

QUALIUM INVESTISSEMENT RESPONSIBLE INVESTMENT CHARTER

*‘A private equity investor
combining profitability and social responsibility’*

Qualium Investissement is a French private equity firm, authorized and regulated by the AMF, the French securities regulatory authority, specializing, in the acquisition of primarily majority stakes in unlisted French companies. Since it was founded in 1998, Qualium Investissement has played an active role in financing the growth and succession of SMEs and ETIs (*entreprises de taille intermédiaire*) in France.

In its pursuit of sustainable development and in accordance with its historic shareholder and sponsor, the Caisse des Dépôts Charter¹ for Responsible Investment, Qualium Investissement takes ESG (environmental, social and governance) factors into consideration when investing in companies and supporting them in their development.

Qualium Investissement believes that taking extra-financial factors into consideration throughout the investment cycle and assisting investee companies in their development helps to create value for all stakeholders (shareholders, managers and employees of the investee companies, their customers and suppliers), particularly by enabling:

- better risk management (e.g supply chain management, reputational risk and employment disputes);
- optimized cost management (e.g. reduced consumption of energy and / or raw materials, higher productivity and lower staff turnover);
- the development of products and services that respond to specific environmental or social needs (and also meet demand from customers and staying ahead of the competition).

In order to underline its public commitment to responsible investment, Qualium Investissement signed up to the PRI² in July 2010. Qualium Investissement is also a member of France Invest (formerly AFIC, The French Private Equity Association) and supports industry initiatives to promote sustainable development. It signed up to the AFIC Charter³ in 2008.

¹ Caisse des Dépôts Charter for Responsible Investment: www.caissedesdepots.fr/sites/default/files/medias/institutionnel/investissement_responsable/charte_responsable_investement_cdc_gb.pdf

² PRI: Principles for Responsible Investment: <https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment>

³ Charter of Commitments for Investors in Growth: <http://www.franceinvest.eu/fr/france-invest/deontologie/la-charte-des-investisseurs.html>



Qualium Investissement's Responsible Investment Charter, which all its employees have signed, outlines its overall approach to all its stakeholders (investors, investee companies and their employees, and government authorities). Qualium Investissement's senior management team, which is responsible for the Charter, has appointed one of its members to be responsible for ESG factors.

OUR COMMITMENTS

Qualium Investissement manages the money of its investor clients primarily by investing it in the capital of unlisted French companies to finance their growth and succession. It aims to safeguard the interests of its investors and also takes into account the interests of its investee companies.

As a medium-to-long-term investor (generally of between four and seven years), Qualium Investissement is able to encourage its investee companies to implement sustainable practices. To this end, Qualium Investissement makes the following commitments:

Environmental

Qualium Investissement encourages its investee companies to identify and limit their environmental impacts, particularly through better use of natural and energy resources and better waste management. For example, depending on their line of business, investee companies report on greenhouse gas emissions, invest in more energy efficient equipment or develop products or services that are more sustainable and/or have a lower environmental impact.

Social

Qualium Investissement believes that responsible management of human resources is a key factor in the success of companies. It focuses on working conditions, particularly on workplace health and safety. Qualium Investissement encourages its investee companies to engage in constructive industrial relations and to promote good practice in terms of developing employees' skills and fostering a culture of equality and diversity.

Governance

Qualium Investissement believes that a suitable governance structure is crucial to the development of companies. As soon as it invests in a company, it sets up a supervisory board (or equivalent structure) to support the management team. This board always includes representatives from Qualium Investissement. It also encourages its investee companies to appoint independent members to their governance bodies and to embrace diversity, particularly on their executive boards.



Good corporate governance also requires sound ethical practice and attention to relations with all stakeholders.

OUR APPROACH TO RESPONSIBLE INVESTMENT

Qualium Investissement's commitments apply for the duration of its investment in its portfolio companies.

> Investment

Before it makes any decision on whether to invest, Qualium Investissement analyses at an early stage the relevant and specific ESG factors of each potential portfolio company. In addition to the traditional pre-investment due diligence, Qualium Investissement always performs extra-financial due diligence, with the help of specialist external advisers if required. The findings are included in the investment memorandum and taken into account by the investment committee. No investments are made where a material ESG risk (pollution, supply chain, reputation, employment, etc.) has been identified, unless there is a viable solution for resolving and/or improving the situation during the investment period.

Qualium Investissement does not invest in certain sectors, such as arms production and gambling. More specifically, and in accordance with the Ottawa Treaty and the Convention on Cluster Munitions (of which France is a signatory), before any investment is made, Qualium Investissement makes sure that the potential portfolio company does not manufacture or sell anti-personnel mines, cluster bombs or related components and equipment.

In order to prevent financial, legal and reputational risk from investments in jurisdictions that are poorly regulated, non-transparent or non-cooperative in matters pertaining to tax fraud, money laundering and the financing of terrorism, Qualium Investissement does not invest in countries and territories on the French list of "non-cooperative states and territories" or in jurisdictions identified by the Financial Action Task Force (FATF) as high risk and non-cooperative.

> Accompanying investee companies in their development

Qualium Investissement undertakes to consider ESG factors in its role as an active investor by:

- including the material ESG risks identified during its pre-investment due diligence (e.g. cost of clean-ups, regulatory compliance and training) in the business plan;
- producing a post-investment plan that identifies ESG areas for improvement (5-10 themes to be drawn up with management);
- implementing a proactive sustainable approach by way of regular dialogue with management, including a ESG-specific presentation to the supervisory board at least once a year;
- introducing an annual extra-financial report to supplement the traditional financial reports.



> Sale

The true value of the significant progress made by the portfolio companies in terms of ESG factors can be measured during the sale process. Close attention is paid in particular to the quality of the potential buyer, its objectives and the resources at its disposal to continue the development of the company.

The experience it has acquired over time by investing in various companies enables Qualium Investissement to develop its ESG practices as part of an overall strategy of gradual improvement.

The results of ESG initiatives at the portfolio companies are presented regularly to fund investors⁴ in the annual reports.

As a signatory of the PRI, Qualium Investissement reports on its individual activities as part of its public PRI reporting and invites its investee companies to publish ESG-related information. Each investee company is responsible for defining its own policy for reporting on CSR (corporate social responsibility).

Qualium Investissement applies the principles of this Charter internally by ensuring that its team is well managed and structured, and by encouraging responsible consumption. With regard to good governance principles, the company's board of directors includes one independent director. Qualium Investissement has also set up ad hoc committees⁵ for each of its direct investment funds.

⁴ This policy applies to fund set up since 2010

⁵ Each fund has an investment committee, comprising members of the team, and an advisory committee, generally comprising representatives of the fund's major investors and the functioning of which is set out in each fund's regulations