



ESG

ESG Charter

Environment ♦ Social ♦ Governance

ESG, a shared vision for a sustainable performance in our business area and portfolio companies.



Jean-Paul Bernardini
NiXEN Managing Partner

For NiXEN, the need to factor in ESG - Environmental, Social and Governance - issues in a way that is integrated, coherent and performance oriented, is a natural extension of our vision of how we go about our business. It is totally in

line with all our values and, more specifically, with our vision of what it means to be an investor.

For us “Investment” does not just mean financially committing capital to our portfolio companies, it is also a form of partnership involvement with these companies’ management teams, with a true commitment to share values in a spirit of mutual respect, trust and a common vision of projects that will generate growth. This approach could only resonate positively with the ESG issues.

Investors who perform well over the long term and are strongly involved in their portfolio companies must be fully in tune with the values upheld by ESG. This is why, when all our team members have attended training and been fully briefed on the issues associated with ESG, we have structured our investment processes by

formally including ESG. The aim of our Charter was consequently to create a formal framework for initiatives that we have already taken, rather than imagine changes in the way we act.

Our ESG approach has been built progressively since our spin-off in 2010. After having embodied our ESG commitments by signing the PRI¹ in 2011 and conducted an ESG review of NiXEN II portfolio companies in 2012, we formalised in 2013 our ESG commitments in a dedicated Charter.

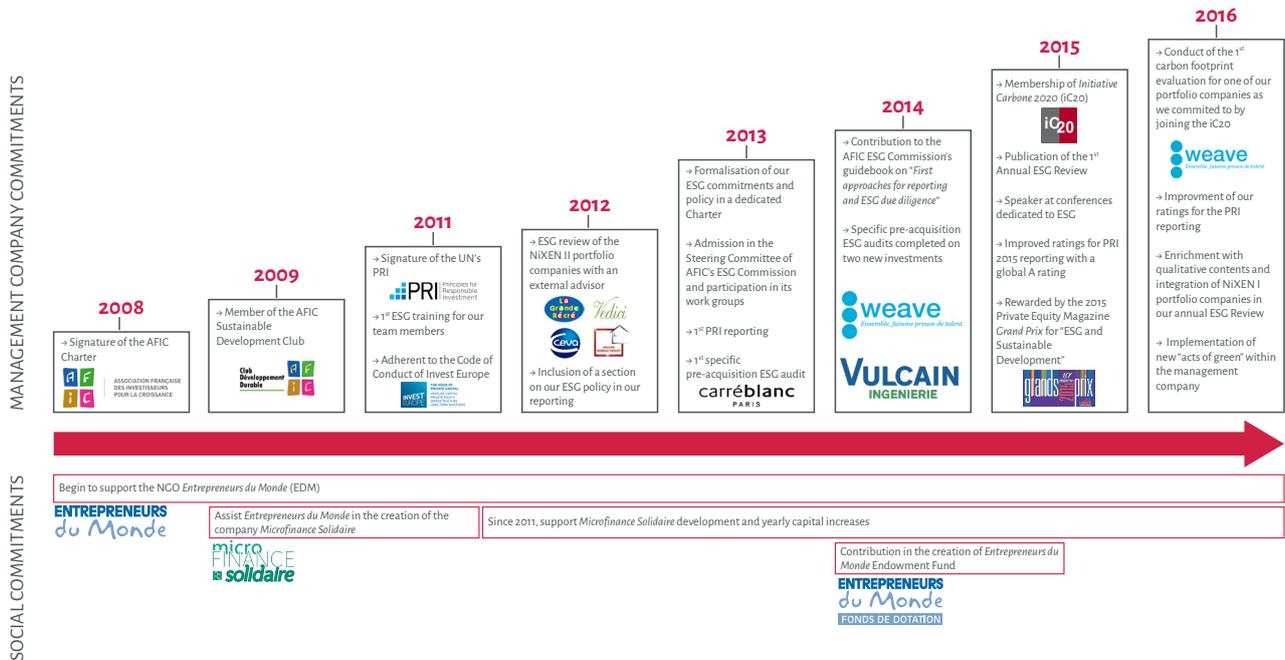
This Charter structures our vision and our commitments for our team, our investments and our investors. Our intention has been to make it pragmatic in terms of form and themes, and ambitious in terms of means. The Charter provides a formal framework embodying the spirit and values of NiXEN, and clearly reflects what we believe in, where we intend to go and how we intend to get there.

Our Charter aims to be evolutive regarding the progress we will make in our approach. We regularly update it to reflect the latest improvements we made in integrating ESG issues in our investment and monitoring processes.

¹ PRI: United Nations’ Principles for Responsible Investment

// Our ESG approach

A PROGRESSIVE APPROACH



SHARED CONVICTIONS

"We don't buy assets, we build real projects with entrepreneurs"

Pierre Rispoli, CEO and Managing Partner

"The quality of human behavior is vital to the creation of partnerships and to the sustainability of our projects"

Philippe Taranto, Member of the Management Committee

"ESG is also about remaining pragmatic and connected to our corporate business; this way we can be sure that these issues will be taken seriously in the long run"

Jean-Pierre Magagnin, Member of the Management Committee and CFO

// A sincere partnership commitment

In line with PRI principles, our Charter is, above all, sincere and built with our main stakeholders, namely our team, our investments and our investors. It sets out a formal, pragmatic

framework for our commitment and can be developed as concrete action plans that can be deployed over time, to integrate ESG at every stage of our investment process.

FOUR UNDERTAKINGS TO GUIDE OUR ACTIONS

1. Make ESG a shared reality for the whole team, day-to-day and across our corporate business practice, in line with our values.

2. Systematically integrate ESG into the execution of our investments going forward.

3. Enrich our partnership approach to our investments by factoring in ESG challenges with a view to creating sustainable value.

4. Transparently and sincerely integrate ESG into our relations with our investors.

// From commitments to actions

1. MAKE ESG A SHARED REALITY TO THE WHOLE TEAM, DAY-TO-DAY AND ACROSS OUR CORPORATE BUSINESS PRACTICE, IN LINE WITH OUR VALUES

ESG practice at NiXEN

ESG does not just apply to our investments: our management company too must be exemplary on these issues via the following themes and actions.

◆ **Our governance:** transparent organisation and decision-making processes, the existence of a detailed guide covering all our procedures, weekly information sharing at a meeting of the whole team to examine all subjects (team life, portfolio, ongoing disposals, prospects studied, commercial relations, investor relations), etc.

◆ **The management of our human resources:** all employees are regularly trained, a formal annual evaluation process, the attribution of CESU (cheques for the payment of employment services in the home) to personnel, irrespective of levels of responsibility, voluntary implementation by NiXEN of a profit-saving agreement and a corporate savings plan abounded by the management company, etc.

◆ **Our environmental impact:** premises compliant with BREEAM² standards, since 2013 cars emitting

less than 140 g. of CO₂/km, awareness of each team member and adoption of simple, daily environmental habits in the office: sorted waste, economical energy consumption (lighting, heating, AC, etc.), economical paper consumption (recto-verso/b&w printer configuration), installation of a drinking water fountain, format designed to limit waste, etc.

◆ **Our social commitment:** since 2008, NiXEN has been supporting *Entrepreneurs du Monde*³ (EDM), through a financial contribution and also through involvement and regular exchanges with the members of the association. Two team members notably played active part in founding the company *Microfinance Solidaire* (MFS), an organisation dedicated to enlarging the methods used to fund EDM's programs. Both are also members of the *Microfinance Solidaire* Supervisory Committee, and helped the company through a series of capital increases since its creation in 2010, and the implementation of a significant loan with the *Agence Française de Développement* (AFD: French agency for development) in 2016.

ESG training

Each member of the NiXEN team, whether in the investment team or the back office, has followed regular training in ESG since we adopted the PRI in 2011. These sessions are organised either internally by the team in charge of ESG subjects or

by an external consultant. The courses have given the whole team insights into ESG-related issues, drawing them into the policy, and enabling them to be better equipped to support the portfolio companies.

² BREEAM: Building Research Establishment Environmental Assessment.

³ Founded in 1998, *Entrepreneurs du Monde* is a French non-profit organisation dedicated to international solidarity. It operates in developing countries to help the poorest families to create or develop an economic activity that will generate revenues and employment opportunities, notably through loans, savings and training schemes rewarded by proper qualifications. Operating in 10 countries (Benin, Burkina Faso, Cambodia, Ghana, Haiti, India, Philippines, Senegal, Togo, Vietnam), EDM supported over 138,000 micro-entrepreneurs in 2015.

// From commitments to actions

Our commitment in AFIC's ESG Commission

NiXEN is a member of AFIC, and is especially active within the ESG Commission as:

- ◆ member of the Steering Committee;
- ◆ participant in operational work groups.

2. SYSTEMATICALLY INTEGRATE ESG INTO THE EXECUTION OF OUR INVESTMENTS GOING FORWARD



In the by-laws of the NiXEN II fund, we have undertaken to refrain from investing in the following sectors: human cloning, genetically modified organisms, tobacco production, gaming, pornography and military weapons.

The integration of ESG in our portfolio relies in the first place on a prior analysis of any future investment. Our commitments are the following:

- ◆ to systematically conduct, in collaboration with external experts, specific ESG due diligence prior to any new investment;
- ◆ to include a section dedicated to ESG in the Investment Committee memoranda highlighting the key points of the ESG audit and the action plans we have identified;
- ◆ to examine the results of this ESG due diligence with the management team of the new portfolio company;

- ◆ to include a specific clause in the shareholder agreements covering ESG subjects, the transmission of ESG-related information and the commitment to monitor these subjects within the Supervisory Boards.

The completion of this specific due diligence before every new investment notably enables us:

- ◆ to enlarge our upstream appraisal of the ESG issues raised by our future investments;
- ◆ to identify complementary sources of value creation, through the optimisation of certain processes and innovation in products or services;
- ◆ to build an initial ESG action plan to be finalised with the management and that we shall address regularly at Supervisory Board levels;
- ◆ to start to inculcate sharing of the values we uphold in our future investments.

⁴ AFIC: French professional association "Association Française des Investisseurs pour la Croissance"

// From commitments to actions

3. ENRICH OUR PARTNERSHIP APPROACH TO OUR INVESTMENTS BY FACTORING IN ESG CHALLENGES WITH A VIEW TO CREATING SUSTAINABLE VALUE

We are convinced that in our industry, the core aspects of ESG issues must be addressed by our portfolio companies and that our responsibility as an active shareholder, working alongside the management, is to assess then encourage the acknowledgement of ESG issues within our investments.

We hope to make this subject a theme for discussion on which we can work with our portfolio companies through the duration of our involvement. In

addition to regular interfacing with management teams, we keep track of ESG considerations within our portfolio companies:

- ◆ the undertaking to include these subjects in the Supervisory Board agendas in our majority portfolio companies at least once a year, or at an appropriate periodicity in our minority portfolio companies;
- ◆ the conception of an annual ESG review, based on the answers to the specific ESG questionnaire sent each year to our portfolio companies since 2015.

4. TRANSPARENTLY AND SINCERELY INTEGRATE ESG INTO OUR RELATIONS WITH OUR INVESTORS

We communicate regularly with our investors on our ESG policy, notably through our quarterly financial reports, NiXEN II annual report and our annual ESG review published for the first time in 2015.

We organise dedicated ESG meetings when requested by representatives of our investors and

specifically include an ESG item on the agenda of our annual investor meetings.

In this way, we offer our investors the most comprehensive vision of the progress we have made and the ESG accomplishments of our portfolio companies.



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Photo credit: the shanty town at Jalousie, Port-au-Prince, Haïti by José Nicolas. NiXEN Partners collection.