naxicap PARTNERS

ESG ANNUAL REPORT

2024 EDITION

Signatory of:

PRI Principles for Responsible Investment

iC initiative climat international – Private equity action on climate change

AGENDA

ANGÈLE FAUGIER

MANAGING DIRECTOR

In 2023, we launched our first Article 8 SFDR fund out of the €6.6bn assets under Naxicap's management, Naxicap Investment Opportunities III, successfully testing our new processes in real-life operations.

Backed by our internal ESG team, Naxicap investment teams (Mid and Small Caps Buyout) have successfully adopted these new processes and deployed them to further support our Portfolio Companies and more specifically the 5 new investments made in 2023.

The deployment of ESG culture within the company has gained real momentum thanks to the multiplication of initiatives aimed at our teams and portfolio companies, such as webinars, internal challenges and e-learning platform. The high point of 2023 was the ESG Seminar on Responsible Transformation, organized over one entire day with nearly 50 CEOs and senior executives of our portfolio companies. This event provided the impetus for new developments to come in 2024.

JOANNA TIRBAKH

ESG DIRECTOR

The challenge for 2023 was to pursue Naxicap's ESG strategy and quality of reporting while meeting the regulatory challenges imposed by the entry into force of the Article 29 LEC regulation and the publication of the first reporting for 2022. New methodologies and tools were tested on Climate related Risks and Biodiversity analysis.

This year, we have been able to consolidate our modus operandi, industrialize our processes and work on the deployment of advisory services to portfolio companies, in order to be identified as a real partner in their responsible growth. Over 2023, the ESG Team has engaged active and continuous dialogue on specific topics aside ESG reporting with 34 companies out of 78 under ESG scope (carbon footprint, CSRD, Biodiversity, CSR strategy, CSR Manager recruitment, etc.). We are cultivating our role as a partner for all our stakeholders, colleagues and service providers alike, to ensure sustainable co-construction of projects.

01

2023 Key Achievements

Key Achievements

Climate School

First promotion of the **Climate School at Naxicap:** a training program for **Portfolio Companies** on climate in partnership with Axa Climate

80
participants to the **2023 ESG seminar**

2
new funds under **SFDR Article 8 classification**

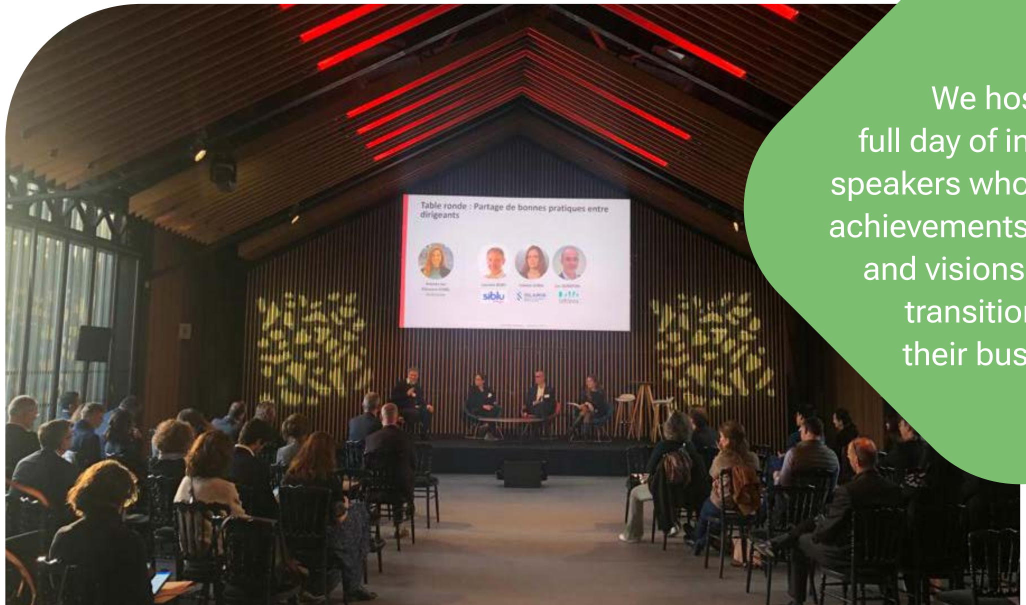
8
webinars on **ESG challenges in business** organized between 2022 and 2023

FRANCE INVEST
Association des Investisseurs pour la Croissance

Signatory of the ***Charte d'engagement sur le partage de la valeur***

34
Portfolio companies engaged in **active dialogue** on ESG topics with Naxicap ESG team

Our 2023 ESG Seminar brought together investment teams and portfolio companies management to tackle ESG challenges within business strategies



We hosted a full day of inspirational speakers who shared their achievements, challenges, and visions for driving transition within their businesses

naxicap PARTNERS

Naxicap at a Glance

02

2.1 Naxicap in a nutshell

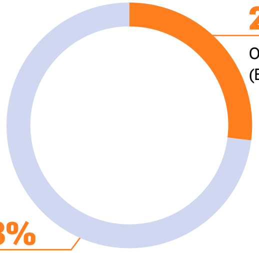
+20 YEARS
investing in French **mid-market** in Private Equity

+25 YEARS
investing in French **Small Market** in Private Equity

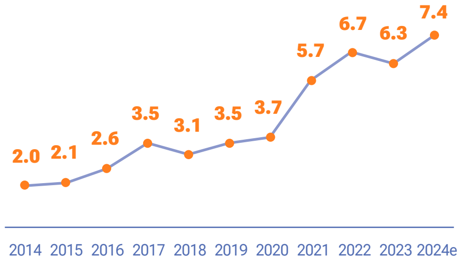
6 regional offices

Our Investors

As of 31 December 2023
in % Assets under Management



Assets under Management (€bn)



Portfolio characteristics

Over 100
Portfolio companies
(Mid and Small Caps)

Of which 78
Under Naxicap's ESG scope

Investment characteristics

Primary focus on investments in Europe

Majority and minority active shareholders

Sector based approach

High growth companies

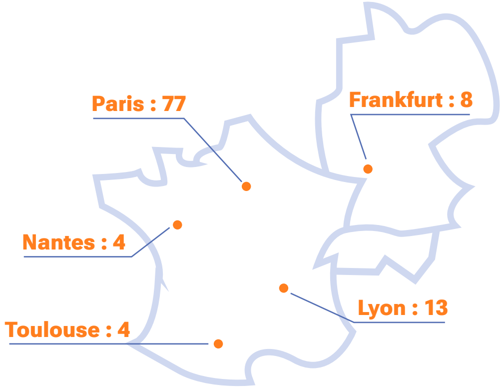
Equity investment
SMALL: €10-€50m
MID: €50-€300m

2.2 Our People

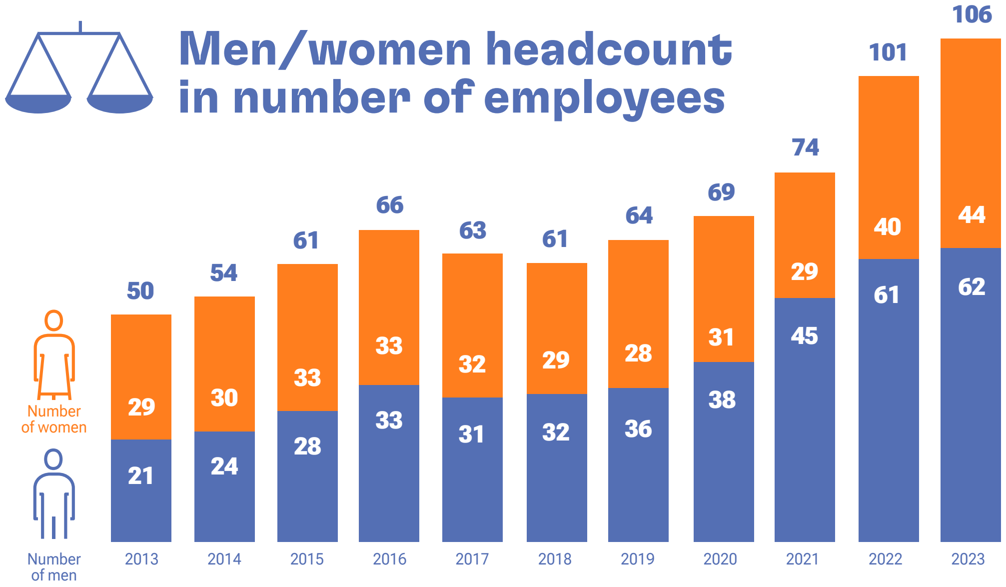
A growing company

A structured management company with significant human resources.

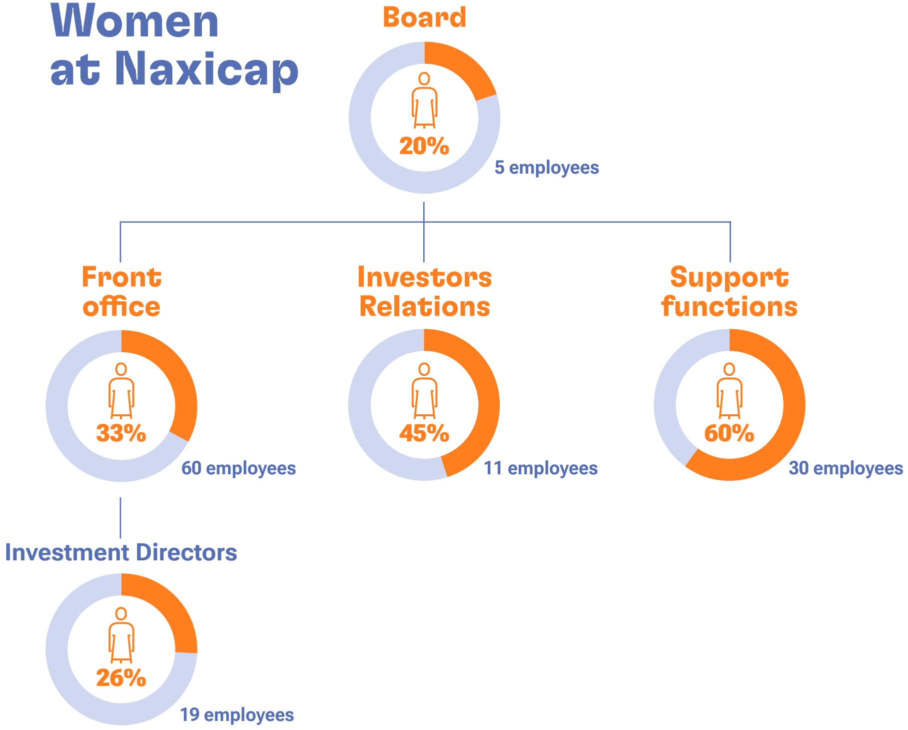
Our employees are our main asset. We have strongly reinforced our teams in the past years, especially on the support functions side.



Men/women headcount in number of employees



Women at Naxicap



Gender Equality Index in 2023

2.3 CSR at Naxicap

Naxicap's internal TEAM IMPACT

In 2022, Naxicap created its **TEAM IMPACT,** *gathering twelve employees from Investment, ESG, Investor Relations, and Marketing to redefine our ESG approach and develop new tools to deploy our vison and strategy.* **It led to four main projects:**

ANGÈLE
Managing Director
Lyon

CHLOÉ
Sales & Marketing
Paris

ISABELLE
Investor Relations Director
Paris

ISABELLE
ESG Project Manager
Paris

MARINE
Senior Associate
Lyon

NICOLAS
Investment Manager
Paris

CLAIRE
Senior Associate
Toulouse

HERVÉ
ESG Associate
Paris

JOANNA
ESG Director
Paris

MARIE
ESG Analyst
Paris

SIMON
Investment Manager
Paris

SOPHIE
Co-Head of Naxicap Small Caps
Paris

ESG Webinars with OpenLande

A series of 8 Webinars was defined to engage portfolio companies and Naxicap employees in Sustainable Transformation.

CEOs from inspirational companies shared their experiences on topics such as circular economy, gender equality and parity, low carbon transition and impact business models.

Naxicap ESG Champions

Naxicap employees are divided into 8 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).

Climate School

In partnership with AXA Climate, we offered 14 portfolio companies an online training program dedicated to climate challenges and solutions. The first Promotion of this program was launched in 2023.

ESG Tool Kit

A set of 6 ESG factsheets was designed and shared with portfolio companies to provide concrete tools on key ESG topics. This Tool Kit offers insights on green mobility, human resources management, resource management and circularity, responsible sourcing strategies, efficient management of buildings, and responsible IT management.

Skill-based Volunteering : Live For Good Partnership

Naxicap is partnering with Live For Good in a skills-based volunteering program. This initiative empowers our employees to support impact entrepreneurs by providing expertise through coaching, advisory, and networking based on their professional and personal experience.

Claire and Marine initiated the partnership between Live For Good and Naxicap and have regularly participated in the skills-based volunteering program.

Live For Good supports young entrepreneurs in bringing their impact-driven projects to life. The program includes a six-month coaching period where dedicated volunteers share their expertise and professional experience with the entrepreneurs through skills-based volunteering frameworks.

*"Thanks to our partnership with Live For Good, we have the opportunity to **broaden our vision as investors** and think differently. Supporting **impact-driven projects** led by young entrepreneurs give us new ideas and perspectives on business model and on the ongoing social and environmental transitions that can be really useful as part of the support we bring to our portfolio companies to help them accelerate their own transition. It's also a **fantastic human experience** that opens our mind to impact and bring us fresh perspectives on key societal issues and new generation ambition." - **Marine, Lyon***

*"The Live For Good program is a unique opportunity for Naxicap employees to **coach young entrepreneurs upfront**, while they are defining their business model or looking for their first financing round. It's incredibly rewarding to see the **direct impact of our expertise on their projects**, and it fosters a deeper sense of purpose and connection within our team." - **Claire, Toulouse***

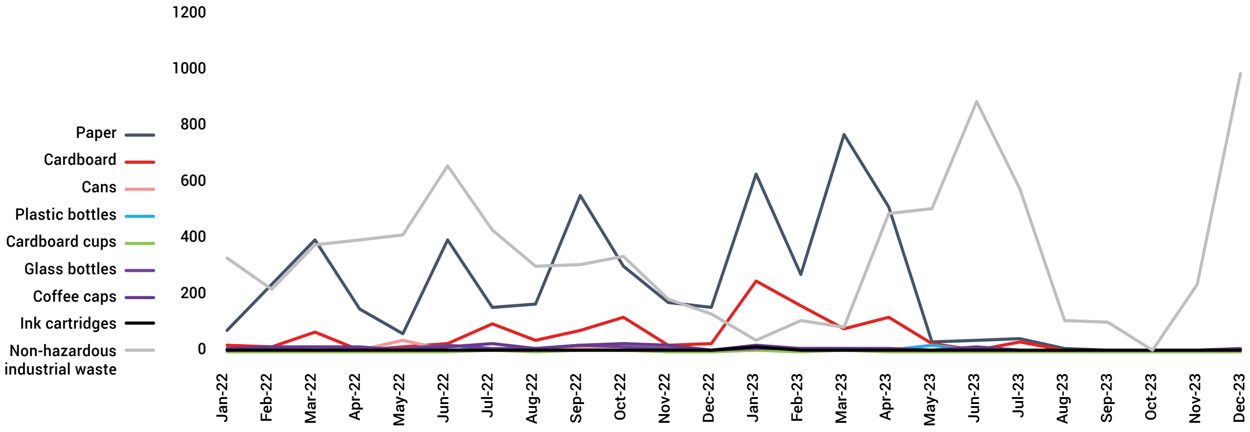
Waste management with ELISE

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.



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

Responsible Investment at Naxicap

03

3.1 ESG Commitments

Our ESG Pledge

GENDER EQUITY

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

CLIMATE CHANGE

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

BIODIVERITY

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

Our external commitments

Signatory of the initiative Climat International since 2016

Signatory of the PRI since 2016

Signatory of the France Invest *"Charte d'engagement sur le partage de la Valeur"* since 2023

Click here to view our ESG Policy

3.2 Our LP's expectations

Supporting GP's

Our LP's are committed to support and work with their GPs to further improve their ESG and sustainability practices

LGT

"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."

Rothschild & Co Merchant Banking

"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."

ARDIAN

"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."

17Capital

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

SFDR Fund classification

The SFDR fund classification has become a key framework for investors to understand

3.3 A dedicated ESG Team

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 GUÉRIN
Investor relations Director (+25 years experience in Private Equity)

Dedicated ESG TEAM

Joanna TIRBAKH
ESG Director
13 year experience in ESG integration for equity and private equity asset managers.

Hervé CHUNG
ESG Associate
6 years

Isabelle JONCOUR
ESG Analyst
2 years

Marie VERDAGUER
ESG Analyst
3 years

“The dedicated ESG team members combine over 20 year-experience dedicated to sustainability integration in asset management and Portfolio companies’ strategy, from listed and private equity investment activities.”

Share of FTEs dedicated to ESG in 2023

4.2%

3.4 Naxicap ESG Journey

2015

Raising awareness & Action Plan

- **A team dedicated to ESG**
- First **ESG audits**

2016

Implementation & Commitment

- **Signature of the PRI**
- **Integration of ESG criteria in the investment process**
- **ESG Charter**
- Signature of **IC international**
- Definition of **ESG process**

2017

Communicating & working with our Investment teams

- **Carbon footprint** assessment of the Management Company
- **First ESG VDD**
- Rated **A on first PRI audit**

2018

Specific attention to climate

- Implementation of an **estimation methodology** for calculating the **Scope 1 & 2 emissions of our portfolio companies**
- Climate training of the investment team

2019

Working on ESG risks

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

2020

A sustained support to our companies

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

2021

A stronger focus on carbon emissions

- **Deep dive on scope 3 emissions**
- Production of **detailed carbon emission factsheets**
- Reinforcement of the ESG Team with the **recruitment of an ESG Director** and **an ESG analyst**

2022

Adopting ESG Pledge

- Raise portfolio companies' awareness **on low carbon trajectory**
- Initiate **portfolio assessment on biodiversity** related stakes
- Launch of a **reflection on gender parity roadmap**

2023

Active engagement with portfolio companies

- **Train portfolio companies on Climate Change**
- **Gather portfolio companies** to share ESG practices and visions
- Raise awareness and prepare to **CSRD regulation**

2024

Create ESG Value

- Define and adopt ambitious **CSR and Climate trajectories**
- Leverage on ESG challenges and constraint to develop **new operational and business opportunities**

3.5 Integrated ESG Approach

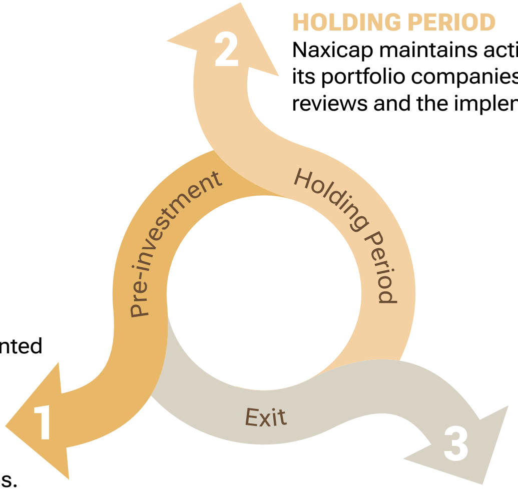
Scope of the ESG Policy

78
PORTFOLIO
COMPANIES UNDER ESG SCOPE
Representing 96% of Naxicap Equity Value at end 2023

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.

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



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

PRE-INVESTMENT
Naxicap has implemented a process to integrate ESG findings and conclusions into its due diligence and investment procedures.

EXIT
Naxicap seeks to implement ESG initiatives during the divestment of portfolio companies.

1 PRE-INVESTMENT

Exclusion Policy: Naxicap screens investment opportunities in accordance with the established restrictions for its investment vehicles.

ESG and climate risks analysis: Every investment memorandum includes a review of ESG and climate risks, opportunities, and recommendations.

ESG due diligence: External auditors conduct ESG due diligence, delivering deep insights and specific action plans for prospective investments.

ESG clause in shareholder agreements: Naxicap includes an ESG clause in all shareholder agreements, ensuring action plans, periodic reports, and ESG questionnaires.

90% OF ESG DUE DILIGENCE

93% OF ESG CLAUSE in the shareholder agreement

2 HOLDING PERIOD

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

ESG reporting: Each company must report ESG data annually using our dedicated online tool, Greenscope. This tool helps answer questions from Naxicap's investors and enables the management company to provide detailed ESG reports. Naxicap has developed an in-house ESG methodology to ensure accurate and detailed monitoring of portfolio companies' ESG performance and its impact on stakeholders (clients, suppliers, etc.).

78% OF PORTFOLIO COMPANIES ANSWERING THE **ESG REPORTING QUESTIONNAIRE**

91% OF PORTFOLIO COMPANIES WITH FORMALIZED **ESG ROADMAP**

3 EXIT

ESG Vendor Due Diligence: An ESG vendor due diligence ("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.

40% OF ESG VENDOR DUE DILIGENCE conducted in 2023

3.6 Active Engagement

Supporting Portfolio Companies

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 covers** 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 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.

> *"Over 2023, the ESG Team has engaged active dialogue on specific topics aside ESG reporting with **34** companies."*
>
> (representing **73%** of Equity Value under ESG scope)

Key ESG topics addressed with Portfolio companies

- Accompaniment on CSRD compliance and Taxonomy analyses
- Recruitment of CSR managers and specialists
- Adoption of CSR strategies, Purpose Driven status
- Subscription to Sustainability Linked Loans
- Adoption of Carbon emissions reduction pathway
- Diversity, Equality and Inclusion trainings
- Share of ESG tools (ESG Toolkit, Climate training)

Focus on CSRD and Taxonomy Accompaniment

To help portfolio companies that will be eligible for the CSRD by 2026, we have actively raised awareness and trained our investment team on this topic during dedicated meetings.

Also, we have engaged in **proactive discussions** with several portfolio companies to anticipate the regulation, help them understand it, and select the most appropriate tools and service providers to support them.

Thematic Focuses

04

Climate Risks and Commitments

4.1

4.1 Climate Risks and Commitments

Our Commitments

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 efforts.

At Naxicap Partners, we have embraced the double materiality principle adapted to climate change issues, taking very seriously the potential impacts climate change can have on Portfolio companies' value, but also their potential contribution to climate change aggravation.

That's why we have adopted a two-folded approach to tackle climate change into our investment strategy approach focusing **1) on mitigating and reducing portfolio GHG emissions** and **2) on identifying climate risks for our companies to adapt their activities.**

Our Objectives

The Paris Agreement sets out a global **risks for our companies to adapt their activities.**

1 **Identify** main greenhouse gas (GHG) emission sources and major climate risks.

2 **Raise Awareness among Portfolio companies' Managers** on business activities impacts on climate change and exposure to climate risks.

3 **Engage Portfolio Companies** on GHG emissions reduction pathways and adaptation strategies to climate risks.

Carbon emissions: the first two objectives were successfully met through carbon estimates and the creation of the two-pager fact sheet. The third objective, which is more ambitious, began to take shape in 2022. For example, some portfolio companies started engaging in reduction programs or conducting comprehensive carbon footprint assessments using internationally recognized protocols such as the Greenhouse Gas (GHG) Protocol or Bilan Carbone® ADEME.

Climate Risks: progress has been achieved for the first objective. This includes a comprehensive analysis of physical and transition risks at Portfolio company level.
Our immediate priority is to strengthen these analyses further and communicate the findings to each portfolio company, fostering awareness and engaging the most vulnerable entities in adaptation strategies.

Main Steps of our Climate Strategy

Steps	Key Actions	Status
	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	Ongoing
	Continuously enhance physical risks analysis	✓
	Pursue analyses of Portfolio companies' exposure to transition-related analysis	2024
	Define action plans with companies most exposed to physical and or transition-related risks to mitigate portfolio exposure to climate risks	2024/2025

Focus on carbon emissions measurement and reduction strategy

Methodology used

GHG emissions from portfolio companies are collected in two different manners:

When Portfolio companies have conducted their own carbon footprint assessment on scopes 1, 2, and 3, we directly collect their carbon data.

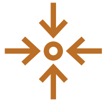
Otherwise, we conduct an annual estimation of GHG emissions aiming at identifying main emissions sources and providing actionable results. This estimation is calculated by a consulting firm, **Greenscope**, also in charge of our ESG reporting data collection campaign, and is based on the ADEME emission factors.

GHG emissions estimation is conducted in three steps:

1

Identify relevant data

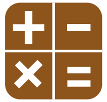
A meeting with the Portfolio Company is organised, to understand the business model and identify key data for estimating carbon emissions. Given the complexity of calculating scope 3 emissions, the priority is to ensure relevance rather than striving for complete exhaustiveness.



2

Collect data

Portfolio companies must fill in a set of 20 to 30 indicators, adapted to their business model and emissions.



3

Calculate carbon footprint

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

Scope and Results

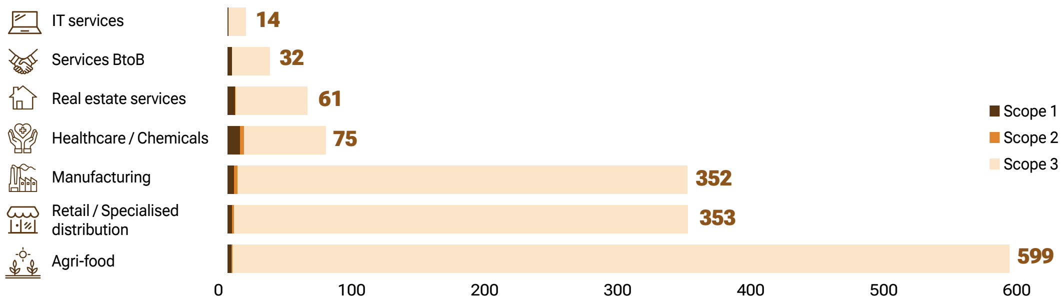
*In 2023, we collected carbon footprint data from all **78** portfolio companies within our ESG scope and we initiated the Greenscope estimation for the **62** companies under the Full ESG questionnaire. Adequate carbon data were obtained for **49** companies, representing **86%** of Naxicap's Equity Value within the ESG scope.*

Portfolio companies' individual results are synthesized in a dedicated two-pager carbon factsheet, distributed to Portfolio companies.

*The average carbon intensity of Naxicap Portfolio companies excluding ECS (Quito) is **178 tCO2e** emitted per million euros of Equity Value (weighted by % of ownership and Equity Value).*

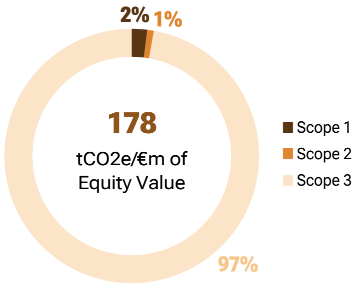
Average carbon intensity by sector (tCO2e / €m of Equity Value)

Weighted by % of ownership and Equity Value



Average GHG intensity of Naxicap Portfolio in 2023

Weighted by % of ownership and Equity Value



Please note that one company, ECS (Quito), representing 7% of the Equity Value under the Carbon scope, accounts for 89% 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.

Revenues: €54m
Number of employees: 265 FTEs

Founded in France in 1820, MORIA manufactures instruments for ophthalmic microsurgery, equipment for refractive surgery and transplant surgery. MORIA is a human-sized company and dedicates part of its activities to support the education of ophthalmologists.

Case Study Moria: assess, measure and reduce GHG emissions

Moria wants to be fully responsible for its environmental impact. This is why the Group has made the Commitment to reduce the ecological footprint of its sites and products.

Reducing the ecological footprint therefore involves optimizing the means of production, improving current products and their packaging, implementing a real eco-design approach in all new developments, and the promotion of solutions with less environmental impact, such as reusable instruments rather than single use without compromising patient safety.

In 2022, MORIA has carried out a **comprehensive carbon assessment of its activities** at the group level (Scopes 1, 2 & 3) with the help of a specialised service provider which shows that Moria's emissions are significantly lower than the average of the manufacturing industry. To go further, Moria and Carbometrix established a **carbon trajectory to 2030**.

An **ambitious decarbonization plan** has been defined (18 selected actions starting at Q4 2023) with specific axes of progress to reach the 2030 goal.

Focus on Physical Climate risks mapping

Methodology used

CLIMATE PHYSICAL RISK SCORE				
LOW	MEDIUM - LOW	MEDIUM	HIGH	VERY HIGH
[1;2[	[2;4[	[4;6[	[6;8[	[8;9]

Portfolio companies' exposure to climate physical risks is assessed based on three IPCC-recommended pillars: hazard, vulnerability, and exposure. Two climate scenarios are used to conduct this assessment:

- SSP2-4.5 (Middle of the Road): Realistic scenario projecting a 2.7°C temperature increase by century-end.
- SSP5-8.5 (High-reference): Pessimistic scenario with a projected 4.4°C temperature increase by century-end.

The analysis covers i) **5** chronic risks and ii) **11** acute risks (see details in Appendix – Details on Climate and Biodiversity risks).

For each company, the level of exposure to each climate physical risk is classified as minimal, moderate, or significant. A score is therefore calculated, ranging from 1 to 9 and is classified from Low to Very High.

At portfolio level, a Climate Risk Score is calculated by averaging the companies' levels of exposure to each climate physical risk.

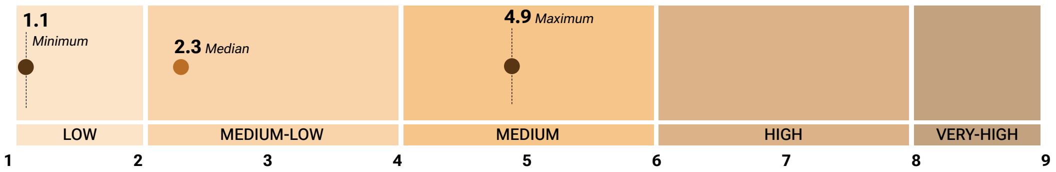
Scope and results

The Climate Physical Risk analysis of **Naxicap Portfolio Companies** focuses on all **78** Portfolio Companies under ESG Scope and their direct activities, excluding their supply chain.

Abiding by the two adopted climate scenarios, the Naxicap Portfolio shows an overall medium-low level of exposure to physical climate risks, with **no portfolio companies facing major risks due to high exposure to multiple physical climate risks**.

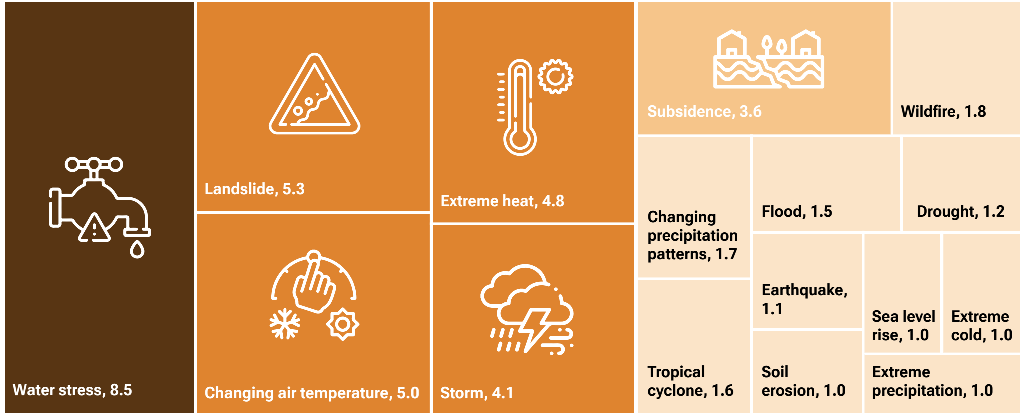
Naxicap Portfolio

Physical Climate Risk Score Repartition



Naxicap Portfolio Physical Climate Risks significance level (/9)

Weighted by Equity Value



Water stress is a major and growing concern in Europe and abroad, and climate change increases the frequency, magnitude, and impact of droughts. Sectors related to agriculture and manufacturing are particularly impacted due to their substantial water use, making them more susceptible to water stress.

Several portfolio companies actively commit to reduce water consumption and mitigate water shortage risks by monitoring water consumption, deploying technical devices for reusing water, raising employee awareness, and formalizing indicators to measure water consumption by product.

Biodiversity Risks and Commitments

4.2

4.2 Biodiversity Risks and Commitments

Our Commitments

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 have to 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 Objectives

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.

Main Steps of our Climate Strategy

Steps	Key Actions	Status
	Continuously update our biodiversity dependencies and impact mapping based on available methodology updates and portfolio modifications	✓
	Conduct biodiversity risks analyses (physical and transition) for each company, based on their activities, size and location	✓
	Raise collective awareness on biodiversity responsible management	Ongoing
	Assess companies' supply chain biodiversity risks exposure	2025
	Engage with portfolio companies with highest biodiversity materiality, measure their biodiversity footprint and define biodiversity protection roadmaps at portfolio level	Ongoing

Focus on Biodiversity Dependence

Methodology used

BIODIVERSITY DEPENDENCE SCORE				
LOW	MEDIUM - LOW	MEDIUM	HIGH	VERY HIGH
[1;2[	[2;4[	[4;6[	[6;8[	[8;9]

Ecosystem service dependency is a crucial aspect in assessing the exposure of companies and human activities to potential biodiversity risks.

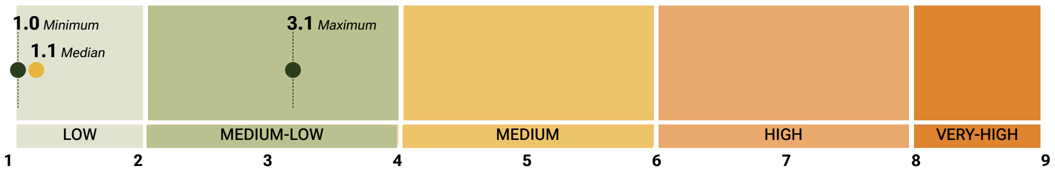
The analysis covers i) **5** provisioning services and ii) **16** regulation and maintenance services (see details in Appendix – Details on Climate and Biodiversity risks).

For each company, the dependency levels for each ecosystem service are classified as minimal, moderate, or significant. This score ranges from 1 to 9 and is classified from Low to Very High.

At portfolio level, a Biodiversity Dependence Score is calculated by aggregating the companies' dependency levels for each ecosystem service.

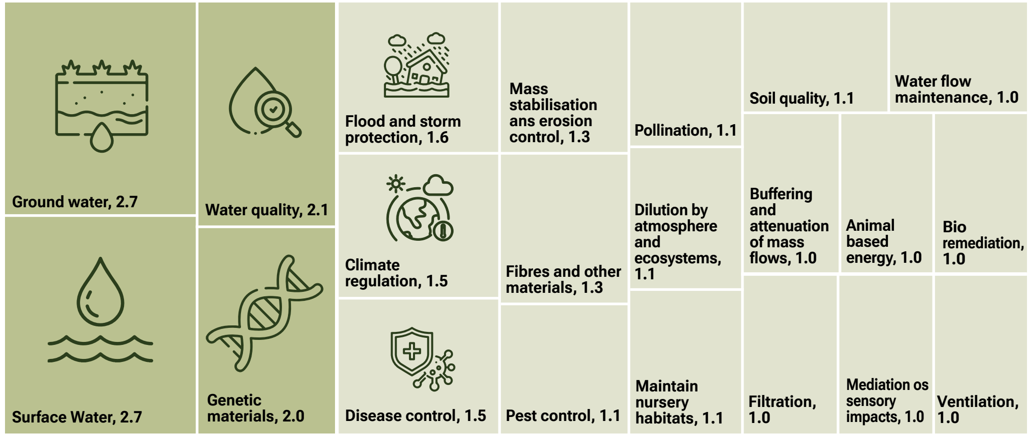
Naxicap Portfolio

Biodiversity Dependence Score Repartition



Naxicap Portfolio Biodiversity Dependence significance level (/9)

Weighted by Equity Value



Scope and results

The **Biodiversity Dependence analysis** of Naxicap Portfolio Companies comprises all **78** Portfolio Companies under ESG Scope and their direct activities, excluding their supply chain.

The Biodiversity Dependence Score for each company in Naxicap Portfolio indicates that, as of today, **none of the Portfolio Companies faces major risks due to a high level of dependence** on ecosystem services.

In France, **surface and ground Water** is the main dependence risk our economy is facing. Our industries are depending on water availability (agriculture, energy, paper, food and beverages, cosmetics, chemicals, etc.). Most consuming portfolio Companies have engaged actively in **identifying and implementing strategies** and initiatives to address these challenges.

Overall Naxicap Portfolio companies demonstrate a **low level** of dependence on biodiversity and ecosystems

Focus on Biodiversity Pressures

Methodology used

Three biodiversity pressures are assessed:

1 - Biodiversity footprint (MSA.km2)

Estimation of a company’s MSA.km2 to determine if portfolio companies operate in sectors significantly contributing to biodiversity erosion.

a. The metric used, MSA.km2, endorsed by the IPBES, measures ecosystem integrity by evaluating species abundance. A 1 $MSA.km^2$ impact equates to the destruction of 1 km^2 of intact ecosystem.

b. This estimation relies on the company sector of activity and the company’s revenue.

2 - Proximity with Threatened Species

Identification of companies’ assets that are close to species classified as endangered or vulnerable (considers the type of assets).

3 - Proximity with Areas of Interest for Nature

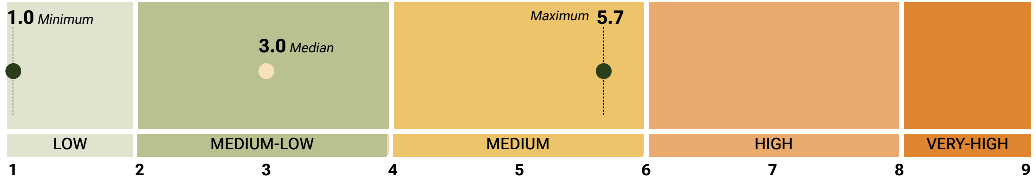
Identification of companies’ assets that are close to areas of interest for biodiversity (consider the type of assets).

Overall Biodiversity Pressure Score is then calculated, similar to the Biodiversity Dependence Score.

Scope and results

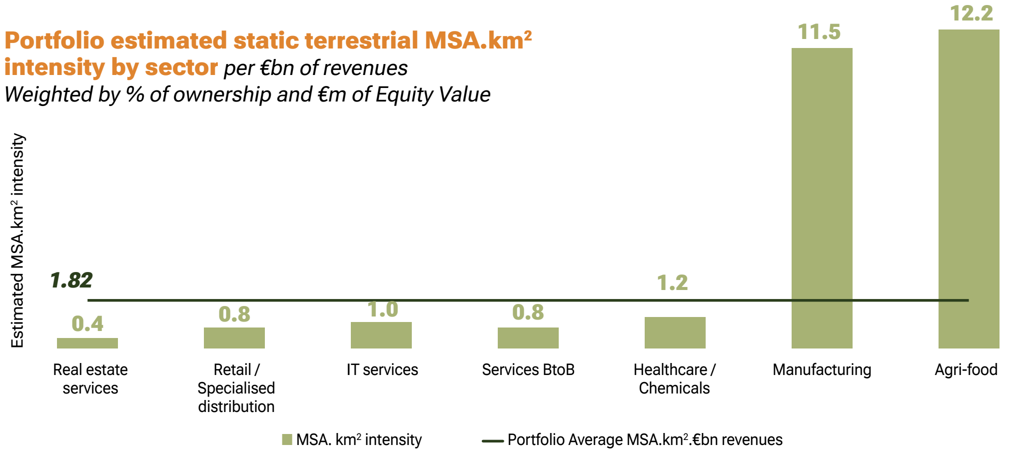
The **Biodiversity Pressure** analysis of Naxicap Portfolio comprises all **78** Portfolio Companies under ESG Scope, excluding their supply chain.

Naxicap Portfolio
Biodiversity Pressure Score Repartition



Companies from **agri-food** sector have the highest Biodiversity Pressure Score. This is partially explained by the **proximity of food plant locations with areas of interest for biodiversity.** Portfolio companies operating within this sector are aware of the impact of their activities and have initiated measures such as mapping their pressures, training employees, revitalizing biodiversity ecosystems, etc.

Portfolio estimated static terrestrial $MSA.km^2$ intensity by sector *per €bn of revenues*
Weighted by % of ownership and €m of Equity Value



Revenues: €183m
FTEs: +600

Founded in 1989, Eurogerm counts 16 subsidiaries across Europe, Africa, Americas and Asia. The Group specialises in the design, manufacture and marketing of ingredients and creative solutions for the wheat-flour-bread-pastry industry, and experts in crispiness, softness, taste and texture of bread, pastries and patisserie.

Case Study Eurogerm: Assess and measure biodiversity Pressures and Dependences

Context:

In 2022, Eurogerm Group has embarked on its Corporate Sustainability journey with the definition of its CSR strategy. The following year, the group published its first public Sustainability Report which paved the way for numerous actions undertaken since then (carbon footprint, training, R&D, etc.).

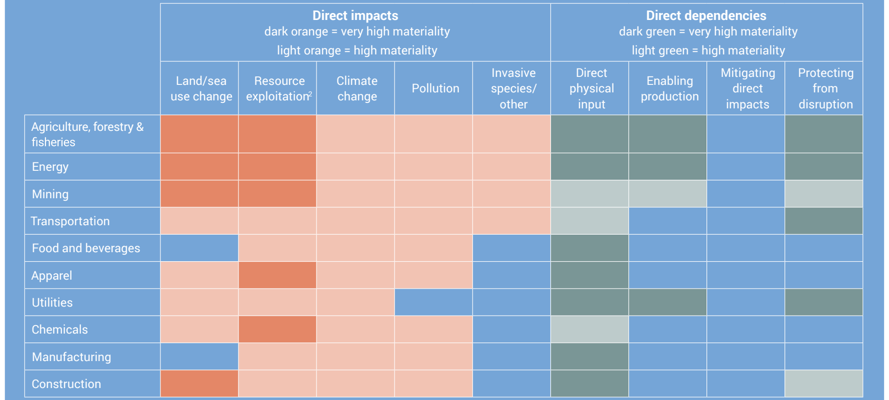
Late 2023, an ambitious project was initiated to **Measure Eurogerm's Biodiversity Pressures and Dependencies** and prioritize mitigation actions.

Main results:

As a Group operating in the agro-food industry, the dependencies on agricultural services (raw materials, climate regulation) and pressures (intensive agriculture) are key drivers of the Group's activities.

The Group has identified several **performance indicators** to monitor along its value chain (such as water demand from crops, use of pesticides, carbon emissions of key raw materials, raw materials used in packaging) as well as **strategic actions** to undertake so as to reinforce its responsible offer and anticipate client's expectations.

Table 1: Most significant direct impacts and dependencies on nature, by priority industry, identified through analysis of the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) knowledge base. For impacts, the figure shows very high (dark orange), or high (light orange) material impacts for each sector. For dependencies, the figure show categories of ecosystem services upon which the sector depends, with either very high (dark green) or high (light green) materiality.



1 Adapted and expanded from Finance for Biodiversity (2022).
2 Resource exploitation includes water use.

Illustration: Sector Pressure and Dependence matrix (ENCORE)

Prioritising nature-related disclosures, UNEP FI, avril 2022 https://www.unepfi.org/wordpress/wp-content/uploads/2022/04/Prioritising-nature-related-disclosures.pdf

SDGs – Products and Services Mapping

4.3

4.3 SDGs – Products and Services Mapping

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.

Methodology used

We use the SDGs framework to identify our portfolio companies' potential positive impacts on environmental and social topics through their products and services. Among 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 (see illustration below).

P Contribution through product & services (solutions)

O Contribution through operations & conduct

Our Next steps

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)	2025
	Engage with relevant portfolio companies on the definition of impact performance indicators	continuous
	Raise collective awareness on Sustainable Development Goals	continuous

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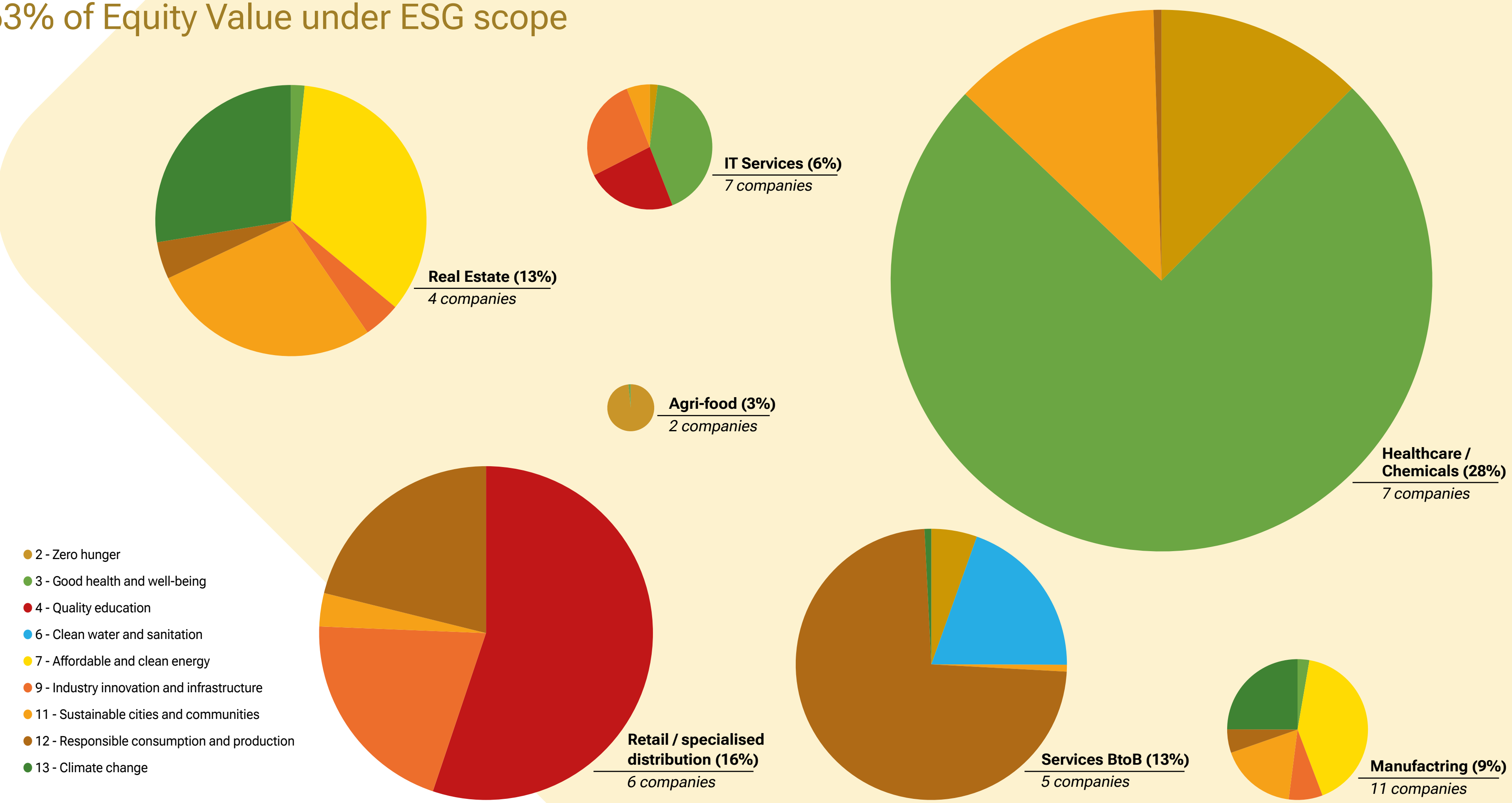
PORTFOLIO COMPANIES HAVE PRODUCTS AND SERVICES WHICH COULD CONTRIBUTE TO ONE OR SEVERAL SDGs

63% of Equity Value 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 repairability (O2FEEL, SIBLU, SDS, STELLIANT).

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)



Portfolio Performance

05

5.1 Portfolio Consolidated KPIs

ESG Reporting Scope

78 Companies under ESG scope in 2023 (-2 VS 2022)

67 Answered the ESG questionnaire (+2 VS 2022)

76% Are headquartered in France (-10 pts VS 2022)

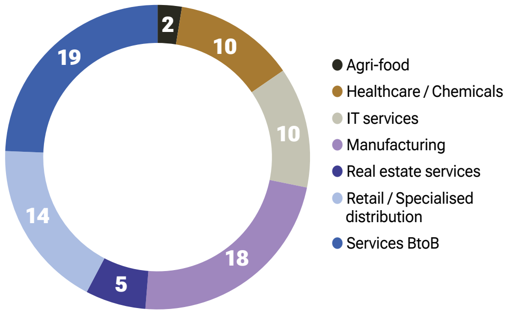
37,209* FTEs in portfolio companies under ESG scope

+426 Net job creation (permanent only)

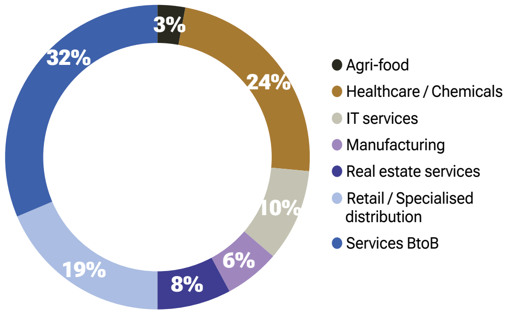
(*) Permanent and non permanent FTEs, excluding Newrest which has more than 40,000 employees

Portfolio characteristics

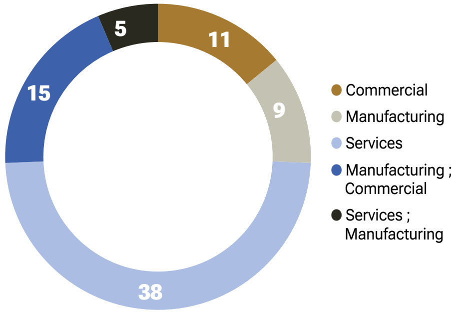
Number of companies by sector



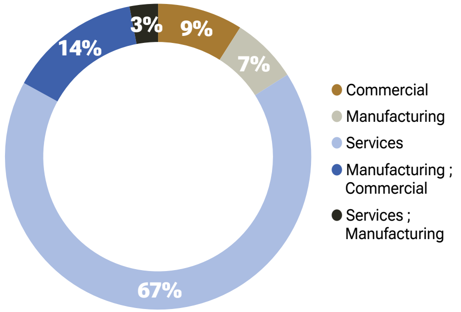
% of Equity Values by sector



Number of companies by activity



% of Equity Values by activity



naxicap PARTNERS

5.2 ESG Reporting Campaign 2023

ESG Reporting Scope

Naxicap requires Portfolio companies* to provide annually a set of c. 160 indicators related to their ESG actions and engagements with stakeholders (clients, suppliers, etc.).

To collect this data, Naxicap has implemented an online reporting tool - **Greenscope** - available to every Portfolio company.

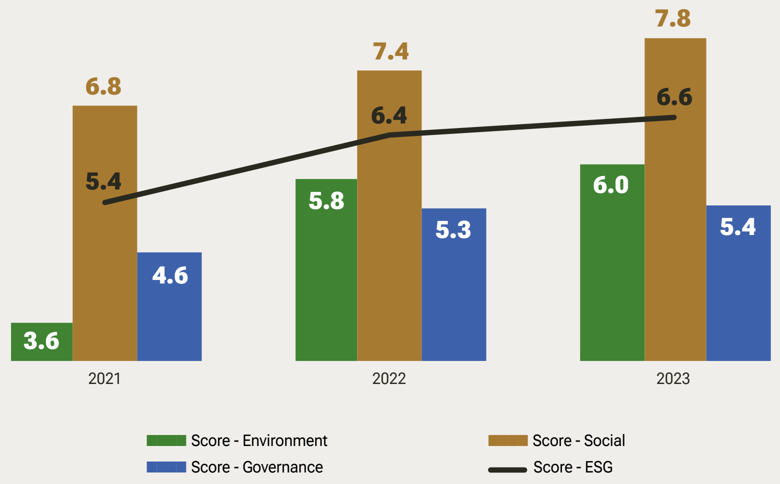
Naxicap has developed its own detailed inhouse ESG scoring methodology using companies' answers to the annual questionnaire.

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.

		2021	2022	2023
PORTFOLIO Rating scope out of 62 portfolio companies	**Number of rated Portfolio Companies** (constant scope)	41	49	53
	Rated companies *as a % of # of Portfolio companies*	*66%*	*79%*	*85%*
	Rated companies *as % of Equity Value*	*87%*	*91%*	*95%*

(*) 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.

Portfolio average ESG score (/10)



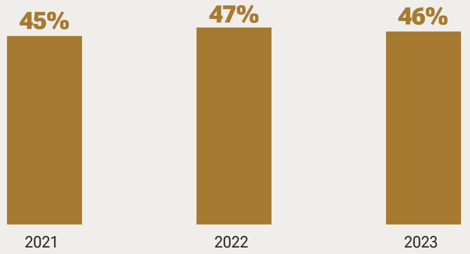
Scale of Maturity Level

0>4	4>6	6>8	8>10
Lack of formalism	Beginner	Good practice	Advanced

5.3 Detailed ESG Performance

Environment

Companies with a formalized environmental policy



Number of responding companies - 2021: 53 | 2022: 60 | 2023 : 63

Companies with Carbon footprint

65% 2022 → **69%** 2023

Number of responding companies - 2022: 57 | 2023: 64

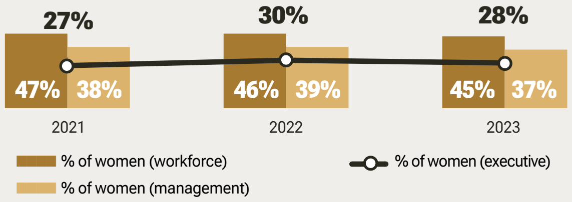
Average share of Renewable energy in energy Mix

19% 2022 → **26%** 2023

Number of responding companies - 2022: 40 | 2023: 50

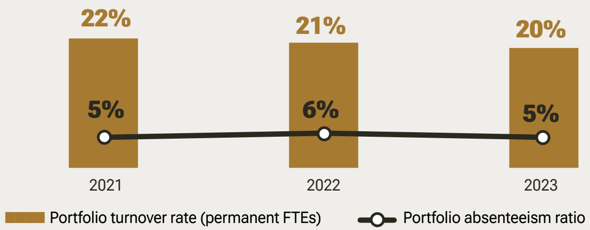
Social

Portfolio companies' women ratio to total FTE



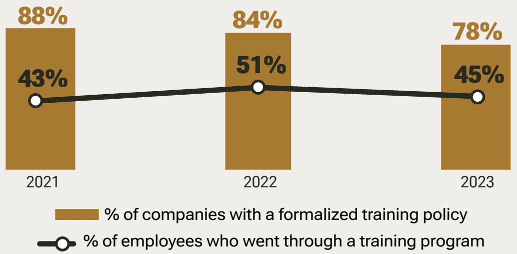
Number of responding companies - 2021: 47 | 2022: 51 | 2023 : 61

Average absenteeism and turnover rates



Number of responding companies - 2021: 56 | 2022: 59 | 2023 58

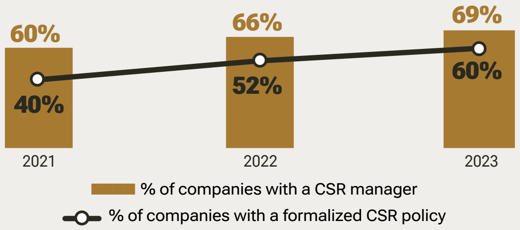
Training Policy



Number of responding companies - 2021: 43 | 2022: 56 | 2023 : 63

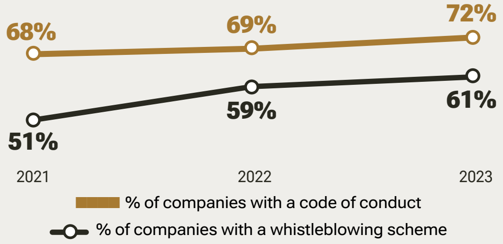
Governance

CSR governance



Number of responding companies - 2021: 55 | 2022: 60 | 2023 : 62

Ethics & Deontology



Number of responding companies - 2021: 43 | 2022: 59 | 2023 : 62

Responsible purchasing charter

37%

Number of responding companies - 2023 : 59

Appendix

06

6.1 Details on Climate analyses

Carbon footprints

We have aligned our GHG reporting with **SFDR** reporting standards:

- Total 2023 GHG emissions of each portfolio company are divided by the **Equity Value** of each company to obtain a carbon intensity ratio per entity (tCO2/€m of Equity Value);
- **Intensity ratios are then weighted** by the % of ownership (Funds' ownership in each company);
- Finally, the average GHG intensity is **the sum of the weighted intensity again weighted by the Equity Value.**
- For carbon emissions, when 2023 data was not available, **we used latest available data** (31.12.2022).

Data presented in this ESG report are based on the companies' statement and are not part of an audited process. Changes and corrections can occur from one year to another. Past performance is not indicative of future performance.

Climate Physical Risks

Climate physical risks analysed are the following:

5 CHRONIC RISKS	11 ACUTE RISKS	
Changing air temperature	Extreme heat	Drought
Changing precipitation patterns	Extreme cold	Extreme precipitation
Water stress	Wildfire	Flood
Sea level rise	Tropical cyclone	Landslide
Solid Erosion	Storm	Earthquake
		Subsidence

Water stress risk

The methodology used to assess the level of exposure of Portfolio companies to physical climate risks considers companies with over 10% of their sites located in areas exposed to a risk as globally exposed to that risk (**Altitude** methodology).

Additionally, this methodology and the results presented above primarily focus on site locations rather than company activities. Consequently, companies with service-based activities (67% of the portfolio's Equity Value) and primarily operating from offices, are minimally affected by water stress despite their locations in high-risk areas. This mitigation aspect of the Portfolio's exposure to water stress risk is not reflected in the results presented above.

6.2 Details on Biodiversity analyses

Biodiversity Dependence

Please note that although our assessment of biodiversity dependence has gained in precision through the **Altitude** Platform, using a more detailed sectoral and site classification, it remains primarily reliant on sector analysis.

Furthermore, it's crucial to note that the methodology employed does not consider the initiatives undertaken by Portfolio Companies to reduce their dependencies on biodiversity. This aspect, involving company-specific mitigation efforts, is currently not integrated into the assessment.

Biodiversity Pressures

The limitations of the methodology used to assess potential pressures on the ecosystem are the following:

- **MSA.km²** is based on sectoral estimates, that can lack precision in fully identifying the exact activities of our portfolio companies.
- The potential **pressures of activities** on biodiversity are not considered in locally: water scarcity, proximity to protected areas, threatened, or protected species, soil fertility.
- **Invasive alien species** are not considered (established as the 5th cause of biodiversity loss by IPBES).
- It does not cover pressures on the marine ecosystem.
- Regarding companies' proximity with threatened species and/or areas of interest regarding biodiversity, only **direct activities are considered**, excluding the supply chain.

Altitude Platform

Altitude Platform uses the **ENCORE** tool (Exploring Natural Capital Opportunities, Risks, and Exposure), developed by the Natural Capital Finance Alliance and the UN Environment Program.

The **Altitude** 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 6 impact pressures

6 PRESSURES	21 DEPENDENCIES		
Land use	Animal-based energy	Climate regulation	Mediation of sensory impacts
Encroachment	Fibres and other materials	Dilution by atmosphere and ecosystems	Pest control
Fragmentation	Genetic materials	Disease control	Pollination
Atmospheric nitrogen deposition	Ground water	Filtration	Soil quality
Terrestrial ecotoxicity	Surface water	Flood and storm protection	Ventilation
Climate change	Bio-remediation	Maintain nursery habitats	Water flow maintenance
	Buffering and attenuation of mass flows	Mass stabilisation and erosion control	Water quality

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