

# ACTIVA CAPITAL

## RESPONSIBLE INVESTMENT POLICY

**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 & scope

Activa Capital systematically integrates all ESG criteria (including the climate issue) into all its institutional funds. With regard to the FPCI ("Fonds Professionnel de Capital Investissement") created before 2013, and managed by Activa, the integration of ESG criteria was progressive (in terms of scope and granularity of analysis). Starting in 2013, Activa Capital published its first ESG charter and ESG analysis was integrated into the investment decisions made by Activa capital.

The aim of this responsible investment policy is to reflect Activa's philosophy and present the broad lines of Activa Capital's conviction that sustainable guidelines is a central part of value creation over the long-run. By building strong ESG foundations and best practices, Activa believes it can help businesses deliver top-notch performance not only to its limited partners, but also for the companies and their employees. This policy applies to all investments made by Activa Capital in accordance with local laws and regulations. Exception is made in the case Activa is a non-controlling minority shareholder with very limited ability to influence or control the integration of ESG performance, however in this case Activa will make every reasonable effort to encourage and foster ESG initiatives.

Activa's partners will regularly update this policy to reflect the firm's commitment to continuously improving its ESG approach. This policy is communicated to the investment team at every update.

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### **RESPONSIBLE INVESTMENT PHILOSOPHY: 6 GUIDING PRINCIPLES USING PRI**

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:

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

In addition to PRI, we are committed to:

1. Promote a diverse, fulfilling, safe and rewarding human resources policy across our management company and our portfolio
2. Respect the environment and reduce Activa's direct and indirect impact
3. Have a concrete impact on society

### **ORGANISATION AND GOVERNANCE**

Activa's leadership defines the ESG strategy for the management company and has ultimate oversight of its application, including its integration across portfolio companies.

The investment team is responsible for implementing the policy defined by the management company, with the support of third-party advisors if needed. Activa provides its staff with specific training and resources to help them fulfill the company's ESG commitments.

The ESG Committee regroups the partners of the firm and is chaired by an independent recognized professional, and oversees ESG issues that are determined by Activa in its sole discretion to be material to making a decision to invest.

## ESG COMMITMENTS AT MANAGEMENT COMPANY LEVEL

### Our values

Sustainable value creation is at the heart of Activa's DNA. We are aware of our role and impact as a long-term shareholder of French SMEs. We aim at providing the best framework, tools and resources as responsible shareholders to each and every portfolio company to foster sustainable growth culture from within.

### Our actions

We seek to be an actor of positive change for society and the environment. As a result, our duty as shareholder and as a management company is to root a sustainable vision in all our operations.

We commit to:

- Maintain a professional and ahead-of-the-game department in risk management, compliance, internal control;
- Offer to our employees the best work environment;
- Monitor and limit our carbon footprint by properly manage waste, promote environmental labeling and certification, promote energy efficiency and set up ecological training courses;

## SUSTAINABLE INVESTMENT APPROACH

Activa is committed to ensuring that ESG concerns and opportunities are identified

prior to investments and then addressed appropriately in the day-to-day operations.

Activa also encourages its portfolio companies to assess and manage the ESG impacts of their business operations.

### 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.

The output is a clear roadmap with selected KPIs to be improved by the management team during ownership phase and supervised by an efficient governance.

This ESG due diligence is included within the investment memorandum presented to and discussed with the Investment Committee prior every investment approval.

This memorandum aims to give the committee with a 360° view that can influence the final investment decision by summarizing:

- A comprehensive list of all material ESG risks & opportunities, based on interviews, the deal team analysis, and a specialized third-party if needed on specific topics (ie cybersecurity for instance);
- A first draft of the ESG value creation plan which will be formalized post closing with the management team and a third-party advisor.

#### 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 (scope 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.

#### Exit phase

As a general rule, exit processes are discussed and launched in agreement with the management teams, the other shareholders and in accordance with the company's best interest (timing, market conditions, etc).

A vendor due diligence ("VDD") is systematically prepared when competitive auctions are organized, as Activa strongly believes that the ESG corporate culture it has fostered during its ownership phase is a key

valuation point for acquirers, especially for secondary LBOs.

The VDD typically presents the ESG enhancement journey from investment to divestment, and further initiatives that remain to be set up or improve to create value.

## REPORTING AND COMMUNICATION OF OUR ESG PRACTICE

Activa aims to provide a transparent and regular information about its commitments, its internal policy, its progress and its initiatives. Normative information relates to the mandatory information linked to the PRI (transparency report mainly), and an annual ESG reporting to its limited partners.

Beyond compliance, Activa presents its annual ESG report since 2017, containing a precise description of where it stands regarding its actions and commitments taken in this policy.

Moreover, we seek to be a trustful stakeholder collaborating with our industry peers in setting the highest ESG standards.

## PUBLIC COMMITMENTS TO ORGANISATIONS & STANDARDS

Activa is an early signatory of:

- UN Principles for Responsible Investments;
- UN Global Compact;
- IC 20;
- France Invest Sustainable Finance Commission;
- France Invest's Gender Diversity Charter;
- Its internal shareholder engagement policy available on its website;

## CLIMATE STRATEGY

As signatory of the IC20 initiative in 2016 and in line with French legislation (notably Article 29 of the French Energy & Climate law), Activa has acknowledged the consequences of global warming. Its

business model and commitments reflect this issue.

The due diligence work carried out by the team prior to making an investment directly encompass an analysis of the impact of transitional climate risks & opportunities. Furthermore, reduction of carbon footprint is a key pillar of Activa's ownership phase.

Activa also regularly measures its carbon footprint, both at a Fund and Management company level.

## DIVERSITY AND INCLUSION POLICY

Activa is a signatory of France Invest Gender equality charter since February 2020.

Activa's charter is available on its website.

## SHAREHOLDER ENGAGEMENT POLICY

Activa's shareholder engagement policy is available on its website.

## APPROVAL

This policy has been approved by the Partners of Activa Capital and will be reviewed and updated as required

Paris, 2013 – updated 2023

  
Alexandre Masson    Christophe Parier  
Co-managing Partners