

D – ESG POLICY & REPORTING

➤ **Policy of Ekkio Capital regarding Sustainable development**

Ekkio Capital manages its investments and the relationships with all its stakeholders under a long-term perspective. More recently, Ekkio Capital chose to strengthen its commitments to sustainable development in a formal way with the implementation of an ESG policy (Environment, Social and Governance) which is being finalized. In fact, Ekkio Capital is convinced that an effective ESG approach is a condition to the success of portfolio companies, and as a consequence an essential driver for a better performance of our portfolio.

In 2013, Ekkio Capital signed the **United Nations Principles for Responsible Investment (UNPRI)**. By this charter, Ekkio Capital formally agrees to include environmental, social criteria and good governance in its decisions making and participation. Ekkio Capital also makes a commitment to promote principles of responsible investment within the portfolio companies, just like within the management company.

In 2013, Ekkio Capital also signed the **Charter of the French Association of the Capital Investors (AFIC)**, which emphasizes the value creation sharing, the long-term growth and the development of companies, governance and transparency.

Ekkio Capital is a member of the **Sustainable Development Club of AFIC** which contributed to the realization of the document "Sustainable Development and Capital Investment ". Ekkio Capital is also a member of the AFIC working group "Due Diligence and ESG reporting", which conclusions will allow to homogenize best practices between LPs and GPs.

Finally Ekkio Capital signed the "Charter of the Partner Companies of FSI France Investissement» and more generally maintains close relationships with its investors around ESG issues.

➤ **Our commitments**

The investment strategy of Ekkio Capital is based on a direct sectorial approach of companies to develop an industrial project based on growth (organic or build-up). As majority or minority shareholder, Ekkio Capital is in position to influence the portfolio companies of numerous manners, by taking into account in a pragmatic way the reality of companies (size, organization, business sector, degree of awareness to ESG issues ...).

This is the reason why Ekkio Capital made a commitment to:

- Incorporating ESG into its investment process through (i) a questionnaire submitted during the due diligence phase, (ii) the incorporation of an ESG section in the investment documents, and (iii) the mention of our attachment to the ESG criteria in the various documents of acquisitions (letter offers, shareholder agreement ...);
- Ensuring the improvement of the ESG indicators of our portfolio in time with (i) sending at regular intervals of a ESG questionnaire, (ii) monitoring the evolution of these indicators, (iii) identifying axes of improvement, and (iv) including ESG criteria in monitoring investments (Monthly Committee with companies, Internal Committees within Ekkio) ;
- Providing clear ESG information to its investors in the form of reporting and ongoing communication, particularly in the case of any potential issues (litigation) in relation to ESG criteria which could have an impact on Ekkio Capital or investors;
- Apply to the management company ESG's recommendations in i) promoting a model of participatory governance, ii) respecting the rules of ethics and professional conduct, iii) proposing a work environment that allows each employee to grow professionally, iv) promoting social policy, with a transparent and well-balanced compensation and v) minimizing the impact of Ekkio's activity on the environment through simple and effective decisions (waste management, energy saving ...);
- Promoting ESG principles among his peers and the general public, mainly in the form of communication (Ekkio Capital presentation, website ...).

The implementation of Ekkio Capital ESG policy of is a sign that we, as investors, acknowledge to have a social and environmental responsibility by virtue of our shareholdings which, in turn, have themselves an impact on the lives of many people.

Portfolio valuation do not include at this stage any ESG performance related criteria but is still based on standard valuation methods. However, Ekkio Capital assesses every year ESG performance of its portfolio through a questionnaire.

➤ **ESG reporting: Ekkio Capital**

Since 2014, Ekkio Capital follows ESG matters and ESG actions over time in the companies of its portfolio. It also gives a good opportunity to exchange with management on actions that can be put in place. You will find hereafter a summary of these questionnaires.

As a company Ekkio Capital also implemented selective waste sorting in 2015. Over the year, **more than 300kg waste will be recycled** (papers, plastic bottles, coffee capsules, ink cartridges, light bulbs, batteries,...)

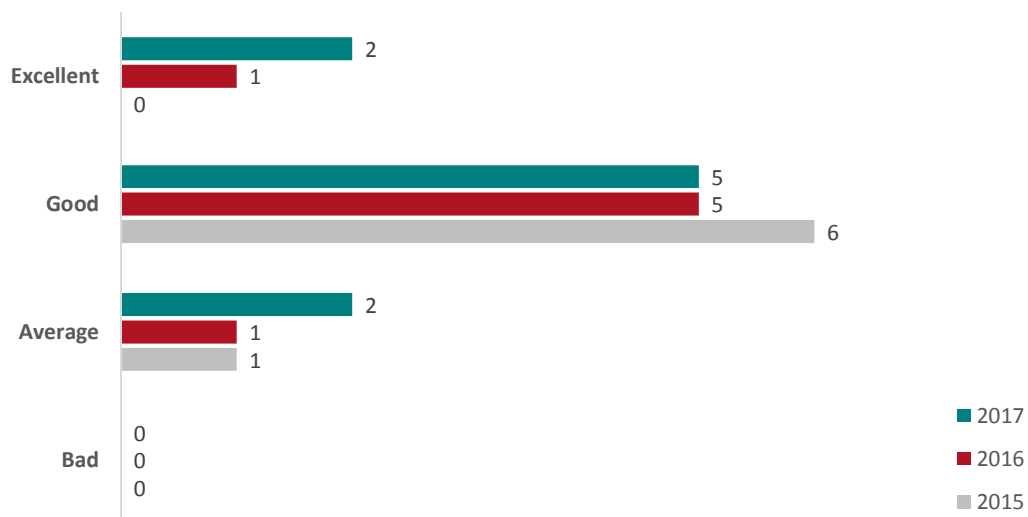
➤ **Portfolio companies ESG Reporting**

In 2015, Ekkio Capital released its first ESG Annual report based on questionnaires and discussion with portfolio companies. Starting in 2017, we are able to show you a dynamic vision of key ESG indicators.

As last year, all companies responded to the survey (9 companies vs. 8 companies in 2016 due to the new investment in Heitz System and vs. 7 companies in 2015 due to the investment in Gab Consulting in 2016)

1. SOCIAL :

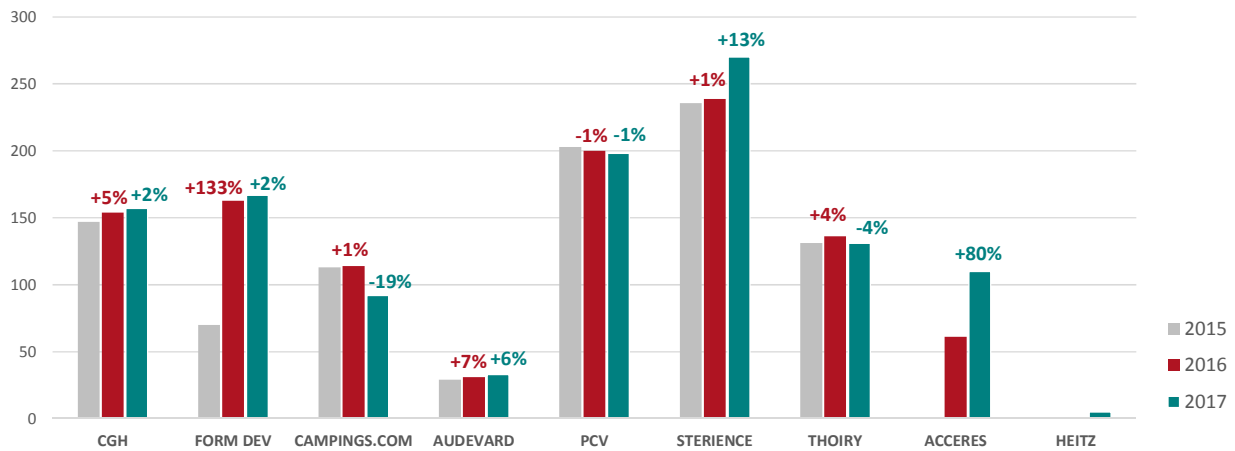
❖ **SOCIAL CLIMATE**



- 2 companies qualify their social climate as **Excellent (+1)**, 5 as **Good (=)** and 2 as **Average (+1)**.

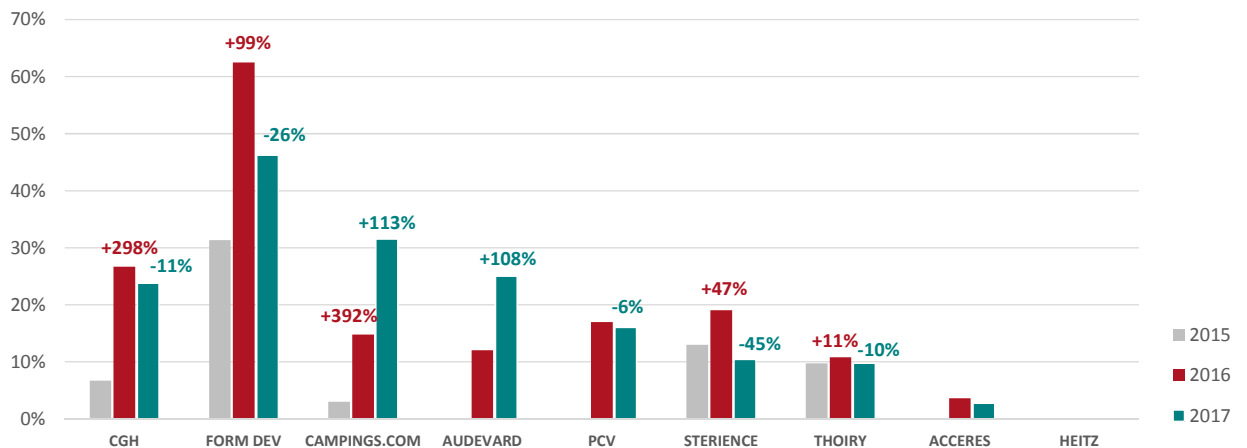
❖ WORKFORCE

Change in the number of FTE in companies over the year



- The increase of 133% about Form Dev in 2016 is due to a change in consolidation perimeter of the company with the acquisition of **Health City** in December 2015
- The increase of 80% about Acceress in 2017 is due to a change in consolidation perimeter of the company with the acquisition of **Promover** in May 2017
- No major change in other companies, except Campings.com (-19%) and Sterience (+13%)

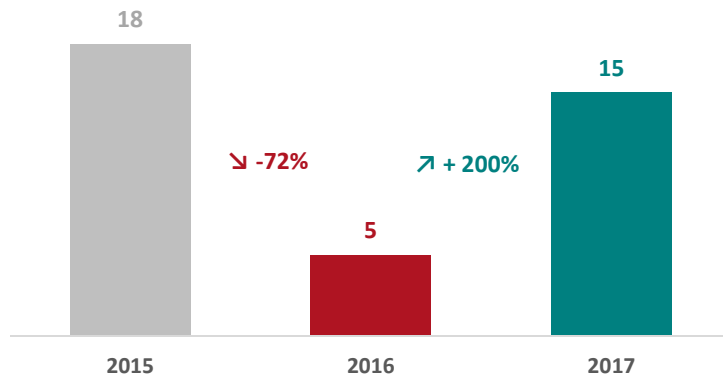
Employee turnover over the year



- Turnover is high in the portfolio (18% in 2017 vs. 21% in 2016 vs. 13,8% for national average). It is a consequence of the transformation of our companies from small to mid-cap companies, with a shift in competencies
- Turnover increased in particular in companies experiencing a strong change (Campings.com, Audevard and Form Development)
- Departures are split as follow: 61 **resignations** (vs. 65 in 2016), 55 **dismissals** (vs. 75 in 2016) and 27 **other** : transaction, contractual termination etc. (vs. 51 in 2016)
- Average stay is 7,8 years (vs. 6,3 in 2016 and 5,7 in 2015)

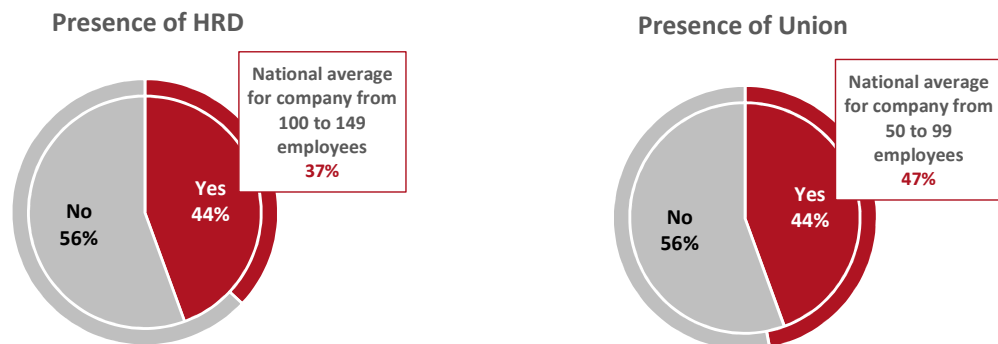
❖ SOCIAL LITIGATION

Number of new social litigations over the year



- 15 **social litigations** reported in 2017 : Form Dev 5 (vs. 1 in 2016), PCV 3 (vs. 1 in 2016), Sterience 2 (vs. 3 in 2016), Audevard 2 (vs. 0 in 2016), CGH 2 (vs. 0 in 2016) and Campings.com 1 (vs. 0 in 2016).
- 0 **day of strike** were reported in 2017 (vs. 2 in 2016 by Sterience in Chassieu laboratory following the announcement of a corporate restructuring)

❖ SOCIAL RELATIONS



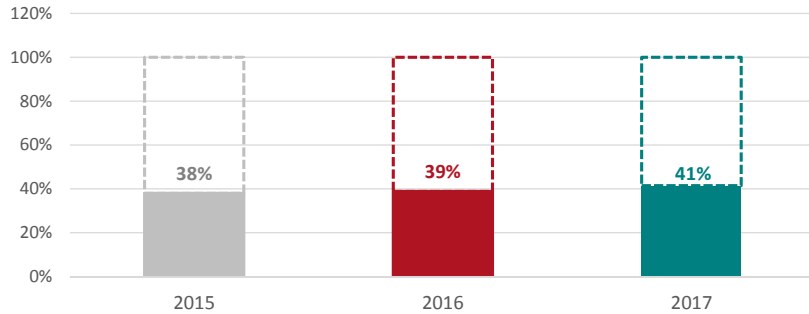
- 44% of our companies have a Human Resources Director vs. 37% of companies of similar size
- 44% of companies have a **trade union**, slightly higher than national average at 47%

❖ HEALTH & SAFETY

- 30 **work accidents** were reported in 2017 (vs. 68 in 2016 and 72 in 2015), entailing 476 **sick leave days** excluding Form Dev where this number is unknown (vs. 2 505 in 2016 and 1 827 in 2015)
- CGH accounts for 59% of the total (280 sick leave days in 2017)

❖ TRAINING

Share of employees who received a training over the year

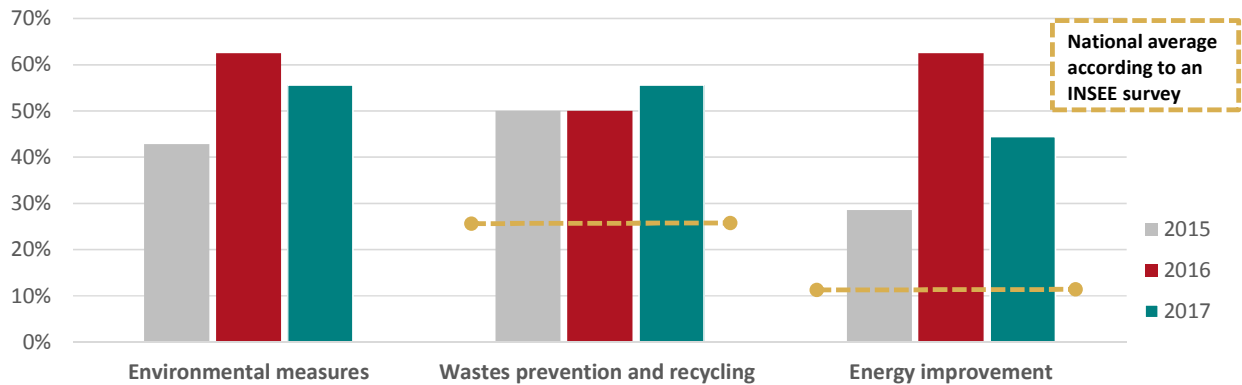


- The percentage of people trained remained stable at 39%, despite a global budget down by 43% (331 k€ in 2017 vs 579 k€ in 2016)

2. ENVIRONMENT:

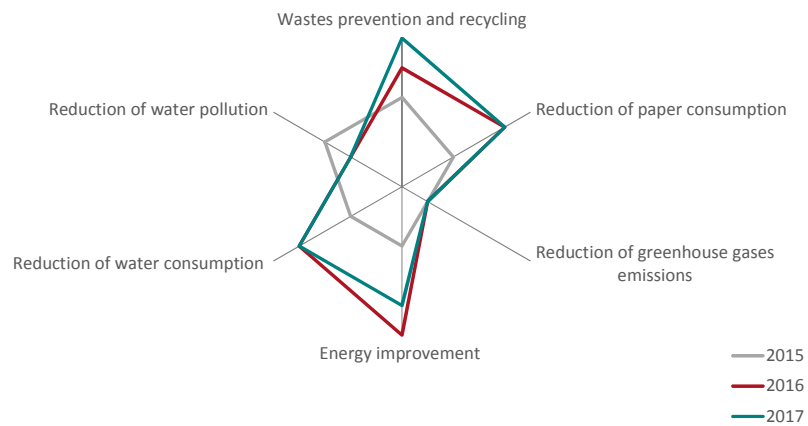
❖ ECO-FRIENDLY MEASURES

Proportion of companies that they have settled eco-friendly measures



- 56% of our companies have settled **wastes prevention and recycling actions** vs. 50% in 2016, and against 26% for national average (regarding the companies from 10 to 249 employees)
- In 2017, 44% of our companies have settled **energy improvement plan**, vs. 63% last year, and against 11% for national average.

Eco-friendly measures put in place



- Thoiry, manager and owner of Zoological Park have a formalized **environmental policy**. It achieves an annual **ESG Report** which presents in detail its environment policy (current version available here : <https://www.thoiry.net/sites/default/files/docs/Livre-Vert-2016.pdf>)
- Thoiry, CGH, Sterience and Acceres are measuring **energy consumption**, and Thoiry, CGH, Sterience and Heitz System are measuring their **water consumption**
- Thoiry has established **monitor for its waste production**
- **No litigation** about environment were declared in 2017

❖ CARBON ASSESSMENT

Thoiry is the first company of our portfolio to have run a carbon assessment (in 2012 / updated in 2016)

- On a whole in 2012, carbon consumption was evaluated at 6.177 metric tons CO2 equivalent
- In 2015, the company emitted 5.779 metric tons CO2 equivalent, which represents a decline by 6% vs. 2012
 - The first contributor is travel (out of which 95% is due to clients' journey to the park and safari tour) with 3.571 mtCO2 (-6%)
 - Inputs (mainly farm inputs) are #2 with 949 mtCO2 (-2%)
 - Energy (mainly for heating) is #3 with 389 mtCO2 (-19%). The decline is all the more so important as new buildings have been built. It highlights the commitment of the park to improve energy efficiency

3. GOVERNANCE

❖ GOVERNANCE STRUCTURE

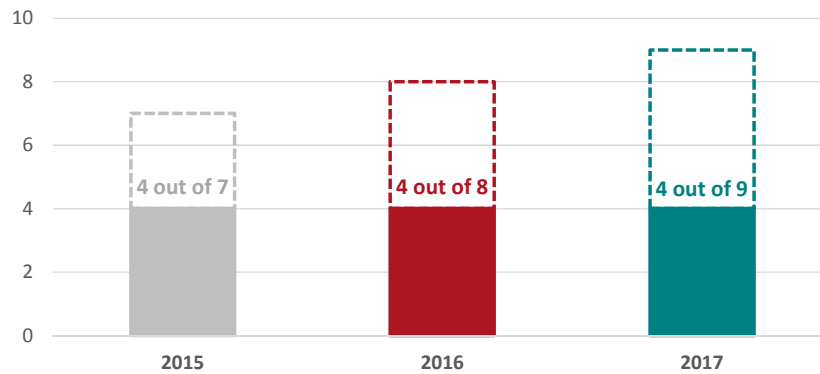
- Thoiry, Acceres, CGH and Sterience have both an **executive** and a **non-executive committee**
- For these companies, 4 out of 23 non-executive **committee members are independent**

Separation of power and independence of committees



❖ SPECIALIZED COMMITTEE

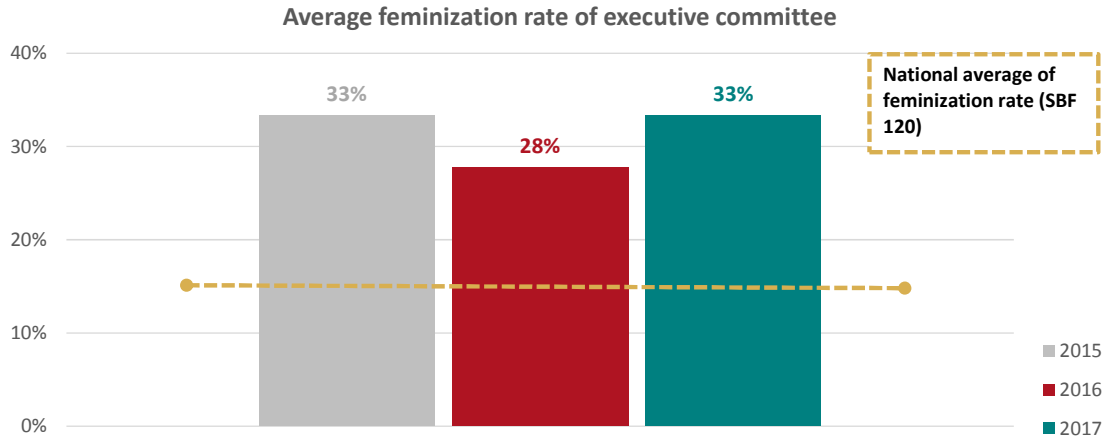
Number of companies that they have settled specialised committee



- 4 of our companies have at least one **specialized committee** : Thoiry, CGH, Sterience and Acceres.
- The number of companies that they have settled specialized committee is steady since 2015

❖ FEMINIZATION OF COMEX

- **Women** represent 12 out of 36 executive committee members, i.e. 33% (vs. 28% in 2016), higher than national average base on SBF 120 index firms at 15%.



EKKIO CAPITAL ESG INITIATIVES

Beyond its commitment in ESG alongside its portfolio companies, Ekkio Capital also contributes directly through the implementation of a selective waste sorting.

The level of waste recycled (371kg) is roughly stable vs. 2016:

- 287kg paper (4 trees)
- 18 kg coffee capsules
- 42 kg plastic bottles
- 16 kg cartridges
- 7 kg batteries
- 1kg bubbles

➤ Voting rights policy

The management team seat at company boards (or equivalent) and plays an active role in companies' strategy. The management team takes all the decisions needed during these meetings, independently and bearing in mind its LP interests.

Voting rights have been exercised in respect with the Voting Rights policy of Ekkio Capital, which is available to investors upon request.