



ESG ANNUAL REPORT

2022 EDITION

Editorial

Eric AVEILLAN,
CEO Naxicap Partners



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

Since 2015, Naxicap has pursued an evolving ESG strategy to reflect its values and convictions. We have mobilized significant resources, established a dedicated team, undertaken real commitments such as the PRI and the International Climate Initiative and formalized an internal ESG process overseen by our Middle Office. Furthermore, we have trained our investment teams to constantly educate and keep them up to date on these dynamic subjects.

In line with Naxicap Partners' investment vision and strategy, we provide concrete ideas and development strategies to develop and improve the environmental, social and ethical practices of our portfolio companies. By such, we aim to reduce operational risks and to support actions in favour of balanced corporate governance, to reduce the environmental impact by stimulating innovation and creativity and to set fair social standards. We are convinced that the best strategy moving forward is to offer future buyers companies integrating sustainability into their long-term business models. We are convinced that an adequate management of ESG issues contributes to higher value for all stakeholders in the long run.

This ESG report is the last one on Naxicap Partners historical scope. As of March 31st, 2022, we have merged with Alliance Entreprenre, another Natixis Investment Managers affiliate. Alliance Entreprenre has developed its own ESG approach, very similar to our own. This combination strengthens Naxicap Partners' expertise in the small cap segment. Following this transaction, Naxicap Partners has nearly 100 employees and manages over €6 billion. This new dimension will be reflected in our next report to be published in 2023.

I wish you good reading.

Eric Aveillan

“
We are
convinced
that an adequate
management
of ESG issues
contributes to
higher value for
all stakeholders
in the long run.”

ESG at naxicap: insiders point of view



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.



Joanna TIRBAKH ESG Director

10-year-experience in ESG integration for equity and private equity asset managers.



What is Naxicap’s responsible investment philosophy?

Angèle FAUGIER: As a 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**.

Transformation, Growth and Internationalization are the key drivers of our investment and responsible investment strategies.

What are the key factors that differentiate Private Equity apart from other investment strategies regarding ESG integration?

Joanna TIRBAKH: To begin with, Private Equity and, in particular Naxicap Partners, invest in small and medium companies (SMEs). It is undeniable we can not expect the same level of achievement from a small company as that of a large one. It is true for financial but also extra financial performance. From our experience, the integration of ESG stakes since the very inception of the company has yet to become common practice. This year again, **we were among first stakeholders to challenge some invested SMEs on their actions to better integrate ESG characteristics**.

AF: The **transformation capacity** Private Equity investors bring to **Portfolio companies** is one of the key differentiating factors of this investment class.

The second one being the **weight Private Equity investors' decisions have on the company's strategy, as majority shareholders.**

The third one, but probably not the last, is the **Growth:** companies this size **need to grow**, in every way possible, **including on ESG maturity.** We can not expect a SME to be perfect on ESG since day one.

It is also up to us to bring them there.

How Naxicap engages portfolio companies on ESG?

AF: Naxicap's **historical investment strategy** was built on a minority shareholder approach. One of the **core values** we have inherited from this foundation is **humility.** We consider managers in our portfolio companies as partners, with whom we commit to **great things.**

ESG is one of the key topics on which we engage portfolio companies, progressively raising their awareness on the **double materiality between sustainability and business.**

JT: Being long-term partners of these companies is a great opportunity to better align sustainable and economic interests, alongside efficient risks and opportunities management.

With a portfolio of 100 companies, and a majority position in 40 of them representing 85% of the invested amounts, this is our role, as the management company, **to foster their responsible initiatives.**

Dialogue, action plans, reporting and benchmark are the main tools we use to engage with portfolio companies.

What are your next challenges for 2022-2023?

AF: Over the past years, if we have witnessed a **greater appetite and maturity from companies regarding sustainability,** which can certainly be related to i) the **increase in size of target companies** and ii) the **general increase in maturity of some industries,** the main challenge still lies ahead of us to engage with Portfolio companies on ESG on a **more strategic basis.**

Three topics will require full dedication from all our teams in the coming years: **climate, diversity and biodiversity.**



**“We are, after all,
the greatest problem
solvers to have ever
existed on Earth.
If working apart, we are
a force powerful enough
to destabilize our planet.
Surely working together,
we are powerful
enough to save it.”**

**Sir David Attenborough, British naturalist,
COP26 Opening ceremony (Glasgow, 2021)**

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A GLANCE**

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01



A person's hands are shown typing on a laptop keyboard. The image is overlaid with several semi-transparent icons: a checklist with a checkmark, a warning triangle, a magnifying glass, and three interlocking gears. A large white checkmark inside a circle is also prominent. A blue L-shaped graphic element frames the text.

NAXICAP at a glance



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.

“

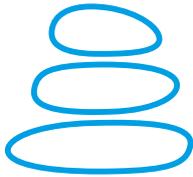
As Private Equity investor with an
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continuous improvement approach

”



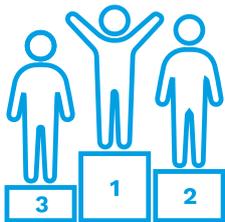
Commitment

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



Agility

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



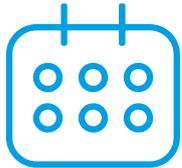
Excellence

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



Who we are

Naxicap Partners in a nutshell



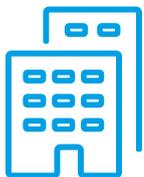
16 years

Investing in French mid-market
in Private Equity



74 employees

Including **42** Investment professionals
As of 31 December 2021



5

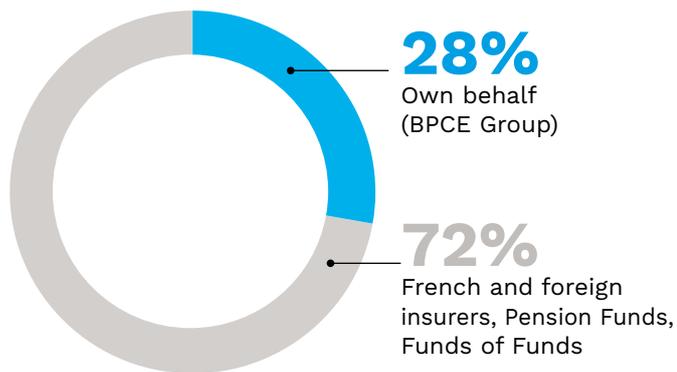
Regional Offices

Naxicap's Regional Network



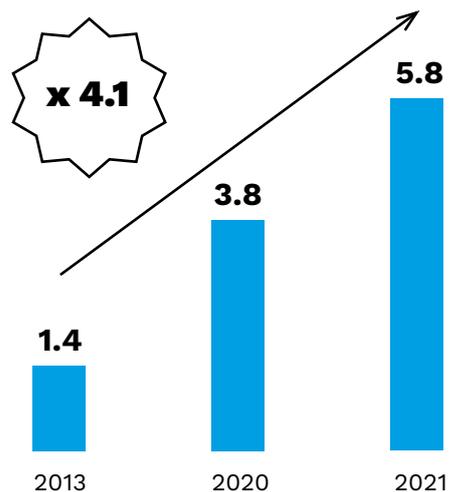
Our investors

As of 31 December 2021



Assets under management

[€bn]



Who we are

Naxicap Partners in a nutshell

Investment characteristics



Sector-based approach



High growth companies



Equity investment
€50-300m



Primary focus on investments
in **Europe**



Majority and **minority**
active shareholders

Portfolio characteristics



100

portfolio companies
(Mid and Small Caps)

Of which

62



under Naxicap's ESG scope



40

majority investments

representing

85%

of the invested amounts

3%

Agri-food

5%

IT services

10%

Real estate services

15%

Manufacturing

25%

Service BtoB

22%

Retail /
Specialised
distribution

20%

Healthcare / Chemicals

**Ability
to cover a large
range of sectors**

% of AUM by sector

Who we are

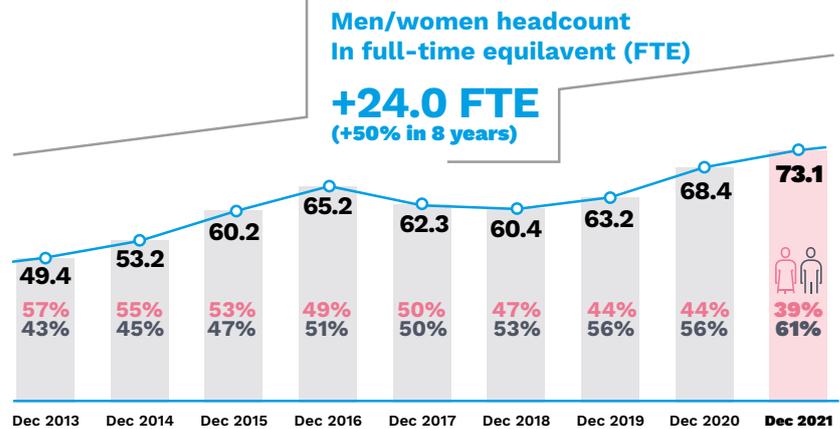
Our people

A growing company

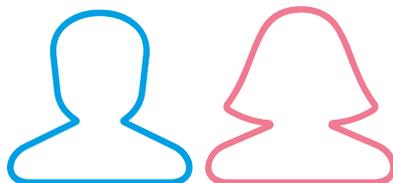


A structured management company with significant human resources

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



Gender Equality Index in 2021



93 / 100

Naxicap's score in 2021

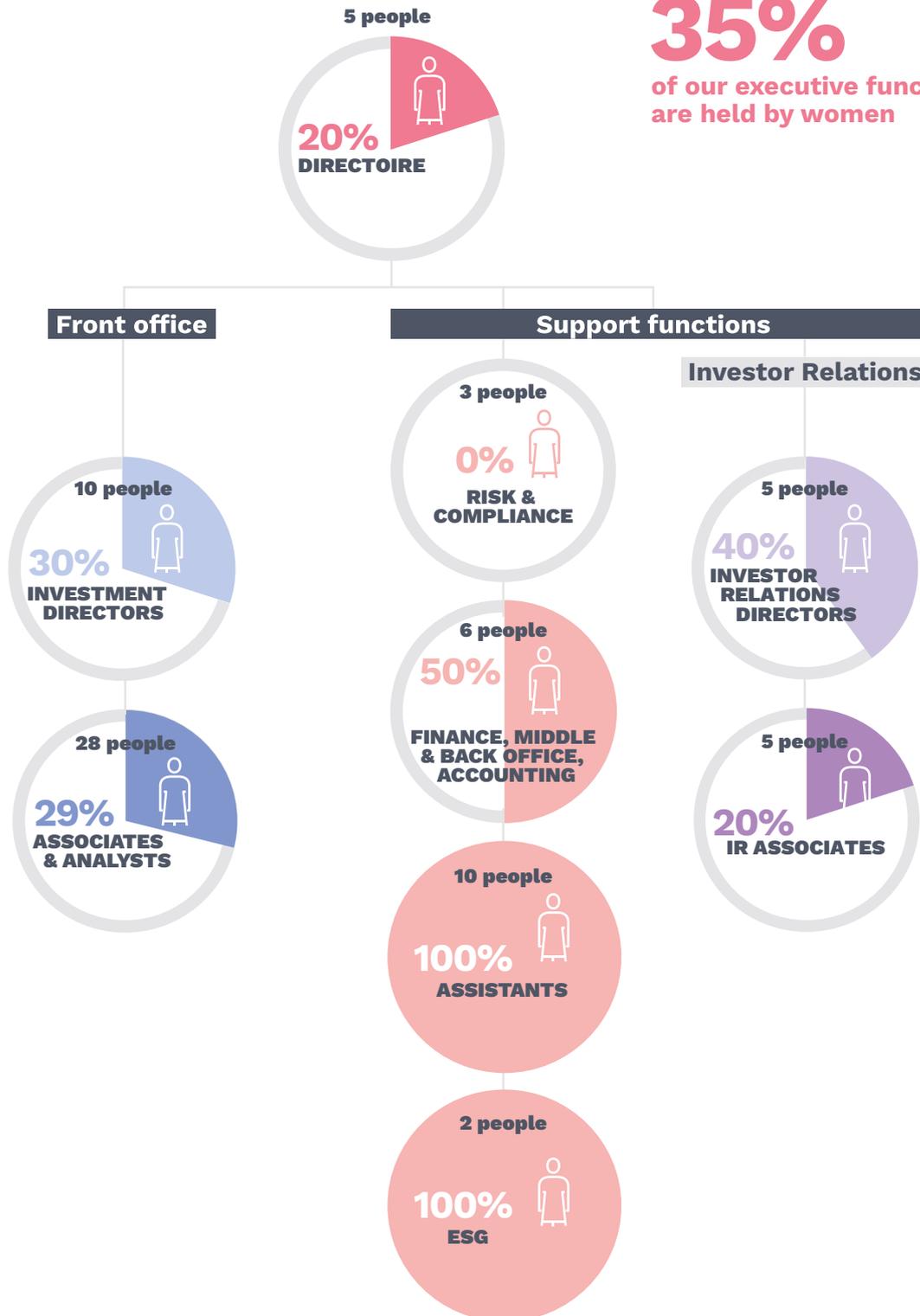
Women at Naxicap

As of 31 December 2021



35%

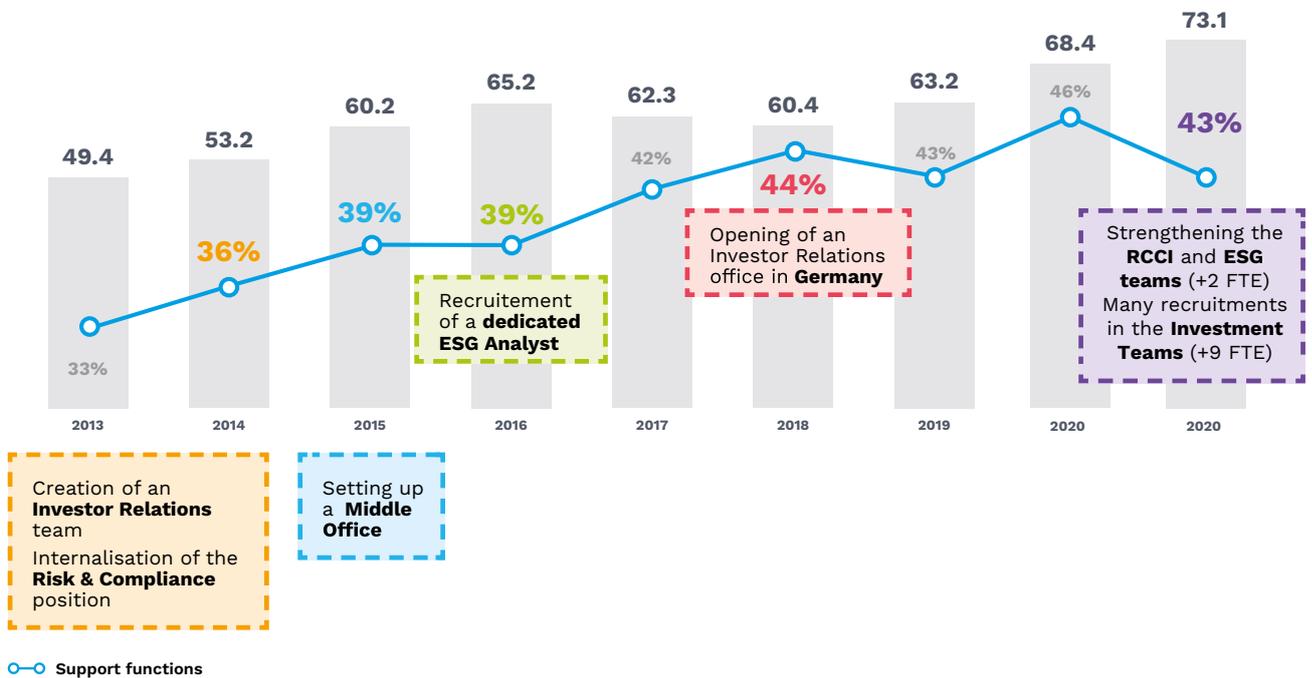
of our executive functions are held by women



Who we are

Our people

Strengthening our support functions



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

Nicolas MARCQUE
Head of Risk & Compliance



“ The regulatory complexity during fundraising and reporting led us to professionalize our ESG teams, to expand them and to set up processes for monitoring our portfolio companies, in line with ESG key stakes. ”

Liesel BAUCHET

Deputy Corporate Secretary - Head of Investor Relations



“ Over the last few years, Naxicap has increased its internal controls on these ESG processes, making it possible to strengthen monitoring with a view to foster ESG integration across all business lines. ”

Malik TEKOUK

Head of Middle Office



“ ESG is one of the key components of investments risk assessment. Therefore, risk monitoring tools and measures are being implemented in collaboration with the ESG team, with the objective to fully integrate this topic into our risk monitoring process. ”

Ibrahim GASSAMA

Risk Manager

Who we are

Citizen initiatives & Community projects

Empowering our employees to contribute to change



Project

Reconditioning of eyeglass frames

Project's holder

Ophélie Vanbremeersch

In detail

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



Project

Innovative food products, ethical and eco-responsible

Project's holder

Emilie Galbas and Terence Pierrot

In detail

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



Project

Healthy farm products and fair remuneration to the producer

Project's holder

André Bonnard
Florence Loyer
Maximilien Rouer
Bastien Debras

In detail

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



Project

Creation of tiny houses in sustainable materials

Project's holder

Benjamin Bajal

In detail

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



Skill-based sponsorship

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



supported by Naxicap's employees since January 2019, of which 5 still being monitored



Project

Tenants guarantor

Project's holder

Thomas Neuraz

In detail

Guarantor 2.0 which boosts tenants' rental file and reassures the owners.

Greener offices



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

Citizens' initiatives



On November 2021, **20 employees** participated in the "Cross du Figaro" (relay race), to **support the Telethon**. A part of the registration fees was donated to the organization.





Responsible investment at NAXICAP

ESG Charter & Commitments



NAXICAP'S INVESTMENTS



We undertake to make investments compliant with our values

We do not invest in:

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

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

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



We undertake to examine ESG criteria before investing in a company

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

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



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

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

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

The companies answer an annual questionnaire of c. 190 indicators allowing Naxicap to monitor their progress and to compare them to other companies in our portfolio. We undertake to actively fulfill our role as Supervisory Board member, and to support the ESG action plan with the management.

NAXICAP'S INVESTORS

We undertake to report our ESG actions transparently to our LPs

Our investors are concerned by the implementation of good ESG practices in the companies of the portfolio they have invested in. Naxicap Partners undertakes to report transparently its actions and the companies' initiatives to its investors.

We collect ESG data annually from our portfolio companies through an online reporting tool and analyze the answers using our in-house methodology. We provide our LPs with dedicated reports by fund based on this methodology and the companies' answers to the indicators. In turn, we reply to our LPs' questionnaires, detailing our ESG initiatives.



WITHIN NAXICAP

We undertake to offer our associates the best possible work environment

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

A tutoring program allows junior staff to spend time with more experienced staff in order to share their experience.



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

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

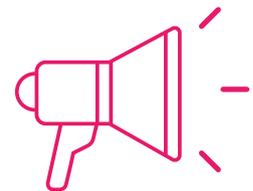


OUTSIDE NAXICAP

We undertake to promote responsible investment within our profession

We believe that investing more responsibly involves all the actors of the profession, from LPs, through management companies such as Naxicap, down to the companies in which we invest as well as their employees.

We undertake to participate in workshops to increase public awareness, to communicate and demonstrate the benefits of good practices for companies and for the investment industry. In the long run, we believe that responsible practices will have a positive impact on profitability.



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

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



ESG Charter & Commitments

NAXICAP

Scoring range:

E

A+

The results of
the annual PRI audit 2019*
Naxicap awarded

A+ for Strategy & Governance
A for Direct Private Equity



**Latest available scoring*



Signatory of the PRI since January 2016



Supported by the United Nations, the PRI is the world's leading proponent of responsible investment, joined by near **3,826 investment managers, asset owners and service providers worldwide, representing 121.3 trillion AUM** (PRI, 2021).

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

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

Signatory of Initiative Climat France since October 2016



In order to take the inclusion of sustainable development criteria one step further and to anticipate future regulations of the Article 173 of the French Energy Transition Law, Naxicap Partners signed the Initiative Climat France (previously IC20) in October 2016.

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

All signatories commit to:

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

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

Member of France Invest



ESG journey

Leading the Naxicap ESG journey since 2015

2015

Raising awareness & action plan

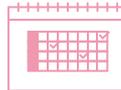
- A team dedicated to ESG
- First ESG audits



2016

Implementation & commitment

-  Principles for Responsible Investment
- 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



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

Biodiversity & carbon footprint

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





2018

Specific attention to climate

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



2019

Working on ESG risks

- ESG portfolio risk mapping
- Naxicap's Social report internally published
- **First portfolio carbon footprint estimation, including scope 3 emissions**
- **Winner of the Grand Prix**



2020

A sustained support to our companies

PRIVATE EQUITY

in the category
"ESG - Sustainable Development"

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



Naxicap ESG pledge – 2022-2023

- 1 We want to foster portfolio companies' integration of climate change challenges, support them in their transition and act at portfolio level**
- 2 We want to engage with portfolio companies on a gender parity trajectory**
- 3 We want to improve our understanding of the impacts of biodiversity loss on portfolio companies and strengthen biodiversity protection at portfolio level**

Internal resources allocated to sustainable transition

“
The dedicated ESG team members
combine over 14 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
Investor Relations Director
(25-years-experience in Private Equity).

Dedicated ESG team



Joanna TIRBAKH

ESG Director
10-year-experience in ESG integration for equity and private equity asset managers.



Hervé CHUNG

ESG Analyst
4 years



Héloïse SERVETTAZ

ESG Analyst
1 year

2021

The ESG team was reinforced in the second semester of 2021, with the recruitment of an ESG Director and two ESG analysts. They replaced the former team (1.5 FTEs).

Since January 2022, the ESG team comprises **three dedicated employees (3 FTEs**, representing **4.1% of total staff** as of December 2021), as well as two senior members who are part of the ESG committee: a partner and an Investor Relations Director.



ESG committee

17 Naxicap ESG committee meetings in 2020 - 2021

The ESG Committee counts five 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.

Since January 2020:



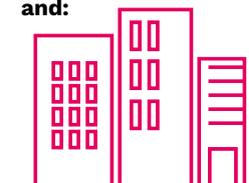
93%
of our portfolio companies reviewed

covering:



95%
(FMV as of 31 Decembre 2021)

and:



51
companies

Providing ESG training to our employees

Every year, Naxicap organizes an **ESG training** for its employees to better grasp arising sustainability topics, introduce new trends and regulations.

70%

of our employees (Investment team and Investor Relations team) underwent an ESG training on new regulatory changes (SFDR, Taxonomy, Loi Énergie Climat, CSRD)

ESG Consulting Services

The Group has constantly **sought guidance** from **external consulting companies** (Carbon4, INDEFI, PWC, Sirsa) to help in the definition and implementation of its ESG strategy.

In addition to internal resources, Naxicap uses the services of external consultants for several missions/ due diligence, Carbon footprint estimates, Training.

In 2021, the fees for ESG consulting represented **82%** of external ESG costs.

Technical resources

Naxicap uses a **dedicated reporting platform** to collect and analyze ESG data.

Every year, portfolio companies populate their ESG data directly on the platform.

About **10,000** data points requested in total.

In 2021, the fees for ESG data management represented **18%** of external ESG costs.

Internal resources allocated to sustainable transition

ESG governance

Knowledge, competencies and experience of governing bodies on ESG

Naxicap's ESG approach was launched in 2015 by **Angèle Faugier, member of the Executive Committee** ("Directoire"), Investment Director, Partner and Head of Naxicap Offices in Lyon. Since **2015**, she has been leading the definition of **Naxicap's ESG strategy, ESG integration in investment processes and supervising the ESG Committee** supported by all the members of the ESG team, and especially **Isabelle Guerin, Investor Relations Director** (25-years-experience in Private Equity) and **Joanna Tirbakh, ESG Director** (10-years-experience in ESG integration for equity and private equity asset managers).

Angèle Faugier advocates for ESG at Executive Board level.



Every year, a report is prepared by the ESG team to be presented to the Executive Board.

This report highlights key achievements, KPIs of ESG investment process monitoring, ESG reporting of Portfolio performances and sets out the different priorities for the coming years. The Executive Committee then discusses the results, defines relevant actions to be undertaken and rules over the roadmap suggested by the ESG team.

As of December 31st, all our Funds (100% of assets under management) enter the application field of SFDR Article 6

Main reasons behind this positioning are as follows:

- As of March 10th 2021, date of implementation of the SFDR, the great majority of our funds were already invested and no longer open for new investors. There was no longer any need for any promotion of ESG characteristics, making it hard to justify any change of the by-laws.
- However, ESG characteristics are integrated in the investment process.

Remuneration policy

Naxicap Partners has updated its procedural framework to clarify the **consideration of sustainability risks in its remuneration policy.**

Naxicap has structured team members' remuneration so that fixed salary represents a significant proportion of total compensation and does not encourage employees to take excessive risks.

The structure also provides for deferred payment of any bonus awards over certain thresholds. The deferred element is conditional on continued employment at Naxicap and is indexed to the Firm's EBITDA.

The variable remuneration granted is subject to conditions of presence, financial performance, absence of non-standard behavior (respect of compliance rules, absence of a major sustainability risk i.e. occurrence of an environmental, social or governance event) which may have an impact on the level of risk of Naxicap Partners and/or the products managed.





Integrated ESG approach

Our responsible investment process

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

1 PRE-INVESTMENT

Out of 15 acquisitions that went through our ESG investment process in 2021:

All 15 Investment Notes included an **ESG/Climate analysis**

12 companies representing **81%** of 2021 invested amounts went through an **ESG Due Diligence**

14 companies representing **84%** of 2021 invested amounts included an **ESG clause in shareholder agreements**

2 HOLDING PERIOD

Out of 15 acquisitions that went through our ESG investment process in 2021:

11 companies representing **81%** of 2021 invested amounts defined an **ESG Roadmap** approved by the Supervisory Board

Out of 62 companies included in our ESG reporting scope:

53 companies representing **98%** of invested amounts answered Naxicap's **annual ESG questionnaire**

3 EXIT

Out of 4 exits that were conducted in 2021, **none** conducted an ESG Vendor Due Diligence

Commitment to act in a **TRANSPARENT MANNER**



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:

- **Pre-investment 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 diligence are carried out by external ESG auditors (such as PwC or INDEFI) 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.

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.

Integrated ESG approach

Article 4 of the « Loi Énergie Climat » - Engagement Strategy

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.**

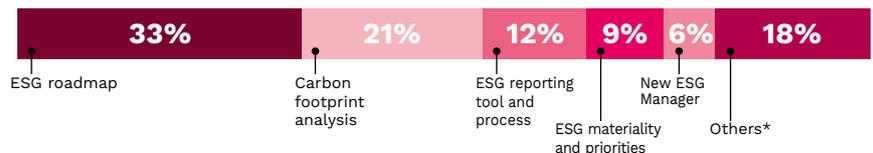
Therefore, **our pledge as Private Equity responsible investor is to engage with portfolio companies on their ESG performance, challenge them on most material topics** (climate change, diversity, inclusion, supply chain, etc.) **to foster their sustainability and economic growth.**

In 2021, in addition to the regular exchanges between the investment team and all portfolio companies' management, the ESG Team has engaged active dialogue with 13 Portfolio companies representing 44% of invested amounts. The main ESG topics covered with portfolios concerned **ESG roadmap** (including proposal, validation and follow-up), **carbon footprint analysis, ESG reporting tool and process and ESG materiality and process.**

13 
Number of portfolio companies with whom the ESG team has engaged an active dialogue


44%
of invested amounts

ESG topics covered with portfolio companies



- The close links between the investment team and the portfolio companies make it possible to identify any ESG risks and actions underway.
- With (I) the high number of new investments conducted (+15), focusing the ESG team on these new investments to ensure the respect of ESG procedures, and (II) the internal reorganisation of the ESG team (two employees in charge of ESG monitoring – 1.5 ESG FTEs – left the company in May 2021 and November 2021 and were replaced in September 21, October 21 and January 22), the ESG team has successfully deepened the dialogue on ESG topics with 13 portfolio companies.

(*) ESG policies and benchmark, Global Compact, Naxicap ESG Report 2021, Regulation, Internal training, Due Diligence results

ESG risks management

Throughout the cycle of investment, Naxicap remains **attentive to the impact of ESG risks on company performance** and the **potential financial and reputational impacts of inadequate management of these risks**. Naxicap Partners' dedicated **ESG Risk management procedure** was defined in December 2021.

Article 8.a of the « Loi Énergie Climat » - Risk Management

As part of its overall risk management, Naxicap has set up a procedure dedicated to monitoring ESG risks. This procedure is part of the general framework of Naxicap Partners' risk policy. The internal ESG risk monitoring system is characterized by:



1
Nomination of a permanent team to monitor extra-financial issues and risks.



2
Development, updating and sharing of normative documents (procedures and mapping) to **measure the extra-financial risks** to which portfolio companies are exposed or likely to be exposed to.



3
Implementation of information systems on the extra-financial risks of the portfolio and control that at all time:

- The **extra-financial risks** borne by the companies are identified and measured
- **ESG risk mapping** ensures a sufficient **level of vigilance**, particularly with regards to **regulatory requirements**
- When a risk that could have a negative and material impact on the performance of the shareholder funds or on the management company arises, **appropriate corrective measures are taken**.

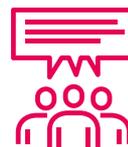
The purpose of the procedure is to **describe the process** put in place to **assess each company's exposure to extra-financial risks**, but also to **identify the impact of risks** specific to the private equity business (reputational risks, financial risks, etc.). This procedure specifies:



Tools



Allocation of risk management responsibilities



Content and frequency of reporting to management bodies



The image is a composite. The right side shows a forest fire with thick, dark grey smoke billowing upwards, partially obscuring the trees. The left side shows a healthy, green forest landscape with a road and hills in the background. A teal-colored frame surrounds the text.

Focus on climate change and biodiversity

Strategy regarding Paris Agreement and low carbon strategy

Overall approach

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 adaption capacities they may develop.

Since 2018, we estimate the carbon emissions of our Portfolio companies to better grasp the extent of greenhouse gas (GHG) emissions we are responsible for.

In 2020, we have decided to conduct annual carbon emission assessment on all three emission scopes and have engaged with the companies under our ESG perimeter (i.e. companies where we have invested more than €5m) with the results of their carbon emissions.

“
A low carbon investment strategy appears as one of the new challenges to be integrated into our investment approach over 2022-2023”

Portfolio carbon analysis methodology used

This assessment is conducted annually by a carbon consulting firm who 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 **100% of scope 1&2 and 80% of scope 3 emissions** using this methodology, which is based on BEGES / ADEME* emission factors.

Carbon analysis is conducted in three steps

1 Understanding the business model

Organization of a meeting between the consultants and the company to identify relevant data set for carbon emissions estimation on all three scopes

2 Data collection and analysis

Portfolio companies are asked to populate a set of 20 to 30 indicators, depending on their business model and emissions. The data is analyzed by consultants

3 Carbon footprint calculations

The consultants add up the emission factors to calculate the carbon footprint

Article 4 of the « Loi Énergie Climat » - Engagement Strategy

What we have done so far:

Since 2020, we have especially engaged with Portfolio companies on estimated carbon emissions.

Naxicap Partners has also incorporated climate indicators into its online reporting tool Reporting21 to assess Portfolio companies' exposure and adaptation strategies to **physical and transitional climate risks**, potentially impacting their operations.

Our objectives with the carbon estimates:

- a) Sensitize managers on carbon emissions and on the impacts of their activities on climate change
- b) Identify main emission items
- c) Engage Portfolio companies on reduction pathways

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

Next steps 2022-2023

- 1 **Production of carbon factsheets for most emissive Portfolio companies**
- 2 **Encourage portfolio companies to conduct their own complete Carbon Footprint, using international protocols**
- 3 **Further develop physical and transition-related risks analysis (mapping, TCFD reporting)**
- 4 **Define reduction objectives to align most emissive Portfolio companies on a Well-below 2°C or 1.5°C scenario**

Early 2022, we launched an analysis on the **Science Based Targets Initiative (SBTi)** methodologies and on how we could help Portfolio companies integrate this methodology to calculate their reduction target. This work is still at an early stage. We aim at producing additional analysis to the carbon factsheets for at least 15 most emissive Portfolio companies (representing 88% of our weighted carbon emissions) by end of 2022.

The following steps will require continuous dialogue with Portfolio companies on their results and find appropriate alignment targets, matching their growth strategy.

Strategy regarding Paris Agreement and low

Scope and results

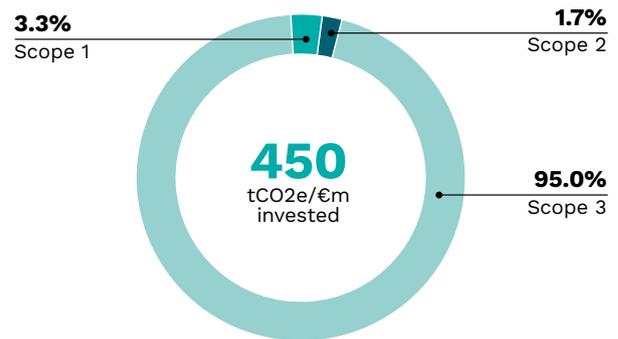
80%

The 39 companies* included in this carbon reporting represent 80% of the total amount invested in Naxicap's ESG monitored companies in 2021.

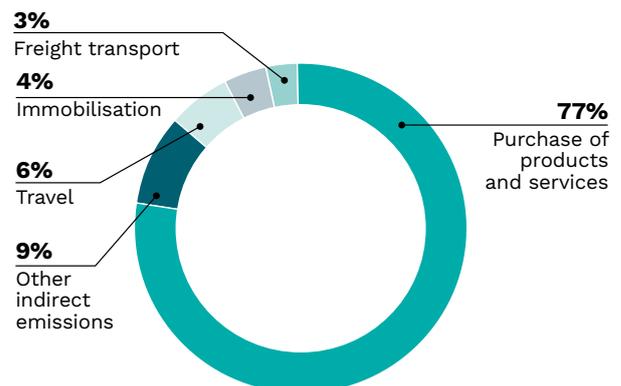
Please note that ECS has not been integrated in this scope: the company represents 2% of the total amount invested by Naxicap. However, it would represent 90% of total emission if included in this reporting scope (due to its activity of freight management).

**See page 80-81: "Carbon footprint calculation of portfolio: scope and methodology"*

Average greenhouse gases intensity of portfolio 2021
(weighted by % of ownership)



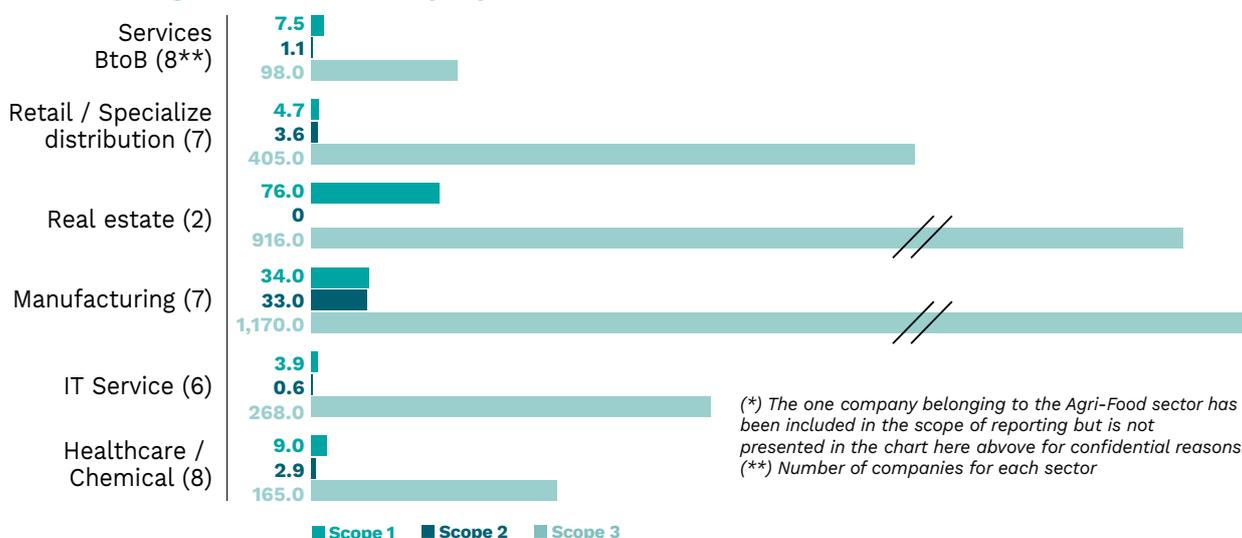
Scope 3 GHG emission by type
(weighted by % of ownership)





carbon strategy

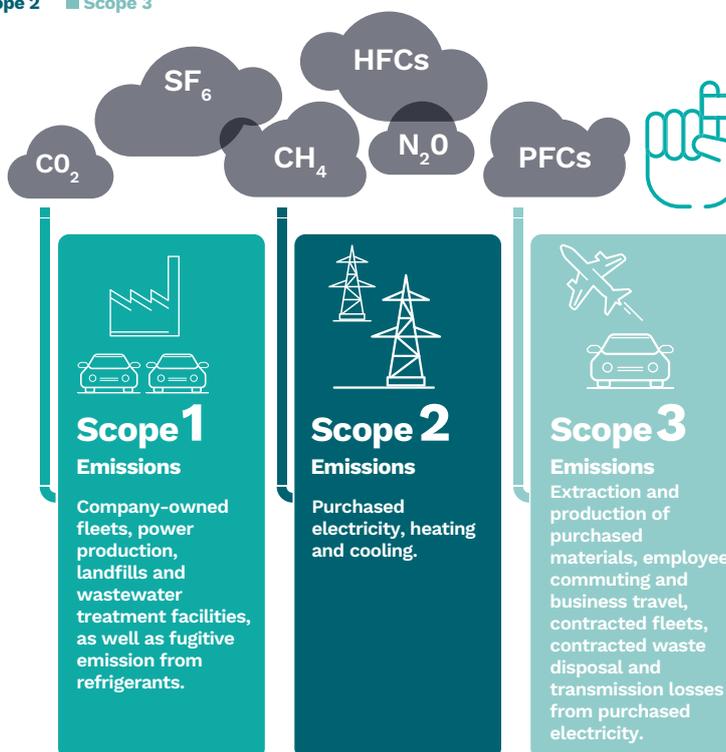
Average carbon intensity, by sector* (tCO2e / €m invested, weighted by % of ownership)



(*) The one company belonging to the Agri-Food sector has been included in the scope of reporting but is not presented in the chart here above for confidential reasons.
 (**) Number of companies for each sector



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





Article 7 of the « Loi Énergie Climat » - Biodiversity Alignment Strategy

What biodiversity related risks mean for Naxicap

Biodiversity loss refers to the **decline or disappearance of biological diversity**. We are convinced our modern economy and activities are **highly dependant on ecosystem-based services** that so far were provided without counterparts. With the disappearance of species, deterioration of natural habitats, raise in zoonoses and climate change, **these services may tomorrow have a cost**.

Our objectives regarding biodiversity integration:

- a) **Better understand the relations between business activities and biodiversity** (dependance to ecosystem-based services and impacts of activities on biodiversity loss)
- b) **Sensitize** portfolio companies' managers
- c) **Engage** with Portfolio companies on improvement roadmaps

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

Next steps 2022-2023

- 1** Conduct sector-based analysis of Biodiversity double materiality (dependance and impact) over our portfolio
- 2** Engage with portfolio companies with highest biodiversity materiality
- 3** Raise collective awareness on biodiversity responsible management
- 4** Define biodiversity protection roadmaps and track relevant KPIs

Pre investment

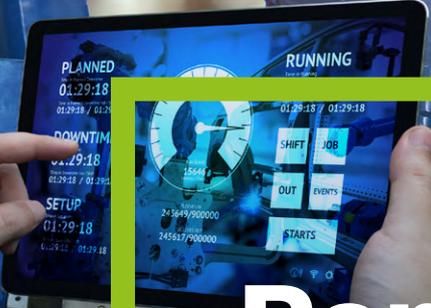
Biodiversity is not yet part of the ESG criteria we are assessing in our pre-investment procedures.

Monitoring

For the first time for the FY2021, we integrated questions regarding impacts on biodiversity, to comply with SFDR Principal Adverse Impact (PAI) mandatory list.







Portfolio ESG Review

Introducing our portfolio consolidated kpis



62

companies
(under ESG scope)



85%

of portfolio companies have their headquarters in France
(under ESG scope)

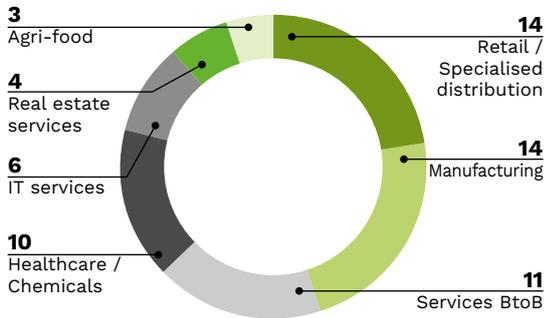


60,125 FTEs

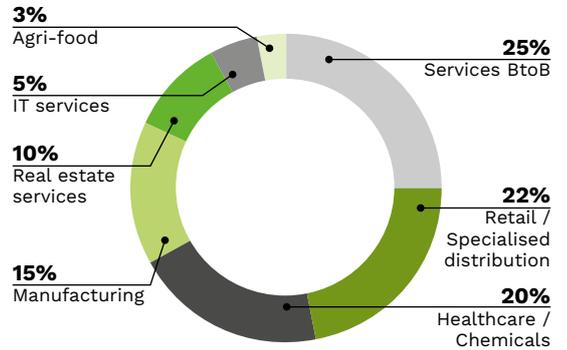
in portfolio companies*
**Scope: 54 companies*

53 portfolio companies answered the ESG questionnaire representing **98%** of total amount under management.

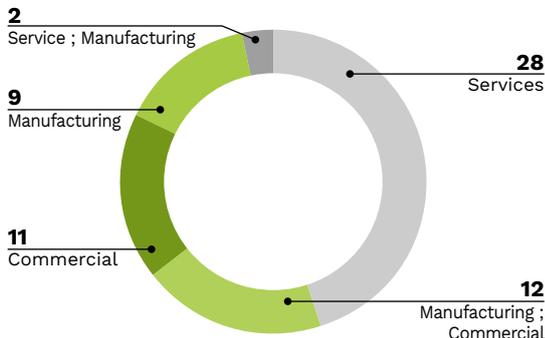
Number of companies by sector



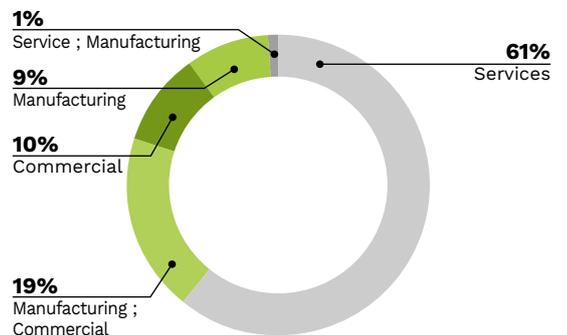
% of AUM by sector



Number of companies by activity



% of AUM by activity



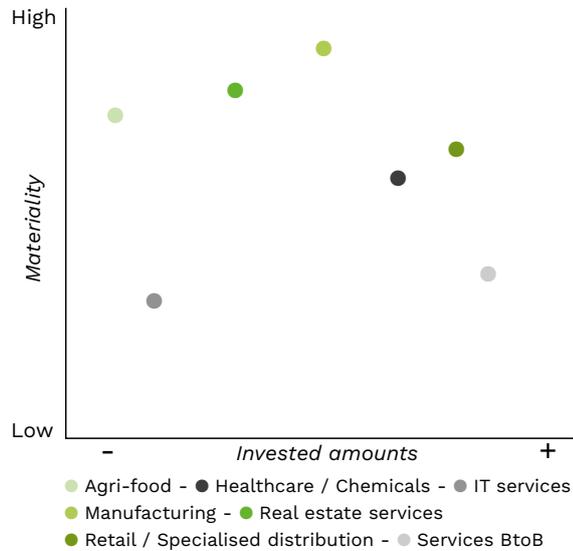
ESG materiality

These charts illustrate how material **Environmental, Social and Governance topics** are for our portfolio companies, grouped under similar industries (average).

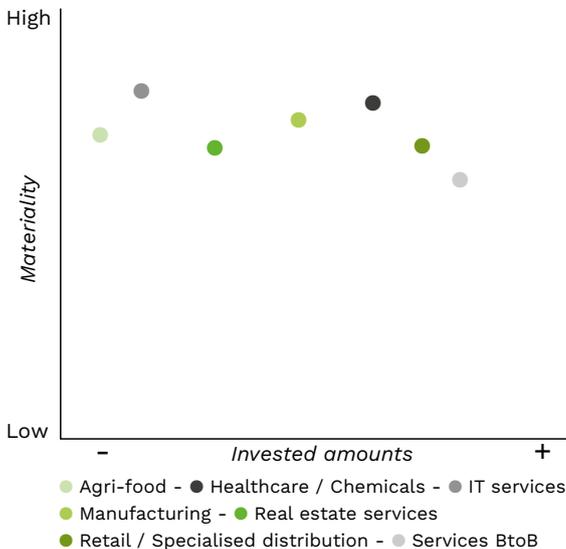
Companies from our portfolio are more sensitive to Social topics, where the materiality for every sector is high.

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.

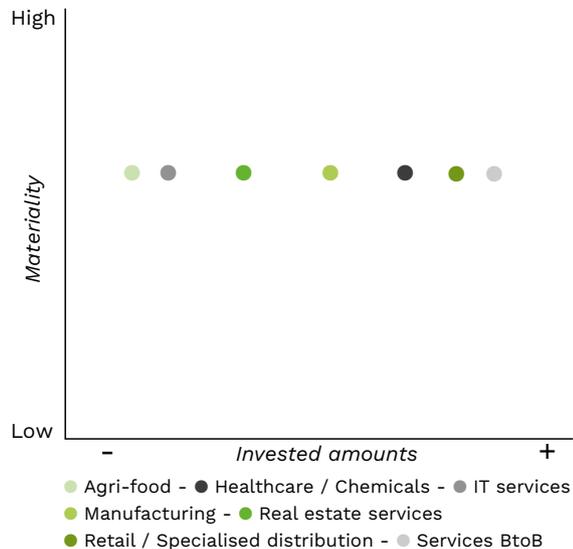
Materiality of **Environmental** Topics by Industry



Materiality of **Social** Topics by Industry



Materiality of **Governance** Topics by Industry



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

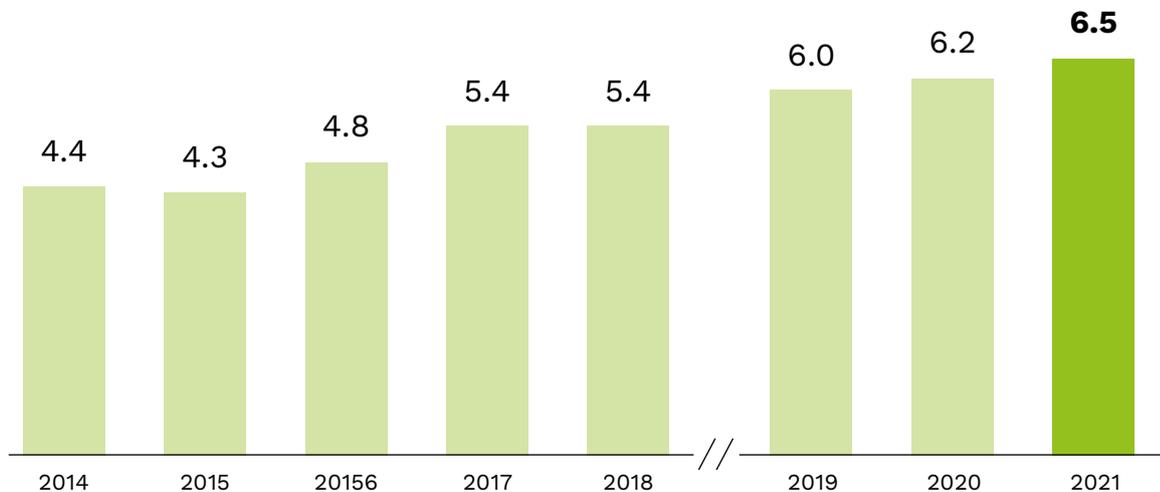
Portfolio company progress

Portfolio summary

The global ESG score demonstrates that the portfolio companies execute **good ESG practices** of their business activities, as according to Naxicap's methodology. The global ESG score of 2021 is based on a detailed assessment of 53 portfolio companies under Naxicap Partners' management.

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

A continuously increasing global ESG Score



**The methodology was updated in 2021, to integrate new criteria and better reflect the ESG performance of the portfolio. 2019, 2020 and 2021 scores were calculated based on this methodology.*



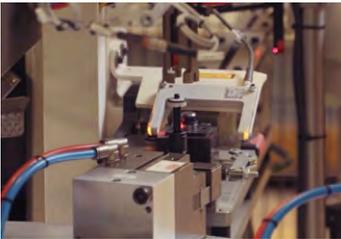
(loss adjustment for insurance companies)

has obtained the **highest ESG score among the portfolio companies** analyzed in 2021 for the second 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 and rating by EcoVadis (independent CSR agency). In 2021, the Group worked on improving conditions for the employment of people with disabilities.



(IT infrastructure integration services)

has obtained the **highest ESG score in the IT sector** and is among the top performers in 2021. 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).



(Automotive parts manufacturing)

has obtained the **highest ESG score in the Manufacturing sector** and is among the top performers in 2021. 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.

ESG score by dimension

ESG DIMENSION	SCORE 2019	SCORE 2020	SCORE 2021	MATERIALITY
# companies	51	47	53	
Environment	6.3	6.5	6.7	Medium
Social	7.0	7.2	7.5	High
Governance	3.8	4.1	4.6	Medium
Global ESG Score	6.0	6.2	6.5	

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

Materiality

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



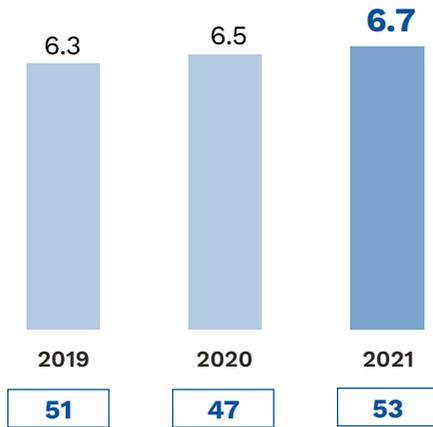


Detailed ESG performance

Environment



Portfolio environmental performance



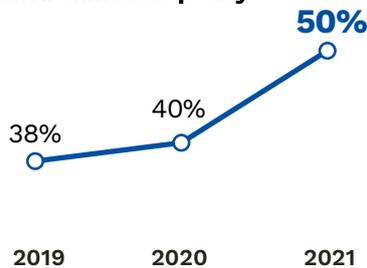
Number of companies having completed the annual questionnaire

Portfolio environmental performance has improved over the 2019-2021 period (+0.4 points).

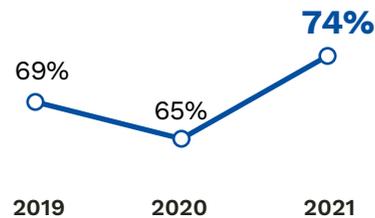
2021 overall environmental score reached 6.7. Environmental aspects are well addressed by portfolio companies; half of the portfolio has a formally documented or comprehensive environmental approach (+12 pts compared with 2019).

Key figures

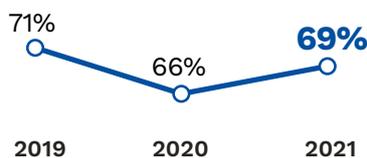
Companies with a formalized environmental policy



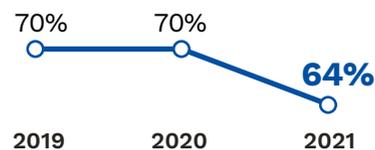
Companies monitoring their energy consumption



Companies with a formalized waste management policy



Companies with external environmental certifications (manufacturing only)



Environment

Key Performance Indicators

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.

23%

of portfolio companies have developed an offer recyclable, reuse and easy to repair products.

17%

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.

4%

of portfolio companies' sites located in or near a sensitive area.

96%

of portfolio companies are not located in or near a sensitive area.



Principal Adverse Impact Indicator	Unit	2021	Perimeter (%AUM)	Explanations	Actions taken
1. GHG Emissions (tCO2e)					
• Scope 1	tCO2e	85,951	80%	Scope: 39 companies representing 80% of the total amount invested in Naxicap's ESG monitored companies (as of 12/31/2021)	Cf p.40-43
• Scope 2	tCO2e	38,602			
• Scope 3	tCO2e	1,708,932			
2. Carbon footprint (weighted by % of ownership)	tCO2e	909,174	80%	Same as above	Cf p.40-43
3. GHG intensity of investee companies	tCO2e/€m of sales	143	80%	Same as above	Cf p.40-43
4. Exposure to companies active in the fossil fuel sector	% of investments	0%	100%	None of our portfolio companies is active in the fossil fuel sector	
5. Share of non-renewable energy consumption and production	%	89%	51%	None of our portfolio companies is producing non-renewable energy	
6. Energy consumption intensity					
• Construction sector	GWh/m€ of sales	0.609	94%	Reported only for energy-intensive sectors	
• Manufacturing sector		0.077	95%		
• Wholesale and retail trade sector		0.049	72%		
• Real Estate activities		0.001	58%		
7. Activities negatively affecting biodiversity-sensitive areas	%	0%	85%		
8. Emissions to water	t/€m of invested amounts	0.72	41%	There are very few emissions to water in our portfolio (Services BtoB, waterless manufacturing processes)	
9. Hazardous waste ratio	t/€m of invested amounts	0.76	49%	There is very little hazardous waste generation in our portfolio (Services BtoB, manufacturing without hazardous components)	

Additional Indicator	Unit	2021	Perimeter (%AUM)	Explanations	Actions taken
Investments in companies without carbon emission reduction initiatives	% of total invested amounts	28%	95%	Most portfolio companies have undertaken actions to reduce their carbon emissions	

Portfolio environmental case studies

“Feeding a better future”



Year of investment:
2021

Revenues 2021e (€m):
133.1

Activity:
Manufacturing and Commercial

Employees (FTEs):
553

BUSINESS DESCRIPTION

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.



Main environmental challenges

Active in the agri-food industry with 16 entities across the world, Eurogerm **is at the forefront of several environmental challenges along clients' value chain**. As a supplier for the wheat-flour-bread patisserie sector, the Group has a **significant weight on the selection of sustainable and environment-friendly raw materials**.

With clients challenging the Group for more eco-friendly products and packaging, Eurogerm has developed strong **differentiating factors** and **competitive advantage**.

Answers

Eurogerm has committed to **integrate sustainability in the wheat-flour-bread supply chain** by developing strong initiatives to reduce its environmental impact:

- Offering clients **responsible product ranges**, based on ingredients and solutions that respect the environment and support consumers' health.



- Referencing raw materials that meet **responsible specifications** (local ingredients, flours without storage insecticides in France, emulsifiers RSPO, etc.) and assessing suppliers using Ecovadis solution.

- Using **renewable energies and improving energy efficiency** of its own activities.

- **Reducing/recycling waste** generated by its activities.

In 2021, in France approximately **28%** of procurement (volume) was **coming from organic sector, Label Rouge, RSPO or Mass Balance**

In 2021, at the French branch, approximately **98%** of procurement (volume) was **coming from Europe**

Eurogerm conducts nearly **2,500 customized formulations per year**, thanks to the "diagnosis-design-control" approach which helps the company to **diversify its offer and conduct research on new alternative raw materials**.

→ Eurogerm will conduct a **carbon footprint assessment in 2022 with TRACE**. The objective is to **reduce its global emissions** and assess the feasibility of **meeting the Paris Agreement trajectory**.

“Good values sound better for longer”

Teufel

Year of investment:
2018

Revenues FY 2020/21 (€m):
179.2

Activity:
Commercial

Employees (FTEs):
313

BUSINESS DESCRIPTION

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.

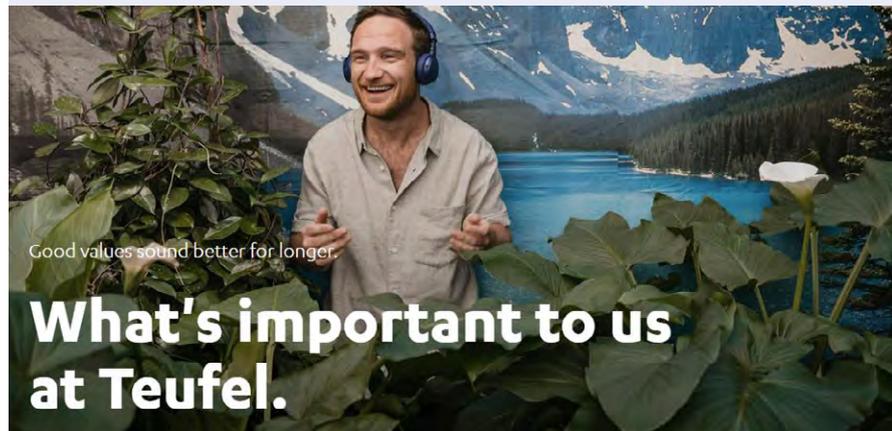
Main environmental challenges

As the Group **outsources its production**, most of its carbon related impact is indirect and arises from its **supply chain** (purchasing of home cinema, speakers, headphones). **Distribution and use** of its products by the final consumers are also significant **sources of carbon emissions**.

The biggest challenge will be to find the **right partners and solutions for a sustainable product offering** while **meeting customer demands** and lifestyles. Indeed, consumers are looking for products that show a **robust sustainability performance** illustrated by **smaller environmental impacts**.

Answers

To **reduce its negative externalities and strengthen its extra-financial performance**, the Group 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.

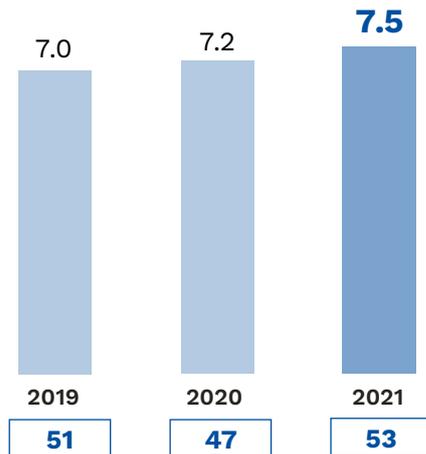


In 2021, the Group has engaged active benchmark work on carbon footprint emission and reduction potential, contemplating the idea of **an emission reduction trajectory** (partially based on Science-Based-Targets). **No formal commitment** has been taken to date, while the group is conducting **deeper research** to establish feasible options for **impactful emission reductions**.

Social



Portfolio environmental performance



Number of companies having completed the annual questionnaire

Since 2019, the Social performance of portfolio companies has increased (+0.5 pts)

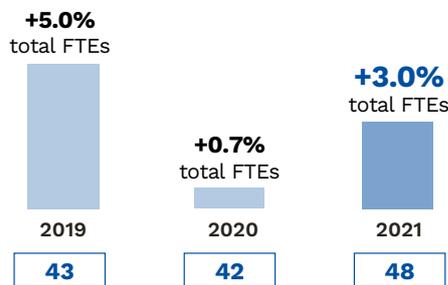
With more than half of our portfolio companies active in Services, social aspects are by far the most material “ESG” topic.

It is also the area where portfolio companies demonstrate the best scores.

Portfolio social performance has increased over the 2019-2021 period (+0.5 pts).

Key figures

Net job creation (in % of total FTEs) (permanent and non-permanent)



Number of companies having completed the annual questionnaire

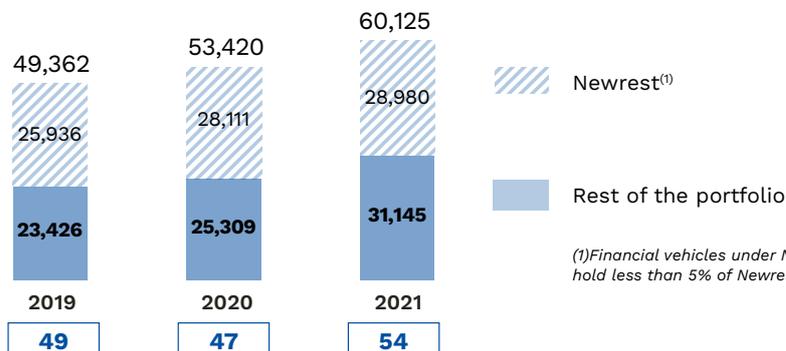
Net job creation (permanent only) - Score 2021*:

+ 669 permanent FTEs (+2.6%)



(*) 49 portfolio companies, without Newrest

Full Time Equivalent (FTEs) portfolio



Number of companies having completed the annual questionnaire

(1) Financial vehicles under Naxicap management hold less than 5% of Newrest

Social

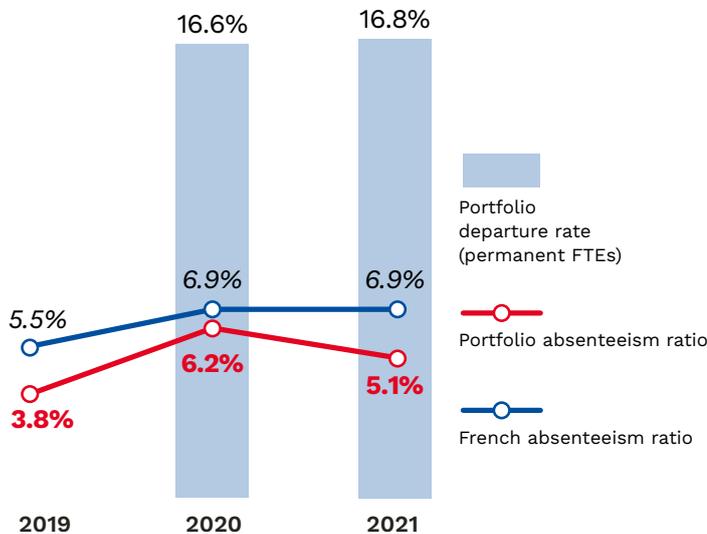
Key Performance Indicators



Quality of life at work

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.

Average absenteeism and departure rates



Compared with the French average ratio for 2020 (6.9%*), the average absenteeism ratio of 5.1% of the Portfolio companies is good.

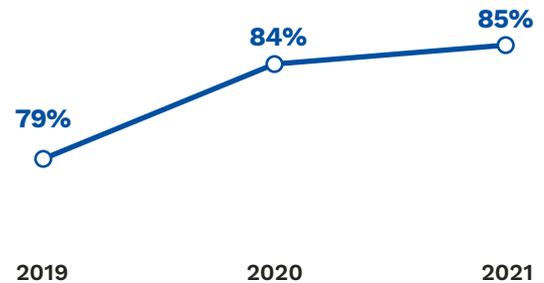
(* Source: 13^{ème} Baromètre de l'Absentéisme et de l'Engagement – édition 2021, AYMING Consulting



Training and career paths

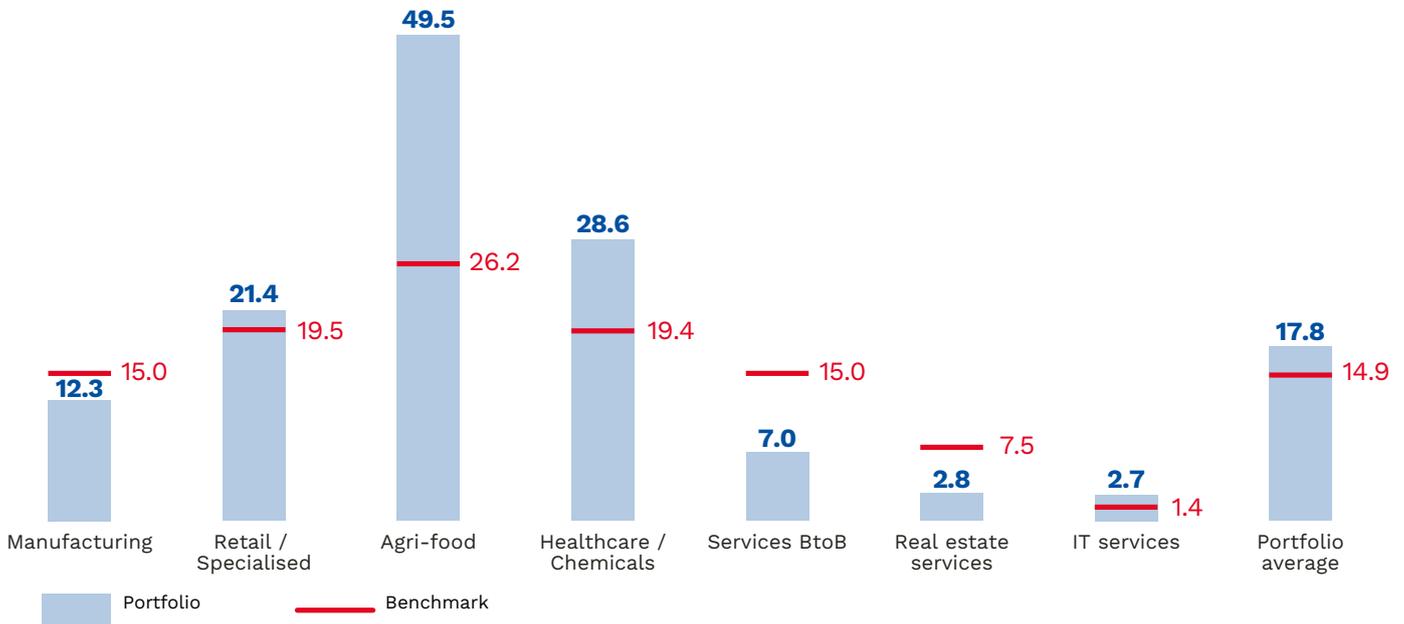
Continuous professional training throughout an individual's career keeps employees motivated and maintains high quality of work, abiding latest standards and methodologies.

Companies with a formalized training policy





Average accident frequency rate** (by industry)



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

Social

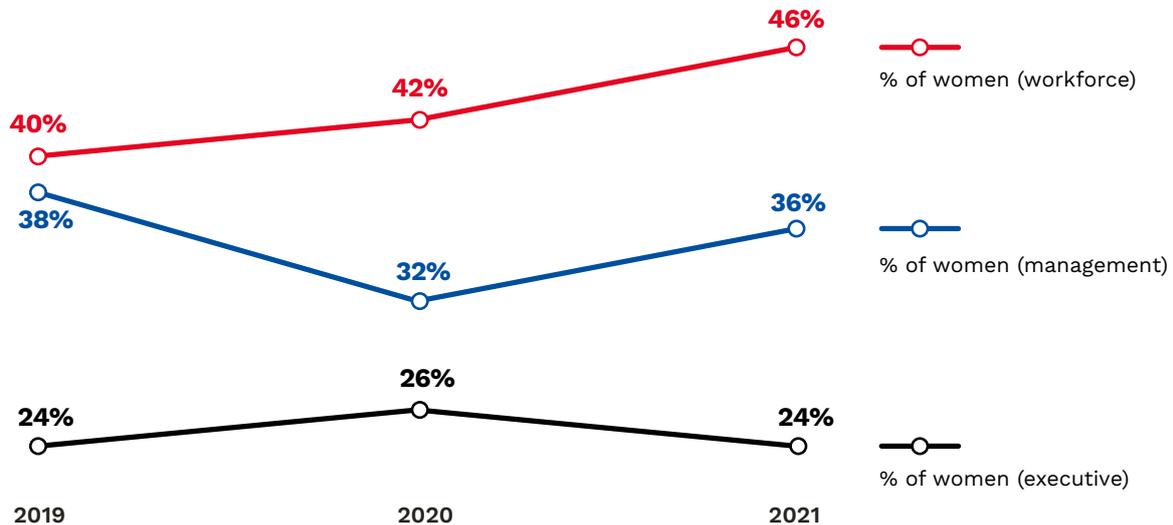
Key Performance Indicators



Gender parity

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.

Portfolio companies' women ratio to total FTE





→ **61%**

Gender pay gap (average female hourly earnings as a % of average male hourly earnings)

"In 2017 in France, the average female annual earnings as % of average male annual earnings was 83%"

→ **76%**

Equality Index (Egapro) score compliance (/100)

"Out of 20 portfolio companies that enter the scope of Egapro reporting i.e French companies over 50 employees"



Social

Key Performance Indicators

Principal Adverse Impact Indicator	Unit	2021	Perimeter (%AUM)	Explanations	Actions taken
10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises	% of investments	0%	92%	No violation was reported by our portfolio companies in 2021.	/
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines	% of investments	84%	92%	As of today, most of our portfolio companies are SMEs, based in Europe, with limited international impact. Out of 49 respondents, only 4 declare that they implemented processes to monitor compliance with UN Global Compact principles and OECD Guidelines.	/
12. Undadjusted gender pay gap <i>[average male earnings - average female earnings] / average male earnings</i>	tCO2e/€m of sales	84%	78%	2021 was the first year of data collection for this indicator: 35 companies, representing 78% of the total amount invested in Naxicap's ESG monitored companies (as of 12/31/2021) responded. Naxicap identified gender diversity as one of the main ESG priority for the coming years and aims at engaging with portfolio companies on a gender parity trajectory.	Cf p.28-29 ; 64-65
13. Board gender diversity	% of investments	24%	98%	Same as above: this gender parity trajectory will include elements on both Salary scale and Board diversity.	Cf p.28-29 ; 64-65
14. Exposure to controversial weapons <i>(anti-personnel mines, cluster munitions, chemical weapons and biological weapons)</i>	% of investments	0%	100%	None of our portfolio companies is manufacturing controversial weapons.	/

Additional Indicator	Unit	2021	Perimeter (%AUM)	Explanations	Actions taken
Number of days lost to injuries, accidents, fatalities or illness	Days lost	277,811*	80%		
Lack of grievance/complaints handling mechanism related to employee matters	% of investments	833%	97%		

*This total accounts for 4.7% of the total days worked by the employees of the 44 companies who reported this information

Portfolio social case studies

“Feeding a better future”



HOUSE OF HR

Year of investment:

2015

Revenues 2021e (€m):

2,206.5

Activity:

Services

Employees (FTEs):

3,511

BUSINESS DESCRIPTION

House of HR (HOHR) is a **leading services group active in the world of Human Resources**. Headquartered in Roeselare (Belgium), HOHR is mainly active in Belgium, The Netherlands, France and Germany.

The Group consists of **10 Power Houses** that together represent **+40 boutiques**, all focusing on **2 segments: ‘Specialized Talent Solutions’ and ‘Engineering & Consulting’**.

+57,000

People at work

Main social challenges

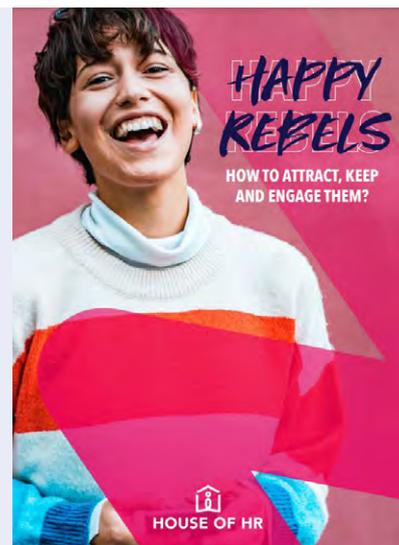
House of HR attaches the **utmost importance to social issues** and more particularly to **employee wellbeing** and **talent retention/attraction**.

Answers

In this area, the company has developed the **“Happy Rebels” concept**. To define the concept, House Of HR has conducted **interviews with HR managers of all Power Houses** and used **scientific insights from experts**.

The study has allowed House of HR to identify key elements to **attract, retain and develop people at work** and resulted in a white paper called: **“Happy Rebels, how to attract, keep and engage them?”**

Talent management was one of the key points highlighted in the study. House of HR invests energy and resources in **learning and development (L&D)** by offering several internal possibilities to employees and encouraging them **to learn and develop themselves**.



Every PowerHouse has its own **Happy Rebel development program with a mix of learning opportunities**.



Accent was awarded Best Workplace in Belgium in 2021.

Continu is also ‘Great Place to work’ certified.

“Develop respectful, inclusive and fair relationships”



Year of investment:
2016

Revenues 2021e (€m):
281.8

Activity:
Commercial

Employees:
1,023

BUSINESS DESCRIPTION

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.

Main social challenges

While the Group's main challenges are mainly related to environmental matters, with the reduction of its carbon footprint and the development of responsible products offering, the Group is also committed to **developing respectful, inclusive, and equitable relationships with its employees.**

ECF Group has **strengthened this topic**, alongside the integration of numerous subsidiaries. In 2021, the Group has conducted a **survey on the quality of life at work**, which allowed to **identify determining factors** concurring to employees' well-being.



Answers

ECF Group has developed **an action plan to improve employees' working conditions.** The Group has conducted various projects **to address several key elements** as illustrated by the following achievements:

- **Reshaping of ECF Group headquarter with new and more convivial workspaces.**
- **Prevention of health and safety risks** (accident and fire risks, driving risks, prevention of musculoskeletal disorders, etc.) with the launch of an **e-learning training program** on health and safety.
- **Working time arrangements** with the implementation of the **teleworking charter** in 2021 with social partners.

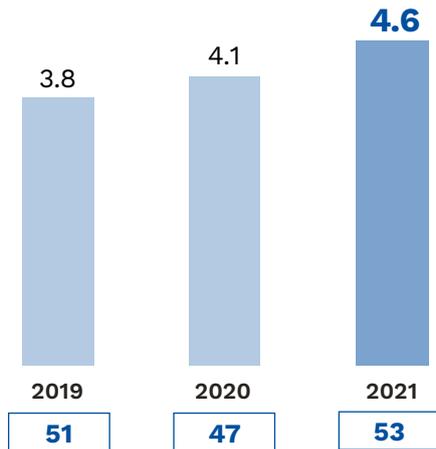
ECF Group has also implemented **remote learning for all its employees** and launched the **“ECF Academy”** training program (internal tools training, fire safety training, sales team training, etc.).

ECF Group has planned to conduct annually the **“Great Place to Work”** survey to reinforce its overall approach.

Governance



Portfolio environmental performance



Number of companies having completed the annual questionnaire

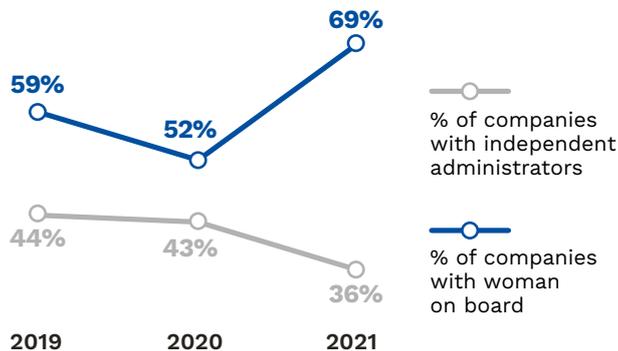
Level of commitment taken by portfolio companies on CSR, Ethics and Compliance.

Despite a poor level of formalization, the portfolio performance has increased over the 2019-2021 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 2022.

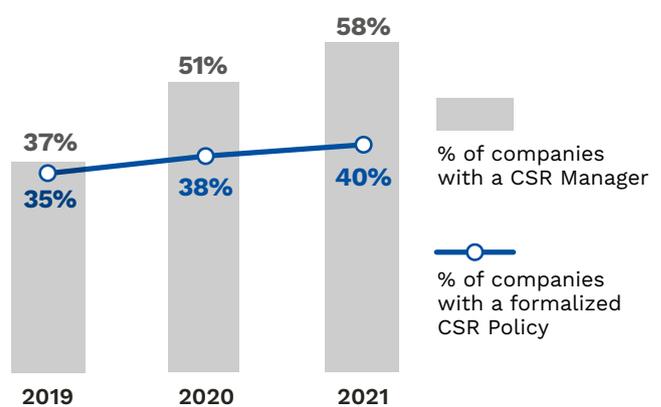
Key figures

Governance structure*



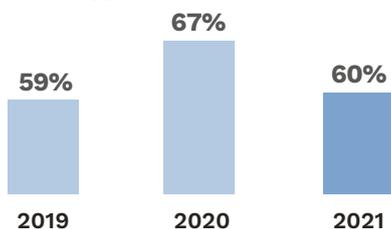
*Depending on the Governance structure, we refer to either the Board of Directors or the Supervisory Board

CSR strategy

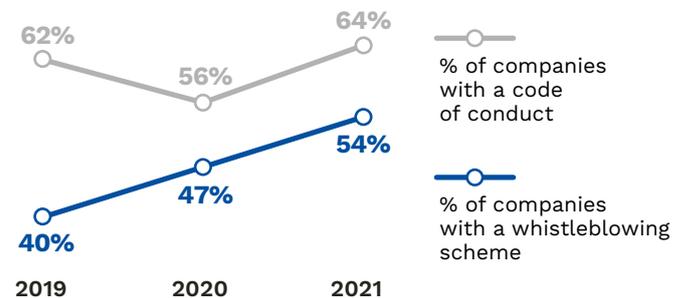


Responsible procurement

% of companies with E/S criteria included in their supplier selection



Ethics & Deontology



Portfolio governance case studies

In 2021, Stelliant, Apixit, Eurogerm and Groupe Defta have obtained the highest score on the governance pillar. They have strong policies and management of Ethics, compliance and CSR.



Stelliant is a pioneer in insurance services, covering the entire risk chain. As an insurance services provider, the Group's main issues relate to ethics and deontology.



- Ethical topics are monitored by **the Ethics and Compliance Committee**, composed of members of the Executive Board and a Regional Director.
- In 2021, the Group has adopted an **anti-corruption Code of conduct** to raise awareness among employees of good practices.

88%

of employees have stated that they have not encountered any situation that violates the principles outlined in the Code of Conduct

(in 2021).



As a service operator in the area of information systems infrastructures, APIXIT markets value-added solutions and works with renowned international manufacturers and publishers. In this regard, the Group gives the utmost attention to ethics.

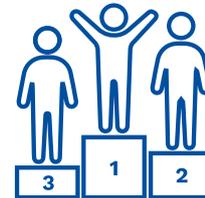


- Since 2013, Apixit identifies best practices related to CSR of manufacturer and distributor partners.
- The Group raises awareness among its employees of the APIXIT **Code of ethics**.

80%

of Apixit's wholesalers have signed an APIXIT code of ethics or ethical charter

(in 2021).



Eurogerm is a company specialized in the research, development, mixing and marketing of creative ingredients and solutions for the wheat-flour-bread patisserie sector. With subsidiaries in many countries, the group must be able to guarantee a good governance.



- In order to ensure EUROGERM's sustainable growth, a "subsidiary charter" has been developed to define the principles and practices to be implemented by the subsidiaries.
- A prevention and detection mechanism for bribery that complies with the requirements of the Sapin II law has been implemented at the end of 2021

1

Ethical charter was formalized at the end of 2021



Manufacturer of components used by car manufacturers, Defta is a key player in the automotive supply chain. The Group must therefore ensure that the practices of its suppliers and sub-contractors comply with regulations and respect the Group's ethical principles.



- The Group participates in the promotion of human rights by requesting all its suppliers to sign the Defta Supplier Charter.
- Since 2017, the group has put in place a tracking indicator on signed charters.

92%

of Defta's suppliers have signed the Group's charter

(in 2021).

Contribution to the sustainable development goals

- 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.**





10 Portfolio Companies are signatory

- Ten portfolio companies are **Global Compact signatories** and **6 actively report on how they integrate the Sustainable Development Goals in their CSR strategies.**
- Decent Work (8), Reduced Inequalities (10), Climate Action (13) and Life on Land (15)** are the **most relevant Goals** to these engaged portfolio companies.

Portfolio companies



altares



APIXIT
L'expertise augmentée



BVA



ECF



EUROGERM



newrest







Annexes

1. 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

Developing
the scoring system

Elaborating coefficients
to highlight particular
important issues

Consolidating the scores
of each ESG dimension
for each company

Calculating a global
portfolio score of
each ESG dimension

Deriving a global ESG
score of the portfolio

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

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

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

-
- Each dimension of ESG (**'Environment'**, **'Social'** and **'Governance'**) consists of different 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 weighing the average score of **'Environment'**, **'Social'** and **'Governance'** with the materiality of the company's sector and activity.

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

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

2. Carbon footprint of portfolio

Carbon footprint calculation of portfolio: scope and methodology

- Carbon footprint (Scope 1, 2 & 3 emissions) were calculated using a bottom-up approach. Scope 1 and 2 emissions were already calculated by Naxicap with standardized emission factors for each company. Scope 3 emissions were previously estimated but have been specifically calculated for the first time for this reporting. After analysis of its activity by Sirsa, emission factors were defined specifically for each company.
- The 39 companies included in this calculation represent 80% of the total amount invested in Naxicap's ESG monitored companies in 2021.
- Sirsa, an ESG consulting firm was commissioned for all calculations. The calculations were based on ADEME (Agence de l'environnement et de la maîtrise de l'énergie) emission factors data base and additional sources when required. Data sources are available upon request.
- Sirsa's experts are officially trained to use the carbon footprint methodology by the French Carbon Footprint Association. The methodology used here is simplified and does not conform to French legal requirements imposed on certain types of companies to realize a carbon footprint.
- The methodology analyses the entire supply chain of the portfolio companies but provides the bulk of greenhouse gas emissions, not an exhaustive list.
- Data inputs for each portfolio company were collected and consist of the following variable types: data activity (energy and fuel consumption, purchase of products or services, downstream or upstream freight, travel, investment, product or service usage and end of life), emission factors and corresponding levels of uncertainty, company information (localization, turnover, headcount, etc.).
- Companies without a sufficient quality and thorough level of data for scope 3 calculation were excluded from the scope of reporting. Companies with missing data for scope 1 and 2 were still included, explaining low or no results for some of the companies analysed.

Carbon emission factors: scope and methodology

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

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

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

Carbon emission source*	Scope emissions	Emission factor applied 2021	Emission factor uncertainty
Gas (kWhPCI)	Scope 1	0.21	5%
Fuel (kWh)	Scope 1	0.28	5%
Gasoline (L)	Scope 1	2.28	10%
Diesel (L)	Scope 1	2.51	10%
Electricity excl. renewable (kWh)	Scope 2	Country specific	Country specific
Renewable electricity (kWh)	Scope 2	0.02	Origin specific
Heating (kWh)	Scope 2	0.22	30%
Other energy (kWh)	Scope 2	Energy Specific	Energy Specific

3. Matrix table between art.29 LEC and this report

Decree implementing article 29 of the "Loi Énergie Climat"	CHAPTER	SUB-SECTION	PAGE NUMBER
Article 1 - General approach of the entity	03. Responsible investment at Naxicap	ESG charter & Commitments ESG journey Internal resources allocated to sustainable transition • ESG governance <i>Knowledge, competencies and experience of governing bodies on ESG</i> Integrated ESG approach • Our responsible investment process	p. 24-27 p. 28-29 p. 32
			p. 34-35
Article 2 - Internal and external resources allocated by the entity	03. Responsible investment at Naxicap	Internal resources allocated to sustainable transition • ESG team • ESG committee • Providing ESG training to our employees • ESG Consulting Services • Technical resources	p. 30-31
Article 3 - ESG governance within the financial entity	03. Responsible investment at Naxicap	Internal resources allocated to sustainable transition • ESG governance <i>Knowledge, competencies and experience of governing bodies on ESG Remuneration policy</i>	p. 32
Article 4 - Engagement strategy with issuers or managers	03. Responsible investment at Naxicap	Integrated ESG approach • Our responsible investment process <i>Article 4 of the « Loi Énergie Climat » - Engagement Strategy</i>	p. 34-36
	04. Focus on climate change and biodiversity	Strategy regarding Paris Agreement and low carbon strategy <i>Article 4 of the « Loi Énergie Climat » - Engagement Strategy</i>	p. 41
Article 6 - Strategy for alignment with the Paris Agreement	04. Focus on climate change and biodiversity	Strategy regarding Paris Agreement and low carbon strategy • Overall approach • Portfolio Carbon Analysis Methodology used • Scope and results	p. 40-42
Article 7 - Biodiversity alignment strategy	04. Focus on climate change and biodiversity	Biodiversity alignment strategy <i>Article 7 of the « Loi Énergie Climat » - Biodiversity Alignment Strategy</i>	p. 44
Article 8.a - Integration of ESG risks in risk management	03. Responsible investment at Naxicap	Integrated ESG approach • ESG risks management <i>Article 8.a of the « Loi Énergie Climat » - Risk Management</i>	p. 37
Article 9 - Continuous Improvement	04. Focus on climate change and biodiversity	Strategy regarding Paris Agreement and low carbon strategy (carbon) • Next steps 2022-2023	p. 41
	04. Focus on climate change and biodiversity	Strategy regarding Paris Agreement and low carbon strategy (biodiversity) • Next steps 2022-2023	p. 44

4. Acknowledgements



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

In the alphabetical order:



APIXIT

ALTARES

ATHOME

BVA

CERES

CHENE VERT

CILAÉ SANTÉ

CLUB SENIOR

DECK

ECF GROUP

ECS GROUP

EMERA

EQUIVALENZA

EUREKA EDUCATION

EUROGERM

EVERAXIS

FHI

FINDIS

G&D

GROUPE 3R

GROUPE ABF

GROUPE ASTORIA

GROUPE DEFTA

HOUSE OF HR

HTL

IAD

IPC

IPELEC

ISIS/RESID

KEYS AM

LAGARRIGUE

LA PARFUMERIE EUROPE

LET'S GO FITNESS

MÄDER

MORIA

O2 FEEL

OMIA

ONDURA

ONE DIRECT

PISONI PUBLICITE

QUARTUS

SFP EXPANSION

SOFTWAY MEDICAL

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