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
Naxicap Partners’ investment vision is founded on being a responsible financial partner, ensuring long-term resistant returns for its investors and securing sustainable growth of its portfolio companies.

Since 2015, Naxicap has pursued an evolving ESG strategy to reflect its values and convictions. We have mobilized significant resources, established a dedicated team, undertaken real 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 line with Naxicap Partners’ investment vision and strategy, we provide concrete ideas and development strategies to develop and improve the environmental, social and ethical practices of our portfolio companies. By such, we aim to reduce operational risks and to support actions in favour of balanced corporate governance, to reduce the environmental impact by stimulating innovation and creativity and to set fair social standards. 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 for all stakeholders in the long run.

In the context of the new European legislation, the Sustainable Finance Disclosure Regulation (SFDR), we are required to describe how we integrate environmental, social and governance risks into our investment decisions. This law also provides for the measurement of any negative environmental, social or governance impacts of our investments. Although not at the heart of our investment policies, we believe that ESG is a commitment to support our portfolio companies and we stand ready to meet the requirements of the SFDR and to move our portfolio companies towards a more sustainable economy.

I wish you good reading.

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

Fiona Reynolds – CEO PRI
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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 entreprises 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.
The results of the annual PRI audit 2020: Naxicap awarded

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

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.
Naxicap partners: the management company
Key figures

69 professionals
As of 31 December 2020

€3.8 billion
under management
As of 31 December 2020

80 portfolio companies
(Mid and Small Caps)
Of which

53 under Naxicap’s ESG scope

Primary focus on investments in France

Our investors

35%
Own behalf (BPCE Group)

65%
French and foreign Insurers, Pension Funds, Funds of Funds

Assets under management
in € billion

3.8
x 2.7

2013
1.4
2020

3.8 billion
under management
As of 31 December 2020

Majority shareholders

53

Of which

Majority shareholders
under Naxicap’s ESG scope

Primary focus on investments in France
Our investments

A large range of sectors

Sectors of investment (% of invested amount)

- **31.5%** Services
- **10.0%** Information technologies
- **10.5%** Real estate
- **8.8%** Transportation/logistics
- **8.5%** Equipments
- **9.7%** Industry
- **1.7%** Other
- **9.1%** Healthcare/cosmetics
- **10.2%** Specialised distribution

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 80 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.

**€50m** to **€200m**

investment tickets

41 majority investments representing **86%** of the invested amounts
Our offices
Covering France

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

- **Paris**: 48 professionals
- **Frankfurt**: 4 professionals
- **Toulouse & Nantes**: 7 professionals
- **Lyon**: 10 professionals

69 professionals work for Naxicap Partners

As of 31 December 2020
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 its human capital is essential to understand our historic human resources trends and to anticipate the needs for 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
As of 31 December 2020:

35% of our executive functions are held by women

Front office

20% NAXICAP’S BOARD

30% DIRECTORS

33% ASSOCIATES & ANALYSTS

Support functions

50% RISK & COMPLIANCE, FINANCE, MIDDLE & BACK OFFICE, ACCOUNTING

50% DIRECTORS

100% COMMUNICATION ASSISTANTS

29% ASSOCIATES & ESG

Investor Relations
Our people

Increasing support functions

Creation of an Investor Relations team
Internalisation of the Risk & Compliance position
Recruitment of a dedicated ESG Analyst
Opening of an Investor Relations office in Germany

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.

Age breakdown, by gender

- > 55 years old: 10%
- 45 to 54 years old: 0%
- 35 to 44 years old: 10%
- 20 to 34 years old: 20%

38.6 years old is the average age of Naxciap’s employees.
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).

7 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.

2 employees have a PART-TIME CONTRACT. Part-time contracts give the possibility to work from 60% to 80% of the legal time in France.

Training programs

1,354 hours of training in 2020, an average of 20 hours per employee

Finance
Tax & Legal
Compliance
IT & Digital
ESG
Languages
Sponsorship

Empowering our employees to contribute to change

**Employees’ initiatives**

- 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

**La Nuit des Relais**

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.

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. To go further, Naxicap was partner of the event in 2019. In 2020, the sanitary context did not allow the race to be organized.

Naxicap’s employees run for the second time in 2019
Skills sponsorship

**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 repackage them before offering them to the general public at very affordable prices.

---

**Project**
Innovative food products, ethical and eco-responsible

**Project’s holder**
Emilie Galbas and Terence Pierrot

**In detail**
Production, processing and distribution of root pasta and tropical vegetables, produced in the goal of creating short circuits granting fair remuneration to its farmers.

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**Project**
Healthy farm products and fair remuneration to the producer

**Project’s holder**
André Bonnard, Florence Loyer, Maximilien Rouer, Bastien Debras

**In detail**
Solution for dairy farmers for transforming their production, giving consumers access to healthy and local farm products, and providing fair remuneration to producer.

---

**Project**
Creation of tiny houses in sustainable materials

**Project’s holder**
Benjamin Bajal

**In detail**
Creation of eco-responsible housing made with IPAC® (recycled cardboard insulation) reducing their impact environmental.

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**Project**
Tenants guarantor

**Project’s holder**
Thomas Neuraz

**In detail**
Guarantor 2.0 which boosts tenants’ rental file and reassures the owners.

---

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.

6 projects supported by Naxicap’s employees since January 2019, of which 5 still being monitored.
Investment for women

We recognize that encouraging women’s actions will help to favor diversity and parity.

Naxicap invested in We Are Jane, a Belgian investment fund targeting female-led companies exclusively. This fund was launched in June 2019 and managed 53 million euros as of December 2020. The three founders (see picture) are willing to support young companies above 1.5 million turnover, founded or managed by women, to continue their growth. As of December 2020, WAJ has supported two companies.
Gaia Capital Partners

Naxicap invested in Gaia, a French investment fund targeting fast growing tech companies, promoting responsible governance. Gaia is led by two French Polytechnic school graduated women.

Morgan Kessous, Bettina Denis, Alice Albizzati (founder), Elina Berrebi (founder).
Greener offices

We try 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.

Naxicap’s waste consumption
(follow-up by our service provider, ELISE)

Plastic bottles  Paper cups

Covid lockdown

In kg

January 19  February 19  March 19  April 19  May 19  June 19  July 19  August 19  September 19  October 19  November 19  December 19  January 20  February 20  March 20  April 20  May 20  June 20  July 20  August 20  September 20  October 20  November 20  December 20  January 21
The avoided emissions represent:

<table>
<thead>
<tr>
<th>Case</th>
<th>Frequency</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plastic bottles</td>
<td>15,740</td>
<td>Avoided in 2 years</td>
</tr>
<tr>
<td>Carbon emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One-way Paris-New York</td>
<td>1</td>
<td>1 person</td>
</tr>
<tr>
<td>Round-trips Paris-Marseille</td>
<td>220</td>
<td>1 person</td>
</tr>
<tr>
<td>Round-trips Paris-Rennes</td>
<td>10</td>
<td>(Bretagne)</td>
</tr>
</tbody>
</table>
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.

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

Isabelle GUERIN, Investor Relations Director
Elodie PAVOT, Investor Relations Associate

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 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 by the ESG team
- Scope 3: integration of customised questions to our annual grid in order to measure our companies’ scope 3

ESG annual report 2021
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.

Our management company

Learning & sharing
- 4 France Invest
- 2 Initiative Climate France
- 4 Initiative Climate France workshops
- 9 Natixis Investment Managers workshops

Reporting & transparency
- 12 LPs questionnaires
- 1 PRI audit
- 4 dedicated ESG fund reports
- 1 annual ESG report

In 2020:

Our portfolio companies

4 INVESTMENTS IN 2020
% of the deals’ cost

- 100% Pre-investment ESG analysis in investment memos
- 100% Pre-investment Climate analysis in investment memos
- 94% ESG audits
- 100% ESG clause in Shareholders Agreement
<table>
<thead>
<tr>
<th>Industry</th>
<th>FTE 2020:</th>
<th>Sales 2020:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare software</td>
<td>580</td>
<td>€50m</td>
</tr>
<tr>
<td>Fragrances and jewellery</td>
<td>5</td>
<td>€9m</td>
</tr>
<tr>
<td>Private professional education</td>
<td>600</td>
<td>€52m</td>
</tr>
<tr>
<td>Hard &amp; software for control-rooms</td>
<td>104</td>
<td>€29m</td>
</tr>
</tbody>
</table>

**Our portfolio companies**

- **87%** of our portfolio companies answered Naxicap’s annual ESG questionnaire (160 questions)
- **20** ESG roadmaps approved in Supervisory Boards
- **22** In-house company ESG analyses
- **4** VDD
ESG Committees

In January 2020, the Naxicap ESG team started monthly ESG committee meetings to review its 53 portfolio companies once a year regarding their most material ESG risks and opportunities.
On the basis of pre-investment reviews, audits carried out, data collected from portfolio companies and the first roadmaps, the ESG committee provides investment teams and portfolio companies management with recommendations aimed at improving their extra-financial performance.

10 Naxicap ESG committee meetings in 2020

Since January 2020:
- 89% of our portfolio companies reviewed

representing:
- €2.7b (FMV as of 31 December 2020)

and:
- 41 companies

Following the ESG committee recommendations,
- 71% of companies have discussed their roadmap with the Naxicap Investment team

representing:
- 29 companies
Case study: ALTARES

ESG audit by external experts, identification of the main areas of improvement and close follow-up

The audit highlighted that the company had already initiated a CSR review and identified its most material risks and opportunities: business ethics (presence in France, Benelux and North Africa), data protection, HR, customer satisfaction, energy consumption at their buildings and IT infrastructure. After Altares was reviewed by the Naxicap internal ESG committee, the Naxicap ESG team reached out to Altares’s HR Director to explain the Naxicap approach and Naxicap’s willingness to work closely with Altares on ESG opportunities.

Altaires’s ESG organisation
Altaires decided to appoint a person in charge of ESG: Barbara, under a work/study program, allocates 80% of her time to ESG. Barbara reports to Nicolas Pintart, Chief Product & Strategy Officer, and board member. The Naxicap ESG team has had frequent meetings with both Barbara and Nicolas.

Altaires’s ESG score
At Naxicap, we score our portfolio companies on ESG criteria based on the annual 160-question grid. Altaires has improved its rating over the past five years thanks to improved availability of required data and several implemented initiatives to progress on the ESG front.

Altaires’s ESG score (Naxicap methodology)

<table>
<thead>
<tr>
<th>Year</th>
<th>ESG Roadmap</th>
<th>Annual validation of the ESG roadmap at supervisory Board</th>
<th>CSR Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>4.9</td>
<td>1.2*</td>
<td>4.9</td>
</tr>
<tr>
<td>2017</td>
<td>5.1</td>
<td></td>
<td>5.0</td>
</tr>
<tr>
<td>2018</td>
<td>6.5</td>
<td></td>
<td>6.4</td>
</tr>
<tr>
<td>2019</td>
<td>6.7</td>
<td></td>
<td>6.6</td>
</tr>
<tr>
<td>2020</td>
<td>6.7</td>
<td></td>
<td>6.6</td>
</tr>
</tbody>
</table>

* Insufficient data.

In 2020
Video meetings between the Naxicap ESG team and Altares to follow up on their ESG implementation strategy.

BUSINESS
Altaires collects, aggregates, analyses, enriches and structures inter-company data to make it smart and an agile decision-making tool for both general and functional management teams. This is thanks to three product families:
- Information about company solvency
- Business development support
- Legal and financial compliance

4 in 2020
Video meetings between the Naxicap ESG team and Altares to follow up on their ESG implementation strategy.
Governance - Commitment and communication

As a big step forward in terms of their commitment to ESG, in 2021 Altares finalized its adherence to the UN Global Compact, an initiative to mobilize a global movement of sustainable companies, which commit to sustainability via 10 principles. Furthermore, Altares has been scored by EcoVadis for two years, an independent score agency. This data collection will support organization to be able to collect it. In order to better communicate its actions to clients and employees, Altares created a dedicated ESG page on its website in 2021. Altares has also built an ESG employee working group to discuss ESG initiatives for the company.

Governance - Business ethics

Over the years, Altares has implemented measures to comply with laws, such as Sapin II (French anti-corruption law) or GDPR (General Data Protection Regulation). For instance, within the framework of Sapin II, the company wrote its internal code of conduct setting down the rules outlining norms and responsibilities for Altares proper practices. The company also set up a whistleblowing system to collect employees' reports of breaches of the code of conduct.

Social

As a service company, social dimension is key. Altares has identified HR as a significant challenge and has more recently implemented concrete actions showing good results. For instance, Altares has worked to improve its Gender equality index (French Pénicaud law), in order to be compliant with the law, i.e. having a score above 75, that Altares obtained in 2021. Furthermore, the monitoring of social data indicated good progress regarding the percentage of women on the Executive Committee, rising from 14% in 2017 to 35% in 2020.

Environment

Altares’s main impact on the environment is related to its buildings’ energy consumption as well as its IT infrastructure. Altares’s IT infrastructure is hosted by IBM in France. This supplier is committed to energy efficiency.

At Naxicap, we believe that monitoring is a good first step to improvement. In our annual questionnaire, we ask our companies a set of questions related to their energy consumption (electricity, gas, water, car fuel, etc.). While most of these indicators were not monitored by Altares, the company has now adapted its organization to be able to collect it. This data collection will support Altares’s partnership with a French association in 2021, to reduce their employees’ consumption of plastic. The waste indicators will indicate the evolution of plastic consumption year on year.

Altares’s infrastructure is hosted by IBM

IBM is committed to environmental leadership in all of its business activities, from its operations to the design of its products and use of its technology.

<table>
<thead>
<tr>
<th>Code of conduct</th>
<th>Whistleblowing</th>
<th>Policy regarding gifts offered to staff</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Social

Altares was rewarded a bronze medal

Social

2021 Altares’ gender Equality Index

% of women at Altares’ Executive Committee

Social

2016 2017 2018 2019 2020

Social

#NoPlasticChallenge

Sustainable actions were suggested to Altares’s employees to implement them at home and at work. For each action, Altares committed to plant a tree.

<table>
<thead>
<tr>
<th>Voluntary environmental approach</th>
<th>Energy consumption monitoring</th>
<th>Environmental criteria in supplier selection process</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Global Portfolio Performance
## ESG portfolio performance summary

### Environment

1. Environmental management
2. Energy consumption and Carbon footprint
3. Waste management

### Social

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

### Governance

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

### Stakeholders

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

### Scoring:

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

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* Corporate Social Responsibility.
Global portfolio performance

**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 2020 is based on a detailed assessment of 42 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.

<table>
<thead>
<tr>
<th>Year</th>
<th>ESG Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4.1</td>
</tr>
<tr>
<td>2015</td>
<td>4.6</td>
</tr>
<tr>
<td>2016</td>
<td>5.2</td>
</tr>
<tr>
<td>2017</td>
<td>5.5</td>
</tr>
<tr>
<td>2018</td>
<td>5.6</td>
</tr>
<tr>
<td>2019</td>
<td>5.7</td>
</tr>
<tr>
<td>2020</td>
<td>6 / 10</td>
</tr>
</tbody>
</table>

**Social**

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

Stelliant

(loss adjustment for insurance companies)

has obtained the **highest ESG score** among the portfolio companies analyzed in 2020. Stelliant has among many instauled 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).

APIXIT

(IT infrastructure integration services)

has obtained the **highest score in the IT sector** and is among the top performers in 2020. Apixit is signatory of the UN Global Compact since 2017 and the Group was awarded the Gold certificate by EcoVadis in 2020 for the second consecutive year.

DEFTA

(Automotive parts manufacturing)

has obtained the **highest ESG score in the Manufacturing sector** and is among the top performers in 2020. The Group has formalized an environmental policy of its industrial activities and carries out a carbon footprint of business units. The Group was awarded the Gold certificate on its CSR practices by EcoVadis in 2020.
The 42 portfolio companies assessed in 2020, by sector and activity:

Representing 88% of the amounts invested in the companies under Naxicap's ESG scope.

% and number of companies, by sector

<table>
<thead>
<tr>
<th>Sector/Activity</th>
<th>% of Companies</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care/Chemicals</td>
<td>7%</td>
<td>3 companies</td>
</tr>
<tr>
<td>IT services</td>
<td>12%</td>
<td>5 companies</td>
</tr>
<tr>
<td>Real estate services</td>
<td>14%</td>
<td>6 companies</td>
</tr>
<tr>
<td>Services BtoB</td>
<td>17%</td>
<td>7 companies</td>
</tr>
<tr>
<td>Retail/ Specialized distribution</td>
<td>29%</td>
<td>12 companies</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>21%</td>
<td>9 companies</td>
</tr>
<tr>
<td>Manufacturing &amp; Services</td>
<td>14%</td>
<td>6 companies</td>
</tr>
<tr>
<td>Distribution</td>
<td>17%</td>
<td>7 companies</td>
</tr>
<tr>
<td>Services</td>
<td>45%</td>
<td>19 companies</td>
</tr>
<tr>
<td>Manufacturing &amp; Distribution</td>
<td>19%</td>
<td>8 companies</td>
</tr>
</tbody>
</table>

ESG score by dimension

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># companies</td>
<td>60</td>
<td>56</td>
<td>50</td>
<td>45</td>
<td>45</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>3.0</td>
<td>4.1</td>
<td>4.9</td>
<td>4.9</td>
<td>5.0</td>
<td>5.3</td>
<td>Medium</td>
</tr>
<tr>
<td>Social</td>
<td>6.1</td>
<td>6.4</td>
<td>6.3</td>
<td>6.3</td>
<td>6.5</td>
<td>6.8</td>
<td>High</td>
</tr>
<tr>
<td>Governance</td>
<td>2.9</td>
<td>3.6</td>
<td>4.0</td>
<td>4.5</td>
<td>4.9</td>
<td>5.1</td>
<td>Medium</td>
</tr>
<tr>
<td>Global ESG Score</td>
<td>4.6</td>
<td>5.2</td>
<td>5.5</td>
<td>5.6</td>
<td>5.7</td>
<td>6.0</td>
<td></td>
</tr>
</tbody>
</table>

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).
This portfolio review also includes companies which partially completed the ESG questionnaire. The following study is based on up to 46 companies.
PORTFOLIO REVIEW

Environment

0

Portfolio companies have been subject to major environmental litigations during the reporting year.

- **Companies with a formalized environmental policy**
  - 2015: 33%
  - 2016: 31%
  - 2017: 33%
  - 2018: 39%
  - 2019: 38%
  - 2020: 45%

- **Companies with external environmental certifications**
  - 2015: 50%
  - 2016: 41%
  - 2017: 41%
  - 2018: 29%
  - 2019: 35%
  - 2020: 29%
36 (80%) v. 33 (69%) in 2019
portfolio companies have assessed the climate change risks (physical and/or transitional) with the potential of impacting their business operations

22 (49%) v. 25 (52%) in 2019
portfolio companies monitor the waste generated by their operations

Companies monitoring their energy consumption

Companies with a formalized waste management policy

alwitra (production of high end synthetic waterproofing membranes for flat roofs)

has **formalized an environmental policy** and is committed to reduce the energy consumption of its activities (monitored through a yearly carbon footprint assessment).

Since 2020, the company has been provided most of its electricity from renewable energy sources. The Group is certified ISO 14001 (environmental management system) and ISO 50001 (energy management system). Environmental Product Declarations are commissioned for all waterproofing membranes.

ALWITRA offers an ecological waterproofing membrane alternative that is free from bitumen, softeners, PVC and chlorine and has introduced a waterproofing membrane with integrated solar modules.
Environment

Carbon footprint estimation of portfolio

In 2020-2021, Naxicap carried out an exhaustive calculation of the carbon emissions of its portfolio companies, including the scope 3 emissions. This provides Naxicap and the portfolio with a better understanding of the companies’ global carbon footprint and the ability to assess material topics for the company, resulting in the implementation of accurate action plans. Sirsa, an ESG and carbon consulting firm, was mandated to calculate Naxicap portfolio companies’ scope 3 emissions. Sirsa used a simplified approach aiming at identifying the most significant sources of greenhouse gas emissions to reflect a global overview and provide actionable results.

Average greenhouse gases intensity of portfolio 2020 (weighted by % of ownership)

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>97.1%</td>
<td>Scope 3</td>
</tr>
<tr>
<td>1.3%</td>
<td>Scope 1</td>
</tr>
<tr>
<td>1.6%</td>
<td>Scope 2</td>
</tr>
</tbody>
</table>

The 30 companies* included in this carbon report represent 71% of the total amount invested in Naxicap’s ESG monitored companies in 2020. Please note that the company ECS has not been integrated in this scope: ECS represents 4.5% of the total amount invested by Naxicap, but would represent 83% of total emissions if included in this reporting scope.

Greenhouse gases emission by type (weighted by % of ownership)

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>621 tCO2e/€m invested</td>
<td>86.5% Purchase of products and services</td>
</tr>
<tr>
<td>5.5%</td>
<td>Travel</td>
</tr>
<tr>
<td>3.7%</td>
<td>Immobilisations</td>
</tr>
<tr>
<td>1.9%</td>
<td>Other indirect emissions</td>
</tr>
<tr>
<td>2.5%</td>
<td>Freight transport</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Scope 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care/Chemicals (2)</td>
<td>0</td>
<td>275</td>
<td>7</td>
</tr>
<tr>
<td>IT Services (4)</td>
<td>0</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Manufacturing (6)</td>
<td>7</td>
<td>343</td>
<td>343</td>
</tr>
<tr>
<td>Real estate services (3)</td>
<td>0</td>
<td>13,7</td>
<td>13,7</td>
</tr>
<tr>
<td>Retail/Specialised distribution (10)</td>
<td></td>
<td>1,598</td>
<td>1,598</td>
</tr>
<tr>
<td>Services BtoB (6**)</td>
<td>2,6</td>
<td>635</td>
<td>635</td>
</tr>
</tbody>
</table>

**Number of companies for each sector.

The companies are responsible for reducing their total carbon emissions (scope 1, 2 & 3). Naxicap has added indicators to its annual ESG questionnaire relative to the sources of emissions. These calculations enable to monitor and pilot the reduction trajectory of the portfolio companies.

* None of the companies belonging to the Agri–Food sector invested by Naxicap have been included in the scope of reporting.

** Number of companies for each sector.
Portfolio snapshot: Good practises and initiatives

E.CF

(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. 100% of waste generated by E.CF is recycled (cartons, plastic, paper and other non-hazardous waste). In 2020, the supplier of napkins CGMP has certified all of its production FSC (Forest, Stewardship Council). In logistics, E.CF is testing a fourth cardboard packaging format to reduce volume and optimize transportation capacity. A gradual substitution of plastic with crumpled paper is also under testing.

Eureka

(private secondary and higher education group)

has implemented several operational measures to increase energy efficiency and to limit the Group's environmental impact: i) all schools will be supplied with 100% renewable energy at the end of 2022 (50% already completed), ii) reduction of number of printers installed at schools, iii) business travels conducted by train, iv) bike racks installed in the school yards.

GROUPE ABF

(blow-in loft insulation)

has developed a fully recycled and less energy intensive insulation material at its factory in Belgium enabling to reduce energy consumption during production and contribute to the circular economy. The Group is working on implementing a system to monitor energy consumption and waste management (delayed due to covid-19) and seeks to implement an environmental management control system in 2021.
Moria
(ophthalmic surgery equipment & instruments manufacturer)

has **formalized an environmental policy** addressing i) eco-conception of medical devices (durability and re reparability), ii) recyclable packaging (paper, batteries, ink cartridges), iii) greener company vehicles (hybrid/electric) and iv) reduced energy consumption (LED lighting, digitalization of sales support documents).

Teufel
(design and distribution of audio products)

has **carried out a life-cycle-assessment** of the 360° radio product (top 5 selling products) in order to identify environmental impact and to implement reduction measures. In particular, Teufel is working on improving the reparability of its products which is one of the main environmental product features for customers as according to a study carried out in 2018.

SHARK
(manufacturing and distribution of protective sport & leisure equipment)

has **formalized a waste management policy** and reports on a 53% recovery rate of wastes generated (through recycling, re-use and/or incineration with energy recovery). The interior parts of the new SHARK helmet models are now all made from 100% recycled polyester. The Italian factory (Nolan) is installed with solar panels producing 230,000 kWh/year of renewable energy. A similar project is being studied at the Portuguese factory (SFPC).
Social

172

Jobs created in 2020*

* Net.

Full time equivalent portfolio

37,225 39,812 44,112 43,134 48,730 53,322


Cumulated net job creation portfolio (since 2015)

<table>
<thead>
<tr>
<th>Year</th>
<th>Jobs Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>443</td>
</tr>
<tr>
<td>2016</td>
<td>1,616</td>
</tr>
<tr>
<td>2017</td>
<td>3,953</td>
</tr>
<tr>
<td>2018</td>
<td>6,113</td>
</tr>
<tr>
<td>2019</td>
<td>6,775</td>
</tr>
<tr>
<td>2020</td>
<td>6,947</td>
</tr>
</tbody>
</table>

Jobs created (excluding external growth)
(1) Based on 38 companies.
(2) Based on 51 companies.
(3) Based on 45 companies.
(4) Based on 37 companies.
(5) Based on 35 companies.
(6) Based on 37 companies.

Portfolio companies’ women ratio to total FTE

<table>
<thead>
<tr>
<th>Year</th>
<th>Women Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>38%</td>
</tr>
<tr>
<td>2016</td>
<td>40%</td>
</tr>
<tr>
<td>2017</td>
<td>40%</td>
</tr>
<tr>
<td>2018</td>
<td>39%</td>
</tr>
<tr>
<td>2019</td>
<td>44%</td>
</tr>
<tr>
<td>2020</td>
<td>52%</td>
</tr>
</tbody>
</table>

% of women
% of manager positions held by women
Companies with a formalized training policy

Has formalized a training policy and started training sessions on internal operational tools (49% of employees trained in 2020 on Group level). As the Group's subsidiaries operate according to many different local regulations, it is challenging to formalize a global HR policy. However a structured approach is implemented 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.
Social

Portfolio snapshot: Good practices and initiatives

**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.

**Teufel**
(design and distribution of audio products)

has implemented a new HR dashboard and an employee monitoring software tool which both include Chinese employees. The software enables to calculate the Employee Net Promoter Score (calculated as the difference between the percentages of “promoters” and “detractors” among employees within the company).
produces a health & safety report reviewed monthly by the Executive Committee. The Group's health & safety policy is composed of many sub-policies, each covering a specific topic and specific stakeholders (employees / clients). The policy applies to the entire Group and is distributed across the various campsites. 

has carried out extensive health & safety trainings for its employees and implemented various prevention measures in its factories. In 2020, work accidents were reduced by 62% compared to 2019, while the absenteeism ratio declined by 28%.
Governance

**CSR Management: policy and reporting**

- % of companies with a CSR policy
- % of companies publishing a CSR report
- % of companies which publicly disclose their CSR policy

**Companies with a dual Board system**

(Supervisory board and Executive board)

**Women at supervisory Boards (%)**

**Women at executive committees (%)**
Companies with a risk & crisis management policy

<table>
<thead>
<tr>
<th>INDICATORS</th>
<th>% companies in 2015</th>
<th>% companies in 2016</th>
<th>% companies in 2017</th>
<th>% companies in 2018</th>
<th>% companies in 2019</th>
<th>% companies in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business ethics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Code of Conduct</td>
<td>28%</td>
<td>28%</td>
<td>35%</td>
<td>56%</td>
<td>62%</td>
<td>55%</td>
</tr>
<tr>
<td>Anti-corruption Policy</td>
<td>18%</td>
<td>30%</td>
<td>34%</td>
<td>46%</td>
<td>55%</td>
<td>55%</td>
</tr>
<tr>
<td>Anti-money laundering Policy</td>
<td>20%</td>
<td>23%</td>
<td>28%</td>
<td>36%</td>
<td>38%</td>
<td>41%</td>
</tr>
<tr>
<td>Competitive Practices Policy</td>
<td>22%</td>
<td>31%</td>
<td>34%</td>
<td>52%</td>
<td>53%</td>
<td>52%</td>
</tr>
<tr>
<td>Conflicts of interests Policy</td>
<td>22%</td>
<td>22%</td>
<td>30%</td>
<td>44%</td>
<td>49%</td>
<td>52%</td>
</tr>
<tr>
<td>Gift policy</td>
<td>20%</td>
<td>31%</td>
<td>40%</td>
<td>61%</td>
<td>68%</td>
<td>64%</td>
</tr>
<tr>
<td>Operating in high-risk countries</td>
<td>13%</td>
<td>13%</td>
<td>13%</td>
<td>17%</td>
<td>15%</td>
<td>11%</td>
</tr>
</tbody>
</table>

20 (45%) v. 20 (42%) in 2019

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

has set up a dedicated crisis unit with regards to operational risks, such as failure of software systems for customers and cyber attacks. Sogelink has formalized a Code of Conduct of its business activities in 2020, including guidelines on anti-corruption and gifts offered to staff.
Governance

Portfolio snapshot: Good practices and initiatives

signed the UN Global Compact in 2020 and will publish its first Communication of Progress report in 2021. An employee working group working to provide and execute ESG initiatives is being set up internally. The Group published its first CSR report in 2020 and works to finalize a CSR policy in an official document.

has included ESG criteria in supplier selection process and agreement contracts: suppliers are assessed on environmental management and waste management certifications (e.g. ISO 14001, Revipac, Ecolabel, FSC).

has formalized a whistleblowing system intended to collect employee reports of breaches of the Code of Conduct and a competitive practices policy on Group level.
has set up an Ethics Committee and an Audit Committee in 2020 to increase transparency and control.

has ensured that the Code of Conduct provides for sanctions in case of breaches of its anti-corruption policy and established a corruption risk mapping analysis of its activities. Trainings targeted towards employees particularly exposed to corruption-related risks are in the process of being formalized and deployed. The Group's very first CSR report is under approval by the Executive Committee and is expected to be published shortly.

has adopted Internal Rules of Procedures describing the code of conduct for students within school establishments.
Stakeholders

Companies assessing their suppliers on ESG criteria*

- % of companies assessing suppliers on environmental criteria
- % of companies assessing suppliers on social criteria
- % of companies assessing suppliers on either env. or soc. criteria

* Updated with more accurate data
22 (50%) v. 20 (39%) in 2019
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
Stakeholders

Portfolio snapshot: Good practices and initiatives

**Chêne Vert** (design and manufacturing of bathroom furniture)

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

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

integrates environmental and social criteria in the procedure for selecting and referencing suppliers. Since 2008, the Group has carried out 40 audits to assess the social practices of the Group’s suppliers.

**Newrest** (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.
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 partnerships with “Restos du Coeur”, providing support in preparing meals for the most disadvantaged.

**QUARTUS**

**(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**

**(lisez 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.

**Sogelink**

**(software developer)**

**has set up a foundation** supporting associations which contribute to the fight against inequalities and the preservation of biodiversity (€35k yearly donated to 2-3 associations).
Appendices
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 160 indicators). The questionnaire has been distributed to companies where Naxicap’s funds investment exceeds € 5 million.

SCORING Methodology

- 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 designed to prioritize the issues that are likely to have material impacts on companies within their industry.

- 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 undertaken by Naxicap Partners related to the sector weights and the ESG scores that are provided in this report.
## Materiality weights by sector and activity

<table>
<thead>
<tr>
<th>Sector</th>
<th>Environment</th>
<th>Social</th>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Goods</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apparel, Accessories &amp; Footwear</td>
<td>0.25</td>
<td>0.25</td>
<td>0.50</td>
</tr>
<tr>
<td>Building Products &amp; Furnishings</td>
<td>0.50</td>
<td>0.25</td>
<td>0.25</td>
</tr>
<tr>
<td>E-Commerce</td>
<td>0.40</td>
<td>0.40</td>
<td>0.20</td>
</tr>
<tr>
<td>Household and Personal Products</td>
<td>0.50</td>
<td>0.25</td>
<td>0.25</td>
</tr>
<tr>
<td>Multiline and Specialty Retailers &amp; Distributors</td>
<td>0.26</td>
<td>0.47</td>
<td>0.27</td>
</tr>
<tr>
<td>Financials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Management &amp; Custody Activities</td>
<td>0.03</td>
<td>0.32</td>
<td>0.65</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processed foods</td>
<td>0.38</td>
<td>0.25</td>
<td>0.37</td>
</tr>
<tr>
<td>Health care</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managed care</td>
<td>0.20</td>
<td>0.60</td>
<td>0.20</td>
</tr>
<tr>
<td>Medical Equipment &amp; Supplies</td>
<td>0.21</td>
<td>0.36</td>
<td>0.43</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Builders</td>
<td>0.33</td>
<td>0.33</td>
<td>0.33</td>
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<tr>
<td>Real estate owners, Developers &amp; Investment trusts</td>
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<td>Real estate services</td>
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<tr>
<td>Chemicals</td>
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<tr>
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<td>Electrical/Electronic equipment</td>
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<td>0.28</td>
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<td>Industrial Machinery &amp; Goods</td>
<td>0.50</td>
<td>0.25</td>
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<td>Internet media &amp; Services</td>
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<td>0.60</td>
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</tr>
<tr>
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<td>0.29</td>
<td>0.28</td>
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<tr>
<td>Activity</td>
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<tr>
<td>Manufacturing</td>
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<td>Distribution</td>
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<td>0.33</td>
<td>0.33</td>
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<tr>
<td>Services</td>
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<td>0.20</td>
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<tr>
<td>Manufacturing &amp; Distribution</td>
<td>0.42</td>
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<td>0.22</td>
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<td>Manufacturing &amp; Services</td>
<td>0.35</td>
<td>0.50</td>
<td>0.15</td>
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<tr>
<td>Distribution &amp; Services</td>
<td>0.27</td>
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<td>0.27</td>
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</table>
GLOBAL PORTFOLIO PERFORMANCE IN DETAIL

ESG score – Breakdown by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>ESG Score Portfolio 2015</th>
<th>ESG Score Portfolio 2016</th>
<th>ESG Score Portfolio 2017</th>
<th>ESG Score Portfolio 2018</th>
<th>ESG Score Portfolio 2019</th>
<th>ESG Score Portfolio 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>5.2</td>
<td>5.1</td>
<td>5.1</td>
<td>5.6</td>
<td>6.5</td>
<td>8.6</td>
</tr>
<tr>
<td>Financials</td>
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<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>6.3</td>
<td>7.3</td>
</tr>
<tr>
<td>Technology &amp; Communications</td>
<td>4.6</td>
<td>5.2</td>
<td>5.2</td>
<td>5.5</td>
<td>5.7</td>
<td>6.6</td>
</tr>
<tr>
<td>Services</td>
<td>4.7</td>
<td>5.1</td>
<td>5.1</td>
<td>5.6</td>
<td>5.9</td>
<td>6.4</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>4.4</td>
<td>5.1</td>
<td>5.5</td>
<td>5.5</td>
<td>5.9</td>
<td>6.0</td>
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<tr>
<td>Health care</td>
<td>4.7</td>
<td>4.8</td>
<td>5.7</td>
<td>Not applicable</td>
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<td>5.9</td>
</tr>
<tr>
<td>Resource transformation*</td>
<td>4.3</td>
<td>5.6</td>
<td>5.7</td>
<td>5.9</td>
<td>5.3</td>
<td>5.9</td>
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<tr>
<td>Food and Beverage</td>
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<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>8.4</td>
<td>5.8</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>4.9</td>
<td>5.3</td>
<td>5.8</td>
<td>5.4</td>
<td>4.3</td>
<td>4.0</td>
</tr>
<tr>
<td>Non-renewable resources</td>
<td>5.3</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

ESG score – Breakdown by activity

<table>
<thead>
<tr>
<th>Activity</th>
<th>ESG Score Portfolio 2015</th>
<th>ESG Score Portfolio 2016</th>
<th>ESG Score Portfolio 2017</th>
<th>ESG Score Portfolio 2018</th>
<th>ESG Score Portfolio 2019</th>
<th>ESG Score Portfolio 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>5.2</td>
<td>6.0</td>
<td>5.5</td>
<td>5.6</td>
<td>5.4</td>
<td>6.7</td>
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<td>Services</td>
<td>4.8</td>
<td>5.3</td>
<td>5.6</td>
<td>5.5</td>
<td>5.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Distribution</td>
<td>4.6</td>
<td>5.2</td>
<td>5.5</td>
<td>5.4</td>
<td>5.8</td>
<td>5.9</td>
</tr>
<tr>
<td>Manufacturing &amp; Distribution</td>
<td>3.4</td>
<td>5.3</td>
<td>6.2</td>
<td>6.1</td>
<td>6.0</td>
<td>5.8</td>
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<tr>
<td>Manufacturing &amp; Services</td>
<td>4.6</td>
<td>3.4</td>
<td>4.3</td>
<td>Not applicable</td>
<td>3.8</td>
<td>4.1</td>
</tr>
</tbody>
</table>

- **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 2020*
ESG performance in 2019 (when leaving)

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Activity</th>
<th>Environment</th>
<th>Social</th>
<th>Governance</th>
<th>ESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company 1</td>
<td>Food &amp; Beverage</td>
<td>Distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company 2</td>
<td>Consumer Goods</td>
<td>Distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company 3</td>
<td>Consumer Goods</td>
<td>Distribution</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Company 4</td>
<td>Consumer Goods</td>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Company 5</td>
<td>Services</td>
<td>Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company 6</td>
<td>Technology &amp; Communications</td>
<td>Distribution &amp; Services</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Company 7</td>
<td>Technology &amp; Communications</td>
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<tr>
<td>Company 8</td>
<td>Services</td>
<td>Services</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Company 9</td>
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<td>Services</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Total (average)</td>
<td>5.4</td>
<td>6.0</td>
<td>4.6</td>
<td>5.4</td>
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</table>

### Companies integrated into Scope 2020**
ESG performance in 2020 (when entering)

<table>
<thead>
<tr>
<th>Company</th>
<th>Sector</th>
<th>Activity</th>
<th>Environment</th>
<th>Social</th>
<th>Governance</th>
<th>ESG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company 1</td>
<td>Resource Transformation</td>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company 2</td>
<td>Resource Transformation</td>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company 3</td>
<td>Resource Transformation</td>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company 4</td>
<td>Services</td>
<td>Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company 5</td>
<td>Services</td>
<td>Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company 6</td>
<td>Infrastructure</td>
<td>Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (average)</td>
<td>5.6</td>
<td>6.8</td>
<td>3.7</td>
<td>6.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

* Includes exits and companies which have not responded or not completely responded to our ESG questionnaire in 2020 for valid.
** Includes new investments and companies not responding to the indicators last year.
CARBON FOOTPRINT PORTFOLIO SCOPE

Scope and methodology

- Carbon footprint (Scope 1, 2 & 3 emissions) were calculated using a bottom-up approach. Scope 1 and 2 emissions were already calculated by Naxicap with standardized emission factors for each company. Scope 3 emissions were previously estimated but have been specifically calculated for the first time for this reporting. After analysis of its activity by Sirsa, emission factors were defined specifically for each company.

- The 30 companies included in this calculation represent 71% of the total amount invested in Naxicap’s ESG monitored companies in 2020.

- Sirsa, an ESG consulting firm was commissioned for all calculations. The calculations were based on ADEME (Agence de l’environnement et de la maîtrise de l’énergie) emission factors data base and additional sources when required. Data sources are available upon request.

- Sirsa’s experts are officially trained to use the carbon footprint methodology by the French Carbon Footprint Association. The methodology used here is simplified and does not conform to French legal requirements imposed on certain types of companies to realize a carbon footprint.

- The methodology analyses the entire supply chain of the portfolio companies but provides the bulk of greenhouse gas emissions, not an exhaustive list.

- Data inputs for each portfolio company were collected and consist of the following variable types: data activity (energy and fuel consumption, purchase of products or services, downstream or upstream freight, travel, investment, product or service usage and end of life), emission factors and corresponding levels of uncertainty, company information (localization, turnover, headcount, etc.).

- Companies without a sufficient quality and thorough level of data for scope 3 calculation were excluded from the scope of reporting. Companies with missing data for scope 1 and 2 were still included, explaining low or no results for some of the companies analysed.
Carbon emission factors: scope and methodology

- Additional indicators were added to the annual ESG questionnaire of Naxicap Partners, allowing a calculation of the carbon emissions (scope 1, 2 & 3) of the portfolio companies.

- The emission factors used for the carbon emissions calculation do not reflect the company’s entire emissions. It is rather a selection of the company’s most significant emission sources when calculating its scope 1, 2 & 3 carbon emissions.

- A hundred emission factors were used to calculate scope 3 emissions. They were specifically chosen for each company. Therefore, they are not included in the table below but are available upon request.

<table>
<thead>
<tr>
<th>Carbon emission source*</th>
<th>Scope emissions</th>
<th>Emission factor</th>
<th>Emission factor uncertainty*</th>
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</thead>
<tbody>
<tr>
<td>Gas (kWh/PCI)</td>
<td>Scope 1</td>
<td>0.21</td>
<td>5%</td>
</tr>
<tr>
<td>Fuel (kWh)</td>
<td>Scope 1</td>
<td>0.28</td>
<td>5%</td>
</tr>
<tr>
<td>Gasoline (L)</td>
<td>Scope 1</td>
<td>2.28</td>
<td>10%</td>
</tr>
<tr>
<td>Diesel (L)</td>
<td>Scope 1</td>
<td>2.51</td>
<td>10%</td>
</tr>
<tr>
<td>Electricity excl. renewable (kWh)</td>
<td>Scope 2</td>
<td>Country specific</td>
<td>Country specific</td>
</tr>
<tr>
<td>Renewable electricity (kWh)</td>
<td>Scope 2</td>
<td>0.02</td>
<td>Origin specific</td>
</tr>
<tr>
<td>Heating (kWh)</td>
<td>Scope 2</td>
<td>0.22</td>
<td>30%</td>
</tr>
<tr>
<td>Other energy (kWh)</td>
<td>Scope 2</td>
<td>Energy specific</td>
<td>Energy specific</td>
</tr>
</tbody>
</table>

The table only shows a sample of emission factors used for carbon footprint calculation.
We would like to thank our portfolio companies which carefully completed our annual ESG questionnaire enabling us to create the analyses in the second part of this report (chapters 4 and 5).

In the alphabetical order:

<table>
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<th>ABF</th>
<th>GROUPE 2RIDE</th>
<th>QUARTUS</th>
</tr>
</thead>
<tbody>
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<td>ADCASH</td>
<td>IAD</td>
<td>SIBLU</td>
</tr>
<tr>
<td>ALTARES</td>
<td>IPELEC</td>
<td>SOFTWAY MEDICAL</td>
</tr>
<tr>
<td>ALWITRA</td>
<td>KARTESIS</td>
<td>SOGELINK</td>
</tr>
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<td>APIXIT</td>
<td>KEYS ASSET</td>
<td>SRI</td>
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<td>ASTORIA</td>
<td>MANAGEMENT</td>
<td>STELLIANT</td>
</tr>
<tr>
<td>CHENE VERT</td>
<td>LA PARFUMERIE EUROPE</td>
<td>TEUFEL</td>
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<tr>
<td>CLUB SENIOR</td>
<td>LE BICHON</td>
<td>THOHR</td>
</tr>
<tr>
<td>DECK</td>
<td>LET’S GO FITNESS</td>
<td>WAT</td>
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<td>MAXI BAZAR</td>
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<td>OMIA</td>
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<td>ONDULINE</td>
<td></td>
</tr>
<tr>
<td>GROUPE FERRE</td>
<td>P.I.L</td>
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</tr>
</tbody>
</table>
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