



CORPORATE SOCIAL RESPONSIBILITY POLICY

September 2019

Essling Capital

SAS with a capital of €3,800,000, a management company approved by the AMF (approval n. GP-17000016)
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Registered at the Paris Trade and Companies Register n° 827 573783 - A.P.E. 6420Z



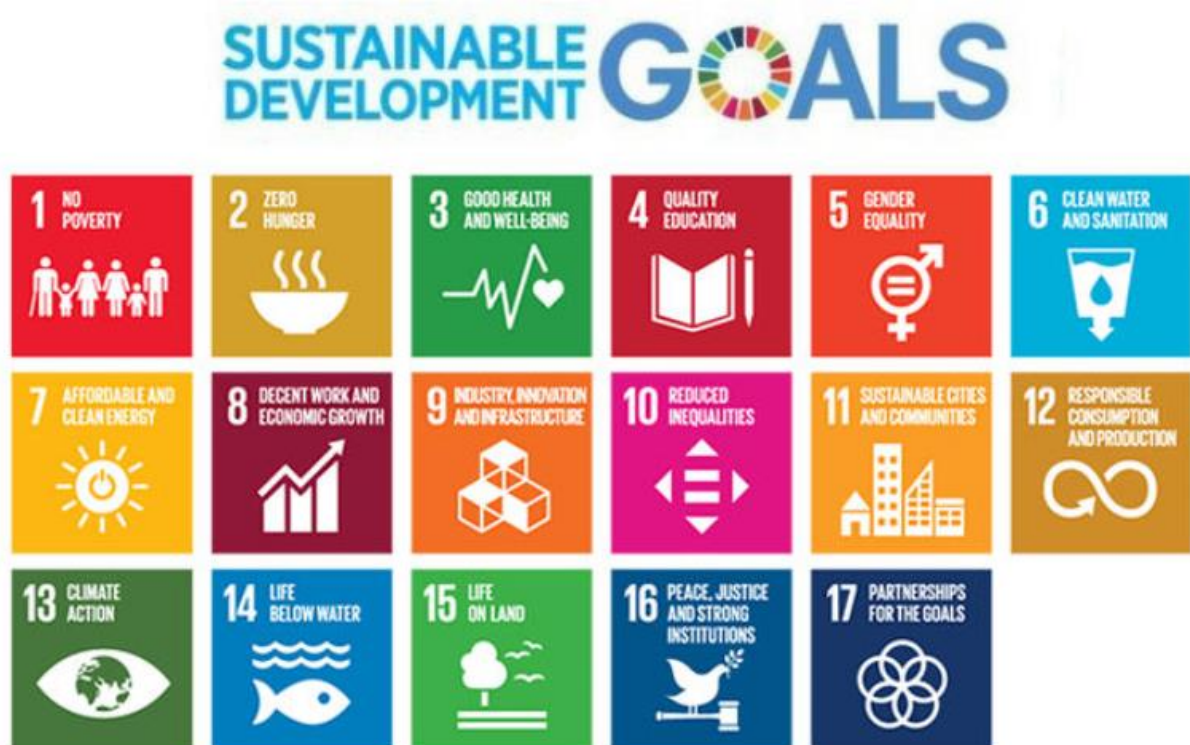
1- Principles of our commitment to Corporate Social Responsibility (CSR)

Since its creation in April 2017, Essling Capital has been committed to acting as a **responsible investor**, convinced of the link between the long-term growth of companies and non-financial factors such as their environmental, social and corporate governance ("ESG") practices.

The implementation of an active CSR approach by companies is not only compatible with their financial challenges but is increasingly becoming one of the essential components of the transformation and value creation process.

In the interest of its investors, Essling Capital is committed to placing CSR at the heart of its investment organisation and process and to promoting the adoption of responsible practices by the companies and private equity fund managers ("GPs") it supports.

In order to make its commitment more concrete for investment teams as well as stakeholders, Essling Capital chooses to assess the positive contribution of its investments to the 17 Sustainable Development Goals adopted by the United Nations.





2- Our initiatives

a. Collective commitments

Essling Capital formalizes its commitment by becoming a signatory of the United Nations-supported **Principles for Responsible Investment** (UN-PRI). Essling Capital is committed to respecting the responsible investment criteria defined in this charter and to reporting on developments and progress on an annual basis.

As a member of France Invest (formerly AFIC), Essling Capital is also a signatory of the **Charter of Commitments for Investors in Growth**.

As a management company, Essling Capital has put in place a good level of governance.

Essling Capital is a fully independent management company, regulated by the Autorité des Marchés Financiers (AMF) and authorised as an Alternative Investment Fund Manager (AIFM).

In addition, Essling Capital has set up a CSR committee, which meets quarterly and includes the General Secretary and active members representing the business lines. The committee sets the guiding principles of Essling Capital's CSR policy and ensures its implementation and compliance with the commitments made to the various stakeholders.

Essling Capital is also committed to philanthropy, supporting various initiatives that create societal progress.

b. Environmental commitments

Essling Capital is particularly attentive to climate issues and has carried out its own carbon footprint and implemented an action plan to control the greenhouse gas emissions generated by its business.

Since employees' business travel by plane has emerged as a major source of carbon emissions, Essling Capital favours traveling by train wherever possible.

The adoption of eco-responsible behaviour by all Essling Capital employees is strongly encouraged through regular awareness campaigns:

- Calls and videoconferences are preferred to travel, which generates carbon emissions,



- Paper consumption is also limited, by favouring screen projection over paper printing,
- Printing for internal use is set by default in black and white,
- Waste is sorted for recycling,
- Computers, office lights and air conditioning/heating are turned off at the end of the day.

c. Commitments to our employees

Essling Capital first refuses any form of discrimination against its employees or candidates on the basis of their gender, age, origin or any other ground mentioned in the labour code applicable in France.

In order to build employee loyalty while creating a better alignment of interests with its investors, Essling Capital encourages employee participation in the performance of the funds under management.

Training is also offered to Essling Capital employees to develop and enhance the firm's human capital, whose skills must constantly adapt to changes in the professional and economic world.

3- A responsible investor

CSR commitments are at the heart of Essling Capital's investment policy, whether in direct investment in companies or indirect investment through GPs.

Some sectors appear to be incompatible with Essling Capital's commitments and are therefore excluded from the investment scope:

- The manufacture of weapons, including anti-personnel mines and cluster bombs,
- Prostitution and pornography,
- Gambling for minors.

Essling Capital's code of ethics requires these exclusions for all business lines.

Essling Capital is also committed to **monitoring the application of the CSR approach of GPs and companies throughout the investment cycle** and collecting the necessary information for this monitoring, ensuring **transparent communication to its investors**.

a. Pre-investment

The investment teams are the main actors in the implementation of Essling Capital's CSR policy.

CSR issues are subject to specific due diligence when analysing investment opportunities, regardless of the type of investment envisaged: direct, co-investment or fund investment solutions.



The ESG issues and risks highlighted by the CSR due diligence are included in the investment memoranda, regardless of the business line concerned, in order to be brought to the attention of the **investment committee**.

❖ **Lead investment:**

The lead investment activity aims to support SMEs in the Digital, Health and Business Services sector in their long-term development, while raising their awareness of the need to take into account CSR for sustainable growth.

The lead investment team adds a CSR component to its due diligence, in order to identify the main ESG (Environmental, Social and Governance) issues and risks of the targets and to determine *ex ante* the major areas for improvement leading to the development of an action plan, based on relevant indicators, in collaboration with the management teams.

The lead investment team ensures the support of the management teams by systematically integrating a CSR component into shareholders' agreements.

❖ **Fund investment solutions:**

The fund investment solutions team submits to the GPs the responsible investment questionnaire recommended by the UN-PRI, aimed at assessing the consideration of ESG issues in the GPs' investment policy and the quality of the governance put in place.

Before formalising its investment, the fund investment solutions team requires a **formal commitment from the GPs** (as part of the negotiation of a side-letter) to implement a CSR approach and communicate transparently on its developments as well as any ESG incidents encountered by the portfolio companies.

❖ **Co-investment:**

The co-investment team is aware of the due diligence carried out by the GPs, particularly on CSR issues. This information allows the co-investment team to assess the main ESG issues and risks of investment opportunities.

b. During the investment

❖ **Lead investment:**

As the majority shareholder, the lead investment team systematically participates in the bodies representing the portfolio companies, enabling it to fully play its role as a **responsible shareholder**.



A CSR manager is appointed in each portfolio company, in order to facilitate interactions with the investment team. In particular, he is responsible for communicating to the investment team any ESG incidents that may occur during the holding period. The CSR manager also ensures better coordination of the employees in charge of implementing the action plan.

CSR training for managers and employees can also be offered.

CSR is included on the agenda of the Supervisory Board for each shareholding at least once a year, for a formal review of the progress made and any ESG incidents

The team has a clear and ambitious objective: by 2020, 100% of the portfolio companies must have a quantified CSR plan and ESG objectives; by 2023, 100% of the portfolio companies must have a carbon emission reduction approach (if relevant to the activity) and a mixed and partly independent board of directors.

❖ Fund investment solutions:

The fund investment solutions team submits a CSR questionnaire specific to supported GPs on an annual basis.

This questionnaire covers both the management company (its organisation, governance) and the holdings, by transparency. The purpose of this annual questionnaire is to assess the level of integration of CSR issues at these two levels (management company and portfolio companies) and to report on the progress made or any incidents encountered.

Ad hoc discussions on CSR topics also take place with the GPs, particularly at annual meetings, in which the fund investment solutions team systematically participates, or at the advisory committees of which it is a member.

A portfolio company that presents a particular risk or has encountered an ESG incident during the period is the subject of a specific discussion between the fund investment solutions team and the GP or included in the agenda of the next advisory committee when the team is a member.

❖ Co-investment:

The co-investment team also offers an annual CSR questionnaire to GPs on the governance of invested companies.

Any ESG risks or incidents are monitored indirectly through the GPs or directly when Essling Capital is member of the companies' boards of directors.

If an ESG incident occurs during the investment, the co-investment team encourages GPs to engage in a discussion with their co-investors and investors to allow an assessment of the means implemented to resolve the incident.



c. At exit

The lead investment team aims to carry out an ESG assessment on each exit by 2020. In particular, it provides an estimate of the ESG impacts avoided since acquisition, based on the relevant indicators selected and monitored throughout the holding period.

The ESG assessment is included in the memorandum of sale in order to facilitate the assessment of the non-financial value created in the portfolio companies. Whenever a portfolio company is sold, the fund investment solutions and co-investment teams submit a questionnaire to the GPs to track the progress made during the investment period.



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