

2016 ESG REPORT

Being a customer-focused responsible investor





Contents

- 05** Editorial
- 07** Idinvest Partners' ESG policy : historical perspective and 2015 developments
Main action taken in 2015
- 08** Responsible Private Equity strategy :
A strong commitment organized around four operational positions
- 09** Integrate ESG issues throughout the entire investment lifecycle
- 10** 2015, a turning point on how climate issues are addressed by our public commitments
- 11** A team dedicated to ESG considerations
- 12** The main initiatives taken by Idinvest Partners and its portfolio companies in 2015
- 14** Summary of 2015 activities and key ESG data
- 16** Growth capital
- 22** Private debt
- 29** Private funds Group
- 38** Idinvest Partners' corporate social responsibility (CSR) approach (RSE) of Idinvest Partners
- 46** Interview with Isabelle Combarel, SWEN CAPITAL PARTNERS

Editorial



Dear clients, partners and staff,

With over €6 billion under management, Idivest Partners is a European leader in financing small and medium-sized enterprises. The companies financed by Idivest Partners have created more than 7,000 jobs over the past three years. Now more than ever, our commitment to these companies brings meaning and growth against a global awakening to the issues of climate change in the wake of the 2015 Climate Change Conference (COP21).

As a pioneer in this area, Idivest is delighted to see the importance given to environmental, social and governance (ESG) considerations in a growing number of financial investors. This is why, once again, we have decided to show the high standards we expect of ourselves by broadening our responsible private equity strategy.

We wish to present you with this report on our actions taken in 2015 and early 2016 and progress made on our responsible investment strategy. We have overhauled all of our ESG procedures in order to streamline the monitoring of extra-financial performance indicators by adapting them to the size of the target companies, whose results are detailed in this report.

Our strategy is built around setting an example, promoting ESG awareness and knowledge and convincing portfolio companies of the value in having an ESG strategy to attract investors.

This cannot be an individual undertaking however, but rather must be an initiative that is taken on board collectively. The goal of this new stage in Idivest's policy on the responsible financing of portfolio companies is to encourage interactions throughout our entire ecosystem (clients, partners, intermediaries, managers, etc.) to see our convictions, and those of our investors, grow and take hold.

Christophe Bavière
CEO & Managing Partner



Matthieu Baret
Partner



ESG POLICY

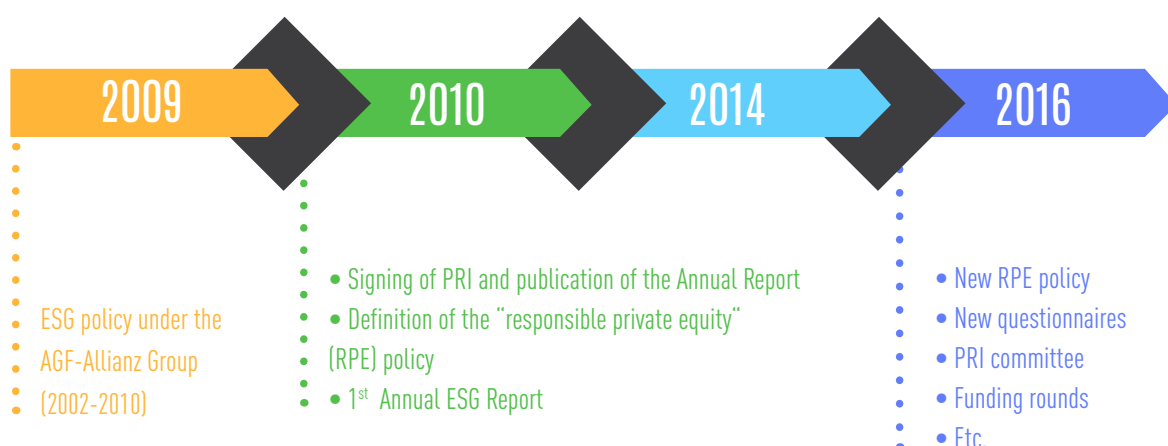


Idinvest Partners' ESG policy: historical perspective and 2015 developments

MAIN ACTION TAKEN IN 2015

Idinvest Partners expands its business and reinforces its ESG commitments

For several years Idinvest Partners has been committed to continually improving its responsible investment policy. In 2015, it reviewed its commitments, practices and tools while continuing to strive for excellence.



2015 developments / Q1 2016 News

NEW RPE POLICY

The new policy, reviewed in Q1 2016, redefines objectives to match stakeholder expectations

MEMBER OF PRI'S PE ADVISORY COMMITTEE

Only French member of PRI's Private Equity Advisory Committee

CARBON OFFSETTING

FONDATION
GOODPLANET

Measurement of the activities' carbon footprint with the double objective to reduce and offset part of this footprint



NEW ESG QUESTIONNAIRES

Coordinated with several major Private Equity actors, they are the bedrock of key indicators

FUNDING ROUND

€1.5bn
in 2015

ESG AUDITS


&


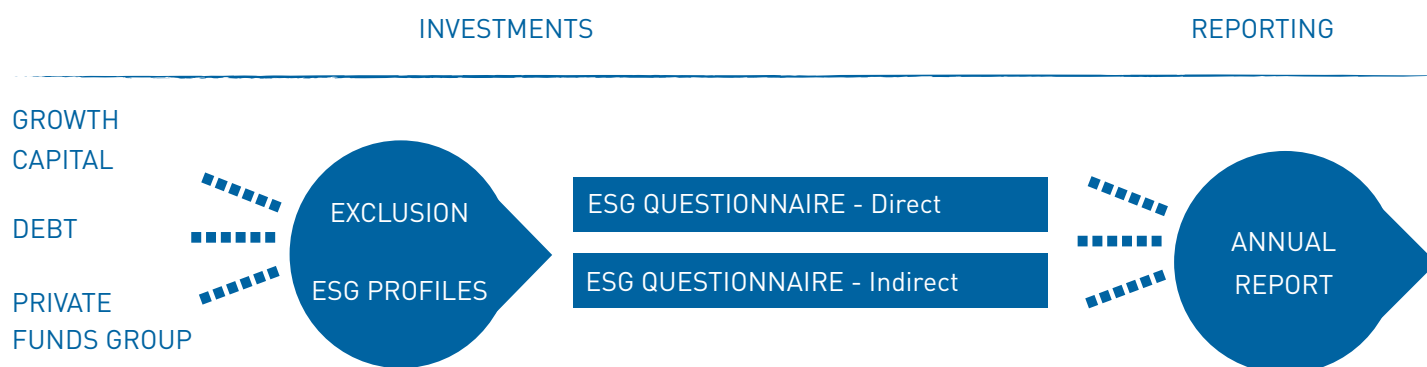
Responsible Private Equity strategy

A STRONG COMMITMENT ORGANIZED AROUND FOUR OPERATIONAL POSITIONS

In 2015, Idivest Partners undertook a full review of its Responsible Private Equity policy. Its four commitments now incorporate initiatives taken to favor energy transition and are aimed directly at the various stakeholders.



Integrate ESG issues throughout the entire investment lifecycle



Idinvest Partners is committed to carefully selecting its portfolio companies based on financial and extra-financial criteria, assisting them in implementing their CSR processes and annually publishing the results of these policies.

In particular, Idinvest Partners is committed to:

- **Excluding certain sectors or activities** that run high reputational risk or ESG risk, and analyzing other sectors considered to be sensitive.
- **Systematically incorporating ESG considerations into its direct and indirect investment decisions** and carrying out the necessary due diligence work.
- **Monitoring ESG practices throughout an investment lifecycle**, gathering any indicators or information

required to measure ESG opportunities and risk to include them in an annual report.

- **Fully and actively exercising its responsibility by participating in the representative bodies** of the companies in which it has invested and being actively involved wherever its interests or those of its clients need to be represented.
- **Assisting managers** in identifying risks and opportunities related to environmental, social and governance issues and in applying business ethics principles. Managers will also benefit from learning of good practices seen in other portfolio companies.

2015, a turning point on how climate issues are addressed

2015 was a year marked by the climate conference (COP21) held in December in Paris. Representatives from the world over gathered to negotiate a deal on the reduction of greenhouse gas emissions.

IDINVEST PARTNERS IS COMMITTED TO THE FIGHT AGAINST CLIMATE CHANGE AND CONTINUING ITS EFFORTS TOWARDS AN ENERGY TRANSITION

Idinvest Partners is well aware of the role the financial sector must play in raising awareness among economic actors with regard to climate change-related challenges.

In particular, Idinvest Partners is committed to:

1 Supporting cleantech entrepreneurs by investing in projects with strong environmental added value, particularly those that favor an energy transition: renewable energy, energy efficiency, smart grids, smart buildings, eco-mobility, etc.

Having made its first investments as early as 2001, Idinvest Partners is a pioneer investor in cleantech companies.

To date, Idinvest Partners has invested in nearly 20 environmental technology companies and since 2012 has managed a specific "Electranova Capital" fund sponsored by EDF Group and an eco-mobility fund sponsored by Total, SNCF, Orange, Air Liquide and Michelin.

Since 31st 2015, investments made in environmental technologies represented 10% to 15% of assets managed under growth capital, namely nearly €130 million.

ELECTRANOVA
CAPITAL

End-2015, France adopted a law on energy transition and published Article 173, which requires institutional investors and management companies to disclose certain information on how commitments related to addressing climate issues are integrated in their investment strategies.

2

Measuring investments' exposure to climate risks by identifying their impact on the climate and providing investors with the results in accordance with regulatory obligations.

In accordance with the application decree for Article 173 of the French law on energy transition, Idinvest Partners has a short to medium-term goal to define footprint calculators and targets in line with a low-carbon economy.

Our public commitments



The Principles for Responsible Investment (PRI) is a United Nations' initiative that was launched in 2006 by Kofi Annan. It encourages its signatories (asset owners, investment managers and service providers) to respect its six core principles.

Idinvest Partners became a signatory of the UN-PRI in 2011, and as such is committed to publishing an annual report on its responsible investment practices. The scope

of this report covers all Idivest Partners' activities.

End-2014, we were chosen to join the Private Equity Advisory Committee, which has around twelve members from all horizons. As part of this Committee, Idivest Partners produces quarterly reports and participates in improving PRI members' theoretical knowledge and help them gain ground.



ASSOCIATION FRANÇAISE
DES INVESTISSEURS
POUR LA CROISSANCE

Idinvest Partners is very actively involved with the AFIC (Association Française des Investisseurs pour la Croissance): has been a member director for 8 years, a founding member of the cleantech club since 2009 and a stakeholder of the ESG Commission since 2015.

Like all members of the AFIC, Idivest Partners has been a signatory of the AFIC Charter since 2008, and as such

acknowledges the economic, social and environmental impact of its investments and undertakes to attain the objectives for each of these issues.

The association also sends its members an annual ESG questionnaire, which Idivest Partners undertakes to fill out in detail.



ESG COMMITTEE





Christophe Bavière
CEO & Managing
Partner



A team dedicated to ESG considerations



Matthieu Baret
Partner
ESG Manager

Created in 2011, the ESG Committee's mission is to monitor our commitments and set medium term objectives. It is made up of active members representing Idinvest Partners' various divisions:

The ESG Committee meets to discuss core strategic points needed to define the RPE policy in the medium term, monitor ESG issues and handle internal and external communication.

The committee members have both seniority and operational skills, qualities that guarantee the credibility of the RPE policy. Matthieu Baret is also responsible for ESG matters within our company.

In addition to defining the RPE policy, the ESG Committee has several other missions, notably to:

- Ensure commitments made with our stakeholders are respected;
- Ensure the traceability of our ESG and CSR actions;
- Define strict exclusion and increased monitoring guidelines with regard to extra-financial risks.

The ESG Committee has an ESG reference person within each sector of the company to implement the RPE policy.



Stéphanie Courtadon
Head of
Marketing



Sylvianne Guyonnet
Chief Operating &
Control Officer

OVERVIEW OF ESG MONITORING IN 2015

////////////////////////////////////
The main initiatives taken by Idinvest Partners and its portfolio
companies in 2015

.....
SUMMARY OF 2015 ACTIVITIES AND KEY ESG DATA





Growth Capital



€1,5bn

Under management
31/12/2015



108

companies questioned

70

companies answered



Private Debt



€2,1bn

Under management
31/12/2015



63

companies questioned

16

companies answered



Private Fund Groups



€2,8bn

Under management
31/12/2015



21

companies questioned

21

companies answered



7 000

FTE*

1 352

job creations



13 453

FTE*

396

job creations **



148 272

FTE*

6 615

job creations



168 725

FTE*

8 363

job
creations

1 questionnaire / 32 questions

1 questionnaire / 14 questions

* FTE: Full-Time Equivalent

** This indicator only covers 13 out of 16 portfolio companies.

GROWTH CAPITAL ESG MONITORING



Growth Capital

The growth capital business line focuses on innovative SMEs in several sectors, particularly in the digital, health and environmental technology sectors. Long-term investments made with these high-growth companies

aim to support their development and help expand their business while raising their awareness of the importance of using social, environmental and governance good practices.

DIGITAL	HEALTH	CLEANTECH
The latest growth capital funds raised by Idivest Partners represent an investment capacity of more than €300M in the digital sector.	Idivest Partners is a major actor in the financing of growth companies in the health sector with more than €156M invested in 50 European companies.	In 2012, in partnership with EDF and with the support of Allianz and Bpifrance, Idivest Partners launched Electronova Capital, a growth capital fund that supports entrepreneurs in the new energy and environmental technology sectors.

Over **130** start-ups funded in **10** years

Nearly **15** IPOs over the past **10** years

Member of Cleantech Group's **European Advisory Board** and of **Club Cleantech AFIC**

Growth Capital 2015 developments



Due diligence Winamax

The investment team engaged in one of the first ESG due diligences on the Growth Capital portfolio to assess Winamax, with the help of an external expert. This measure addresses the challenges posed by the highly regulated gambling and online betting sector.

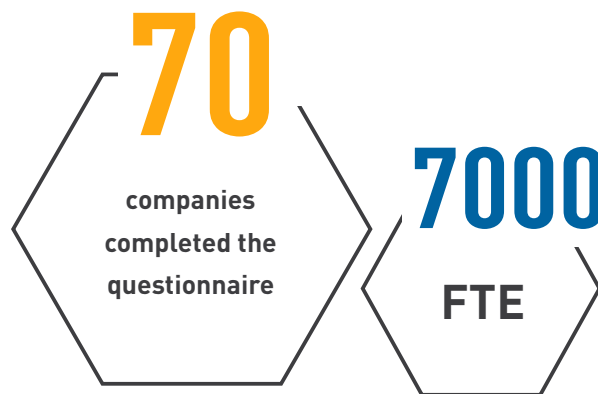
Investments and funding rounds

In 2015, Idivest raised over €250M and invested €150M, €68M of which in 20 new companies. €240M in divestment proceeds were generated the same year.

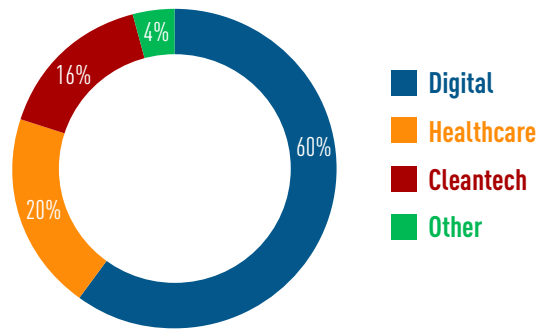
ESG questionnaires analysis results

As with every year, Idivest Partners asked a large portion of its Growth Capital portfolio companies to answer its annual ESG survey. Out of the 108 companies questioned, **70 answered, namely a 65% participation rate**, an

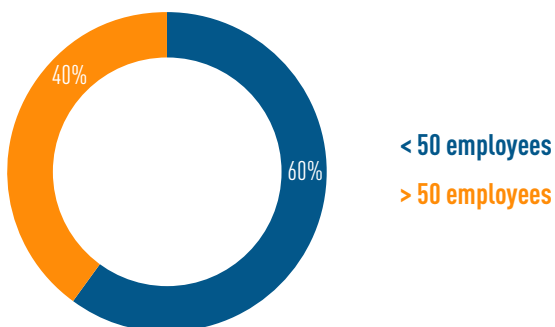
increase of 10 points from 2014. Those that participated were similar in terms of size, turnover and business sectors. These characteristics are representative of the Growth Capital investment strategy.



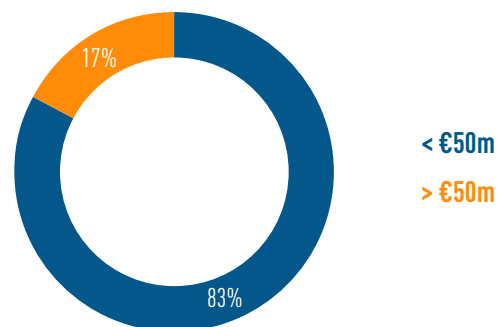
Breakdown by sector



Breakdown by payroll size



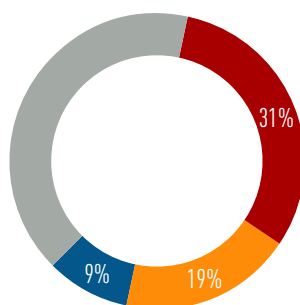
Breakdown by turnover



Governance

Idinvest Partners mainly invests in young, high-growth companies and accompanies them in defining their governance practices and consolidating their governance and supervisory bodies while respecting industry best practices.

Presence and % of independent members



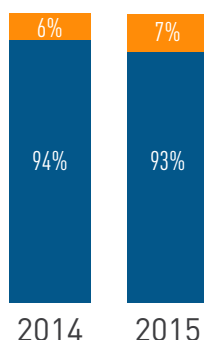
- Less than 33% of independent members
- Between 33 et 66%
- More than 66% of independent
- No independent

59% of respondents had appointed independent directors. They represent over a third of directors in 28% of company boards.

INDEPENDENCE OF BOARD MEMBERS

The presence of external members represents an additional guarantee for minority shareholders as well as for employees. This ensures the interests' of the greatest number are taken into account by the decision-making process.

% of women in supervisory bodies



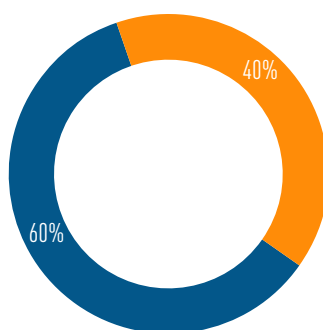
- Women
- Men

The share of women directors is below expected best practices with a maximum percentage recorded of 33%.

DIVERSITY OF BOARD MEMBERS

In keeping with the principle of professional equality and the promotion of diversity, several French and European¹ laws promote diversity within governing bodies.

% of portfolio companies with at least one specialized committee



- Presence of a specialized committee(s)
- Absence of a specialized committee(s)

Most of the committees in place are remuneration committees.

SPECIALIZED BOARD COMMITTEES

Creating specialized committees (audit, remuneration, nomination, ethics) gives Board members insight when dealing with specific topics. The presence of independent/external members in these bodies is a way of ensuring that they are effective.

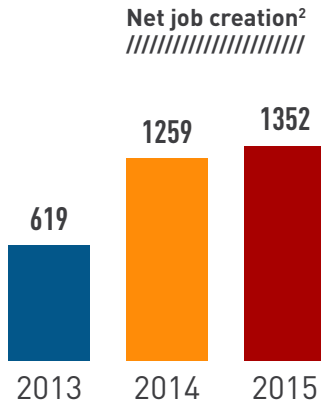
¹ The Copé-Zimmerman Law in France and the European Union directive set a 40% objective of the under-represented sex in non-executive board-member positions in European publicly listed companies by 2020; public companies must comply by 2018.

Social

Social issues are of particular importance to the companies invested by Idivest Partners. Human capital is seen as a core value that must be invested in to anchor business over the long term.

DEVELOPMENT OF THE JOB MARKET

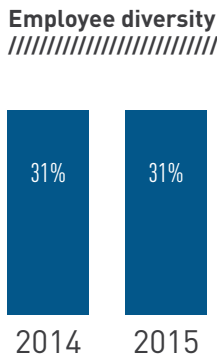
Idivest Partners is determined to support high-growth companies in their development projects and therefore help create jobs. Net job creation measured on a like-for-like basis illustrates changes made within the companies.



In 2015, net job creation stood at 1,352, a significant increase from 2014 and 2013.

DIVERSITY WITHIN PORTFOLIO COMPANIES

Idivest Partners is convinced of the importance of having greater employee diversity, seeing this as a source of productivity. Diversity must be coupled with measures to ensure professional equality among all employee categories.

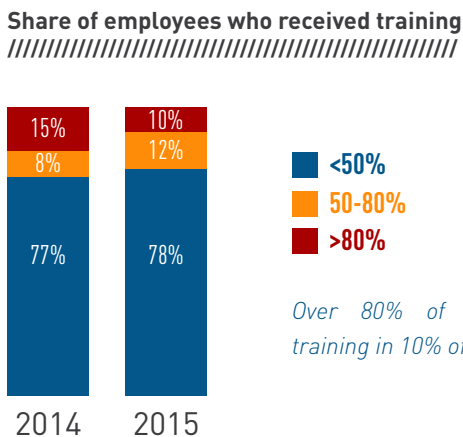


Women in total payroll

The percentage of women on the total payroll remained stable between 2014 and 2015.

MAINTAINING SKILLS

Training employees is a key way of guaranteeing cutting-edge knowledge and renewing skills.



- <50%
- 50-80%
- >80%

Over 80% of employees received training in 10% of respondents.

² Non like-for-like basis at the portfolio level but life-for-life basis at the company level.



CASE ORGANICA

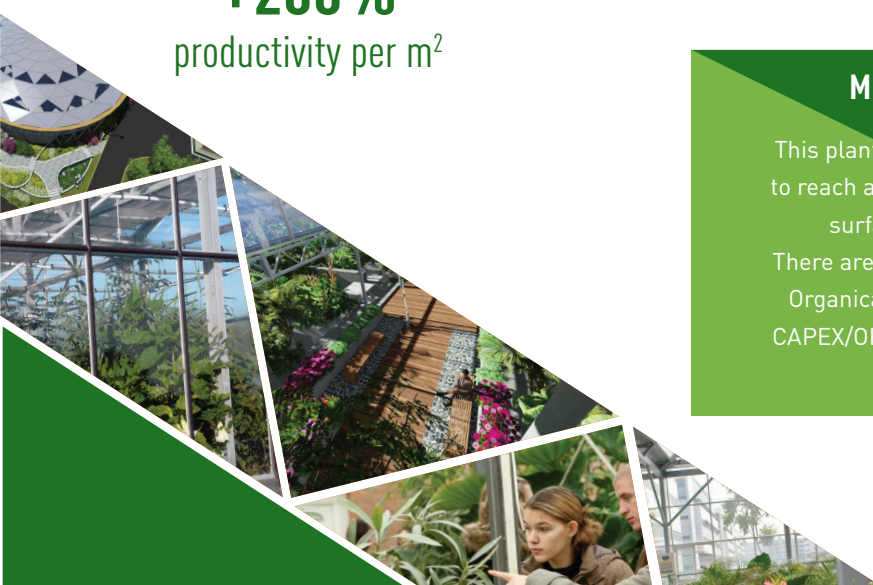
Created in **1998**
86 full-time
equivalents
Present in **10**
pays

The wastewater treatment systems developed by the Group use natural (plant) or industrial (patented organic fibers) **organic structures** that turn into full **glasshouse gardens** that **diffuse any adverse odors** and can be installed in an urban environment.



ORGANICA'S SOLUTION

+125%
treatment capacity
-67%
surface area used
+200%
productivity per m²



Environment

Idinvest Partners invested in cleantech firms from a very early stage and currently manages the Electranova Capital fund for several large groups. In 2015, this fund invested in Organica, a developer of innovative wastewater treatment systems.

TOTAL COST INCORPORATED FROM CONCEPTION

• Organica develops made-to-measure systems designed to reduce installations' physical footprint and **reduce operating costs. On average energy gains represent 30% less power consumption** compared with conventional technologies.



• This objective is achieved by incorporating the full engineering spectrum (mechanical, civil, electrical, etc.) **improving the efficacy of the treatment process and minimizing capital requirements.**

• These central urban **botanic gardens** play a social function and symbolize the **local community's commitment to sustainable development.**

« Galloping urbanization is driving the scarcity of water areas and resources. Organica's mission is to provide urban populations with effective, esthetic solutions to reduce these impacts. Idinvest Partners has helped us break into key markets in China. »

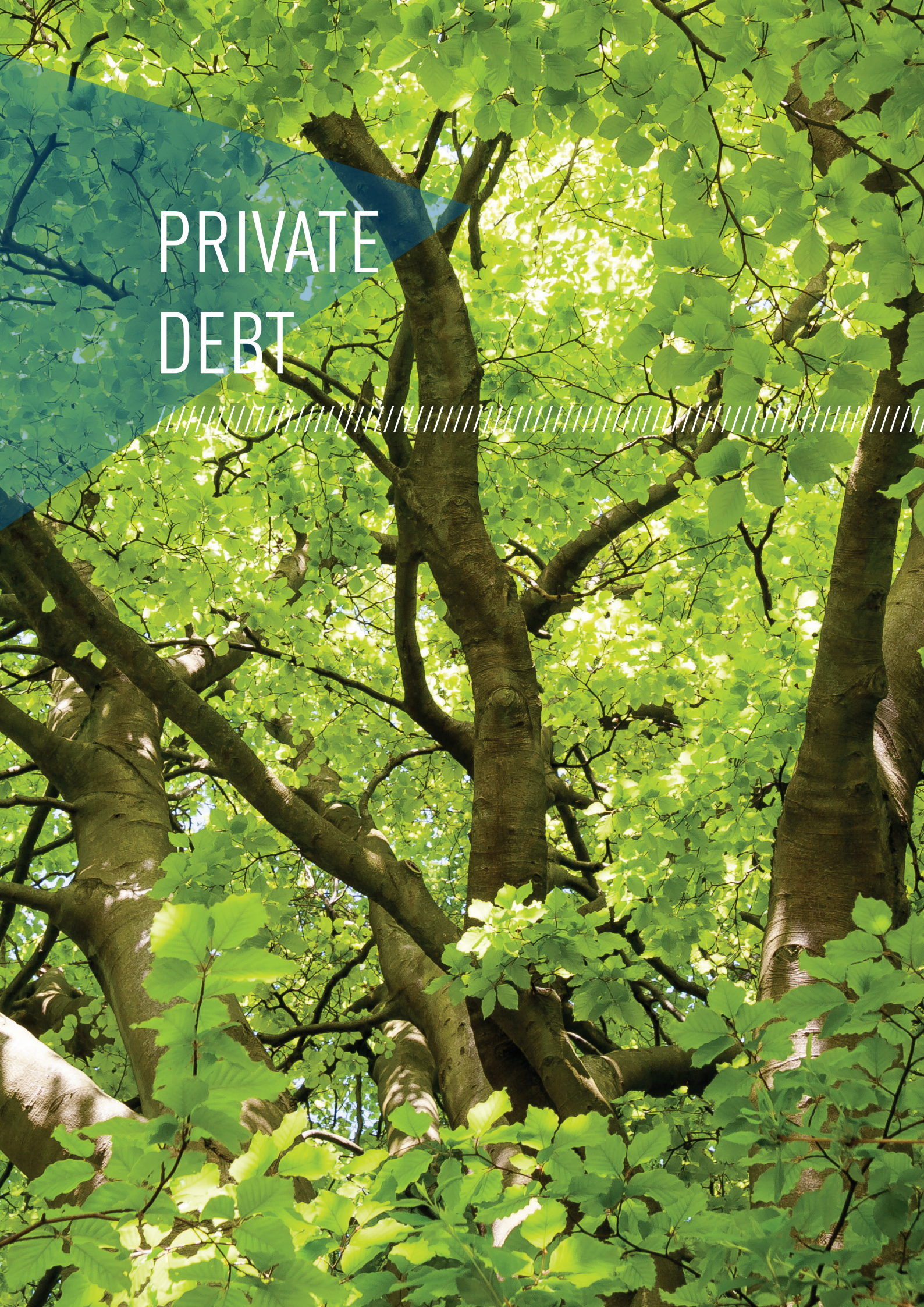
Ari Raivetz, CEO

MM 2100 PROJECT IN INDONESIA

This plant that treated 20,000m³ of water/day needed to reach a capacity of 45,000m³/day while reducing its surface area and resolving odor problems.

There are a host of similar issues in South-East Asia.

Organica's solutions are advantageous in terms of CAPEX/OPEX and unbeatable in terms of the benefits to local populations.



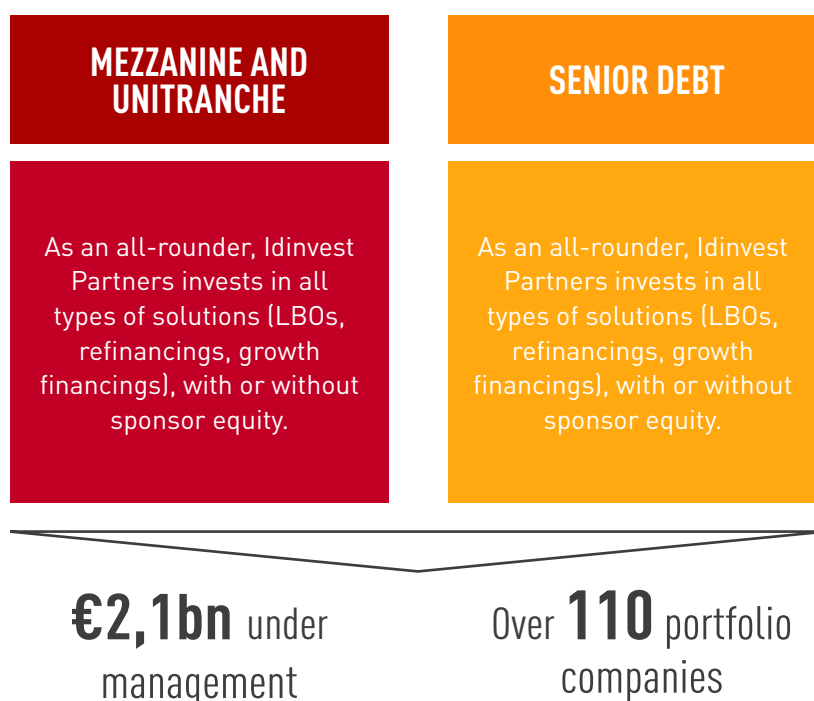
PRIVATE DEBT



Private Debt

With €2.1bn under management and over 110 portfolio companies, Idinvest Partner's Private Debt business line has developed a full range of products for investors through its Mezzanine/Unitranche and Senior Debt funds. Idinvest Partners operates three types of transactions, each of which have its own special features and required level of data collection.

The company selection process is also based on the principles of Idinvest Partners' responsible private equity policy. However, the monitoring of portfolio companies is distinctly different, as Private Debt teams do not wield the same level of influence as an equity fund may exercise (only as a censeur (non-voting member) in the portfolio companies' supervisory bodies).



2015 private debt developments

SAFE's ESG diagnosis

A consultancy firm established a report to analyze Safe Group's extra-financial performances using a grid of 14 criteria that look at pertinent social, societal, environmental and governance aspects with regard to the metalworking sector.

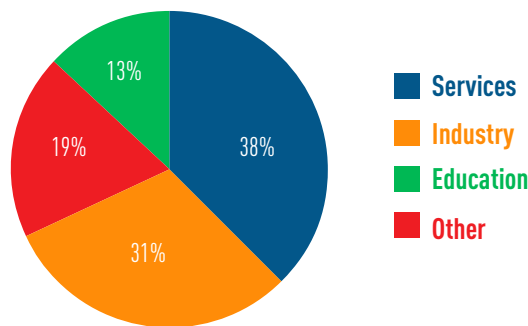
The main aim of the report is to identify the key ESG issues faced by the company and suggest appropriate remedial action.

ESG questionnaires analysis results

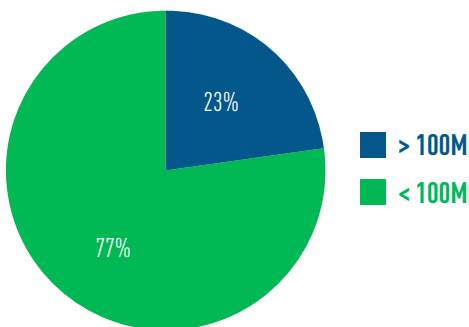
Portfolio companies in the Private Debt business line are monitored according to ESG indicators collected annually from the companies. In 2015, 25% completed the ESG questionnaires, namely 16 companies out of

63. This participation rate, up 2% from 2014, must be considered in light of the specific nature of the activity, which can be a deterrent for providing ESG data.

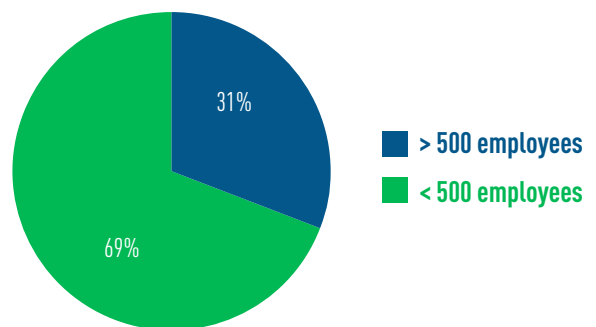
Breakdown by sector
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Breakdown by turnover
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Breakdown by payroll size
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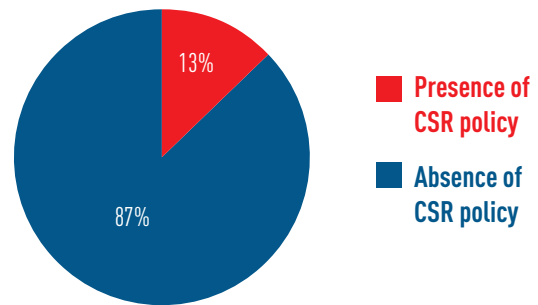
The majority of the portfolio companies that participated (77%) have a turnover of less than €100M. They generally belong to the services sector (38%) or industry sector (25%). The remaining category is very diverse as it represents companies from

various sectors such as education, hospitality and agribusiness. In addition, while there is an average 853 employees per company, it is interesting to note the large differences in payroll ranging from several dozen to several thousand employees.

Governance

As debt investors are not entitled to vote in governing bodies, Iinvest Partners is not able to directly influence a company's policy. However, it uses its influence wherever possible to promote more sustainable governance.

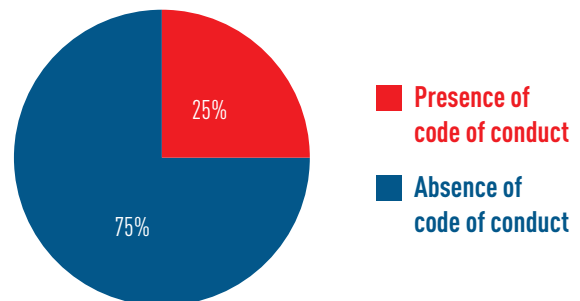
% of portfolio companies with a CSR policy
 //



EXISTENCE OF A CSR POLICY

A CSR policy structures a company's extra-financial action by setting targets to be reached and action plans to be developed. It is closely tied to the company's strategy and backs this strategy by acting on subjects that have been defined as a priority for the company.

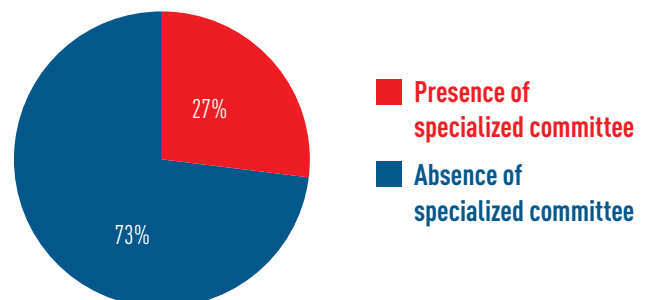
% of portfolio companies with a code of conduct
 //



ESTABLISHMENT OF A CODE OF CONDUCT

By compiling a code of conduct a company is able to structure and give a clear view of its ethical business ambitions. This code generally outlines how business is conducted and all of the company's CRS considerations by focusing on the most material issues according to the sector and the company's market position.

% of portfolio companies with at least one specialized committee
 //



SPECIALIZED BOARD COMMITTEES

As a company grows, the control and management functions become subdivided and expert committees appear. Large structures often have audit, remuneration and ethics committees. This is not an exhaustive list as these committees are often adapted to the company and its strategic priorities.

Social

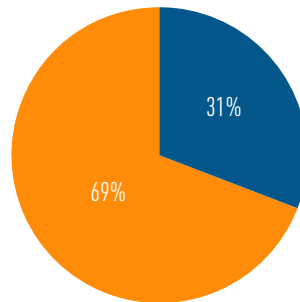
Company policies on social capital often focus on strategic priorities that vary according to their business sector.

% of companies that offer a profit-sharing mechanism that extends beyond the legal minimum



ALIGNMENT OF EMPLOYEES INTERESTS

Allowing the majority of employees to share in the company's profit is a way of motivating them and bind their interests with those of the company. This mechanism, which can be the result of a legal obligation or a voluntary decision, can take on several forms depending on the circumstances.



- Presence of profit-sharing mechanism
- Absence of profit-sharing mechanism

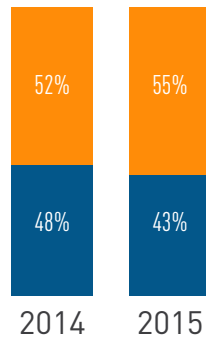
Nearly one third of respondents have a profit-sharing mechanism.

% of women and men in the portfolio companies



DIVERSITY WITHIN PORTFOLIO COMPANIES

Though driven by ethical considerations, promoting diversity within a company is also a source of profitability.



- Women
- Men

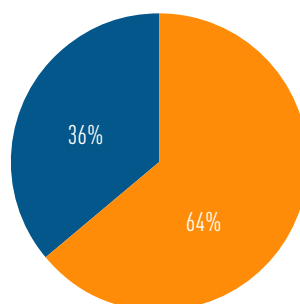
There is a near parity within respondents, even though the percentage of women varies from sector to sector. For example, the industry and automobile sectors have very few women, whereas it is the opposite case in the service sector.

% of portfolio companies that have reported an employee-related dispute



EXISTENCE OF EMPLOYEE-RELATED DISPUTES

The existence of employee-related disputes within a company is a sign that the social climate is, if not deteriorated, at the least tense between management and staff. These may be law suits or strike action taken by staff.



- Presence of employee-related dispute
- Absence of employee-related dispute

In 2015, the majority of portfolio companies enjoyed a calm social climate and recorded no employee-related disputes.

Environment

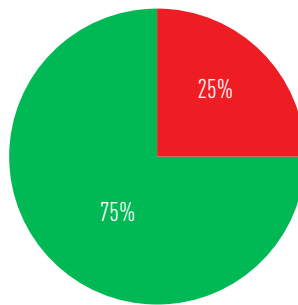
The French energy transition law has highlighted the progressive obligation for management companies with over €500M under management to measure the environmental performance of their portfolio companies.

As such, Idivest Partners set up environmental indicators to measure environmental developments taken by its portfolio companies.

% of companies with an environmental policy
 //////////////////////////////////////

FIGHT AGAINST CLIMATE CHANGE

An environmental policy can give structure to the way various initiatives relate to each other and to indicators and objectives. These policies can be fully internalized or certified by external standards (such as ISO 14000).



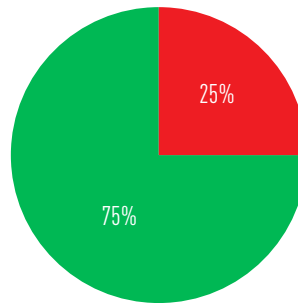
- Existence of environmental policy
- Absence of environmental policy

A quarter of respondents have a policy to fight against climate change.

% of companies that monitor water consumption
 //////////////////////////////////////

WATER MANAGEMENT

Reducing water consumption is a subject that is likely to be addressed by all companies, even though sectors that use water in their production processes (such as the industry sector in general) face greater responsibilities.



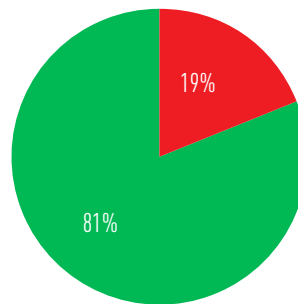
- Existence of reduced water consumption policy
- Absence of reduced water consumption policy

A quarter of portfolio companies have a policy to fight against climate change

% of companies with a waste management system
 //////////////////////////////////////

WASTE MANAGEMENT

Here again, there is a disparity between the sectors as certain sectors (automobile, metalworking) produce more waste than others in the panel (services).



- Existence of waste management system
- Absence of waste management system

Nearly 20% of respondents have a waste management system.



CASE STUDY SAFE GROUP



€275,5m in 2014
Leader in 3 niche sectors
in the metalworking
industry
Present on
3 continents
Europe . America . Asia

2 554
employees
across
3 branches

In 2015, Idivest Partners decided to invest in Safe through its Private Debt activity. As an industry leader in its three niche lines of business, Safe has become an expert in eco-design to reduce the carbon footprint of its products.

At Idivest Partners' request, an external consultant (INDEFI ESG Advisory) conducted an ESG analysis. They suggested areas for improvement within the Safe Group to optimize its extra-financial performance, which incidentally is already satisfactory. Indeed, the main purpose of these ESG assessments is to equip the company with the necessary tools to create its own sustainable development policy.

3 branches



- **Safe Cronite**

World leader in heat treatment furnace equipment

- **Safe Metal**

World leader in cast steel components

- **Safe Demo**

World leader in airbag parts

3 charters



- **Total Quality Charter**

- **Safety Charter**

- **Environment Charter**



A hand with white nail polish is holding a crumpled ball of bright green paper. The background is a soft-focus green landscape under a clear blue sky. A semi-transparent blue triangle is in the top right corner. The text 'PRIVATE FUNDS GROUP ESG MONITORING' is centered in white, uppercase letters. Below the text is a decorative horizontal line of white diagonal slashes.

PRIVATE FUNDS GROUP ESG MONITORING



Private Funds Group

Since 1997, Idivest Partners has been selecting Europe's best private equity opportunities on behalf of our institutional investors through three types of transaction. With over €2.5 billion under management

as at December 31, 2015 and nearly 20 years of experience investing in private equity funds, secondary transactions and co-investments, Idivest Partners is one of the biggest players in the European market.

PRIMARY FUNDS	SECONDARY TRANSACTIONS	CO-INVESTISSEMENTS EN DIRECT
Investing in newly formed private equity funds across different strategies (buyouts, growth, venture, turnaround).	Acquiring existing limited partner private equity interests and companies on the secondary market.	Making direct investment in companies alongside a private equity fund.

Over **200** funds in it's portfolio

Over **70** transactions since **2003**

50 co-investments alongside **more than 20** management companies

Investment and recent funding rounds



In 2015, Idivest Partners invested €265M through 13 primary funds, 7 secondary transactions and 1 co-investment. For the funding round, Idivest Partners secured 3 new mandates from institutional investors in the year for a total €200M.

Presentation ESG questionnaire participants



Idinvest Partners asked 21 management companies to answer its annual ESG survey. The ESG questionnaire sheet is made up of 14 questions covering the management company's general approach to

SRI/ESG (policy, organization, reporting) and their ESG approach during pre-investment, post-investment and exit. The participation rate was 100%. However, not all companies answered every ESG question. The answer rate per question varied between 87% for questions related to exit and 100% for questions related to SRI/ESG organization, reporting and policy.



ESG questionnaire

100%

participation rate from
management companies in
the Private Funds Group

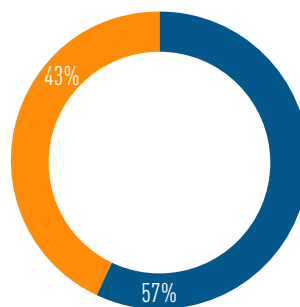
Management companies ESG commitment and organization

As a whole, management companies show their commitment to ESG/SRI considerations by establishing a formal ESG policy and appointing an ESG-dedicated team and a significant proportion are signatories of the principles for responsible investment (PRI).

PRI SIGNATORIES

The principles for responsible investment (PRI) aim to help institutional investors integrate environmental, social and governance considerations into their investment decision-making process and, therefore, improve their management of risk and opportunities over the long-term.

% of PRI signatories



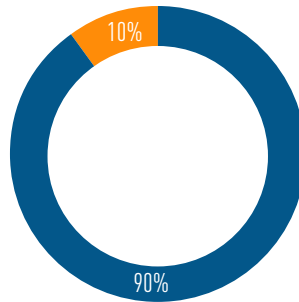
- PRI signatories
- Non PRI signatories

More than half are PRI signatories (57%). Half of the management companies that are not PRI signatories have integrated PRI into their ESG strategy.

ESTABLISHMENT OF A FORMAL ESG POLICY

ESG policies often take the form of an ESG charter that sets out the commitments taken by management company internally and with regard to its portfolio companies.

% of management companies with a formal ESG policy



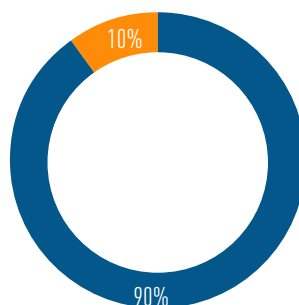
- Presence of formal ESG policy
- Absence of formal ESG policy

A large majority of management companies have a formal ESG policy.

ESG TEAM

The ESG team ensures adherence to the ESG/SRI policy to and oversees how the management company implements its ESG strategy.

% of management companies with a designated ESG team



- Presence of ESG team
- Absence of ESG team

Most respondents have appointed an internal ESG team. This team often includes a partner or the CFO.

Management companies ESG process

By analyzing ESG criteria during the pre-investment phase, management companies are able to identify ESG risks and establish an exclusion list if necessary. Therefore, the first

step in this phase is to conduct a preliminary assessment or comprehensive or targeted due diligence to integrate ESG factors into the investment decision-making.

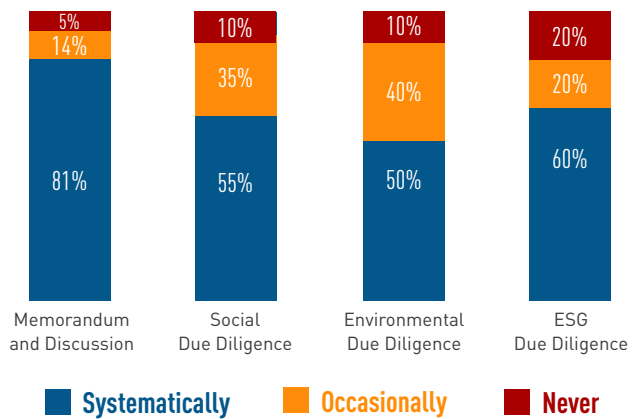
ESG analysis method during the pre-investment phase



PRE-INVESTMENT: ESG ASSESSMENT RESOURCES AND TOOLS

ESG criteria are systematically included in the investment memorandum and analyzed by the investment committee in most management companies.

More than half the management companies engage in social or ESG due diligence during the pre-investment phase.



IN PRACTICE

Norvestor Equity

Norvestor Equity AS engages in ESG due diligence during the pre-investment phase. The report is examined by the Compliance Committee before sending an investment proposal to the funds' board of directors.

Apax PARTNERS

Depending on the time and information available, Apax carries out a preliminary environmental/ESG assessment (flash report) or a more detailed due diligence report. Apax's Investment Committee examines ESG subjects that are highlighted by due diligence.

naxicap PARTNERS

Since the beginning of 2016, Naxicap has engaged in social, environmental and ESG due diligence and systematically includes ESG analysis in its investment memorandums.

ARDIAN

As a signatory of the PRI since 2009, Ardian seeks to integrate ESG considerations in all the phases of the investment process. A summary of the ESG assessment is included in each investment memorandum. Social, environmental and ESG due diligence are carried out systematically. External consultants are appointed where necessary to perform more detailed audits. Ardian's commitment to the Carbon Initiative (IC20) in 2016 will involve assessing its portfolio companies' carbon footprint.

Investment Partners

Social, environmental or ESG due diligence is carried out when necessary. A preliminary risk analysis is included in the investment memorandum.

Post-investment and ESG reporting

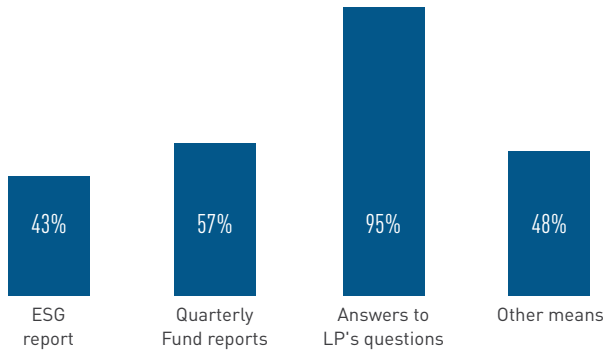
In good ESG practice, management companies can expect GPs to produce reports on the environmental, social and societal impact of their business. Over half the management companies asked their portfolio companies to provide an ESG report and indicators. For

most of the funds invested by Idivest Partners, ESG considerations are addressed at least once a year by the portfolio company's senior management.

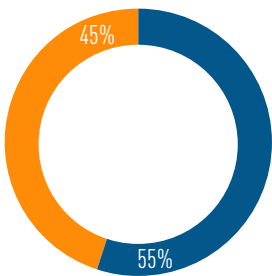
Means of ESG reporting to LPs



Most management companies disclose ESG information proactively and nearly all do so when asked by LPs.

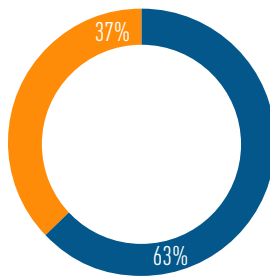


Management companies that requested an ESG report and ESG indicators from their portfolio companies



■ ESG report
■ No ESG report

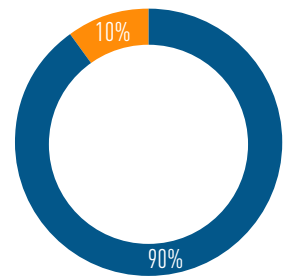
ESG improvement plan established with portfolio companies



■ ESG improvement plan
■ No ESG improvement plan

Discussion of ESG topics at least once a year with Management

(such as during the Supervisory Board)



■ ESG discussion
■ No ESG discussion



IN PRACTICE

Apax PARTNERS

Quarterly reports sent out to LPs cover ESG risks and opportunities.

Apax defined approximately 150 ESG indicators and launched an ESG reporting model in 215.



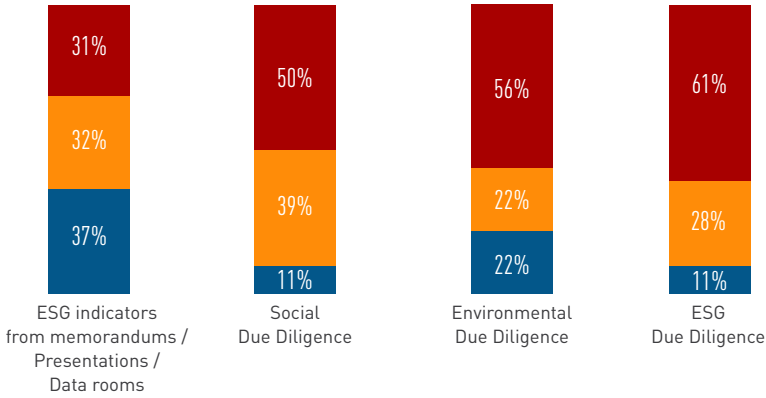
As signatory of the United Nations Global Compact, IK produces a publically-available annual "Progress Report".

An ESG section is included in each active fund's annual assessment report. This section contains information about IK's ESG commitment and ESG case studies.

IK participated in the "ESG Disclosure Framework for Private Equity" published in March 2013. This shows how IK seeks to provide LPs with the information required to assess its ESG commitment.

IK updated its ESG performance at the Investment Advisory Committee and at the Annual General Meeting.

Exit : Means of informing potential buyers about ESG performance



1/3 of management companies systematically provide potential buyers with ESG data.

IN PRACTICE

Mandarin Investment Group

The document submitted to the Investment Committee includes an ESG section that explains ESG action taken and in process.

STATISTICS OF COMPANIES IN THE PORTFOLIOS

61 (38%)

Portfolio companies with a profit-sharing scheme that extends beyond legal obligations

6 615

jobs created for private funds groupe ESG monitoring

148 272

Employees present in the portfolio companies

114 (66%)

Portfolio companies with at least one independent member in the governance bodies



STUDY CASE GRAPHITE CAPITAL



British
Private equity
investor
created in **1981**

Independent
since
2001



£500M
raised in 2013
for the latest fund
**Graphite Capital
Partners VIII**

Investment
strategy **MBO**



Team of
18
professionals

13
portfolio
companies



**Simon
May**
Investment
Director



**Markus
Golser**
Senior Partner



We think that **appropriate analysis of ESG subjects** creates potential to improve financial return for our investors, by **improving portfolio companies' results** but also because the future buyer is likely **to better value a responsible business.**"

Markus Golser



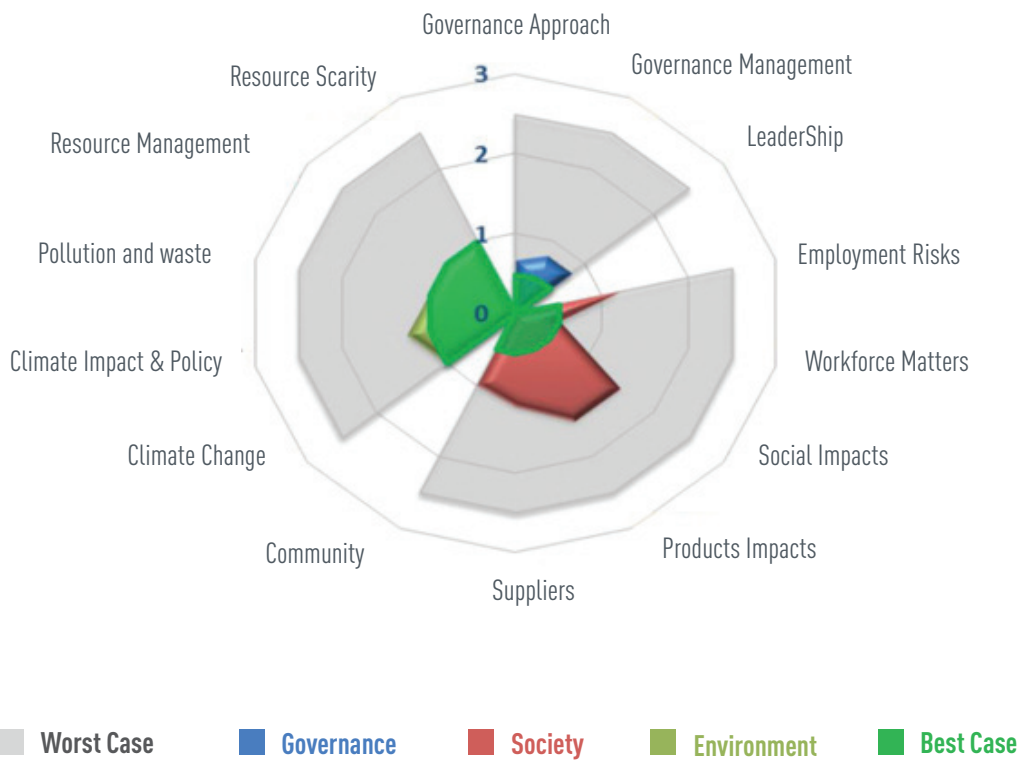
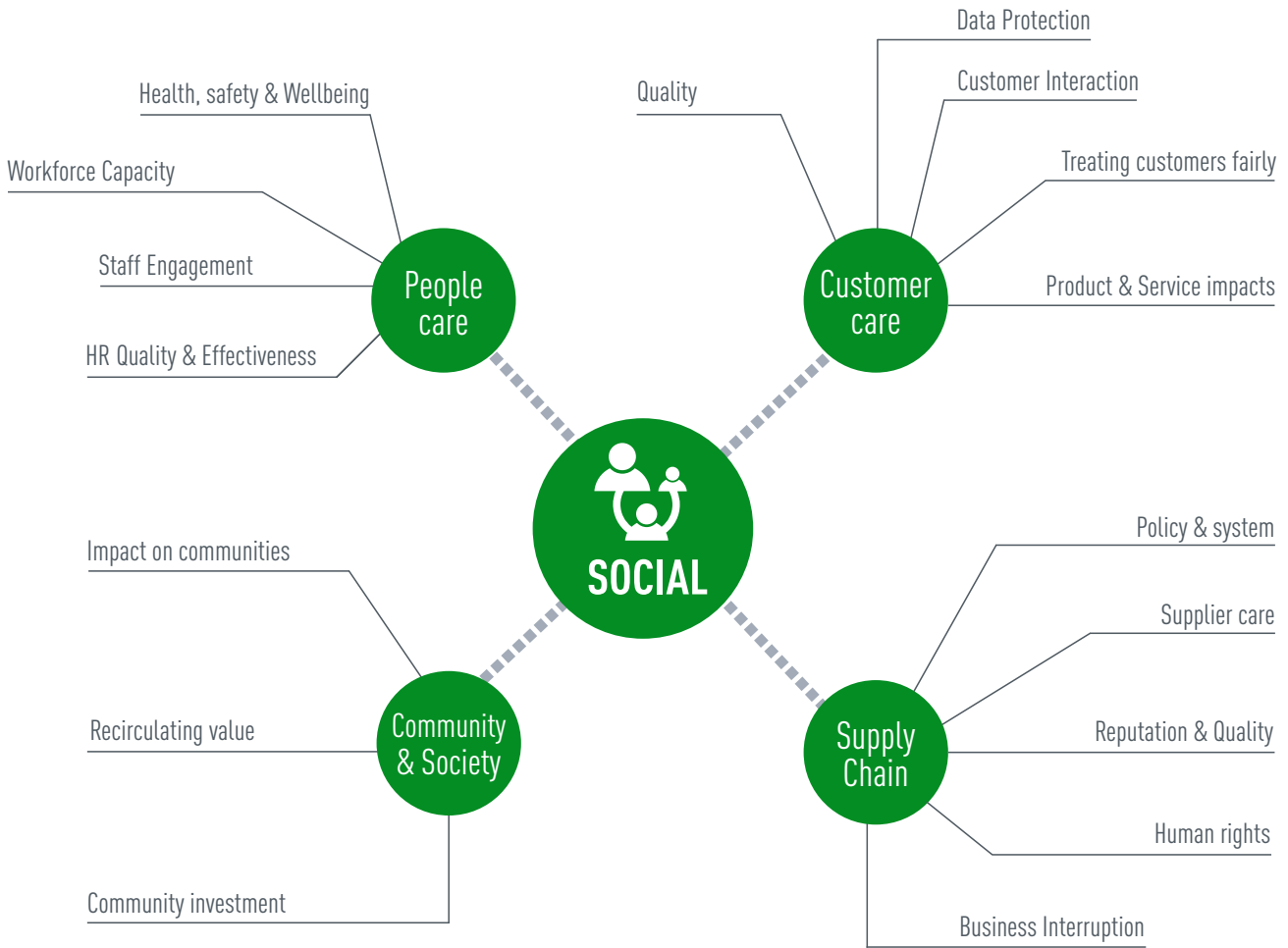
ESG PRE-INVESTMENT ANALYSIS

- Before making an investment, Graphite Capital systematically analyzes the target's main ESG risks. This analysis is done through a list of questions presented internally as a mind map (see diagram opposite).
- Graphite Capital recently developed a tool based on these questionnaire results to visualize a target company's level of risk (see below) and produce a report for the investment committee.
- The investment committee receives and acknowledges this ESG analysis before deciding whether to invest. Investments have been excluded in the past due to ESG reasons.



ESG MONITORING OF PORTFOLIO COMPANIES

- After investing Graphite Capital draws up a "100 day plan" with the portfolio company's management. During this period, topics identified during the due diligence are examined in detail with the portfolio company.
- At the end of this period, Graphite Capital compiles an analysis report and establishes ESG objectives for portfolio company to follow over the next few years. These objectives are incorporated into the board of director's agenda.



CSR REPORT



Idinvest Partners' corporate social responsibility (CSR) approach



HEALTHY GOVERNANCE STRUCTURE

Idinvest Partners is a French société anonyme (limited liability company) with an Executive Board and Supervisory Board: this governance structure separates the executive functions from

the supervisory functions given to the Supervisory Board, half of which is made up of independent members.



COMPLIANCE, INTERNAL CONTROL AND INVESTMENT ETHICS

The compliance, internal control and risk management system guarantees that Idinvest Partners' operational, commercial and financial processes run properly. It also helps retain material and immaterial assets such as Idinvest Partners'

expertise, image or reputation. The system in place includes a permanent control, a periodical control and missions to advise and assist employees: these three levels of control aim to ensure there is a good command of all of the company's activities.



A VOLUNTARY CSR APPROACH

In keeping with its Responsible Private Equity policy implemented within its portfolio companies and aware of the need to set an example, Idinvest Partners has undertaken its own CSR approach

focused on two key issues:

- Human resource management;
- Management of environmental impacts.



PROACTIVE CSR REPORTING

Although Idinvest Partners is not directly subject to the disclosure obligations stipulated by Article 225 of the Grenelle II Law, since 2013 it has drawn up an internal report of its non-financial performance.

This 3rd edition of Idinvest Partners' ESG Annual Report provides its stakeholders with a set of financial and extra-financial information that give an overview of the company's performance.



A RIGOROUS READING OF PROFESSIONAL ETHICS

The company has a Code of Ethics and procedures in place to fight against money laundering and

fraud that are an integral part of each employee's employment contract.

Human resource management



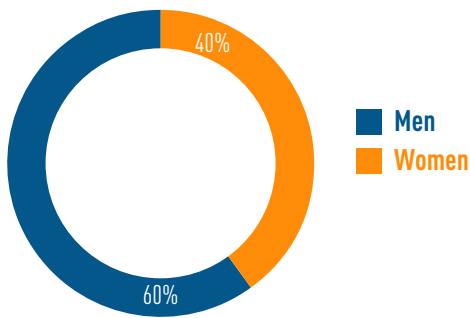
Human Resources is supervised by members of the Executive Board and jointly coordinated by the Chief Operating & Control Officer and the Secretary General.

Human resources management is a core part of the CSR policy. As its employees are its most valuable resource, Idivest Partners pays particular attention to attracting and retaining key talents to maintain its level of excellence.

To address this matter, the remuneration and incentive policy draws on four core principles:

- Equality
- Recognition
- Coherence between individual objectives and company objectives
- Transparency

Idinvest Partners payroll
Breakdown of men and women 12/2015
////////////////////////////////////



As at 31 December 2015, **Idinvest Partners** employs 60 paid employees, all of whom are based at the company's head offices so as to facilitate communication between the departments and encourage social dialogue.

Years	2015	2014	Change
Payroll (year-end)	60	45	+33%
% of permanent staff	95%	91%	+4,4%
Turnover rate	5,7%	14,1%	-60%
Rate of absenteeism	0,14%	1,47%	-90%

The company payroll has increased steadily over the past five years, which is a direct correlation with the development and diversification of the business lines and growth targets. 95% of employees are hired under a permanent contract and staff turnover is well below the sector average.

Finally, Idinvest Partners pays particular attention to gender parity and the cultural diversity of its teams. Women represent 40% of the payroll, a figure that is progressively increasing, and a growing portion of new profiles has received an education outside of France.



THE CHALLENGE OF PROFESSIONAL DEVELOPMENT AND EQUAL OPPORTUNITY

Training and development of skills

Idinvest Partners offers its employees the opportunity to receive training to maintain and develop their knowledge of the private equity sector or improve their skills in a foreign language.

Between 2013 and 2015, training expenditure increased by nearly 50% and by 20% in terms of contribution per employee, with the decrease in the percentage of employees who received training due to the large increase in the payroll in 2015 in particular.

Years	2015	2014	2013
Training expenditure (in €K)	127	102	85
Contribution per employee (FTE)	2,5	2,3	2,1
% of employees who received training	30%	34%	47,5%

Diversity and equal opportunity

Aware of the progress that remains to be done in this area, Idinvest Partners has taken measures to favor diversity and equal opportunity. Attuned to the issue of integrating workers with disabilities into the economic fabric, the company sources its stationary from an entreprise adaptée (French

disability-friendly company) Le Chêne, which employs a majority of disabled workers.

In addition, the company's contribution to AGEFIPH, an association that favors the insertion of disabled workers, totaled €8,226 in 2015, down from 2014 due to the first hiring of a disabled worker under a permanent contract.



REMUNERATION POLICY

This covers two aspects :

- A salary system that covers all employees including a fixed salary and a variable part based on quantitative and qualitative individual objectives.
- A profit-sharing scheme when funds overperform.

Company profit-sharing policy

This scheme has been in place since the company was first created.

The three-year incentive agreement, which matured in 2014, was replaced by a profit-sharing agreement. Employees approved the calculation terms for the new agreement nearly unanimously. Contribution into a company savings plan (PEE) or

collective pension savings plan (PERCO) entitles the payer to a matching contribution from the company that nears the maximum legally authorized.

Further benefits

All employees are given health insurance and benefits and a supplementary collective pension plan paid for by the company.

Idinvest Partners' employees are given meal tickets and holiday and gift vouchers, all within the maximum authorized limits.

The company also pays for the daycare fees of its employees' children.

FOCUS IS PLACED ON SOCIAL COHESION AND EMPLOYEE PROTECTION



HEALTH, SAFETY AND WELL-BEING AT THE WORKPLACE

Idinvest Partners pays particular attention to the well-being of its employees in their workplace or when on business trips. As a result, several measures have been taken:

Appointment of a hygiene and safety officer

Idinvest Partners appointed a hygiene and safety officer who is given all the necessary means to both meet all applicable legal obligations and improve the quality of the working conditions.

Idinvest Partners also enlisted the services of a specialist firm to identify, prevent and manage potential risks related to its business.

Focus placed on prevention...

The nature of a management company's business limits the risk of accidents at the workplace both in terms of gravity and frequency. However, there is a risk of illness inherent to any professional activity, such as overwork, stress-related illnesses and musculoskeletal disorders.

Idinvest Partners endeavors to prevent these illnesses by equipping workstations with recent ergonomic office furniture and providing its employees with means and resources suited to their needs.

In addition, employees are encouraged to plan trips in accordance with the company's current travel policy. Officially identified high-risk areas must be avoided and it is forbidden to fly with airlines included on the European Commissions black list.

Idinvest Partners also took out a "business travel" insurance plan that covers employees when on travel for business.

... Well-being ...

At the beginning of 2015, Idinvest Partners doubled its office space to meet the needs of its growing business and larger staff numbers. A rest area and eating area were created.

Correspondingly, Idinvest Partners provides its employees with free hot and cold beverages and, three times a week, a basket of fruit is delivered from Vergers de Gally, a company that contributes part of its revenue to the French cancer research foundation. Employees are also invited to make donations.

... and social cohesion

An off-site team-building seminar is held over three days every year to share common values, strengthen team spirit and rally all employees behind the company's strategy.

Occasional workshops are also held. These are open to all and offer an opportunity to review how corporate rules are perceived individually and collectively. In 2015, a professional coach, a former instructor for the French elite law enforcement unit (RAID), hosted a debate on team spirit and showing solidarity when in action.

AN APPROACH COMMITTED TO PROTECTING THE ENVIRONMENT



LEVERS AND ACTION FOR IMPROVEMENT ON LIMITING ENVIRONMENTAL IMPACTS

Although the nature of its business limits its direct impact on the environment, Idivest Partners places particular import on environmental issues, for both itself and for the companies it is invested in.

As a result, it carried out an internal diagnosis of its

main direct impacts and in 2013 launched its first initiatives in three areas to:

- Reduce its carbon footprint.
- Adopt behaviors and processes that favor the use of sustainable resources
- Reduce waste-related pollution



BUILDING AWARENESS AMONG STAFF

From early on Idivest Partners has made its staff aware of everyday gestures and behavior that can reduce their negative impact on the environment by publishing a brochure with guidelines on how they can limit power consumption, reduce printing

volumes and recycle paper, batteries, light bulbs and consumable office equipment.

This initiative is part of an educational approach to promote good practices and a responsible code of conduct both at the workplace and everywhere.



A FINANCIAL COMMITMENT

Moreover, as Idivest Partners is aware that the expansion of its business will inevitably lead to greater power consumption and higher pollution emissions, it decided as early as 2015, to financially

offset its CO2 emissions from air travel by financing the Good Planet Foundation committed to reforestation programs.



Reduce the company's carbon footprint



Levers

Action and axes for improvement for the 2014-2016 period

Reduce emissions due to staff travel

Strict application of a judicious staff travel policy: this favors rail travel and limiting travel by air by using teleconferencing whenever possible.

The widespread use of teleconferencing that Idinvest Partners encourages its stakeholders to take on board is part of this approach.

Reduce carbon emissions by limiting power consumption

- Gradual replacement of traditional light bulbs by LED lighting (emergency exit lighting blocks, spotlighting in toilets and open spaces).
- Automatic lights out in offices (ceiling lights) between 11p.m. and 6a.m. on working days and from 11p.m. Fridays to 6a.m. Mondays.
- Installation of movement detectors in corridors and open areas.
- Heating and air-conditioning: installation of a temperature regulator in each office. 60% of premises are equipped with LED lighting. To monitor power consumption, an individual EDF electricity meter was installed to replace the building's joint meter. This move allows Idinvest Partners to monitor its electricity consumption over time and find ways to reduce it.



Use of sustainable resources



Levers

Action and axes for improvement for the 2014-2016 period

Control and reduce paper consumption

Measure the use of paper consumption since 2012.

Because the nature of its business requires large amounts of paper, Idinvest Partners takes measures to reduce the volume: automatic double-sided printing; widespread use of electronic versions.

Encourage recycling

- Reduce pollution and waste.
- Signing of contracts for the collection and recycling of: paper, cardboard and plastic with PAPREC => installation of individual and collective litter collection bins; ink cartridges and printers with Xerox.
- Setting up of procedures to sort and recycle computer equipment and electronics (light bulbs, batteries) and, since 2014, Nespresso coffee capsules.

INTERVIEW





Isabelle Combarel
Investment Director and
Head of ESG for
Swen Capital Partners



« We are delighted to have accompanied Iinvest Partners since 2010 and see its Responsible Private Equity strategy progress throughout all its asset classes »

SWEN Group's ESG commitment

SWEN Capital Partners is an engaged actor and, in keeping with its responsible mindset, integrates **ESG factors into its unquoted investments.**

Every year, as part of its management and to complete its extra-financial reports, SWEN Capital Partners appraises the ESG profile of nearly 200 **management companies** and their portfolios. To promote good practices, it awards **ESG Best Practices Honours** to the most deserving companies.

In June 2016, Iinvest Partners was awarded "ESG Best Practices Honours" in the Debt-Mazzanine category

"The jury awarded this honours for the pioneering work the management company has made in this asset class in keeping with a transversal approach within Iinvest Partners, as well as their active role in promoting ESG organisations (PRI, AFIC)."

In 2016 Iinvest Partners gave SWEN CP data on

466 indicators covering **16** portfolio companies

European specialist in responsible multi-management in unquoted investments

★

↓

Created in **2008**

↓

€3,2bn under management

↓

Subsidiary of **OFI AM & Federal Finance Gestion**





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Portfolio Management Company approved by the AMF and AIFM under number GP 97123