



## Compliance with the Article 173 of the French Energy Transition Law

**Activa Capital** is an independent private equity company with a strong entrepreneurial spirit. Our mission is to **partner** with ambitious mid-sized French companies to **transform their business and grow at scale**.

Pioneer in considering long-term sustainability at the core of what we do, Activa Capital **co-founded in 2009 the Sustainable Development Club of France Invest** with five management companies.

Since then, **we strive to continuously strengthen and promote ESG commitments** to develop a dynamic and sustainable economy. Our approach is to **involve each stakeholder to drive change**.

Activa Capital is authorized and regulated by the French Financial Services Authority (AMF).

## Objective

Paragraph VI of Article 173 of Law No. 2015-992 of 17 August 2015 on the energy transition for green growth supplements Article L. 533-22-1 of the Monetary and Financial Code with two paragraphs.

Decree No. 2015-1850 of 29 December 2015 specifies the information to be published on how investment policy should take into account criteria relating to compliance with social, environmental and governance quality objectives and on the means implemented to contribute to the energy and ecological transition.

The present document aims at providing Activa's stakeholders with more detailed information concerning our procedures to include criteria related to environmental, social and governance qualitative and quantitative objectives pursuant to the Article 173 of the French Energy Transition Law.

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## Procedures for the inclusion of ESG indicators

### **APPROACH TO GUARANTEE THE INCLUSION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE QUALITATIVE AND QUANTITATIVE CRITERIA IN ACTIVA'S INVESTMENT POLICY**

Activa's sustainable investment policy guides its business model. Our philosophy is to comply with the 6 guiding principles of PRI, adding 3 additional commitments which we deeply believe create value on the long-run:

1. Consider ESG issues in investment analysis and decision-making processes
2. Be an active investor and consider ESG issues in our shareholder policies and practices
3. Require companies in which Activa is a reference shareholder to publish regular information on ESG matters
4. Promote the acceptance and application of these principles among private equity stakeholders
5. Work collectively to improve effectiveness in applying these principles
6. Report on Activa's activity and progress in the application of these principles
7. Promote a diverse, fulfilling, safe and rewarding human resources policy

- across our management company and our portfolio
8. Respect the environment and reduce Activa's direct and indirect impact
  9. Have a concrete impact on society.

### **CONTENT, FREQUENCY AND MEANS USED BY ACTIVA CAPITAL TO INFORM SUBSCRIBERS, AFFILIATES, CONTRIBUTORS, BENEFICIARIES OR CLIENTS ABOUT THE CRITERIA RELATING TO THE SOCIAL, ENVIRONMENTAL AND GOVERNANCE QUALITY OBJECTIVES TAKEN INTO ACCOUNT IN THE INVESTMENT AND, WHERE APPLICABLE, RISK MANAGEMENT POLICY**

The management reports of the Activa Capital Fund II, Activa Capital Fund III, Activa III IB Fund and Activa Capital Fund IV include a section dedicated to the ESG.

For new investments, a dedicated ESG section presents the risks & opportunities identified in the investment memo, as well as a sustainable value creation plan.

In addition, Activa Capital produces an annual ESG report, available on its website.

## NUMBER OF PORTFOLIO COMPANIES COVERED BY ESG PLAN

As at 10 March 2021, Activa Capital's ESG policy applies to portfolio companies of Activa Capital Fund III, Activa III IB Fund and Activa Capital Fund IV. As the investment period for Activa Capital Fund III and Activa III IB Fund has ended, the restrictions on new investments apply only to Activa Capital Fund IV

In addition, the companies in the Activa Capital Fund II fund are the subject of an annual ESG reporting campaign. Reasonable efforts are made to encourage the last portfolio company in this fund to progress on non-financial criteria where appropriate.

As a reminder, Activa Capital Fund FCPR no longer holds any portfolio companies.

Thus, more than 90% of the assets under management of Activa Capital are subject to the ESG criteria of the management company.

## SUBSCRIPTION TO A CHARTER, A CODE, AN INITIATIVE OR OBTAINING A LABEL

At Activa, we publicly advocate responsible investment.

Activa is a member of the Board of Directors of France Invest's Sustainable Development Working Group, which the team co-founded in 2009 with five other management companies. Activa is a co-author and major contributor to the AFIC White Book on Sustainable Development for French Private Equity, published in December 2010.

Activa was one of the first signatories of the UN PRI (Principles for Responsible Investment) in 2010 and is committed to adopting and implementing these principles both as a company and as an active shareholder.

In 2014, we committed to the sustainable growth charter of France Invest.

In 2016, Activa Capital made a commitment to the iC20 (Climate 2020 Initiative) to

contribute to the COP21 objective of limiting global warming to two degrees.

In 2017, Activa Capital joined the Shift Project, a think tank working towards a carbon-free economy. "An association recognised as a non-profit organisation and guided by the need for scientific rigor, its mission is to enlighten and influence the debate on the energy transition in France and Europe".

In 2019, Activa Capital became a signatory to the Global Compact dependent on the United Nations. The Global Compact provides a simple, universal and voluntary framework for engagement, based on 10 principles relating to respect for human rights, international labour standards, the environment and the fight against corruption.

In 2020, Activa committed to the gender equality charter of France Invest and obtained the French "Label Relance".

## WHEN THE ENTITY IMPLEMENTS A RISK MANAGEMENT POLICY, A GENERAL DESCRIPTION OF ITS INTERNAL PROCEDURES FOR IDENTIFYING RISKS ASSOCIATED WITH SOCIAL, ENVIRONMENTAL AND GOVERNANCE QUALITY CRITERIA AND THE EXPOSURE OF ITS ACTIVITIES TO THESE RISKS, A GENERAL DESCRIPTION OF THESE RISKS

### Pre Due Diligence phase

As part of its in-depth consideration of ESG in its investment process, Activa applies in the pre-investment stage a strict exclusion policy, consistent with its DNA, its commitments and its ethics. The investment team is ultimately responsible for implementing this policy.

Activa will not invest in companies which would not respect its by-laws, international standards such as the UN Global Compact principles, the OECD guidelines or the conventions & recommendations of the International Labor Organization (ILO). The list includes illegal activities and normative / legal exclusions, fossil fuels (extraction, production, distribution), speculation in raw materials, coal-related activities, weapons /

bombs / ammunitions, pornography, betting / gambling, genetically modified organism, human cloning, prostitution.

Furthermore, we do not wish to invest in sectors or activities which may have or cause unacceptable high greenhouse gas footprint (typically coal-related businesses) and/or which may generate additional risks to consider (reputation, ethic, RGPD, cybersecurity, legal, etc).

### Due Diligence phase

As early signatory of the PRI, Activa, prior to each investment decision, conducts via its investment team and with the help of third-party advisors when needed a thorough due diligence process encompassing financial, strategic, ESG, tax, labor, legal, data protection & IT, human resources, management, IP, insurance and other aspects of the business.

The ESG due diligence notably focuses on specific issues relating directly to the target's business model, end-market and value chain. The level of analysis performed depends on the level of materiality of key issues identified. Main topics are:

- Environmental matters
- People-related matters (H&S, diversity, inclusion, employment practices, well-being)
- Value chain (illegal activities, responsible supply, product & services lifecycle, raw material sourcing...)
- Governance (business ethics, corporate culture, leadership)
- Data (cybersecurity, French RGPD, etc)
- Law & regulation (anti-bribery, anti-corruption, sanctions, IP rights...)

Additionally, an ESG risk-mapping is drafted, paving the way for a sustainable value creation plan to be set up and monitored during the ownership phase. This mapping typically covers Governance, Ethics, Human capital & rights, Environment, Value chain, Cybersecurity, data protection, health & safety, etc.

### Ownership phase

Activa's stewardship leads to a very active role in considering ESG value creation plan post acquisition. The framework initiated pre

acquisition is set up by the investment team together with the management team and incentives are defined. Follow-up is ensured by the supervisory board (quarterly meetings).

An engagement to improve ESG standards of each portfolio company is committed specifically in the shareholder agreement and is part of the management incentives' annual objectives.

On top of the ESG value creation plan, specific to each company, Activa seeks to implement three additional pillars:

- Carbon footprint annual calculation (scoe 1, 2 and 3) and measures to improve it;
- Set up of a financial investor value creation sharing plan with employees, under the terms of the French law "PACTE";
- Specific workshop on employer brand, which is key in the 3 core verticals addressed by Activa Capital (Services, Tech, Healthcare & wellness).

Beyond formal quarterly meetings, Activa keeps an open and direct dialogue with each and every management team to monitor all value creation projects, especially ESG. This approach has been formalized in its shareholder engagement policy, published on Activa capital's website.

Best practices emerging from portfolio companies are then shared by Activa amongst its other portfolio companies, fostering efficiency and value creation at the Funds' level.

A specific annual reporting is prepared by Activa, in accordance with all its investors' requests.

### At the management company level

One partner of the investment team dedicates a portion of its time to ESG and is responsible to monitor the implementation of the ESG strategy decided by the Activa's leadership within the team and the investee company.