



ESG ANNUAL REPORT

2023 EDITION

Signatory of:



ESG
ANNUAL REPORT

2023 edition

AGENDA

- » **1 Management Board Keynote** ————— p.6
- » **2 2022 Key events** ————— p.10
- » **3 Naxicap at a glance** ————— p.18
- » **4 Responsible Investment at Naxicap** ————— p.32
- » **5 Integrated ESG Approach** ————— p.42
- » **6 Naxicap's engagement strategy** ————— p.50
- » **7 Strategy regarding Paris Agreement alignment and low carbon strategy** ————— p.60
- » **8 Strategy regarding biodiversity objectives** ————— p.70
- » **9 Portfolio characteristics** ————— p.78
- » **10 ESG Performance** ————— p.84
- » **11 Detailed ESG performance** ————— p.90
- » **12 SDGs – Products and Services Mapping** ————— p.100
- » **13 Appendix** ————— p.106
- » **Our offices** ————— p.113

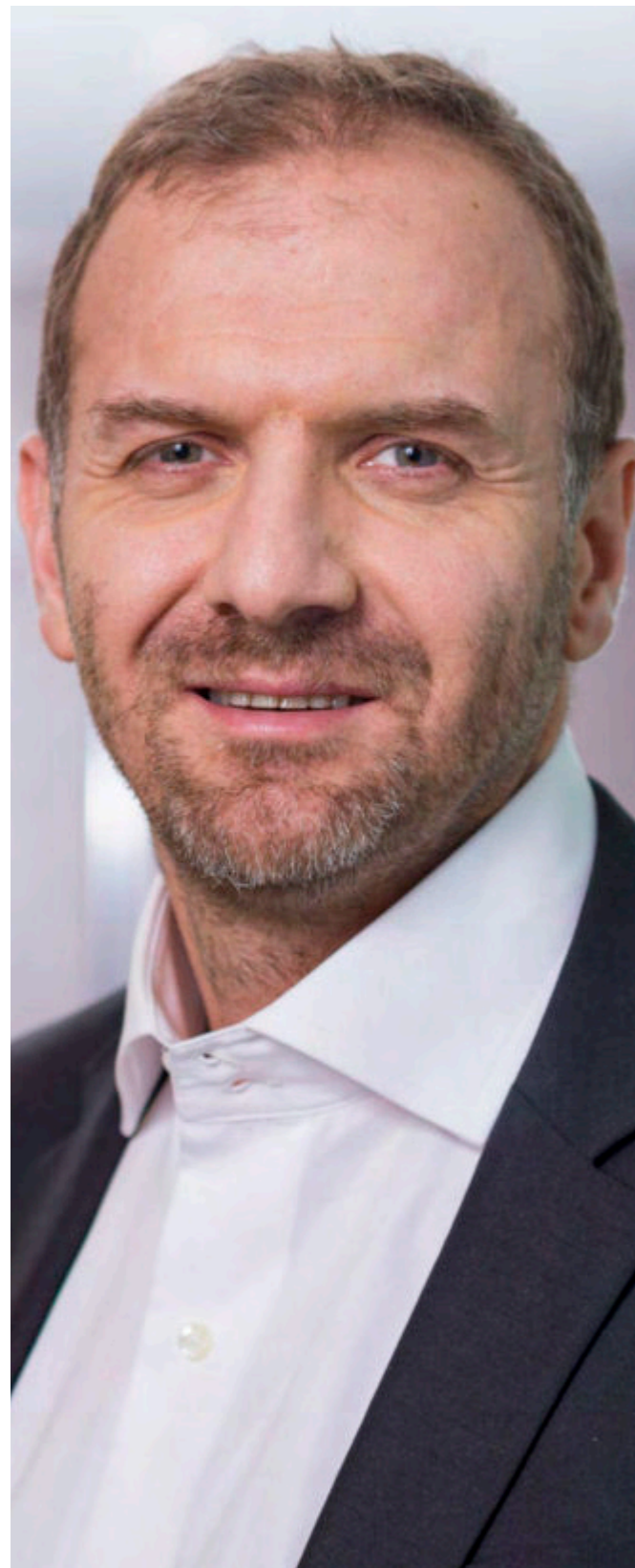
Management Board Keynote

01

ESG ANNUAL REPORT
SEPTEMBER 2023

naxicap
PARTNERS





» **ERIC AVEILLAN**
CHIEF EXECUTIVE OFFICER

*“We aim to be a **responsible player** in the field of the financing of the economy. To this end, we are devoting **considerable resources** to **integrating ESG factors into our processes and risk analyses**, which we see as both risks and potential opportunities, as demonstrated by the fact that our next **NIO III fund will be an Article 8 fund.**”*



Naxicap Management Board (from left to right): Fabien Fillette, Luc Bertholat (Managing Director Grand Ouest), Eric Aveillan, Angèle Faugier and Axel Bernia (Managing Director)



» **ANGÈLE FAUGIER**
MANAGING DIRECTOR

“Aware of the need for alignment with common ESG and climate objectives, we carry out in-depth work to develop knowledge of the matters at hand, both internally and within our portfolio companies, and of the resulting need to adapt to ensure the long-term viability of each company in our portfolio. We encourage managers of advanced portfolio companies and investors to think more structurally about their business models, their dependencies and their impact on their ecosystem, and to integrate these considerations into their medium-term strategies.”



» **FABIEN FILLIETTE**
MANAGING DIRECTOR - CORPORATE SECRETARY

“We asked several of our LPs about their expectations in terms of ESG integration, when selecting and monitoring GPs. All agree that the GP’s ESG commitments play a role in the investment decision. Among the topics examined during due diligence, exclusion policies, carbon emission reduction commitments and ESG data sharing have become the most recurrent elements.”

2022 Key events

02

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SEPTEMBER 2023

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2022

See **Focus** next pages
April 2022

Integration of **Alliance Entrepreneur**

1-day-ESG-Seminar with +70 Naxicap employees from Investment and Investor Relations teams

May 2022

Creation of **Naxicap "TEAM IMPACT"** – a group of twelve employees from Investment, ESG, Investor Relations, Marketing to reinvent our approach and define our ESG needs

June 2022

Publication of our **7th ESG Annual Report** (FY 2021) and diffusion internally to employees

January 2022

Recruitment of a **new ESG Analyst** (3 Full-time-dedicated ESG FTEs)

May 2022

Global ESG Meeting with all Naxicap Partners employees

June 2022

Integration of **Bee-Up Capital**

Integration of a **fourth member in the ESG team** (4 Full-time-dedicated ESG FTEs)

September 2022

A series of 7 Webinars was defined with consultants from **Open Lande**

See **Focus** next pages
October 2022

Ban of Fossil Fuels

1st Webinar – with Emery Jacquillat (CAMIF, CEO)

December 2022

3rd Webinar – with Caroline Lebrun (Harmonie Mutuelle, Head of Engagement and Cooperation)

Subscription to the **Altitude tool (AXA Climate)** to conduct physical risks analyses

July 2022

Opening of our internal **"ESG Champions League"**, with the subscription to **Vendredi platform**

September 2022

Second Challenge of the **ESG Champions League**

See **Focus** next pages
November 2022

Climate Fresk organised for Naxicap's employees

2nd Webinar – with Camille Richard (Backmarket, Head of CSR)

2023



APRIL & JUNE 2022

INTEGRATION OF ALLIANCE ENTREPRENDRE AND BEE-UP CAPITAL

Alliance Entreprenre and Bee-Up capital had implemented ESG strategies and various initiatives to integrate ESG topics in investment and monitoring processes. What has changed with the integration within Naxicap Partners?

Question to [Philippe Boudriot](#), [Laurent Colléatte](#), and [Sophie Pourquery](#)

[CoHeads of Naxicap Small Caps](#)



Laurent Colléatte:

“Alliance Entreprenre was a PRI signatory, which encouraged us in formalising our ESG approach. In this approach, only for Alliance LBO deals, we had set up a follow-up on 1 or 2 themes chosen with the manager to improve it over the entire duration of the investment. We also collected ESG data every year through similar reporting platform, and issued an ESG annual report for our LPs.”

Phillippe Boudriot:

“However, we didn’t have the human resources (a trained, dedicated team) to i) provide personalized support for our investments on these topics, and ii) monitor and anticipate regulatory developments.”

Sophie Pourquery:

“Within Naxicap, employees benefit from regular ESG webinars and ESG challenges. Team training and awareness of ESG issues were less extensive than at Naxicap, where we are regularly provided with quality information.”

You are managing Naxicap’s SMALL CAPS investment team, an investment class with several specificities related to the size and maturity of targets. What are the ESG topics you want to emphasis for these assets?

Among your portfolio companies, are there particularly inspiring examples regarding ESG topics integration?

Laurent Colléatte:

“From the top of my head, I would mention [Silamir](#) and [Oasys](#). Silamir’s management team is particularly active and attentive on Corporate Social Responsibility (CSR) within their firm, but also for their clients with dedicated tools they have developed. Oasys develops Career and transformation consulting services. The CSR culture is also very present within the company and among management; in fact, discussions are underway to develop HR offerings with an even stronger CSR sphere.”

Philippe Boudriot:

“Our focus lies within employee retention via profit sharing. We have witnessed for a variety of markets a loss of qualified employees and struggle to attract and retain employees, following the COVID crisis.”

Sophie Pourquery:

“On a general note, the Governance and Social-related topics including diversity and equal opportunities, but also Quality of Working Life (QWL) are where we tend to focus more. Environmental issues were historically less pregnant within our portfolios.”



OCTOBER 2022

BAN OF COAL & FOSSIL FUELS

UPDATE OF THE EXCLUSION POLICY

As Naxicap Partners’ contribution to a more responsible investment industry, its first commitment is to invest in activities in line with its values and to encourage, beyond the regulatory framework, ethical behaviour. Naxicap Partners has decided not to invest in:

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

In addition, most of the buy-laws of the funds under Naxicap management include additional limits, related, for example, to companies or other entities whose principal business is related to oil and gas exploration, nuclear power, prisons and military activities, human cloning for research or therapeutic purposes, genetically modified organisms (“GMOs”), etc.


APRIL 2022
ESG SEMINAR

1.5 **70**
days **participants**

Naxicap Partners organised an off-site event in April 2022 with the members of the investment team as well as consultants specialising in sustainable development to sensitise on the integration of ESG in new business models, climate change related issues, biodiversity as well as equal opportunities.

The event was organised over an entire day and morning, and a synthesis was presented to all Naxicap's employees in May.



Naxicap ESG Seminar at the Grand Mello


NOVEMBER 2022
CLIMATE FRESK

8 **55**
groups **participants**



You don't have time to become a climatologist? In 2.5 hours, the essentials for understanding this hot topic.


MOVING THE WORLD INTO TRANSITION

- » It is necessary to understand a problem in order to **find solutions and take action**.
- » In 3 years, the Climate Fresk has become the reference tool to enable individuals and organisations to take ownership of the climate change challenge.


IT'S ACCESSIBLE

- » Climate Fresk mobilises the group's **collective intelligence**, empowering all audiences to understand and own climate change challenges. This facilitation method promotes collaborative learning, enabling everyone to contribute effectively.
- » Participants gain a comprehensive understanding of climate issues by establishing cause-and-effect links, giving them a new perspective on the subject.


IT'S SCIENTIFIC

- » Climate Fresk data is sourced from a **scientific reference base**, informing the decisions of current political and economic leaders. These scientific reports are authored by the Intergovernmental Panel on Climate Change (IPCC) and commissioned by the UN and the World Meteorological Organisation.
- » Because it sticks to solid scientific data, the Climate Fresk is a **neutral and objective tool**.


IT'S EFFICIENT

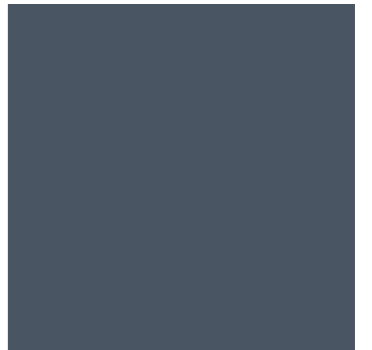
- » The Fresk raises awareness without inducing guilt, fostering a shared understanding of current climate mechanisms. It promotes a **calm and positive collective discussion** on **actionable levers and strategies** for individuals and organisations.
- » Participants leave the workshop **united, motivated and equipped to create solutions** within their reach.

Naxicap at a glance

03

ESG ANNUAL REPORT
SEPTEMBER 2023

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3.1 Our vision and core values

Naxicap is a Private Equity firm, operating in all sectors and focusing on leverage buyouts and growth capital.

Naxicap is committed to responsible investing, and as a shareholder, promotes sustainable development in its portfolio companies.

“As Private Equity investor with an industry diversified Portfolio of small and medium companies (SMEs), our first and foremost objective is to engage Portfolio companies on a continuous improvement approach.”

Commitment

Delivering financial and extra-financial performance to develop our portfolio companies and **create value** for investors.

Agility

Evolving to always act as responsible managers, anticipating changes, ensuring our **companies' sustainability**, staying curious and source of new ideas.

Excellence

Ensuring operations **security** through trainings, collaborative working and **respect of processes**.

3.2 Naxicap in a nutshell

17 
YEARS

Investing in French **mid-market** in Private Equity

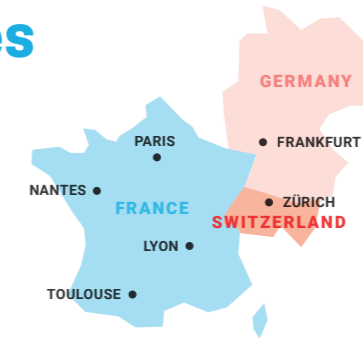
30 
YEARS

In French **small-market** in Private Equity

101 
EMPLOYEES

Including **53** Investment professionals as of 31 December 2022

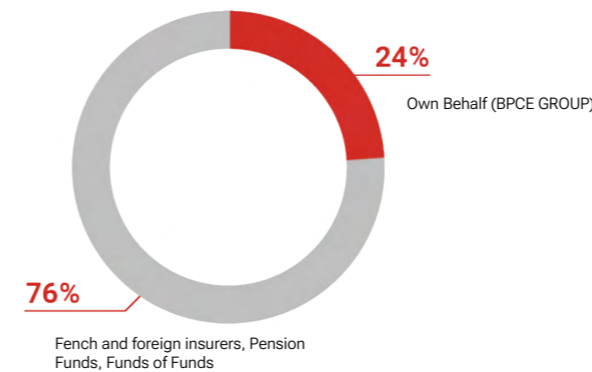
6 regional offices



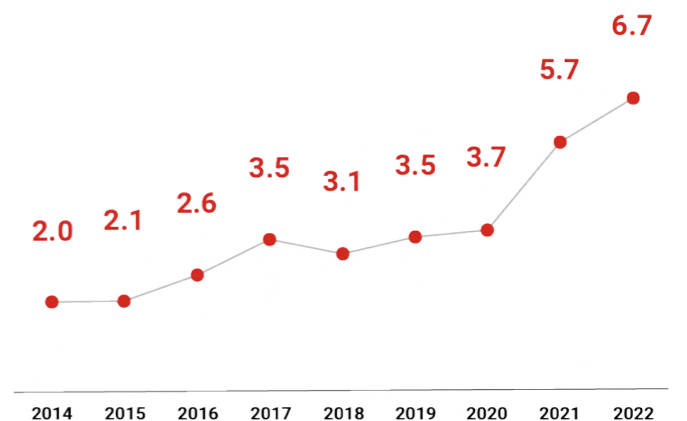
Our Investors

As of 31 December 2022

in % Assets under Management



Assets under Management (€bn)



Investment characteristics

»» **Sector-based** approach

»» **High growth** companies

»» Equity investment

» **SMALL:** €10-€50M

» **MID:** €50-€300M

»» Primary focus on investments in **Europe**

»» **Majority and minority active** shareholders

Portfolio characteristics



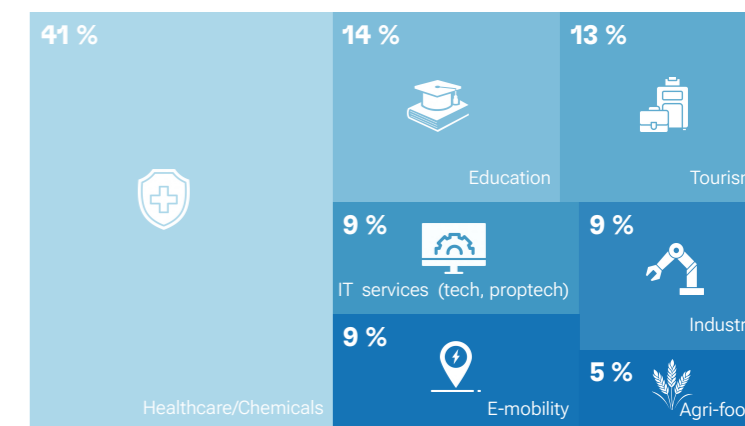
Over **100**
Portfolio companies
(Mid and Small Caps)



Of which **80**
Under Naxicap's ESG
scope

Ability to cover a large range of sectors

% of AUM by sector



3.3 Our people

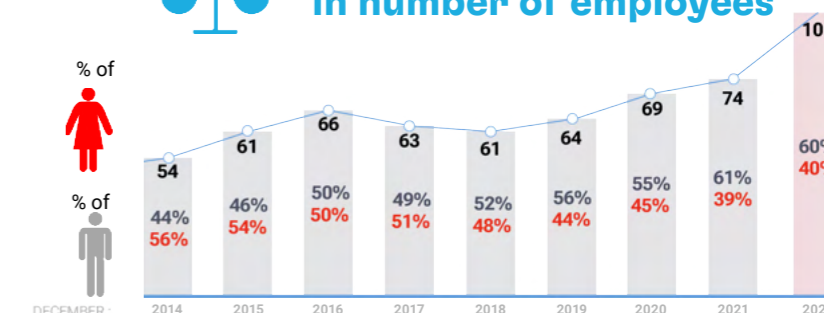
A growing company

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.



Men/women headcount in number of employees

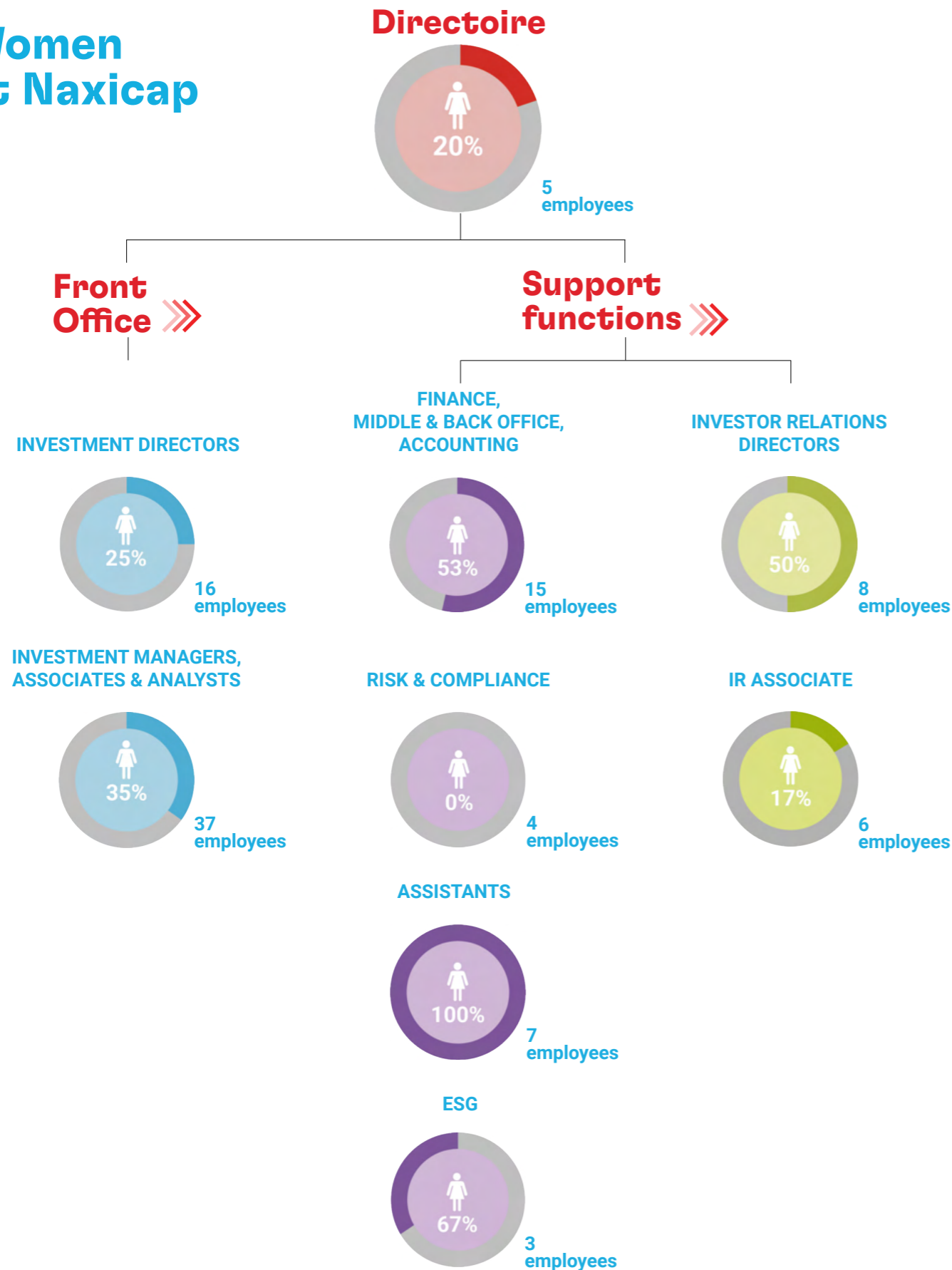


Gender Equality Index in 2022

93/100

Naxicap's score in 2022

Women at Naxicap



3.4 CSR at Naxicap

Naxicap's internal TEAM IMPACT

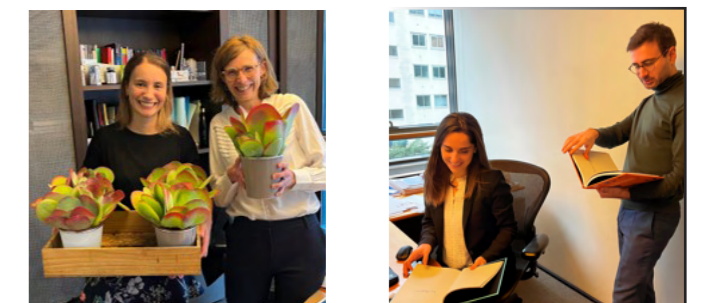


Naxicap created in 2022 a "TEAM IMPACT" – a group of twelve employees from Investment, ESG, Investor Relations or Marketing to reinvent our approach and define our ESG needs (tools, actions, etc.).

This led to two main projects:

Naxicap ESG Champions

Naxicap employees are divided into eight teams and are challenged on the completion of courses regarding climate, biodiversity, carbon, diversity, etc. The winning team is honoured with a gift (plants, books).



ESG Webinars with Open Lande

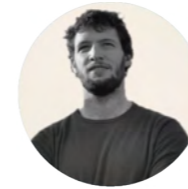
A series of Webinars was defined to engage in Sustainable Transformation. These webinars are organised once a month, on a Friday morning (1h). Are invited portfolio companies' directors and all Naxicap Partners employees. The first one started in October 2022, the last one will be held in July 2023



Circular economy: a business model that (re)reconciles economic profitability and environmental commitment?

CAMILLE RICHARD
(Backmarket, Head of CSR)

10 NOV
2022



Influencing and transforming maritime freight: disruptive innovation for decarbonization?

NILS JOYEU
(Zephyr & Borée, CEO and co-founder)

27 JAN
2023



Circular economy, B2B, anti-waste, new business models

JEAN MOREAU
(Phénix, Founder)

17 MAR
2023



He has re-launched the CAMIF with a positive impact business model

EMERY JACQUILLAT
(CAMIF, CEO)

14 OCT
2022



Parity and gender equality as a driver for corporate performance

CAROLINE LEBRUN
(Harmonie Mutuelle, Head of Engagement and Cooperation)

9 DEC
2022



Integrating the low-carbon transition into your business model

FRANÇOIS GUÉRIN
(CETIH, CEO)

10 FEB
2023



Energy: hydrogen challenges and opportunities

ANTOINE HAMON
(Lhyfe, CEO and COO)

23 APR
2023

Live For Good

Empowering our employees to contribute to change
Naxicap employees can support social entrepreneurs and provide expertise, such as coaching, advisory and network based on his/her professional and private experience.



Digital personalized career guidance for high school students in search of their career path

The solution empowers individuals to understand themselves, explore their desires, values, qualities, and aspirations, and guides them towards careers aligned with their personal growth and fulfilment.



An e-commerce webapp to promote and sell "non-standard" fruits and veggies in weekly baskets

PimpUp bridges the gap in the supply chain, ensuring the distribution and consumption of "non-standard" products, through a flexible subscription system and deliveries in relay point (Point Relais) that make them available for all.



Creation of custom-made materials and objects from recycled plastics.

Samji furniture is an original and craftsmanship creation, bringing together a subtle touch of aestheticism, originality and functionality. Handcrafted in France from high-quality and eco-friendly each piece is unique and built to last.



Somalté, the chewy tableware that fights plastic pollution

Somalté is a company that designs and markets a range of edible tableware based on drêche, one of the co-products of the brewing of cereals during beer production. They aim to eliminate plastic waste, but also to offer an alternative to biodegradable packaging, such as cardboard or bamboo, which is not always well recycled and sometimes comes from far away.



Market CO2 Emission Reductions (Carbon Credits) generated naturally by agroecological projects and recognized by the Low Carbon Label.

SysFarm brings together farmers, project developers (cooperatives, retailers, etc.) and companies committed to fighting global warming with natural, local solutions. They take care of the labelled projects:

- Measurement: calculation of emissions reductions using a proprietary CarbonFarm tool, certified by the Label Bas Carbone.
- Certification: notification, filing of applications and administrative management on the Label Bas Carbone.
- Financing: sourcing and connecting contributors with farmers.

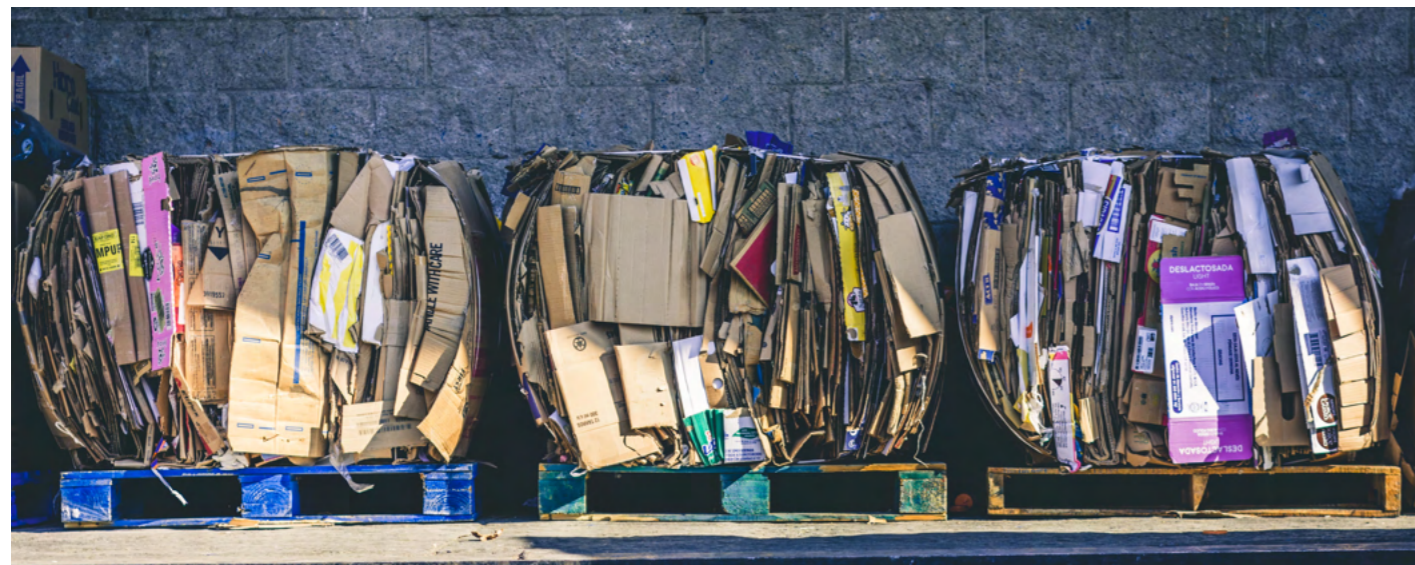
Waste management with ELISE

To handle unavoidable waste, Naxicap has decided to partner with a company specializing in office waste collection. This collaboration ensures efficient waste sorting and optimal recycling practices.

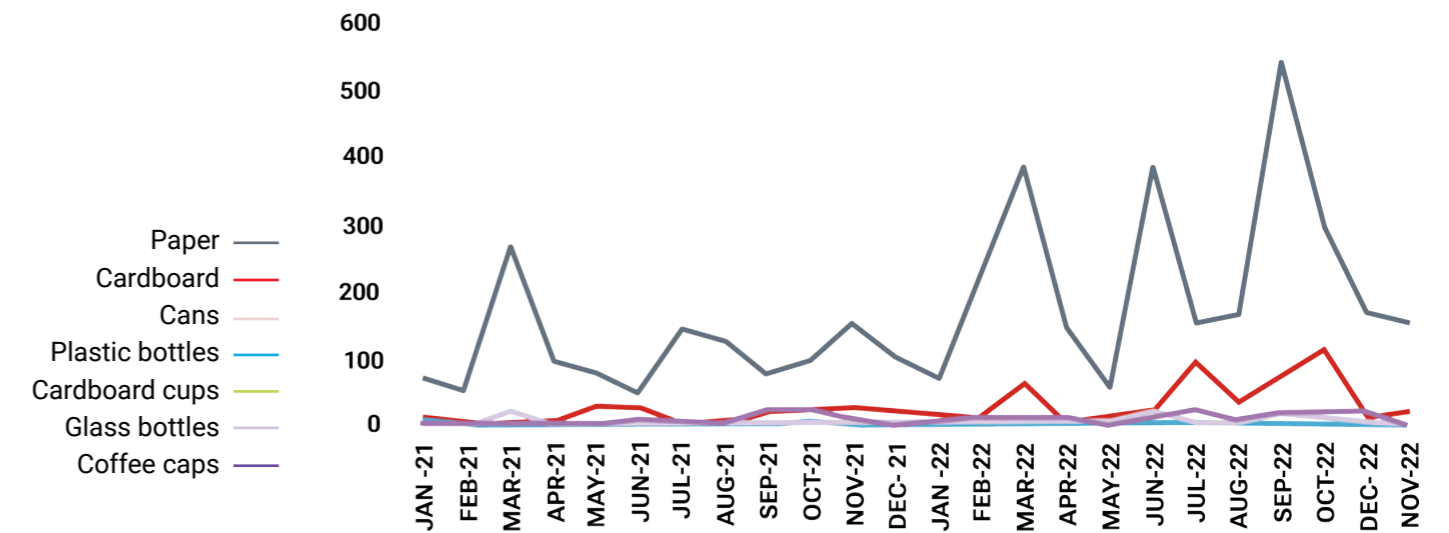
As a result, on January 1st, 2019, in collaboration with the other companies occupying its building, Naxicap set up the collection and recycling of office waste via ELISE, a network of Entreprises d'Insertion (EI) or Entreprises de Travail Adapté (EA). ELISE collects paper, cardboard, cans, plastic and glass bottles, paper cups, coffee capsules and household waste.

ELISE also provides stable employment for people with integration difficulties, notably due to disability.

Following the implementation of water fountains and distribution of reusable ceramic mugs and glasses starting 2020, the production of waste from plastic bottles and cardboard cups has become marginal.



Main waste production (in kg)



The increase in paper and cardboard waste production in 2022 is related to office space re-allocation, following the integration of part of Alliance Entrepreneurs (April 2022) and Bee-Up Capital (June 2022), as well as the preparation for office renovation work at 5/7 rue de Montessuy, which started in February 2023.

Responsible Investment at Naxicap

04

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SEPTEMBER 2023

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4.1 ESG Commitments

Signatory of the PRI since 2016

Signatory of:



- Supported by the United Nations at inception, the Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment, joined by near 5,319 investment managers, asset owners and service providers worldwide, representing US\$121 trillion AUM (PRI, Q4 2022).
- It works to understand the implications of environmental, social and governance 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.
- **For our latest PRI Assessment, we scored as follows:**
 - **60/100** - Module «Investment & Stewardship Policy»
 - **80/100** - Module «Direct - Private Equity»

Nota bene regarding «Investment & Stewardship Policy» scoring: The new PRI score includes the management company's participation in lobbying activities with public authorities. Naxicap does not participate in any action of this type, explaining the low score on this theme.

Signatory of the initiative Climat International since October 2016

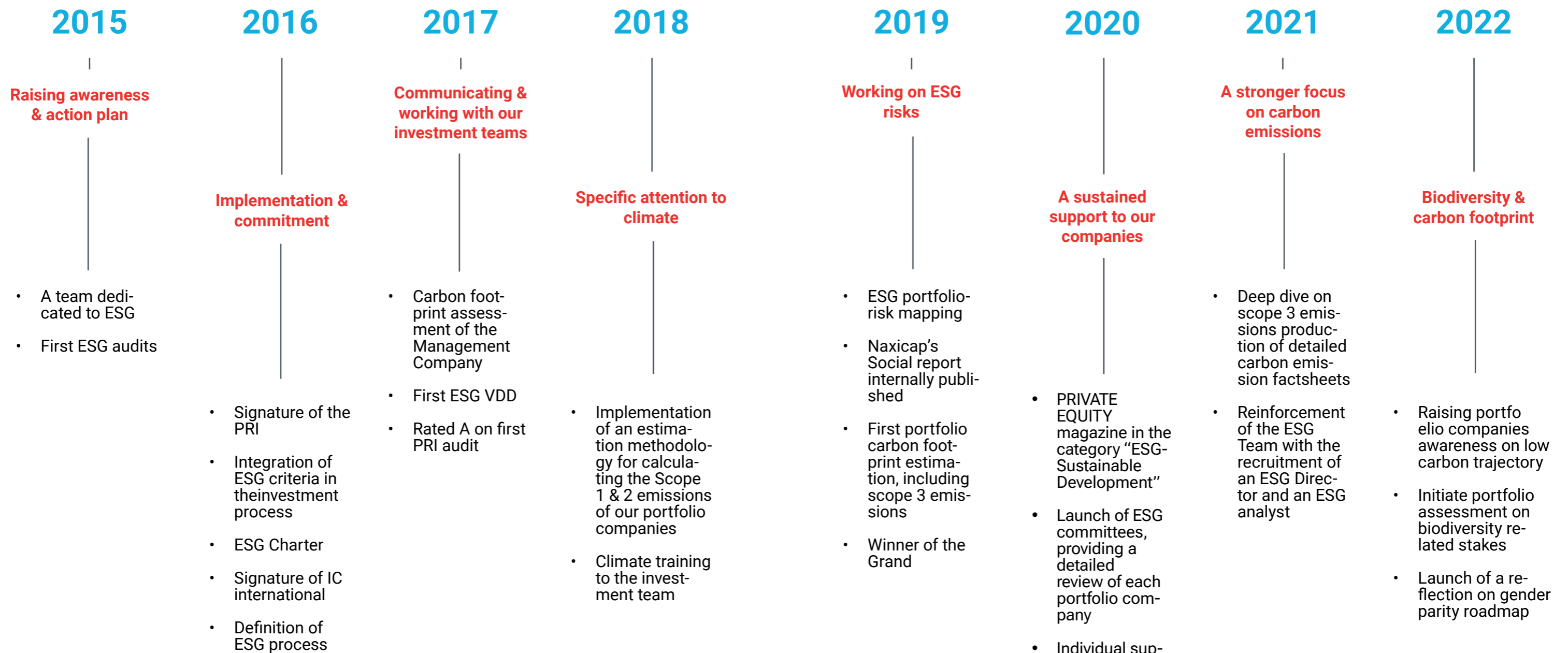


In October 2016, in order to contribute to the COP21 objective of limiting global warming to two degrees Celsius, Naxicap signed the IC20 (2020 Climate Initiative, subsequently renamed the International Climate Initiative in 2019). As a signatory to International Climate Initiative, Naxicap aims to reduce the greenhouse gas emissions of its most carbon intensive Portfolio companies and to disclose their direct and indirect carbon emissions. 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.

4.2 Naxicap ESG Journey



Naxicap ESG Pledge



We want to foster portfolio companies' integration of climate change challenges, support them in their transition and act at portfolio level.



We want to engage with portfolio companies on a gender parity trajectory.



We want to improve our understanding of the impacts of biodiversity loss on portfolio companies and strengthen biodiversity protection at portfolio level.

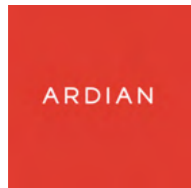
4.3 Our LP's expectations



» Supporting GPs



“17Capital has set up an ESG Accelerator program for GPs, organizing round-table discussions on ESG topics.”



“We aim to help managers progress by giving them access to a benchmark of best practices. Participating in the industry wide improvements via feedbacks too and constant exchanges with managers is our ambition.”



“Our proprietary ESG rating system is our starting point to engage with our managers and encourages them to keep improving their practices.”



“In its last developments, our FASO investment strategy aims to move from a passive information-gathering posture to an active stewardship approach by supporting GPs in the improvement of their ESG practices through feedback meetings and tailored initiatives.”



» SFDR Fund classification

“We see more GPs launching article 8 funds, with a range of approaches and characteristics. Our process continues to focus on potential ESG risks, decarbonization, diversity initiatives and how the GPs engage with portfolio companies to make progress on these topics.”

“The classification chosen for a fund is one of the criteria on the selection of the GP we invest in. But equally important are the commitment to date and the path taken in the decision making.”

“We have set the ambitious goal for our next generation of funds to align with SFDR Article 8 or 9. To ensure that our underlying investments promote environmental and social characteristics and ensure good governance, we vet every opportunity for clearly defined binding characteristics and follow a rigorous monitoring process.”

“The investment strategy translates into a minimum of 75% of commitments either in Article 8 funds, or in funds managed by GPs in the portfolio with the best internal scores, or in funds managed by GPs with intermediate scores but whose improvements were observed over the 2 years preceding the new investment.”

4.4 ESG Committee

The ESG Committee counts six members. It meets on a regular basis to **monitor the implementation of ESG processes, review the ESG performance of new investments, follow-up on ESG roadmaps** and decide on next steps to reinforce i) Portfolio companies management of ESG topics and ii) Naxicap Partners management of ESG topics.

26 ESG committee meetings in 2022

Since January 2022:
94%
of our portfolio companies reviewed

(72 out of 80 companies in our Total ESG Scope)

Covering :
95%
of Total ESG Scope invested amounts

4.5 A dedicated ESG team

“The dedicated ESG team members combine over 19 year-experience dedicated to sustainability integration in asset management and Portfolio companies’ strategy, from listed and private equity investment activities”

ESG TEAM Supervision



Angèle Faugier

Managing Director Member of the Executive Committee (“Directoire”), Investment Director, Partner and Head of Naxicap Offices in Lyon. Angèle Faugier advocates for ESG at Executive Board level.



Isabelle Guerin

Investor Relations Director (25-years-experience in Private Equity).

Dedicated ESG Team:



Joanna Tirbakh

ESG Director
12-years-experience in ESG integration for equity and private equity asset managers.



Hervé Chung

ESG Analyst
5 years



Isabelle Joncour

ESG Analyst
1 year



Marie Verdaguer

ESG Analyst
2 years (hired in May 2023).

Share of FTEs dedicated to ESG in 2022

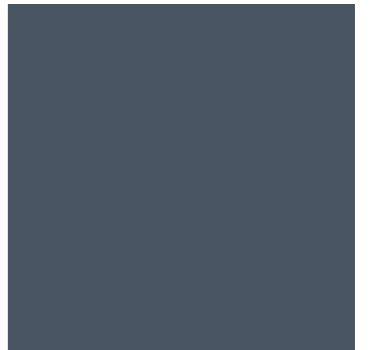
4.2%

Integrated ESG Approach

05

ESG ANNUAL REPORT
SEPTEMBER 2023

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5.1.Scope of the ESG policy

Since 2016, this policy has applied to portfolio companies in which the total amount invested by investment vehicles under management of Naxicap Partners is **superior to or equals €5m.**

Additionally, for companies not covered in the scope as described above, and in instances where Naxicap Partners considers it appropriate, reasonable efforts are made to encourage its portfolio companies to consider relevant ESG-related factors.

91% **SHARE OF INVESTED AMOUNTS UNDER ESG SCOPE IN 2022**
 “80 companies whose invested amounts are above the €5m threshold”

SCOPES	SCOPE DESCRIPTION	# of portfolio companies as under the scope defined (as of 31/12/2022)	% of invested amounts under the scope defined (in % of total invested amounts as of 31/12/2022)
TOTAL ESG Scope >>>	Portfolio companies under ESG scope (investment > €5m)	80	91%
Full ESG Questionnaire >>>	MID Portfolio companies as well as SMALL Portfolio companies upon investment teams' request	64	84%
<i>Rated companies</i> >>>	Portfolio companies which provided sufficient answers to the Full Questionnaire	57	81%
<i>Carbon analysis</i> >>>	Portfolio companies which provided sufficient answers to the Full Questionnaire and sufficient data to estimate their carbon footprints	49	74%
Light ESG Questionnaire >>>	<ul style="list-style-type: none"> Companies from former Alliance Entrepreneurs and Bee-Up Capital Portfolios with limited ESG resources Companies where Naxicap is a minority shareholder 	16	7%

5.2. Our responsible Investment Process

Naxicap Partners is deeply convinced by the positive impact of the sustainable growth of its Portfolio companies. It considers that a long-term and responsible approach to investment is a key driver of the companies' expansion and is generator of value.

Since 2015, Naxicap has adopted a set of procedures, including a list of excluded sectors, and has integrated ESG considerations throughout its investment cycle.

2022

PRE-INVESTMENT

HOLDING PERIOD

EXIT

Out of 6 acquisitions eligible to the full ESG investment process in 2022:

- » 4 Investment Notes included an **ESG/Climate analysis**
- » 3 companies included an **ESG clause** in shareholder agreements

Out of 4* acquisitions eligible to the ESG due diligence process in 2022:

- » 2 companies went through an **ESG Due Diligence**

Out of 80 companies in our Total ESG Scope in 2022:

- » 65 companies answered Naxicap's **annual ESG questionnaire**
- » 34 companies defined an **ESG Roadmap** approved by the Supervisory Board

Out of 4 exits eligible to the ESG VDD process in 2022:

- » 2 companies went through an **ESG Vendor Due Diligence**

(*): "ESG due Diligences are mandatory pre-investment for companies in which Naxicap invests as a majority shareholder. Out of the 6 companies in which Naxicap invested in 2022, 2 are acquired as a minority shareholder, exempting them from mandatory ESG due diligence"

1. Pre-investment

Naxicap screens investment opportunities in accordance with the established restrictions for its investment vehicles. Naxicap includes the following elements in its due diligence and investment process:

ESG and climate change analysis: All investment memorandums include a pre-investment ESG and climate change analysis, which is reviewed as part of each investment decision. This preliminary analysis highlights the main ESG risks, opportunities and recommendations.

ESG due diligence: Pre-investment ESG due diligences are carried out by external ESG auditors (such as INDEFI, EthiFinance of Kéa Partners) and provide an in-depth analysis of the main ESG issues for prospective investments as well as specific ESG action plans.

ESG clause in shareholder agreements: An ESG clause is systematically included in Naxicap's shareholder agreements. This approach highlights the commitment to implement a detailed action plan, produce periodic reports and complete ESG questionnaires.

¹ Out of the 48 portfolio companies eligible for the ESG pre-investment process as of December 2022, 2 companies are not eligible for ESG due diligence, as Naxicap has invested as a minority shareholder in these companies in 2022.

Total ESG Scope

85% of ESG DUE DILIGENCE carried out

(39 ESG DUE DILIGENCES) carried out, out of **46¹** eligible Portfolio companies)

86% OF THE PORTFOLIO'S ELIGIBLE INVESTED AMOUNTS (as of December 2022)

Total ESG Scope

85% OF ESG CLAUSE in the shareholder agreement

(41 out of 48 Portfolio companies)

86% OF THE PORTFOLIO'S ELIGIBLE INVESTED AMOUNTS (as of December 2022)

2. Holding Period

Naxicap maintains active involvement in each of its portfolio companies. This includes regular ESG reviews and the implementation of ESG initiatives:

ESG roadmap: Naxicap encourages collaboration with the company management to identify material ESG issues and to support the development of its ESG roadmap. The roadmap is approved at least once a year during a Supervisory Board, as defined in the Shareholders Agreement.

ESG reporting: Naxicap has implemented a reporting tool (Reporting 21) on which each company must report ESG data. This reporting tool is used to answer questions raised by Naxicap's investors and to enable the management company to provide detailed ESG reports. Naxicap has developed an in-house ESG methodology to enable accurate and detailed monitoring of portfolio companies' ESG performance and its impact on stakeholders (clients, suppliers, etc.).

3. Exit

Naxicap seeks to implement ESG initiatives during the divestment of portfolio companies, including:

ESG Vendor Due Diligence: An ESG vendor due diligence pack ("ESG VDD") is produced for all planned exits where a financial vendor due diligence has been undertaken. The ESG VDD highlights key issues identified and managed throughout the period of ownership in order to limit risks and create value.

Commitment to act in a transparent manner: Naxicap commits to inform potential acquirers of relevant ESG issues, thereby enabling them to take decisions based on in-depth analysis of the opportunity.

² Companies with ESG Clause in their shareholder agreements as well as voluntary commitments from portfolio companies.

Total ESG Scope

72% OF ESG ROADMAPS validated at Supervisory Board Level

(34 out of 47² Portfolio companies)

85% OF ELIGIBLE INVESTED AMOUNTS (as of December 2022)

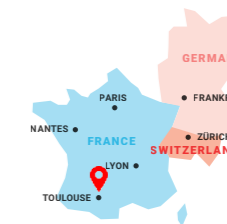
PORTFOLIO analysis

81% OF PORTFOLIO COMPANIES ANSWERING THE ESG REPORTING QUESTIONNAIRE

(65 out of 80 eligible Portfolio companies)

95% OF THE PORTFOLIO'S TOTAL ELIGIBLE INVESTED AMOUNTS (as of December 2022)

Interview of Dominique Frances, Director and Claire Lesellier, Senior Associate



consideration is how we leverage these actions at exit and how we integrate ESG considerations into the core strategy to meet investors future expectations."

Both of you are actively involved in ESG support for the companies you follow in the portfolio, notably Equal and Incept Group. Can you summarize the nature of this support and what you get out of it?

What value does ESG analyses bring during a Due Diligence process? What are the key outputs you retrieve from this work prior investment?

Dominique Frances: "The ESG due diligence provides a complementary vision of a company's performance. It highlights some non-financial KPIs and can give us reassurances or warnings on the management team's ability to manage its medium to long-term impact on all its stakeholders - employees, clients, suppliers and the wider ecosystem."

Claire Lesellier: "ESG due diligences are also useful for three reasons: they give crucial insights into the target's market positioning in terms of social and environmental maturity, they point out quick wins and relevant best practices to implement during our investment period, and they usually highlight business models' major risks. We particularly pay attention to all HR related KPIs. Indicators such as employee turnover, absenteeism or seniority can provide useful information on the social environment."

DF: "The ESG due diligence we carry out when investing provides a clear status of the current situation and a good basis to create a roadmap of what we want to achieve with the management team during the investment period. Another key growing

CL: "These two companies have different positioning and are at different stages of maturity, so we have a different approach. As a manufacturer of custom-made orthopaedic products, Equal is a company with a strong societal impact. In 2021 the Group decided to formalize their actions by creating a Foundation and an Impact Committee. The Committee meets quarterly and reports to the Board of Directors. Equal ESG team and designated members of the financial investors meet to brainstorm actions, follow-up on the roadmap and provide support to carry out the action plan. **Since we came onboard, Equal has muscled up on all ESG topics, and the next step is to assess the full carbon footprint of the company.**"

DF: "As for Incept Group, our support is currently at a strategic level. The solutions the group provide improve i) productivity and efficiency, ii) the quality of life at work, and iii) the environmental footprint by reducing travels. Our objective is to help the management team project themselves into how the business will adapt to societal changes, for instance by integrating concepts like reuse, recycle and reduce. These topics are at the core of the Group's business model/value proposal, and we want to support the management in this direction."

"For both Equal and Incept Group, we are convinced that formalizing their ESG approach and demonstrating their contributions to their stakeholders enhance their value."

Naxicap's engagement strategy

06

ESG ANNUAL REPORT
SEPTEMBER 2023

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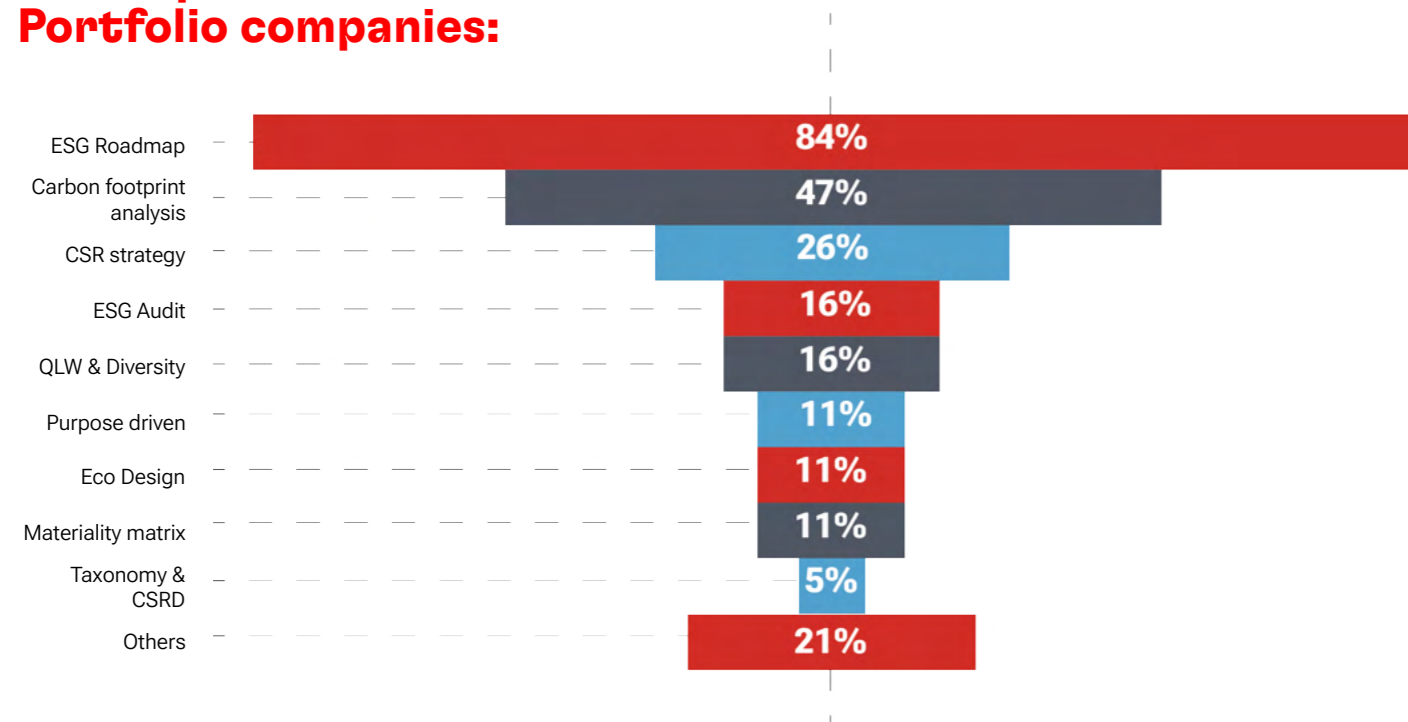


6.1 Active engagement

At Naxicap Partners, we believe portfolio companies' growth is to be supported and guided by shareholders actively. The development strategy we define together with managers cover a wide range of topics (governance, financial, marketing, Human Resources, Environment, compliance, logistics, etc.), encompassing sustainable development. Our role is to maximize every portfolio company's potential to create

tomorrow's leaders on their markets. We believe a company can hardly achieve this position without integrating and managing sustainability factors proactively. Therefore, our pledge as Private Equity responsible investor is to engage with portfolio companies on their ESG performance, challenge them on most material topics (climate change, diversity, inclusion, supply chain, etc.) to foster their sustainability and economic growth.

ESG topics covered with Portfolio companies:



“Over 2022, the ESG Team has engaged active dialogue on specific topics aside ESG reporting with 20 companies.”



(representing 47% of invested amounts under total ESG Scope)

6.2 Naxicap's engagement initiatives



Supporting our portfolio companies in their strategic integration of sustainability factors

Incept – Sustainability Training with OpenLande

Portfolio Company	Revenues / Number of employees	Activity description
 	<p>€74.7m 188 FTEs</p>	<p>Incept Group has positioned itself as a major player in the Digital Workplace, with its 4 highly synergistic divisions: communication equipment distribution, telephony equipment distribution, IT/AV integration and telecom services.</p>

Questions to Stéphane Cros, CEO (INCEPT Group)

Incept underwent great changes over the past months, especially with the integration of Wipple. How do you see ESG factors influence your future growth?

SC: “Onedirect has become Incept Group, a company designed to accompany clients into embracing challenges of combining highly efficient telecommunication / digitalisation resources and sustainable use of resources. We help our clients provide their employees with all the necessary means to efficiently use visio conferencing systems, thus improving employees’ well-being and reducing the ecological footprint of travels when possible. In a Business-to-Business activity where volume and scalability have historically been intertwined with the longevity and quality of business relations, economy of use has

increasingly made its way. Because we live on a planet where resources and raw materials are limited, we are convinced circularity will become a key differentiating factor, enhancing the sustainability of our offering and longevity of our customer relationships.”

To support this change and help your management team grasp the implication of sustainable business models, you have organised with Naxicap's concur a brainstorming and training session with consultants from Open Lande. What were the key takeaways?

SC: “This session was a great way to rethink our role within our ecosystem, better understand our impacts but also where we had leveraging capabilities to path the way towards

sustainable activities. We considered our role towards clients, employees, suppliers and also potential partners. It was clear that the change must come from every direction, and that we can of course impulse part of the process from our side. Our role is already recognised on the market, as illustrated by the "CO2 Saving" reward we received in June 2023 from one of our partners, for the purchasing of 770 refurbished products (16T CO2e saved)."

Question to Pascale Guiffant, Co-founder (Open Lande)

As a consulting firm with more than 20 years of experience, you have seen several companies from various industries conducting self-inquiry on sustainable factor integration. With Incept management team, you designed a dedicated training session to raise awareness on the company's impacts along its entire value chain, culminating in ideas for CSR and regeneration actions. Can you tell us a little more about this session?

"The session with INCEPT's ComEx was highly qualitative and constructive. The first part enabled the team to review the major issues and challenges the company is facing today: climate change, resources crisis, erosion of biodiversity, human issues... INCEPT's activity has very concrete consequences throughout its value chain: taxonomy, transparency obligations, changes in supplier and consumer expectations... These are just some of the challenges that we have discussed with INCEPT's management team, both in terms of the risks and the opportunities that this new environment could create for the INCEPT group."



Supporting our portfolio companies in the selection of consultants and monitoring solutions

Eurogerm – Carbon and biodiversity consultants selection

Portfolio Company	Revenues / Number of employees	Activity description
	<p>€183.5m 626 FTEs</p>	<p>Eurogerm is a company specialized in the research, development, mixing and marketing of creative ingredients and solutions for the wheat-flour-bread patisserie sector. The Group serves primarily millers, bakers, and industrial confectioners.</p>



Jean-Charles Hamelin, Head of CSR (Eurogerm)

"The implication and help we received from Naxicap's teams during the selection process of our carbon and biodiversity monitoring solutions demonstrated the genuine support and interest they hold regarding these decisive sustainability factors. We strongly appreciated our constructive debates over the pros and cons of the various solutions presented to us."

In 2023, Eurogerm continued improving its management of ESG-related risks and opportunities.

The Group presented its **CSR Strategy** and conducted on its own several key initiatives, such as the definition of an **ambitious HR Policy** or the measure of its **Carbon Footprint**. One of the results of these initiatives is the increase (by 10 pts) of its ECOVADIS score, awarded by a Silver medal (top 25% of all companies).

For more details, please refer to [Eurogerm 2023 CSR Report](#).

Supporting our portfolio companies in the definition of their mission and purpose

Eqwal – Financing the Foundation

Portfolio Company	Revenues / Number of employees	Activity description
	<p>€233.7m 1,007 FTEs</p>	<p>At the pinnacle of innovation, Eqwal boasts comprehensive expertise and competence in the design of orthopaedic products. Eqwal operates within 3 sectors: patient care, digital expertise and manufacture of components and products. Within these fields, Eqwal is developing clearly defined brands, with a unique identity, and each with their own specificities. These different brands also carry values that are unique to themselves, which are reflected in the range of products and services offered.</p>



Created in June 2022 under the aegis of the Fondation de France by the Eqwal Group, the Eqwal Foundation takes care of people with disabilities.

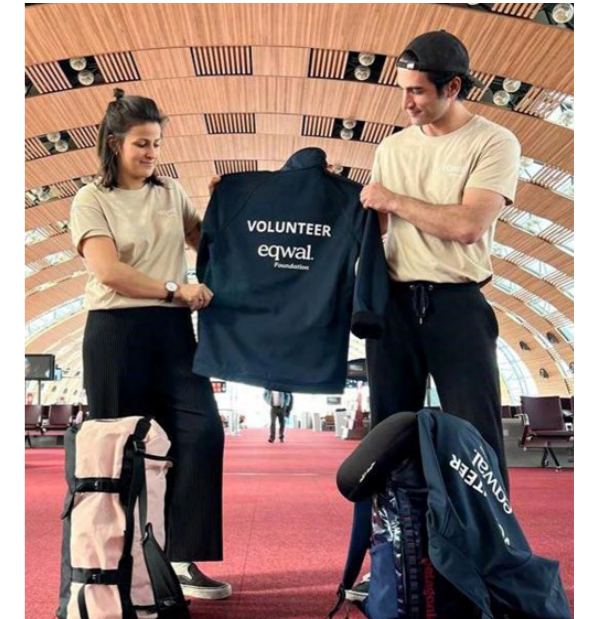
The Eqwal Foundation supports inclusive projects that enable people with disabilities to be independent, self-reliant, fulfilled and to express their talents. The Eqwal Foundation also supports societal projects dedicated to environmental protection. Naxicap donated to the Foundation to help starting the project.

Areas of action:

- Sport, Leisure, Culture and Disability
- Inclusion and Disability
- Disability in developing countries or in emergency situations
- Preserving the planet


Early 2023, two French prosthetists from Lagarrigue (Eqwal Patient Care division in France), took part in the Foundation's first humanitarian mission in Thailand!

Their schedule over 10 days: fitting Myanmar war amputees with prostheses, training doctors and build a prosthetics workshop!



Supporting our portfolio companies in the definition of their mission and purpose

Eureka – Definition of its purpose

Portfolio Company	Revenues / Number of employees	Activity description
	<p>€222.5m 1,287 FTEs</p>	<p>EUREKA EDUCATION is a key player in vocational training for the professions of tomorrow, with some twenty schools and CFAs in France and Switzerland offering CAP to BAC+5 level courses to students (via initial or work-study programs), employees and jobseekers (via continuing education).</p>

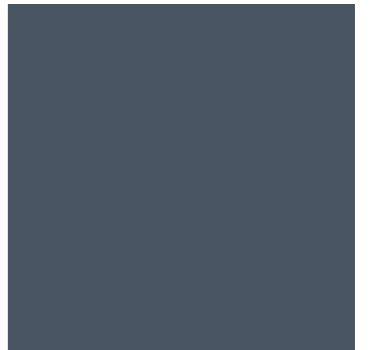
Naxicap reviewed the Group's "raison d'être" to challenge the objectives and KPIs that were selected by the Group. In 2022, Eureka redefined its governance with the creation of a "Mission Committee" in charge of overseeing the attainment of the CSR roadmap and its objective to become a purpose-driven company in the coming years.

Strategy regarding Paris Agreement alignment and low carbon strategy

07

ESG ANNUAL REPORT
SEPTEMBER 2023

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7.1 Overall approach

Our climate strategy

The Paris Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C. It also aims to strengthen countries' ability to deal with the impacts of climate change and support them in their efforts³.

At Naxicap Partners, we take very seriously the **potential impacts** climate change can have on Portfolio companies' value, but also their **potential contribution** to climate change aggravation (in terms of greenhouse gases emissions), as well as the mitigation and/or

adaptation activities they may develop.

This challenge of a low carbon investment strategy appears as a new factor to be integrated into our investment approach. Our first actions were initiated in 2020, by measuring the carbon footprint of our Portfolio companies to better grasp the extent of the emissions we are responsible for. Since then, we conduct annual carbon emission assessment on all three emission scopes and have engaged with the **64** companies under our Total ESG Scope answering our *Full ESG Questionnaire*.

Our latest achievements

In 2022, we launched an analysis on the Science Based Targets Initiative (SBTi) methodologies to assist portfolio companies in integrating this approach for calculating reduction targets. **This test highlighted the importance of enhancing carbon emission reporting among portfolio companies as an initial step before projecting trajectories.**

As a result, we have enhanced our carbon emission assessment and engaged in dialogue with most emissive companies to improve their reporting and then reduce their emissions. Additionally, we have initiated discussions with several portfolio companies, to encourage them in reducing their emissions:

³ European Commission website – Paris Agreement : https://ec.europa.eu/clima/eu-action/international-action-climate-change/climate-negotiations/paris-agreement_fr

Company	Revenues & Number of employees	Activity description	Initiative
 	€234.1m 1,036FTEs	Siblu owns 24 top-of-the-range campsites in France, and for more than 40 years the Group has welcomed guests from France, the UK, Ireland and Europe who stay for holidays or buy their own holiday home.	SIBLU has committed to a 30% reduction in its carbon footprint by 2030 (scope 1 & 2) and is exploring various strategies (transportation policy for customers, eco-designed mobile-homes, energy savings policy, solar panels, second-hand mobiles-homes, etc.). In addition, the Group off-sets its emissions through diverse projects (2,000 tCO2e offset). More information on Siblu For Good .
	€198.0m 303FTEs	Teufel is a German company, founded in 1979 in Berlin. Teufel is the leading direct-to consumer (D2C) online brand for audio solutions in Europe. The Company operates mainly in Western Europe and China through 7 localised webshops. The company's business model is characterized by its R&D team, asset outsourced production set-up and direct sales approach.	To reduce its negative externalities and strengthen its extra-financial performance, TEUFEL is currently conducting an eco-design concept study that includes a Life Cycle Assessment (LCA) to eventually improve the environmental performance of the entire product portfolio, from manufacture through to use and end of life. TEUFEL has also financed an offsetting program covering scopes 1 and 2 emissions, and all German Teufel offices and stores are supplied with real green electricity.
	€445.1m 699FTEs	ECF Group is the leading distributor of small equipment and consumables (more than 50,000 items) for restaurants, hotels, and catering trade professionals on the European, Australian and Middle East markets.	E.CF has measured its carbon footprint and has initiated projects to reduce its impact on climate change (energy management, waste management, selection of more sustainable raw materials etc.). The company aims to define 2030 and 2050 trajectories to contribute to the Paris Agreement objectives.

In April 2022, we undertook a brainstorming on several Sustainability factors, including Climate change, and have included the investment teams into redefining Naxicap Partners' Sustainable Investment strategy. This led to the definition of new commitments for companies in which Naxicap will invest from 2023 onwards, as stipulated in their respective shareholder agreements.

Among other requirements, the new ESG clause requires to conduct a carbon footprint within 12 months after investment, and the definition of a carbon emission reduction plan within 36 months after investment. There is no formal requirement to align the emission trajectory with the Paris Agreement, however this level of ambition will be the starting point of every reduction plan.

7.2 Portfolio Carbon analysis

Methodology used

Sirsa, a carbon consulting firm, annually conducts this assessment. Sirsa uses a simplified approach aiming at identifying the most significant sources of greenhouse gas emissions to reflect a global overview and

provide actionable results. We estimate to be able to capture 80% of scope 3 emissions using this methodology, which is based on the ADEME emission factors.

The analysis is conducted in three steps:



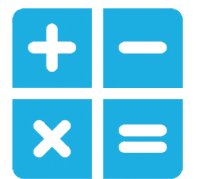
Identify relevant data

A meeting between the consultants and the company is organised, to understand the business model and identify essential data for estimating carbon emissions across all three scopes. Both parties agree on a suitable perimeter for relevant and available data. Given the complexity of calculating scope three emissions, the priority is to ensure relevance rather than striving for complete exhaustiveness.



Collect data

The company has a few weeks to provide the data, which is then analysed by consultants. Portfolio companies must fill in a set of 20 to 30 indicators, adapted to their business model and emissions. Adjustments are made if necessary to rectify and validate all units.



Calculate carbon footprint

Finally, the consultants add up the emission factors to calculate the carbon footprint.

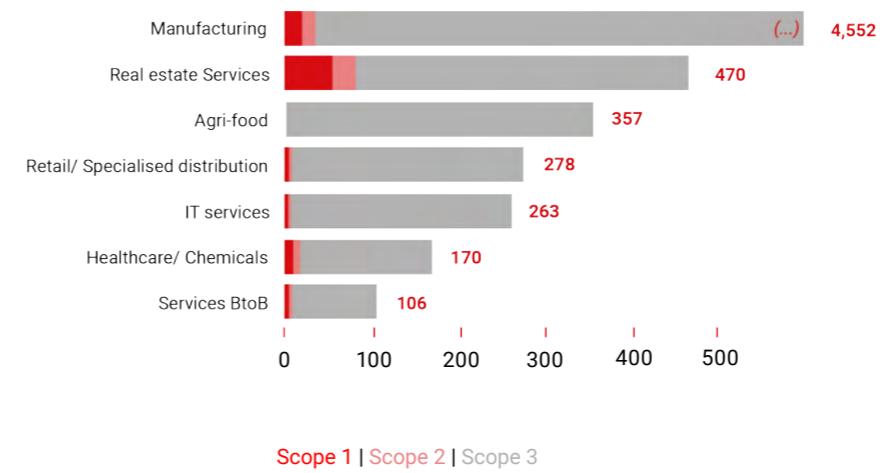


7.3 Scope and results

In 2022, we have initiated this approach with the **64** Portfolio companies under the *Full ESG questionnaire* scope. Sufficient data were collected for **49** Portfolio companies representing **85%** of amount invested under the Full ESG Questionnaire scope (**74%** of Naxicap total invested amounts).

Portfolio companies' individual results are synthesized in a dedicated two-pager carbon factsheet, distributed to Portfolio companies. Consolidated results related to **Portfolio companies** are summarised in the following pages.

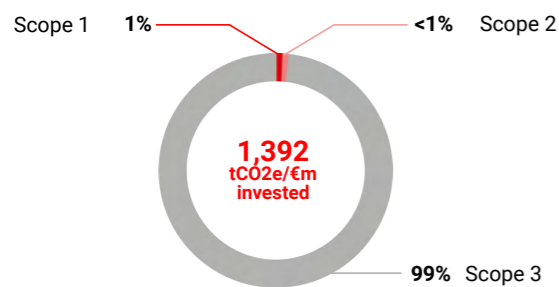
The average carbon intensity of Naxicap Portfolio companies excluding ECS (Quito) is **1,392 tCO2e** emitted per million of euros invested (weighted by % of ownership).



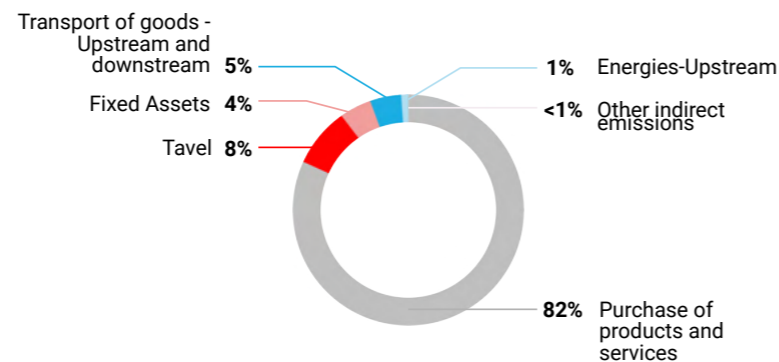
Average carbon intensity, by sector
(tCO2e / €m invested)
(excluding Ecs)
Weighted by % of ownership

Average GHG intensity of Naxicap Portfolio in 2022

Weighted by % of ownership



Scope 3 GHG emission by type Weighted % of ownership



Please note that one company (ECS - Quito), representing 3% of the amount invested under the Full ESG Questionnaire scope, accounts for 88% of the total emissions in the reporting scope (due to its freight management activity). To improve the understanding of our carbon footprint, we have voluntarily removed ECS from the scope, to better visualise the GHG emissions of other portfolio companies.

Methodology disclaimer

Please note that we have corrected and improved our reporting of GHG emissions to better align with SFDR reporting standards:

- Total 2022 GHG emissions are divided by the Portfolio invested amounts in each company to obtain a carbon intensity ratio per entity (tCO2 / €m invested)
- Intensity ratios are then weighted by the % of ownership (Naxicap ownership in the companies)
- Finally, the average GHG intensity is the sum of the weighted intensity again weighted by the amounts invested.

Methodology disclaimer



7.4 Objectives

The objectives of these carbon estimates are three-fold:

- 
1 Sensitize managers on carbon emissions and the impacts of their activities on climate
- 
2 Identify main emission items
- 
3 Engage Portfolio companies on reduction pathways

The first two objectives were achieved with the carbon estimates and the two-pager fact sheet. The last one, which is more ambitious, started to unfold in 2022, for instance with Portfolio companies engaging on reduction programs or complete Carbon footprints (e.g. complete Carbon Footprint assessment following internationally recognised protocols such as Greenhouse Gas - GHG - Protocol or Bilan Carbone® ADEME).

To date, there is no quantified objective at entity level regarding the reduction of carbon emissions, aligned with the Paris Agreement. A progressive definition of such objectives is under consideration by Naxicap Partners Executive Management team.

Portfolio exposure to physical risks







In 2023, Naxicap subscribed to the Altitude tool (AXA Climate) to conduct physical risks analyses on portfolio companies. This tool covers both chronic and acute hazards and identifies the climate risks that can be potentially material for each real assets (owned or leased) of a company.

An analysis was conducted on 79 companies of our portfolio and it was found that the majority of our company portfolio had potentially at least one site highly exposed to a climate risk. The main type of climate risks that our company are exposed to are extreme heat

(i.e. unusual air temperature), flood, changing air temperature (i.e. gradual increase of mean air temperature) and landslide. The companies that are the most exposed are the companies with population at risk (e.g. Emera's senior residents) or with a lot of visitors (e.g. Eureka's students) and the companies with manufacturing facilities in exposed countries (e.g. Asian coasts).

A major update will be conducted on the tool in Q3 2023. Thus, quantitative data on our portfolio will only be available in our next year CSR Report.

7.5 Main steps of our Climate Strategy

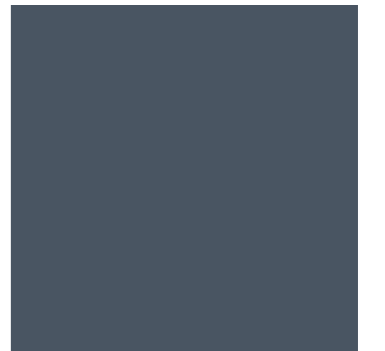
Steps				
Key Actions	Encourage portfolio companies to conduct their own complete Carbon Footprint, using international protocols	Dialogue with Portfolio companies on their results and find appropriate alignment targets, matching their growth strategy	Define reduction objectives to align most emissive Portfolio companies on a well-below 2°C or 1.5°C scenario	Continuously enhance physical and transition-related risks analysis (mapping, TCFD reporting)
Status			Under validation (2023)	2023/2024

Strategy regarding biodiversity objectives

08

ESG ANNUAL REPORT
SEPTEMBER 2023

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8.1 Overall approach

Our biodiversity strategy

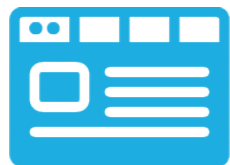
At Naxicap Partners, we are convinced our modern economy and activities are dependent on ecosystem-based services that have been provided without counterparts.

In light of the prevailing biodiversity challenges, we are committed to deepening our comprehension of how biodiversity loss affects our portfolio companies and fortifying biodiversity protection across our portfolio. With this objective in mind, **we commit to assess biodiversity-related challenges within our portfolio under the Total ESG**

Scope. Thorough analyses and tailored action plans should be defined within 12 months of investment for companies encountering substantial biodiversity risks.

To this end, we aim to develop an approach that aligns with the **TNFD (Taskforce on Nature-related Financial Disclosure)** recommendations and embraces the concept of **double materiality**: considering negative impacts on biodiversity caused by our portfolio companies, while reducing their dependence on ecosystem-based services.

Our latest achievements



Biodiversity mapping

As part of the process of defining a biodiversity approach, we have employed the ENCORE tool to identify the biodiversity impacts and dependencies within our portfolio, using a sector-based classification. This analysis has helped us establishing an initial biodiversity mapping of our portfolio, signifying the first milestone in our biodiversity strategy.



Online training

Lastly, to foster biodiversity awareness within our portfolio companies, we have forged a partnership with the Axa Climate School to deliver climate and biodiversity training to their management teams. This training has begun in the first semester of 2023.

8.2 Portfolio biodiversity analyses

Methodology used

The purpose of the biodiversity mapping conducted in 2022 is to provide us with a broad understanding of the key biodiversity challenges within our portfolio and to identify companies that may be particularly exposed to biodiversity risks.

To carry out this assessment, we used the **ENCORE tool** (Exploring Natural Capital Opportunities, Risks, and Exposure), developed by the Natural Capital Finance Alliance and the UN Environment Program. The ENCORE methodology classifies companies based on the Global Industry Classification Standards (GICS), considering their sector of activities and production process. It encompasses companies' dependencies on 21 ecosystem services and their impacts on biodiversity through 11 impact factors.⁴

11 IMPACT FACTORS	22 ECOSYSTEM SERVICES	
DISTURBANCES	Animal-based energy	Mass stabilisation and erosion control
FRESHWATER ECOSYSTEM USE	Bio-remediation	Mediation of sensory impacts
GHG EMISSIONS	Buffering and attenuation of mass flows	Pest control
MARINE ECOSYSTEM USE	Climate regulation	Pollination
OTHER RESOURCE USE	Dilution by atmosphere and ecosystems	Soil quality
POLLUTANTS – NON-GHG AIR POLLUTANTS	Disease control	Ventilation
POLLUTANTS – SOIL	Fibres and other materials	Water flow maintenance
POLLUTANTS – WATER	Filtration	Water quality
TERRESTRIAL ECOSYSTEM USE	Flood and storm protection	Water resource – Ground water
SOLID WASTE	Genetic materials	Water resource – Surface water
WATER USE	Maintain nursery habitats	

⁴ Definitions of the impacts on biodiversity and the ecosystem services are available on the [ENCORE website](#).



Methodology disclaimer

The ENCORE methodology, while sector-based, may not capture all the nuances of certain activities within our portfolio. Further analysis may be conducted for companies with specific characteristics. The analysis does not consider the location, type, and size of companies' sites. Site-specific assessments will be carried out to identify detailed physical and reputational risks associated with specific assets and locations. Finally, the methodology used does not consider initiatives deployed by the companies to mitigate their dependencies and impacts on biodiversity.

Methodology disclaimer



8.3. Scope and results

The biodiversity analysis encompasses the 80 portfolio companies under our Total ESG Scope. It primarily focuses on the direct activities of these companies, without considering their upstream and downstream supply chain. However, for future analyses,

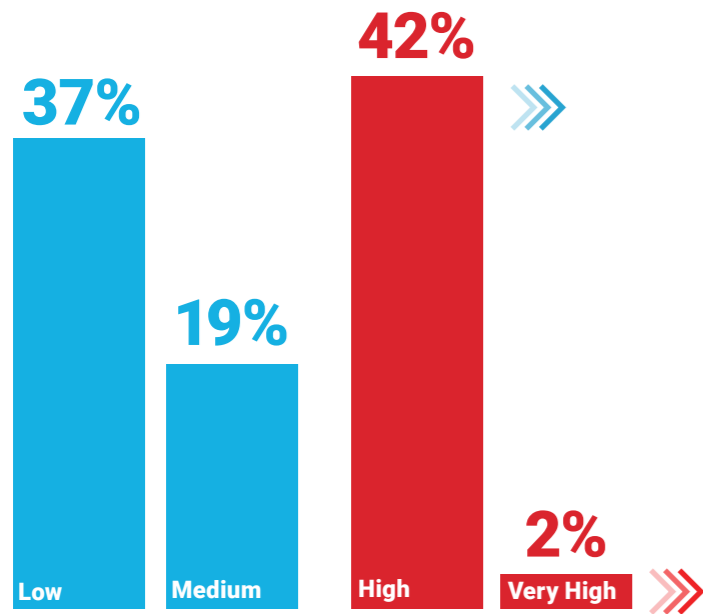
we aim to integrate assessments of suppliers' impacts and dependencies for companies where the supply chain is of strategic importance.

Consolidated results can be found below.

Portfolio dependencies on ecosystem services

Naxicap Portfolio level of dependence on biodiversity

as % of invested amounts



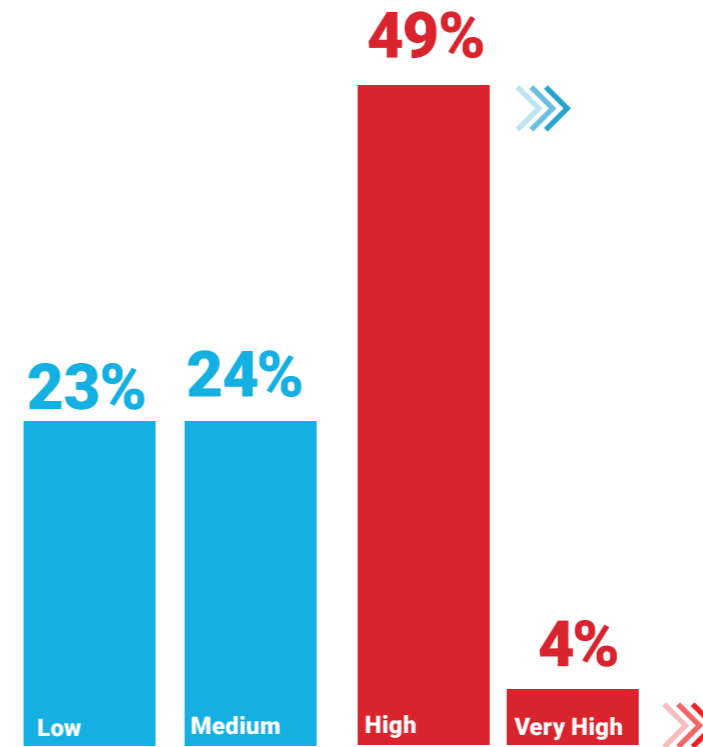
Only one company, representing 2% of invested amount, demonstrates a very high dependence on ecosystem-based services. This company operates within the Agrifood sector, where reliance on ground and surface water resources can be substantial.

Companies operating in leisure and hospitality, industry and material manufacturing, real estate, and healthcare also demonstrate a substantial dependence on ecosystem-based services, including water resources availability and quality as well as climate regulation. They represent 42% of the portfolio.

Portfolio impacts on biodiversity

Naxicap Portfolio level of impact on biodiversity

as % of invested amounts



Companies with a substantial impact on biodiversity constitute 4% of our portfolio. These companies are primarily engaged in the Real Estate sector, encompassing activities such as real estate promotion, development, and management. Their main impact stems from the use of terrestrial ecosystems through soil artificialization caused by new construction projects.

Companies operating in industry and materials manufacturing, leisure, hospitality, and education as well as healthcare, also demonstrate significant impacts on biodiversity. These impacts arise from water use in production processes and facilities management, greenhouse gas (GHG) emissions, solid waste production, and pollutants associated with industrial, material, healthcare, and pharmaceutical product manufacturing processes.



Methodology disclaimer

Companies providing intellectual services such as research, consulting, and human resources management are not classified with the necessary precision in the ENCORE methodology to enable an accurate impact analysis.

Hence, to evaluate the biodiversity impact of these companies, we have employed the methodology developed by [Axa Climate within the tool ALTITUDE](#). This analysis was deployed on 20 portfolio companies (23% of the total amount invested in the Total ESG Perimeter). It has revealed that all these 20 companies had a low impact on marine and terrestrial ecosystems.

Methodology disclaimer



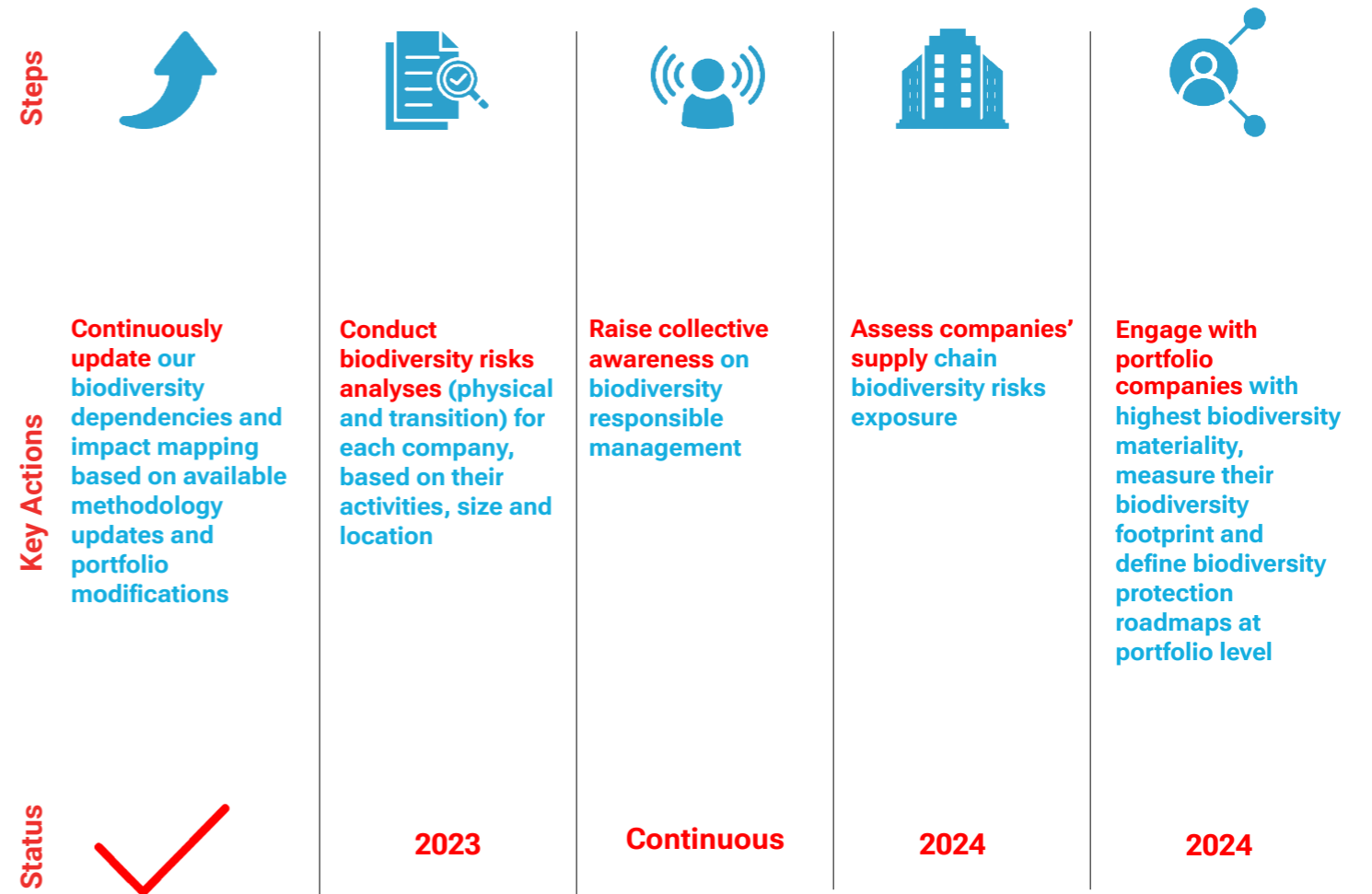
8.4. Objectives

Building on our portfolio’s dependency and impact mapping, our next objective is to conduct a comprehensive analysis of biodiversity risks, encompassing both physical and transitional risks faced by our portfolio companies. This analysis will consider several parameters such as the location, size, and significance of their sites in biodiversity-sensitive areas. Acknowledging the significance of supply chains in the operations of certain portfolio

companies, we also aim to integrate supply chain activities into the assessment of biodiversity risks across our portfolio at a later stage. The purpose of this analysis is to identify portfolio companies that are most vulnerable to biodiversity risks and support them in quantifying as well as mitigating their impacts and dependencies on biodiversity by assessing their biodiversity footprint.



8.5. Main steps of our Biodiversity Strategy



Portfolio characteristics

09

ESG ANNUAL REPORT
SEPTEMBER 2023

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9.1 Introducing our portfolio consolidated KPIs

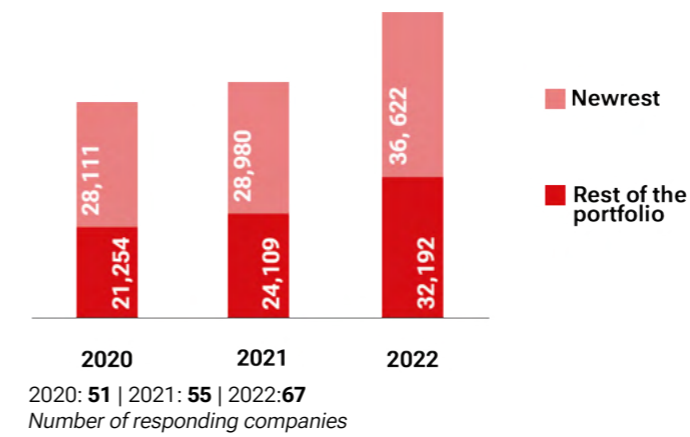
80 companies under ESG Scope in 2022

65 answered the ESG questionnaire » representing 96% of amount invested under ESG Scope

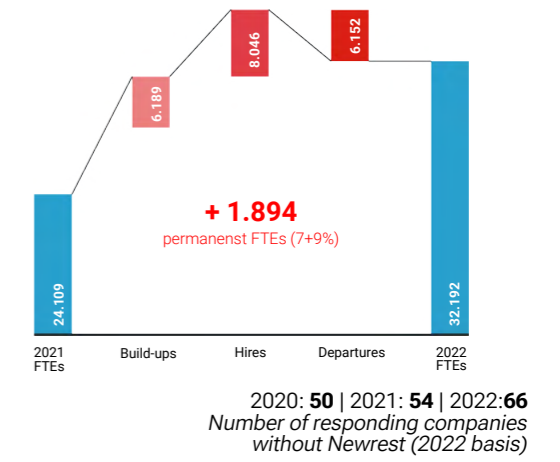
86% are headquartered in France

68,814 FTEs in portfolio companies under ESG scope

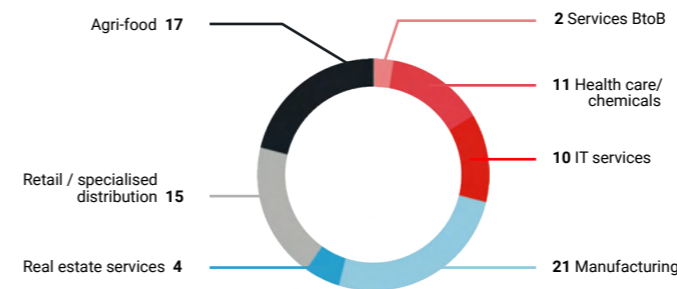
FTEs in portfolio companies



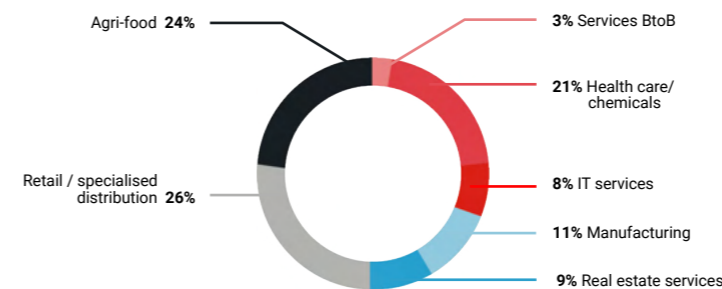
Net job creation (permanent only)



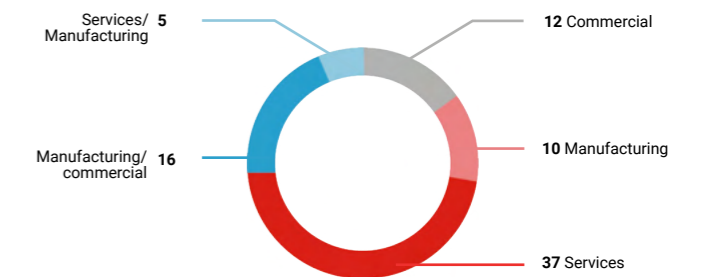
Number of companies by sector



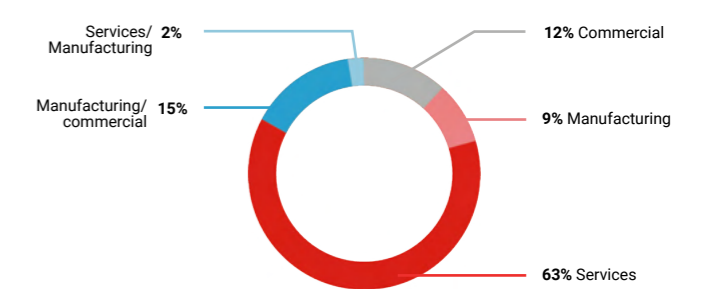
% of invested amounts by Sector



Number of companies by activity



% of invested amounts by activity

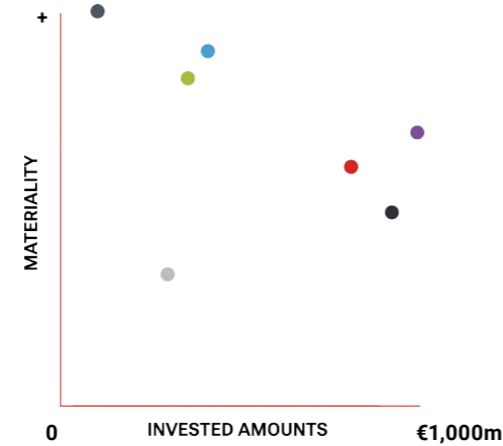


9.2 ESG materiality

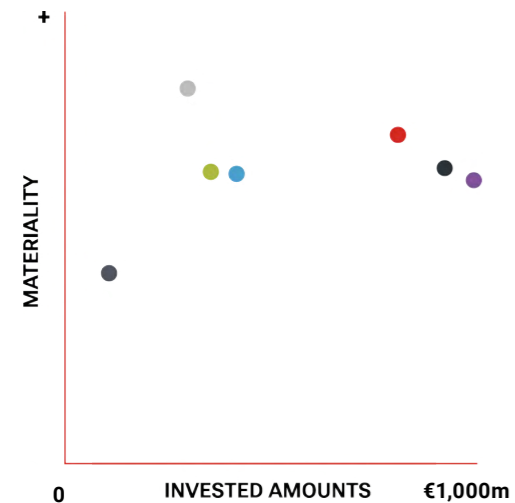
These charts illustrate how material Environmental, Social and Governance topics are for our portfolio companies, grouped under similar industries (average). Companies from our portfolio are more sensitive to Social topics, where the materiality for every sector is high. Environmental topics can be more or less material depending on the companies, but globally our portfolio is less exposed to this topic due to its industry-mix. Governance is equally material, for all sectors.

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

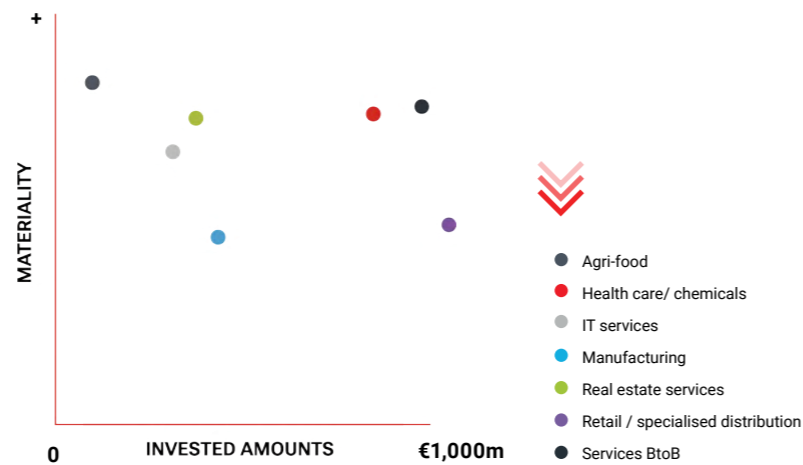
Materiality of Environmental Topics by Industry



Materiality of Social Topics by Industry



Materiality of Governance Topics by Industry



- Agri-food
- Health care/ chemicals
- IT services
- Manufacturing
- Real estate services
- Retail / specialised distribution
- Services BtoB

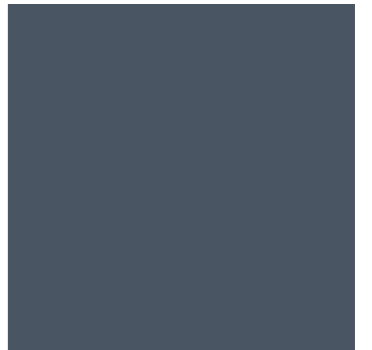


ESG Performance

10

ESG ANNUAL REPORT
SEPTEMBER 2023

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10.1 Methodological note

ESG data collection and scoring

Naxicap requires Portfolio companies* to provide annually a set of c. 160 indicators related to ESG actions and engagements with stakeholders (clients, suppliers, etc.). The selection of these indicators comes from recommendations and studies carried out by industry experts.

Naxicap has developed its own detailed in-house ESG scoring methodology, based on the companies' answers to the annual questionnaire. The ESG scoring enables an accurate and detailed monitoring of the Portfolio companies' maturity on environmental, social and governance topics including their interaction and impact on stakeholders.

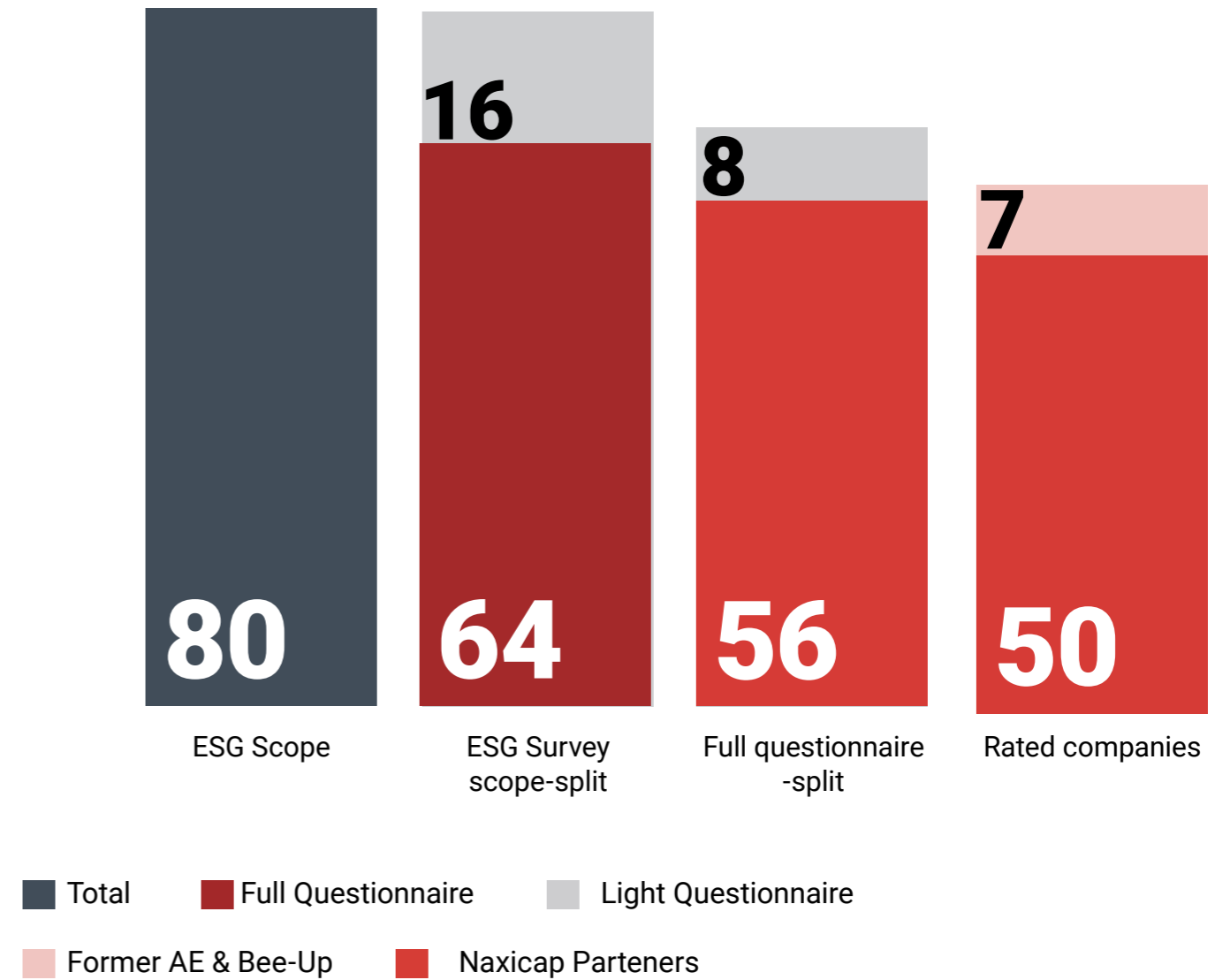
2022 updates – Full ESG questionnaire and Light ESG questionnaire

In 2022, changes have been conducted on the ESG questionnaire and scoring methodology to review the questions and better integrate regulatory requirements (SFDR, Taxonomy). Therefore, the scores presented here below differ from previous reports. They were calculated using the new methodology for all three years (2020, 2021 and 2022), enabling comparison.

Additionally, the integration of portfolios from Alliance Entrepreneurs and from Bee-up Capital brought several smaller companies under the ESG scope. These companies have fewer resources at their disposal to collect ESG data. Therefore, we have designed a simplified version of our questionnaire for them. This Light ESG questionnaire is not rated, thus the rating results presented here below cover the answers from 57 portfolio companies out of 64 to which the Full ESG questionnaire was sent.

Number of portfolio companies under ESG rating scope

57 rated companies
(96% of ESG survey scope's invested amounts)

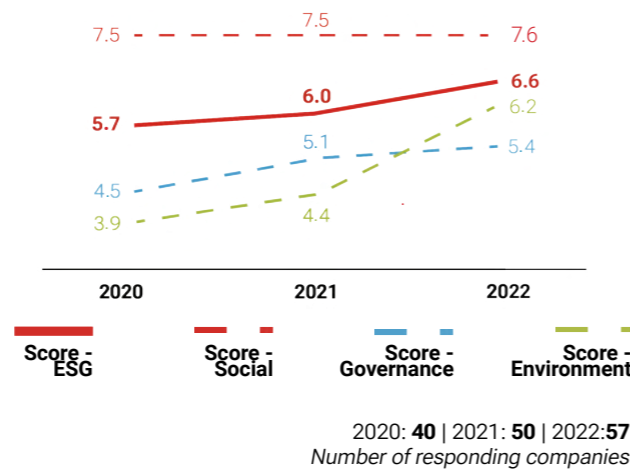


10.2 Average ESG scores

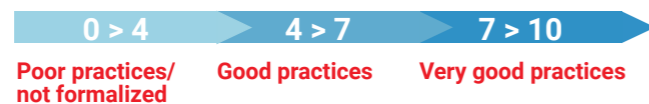
The ESG score is rated out of 10 points. It comprises three sub-categories: environmental, social and governance. Since 2020, the portfolio has seen a steady improvement in its environmental and governance performance, leading to higher social and governance scores, improving the overall ESG score. The portfolio's social score has remained strong and stable since 2020, reflecting a high level of performance.

A continuously increasing global ESG Score (constant perimeter)

Portfolio average ESG score (/10)



ESG SCORE	PORTFOLIO	2020	2021	2022
<i>Simple average</i>		5.7	6.0	6.6
PORTFOLIO	Rated companies as a % of number of Portfolio companies	85%	93%	89%**
<i>Rating scope - out of 64 portfolio companies</i>	Rated companies as % of amounts invested	83%	90%	96%



*Majority held companies where Naxicap has more than 50% of shares, or where Naxicap is the lead investor in a pool of investors that hold together more than 50% of a company's shares. For Minority held companies, the ESG questionnaire counts 53 indicators and focuses on Principle Adverse Impacts.

**57 companies reported sufficient elements out of the 64 companies answering the Full ESG Questionnaire

10.3 Best performers

The TOP 3 best performers remain the same as last year:



has obtained the highest ESG score among the portfolio companies analyzed in 2022 for the third year in a row. Stelliant has established 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.



has obtained the highest ESG score in the IT sector and is among the top performers in 2022. Apixit has been signatory of the UN Global Compact since 2017 and the Group was awarded the Platinum certificate by EcoVadis in 2021 (meaning Apixit ranks among the top 1% of French companies on CSR issues).



has obtained the highest ESG score in the Manufacturing sector and is among the top performers in 2022. The Group has formalized an environmental policy of its industrial activities and carries out a carbon footprint of business units. The Group has been signatory of the Global Compact since 2015 and was awarded the Gold certificate on its CSR practices by EcoVadis in 2021 for the second consecutive year.

Detailed ESG performance

11

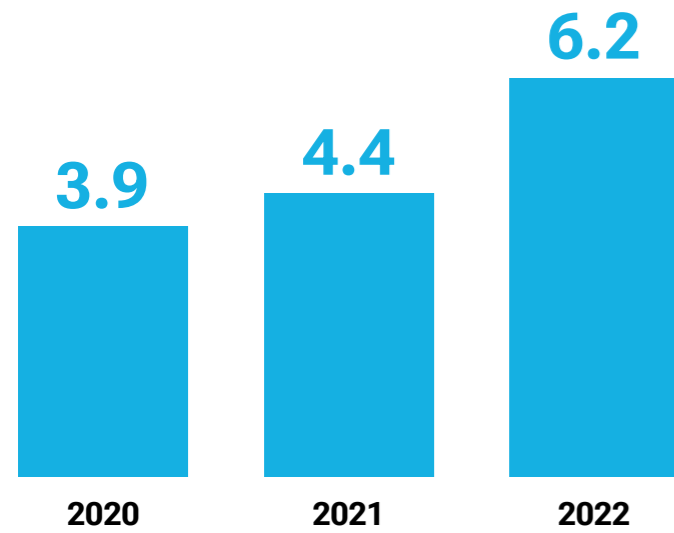
ESG ANNUAL REPORT
SEPTEMBER 2023

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11.1 Environment

Portfolio environmental performance Score - Environment

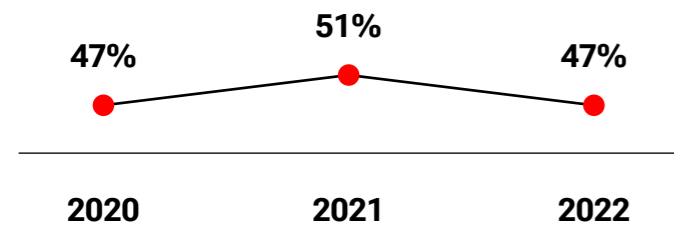


Portfolio environmental performance has improved over the 2020-2022 period (+2.3 points). 2022 overall environmental score reached 6.2. Environmental aspects are well addressed by portfolio companies; half of the portfolio has a formally documented or comprehensive environmental approach stable over 2020-2022).

2020: **40** | 2021: **50** | 2022: **57**
Number of rated portfolio companies

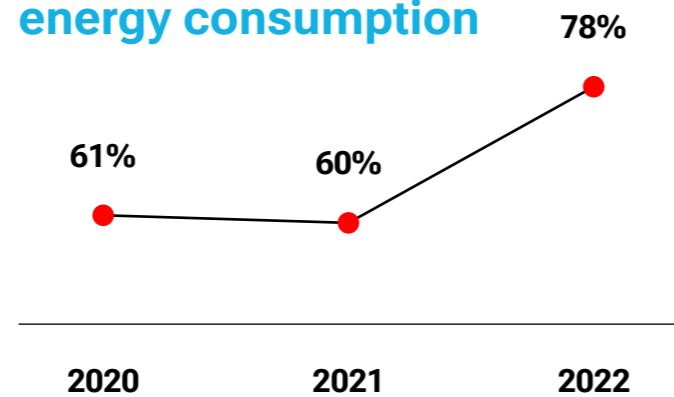
Key figures

Companies with a formalized environmental policy



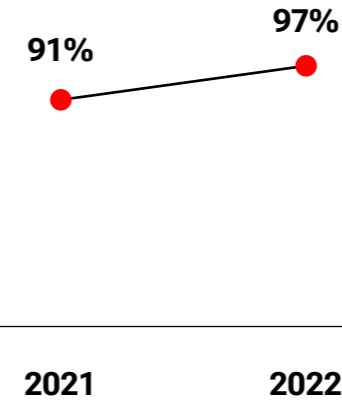
2020: **47** | 2021: **53** | 2022: **62**
Number of responding companies

Companies monitoring their energy consumption



2020: **49** | 2021: **58** | 2022: **65**
Number of responding companies

Companies with energy reduction initiatives



2021: **44** | 2022: **61**
Number of responding companies

56% share of portfolio companies using **renewable energy**

12% average ratio of **renewable energy in their energy mix**

Transition climate-related risks

In view of the climate change and transition climate-related risks, our portfolio companies must adapt and reinvent themselves to meet the challenges such as changes in energies prices, legal policies, or client preferences. Some of them have already embarked on this process as showed by the following figures.

39% of portfolio companies have developed an offer with **recyclable, reusable or easy to repair products.**

37% of portfolio companies have **energy-efficient products and/or services.**

Biodiversity

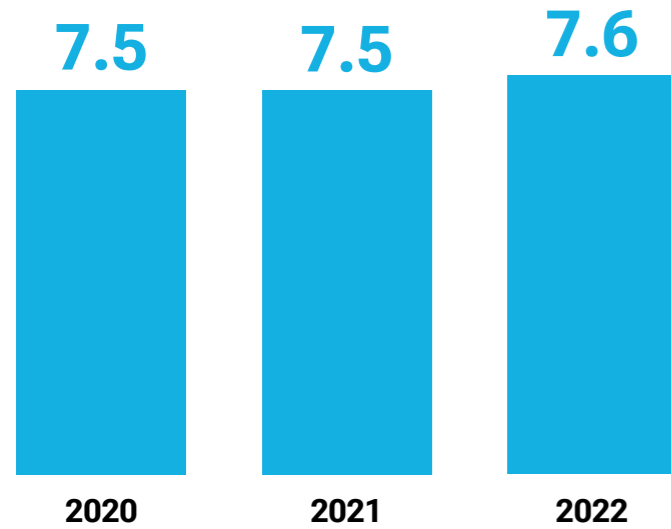
The degradation of ecosystem services is leading us to be more careful about the impacts of our portfolio companies' activities on biodiversity. While we are still in the early stages on this topic, we have already begun to raise awareness of this issues among our portfolio companies.

89% of portfolio companies are **not located near a sensitive area.**

56% of portfolio companies implement actions in favour **biodiversity preservation.**

11.2 Social

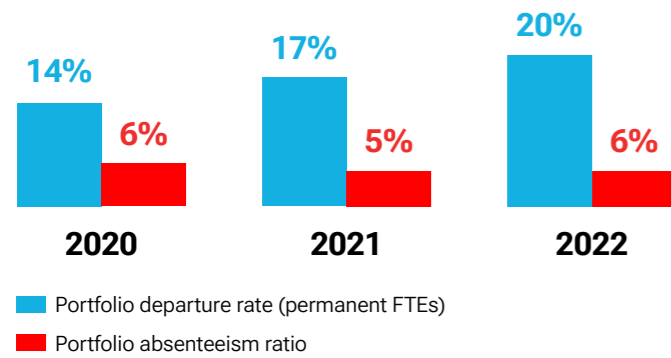
Portfolio environmental performance Score - Social



Since 2020, the Social performance of portfolio companies is stable. With more than half of our portfolio companies active in Services, social aspects are by far the most material “ESG” topic. It is also the area where portfolio companies demonstrate the best scores.

2020: **40** | 2021: **50** | 2022: **57**
Number of rated portfolio companies

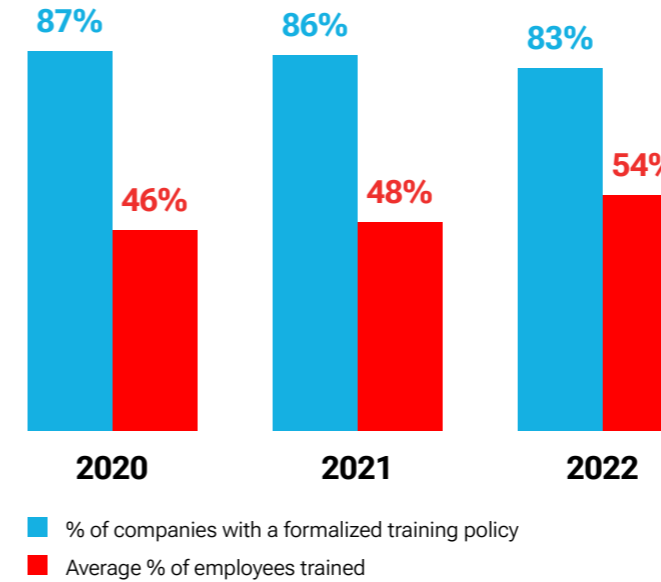
Quality of life at work Average absenteeism and departure rates



Good working conditions is a key factor to attract and retain employees. Relevant topics include protection of employees’ health, prevention of occupational risks, individual and collective commitment through motivation, creativity, emulation, a sense of belonging, etc.

2020: **42** | 2021: **54** | 2022: **61**
Number of responding companies

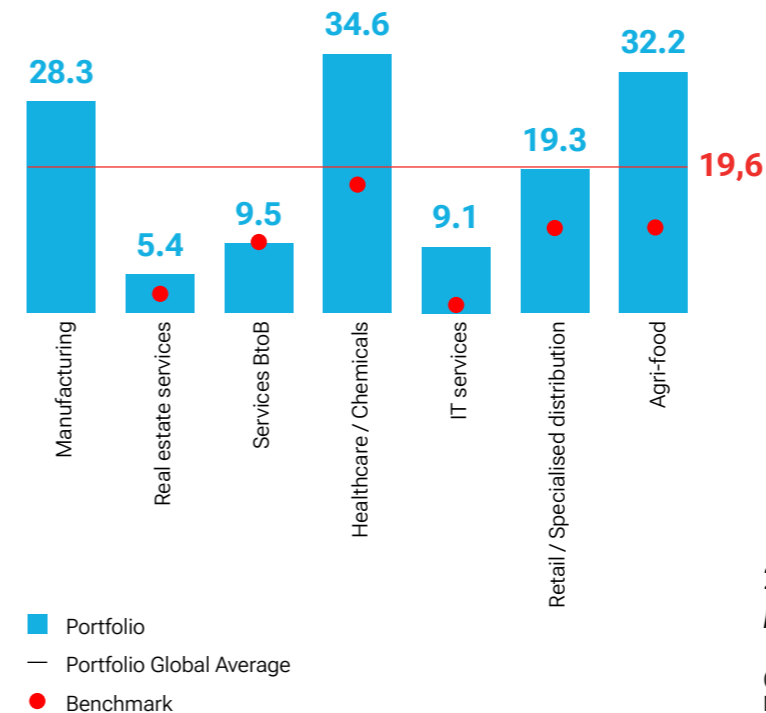
Training and career paths Training policy



Continuous professional training throughout an individual’s career keeps employees motivated and maintains high quality of work, abiding latest standards and methodologies.

2020: **35** | 2021: **42** | 2022: **44**
Number of responding companies

Average accident frequency rate** (by industry)

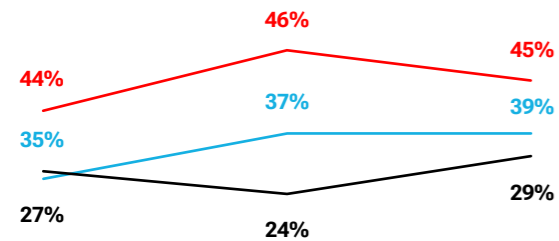


2022: **53**
Number of responding companies

(**) Accident Frequency rate: (Number of occupational accidents / Number of working hours) * 1,000,000

Gender parity

Portfolio companies' women ratio to total FTE



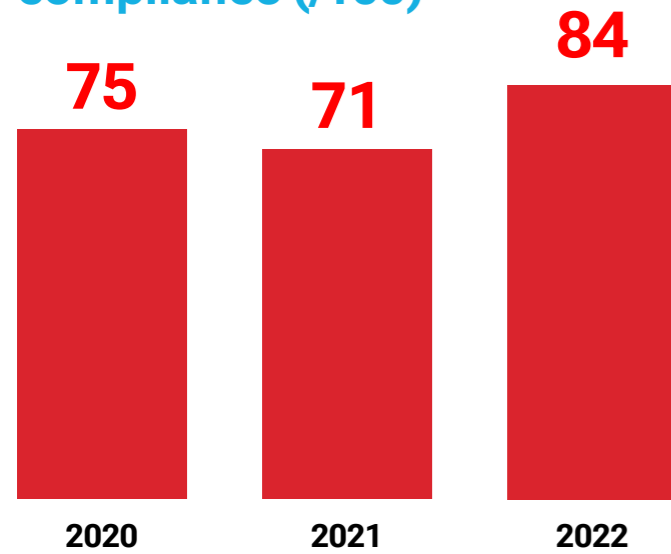
2020 2021 2022

■ % of women (workforce)
■ % of women (executive)
■ % of women (management)

As an investor, it is our duty to promote and implement gender equality at work. We monitor Key Performance Indicators to obtain a picture at a given time. Regarding our portfolio companies, we accompany them in their compliance (Egapro Index) and we raise awareness among them about gender equality.

2020: **42** | 2021: **53** | 2022: **55**
Number of responding companies

Equality Index (Egapro) score compliance (/100)



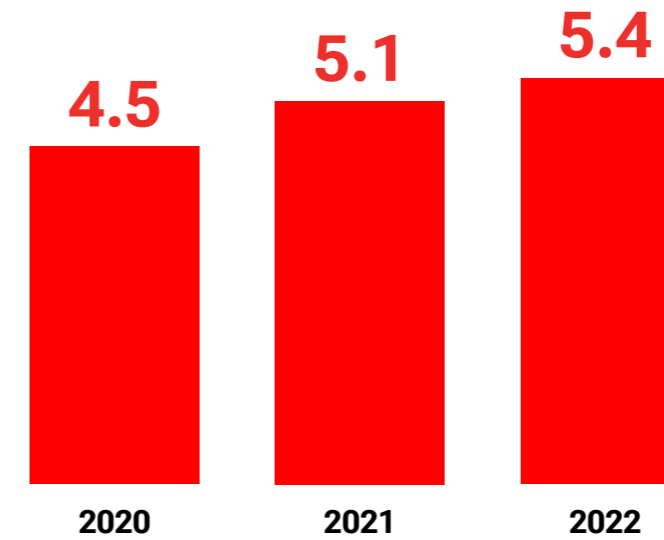
61% Share of portfolio companies with an Egapro index > 85/100

18% average unadjusted Gender pay gap (gap between men and women average gross hourly earnings, as a % of male average gross hourly earnings).

2020: **4** | 2021: **23** | 2022: **28**
Number of companies that enter the scope of Egapro reporting i.e French companies over 50 employees

11.3 Governance

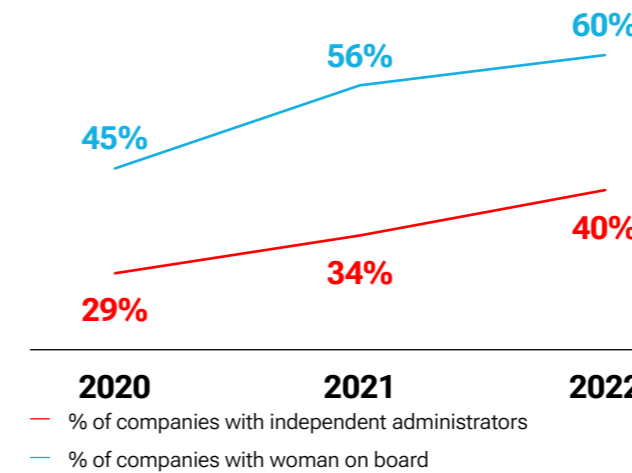
Portfolio governance performance Score - Governance



Level of commitment taken by portfolio companies on CSR, Ethics and Compliance. Despite a poor level of formalization, the portfolio performance has increased over the 2020-2022 period (+0.8). This improvement reflects our commitment with portfolio companies and encourages us to continue along this path. Several portfolio companies have recently hired a CSR Manager and want to work on their commitments over 2023.

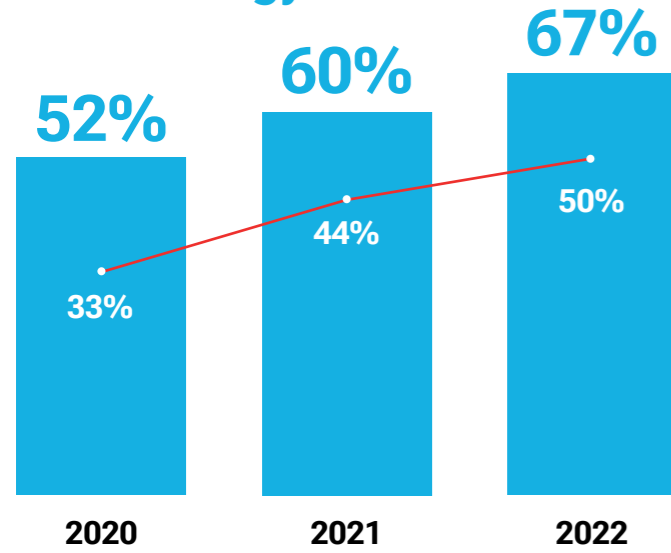
2020: **40** | 2021: **50** | 2022: **57**
Number of rated portfolio companies

Governance structure Key figures



2020: **38** | 2021: **45** | 2022: **55**
Number of responding companies

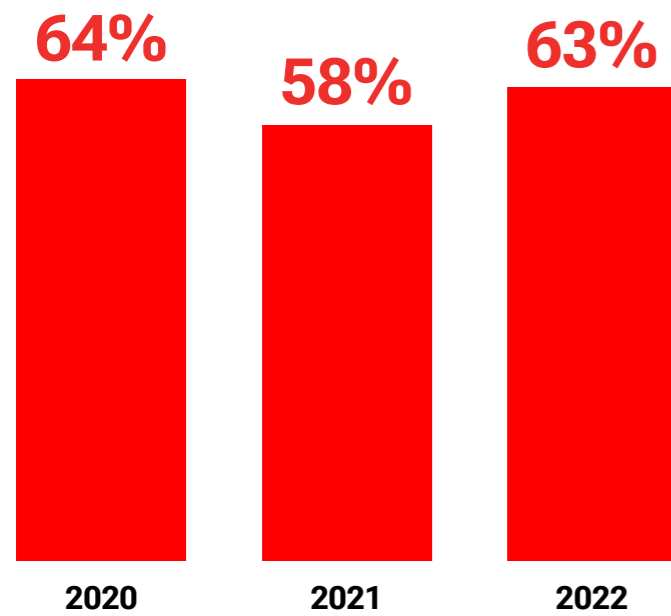
CSR strategy



■ % of companies with a CSR manager
 ■ % of companies with a formalized CSR policy

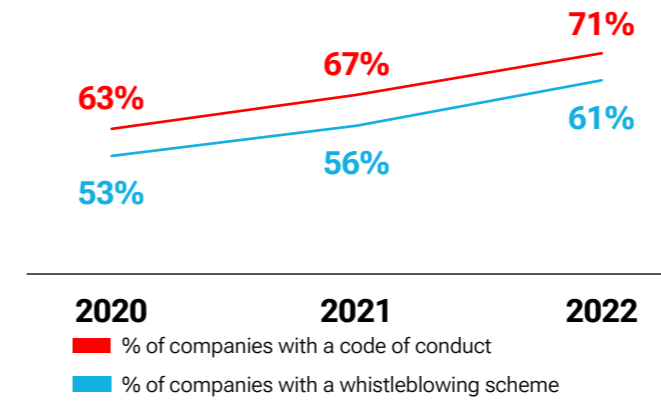
2020: **42** | 2021: **48** | 2022: **54**
 Number of responding companies

Responsible procurement



2020: **39** | 2021: **48** | 2022: **54**
 Number of responding companies

Governance structure



2020: **38** | 2021: **45** | 2022: **54**
 Number of responding companies

SDGs – Products and Services Mapping

12

ESG ANNUAL REPORT
SEPTEMBER 2023

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The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

The 17 SDGs are integrated—they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability.



12.1 Methodology

We have conducted a portfolio review of the 80 companies under ESG scope to create a mapping of the potential contributions on the Sustainable Development Goals.

This mapping focuses solely on our portfolio companies' core activities, namely the products and services they provide to their clients, and does not include the potential impacts they have on their employees (job creation, training, employability, etc.).

Under the 17 SDGs, there are 169 targets. Using the SUSTAINABLE DEVELOPMENT INVESTMENTS (SDIs) TAXONOMY & GUIDANCE, we have selected the most relevant targets that can be achieved through products and activities, setting aside for example targets related to objective 8 – Decent Work and economic growth (impacting employees) (see illustration here below).

Sustainable development goals



- P** Contribution through product & services (solutions)
- O** Contribution through operations & conduct

12.2 Result

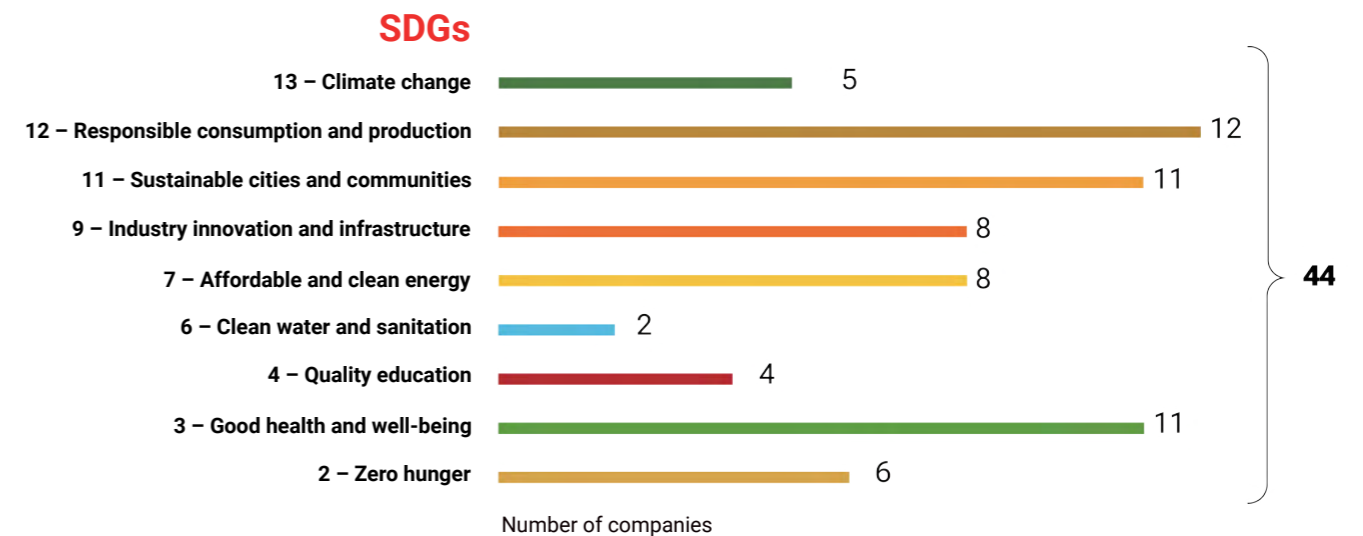
44 COMPANIES HAVE PRODUCTS AND SERVICES WHICH COULD CONTRIBUTE TO ONE OR SEVERAL SDGs
62% of invested amounts under ESG scope

SDG 12 – Responsible consumption and production / Targets 12.2 and 12.5 on Prevention, Reduction, Recycling and Reuse are where our portfolio companies have the greatest contribution potential, with companies in the building sector (ABF, ESTEMI), as well as industrial companies (such as MADER, OMIA) or companies promoting reparability (O2FEEL, SIBLU, SDS, TEXA).

SDG 3 – Good health and Well-being / Targets 3.3 and 3.4 regarding Communicable and Non-communicable diseases as well as Mental health and well-being translate the strong sectorial investments in companies from the healthcare industry (3R, CERES, EMERA, EQWAL, HTL, HOMNICITY, MORIA) and in the sport division (LET'S GO FITNESS).

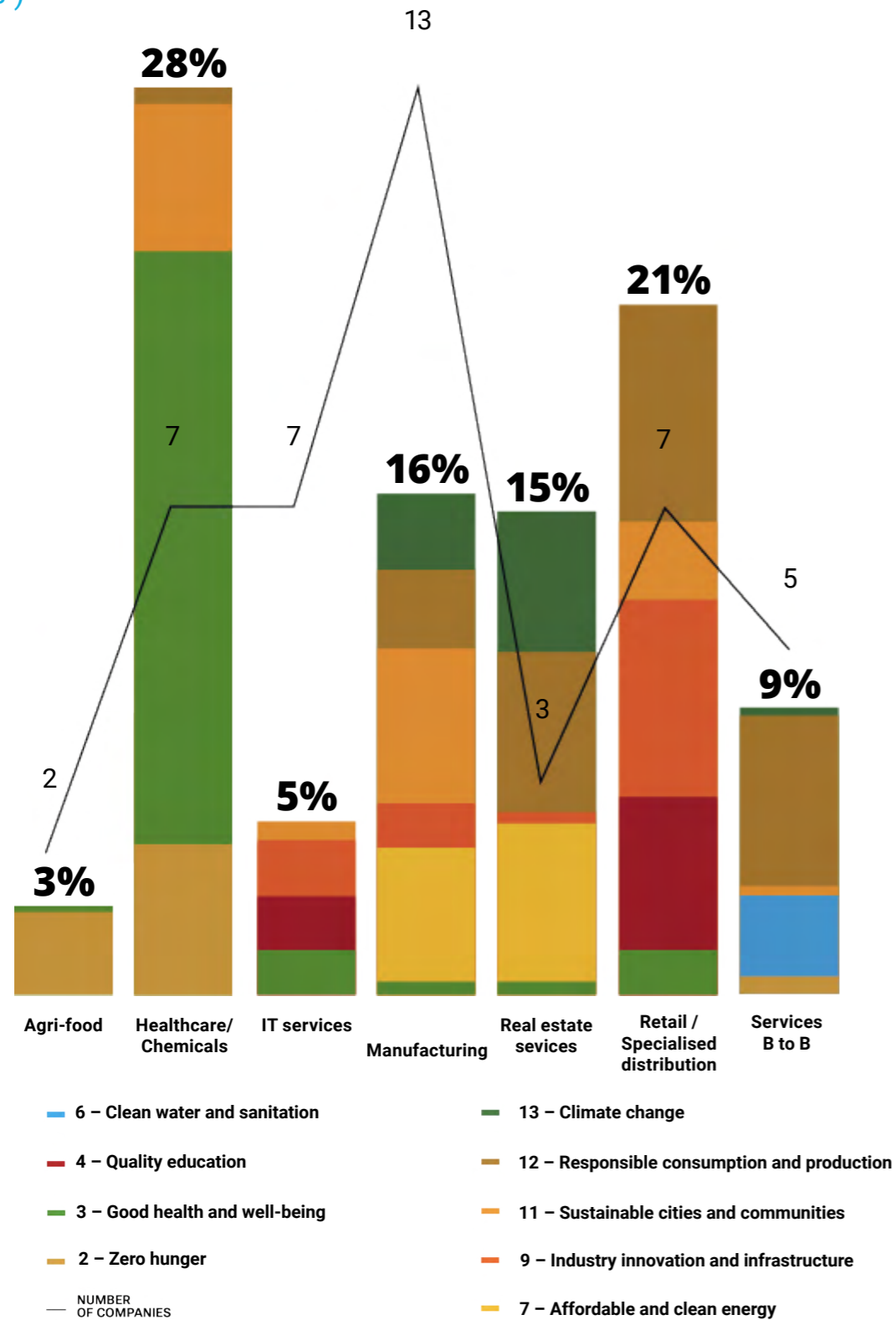
SDG 11 – Sustainable cities and communities / Target 11.6 on Air quality and transports substitutes is also an area where our portfolio companies have good potential for impact (electric bikes for O2FEEL and STROMER, remote work and telecommunications for INCEPT GROUP and G&D, and last kilometre optimisation for GROUPE ELEN).

Number of companies with potential contribution to the SDG



Portfolio potential contribution to the SDGs

(split by sector as % of invested amounts and number of companies)



12.3 Objectives

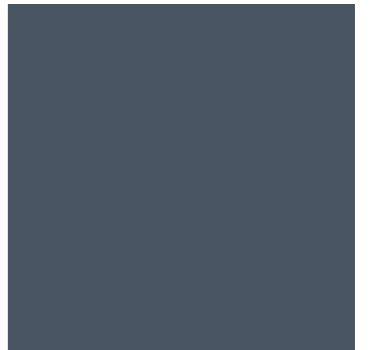
Steps	Key Actions	Status
	Continuously update our SDG mapping based on available methodology updates and portfolio changes	✓
	Assess companies net contribution to the SDGs, including potential obstructions (negative impacts) and increase the scope of analysis (product, services but also direct impacts on employees)	2024
	Engage with relevant portfolio companies on the definition of impact performance indicators	2024
	Raise collective awareness on Sustainable Development Goals	continuous

Appendix

13

ESG ANNUAL REPORT
SEPTEMBER 2023

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13.1 Article 29 LEC Report

Our Article 29 LEC Report is available on our website as well as on the ADEME Transparency Hub platform.

13.2 ESG 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 190 indicators). The questionnaire has been distributed to companies where Naxicap's funds investment exceeds €5 million.

Defining a scoring scale

- 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'.

Calculating a global portfolio score of each ESG dimension

- 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'

Consolidating the scores of each ESG dimension for each company

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

Elaborating coefficients to highlight particular important issues

- 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 both.

Developing the scoring system

- Each dimension of ESG ('Environment', 'Social' and 'Governance') consists of different indicators in the questionnaire. For instance, 'Environment' consists of indicators on 'Environmental management', 'Energy consumption' etc. A weighted 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 weighting the average score of 'Environment', 'Social' and 'Governance' with the materiality of the company's sector and activity.

Deriving a global ESG score of the portfolio

- 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.

13.3 Acknowledgement

We would like to thank our portfolio companies which carefully completed our annual ESG questionnaire.

2R Holding	Delta Service Group	Findis	Keys	Santé Group
ABF	Digisap	G&D	Lagarrigue	SDS
ACIAL	E.CF	Groupe 3R	MADER	SFP DEVELOPPEMENT
ALCE-CDE	ECOCLEAN	Groupe Astoria	MEDIPREMA GROUP	Siblu
AllValv	Emera	Groupe Deck	Moria	Silamir
Altares	Equivalenza	Groupe Defta	O2 Feel	Softway Medical
Anywr	ESTEMI (Groupe)	Groupe Gesop	Oasys & Cie	Sogelink
BVA	Eureka	Groupe Guémas	Ober	Stromer
Capucines	Eurogerm	Groupe NCA	ODH	Teufel
Ceres	Everaxis	HTL	Omia	Texa
Chene Vert	Executive IT	IAD	Parfum Direct	THOHR 2
Club Senior	FHI	IPC	Quartus	Vabel
COPAC (Groupe)	Fin. Du Rouvray	JRI (Groupe)	Quito	Viatemis

13.4 Detailed Agenda

1. Management Board Keynote.

2. 2022 Key events.

3. Naxicap at a glance.

- 3.1. Our vision and core values.
- 3.2. Naxicap in a Nutshell
- 3.3. Our people.
- 3.4. CSR at Naxicap.

4. Responsible Investment at Naxicap.

- 4.1. ESG Commitments – PRI scoring.
- 4.2. Naxicap ESG Journey.
- 4.3. Our LP's expectations.
- 4.4. ESG Committee.
- 4.5. A dedicated ESG team.

5. Integrated ESG Approach.

- 5.1. Scope of the ESG policy.
- 5.2. Our responsible Investment Process.

6. Naxicap's engagement strategy.

- 6.1. Active engagement.
- 6.2. Examples of Naxicap's engagement initiatives.

7. Strategy regarding Paris Agreement alignment and low carbon strategy.

- 7.1. Overall approach.
- 7.2. Portfolio Carbon analysis - Methodology used.
- 7.3. Scope and results.
- 7.4. Objectives.
- 7.5. Main steps of our Climate Strategy.

8. Strategy regarding biodiversity objectives.

- 8.1. Overall approach.
- 8.2. Portfolio biodiversity analyses – Methodology used.
- 8.3. Scope and results.
- 8.4. Objectives.
- 8.5. Main steps of our Biodiversity strategy.

9. Portfolio characteristics.

- 9.1. Introducing our portfolio consolidated KPIs.
- 9.2. ESG materiality.

10. ESG performance.

- 10.1. Methodological note.
- 10.2. Average ESG scores.
- 10.3. Best performers.

11. Detailed ESG performance.

- 11.1. Environment.
- 11.2. Social
- 11.3. Governance.

12. SDGs – Products and services mapping.

- 12.1. Methodology.
- 12.2. Result.

12.3. Objectives.

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