

Report

ESG-2021

parquest 

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Editorial !

2021 has been a decisive year in terms of ESG here at Parquest!

Indeed, following the new European regulations, we have chosen to position our next fund Parquest III—for which we started raising funds at the end of last year— in Article 8.

This choice led us to conduct an audit of our ESG practices, which confirmed our good standing in that regard. Going beyond the current regulations, we have decided to up our standards and our ESG commitment, and took a number of initiatives which are detailed in this report.

Furthermore, we underwent a lot of work on our identity, our brand platform, and our differential factors by engaging our whole team and our ecosystem.

From this emerged our new slogan "**Values Make Value**" which deeply embodies who we are and how we do our job as a responsible investor.

Finally, we are proud to have invested in 2021 in two companies that put CSR at the heart of their respective business models.

We interview their managers in this report.



A Our mission

Founded in 2002, Parquest is a recognised private equity player in France in the mid-market segment.

Parquest supports SMEs and management teams in implementing ambitious development projects, both in France and internationally, by acquiring majority or minority stakes in the capital of companies.

Our manifesto

Invest less but better
and invest in projects that are important to us

A long-term commitment
and make companies flourish

Develop partnerships with companies and investors
and gain their trust

Meeting our partners to listen to them
and seal our agreement

Cultivate what brings us together
and succeed together

Share values
and create value



values make value!

B Our commitment as a responsible investor



The main steps of our ESG Road Map

As part of our investment strategy based on the long-term development of our portfolio companies, we naturally pay special attention to ESG criteria (environmental, social and governance quality).

2014

- One of the team's partner dedicated to ESG subjects

2015

- Signature of the PRI
- First investment including ESG commitments in the shareholders agreement

2016

- Parquest teams' ESG training with PwC
- First-level of ESG reporting to LPs
- Elaboration of our ESG Charter

2017

- Parquest teams' ESG training with MySezame
- Agreement with our main portfolio companies' management teams on a ESG action plan
- Introduction of ESG criteria in our Due Diligences
- CB on the PRI scoreborad

2018

- Introduction of ESG criteria in some exit VDD
- Second-level of ESG reporting to LPs
- BA on the PRI scoreboard

2019

- Our ESG Charter goes online
- First years assessed by an ESG report
- One more woman in the investment team, bringing the gender parity ratio to 3 out of 9
- AA on the PRI scoreboard

2020

- Creation of an ESG committee within the management company
- Signature of the France Invest charter on gender-parity
- No PRI scoreboards have been published

2021

A new slogan "values make value" to strengthen our ESG approach

After almost 20 years of activity, we have developed our brand identity. With a new visual identity, we ascertain our brand personality through the signature "values make value".

The team thus reaffirms its raison d'être to invest capital and to invest itself as a partner of management teams to make entrepreneurial adventures prosper. It also sheds more light on its values of high standards, sharing and consistency.

This new identity also allows Parquest to further formalise its practice as a responsible investor: investing selectively and working with its partners to ensure the success of common projects. By placing stability and the human aspect at the centre of its expertise, Parquest has been building lasting relationships with its partners for 20 years.

Signatory of the International Climate Initiative

A collective commitment bringing together private equity players to limit the impact of climate change. By becoming a signatory, we have aligned ourselves with the COP21 objective of limiting global warming to 2°C.

An ESG inspiration and training session

For Parquest teams and investment managers, hosted by MySesame: a conference to better understand ESG issues, raise awareness among teams and discover practical cases related to the companies and innovative actions that can inspire investments.

Structuring our ESG strategy

Within the management company and with the portfolio companies.

Launch the fundraising of a new Article 8 fund under the SFDR regulation



The two pillars of our ESG strategy

Parquest is an increasingly committed player in the ecological transition and is attentive to the societal impact of its investments. This year, we have carried out significant work to structure our ESG commitments at the management company level and in the support towards our portfolio companies.

1

ALWAYS STRIVE FOR EXCELLENCE IN OUR WORK AS INVESTORS

In order to assume our responsibilities as responsible investors, we must place environmental, social and governance issues at the heart of corporate strategy and support our portfolio companies towards responsible transformation by providing them with increasingly relevant solutions. This is an essential component of our mission.

In the context of raising a new Article 8 fund under the SFDR regulation, we have chosen to focus our attention and efforts on:

- ✓ A formal deployment of a CSR/ESG approach in portfolio companies along with commitments.
- ✓ The implementation of good governance practices.
- ✓ The fight against discrimination and for the promotion of gender equality, particularly within the management team of portfolio companies.
- ✓ Skills development.
- ✓ Sharing value.
- ✓ Carbon footprint and downward trajectory of CO2 emissions reduction.

2

ASSERTING OUR VALUES AND GIVING SUBSTANCE TO OUR GENEROSITY

Because business ethics, transparency and a fair sharing of value are part of what brings us together and are constituent elements of our DNA, we wish to bring it to life in a legible and structured way **in our practices at company-level:**

- **Ethics and exemplarity:** carry out a carbon assessment and commit to a downward reduction trajectory.
- **Well-being and training:** training on ESG topics and measuring well-being at work.
- **Philanthropic policy:** pursue pro bono activities with BGE PaRIF, develop partnerships between charities and portfolio companies and launch of an endowment fund.



Our governance

An internal ESG committee meets every quarter and periodically reviews the ESG Charter and the related tools. It discusses training programs as well as appropriate communication tools to promote our ESG initiatives.

The strengthening of the committee since 2020 has enabled us to better unite the team around these ESG topics, many of which have naturally been an integral part of Parquest's DNA since its creation - the sharing of value in particular. Building on the major milestones achieved in 2021, we now want to stay on course in 2022 and accelerate the professionalisation of our practices, aware of the societal and environmental responsibilities that we have as a professional shareholder.

The ESG Committee

Pierre DECRE

Partner in charge of ESG



Sonia KARIMJEE

Financial controller

Camille COUTELET

Investment Director



Adrien DAVID

Associate





Interview with Alexandre Fayeulle
Director of Advens



aDvens
CYBERSECURITY

How would you define your commitment at Advens?

We want to make a real impact on the world, leave a mark, make history!

Cybersecurity is a highly strategic area to begin with, central to the challenges of the digital society and the sovereignty of nations. At any time, any organisation, business or critical infrastructure in any country can stop working due to a cyber attack, in an instant.

So when our teams protect a hospital, a factory or a business, they are doing more than ensuring the protection of these organisations' data and resources: they are helping them fulfil their every day mission and contribute to the smooth running of society. This is what animates us on a daily basis. But it's not enough.

We have long been aware of the important role of business in addressing social and environmental emergencies.

Putting our performance at the service of

those who need it has always been our goal. If cybersecurity makes the world go round, then our performance must help change it. That's how we sum up our raison d'être.

To this end, we have taken advantage of the change in financial shareholders at the time of the last LBO, in 2021, to spread the company's financial performance fairly between Advens employees (a third now have equity interest), financial investors and an endowment fund created on this occasion. Called Advens for People and Planet, it was started with 17 million euros and could hold 50% of the group's financial value in the future, i.e. hundreds of millions of euros—and much more I hope.

These funds will be used to finance projects with a positive impact on society and the environment. Our business model is a constant source of commitment and collaboration for our employees, our customers, and our partners alike.

With this virtuous model, financial and societal performance are self-sustaining for maximum impact. This engine of positive growth paves the way towards an economy that truly serves the common good. With such models, companies and their employees have the power to change the world. It is up to us to act and to do our part!

*Why did you choose to make inclusion one of your priorities?
and how does this play out in your work & beyond?*

Our commitment to inclusion was born out of our encounter with LinkedOut, an innovative positive tech device that puts people in precarious situations back to work. In January 2020, at the dawn of an unprecedented health crisis and at a time when 5 million French people were already isolated, we initiated—thanks to the leverage of sporting and human performance around the Vendée Globe—a race for change for inclusion that has mobilised 500 companies so far and helped 300 people in very precarious situations find a job.

We want companies to change their outlook and seize the opportunity of inclusion so that tomorrow thousands of people can regain their dignity and their place in society.

Within Advens, we started giving everyone the possibility to get involved according to their wishes, skills and/or availability: raising awareness on inclusion, skills sponsorship to protect digital platforms and data of beneficiaries and volunteers, volunteer coaching of

LinkedOut candidates, meetings and recruitment of candidates ... This has opened our eyes to inclusion, and pushes us to review our ways of thinking, even our organisational practices, and generates human impact and an incredible wealth for the company and society.

We are meeting and collaborating with new players who are taking very concrete and positive action in the field, and we are convinced that inclusion is truly value-creating. We have also initiated the launch of an inclusion program, which aims to identify, train and integrate sustainably hundreds of cyber experts among the 2 million young French people who are currently unemployed, homeless, uneducated, or excluded from the system.

The cyber sector is sorely lacking in diversity against cyber attackers, and we must remedy this imbalance. Inclusion becomes a real opportunity for our sector and for Advens.

What are your expectations to go further with your shareholder?

Helping us promote our business model within our respective communities **and helping us spread it!**



Interview with Julien SYLVAIN
Director of Tediber



You are very committed to environmental issues

Can you tell us more about your project about ecological redirection within Tediber?

When founding Tediber, we wanted to do better ecologically in an industry which never really tried to improve its carbon footprint, which is almost entirely linked to production and the materials used.

But only doing better than our competitors, by locating production in France, by choosing quality and ecologically efficient materials is unfortunately not enough in the face of the great challenges our generation of companies need to face.

We had this realisation in 2019-2020, when we understood we could radically change the way we operate, make powerful trade-offs, even forgoing competitive advantages, to urgently align our industry with planetary limits.

Since 2020, we have decided to embark on an Ecological Redirection. We have therefore immersed ourselves in understanding our industry and materials and have structured our approach around 4 pillars:

Sobriety

Optimize, modify, reduce uses and needs

Efficiency

Improve process efficiency to reduce raw material and energy consumption

Substitution

Replace raw materials from non-renewable resources with bio-sourced or recycled materials

Regeneration

Promoting Natural Carbon Sinks: Soils and Plants

What does this mean in terms of investments and renunciation of opportunities?

The mission on materials, for example, revealed that natural latex, despite its positive ecological image—because it comes from the sap of the rubber tree—is in fact performing very poorly ecologically and socially. We have therefore decided to remove latex from our Tediber mattress from 1 January 2021.

To put us on a path of continuous improvement and to make our efforts factual, we have carried out a situational analysis of our emissions in 2020, for scopes 1, 2 and 3, and have chosen the Science Based Targets label.

The Science Based Targets label seemed to be the one that best corresponded to our approach: factual, impact-oriented and with a level of ambition aligned with the environmental challenge we face.

We signed a Net Zero commitment, which is the most ambitious trajectory.

Tediber is one of the first SMEs in its category to have committed to the "SBT" (Science-Based Targets) approach, alongside 1300 large companies worldwide.

To achieve these objectives, we have worked on our offer, which we must make more ecologically efficient (and which must replace those of our competitors who are less so).

We have developed the Pelote mattress, which is the first truly eco-designed mattress made from recycled wool and foam.

In general, we are working on improving all our products and integrating the ecological dimension into the design of all our future products. We also took the decision not to launch a product—despite it being brilliant and differentiating—on which we had worked for more than 2 years. It would have been produced too far away and our inability to have it produced with bio-sourced or recycled materials appeared too inconsistent with this objective. **In concrete terms, we therefore gave up on a new product with high business potential because it had become incompatible with our raison d'être and our objectives.**

To maximise our impact, we want to set our industry in motion, through example, collaboration and education.

We co-founded a collective, the Collectif Tricolor, which is working to re-create a quality French wool industry.

We have also conducted dozens of interviews with industry players and will be proposing avenues of work to reduce the impact of our industry in a White Paper to be published in 2022.

Why did you decide to become a mission-driven company?

Becoming a mission-driven company was an obvious choice.

Not only does it allow us to capture and highlight the energy we put into these issues, but it also guarantees that the objectives of the current team become those of future teams and of Tediber's next life cycles (entry of new investors for example).

Each year we have to formalise our actions, describe them and objectify their performance in our mission report, which is then audited. It is obviously constraining, but it pushes us to go further and allows us to federate.

Becoming a mission-driven company means ensuring the continuity of Tediber's ecological and social vision over time and among all its members.

Outstanding CSR projects in the portfolio

Acces Industrie

Feminisation of jobs

30% of women at branch manager level

3 directors including 2 members of executive management

eres

Creation of SRI funds

9 SRI funds in 2021, including 1 fund dedicated to environmental issues.

Transfer of management fees from the Eres Sélection Partage et Solidaire fund to the ERES Foundation (€54K)

SOPRAL

Pet food industrial tool

Pet food industrial tool: €6 million investment to replace our old extruder in order to increase the throughput of our industrial tool while consuming less energy and water per ton produced.

D ESG indicators of the portfolio

Parquest is committed to taking ESG criteria into account throughout the investment cycle.

Before investing

- **We systematically carry out an ESG assessment** of the investment opportunity and, where relevant, in-depth ESG due diligence. We include ESG commitments in the shareholders' agreements of our investments and we involve the company's employees in the share capital as much as possible whenever we can.
- **We forbid ourselves to invest in certain sectors**, such as the production and trade of arms and ammunition, tobacco, distilled alcoholic beverages and related beverages, fossil fuel extraction and energy production, gambling, pornography, companies with a business model that allows illegal access to electronic data networks or the downloading of electronic data.

During the investment cycle

- **We set priority ESG objectives** in agreement with company management, which are translated into action plans, accompanied by measurable KPIs, and regularly monitored during the supervisory board meetings. We collect ESG indicators from our portfolio companies on an annual basis, allowing us to monitor the ESG dynamics of each company.

In 2021, we collected ESG indicators for 10 portfolio companies in our Fund II:

Accès Industrie

Adit

Aseri

JVS

Eres

Sopral

Advens

Carat Capital

Epikure

Tediber

- **In our desire for transparency towards our stakeholders** and in anticipation of the SFDR Article 8 regulation that will apply to our new fund, we present the indicators we will follow to measure our ESG commitments.

Environment



9 out of 10 portfolio companies have implemented an environmental approach



50% of companies declared having carried out or being in the process of carrying out a carbon assessment during the year



6 out of 10 companies declared being engaged in a downward trajectory of greenhouse gas emissions reduction



50% of portfolio companies have developed eco-friendly products and services



7 out of 10 companies take environmental, social and societal issues into consideration when evaluating or auditing their suppliers

Our ambitions

For the coming year, we will support our portfolio companies in carrying out **a systematic** carbon assessment in order to formalise a starting point and a relevant downward GHG reduction trajectory. We will provide them with a guide of best practices and partners to accelerate their environmental transition.

Social

In 2021 we have seen 115 net job creations across the portfolio.

●●●●●●●●○○○ 69% of employees received training in 2021

●●●●●●●●○○○ 3 out of 4 companies have an «Index d'égalité professionnelle» (ie. a gender equality in the workplace index adopted by French law) above the minimum threshold

○○○○○○○○○○○○○ To date, none of the companies have met the legal requirements for the employment of disabled people (6% of the total workforce) but 80% of them have implemented a progression plan

●●●●●●●○○○○○ 60% of companies have implemented actions to promote diversity, gender equality and the fight against discrimination

●●●○○○○○○○○○ 30% of portfolio companies have more than 50% of women in the workforce

●○○○○○○○○○○○○○ 10% of women on the companies' board of directors

●●●●○○○○○○○○○ 37% of women sit on executive or management committees

●●●●●●●○○○○○ 60% of portfolio companies have at least one independent member on their supervisory board

Our ambitions

We will provide our portfolio companies with a list of best practices and partners to help them accelerate their work on diversity, inclusion and disability issues.

Governance



80% of companies have put in a place a profit-sharing mechanism that goes beyond the legal requirements



On average within the portfolio, **ESG issues are raised in one out of 2 supervisory board meetings**. Only one portfolio company did not raise ESG issues at supervisory board meetings



90% of companies have developed a sponsorship or donation policy

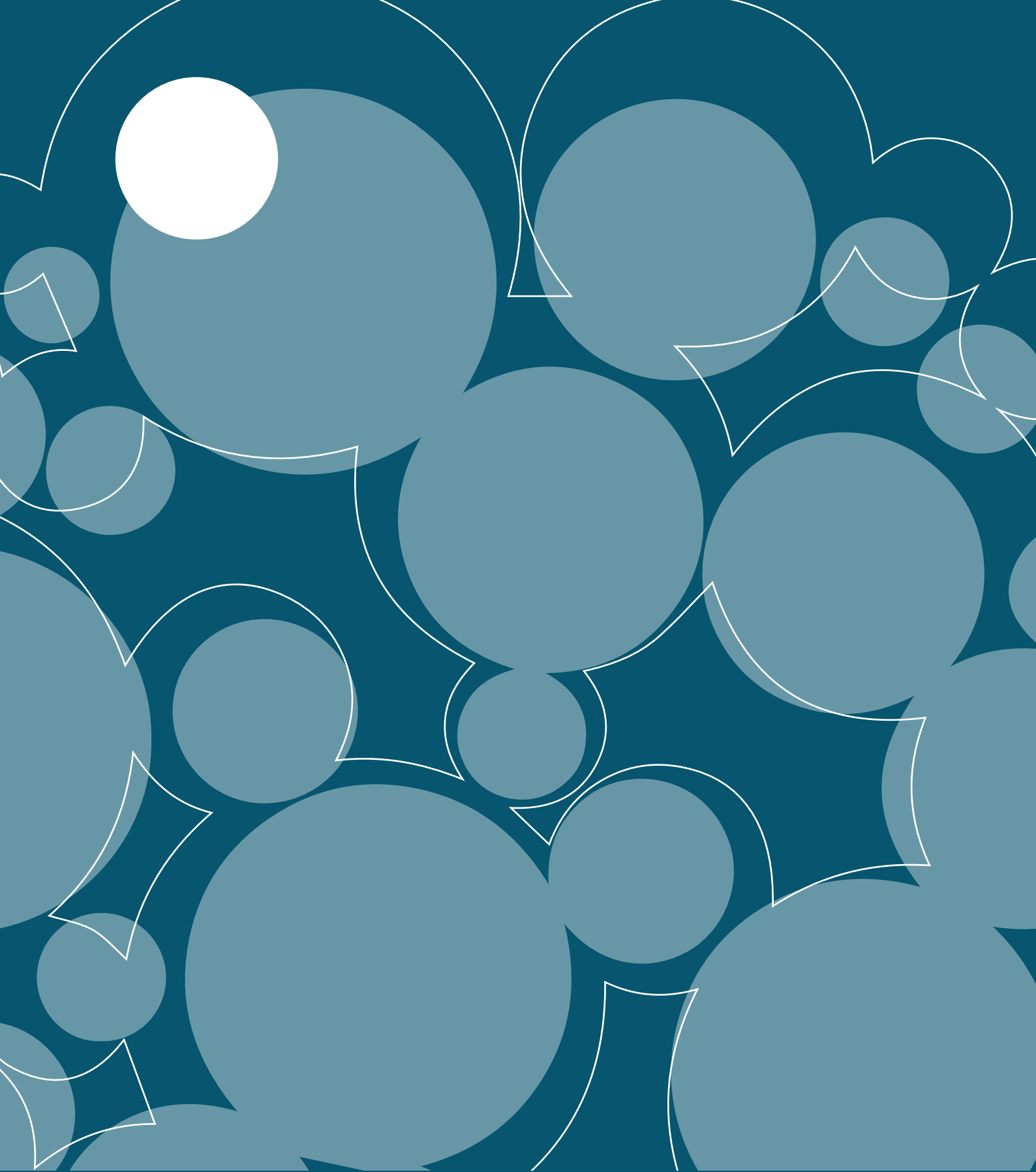
Our ambitions

We are committed to ensuring that all portfolio companies discuss ESG issues at least once a year in supervisory board meetings.

E The outlook for 2022-2023

During 2021 we strengthened the ESG framework and our ambition regarding ESG. In 2022, the management company will implement the first applications of its upgraded ESG strategy:

- ☆ A stronger commitment by investment teams to ESG training on priority topics: global warming, carbon footprint, diversity, and inclusion
 - ☆ The provision to portfolio companies of a guide of good practices and partners in terms of responsibility
 - ☆ The organisation of events around ESG topics with portfolio companies' directors to continue raising awareness and maintaining a dialogue on these topics
 - ☆ Reflection on the creation of an endowment fund to support projects in the social and environmental fields in line with our investment sectors
 - ☆ An ESG envelope available for each of our portfolio companies, funded by Parquest
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