

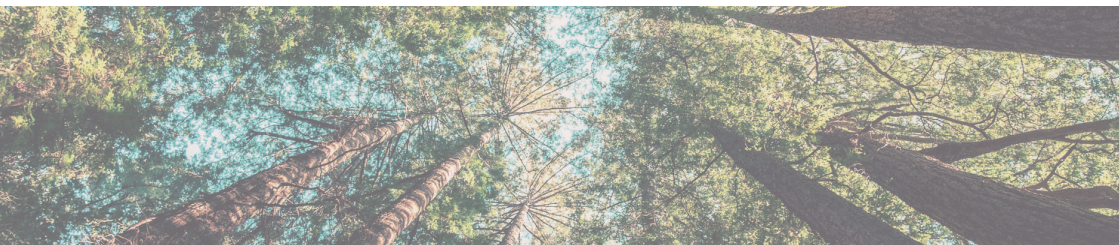
CAPZA

SUSTAINABILITY REPORT 2019



Building better companies in a better world

Created in 2004, CAPZA is an established European private investment platform specialised in small and mid-cap companies. Its unique platform allows CAPZA to support companies at every stage of their development by providing them with flexible and customised financing solutions. As we partner with entrepreneurs on their journey to growth, we believe that the financial outcome can not be the only driver. Superior environmental, social and governance (ESG) practices are also keys to building better companies in a better world.



"As a father of three daughters, I want my children to live in the future I am investing in. This is why I believe it is key for CAPZA to support companies on a responsible journey to growth, and that goes beyond financial performance."

Laurent Bénard,
CEO, CAPZA



"The consideration of extra-financial criteria has always been key for private investors in small and mid cap companies as the human component and governance mechanisms are central to their success. This is why the shift to ESG has been very natural for a company like CAPZA."

Christophe Karvelis,
President & Founder, CAPZA

01 OUR COMMITMENTS

A longstanding commitment to responsible investing

As a responsible investor, we have adopted many ESG commitments to positively influence and transform our industry, our own company and the companies we invest in.

KEY MILESTONES



MORE INFORMATION



The PRI is the world's leading proponent of responsible investment. The United Nation Principles for Responsible Investment (UNPRI) are a voluntary and aspirational set of investment principles to incorporate ESG issues.



Developed by France Invest for management companies and some major institutional investors invested in private equity, the Charter includes 30 commitments in favor of gender parity.



A collective commitment to understand and reduce carbon emissions of private equity-backed companies and secure sustainable investment performance.

A clear governance with empowered teams

- CAPZA's management teams have direct responsibility over the different aspects of ESG integration:



Laurent Benard
CEO
Responsible for the global
ESG Policy



Bénédicte de Tissot
General Secretary
Responsible for ESG reporting
and publications

- In addition, each platform has appointed a dedicated partner responsible for ESG integration:

Jean-Marc Fiamma
Partner
Private Debt

Fabien Bernez
Partner
Flex Equity

Jean-Luc Cyrot
Managing Partner
Growth Tech

Annie Laure Servel
Managing Partner
Artemid

Emmanuel Bonnaud
Managing Partner
Transition



CAPZA is supported by SIRSA, the specialist consultancy assisting in:

- Ensuring CAPZA's responsible investing policy is in line with or exceeding market practice
- Building a detailed ESG vision at the portfolio company level and a synthetic vision at the portfolio level
- Providing value to portfolio companies on ESG topic through specific recommendations and identification of areas of improvement
- Supporting CAPZA in building a strong approach to corporate social responsibility

Sirsa works with more than 400 major firms within the corporate and financial environment on sustainable development issues.



ESG COMMITTEE

Responsible for ESG integration at the investment level

Twice a year since 2015, all investments teams meet in November to prepare the portfolio review and in June to present the results. The committee is steered by a representative from Sirsa.



CAPZA FOR GOOD COMMITTEE

Responsible for the Corporate Social Responsibility (CSR) policy

Created in 2019, the committee is responsible for improving CSR practices within CAPZA. The members meets 4 times a year. It includes representatives from all functions within CAPZA and is steered by a representative from Sirsa.

Strong ESG commitment throughout the investment process



AVOID

CAPZA has defined an exclusion policy available on our website and included within the legal documentation of our funds.



IDENTIFY

CAPZA evaluates portfolio companies on Environment, Social and Governance dimensions according to 14 criteria. For each company the relevance and importance of each criteria is assessed taking into account the sector and business activity of the company.



INVEST

ESG considerations are taken into account both during the due diligence and the investment decision process. During the holding period, ESG is monitored through an annual analysis.



REPORT

Publication of a detailed ESG report both at the portfolio and company level. The report is shared with investors and the ESG factsheet and recommendations of each portfolio company is shared with their management.



INFLUENCE

Sharing advice and improving practices: a regular dialogue is built with portfolio companies in order to share advice on ESG best practices in their sector and to improve them. When needed, CAPZA can organize a dedicated ESG mission within the company with the support of Sirsa.

02 ESG REPORT

Scope and methodology

2019 SCOPE

39
companies in portfolio

82%
response rate

DIMENSION OF THE SURVEY

More than 100 questions on...



For each evaluated criterion, stake and maturity levels are rated out of 5:

Stake: 0 = no stake; 5 = important stake

Maturity: grade assigned with respect to the level of stake
The greater the gap between the stake and the maturity, the greater the risk.

CAPZA

PROCESS

Dec 19



Online ESG questionnaire sent to portfolio companies



Companies respond to survey



Quantitative review of ESG Data & telephone interviews with management teams

June 20



Production of annual ESG report and portfolio companies ESG factsheet.



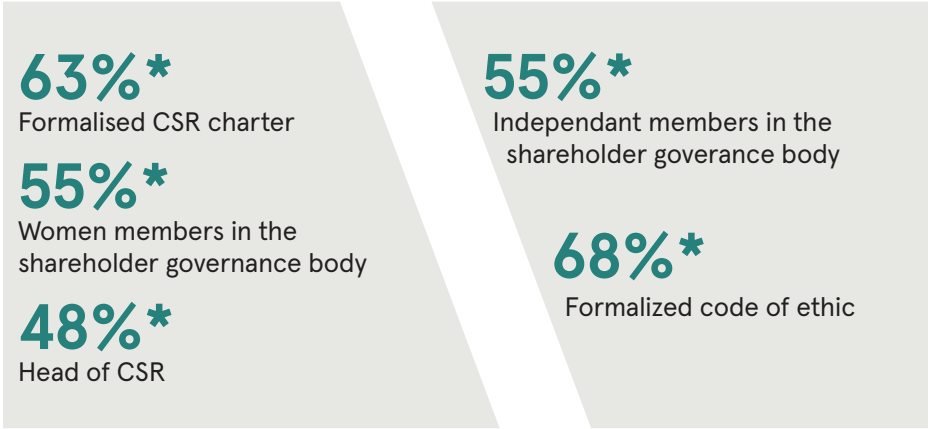
Presentation to CAPZA ESG Committee.

July 20



ESG Report sent to Investors
ESG Factsheets shared with portfolio companies

Results - Governance



*% expressed as number of companies with positive response out of total number of respondents

BEST PRACTICE

QUESTEL

Leader in intellectual property software

A global CSR approach has been developed and disseminated within the Group, notably through the establishment of 4 charters on this subject: CSR Charter, Anti-Corruption, Ethical Marketing and Sustainable Purchasing. A certification process is underway.

"Over the past 5 years we have seen an increase in the number of portfolio companies appointing a Head of CSR, as the topic is becoming more and more important within SMID companies."

Bénédicte de Tissot
General Secretary, CAPZA

ORSYS

Specialist in online professional training

A CSR Committee has been set up to steer the Group's actions. It is made up of 10 members, but all employees are free to carry out CSR projects. The theme of diversity has been particularly emphasized in 2019, as well as the integration of CSR in the training offer.

Results - Environment

50%*

Actions to reduce greenhouse gas emissions

93%*

Energy consumptions monitoring

24%*

Assessment of exposure to physical risks of climate change

75%*

Monitoring of quantity of waste generated

*% expressed as number of companies with positive response out of total number of respondents

BEST PRACTICE

"The environmental impact of CAPZA's portfolio is relatively low as the majority of portfolio companies are services companies."

Fabien Bernez
Partner, Flex Equity

CAFÉS LEGAL

Coffee Roaster

Cafés Legal has done a great deal of work on its offer in order to reduce the environmental impact of its products: setting up a responsible coffee procurement chain, developing an organic offer, piloting an eco-design approach with a view to reducing the quantity of packaging and its recyclability, and marketing vegetable capsules.

RE-COMMERCE

Reconditioned Smartphones

Re-Commerce is a circular economy platform committed to extend the lifespan of products to consume more responsibly. The environmental balance sheet of a new smartphone weighs heavily (4 round-the-world trips by plane) while a reconditioned smartphone can emit 84% less CO₂ and save the planet's resources of metals and rare earths.

Results - Social

467

Net job creation

71%*

Formalised training / policy plan

65%*

Commitments and/or
charters in terms of diversity,
gender equality or anti-
discrimination

*% expressed as number of companies with positive response out of total number of respondents

BEST PRACTICE

LPG

Endermology, face and body care

LPG is supported by Great Place to Work to improve well-being in the workplace, including a multi-year survey and training in consequences. With the same objective in mind, an HR policy was formalized in 2019, and a compensation policy is currently under construction.

"More than just monitoring data, engaging with the management team during telephone interviews and sharing the results of our ESG factset is essential to build a constructive dialogue and to have a positive influence."

Baptiste Hetreau,
CSR Consultant, SIRSA

SAINT-AUBIN

Manufacturer of frozen and fresh products

Recruitment of 5 additional disabled workers in 2019 to reach 89% of the workforce of Chapuis Surgelé, which has the status of an "Adapted Company" in France. Each employee is supported in his professional career but also on request in daily personal life. In addition, the disabled workers can start immersion programs in other companies of the group.

03^{ESG} FOOTPRINT

CSR at CAPZA



More women in Finance

CAPZA has set the goal of reaching 30% women within its partners within 10 years.

Current women representation within CAPZA's instances:

- Supervisory board: 20% women
- Executive Committee: 50% women
- All Staff: 40% women



No more plastic

In 2019, CAPZA removed all the plastic glasses and bottles from the office (water fountain, meeting rooms etc...). Employees have been provided with an eco-bottle and meeting rooms with glass cups and bottles.



Happy employees

- Hot and cold drinks as well as fruits are provided freely in the office
- Free sport classes are offered to employees (Yoga, Pilates, Boxing...)
- In 2019, CAPZA organised a seminar in Avoriaz for all the teams in order to increase connections between local offices, integrate new joiners and share on the strategy of the company



Contributing to Climate Change

In 2019, CAPZA achieved its first Carbon Footprint in order to identify the main sources of greenhouse gas, and implement a reduction strategy with an efficient action plan.

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CAPZA

Contact

ir@capza.com

Find us on :

<http://capza.co>



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