ESG Report

2023

parquest

Editorial

« Our ESG initiatives are not simply obligations, but opportunities to innovate and strengthen our resilience in the face of societal and environmental upheaval. »

ONE STEP FURTHER
—
By **DENIS LE CHEVALLIER,**
Founding Partner

2023 has been marked by a number of challenges, from the ongoing evolution of regulations to the growing need for social responsibility in an increasingly fragmented society. We face these challenges with a renewed determination to be leaders in the creation of value in the broadest sense, both financial and sustainable. Our ESG initiatives are not simply obligations, but opportunities to innovate and strengthen our resilience in the face of societal and environmental upheaval.
We are particularly proud to announce that Parquest III, an article 8 fund under SFDR (Sustainable Finance Disclosure Regulation), has completed its fundraising. In line with our long-term ESG commitment, we have decided to devote 20% of the assets of the Parquest III fund to sustainable investments, i.e. those that make a major contribution to the Sustainable Development Goals (SDGs).
We believe that our deep and genuine commitment to sustainability is what will enable us to continue to create value for our investors while making a positive contribution to society. This 2024 ESG report is the result of our collective commitment and the cooperation of our teams, our partners and the companies in which we invest. We would like to thank each and every one of you for your continued support and commitment to more sustainable finance.
We invite you to read this report to find out more about our achievements, our challenges and our ambitions for the future. Together, we can build a more responsible and prosperous future.

« We have noticed over the past few years that, in addition to growth and financial performance challenges, our managers are increasingly looking for support on non-financial issues. »

SUPPORTING OUR EXECUTIVES IN TRANSFORMATION
—
By **PIERRE DECRÉ,**
Founding Partner

At Parquest, we have built our reputation on a culture of personalised support for SME entrepreneurs. We are convinced that the key to sustainable growth and successful transformation lies in a strong structure and a shared vision. By working closely with executives, we help them develop and implement solid strategies. We have noticed over the past few years that, in addition to growth and financial performance challenges, our managers are increasingly looking for support on non-financial issues, be it climate sustainability issues, of course, but also social and governance issues.
Our commitment goes beyond mere financial support. Aware of the growing responsibilities of companies in the face of these challenges, we encourage and support portfolio companies to adopt sustainable and responsible practices. We are actively involved in raising awareness of regulatory changes, in analysing data and implementing appropriate action plans to deal with material issues. This holistic approach creates a solid foundation for tackling challenges, managing risks and building competitive advantages.
In practice, we have carried out a number of projects with our portfolio companies this year. On the environmental front, we stepped up our efforts to measure the portfolio's carbon footprint, an essential step in setting up actions and a downward trajectory in carbon emissions.
On the social front, we are continuing our commitment to value sharing, diversity, inclusion and well-being in the workplace. Initiatives to promote training and skills development reflect our conviction that human capital is one of our most valuable assets.
Finally, on the governance front, we are working with our portfolio companies in anticipation of the CSRD (Corporate Sustainability Reporting Directive), which will apply to a large proportion of portfolio companies from 2025.
Our mission is to transform the SMEs we work with, not only in their respective sectors, but also into models of social and environmental responsibility. We believe that this integrated approach is the key to achieving sustainable, balanced growth that benefits all our stakeholders.

ESG at Parquest

As a major player in mid-cap private equity in France, Parquest has been supporting SMEs in creating value for 20 years by placing extra-financial issues at the heart of our strategy.

The key stages of our commitment

2014
- one of our partners in charge of ESG

2015
- Signing of PRI (5 Principles of Responsible Investment)

2016
- ESG team training by PWC
- Definition of our ESG Charter

2017
- Introduction of ESG in the investment process
- *CB* grade on the PRI scoreboard

2018
- Introduction of ESG criteria in VDD at exit
- *BA* grade on the PRI scoreboard

2019
- Release of the first ESG report
- *AA* grade on the PRI scoreboard

2020
- Creation of the ESG committee within the management company
- Signature of the France Invest charter on parity
- Increased number of women in investment team

2021
- Signature of the Initiative Climat International (iCI)
- Joint ESG training for the Parquest team and portfolio company executives
- PRI 3* grade on investment policy and Direct Private Equity

2022
- Parquest III fundraising, article 8 fund under SFDR (Sustainable Finance Disclosure Regulation)
- Strengthening of the ESG team with the arrival of Blandine Surry, Senior ESG Advisor
- Great Place to Work certification for the management company
- First carbon footprint audit of the management company

2023
- 20% of sustainable investment in the Parquest III fund
- Creation of Parquest Philanthropic fund
- ESG criteria in the compensation of Parquest teams
- Signature of the Value Sharing Charter of France Invest
- Participation in the CEC (Convention des Entreprises pour le climat, i.e. businesses for climate convention)
- 4*PRI Direct Private Equity and 3* Policy & Governance

OUR COMMITMENTS

PRI

By signing the Principles for Responsible Investment (PRI) in 2015, Parquest is committed to implementing and developing ESG policies at the management company level and with our portfolio companies. Parquest regularly participates in the PRI assessment of its practices and the results are communicated transparently.

2023 SCORE

★★★★☆ PARQUEST WAS RATED 4* IN THE DIRECT PRIVATE EQUITY CATEGORY

★★★☆☆ PARQUEST WAS RATED 3* IN THE POLICY & GOVERNANCE CATEGORY

France Invest

Parquest has been a member of France Invest since its creation and takes part in various discussions on key issues such as value sharing and climate change.

2023 HIGHLIGHT

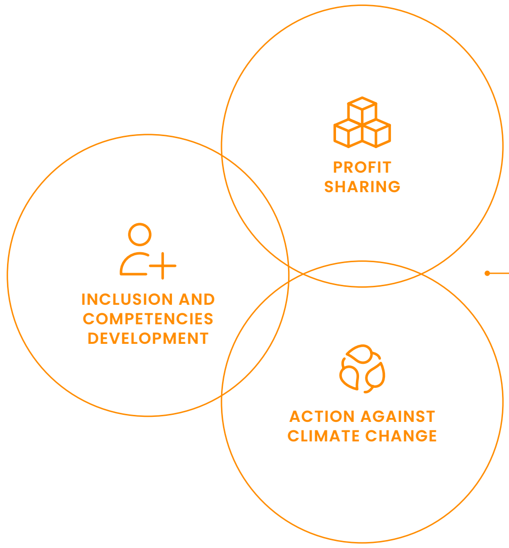
IN 2023 PARQUEST SIGNED THE CHARTE SUR LE PARTAGE DE LA VALEUR (I.E. VALUE SHARING CHARTER)

The purpose of this charter is to commit investors to play a leading role in the development of annual value-sharing mechanisms (value-sharing bonuses, profit-sharing, employee shareholding) and in the long-term promotion of shareholder value-sharing (employee shareholding and gainsharing bonuses).

iCI

In 2021, Parquest joined the Initiative Climat (Climate Initiative): a collective commitment by private equity players to limit the impact of global warming to below 2°C, in line with the Paris Agreement, both at the level of the management company and its portfolio companies.

ESG strategy & approach



3 strategic priority areas

In 2022, we formalised our ESG strategy to make it more visible to our stakeholders, our investors, our portfolio companies and our partners.

This strategy, upholding the central role of ESG in value creation, includes 3 priority areas:

- **profit sharing**
- **inclusion and competencies development**
- **action against climate change**

Choosing these three areas was natural, taking into account our historical commitments, such as profit sharing which is part of our DNA at Parquest, our strong desire to invest in teams and also current challenges we have to face as investors.

We have thus confirmed the selection of a dozen criteria to monitor the portfolio's ESG performance, the progress made, and set ambitious objectives in these priority areas.

An approach based on exemplarity and the engagement of portfolio companies

These three strategic priority areas that structure our ESG strategy at Parquest apply to the management company and the portfolio companies. At management company level, we hold ourselves to a duty of setting an example, in order to implement actions and KPIs in each area. This is why we carried out our own carbon footprint assessment in 2022 and 2023, in line with what we request from our portfolio companies.

When supporting our portfolio, we combine these priorities with the material challenges of the company's industry in order to build strategies that are both relevant and pragmatic. We work with the investment team in charge, making sure ESG plans are developed as part of the business strategy and taking into account financial objectives.

Management company initiatives in 2023

Profit sharing: launching Parquest philanthropic fund

Parquest has been committed for several years to pro-bono actions and financial support to NGOs. In 2023, Parquest wished to consolidate and strengthen its philanthropic approach by creating the Parquest philanthropic fund, whose mission is to support NGOs in 3 areas:

- Social inclusion
- The fight against inequality
- The fight against climate change

FONDS PHILANTHROPIQUE parquest

100 k€ PAID INTO THE PHILANTHROPIC FUND IN 2023	**4** SUPPORTED NGOs
36 H OF PRO BONO WORK CARRIED OUT BY THE TEAM	**>75%** OF COMMITTED TEAM MEMBERS

OUR TEAM'S CONTRIBUTION TO PARQUEST PHILANTHROPIC FUND

Interview of **GABRIELA SEPULCHRE,** member of Parquest philantropic fund's comittee

What is the purpose of Parquest philantropic fund?

Parquest has launched a philanthropic fund within the Banque Transatlantique Endowment Fund in 2023 with the aim of strengthening our commitment to sharing value. The themes chosen reflect our desire to contribute actively to causes that are close to our hearts and to play a part in creating a fairer and more sustainable society. 6 volunteer employees make up the management committee, chaired by Denis Le Chevallier. Together we study the applications received and vote for those that we feel are most in line with the mission of the philanthropic fund.

How are your employees involved in this initiative?

The involvement of our employees is central to this initiative. In addition to those who are members of the management committee, everyone is invited to put forward projects to be financed by Parquest philanthropic fund and a pro-bono programme also enables the team to devote time and expertise to projects supported by the fund. This participation allows everyone to make a tangible contribution to initiatives that have an impact.

What types of projects have already been supported by the endowment fund?

In 2023, the endowment fund supported 4 inspiring projects. As part of the drive for social inclusion through employment, we worked with the BGE Parif organisation to fund a training and support programme for disadvantaged people through entrepreneurship. To tackle inequality, we have worked with Le Rocher, an organisation aiming to provide young people from disadvantaged backgrounds with educational opportunities through sailing. In terms of climate action, we have invested in the CEC initiative, the Convention des Entreprises pour le Climat (i.e. businesses for climate convention), which provides training for senior executives on the urgent need to tackle climate change in order to create a shift and transformation of business models towards a sustainable economy.

The fight against climate change

The CEC (Convention des Entreprises pour le Climat, businesses for climate convention)
In 2023/2024, Parquest is taking part in the *Convention des Entreprises pour le Climat Monde financier*, bringing together more than 70 players from the financial world. The aim of this initiative is to accelerate the consideration of climate issues in the financial sector through specific and ambitious action plans.

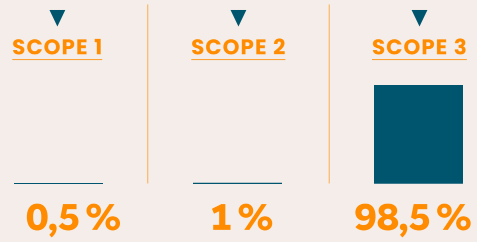
Carbon footprint
In 2023, we updated our scope 1, 2 and 3 carbon footprint. The year's main challenge was to refine the assessment of our investments' emissions by gradually replacing estimates based on sectoral emissions factors with a specific measurement of scope 1, 2 and 3 carbon footprint of our portfolio companies. The proportion of the portfolio covered by a carbon footprint audit rose from 20% to 62% between 2021 and 2023.

PARQUEST'S CARBON FOOTPRINT

Since 2022, Parquest has carried out an annual carbon footprint and takes steps to limit its emissions, by encouraging low-carbon mobility as well as good digital practices for example.
In 2023, a major focus was placed on evaluating emissions financed by Parquest, by carrying out scope 1, 2, and 3 carbon footprints of portfolio companies.

2023 Parquest C02 emissions (excluding investments)

200,8 T
OF CO2eq

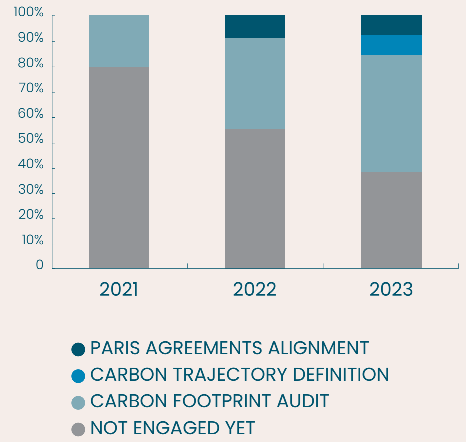


Financed emissions

86,055 T
OF CO2eq

430X PARQUEST OWN EMISSIONS

Portfolio climate maturity evolution



Governance

Organisation

The ESG Team
The ESG team is responsible for the proper integration of ESG into the investment process, monitoring the actions taken by the management company, interacting with the ecosystem, and supporting portfolio companies in implementing their ESG strategy and action plans.

The ESG Committee
The ESG Committee, comprised of 5 members from the ESG team, the investment team and the middle office, is responsible for validating the management company's ESG strategy and ensuring the consistency of actions at different levels of the organisation.

The Investment Committee
The Investment Committee is comprised of 7 permanent members, all of whom are partners at Parquest. Pierre Decré, permanent member of the committee, is the ESG representative on this body. For each investment case, an ESG analysis of the target company is carried out by the ESG team in conjunction with the investment team and provided to the Investment Committee via the investment memo. This analysis confirms that the investment matches Parquest's responsible investment policy and identifies the issues to be monitored or actions to be implemented during the holding period.

THE ESG COMMITTEE
—

PIERRE DECRÉ
Founding partner
—

CAMILLE COUTELET
Partner
—

ADRIEN DAVID
Investment manager
—

SONIA KARIMJEE
Financial controller
—

BLANDINE SURRY
Senior advisor ESG
—

Alignment of interests

In line with Article 5 of the Disclosure Regulation, Parquest has implemented a compensation policy designed to limit risk-taking while integrating sustainability factors. Compliance with risk management systems, including the responsible investment policy and associated processes, is a criterion for assessing team performance.
As of this year, part of the variable compensation of the entire team is directly linked to the fulfilment of ESG objectives, including:

- **the compliance with Parquest's ESG investment procedures procedures.**
- **the monitoring of portfolio companies, including the implementation of ESG action plans (or remedial action plans).**

INTEGRATING ESG KPIS IN FINANCIAL INCENTIVES
—

By LAURENCE BOUTTIER, Partner

Why introducing ESG criteria in teams' financial incentives?

Taking ESG into account at Parquest is deeply aligned with our DNA and our desire to limit risk. The importance of issues such as climate change and the tightening of regulations must be accompanied by increased awareness and consideration of these subjects by the entire team in their work. By incorporating environmental, social and governance criteria into our remuneration policy, we encourage our employees to consider these aspects in their day-to-day decisions and in their interactions with portfolio companies.
This fosters a responsible corporate culture and strengthens our reputation with our investors, our partners and the companies in which we invest.

What types of ESG criteria are you considering for measuring performance and determining bonuses?

The ESG objectives defined for the team as a whole fall into two categories: I) objectives relating to compliance with processes and II) objectives relating to the implementation of concrete actions in investments. In terms of processes, for example, we have strengthened our ESG due diligence approach as part of Fund III, the associated reporting as well as the training program on ESG. Concretely, the teams have for example a collective objective to respect the ESG due diligence process, to implement a C02 assessment in all portfolio companies and to share ESG performance and action plans for each company in advisory board once a year.

What benefits have you noticed since the introduction of this measure?

Since the introduction of ESG-linked bonuses, we have seen a number of significant benefits. Firstly, our investment and middle-back-office teams are showing an increased commitment to sustainable and responsible practices. This is reflected in the concrete integration of ESG issues into our decision-making processes in the pre-investment phase.
This approach should ultimately enhance the quality of our investments and the resilience of our portfolio to environmental and social risks. Secondly, our approach confirms the attractiveness of our fund, with investors increasingly sensitive to ESG issues. Finally, this initiative has fostered a more collaborative internal culture based on shared values.

Responsible investment

For Parquest, sustainable investment means taking environmental, social and governance (ESG) criteria into account at the core of our investment decisions by assessing a positive contribution to the Sustainable Development Goals (SDGs), while aiming for strong financial performance.

Definition

Contribution to the UN's Sustainable Development Goals (SDGs)

For each article 8 SFDR fund that contains a minimum percentage of sustainable investment, Parquest is committed to defining a selected number of SDGs to which the fund will contribute and assessing the positive contribution to the identified SDGs based on precise, ambitious sustainability indicators adapted to the fund's strategy and the type of assets financed.

For its article 8 SFDR funds, Parquest also ensures that other sustainable development objectives are not seriously undermined, in particular by taking into account the PAIs (Principle Adverse Impacts) and compliance with the principles of good governance.

Parquest III Fund

The Parquest III fund, an article 8 fund under SFDR regulations, has completed its fundraising. The fund now includes a sustainable investment objective. Its objective is aligned with the United Nations' Sustainable Development Goals (SDGs), with a particular focus on SDGs 3, 12 and 13:

GUARANTEEING A HEALTHY LIFE AND PROMOTING WELL-BEING FOR ALL AT ALL AGES

ENCOURAGING RESPONSIBLE CONSUMPTION AND PRODUCTION

SUPPORT URGENT MEASURES TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

By integrating these objectives into its investment strategy, Parquest is committed to supporting companies and projects that make a positive contribution to public health, environmental sustainability and climate resilience, while generating solid financial returns for investors.

In 2023, Parquest fund III invested in three new companies: Imaneo, a medical imagery company; Xelya, a software publisher for the personal assistance sector; and Unither, a pharmaceutical manufacturer. These 3 businesses comply with Parquest III's sustainable investisment definition.

SUSTAINABLE INVESTMENT FOR PARQUEST

—

The analysis of **GABRIEL MIMRAN,** Associate

You were involved in defining sustainable investment and the objective of Fund III for Parquest. How do you view this approach?

Participating in the definition of sustainable investment and the objective of Fund III has been an extremely rewarding experience. It reflects our desire to align ourselves with best practices in sustainability and social responsibility. By adopting a framework based on the UN's Sustainable Development Goals, we are ensuring that our investments make a positive contribution to the global challenges of public health, responsible consumption and the fight against climate change. This approach, which is consistent with our ambitions for attractive financial returns, also enables us to generate a positive impact on society and the environment. I am convinced that this strategic direction will strengthen our market position and attract investors who share our values.

What did this reflection and your participation in this working group bring you on a personal level?

This reflection and my participation in the working group have been extremely formative and inspiring. I had the opportunity to collaborate with other members of the team and external experts, which enabled me to broaden my knowledge of sustainable investment practices and my ESG skills. It has also made me aware of the challenges and opportunities of integrating ESG criteria into our investment process. By helping to define these objectives, I felt the great satisfaction of being able to positively influence our fund's strategy. This has reinforced my conviction that investment can be a powerful lever for social and environmental progress, while being compatible with the quest for financial performance.

ESG in the investment cycle

Our ESG approach is centered on a series of concrete actions that we are committed to taking towards all the stakeholders in our ecosystem.

Before the investment phase

ESG criteria are part of the selection process at a very early stage. They are specifically analysed when reviewing investment opportunities and are taken into account when making investment decisions.

Respecting the exclusion policy

Parquest has established an exclusion policy towards certain sectors, which is rigorously applied when analysing each investment opportunity. This policy is consistent with the principles of the United Nations' Principles for Responsible Investment (UN PRI). Strict compliance with the exclusion policy is reviewed by the investment committee and is a prerequisite for any financing.

Due diligence

The introduction of a responsible investment objective for the Parquest III fund has led us to strengthen our ESG due diligence approach.
Our aim is to:

- **identify the material risks associated with the company's line of business, its geographical exposure and the specific features of its business model**
- **assess the maturity of the company and its management regarding ESG issues**
- **identify opportunities associated with the company's business model**
- **ensure compliance with the DNSH principle (Do No Significant Harm)**

The conclusions of internal and external ESG analyses are integrated and discussed at every decision-making stage of the investment process, and ultimately in the investment memo submitted to the investment committee for its decision.

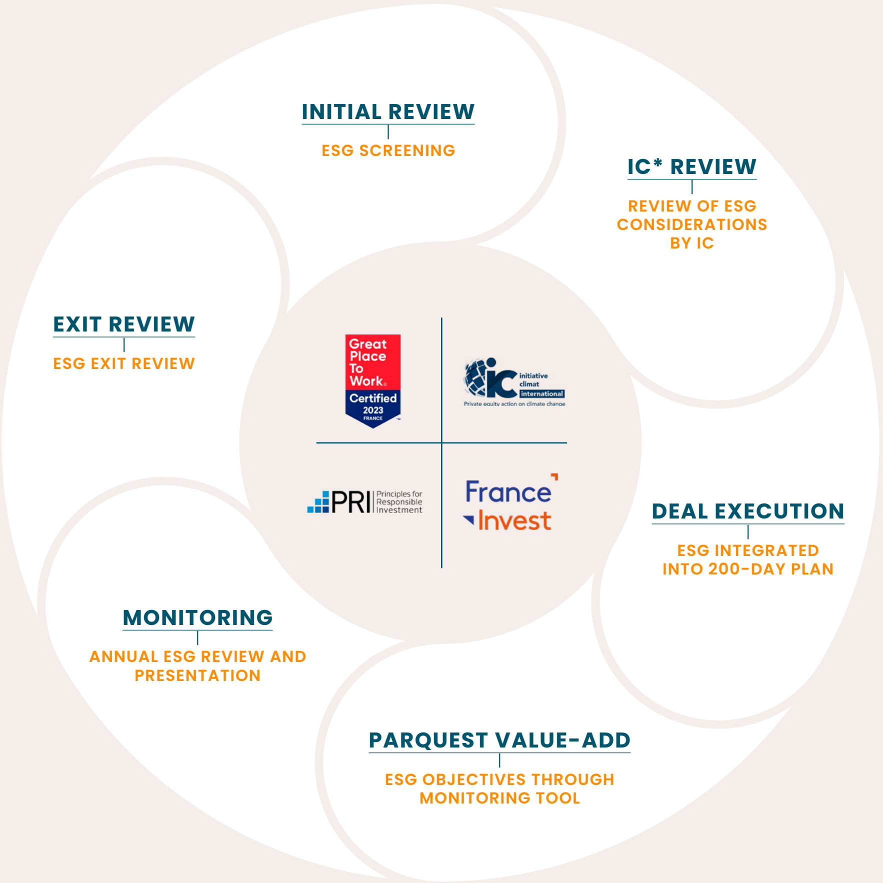
Integrating ESG in shareholder agreement

Parquest encourages the introduction of an ESG clause in the shareholder agreement as part of the legal documentation implemented for the closing of the investment. In 2023, we strengthened this clause to encourage the management company to implement actions aimed at improving its extra-financial performance during the holding period, in particular the implementation of a documented ESG strategy and associated action plan, the setting of targets, and the implementation of a decarbonisation strategy (carbon footprint assessment and implementation of concrete measures) and finally the annual reporting of results.

Sustainability-linked loans

Sustainability-linked loans (also known as ESG ratchets) are financing mechanisms whose rate is indexed in part to the achievement of pre-defined ESG criteria agreed with all stakeholders (lender, investors, company, etc.).
Parquest has implemented these mechanisms in a number of investments and systematically considers them.
Criterias are chosen to reflect material topic areas for the company with a clear path for improvement in holding phase.

ESG AT EVERY STEP OF THE INVESTMENT CYCLE



During the holding period

Commitment towards our portfolio companies

For each investment, Parquest makes its ESG expertise available to portfolio companies through its ESG senior advisor, who provides ad hoc support tailored to the needs of the company, its level of maturity and the priorities identified in the upstream phase of the investment.
The aim is to put an ESG strategy in place for each company, an action plan and measurable KPIs for monitoring performance. It also includes awareness-raising and training in material ESG issues, whether regulatory or technical.
In addition, ESG is formally monitored at least once a year in supervisory board.

Reporting

Every year, portfolio companies answer an ESG questionnaire based on France Invest's market questionnaire, covering the company's governance, social and environmental practices.
The results are analysed by Parquest, benchmarked and discussed with the companies in order to identify areas of strength and improvement that will feed into future actions.
2023 results are shared in the next section of this report.

Upon exit

We measure and analyse improvements over the life of the investment. We carry out ESG vendor due diligence when relevant.

COLLABORATION BETWEEN THE INVESTMENT AND ESG TEAMS IN REVIEWING INVESTMENTS

By **JULIETTE PIGNE,**
Investment manager

Collaboration between our ESG team and the investment teams is essential to fully integrate ESG issues into our upstream investment analysis process. This cooperation enables our skills to complement each other, with ESG technical expertise enriching the investment team's financial perspective. This raises the investment teams' awareness of the material ESG issues specific to each opportunity, whether they represent potential risks or essential aspects of long-term value. In the personal care sector, for example, we worked together to assess the impact of social practices on staff retention, identifying both critical risks and opportunities for value creation. In the software sector, the analysis focuses in particular on responsible digital practices and eco-design. In some instances, we have had to close an investment opportunity because of the ESG risks presented by the analysis. This collaborative approach ensures that our investments are not only financially sound, but also 'future-fit' from an ESG perspective. We put ratchet mechanisms in place, also known as sustainability-linked loans, with lenders when relevant. These mechanisms, which reward a company's ESG performance by lowering the financing rate, are an opportunity to align the Parquest teams (ESG and investment) and management on the material issues to be addressed during the investment cycle. This was the case with Imaneo in 2023, with whom this mechanism was implemented.

The portfolio

Parquest supports portfolio companies during the holding phase. The ESG strategy is discussed for each company, taking into account both the priorities identified by Parquest in its ESG strategy and material issues relating to the company's business sector.

Portfolio results

A list of criteria has been identified for all our portfolio companies. This list is monitored each year by collecting data that enables us to measure the progress made at portfolio level as well as future areas for improvement.

HIGHLIGHTS

13
COMPANIES

100 %
RESPONSE RATE TO THE REPORTING QUESTIONNAIRE

80 %
OF COMPANIES HAVE PUT ESG ON THE BOARD'S AGENDA

62 %
HAVE A DEDICATED RESSOURCE IN CHARGE OF ESG

TRANSVERSAL KPIS

	2023	2022	2021
# JOBS CREATED	159	153	155
% OF PARTICIPATIONS WHO HAVE A DEDICATED ESG RESSOURCE	62 %	45 %	NA
% OF COMPANIES HAVING DEFINED AN ESG STRATEGY	54 %	54 %	45 %
% OF PORTFOLIO COMPANIES HAVING INTEGRATED ESG CRITERIA IN THE EVALUATION AND AUDIT OF THEIR SUPPLIERS	54 %	64 %	60 %

Profit sharing

	2023	2022	2021
% OF PORTFOLIO COMPANIES HAVING A PROFIT SHARING MECHANISM IN PLACE BEYOND MINIMUM LEGAL REQUIREMENTS	85 %	82 %	80 %
% OF EMPLOYEE SHAREHOLDERS ON AVERAGE ACROSS THE PORTFOLIO	39 %	31 %	NA

Profit sharing has become a central theme in the ESG policies pursued by portfolio companies. The passing of the «Profit Sharing» bill in November 2023 is telling in this respect. From 1 January 2025, companies with between 11 and 49 employees meeting certain eligibility criteria will be required to set up at least one profit-sharing scheme (profit-sharing bonus, contribution to an employee savings plan, incentive scheme). The aim of this bill is to increase employee involvement in company performance, particularly in SMEs.

At Parquest, the desire to encourage the emergence of corporate cultures where everyone feels valued and directly involved in the company's results isn't new. All our portfolio companies have made significant progress in adopting profit-sharing mechanisms over the past 3 years. 85% of them have already put in place profit-sharing mechanisms that go beyond minimum legal requirements, even before the bill was passed. In addition, we encourage companies to increase the number of employee shareholders, in the form of free shares, BSPCEs (stock-options) or other mechanisms. The average percentage of employee shareholders in the portfolio is 39%.

PORTFOLIO COMPANY ZOOM

« Our aim as founders is for this human adventure to significantly transform the lives of all the company's employees. »

THE VISION ON PROFIT SHARING

By **SANDRINE GENET**
founder and CEO of Carat Capital

Carat is an asset management company that we founded in 2006. As executives, we wanted to make the company an entrepreneurial and collective project – and as such we wanted to be able to include employees in the capital when Parquest joined us in 2021.

As a result, all employees who have been with the company for more than a year have been involved, benefiting from the allocation of preferred stock which carry the management package, while also having the opportunity to buy ordinary shares.

This system makes it possible to involve all employees (from the most junior to the most senior) without constraint of investment capacity and by allowing them, if the business plan objectives are met, to benefit from a significant multiplier which will reward their work and the creation of value in the company upon exit. Several waves of partnerships have taken place since 2021. In 2023, more than 60% of Carat's employees are shareholders.

At the same time, an educational effort is essential to make the most of this mechanism with our teams, and also to help them gain a better understanding of how a company is managed, the issues involved in its development, financing and profitability.

Overall, we can see that this approach has a very positive impact on team loyalty. Of course, this is not the whole story, especially as the financial benefits are not immediate, and working on motivation around the corporate project obviously remains a daily priority.

Ultimately, our aim as founders is for this human adventure to significantly transform the lives of all the company's employees.

Inclusion and competencies development

		2023	2022	2021
INCLUSION	EGAPRO INDEX	86 %	82 %	79 %
	% OF WOMEN IN THE EXECUTIVE COMMITTEE	29 %	32 %	37 %
	% OF PORTFOLIO COMPANIES HAVING PUT IN PLACE INCLUSION INITIATIVES	62 %	60 %	60 %
TRAINING	% TRAINED EMPLOYEES	58 %	52 %	53 %
SATISFACTION	EXISTENCE OF AN EMPLOYEE SATISFACTION SURVEY	46 %	50 %	NA
	GROSS TURNOVER RATE	12 %	11 %	NA

On the issue of gender diversity, the Egapro index within portfolio companies continues to rise, with an average of 86% this year, a telling sign of the efforts made in terms of inclusion.

In terms of training, the average proportion of trained employees in 2023 reached 58%, its highest level since 2021, in line with national average (INSEE - 58% of SME employees underwent training in 2022).

The ability to recruit talent continues to be a priority for our companies. Parquest therefore pays special attention to social indicators, in particular to the ability of portfolio companies to limit staff turnover. The average turnover rate of our portfolio companies is stable overall at 12% in 2023 (compared with an average turnover rate in France of 15% in 2021 according to INSEE).
We also encourage portfolio companies to set up a barometer to monitor employee satisfaction. In companies that are often experiencing strong growth, monitoring this indicator is particularly important to prevent the risk of overheating and to feed into the priority action plans to be implemented in terms of quality of life at work, training, and inclusion.

PORTFOLIO COMPANY ZOOM

« We asked ourselves whether it would be possible to introduce a different organisational model, to support growth on the one hand, but also to support the autonomy and well-being of our teams. »

XELYA: COMBINING GROWTH AND WELL-BEING?

—
By **HENRY BOUCHET**
Deputy General Manager

CAN YOU GIVE US A QUICK INTRODUCTION TO XELYA AND ITS PROJECT?

Xelya is a software company founded in 2005 by 3 co-founders. Right from the start of the project, we were driven by a strong conviction that our role in society was not limited to that of a software publisher. We have developed Xelya's project around a unique threefold approach: publisher, coach and trainer. This means understanding the needs of our customers and users upstream in order to develop solutions that promote positive transformation, and supporting adoption and satisfaction downstream. This is all the more important to us given that the vast majority of our sales are generated in the personal assistance sector, which is by its very nature a responsible sector and one to which, as a service provider, we are committed. The successful integration of new technologies in this sector, supporting home carers and the quality of service they provide to end customers, is a challenge for the future.

AT XELYA, YOU'VE DECIDED TO ASSOCIATE GROWTH WITH EMPLOYEE WELL-BEING. CAN YOU TELL US ABOUT THE ORIGINS OF THIS APPROACH AND HOW IT IS BEING IMPLEMENTED?

2019 was a year of very strong growth for Xelya. But that growth had put the organisation under strain, with many employees overworking and being potentially at risk. Paradoxically, by slowing business overnight, COVID gave the organisation and our management team a breathing space. We asked ourselves whether it would be possible to introduce a different organisational model, to support growth on the one hand, but also to support the autonomy and well-being of our teams. In our industry, which is facing a talent shortage, this is critical to the success of our business model.

After studying other companies and how they operate, particularly in the personal assistance sector, we finally decided in 2021 to transform the organisation into autonomous teams.

To support this cultural and organisational transformation, we also introduced a new performance indicator, the BEEC «well-being and growth» index. It combines 2 key financial performance indicators (the growth rate and the profitability rate) and 2 customer and employee satisfaction indicators, both measured by the Net Promoter Score (NPS). Creating this indicator made reconciling our financial and non-financial objectives possible, and reflects the symmetry of attention, placing people at the heart of the company's success. It is impossible to build Xelya's success by overlooking one of these indicators. Our role is to ensure that they all progress simultaneously.

When we first started, our BEEC index was 25, in 2020. In 2021, it rose to 50, then 77 in 2023. Our aim is to be above 100.

WHAT ARE THE RESULTS OF THIS ORGANISATIONAL AND CULTURAL APPROACH FOR XELYA?

At Xelya, we are fortunate to be experiencing strong, continuous growth. One of the benefits of our approach is that we have no problem recruiting and supporting growth. We monitor the level of satisfaction team by team, and each team is autonomous and responsible for the action plans to be implemented to support this progress.

Today, with 2 years of hindsight, I can say that the organisation's transformation has been a success and that it successfully combines growth and employee well-being. The cornerstone is the combination of team autonomy and responsibility. You can't have one without the other.

Actions against climate change

	2023	2022	2021
% OF PORTFOLIO COMPANIES HAVING CARRIED OUT A FULL SCOPE CARBON AUDIT	62 %	45 %	20 %
% OF PORTFOLIO COMPANIES HAVING PUT IN PLACE ACTIONS TOWARDS REDUCING THEIR EMISSIONS	77 %	82 %	60 %
% OF PORTFOLIO COMPANIES HAVING PUT IN PLACE ECO-DESIGN MEASURES	54 %	58 %	NA

With the average global temperature continuing to rise (2023 was the hottest year on record according to the World Meteorological Organisation), along with the frequency and intensity of climate hazards, it is becoming crucial for businesses to measure and mitigate their CO2 emissions. Indeed, these climate hazards translate into risks for companies (business continuity risk, financial risk, reputation risk, health and safety risk), threatening the sustainability of their business model.

Over the past 3 years, our portfolio companies have made spectacular progress in completing their carbon footprint assessments, a crucial step in understanding and managing their emissions. The proportion of portfolio companies carrying out a carbon footprint audit has more than doubled between 2021 and 2023, rising from 20% to 62%. This enables them to accurately assess their greenhouse gas emissions, identify the main sources of these emissions and define effective strategies for reducing them. As a result, 77% have taken concrete action to reduce their greenhouse gas emissions. These efforts can be made upstream of the production chain through more responsible product design and downstream through waste management (recycling, reuse). 54% of our portfolio companies have introduced eco-design policies.

Our efforts will remain in 2024 as we work at management company level and with the portfolio companies on defining carbon reduction trajectories and, when possible, aligning with Paris agreements.

PORTFOLIO COMPANY ZOOM

« In 2021, the Group began to reflect on its climate strategy with the aim of both minimising the externalities associated with its activity and implementing a proactive approach to reducing C02 emissions. »

UNITHER: CLIMATE STRATEGY

—

Interview with
BENOIT FLAMMANG
Unither CFO

CAN YOU TELL US ABOUT UNITHER?

Unither Pharmaceuticals is an innovative company specialising in the manufacture of pharmaceutical solutions in sterile single-dose containers (BFS, Blow-Fill-Seal technology). Since its creation 30 years ago, Unither has been committed to improving the health and well-being of patients by offering high-quality, safe, and effective products to its customers in the pharmaceutical industry. Today, the company employs over 2,000 people and has 8 production sites on 4 continents.

Aware of its social and environmental responsibilities, and in a context of strong growth, Unither has for several years been committed to implementing CSR policies, particularly towards employees, with profit-sharing and safety, as well as integrating ESG criteria into the selection of suppliers, for example.

HOW DOES UNITHER INCORPORATE CLIMATE ISSUES INTO ITS STRATEGY?

In 2021, the Group began to reflect on its climate strategy with the aim of both minimising impacts associated with its activity and implementing a proactive approach to reducing C02 emissions. This challenge is all the more strategic given that Unither, as a supplier to pharmaceutical groups, is involved in the scope 3 of these companies, which have themselves made climate commitments, including alignment with the Paris Agreement. Furthermore, in the context of the forthcoming CSRD regulations, it is essential to formalise our approach to climate change.

The scope 1, 2 and 3 carbon footprint was therefore assessed at all Unither sites in 2023 in order to establish the starting point for a reduction trajectory. Unither then used the SBTi (science-based targets initiative) methodology to define a trajectory in line with 2015 Paris Agreement, meaning a 4.2% reduction target relative to the reference year for scopes 1 and 2 in absolute terms (C02eq), and 7%/year for scope 3 in terms of intensity (C02eq/gross margin).

WHAT OTHER MAJOR PROJECTS HAVE YOU BEEN INVOLVED IN OVER THE LAST 18 MONTHS?

The Unither Group is heavily dependent on polyethylene (LDPE), the plastic raw material used in the sterile doses produced by Unither. This raw material accounts for almost 25% of Unither's C02 emissions. In order to reduce the impacts associated with this component, 3 areas have been identified at Unither:
• Optimising industrial processes to minimise industrial waste
• Reprocessing LDPE scrap in production
• The end of life of doses (at the client's)
In the first two areas, two projects are currently being tested with the aim of extending them to other Group sites. The potential of these initiatives in significant. For example, the reprocessing of LDPE scrap could lead to a 19% LDPE use reduction in the site developping this practice, resulting in 9% reduction of C02 emissions. End-of-product-life recovery is still at the exploratory stage and is coming up against the challenge of massively increasing volumes. Joint work with other players in the sector and other PE users to increase the level of effective recycling of this material should be pursued in an attempt to remove the barriers.
Finally, the last area of work in progress relates to the preparation of the CSRD, the corporate sustainability reporting directive, to which Unither will be bound in 2025. We have therefore initiated the dual materiality analysis that will enable us to identify the material issues to be reported on under the CSRD. This process, which is currently being finalised, is also an opportunity to revisit our ESG strategy in its entirety and to supplement it for the coming years.

2024 Outlook

As announced in 2022, we continued to raise our game on ESG in 2023 to meet regulatory challenges and reflect our conviction that accounting for strategic ESG issues is an integral part of our job as a responsible investor. In 2024, we plan to continue our efforts, particularly on climate issues, by specifying our medium-term objectives and our action plans. Thank you for your continued support.

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