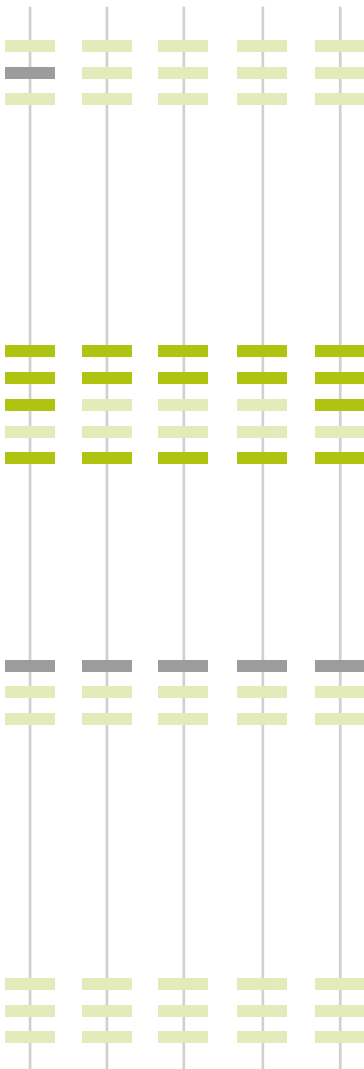
- 1 | Environmental management
- 2 | Energy consumption and Carbon footprint
- 3 | Waste management

- 4 | HR strategy, policy and reporting
- 5 | Health and Safety
- 6 | Training and Career management
- 7 | Diversity and Equal opportunities
- 8 | Working environment

- 9 | CSR* policy and strategy
- 10 | Risk management and Business ethics
- 11 | Governance structure

- 12 | Responsible procurement
- 13 | Product/service quality & safety
- 14 | Community involvement

2015 2016 2017 2018 2019



Scoring:

- 0 > 4 Poor practices/not formalized
- 4 > 7 Good practices
- 7 > 10 Very good practices

* Corporate Social Responsibility.

Global portfolio performance

Social

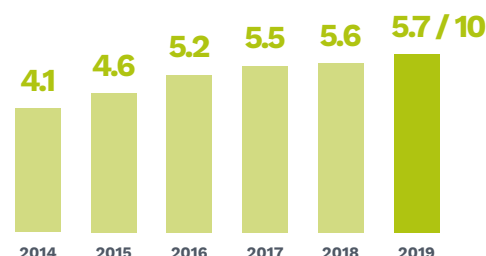
has the highest materiality weight in Naxicap's portfolio, resulting from its dominant position in services-related sectors and activities.

Portfolio summary

The global ESG score demonstrates that the portfolio companies execute good ESG practices of their business activities, as according to Naxicap's methodology. The global ESG score of 2019 is based on a detailed assessment of 45 portfolio companies under Naxicap Partners' management.

All figures in the following analysis are based on data from Naxicap's annual online ESG questionnaire answered by the portfolio companies.

Increasing global ESG Score



Stelliant

(loss adjustment for insurance companies)

has obtained **the highest ESG score** among the portfolio companies analyzed in 2019. Stelliant has among many instaurated a dedicated CSR Committee meeting semi-annually, formalized a CSR policy of its activities and integrated a CSR clause in purchasing contracts. All of these practices are subject to annual review and rating by ECOVADIS (independent CSR agency).



ECF

(BtoB distribution of small equipment to the hospitality and catering sectors)

has obtained **the highest ESG score in the specialized distribution sector** and is among the top performers in 2019. A CSR charter in all supplier contracts: since 2008, the Group has carried out more than 40 audits to assess the social practices of the Group's suppliers.



APIXIT

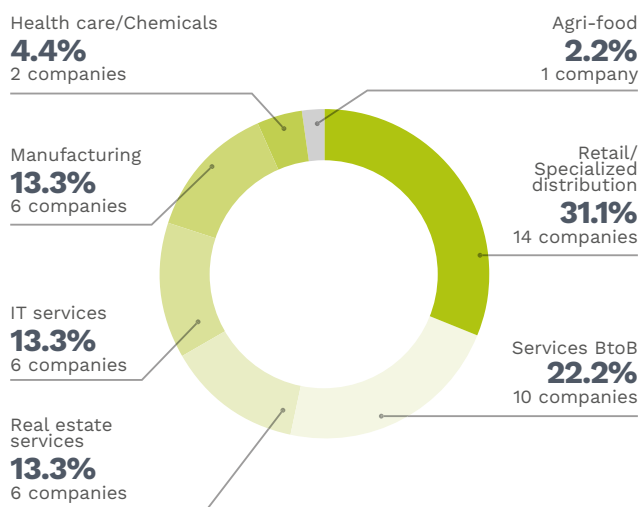
(IT infrastructure integration services)

has obtained **the highest score in the IT services sector** and is among the top performers in 2019. Apixit is signatory of the UN Global Compact since 2017 and the Group was awarded the Gold certificate by EcoVadis in 2019.

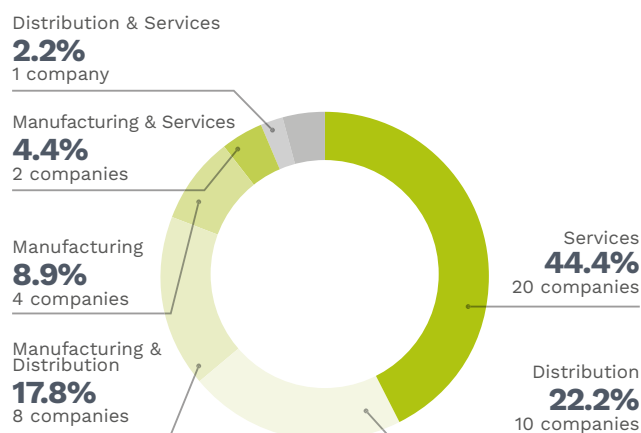
The 45 portfolio companies assessed in 2019, by sector and activity:

Representing 89% of the amounts invested in the companies under Naxicap's ESG scope.

% and number of companies, by sector



% and number of companies, by activity



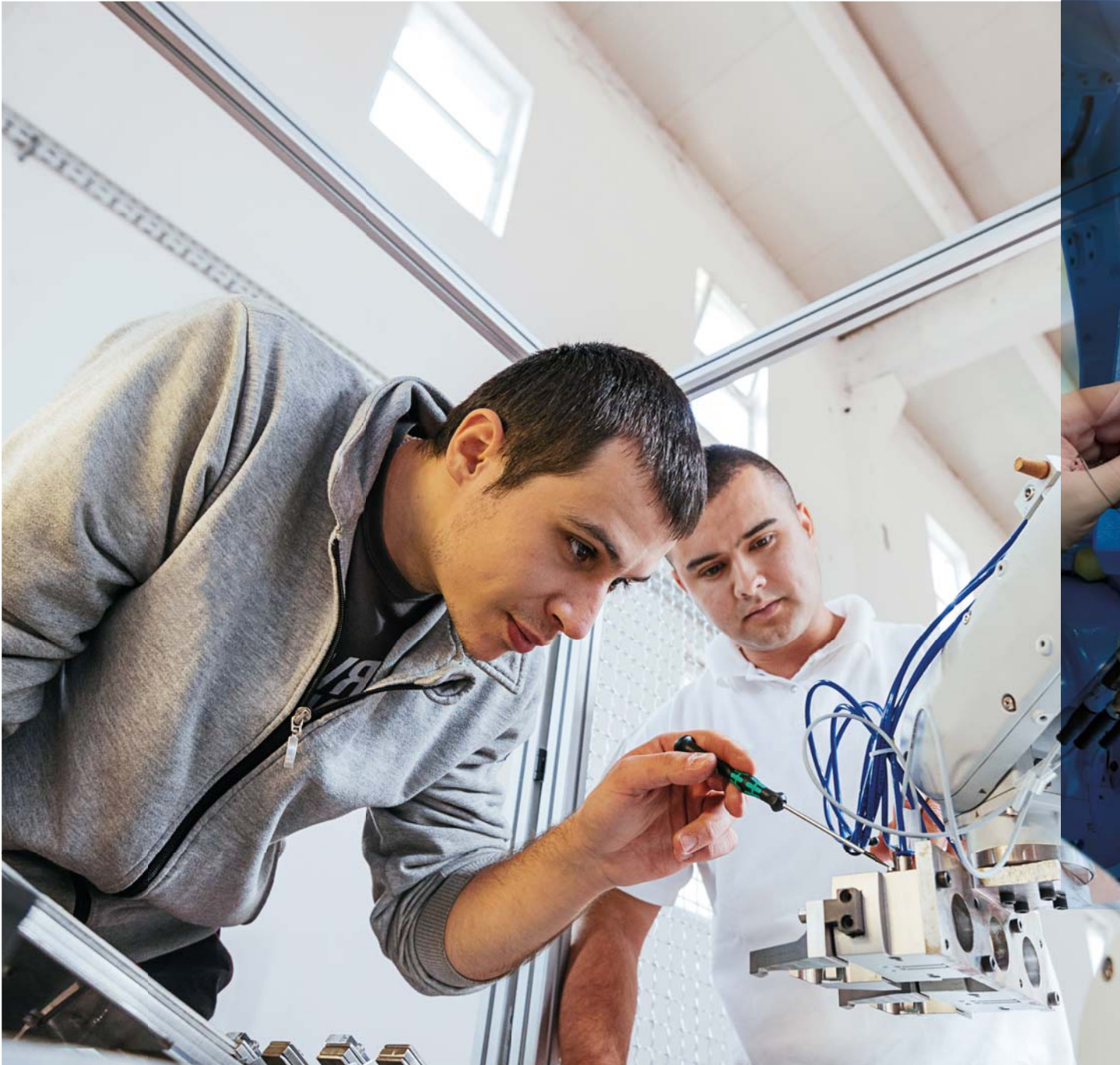
ESG score by dimension

ESG DIMENSION	SCORE 2015	SCORE 2016	SCORE 2017	SCORE 2018	SCORE 2019	MATERIALITY
# companies	60	56	50	45	45	
Environment	3.0	4.1	4.9	4.9	5.0	Medium
Social	6.1	6.4	6.3	6.3	6.5	High
Governance	2.9	3.6	4.0	4.5	4.9	Medium
Global ESG Score	4.6	5.2	5.5	5.6	5.7	

0 > 4 Poor practices/not formalized
4 > 7 Good practices
7 > 10 Very good practices

Materiality

Naxicap defines “material” ESG issues as those issues determined to substantially affect, or have the potential to substantially affect, the financial condition or operating performance of an organization, as well as their ability, or their potential ability, to create environmental and social value for itself and its stakeholders. The weights of the different sectors and activities are derived based on Naxicap's interpretation of the publicly available materiality framework of the Sustainability Accounting Standards Board (ref. appendices).





Portfolio Review

This portfolio review also includes companies which partially completed the ESG questionnaire. The following study is based on up to 48 companies.



Environment

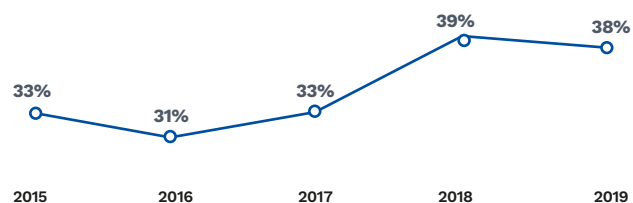


0

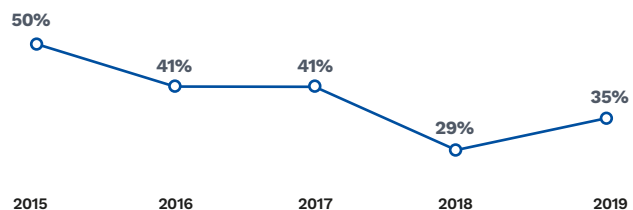
portfolio companies
have been subject
to major environmental
litigations during
the last 3 years



Companies with a formalized environmental policy



Companies with external environmental certifications





33 (69%)

v. 29 (57%) in 2018

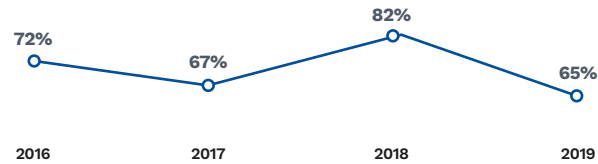
portfolio companies have assessed the climate change risks (physical and/or transitional) with the potential of impacting their business operations

25 (52%)

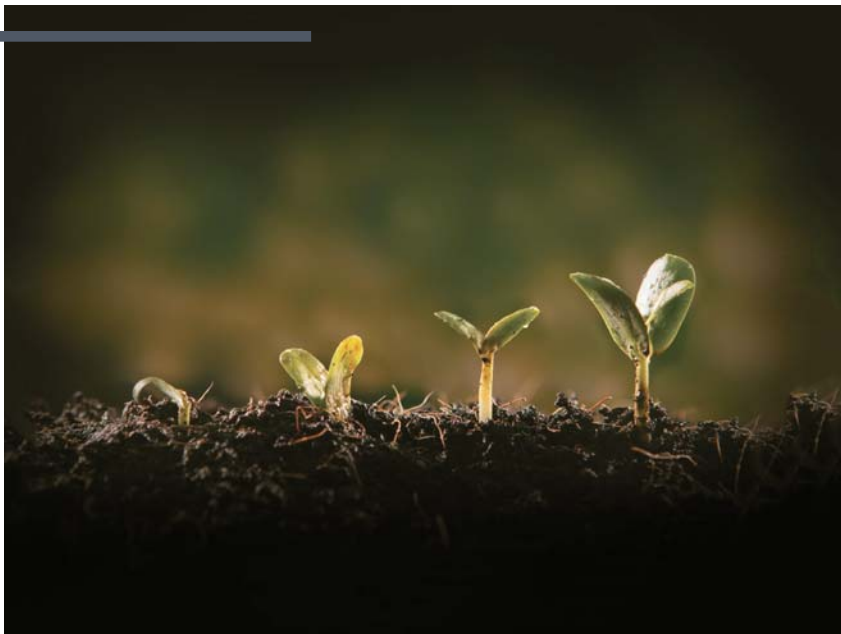
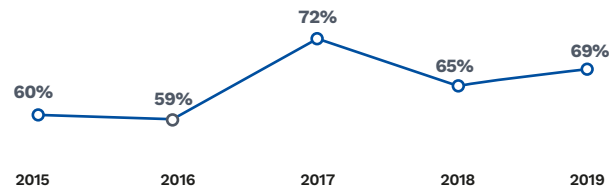
v. 21 (41%) in 2018

portfolio companies monitor the waste generated by their operations

Companies monitoring their energy consumption



Companies with a formalized waste management policy



(wholesale of organic food)

has obtained the label **Sustainable Organic Company** (Bio Entreprise Durable) in 2019, certified by an independent third party (Ecocert/ Bureau Veritas) for its affiliate Vitafrais.

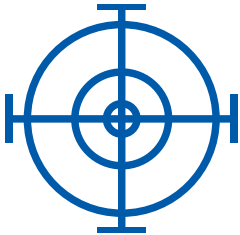
Throughout 2019 the Group has reinforced its CSR policy by formalizing an ambitious five year strategy development plan. Within 2025, the Group seeks to: i) reduce weight of fossil plastic packaging by at least 30%, ii) recycle 100% of product packaging, iii) reduce carbon footprint of transportation by 20%, iv) gradually develop biodegradable and organic compostable packaging.



Environment

Carbon footprint estimation of portfolio

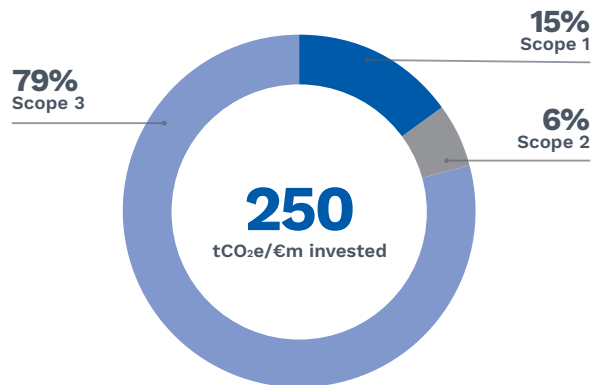
In 2019, Naxicap has carried out an exhaustive estimation of the carbon emissions of its portfolio companies, including the scope 3 emissions. This enables a better understanding of the companies' global carbon footprint and a more accurate action plan.



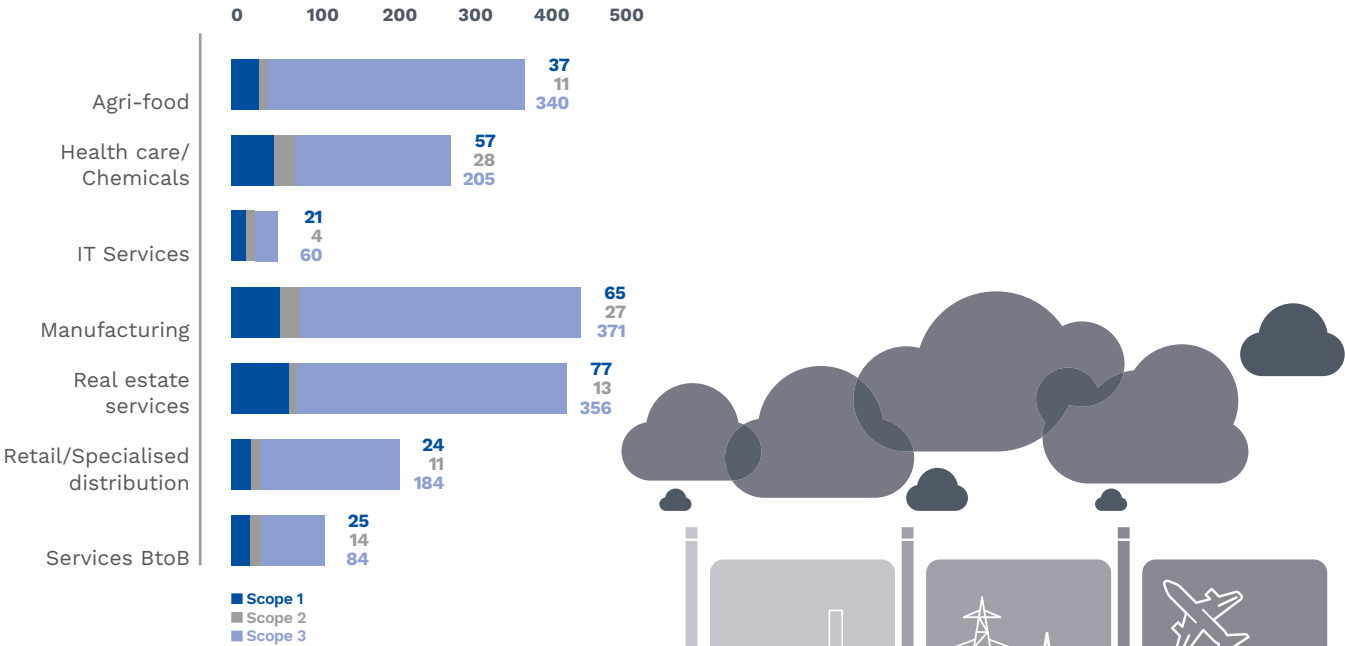
88%

The 44 companies included in this estimation represent 88% of the total amount invested in Naxicap's ESG monitored companies in 2019.

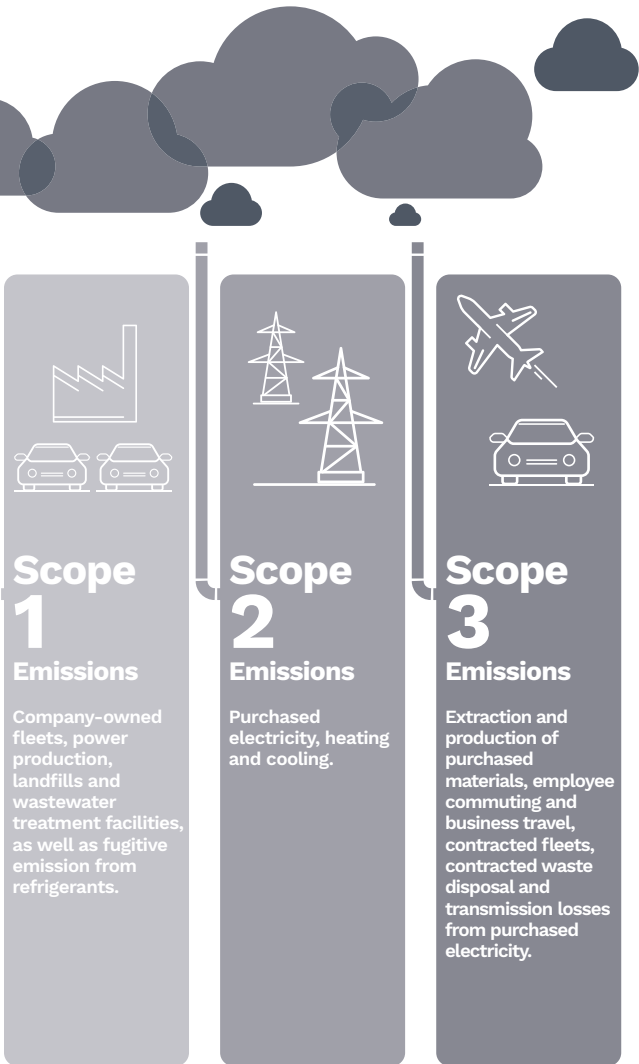
Average greenhouse gases intensity of portfolio, 2019
(weighted by % ownership)



Average carbon intensity, by sector (tCO₂e/€m invested, weighted by % ownership)



The companies are responsible of reducing their total carbon emissions (scope 1, 2 & 3). Naxicap has added indicators to its annual ESG questionnaire relative to the sources of energy consumption. Using emission factors allows a more precise estimation of the scope 1 & 2 emissions (bottom-up approach). These estimations enable to monitor and to pilot the reduction trajectory of the portfolio companies.





Environment



Portfolio snapshot: Good practices and initiatives



siblu (holiday villages)
villoges

has **identified its environmental risks and impact** of its camping sites to be: i) natural hazards from flooding, ii) fires and fire hazards from residents, iii) heat waves, iv) handling and storage of chemicals (chlorine and detergent) for pool maintenance. The Group has nominated a dedicated staff on environmental, health & safety (EHS) issues at group level and a manager on each site ensuring:

- yearly inspections of fire, cooling units and electrical safety are performed by licensed companies and tracked in the Group's EHS tool,
- monitoring of weather forecast and alerts to anticipate flooding, fires and strong wind,
- evacuation plans are established and fire fighting trainings are undertaken for employees.



ECF
GROUPE

(BtoB distribution of small equipment to the hospitality and catering sectors)

is continuously working with its suppliers to **improve both primary and secondary packaging solutions** of the products distributed.

All cardboard used for secondary packaging is 100% recyclable. The Groups is currently testing a fourth cardboard packaging format to reduce volume and optimize transportation capacity.



Teufel

(design and distribution of audio products)

is working with a packaging-specialized agency on potential **eco-concepts**: a pilot project has been carried out in order to identify and collect more relevant information applicable to all products.



(design and manufacturing of bathroom furniture)

demonstrates **strong environmental practices** through i) a formalized environmental policy including criteria for raw material sourcing (PEEFC wood origination), ii) the ISO 14001 certification (environmental management system), iii) monitoring of energy and water consumption, iv) waste management (all waste from panels are sent back to the suppliers enabling a 20% recycling rate), v) recovery programs for end-of-life products/ packaging, vi) renewal of vehicle fleet with hybrid vehicles. The Group's environmental practices are regarded as a key differentiating element of the Group's sales strategy.



(retail distribution of fishing, sports & leisure equipment)

has defined its environmental strategy: i) scheduled removal of all plastic product packaging and replacement with cardboard solutions (already the case for Snorkeling products), ii) progressive deviation from air transportation of products and **reduction of annual carbon emissions of 20% annually**, iii) waste management policy and recycling.

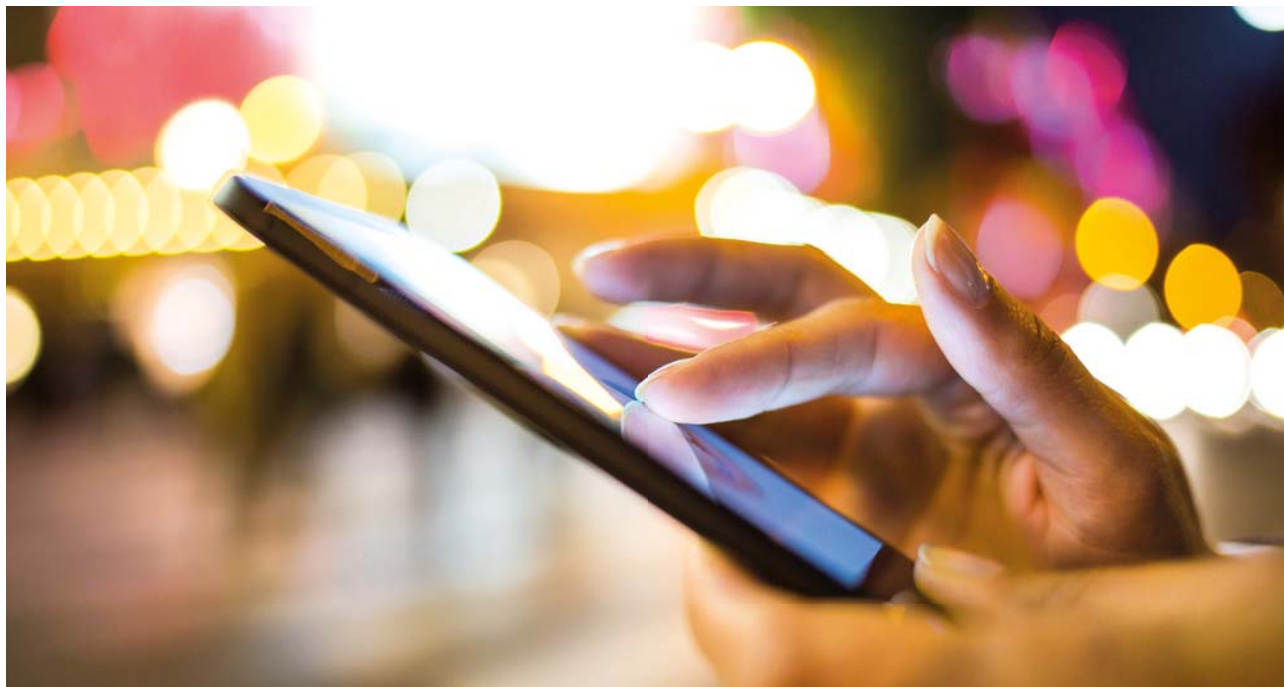


(leasing of taxi licenses and vehicles)

renews its fleet of more than 700 vehicles every 30 months through its partnership with Peugeot. According to the management, vehicles are compliant with current pollution standards (more eco-friendly).



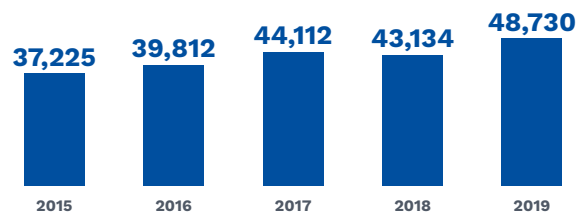
Social



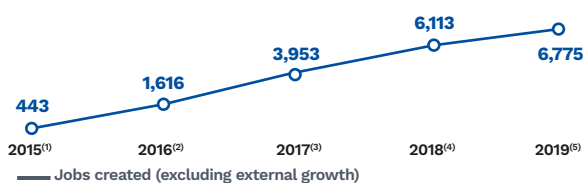
662

jobs created
in 2019

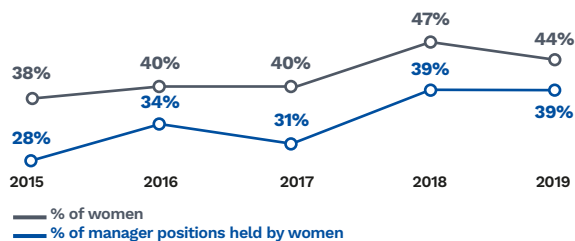
Full time equivalent portfolio



Cumulated net job creation portfolio (since 2015)



Portfolio companies' women ratio to total FTE

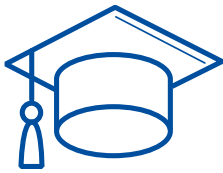


- (1) Based on 36 companies.
- (2) Based on 51 companies.
- (3) Based on 45 companies.
- (4) Based on 37 companies.
- (5) Based on 35 companies.



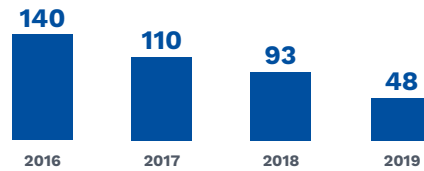
1

**fatal accident
in 2019
v. 1 in 2018**

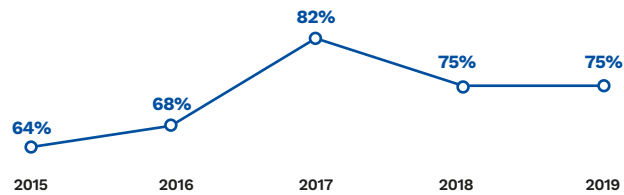


Accident frequency rate portfolio

(Number of working accidents with lost time/total of number of hours worked) x 1,000,000



Companies with a formalized training policy



emera

(nursing homes and senior residences management)

has implemented **measures in favor of employee retention and reduced absenteeism** ratio in order to cope with the shortage of personnel on the market: i) distribution of a guide on prevention of psychosocial risks, ii) opening of EMERA internal training academy, iii) dialogue with employee representatives on arduous work and iv) partnerships with schools in favor of integration through employment.

The perceived quality of the services offered by the Group's personnel is monitored. According to the annual satisfactory survey of 2018, EMERA has a 96% satisfactory rate of residents and families and a 92% recommendation rate for its residences.



Social



Portfolio snapshot: Good practices and initiatives



(General sales & services agent)

has implemented a **structured HR approach on subsidiary level:** i) formalization of dedicated training & career development policies, ii) local managers in charge of supervising and driving the HR structure of their subsidiaries, iii) 25% of employees trained in 2019 on Group level.



(online real estate agency with independent agents)

regularly **solicit constructive feedback from its employees:** i) annual employee satisfaction survey, ii) monthly and annual meetings between managers and employees and iii) a formalized training policy (77% of employees went through a training program in 2019 compared to 90% in 2018).



(manufacturing and distribution of protective sport & leisure equipment)

has carried out **extensive health & safety trainings** for its employees and implemented various prevention measures for its Portuguese and Thai factories. In 2019, working accidents were reduced by 61% compared to 2018.



(distribution of electronic household equipment)

has implemented key solutions to meet the quality standards of customers for its medium to high-end equipment solutions: i) deployment of **performing IT solutions** responding efficiently to customer inquiries, ii) **logistics policy and geographical diversification** of warehouse locations enabling short delivery times, iii) **annual gathering** with the Group's suppliers and customers to record and evaluate their satisfaction level.



(holiday villages)

has developed an **internal recruitment** website in order to foster internal mobility. Siblu seeks to attract new employees through partnerships with schools and universities.

The Group has formalized a **training program** with specialized trainings for different types of positions such as i) talent coaching, ii) management and commercial skills and iii) safety risks prevention. Moreover, Siblu offers its employees opportunities for development, identification of career plans and how to reach certain positions. These offers are particularly targeted towards seasonal employees (representing approximately 50% of total headcount).

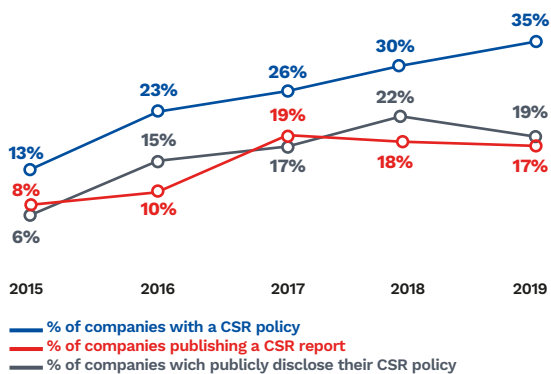




Governance

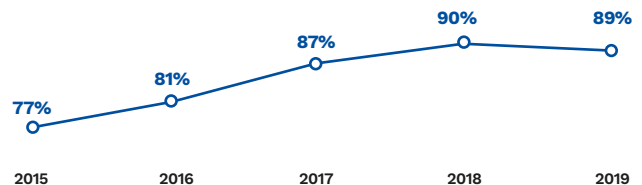


CSR Management: policy and reporting

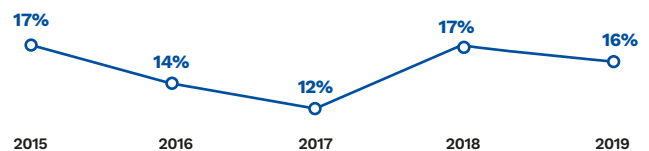


Companies with a dual Board system

(Supervisory board and Executive board)



Women on Board (% of women)



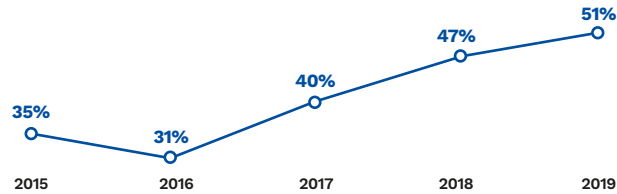


**20
(42%)**

v. 16 (35%) in 2018

portfolio companies
have a system
intended to collect
employee reports
of breaches of the
Code of Conduct
(whistleblowing
system)

Companies with a risk & crisis management policy



INDICATORS Business ethics	% companies in 2015	% companies in 2016	% companies in 2017	% companies in 2018	% companies in 2019
Code of Conduct	28%	28%	35%	56%	62%
Anti-corruption Policy	18%	30%	34%	46%	55%
Anti-money laundering Policy	20%	23%	28%	36%	38%
Competitive Practices Policy	22%	31%	34%	52%	53%
Conflicts of interests Policy	22%	22%	30%	44%	49%
Gift policy	20%	31%	40%	61%	68%
Operating in high-risk countries	13%	13%	13%	17%	15%



siblu
villages

(holiday villages)

has imposed a **Code of Conduct** for the benefit of its mobile homeowners. The Group is also an official member of the **“Camping and Outdoor Recreation Transparency Charter”** which encourages good business practice by professionals and customer interest protection.

Siblu has obtained **13 certificates** of excellence and is therefore one of the top rated companies in the mobile home holidays sector.



Governance

Portfolio snapshot: Good practices and initiatives



Teufel

(design and distribution of audio products)

has formalized a **CSR policy** which has been signed by the Managing Directors and distributed to all employees. The Code of Conduct has also been communicated to all employees and stakeholders.



HOUSE OF HR

HUMAN RESOURCEFULNESS

(HR outsourcing & consulting services)

is implementing a **whistleblowing system** intended to collect employee reports of breaches of the Code of Conduct on Group level in 2020.



Moria

(ophthalmic surgery equipment & instruments manufacturer)

has nominated a **CSR manager** and is working on formalizing a CSR policy. The Group has developed a strong brand image with surgeons from all over the world thanks to the quality of its products: i) dedicated quality department, ii) defined post-production quality control processes, iii) quality management system for French production sites certified ISO 13485:2016 (specific for medical devices and related services).



(health care software publisher)

has obtained the **ISO 27001 certification** for its information security management system in 2019. The management system serves, among many, to prevent identified risks and to protect sensitive data and intellectual property from malicious actors and insider threats.



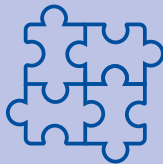
(software development)

has set up a **dedicated crisis unit** with regards to operational risks, such as failure of software systems for customers and cyber attacks. The Group has implemented an **internal quality management system** and works on a redefinition of its customers satisfaction indicators in order to better objectify their satisfaction level.



(design and manufacturing of bathroom furniture)

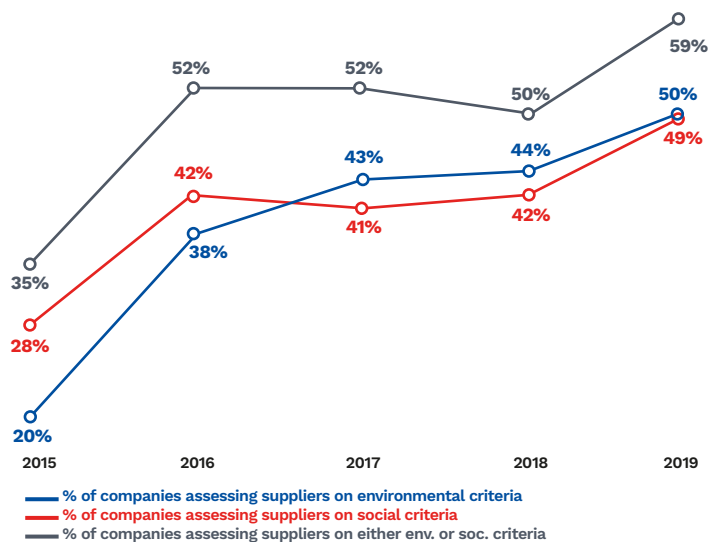
has adopted the **ISO 26000 guidelines** (principles for CSR best practices) to assess working conditions of suppliers, which now also include larger social criteria (human rights and fair practices). In 2019, Chêne Vert was awarded the **gold medal by Ecovadis** (assessment covering 21 criteria on environment, fair labor & human rights, ethics and sustainable procurement).



Stakeholders



Companies assessing their suppliers on ESG criteria*



* Updated with more accurate data

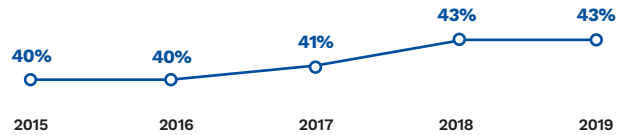


**20
(39%)**

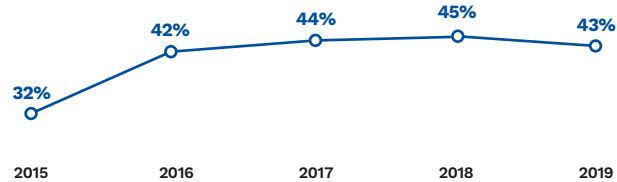
v. 17 (35%) in 2018

**companies assess
their suppliers on
both environmental
and social criteria**

Companies with a health and safety policy of their customers



Companies engaging in community involvement projects



htl ∞
BIOTECHNOLOGY

(producer of hyaluronic acid)

has implemented various **measures to mitigate the risks of its supply chain** (mainly European) and potential disruptions: i) integration of ESG criteria in the subcontractors contracts and suppliers survey, ii) establishment of a second manufacturing line for suppliers on critical materials, iii) compliance with the GMP regulation (Good Manufacturing Practices). Further, health & safety criteria of clients are integrated in the R&D procedures.



Stakeholders



Portfolio snapshot: Good practices and initiatives



(retail distribution of fishing, sports & leisure equipment)

relies on suppliers mainly located in Asia. Nemo is active **member of the BSCI** (Business Social Compliance Initiative), a leading supply chain management system supporting companies to implement international labor standards principles and to protect workers' rights within the suppliers' factories. The Group's procurement policy ensures that:

- all suppliers answer a quality questionnaire, imposing strict requirements for their factories,
- details regarding the European Union regulation REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) are described in the tenders.

In September 2019, NEMO acquired Nemo Global Manufacturing, located in Shanghai allowing increasingly control and proximity of production.



(holiday villages)

has established a **stringent framework in its supplier selection process**, in particular via a detailed procedure to be followed. The procedure requires the suppliers to meet their legal obligations, before and during the contract period. The process also includes a checklist of documents to be requested every six months until the end of the contract period. The procedure to be followed in the event of an irregularity is also communicated and has to be respected at each campsite. The Group has implemented a prevention plan sent to its subcontractors to ensure compliance with current regulations, in particular on environmental protection laws and on the Group's internal security standards.



(out-of-home catering services)

is **signatory of the UN Global Compact** and supports a variety of actions carried out by NGOs in the more than 58 countries in which it operates. In the context of the Covid-19 crisis, Newrest has donated the equivalent of over 20,000 meals to various associations and distributed several thousand protective masks and other equipment to various hospitals.



(nursing homes and senior residences management)

has set up a **foundation promoting integration and equal opportunities** through partnerships. In this context, nine of the Group's residences have set up sponsorship and partnership with "Restos du Coeur", providing support in preparing meals for the most disadvantaged.



ET LA VILLE SE PARTAGE

(real estate – property development and management)

has supportive financial partnerships with the association **"Cravate Solidaire"** for clothing support and job interview coaching for the disadvantaged in the labor market.



GROUPE ABF

Isolez aujourd'hui, économisez à vie

(blown-in loft insulation)

is supporting a project to create an **Endowment Fund** to support initiatives in the field of Sustainable Development.





Appendices

SCORING Methodology

The global ESG score of the portfolio and the ESG score of each portfolio company are based on an in-house methodology built on the answers of each company to our ESG questionnaire (more than 120 indicators). The questionnaire has been distributed to companies where Naxicap's funds investment exceeds €5 million.

Defining
a scoring scale

Developing
the scoring system

Elaborating coefficients
to highlight particular
important issues

Consolidating scores
of each dimension of ESG
for each company

Calculating a global
portfolio score of each
subject and dimension

Deriving a global
ESG score of the portfolio

-
- A scoring scale from '0 – 10' is defined in order to have a well-balanced system where annual improvements can easily be reflected on the scoring scale.
 - Different intervals are created to categorize the scores. '0 – 4' is classified as **'Poor or not formalized ESG Practices'**, '4 – 7' is classified as **'Good ESG Practices'** and the category '7 – 10' is classified as **'Very Good ESG Practices'**.
-

- The majority of the indicators in the questionnaire is scored. Some indicators are scored in a binary system, e.g. an indicator is awarded a score of either '0' or '10', depending on the answer. This is especially the case for indicators answered by 'Yes' or 'No' or/and indicators where the company can disclose information.
 - Other indicators are scored based on a progressive or regressive model or a combination of the both.
-

- Coefficients are created for each indicator to give higher importance to the questions regarded as **'Key Performance Indicators'** (KPI).
 - The KPI's selected are regarded as more material issues compared to questions not used as KPI's.
 - A question selected as a KPI is given a coefficient equal to the value of '2', while other questions are given a coefficient equal to the value of '1'.
-

- Each dimension of ESG (**'Environment'**, **'Social'** and **'Governance'**) consists of different subjects in the questionnaire. For instance, 'Environment' consists of subjects such as 'Environmental management', 'Energy consumption' etc. An average score is calculated for each subject and then forms a consolidated score for each dimension **'Environment'**, **'Social'** and **'Governance'** for each company.
 - An ESG Score for each company is derived by weighing the average score of **'Environment'**, **'Social'** and **'Governance'** with the materiality of the company's sector and activity.
-

- These three different average portfolio scores of **'Environment'**, **'Social'** and **'Governance'** are not weighted with the materiality of each sector and activity.
-

- Finally, a global ESG score of the portfolio is derived through the average of all companies' ESG score, already weighted with the materiality of the companies' sectors and activities.
-

SCORING Methodology

Methodology tool

- The weights of the different industries and types of activities are derived based on our own interpretation of the publicly available materiality framework of the Sustainability Accounting Standards Board (SASB).
- The SASB Materiality Framework is a quantitative model designed to prioritize the issues that are likely to have material impacts on companies within the industry. Further, a qualitative research process are done by the SASB's research team.
- The framework relies heavily on investor interest and evidence of financial impact, and adjusts to changes in long-term sustainability principles which could have potential financial impact.
- SASB is not responsible for any of the conclusions or assumptions made by **Naxicap Partners** related to the creation of the sector weights and the ESG scores that are provided in this report.

Materiality weights by sector and activity

Sector	Environment	Social	Governance
Consumer Goods			
Apparel, Accessories & Footwear	0.25	0.25	0.50
Building Products & Furnishings	0.50	0.25	0.25
E-Commerce	0.40	0.20	0.20
Household and Personal Products	0.50	0.25	0.25
Multiline and Specialty Retailers & Distributors	0.26	0.47	0.27
Toys & Sporting Goods	0.10	0.45	0.45
Financials			
Asset Management & Custody Activities	0.03	0.32	0.65
Food & Beverage			
Agricultural products	0.43	0.29	0.28
Health care			
Biotechnology & Pharmaceuticals	0.20	0.50	0.30
Managed care	0.20	0.60	0.20
Medical Equipment & Supplies	0.21	0.36	0.43
Infrastructure			
Home Builders	0.33	0.33	0.33
Real estate owners, Developers & Investment trusts	0.40	0.20	0.40
Real estate services	0.06	0.31	0.63
Resource transformation			
Chemicals	0.60	0.20	0.20
Electrical/Electronic equipment	0.43	0.29	0.28
Industrial Machinery & Goods	0.50	0.25	0.25
Technology & communication			
Internet media & Services	0.20	0.20	0.60
Software & IT Services	0.14	0.29	0.57
Transportation			
Auto Parts	0.43	0.29	0.28
Services			
Advertising & Marketing	0.06	0.31	0.63
Hotels & Lodging	0.44	0.33	0.23
Leisure facilities	0.25	0.50	0.25
Professional & Commercial Services	0.05	0.48	0.47
Activity	Environnement	Social	Governance
Manufacturing	0.50	0.40	0.10
Distribution	0.33	0.33	0.33
Services	0.20	0.60	0.20
Manufacturing & Distribution	0.42	0.36	0.22
Manufacturing & Services	0.35	0.50	0.15
Distribution & Services	0.27	0.46	0.27

GLOBAL PORTFOLIO PERFORMANCE IN DETAIL

ESG score – Breakdown by sector

Sector	ESG Score Portfolio 2015	ESG Score Portfolio 2016	ESG Score Portfolio 2017	ESG Score Portfolio 2018	ESG Score Portfolio 2019
Food & Beverage	Not applicable	Not applicable	Not applicable	Not applicable	8.4
Transportation	5.2	5.5	5.9	5.6	6.5
Financials	Not applicable	Not applicable	Not applicable	Not applicable	6.3
Services	4.7	5.1	5.1	5.6	5.9
Consumer Goods	4.4	5.1	5.5	5.5	5.9
Technology & Communications	4.6	5.2	5.2	5.5	5.7
Health care/Chemicals	4.7	4.8	5.7	Not applicable	5.5
Resource transformation*	4.3	5.6	5.7	5.9	5.3
Infrastructure	4.9	5.3	5.8	5.4	4.3
Non-renewable resources	5.3	Not applicable	Not applicable	Not applicable	Not applicable

ESG score – Breakdown by activity

Activity	ESG Score Portfolio 2015	ESG Score Portfolio 2016	ESG Score Portfolio 2017	ESG Score Portfolio 2018	ESG Score Portfolio 2019
Manufacturing & Distribution	3.4	5.3	6.2	6.1	6.0
Services	4.8	5.3	5.6	5.5	5.8
Distribution	4.6	5.2	5.5	5.4	5.8
Manufacturing	5.2	6.0	5.5	5.6	5.4
Distribution & Services	4.1	4.2	3.7	4.4	5.1
Manufacturing & Services	4.6	3.4	4.3	Not applicable	3.8

0 > 4 Poor practices/not formalized

4 > 7 Good practices

7 > 10 Very good practices

* Includes the sub sectors “Chemicals”, “Electrical / Electronic Equipment” and “Industrial Machinery & Goods.”

CHANGING OF SCOPE

Companies out of Scope 2019* ESG performance in 2018 (when leaving)

Company	Sector	Activity	Environment	Social	Governance	ESG
Company 1	Infrastructure	Manufacturing & Distribution				
Company 2	Consumer Goods	Distribution				
Company 3	Infrastructure	Services				
Company 4	Services	Services				
Company 5	Resource Transformation	Manufacturing & Distribution				
Company 6	Consumer Goods	Distribution & Services				
Company 7	Services	Services				
Average			5.8	6.6	4.4	6.0

Companies integrated into Scope 2019** ESG performance in 2019 (when entering)

Company	Sector	Activity	Environment	Social	Governance	ESG
Company 1	Health Care	Services				
Company 2	Services	Services				
Company 3	Health Care	Manufacturing & Distribution				
Company 4	Financials	Services				
Company 5	Resource Transformation	Manufacturing & Services				
Company 6	Consumer Goods	Distribution				
Company 7	Resource Transformation	Manufacturing & Distribution				
Average			4.0	6.0	4.4	5.2

0 > 4 Poor practices/not formalized 4 > 7 Good practices 7 > 10 Very good practices

* Includes exits and companies which have not responded or not completely responded to our ESG questionnaire in 2019 for valid reasons.

** Includes new investments and companies not responding to the indicators last year.

CARBON FOOTPRINT PORTFOLIO SCOPE

Scope and methodology

- Carbon footprint estimations (Scope 1, 2 & 3 emissions) have been performed using a top-down approach consisting in a simplified simulation of carbon emissions based on financial data, coupled with databases and economic models.
- The 44 companies included in this estimation represent 88% of the total amount invested in Naxicap's ESG monitored companies in 2019.
- PwC's economic modelling tool has been used for all estimations. The modelling tool runs on a multiregional input-output table, EORA 26, covering **26** broad economic sectors of activity and **189** countries.
- The model integrates the entire supply chain of the portfolio companies and provides a simplified vision of world economy and environmental externalities.
- The database used for CO2 emissions calculations is the EDGAR database.
- Data inputs for each portfolio company have been collected and consist of following variables: sector of activity, country(ies) of operation, turnover per country.

Carbon emission factors: scope and methodology

- Additional indicators have been added to the annual ESG questionnaire of Naxicap Partners, allowing an estimation of the carbon emissions (scope 1 & 2) of the portfolio companies.
- The carbon emissions generated by the portfolio companies are estimated by using emission factors published by ADEME (Agence de l'environnement et de la maîtrise de l'énergie).
- The energy sources used for the carbon emissions estimation do not reflect a company's entire energy consumption, however is rather a selection of a company's most common energy sources when estimating its scope 1 & 2 carbon emissions.

Carbon emission source	Scope emissions	Emission factor	Emission factor uncertainty*
Electricity (excl. renewable)	Scope 2	Country specific	Country specific
Renewable electricity	Scope 2	0.02	Origin specific
Gas (PCI)	Scope 1	0.21	5%
Fuel	Scope 1	0.28	5%
Heating	Scope 2	0.22	30%
Other energy	Scope 2	Energy specific	Energy specific
Gasoline	Scope 1	2.28	10%
Diesel	Scope 1	2.51	10%

* Source: ADEME (Agence de l'environnement et de la maîtrise de l'énergie).

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In the alphabetical order:

**ABF
ADCASH
ADENTS
ALTARES
APIXIT
ASTORIA
CHENE VERT
DECK
DEFTA
E.CF
ECS
EMERA
EQUIVALENZA
FINDIS
GROUPE FERRE
IAD
IPELEC**

**KEYS ASSET
MANAGEMENT
KODEN
LA PARFUMERIE EUROPE
LET'S GO FITNESS
MAISONS PIERRE
MAXI BAZAR
MORIA
NEMO
NEWREST
NP6
OBER
ONE DIRECT
OMIA
ONDULINE
ORGANIC ALLIANCE
PEACE OF CAKE**

**P.I.L
QUARTUS
RESID HOTEL
SHARK
SIBLU
SLOTA
SOFTWAY MEDICAL
SOGELINK
SRI
STELLIANT
TEUFEL
THOHR
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UNIWARE
WAT**



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