



AZULIS
capital

/FIRST ANNUAL
ESG REPORT
2013



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EDITORIAL

FIRST ANNUAL
ESG REPORT
2013

«Publishing this first ESG report reflects our strong determination to contribute further to the growth of know-how and the development of harmony.»

At **Azulis Capital** we claim, as a responsible investor and partner, that combining business growth and continuity to increase the value of invested capital is compatible with paying proper attention to the economic, social and environmental dimensions.

Our aim is to partner companies over the medium term by supporting new development stages facilitating growth opportunities while also minimising risks in a complex economic environment facing crisis and change in traditional values.

Given this situation, it is essential to mobilise all existing energies, to strengthen a sense of belonging and identification with the projects defined, to innovate, to adapt corporate culture, to initiate both personal and collective change, while acting in a manner that is consistent with one's values and commitments to common goals.

This requires a clear vision of the company, its economic and social mission, its values and the quality of its relationships with its stakeholders.

That's why **Azulis Capital** has resolved to build an ESG/CSR agenda at the very heart of its affiliated businesses and implementation of strategy.

Since 2010 **Azulis Capital** has beat a path forward, carrying through with its own corporate plan, by formalising its charter of accountability, governance and commitment.

Franck Boget
President

Yann Collignon
Founding Partner

1. AZULIS CAPITAL

For over 20 years, the Azulis Capital Team has operated as a professional investor and partner accompanying French SME's and their management in a professional and responsible manner.

It is guided by moral considerations, commitments and the principles of ethical governance.

1.1

Our business

One of the leading French Private Equity players in the field of LBO transactions, growth and replacement capital, Azulis Capital focuses on small and mid-sized companies in France.

It provides investment solutions that meet the capital needs of the company (such as development finance) appropriately. This could mean taking a majority stake alongside management (LMBO) or becoming an active minority stake holder (capital development or replacement capital).

We tend to focus on companies with an Enterprise Value of €15 million to €150 million, and a core target of €30 million to €80 million.

Our partner companies are independent, mainly family run, or spun-off group subsidiaries.

Azulis Capital offers entrepreneurs and managers full partnership, in association with a proactive development plan over a period of four to seven years. Its capital contribution will run from €8 million to €15 million and provides complete deal structuring with underwriting up to €30 million.

Since 1993, Azulis Capital has invested some €700 million through four investment funds (MMF I, II, III and IV) in over 100 companies. The focus has been on «platforms» that can become French champions, particularly through a growth strategy based on acquisitions.

Investment Team

The Azulis Capital Team consists of 12 professional investors and a CFO. The nine Azulis Capital partners have worked together for over 15 years, targeting equity investment into four areas of expertise: Food, Consumer Goods & Retail, Corporate Services & Industry, and Healthcare.

These areas of business expertise support a recognised experience in financial engineering, good management practice and corporate governance.

What's more, this sector know-how enables the team to seize opportunities before competitors, or take a differentiating approach. They build highly professional relationships with the management of investee companies, working in the spirit of partnership based on discussion and exchange.

HIGHLY COHESIVE
AND MOTIVATED



André Bélard
Founding Partner



Franck Boget
Managing and
founding Partner



Caroline Chemel
Investment



Yann Collignon
Managing and
founding Partner



Nicolas Cosson
Partner



Gabrielle Delle Vigne
Manager Associate



Pierre Jourdain
Managing and
founding Partner



Julien Hess
Manager Investment



Bruno Lavollé
Partner



Christine Mariette
Managing and
founding Partner



Donatien Noyelle
CFO



Gilles Pérony
Founding Partner



Michel Rowan
Managing and
founding Partner

2. ESG APPROACH - AZULIS CAPITAL AS A RESPONSIBLE INVESTOR

In 2010 the Azulis Capital Team jointly decided to formalise their ethos, commitments, practices and convictions as part of the process now known as the ESG approach (for Environment, Social/Societal and Governance) or CSR (Corporate and Social Responsibility) in the corporate world.

This decision is at the heart of the corporate business plan developed by Azulis Capital. It is committed to progress and ensuring that its portfolio companies grow by implementation of a CSR approach and development of a genuine corporate culture of social responsibility.

Azulis Capital does not see the CSR approach as a marginal practice that is ultimately subordinate to financial performance. It cuts crosswise; and is inspiring, meaningful and committed to the economic well-being and social solidarity between the company's women and men, its stakeholders and its environment.

It is also an indicator revealing the tensions that can occur within the company and so enhances its capacity to resolve them.

Before any concrete implementation of an ESG approach, the Azulis Capital Team has drawn up its own charter of accountability, governance and commitment.

2.1

History of Azulis Capital's ESG approach and principal achievements

2010: ESG awareness, training and diagnostics

The specialist agency, *Effet de Levier*, carried out a review during 2010 contributing towards the team's CSR awareness, as recommended by the United Nations Global Compact, and in France by and the so-called Grenelle II regulations.

Effet de Levier accordingly performed an in-depth ESG diagnosis of Azulis Capital that revealed, on the basis of its values and practices, the group's potential for further development with a structured approach.

Two diagnostic surveys were also carried out on companies within the MMF III and IV portfolios, Domidep and Européenne des Desserts.

In addition, a baseline CO2 balance was established, and a system set up to monitor CO2 consumption at Azulis Capital.

2011: Launching an ESG strategy

- An ESG manager was appointed within Azulis Capital, and a team of five internal staff selected to steer the company through a number of identified issues.
- A first presentation, made by the team at the fund's annual investors' meeting, emphasised two topics: the meaning and challenges of an ESG approach.
- Our commitment to and formalisation of the process was highlighted on December 15, 2011, when Azulis Capital's entire team signed up to the Principles for Responsible Investment (PRI) promoted by the United Nations. These principles are based on six commitments:

1. Taking ESG issues into account in the investment analysis and decision-making process.
2. Being active investors, taking ESG criteria into consideration in shareholder policies and practice.
3. Requiring portfolio companies to publish information on ESG issues.
4. Promote adoption and implementation of the Principles by all parties involved in asset management.
5. Working together to increase efficacy in implementing the Principles.
6. Report, on a company basis, on measures taken and the progress made towards implementing these Principles.

As a first step, Azulis Capital aims to focus on Principles 1, 2, 3 and 5.

2012: Operational measures towards ESG strategy adopted by Azulis Capital

- Our UNPRI membership was registered on January 6, 2012.
- EthiConseil, an expert consulting firm was selected to assist Azulis Capital in promoting various ESG projects identified at both the corporate and the shareholding level.
- Integrating ESG into all our investment analysis and investor support procedures.
- Deployment of an ESG approach vis-à-vis our affiliates.
- Store Novation, in particular, was given an in-depth ESG analysis.
- CO₂ performance base-lined within the management company.
- Drafting an ESG charter, formally incorporating the values contributed by Azulis Capital and addressing the commitments made, the ambitions outlined, and its economic, social and financial missions.

Azulis Capital's Charter

As a responsible investor and partner, Azulis Capital aims to contribute towards the sustainable development of French small and mid-cap companies, and create value for all stakeholders by generating both financial and non-financial performance.

The mission, values and commitments presented in the Azulis Capital Charter are part of its Team's founding principles. They pilot its daily activity and are expressed through investor practices and responsible partnership. Azulis Capital strives to incorporate the concerns and expectations of the women and men working in its associated companies and their environment, in particular while respecting the principles of good and ethical governance.

By signing up to the Principles for Responsible Investment promoted by the United Nations, in early 2012, the Team has chosen to affirm its convictions.

OUR MISSION

Our goal is to manage, with loyalty and integrity, the capital entrusted to us by our investors, in order to provide a return that is consistent with their expectations, while meeting the requirements of sustainable economic, environmental and social development.

It is our ambition to participate actively in the development of French middle market, with companies that create wealth and employment, by providing the financial resources required to grow in a world that is increasingly open, and by supporting their management in carrying out projects that follow the principles of corporate social responsibility.

We also aim to preserve and sustain the economic fabric of which French mid-sized companies are woven. To their shareholders we offer sustainable solutions for the transmission of a business, accompanying management teams motivated by the acquisition of their enterprise, and who wish to participate in growing its value, both in economic and non-economic terms.

OUR VALUES

Since its inception, Azulis Capital has striven to carry out its activity as an investor with professionalism and responsibility, while maintaining a positive balance between the interests of the shareholders it represents, plus those of the management, and of all other stakeholders.

As guardians of Azulis Capital's reputation, we put our extensive experience as professional investors and our sector expertise at the service of the businesses that we invest in.

We target internal and external growth strategies that strengthen the position of our investee companies within their markets and are likely to endow them with a greater international dimension.

We limit leveraging in the financial structures we arrange, in order to safeguard business flexibility and development capability.

Azulis Capital has wholly taken on board the imperative to respect ethical principles in its conduct, to act fairly, and to build relationships of trust, respect and transparency in the partnerships it establishes with business and with all stakeholders.

We strive to give the employees in our associated companies a personal stake in their growth and in value creation, by advocating incentives to encourage participation and investment in the company's performances.

Finally, we at Azulis Capital are convinced that the Private Equity business is truly a team effort.

All our investment decisions are collectively endorsed, and we try to ensure that every member of the Azulis Capital Team will benefit from the exercise of their profession.

OUR COMMITMENT

Keenly aware of our role as professional shareholders and our responsibilities to all stakeholders, we have made the following commitments:

To our investors

- We undertake to serve their interests and treat them according to the principles of fairness and equality. We conduct our business with total independence and unreserved transparency.
- We are committed to respecting the investment policy detailed in our Fund Bye-Laws and to applying socially responsible investment criteria in the search for investment opportunities and their selection.
- We comply with all relevant requirements in the war on money laundering and terrorist financing. In the purchase or sale of any business, we take care to ensure that all stakeholders comply with the law and other requirements in the campaign against money laundering and terrorist financing.
- We refuse to invest in «sensitive» sectors — such as gambling, the manufacture or sale of arms.
- We are determined to apply the highest standards when reporting to our investors, with transparency and objectivity, and integrating ESG criteria in the annual reports of the funds we manage.

To our portfolio companies

- We encourage the companies in which we invest to raise the status of CSR criteria in their decision-making. In particular, by conducting a CSR inventory of the company and then, in conjunction with its management, set priorities for improvement; and subsequently, track the progress made.
- We make sure that the company complies with all national and international standards and regulations — particularly with respect to the environment.
- We are committed to actively contributing to the growth and value of investee companies, by applying both financial and extra-financial criteria.

- We will respect the confidentiality of information brought to our attention.
- We are committed to helping our portfolio companies adopt best corporate practice and respect the individual (in terms of work safety, gender equality, discrimination, appreciation of their diversity, and provision of training), while promoting the widest possible opportunities for employees to share in the rewards of growth.

To the employees of Azulis Capital

- We strive to create a fulfilling work environment for all our employees and colleagues, by fostering team spirit and mutual appreciation. We value teamwork and transparency in internal communication and information.
- We create conditions that encourage strong commitment by each individual (through collegial decision-making, accountability for the corporate community as a whole), and contribute to the efficient administration of the management company (with incentive schemes and share ownership).

To the community

- In exercising our private equity mission, we support entrepreneurial initiative in partnership with a micro-credit association, and through direct sponsorship of artistic initiatives.
- We strive to reduce our own environmental footprint by closely tracking our consumption of non-renewable resources and encouraging our business partners to do the same.



2.3

What Azulis Capital did in 2013

Azulis Capital intends to continue, and even accelerate, its operational deployment of ESG during 2013-2015.

The goal is to have the majority of the MMF IV portfolio companies carrying out CSR diagnostics by 2015 at latest, and have them signed up to an action plan. In particular, this should focus on:

- > an extensive business plan,
- > changes in corporate culture to put people, including the client, back at the centre of the project,
- > simplifying the decision-making process in order to achieve greater flexibility and a more proactive business structure, without sacrificing analytical rigour,
- > integrating new concepts of eco-design,
- > energy savings, or other measures identified in the diagnosis.

Likewise, Azulis Capital will continue its commitment to include within its acquisition procedures an internal CSR pre-diagnosis, to be followed by a full diagnosis after the acquisition of any controlling interest.

Action taken in 2013

- Profiling ESG on our website to provide visibility over our approach, our governance and societal action (www.azuliscapital.fr/fr/investisseur-responsable.php).
- Launching an ESG mission within two new MMF IV portfolio companies, Optimum and Holweg Weber.
- Producing the first annual ESG report that includes non-financial indicators.
- Having Azulis Capital participate in a number of recognised national and international professional bodies that offer private equity GPs a common and concrete ESG approach.
- As a member of the European Private Equity and Venture Capital Association (EVCA), Azulis Capital participates in its seminars on responsible investment.
- Azulis Capital is a member of the French growth investor association (AFIC) and participates in the ESG commission's activities, especially in its GR2 (Reporting) and GR4 (Communication) groups.

Testimonials

Optimum and Sitour launched their CSR approach with a diagnostic survey carried out by EthiConseil in September 2012 and September 2013, respectively. Jean-Luc Vincent Guéry at Optimum and Vincent Barreau of Sitour report on their expectations and experience:

Jean-Luc Guéry
CEO, Optimum



After a half-day awareness course addressing the management committee, an enlarged working CSR group was formed to conduct an inventory. Once this group had received CSR awareness training, a detailed action plan was drawn up. Then, everyone promptly set to work examining the stakeholders. An internal questionnaire quickly revealed that we should start by drafting — all of us together — our three-year vision. This meant examining the development of our market, our business mission and our values.

At this stage, I should stress, none of us had realised the strategic impact a CSR approach could have, and the power it would give us to unite teams around a business venture. The components of this project were first worked out department by department. Then with the support of EthiConseil, in a CSR group that was extended to include members of the management committee members, and relevant executives. It was also an opportunity to fine-tune our business positioning.

Today we are in the process of drawing up a strategic three-year plan that will take this new corporate charter into account, as well as new market trends, before implementing the new management practices to support an evolution in culture. At the industrial level we are excellent, and must now evolve and become more customer oriented.

In June, at an Open Day, we intend to present the CSR approach to the whole corporate community.

Starting in September, new processes should help put our creativity, teamwork and commitment to better our customer service.



Vincent Barreau
Director of Product
Development at Sitour



It all started with an awareness programme for the management committee and the CSR Working Group. As someone with a broad understanding of the company, I was appointed to chair it.

The same afternoon we got down to work and launched an initial internal study that has raised awareness of this new approach throughout the company. Other stakeholders were also interviewed over a two-month period. Then, with the diagnosis presented and the principal lines of work selected, we suggested that motivated employees should join us and help promote the CSR approach at a first introductory meeting in June 2013.

With their participation we then celebrated our first «I love my company!» day with the company's entire staff and presented all the measures undertaken since 2013. This included defining the mission and its values, developing a management guide, cross-department workshops on the topic of new product launches, work process optimisation and even drafting a brief with our clients.

Lastly, it also provided an opportunity to launch a selective recycling policy for the company, with the support of a local charity.

More recently, we have continued our work, participating in a steering committee to develop a POS Green label, certified by ADEME.



2.4

Commitments and objectives for 2014-2015

Azulis Capital is committed to encouraging the management of affiliated companies to integrate CSR over time, following-up on the initial diagnosis and on into their medium-term strategic considerations, so as to enlarge their analysis of risks and opportunities.

Our goal is also to progressively promote financial and non-financial indicators, including the criteria recommended in the Global Reporting Initiative, in order to standardise the approach and adopt a recognised international standard. Each member of the team monitoring investment will check that the CSR criteria are relevant, given company's size, sector and level of maturity.

The action plan for the next two years is therefore clearly defined for:

Affiliates in the MMF IV portfolio

- Continued implementation of CSR. The goal is to have at least 70% of the portfolio companies launching a CSR diagnosis by the end of 2015. CSR diagnosis is the key starting point for any effective deployment of a CSR policy.
- CSR support for companies with a completed diagnosis and list avenues for progress (five of the eleven companies to date). Encouraging them to formalise their approach (vis-à-vis targets, organisation and resources) and to produce an annual report.
- Emphasis is to be placed on the social aspects of our affiliates (especially equality, training and management quality).

- Integrating into MMF IV's quarterly reports on the portfolio companies an account of action taken regarding ESG and other non-financial criteria.
- Presenting the first annual ESG report integrating non-financial indicators on all MMF IV shareholdings.
- Reducing our environmental footprint and that of all our associate companies.
- Azulis Capital will contribute to AFIC and our investors by promoting ideas, experiences, examples of good practice, and information on any action to promote ESG within the sector.
- Continuation of our partnership with ADIE, providing our financial patronage and know-how, in order to strengthen the latter's relations with some of our portfolio companies.

2.5

Integrating an ESG approach at the heart of our business and our investor/partner strategy

- 1- Taking ESG considerations into account in the investment analysis and decision-making process meets with the first of the PRI principles. In the investment screening phase, Azulis Capital aims to focus on companies that intended to make progress with their CSR (Corporate Social Responsibility) policy. We are convinced that integrating ESG criteria into the due diligence process serves a better understanding of the business and perceptions of the risks and opportunities of the activity. Accordingly, the ESG approach is systematically highlighted in all our preliminary talks with management, our letters of intent, investment notes and shareholder agreements.

As illustrated in the following chart, every stage of our process, running up to closing an investment, incorporates ESG criteria. What's more, they are formally defined in our internal procedures manual.

PRIOR TO INVESTMENT

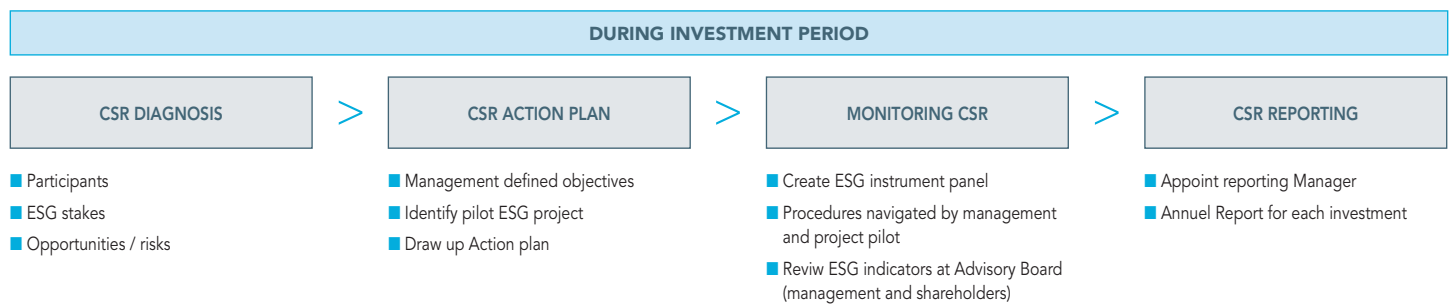


- 2- In assuming its role as a responsible shareholder, Azulis Capital encourages and supports the application of CSR criteria within the portfolio companies. We advocate ESG diagnostic audits, establishing a dialogue with all stakeholders, identifying priority CSR action plans and structuring of a CSR strategy.

The chart below illustrates the approach applied at portfolio company level. So far, Diagnostic Procedures and Action Plans have already been implemented at a number MMF IV portfolio companies.

Once the investment has been closed, Azulis Capital's first goal is to launch a full CSR audit carried out by a consultancy firm, in order to:

- > Make the investee company's management fully aware of CSR issues.
- > Carry out an in-depth inventory of the company's strengths and weaknesses in CSR terms.
- > Define the principle avenues for improvement, set goals and formalise the process in terms of corporate culture, innovation and organisation, in order to build agility and flexibility, and, finally, to focus staff on concrete and meaningful projects.
- > Set up performance indicators to measure CSR progress, and report on it.



Deploying some 67 indicators, a CSR reporting framework was introduced in 2013 in order to produce an initial consolidated report on the MMF IV's current 11 shareholdings. In 2014, an ESG section will be added to the annual reporting of each MMF IV portfolio company.

By the end of 2013, five of the eleven shareholdings — i.e. 45% of the MMF IV portfolio — had undergone a CSR audit. The goal is to significantly increase the proportion over 2014.

- 3- In the exit phase of each portfolio company, the object is to deliver a dedicated CSR report. Given MMF IV's low present maturity, just one sale mandate was finalised before December 31, 2013. That company was not the subject of an ESG review. However, it should be noted that a great many CSR actions were undertaken by this company's management, and they were clearly valued at exit.
- 4- Lastly, as part of its CSR strategy, it is Azulis Capital's ambition to become a recognised ESG player in the French private equity industry, applying Principle 5 of the PRI manifesto, on «Working together to increase the efficacy with which the principles are applied». We participate in two working groups (GR2 and GR4) in AFIC's ESG Commission.

We are also striving to build up our know-how through exchanges with various private equity General Partners, and with actors within the social economy.

Governance of Azulis Capital

Good corporate governance, both for the Azulis Capital team and for the portfolio companies, is deemed essential in supporting growth and ensuring the success of the fund.

Governance is intended to define — with clarity and transparency, both for the management company and for its portfolio companies — the operating rules, decision-making processes, values, principles of good conduct, and respect for all the stakeholders involved.

Through the quality and rigour applied in its practice, governance is a major credibility factor, as well as a performance and creativity enhancer. Once decided, the rules and principles clarify the definition of corporate strategy and the implementation of action plans.

Corporate governance is provided by a Board of Directors comprising five members and a number of supervisory structures.

<p>SUPERVISORY BOARD OF AZULIS CAPITAL Consists of members chosen for their experience and skill in the private equity industry and/or finance. It is chaired by Gilles Auffret, Member of the Management Committee at Solvay until December 31, 2013.</p>	
<p>MMF III AND MMF IV INVESTOR COMMITTEES Comprising members representing the major investors of each Middle Market Fund. Chaired by Jean-Philippe Burcklen, Head of Lower Mid-Market, European Investment Fund.</p>	
<p>EXECUTIVE COMMITTEE Comprising the present nine partners on the Azulis Capital Team</p>	<p>ADVISORY COMMITTEE Includes various personalities from the world of business and industry, chaired by Vincent Mercier, Vice-Chairman of the Supervisory Board of Roland Berger, Strategy Consultants</p>
<p>INTERNAL CONTROL AND COMPLIANCE Performed by the firm, 2AM</p>	<p>AUDITORS PWC, Auditors for the MMF funds Edouard Leduc, Auditor for Azulis Capital</p>

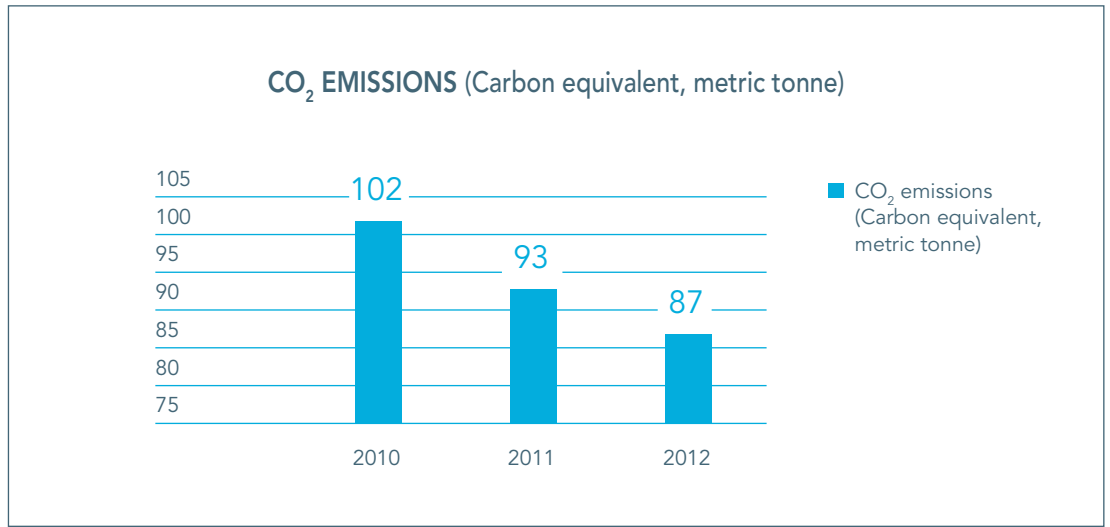
In each of the portfolio companies, we establish a governance structure that is appropriate considering their size and history (See page 24: Governance Data).

2.7

The environment

On the environmental front, Azulis Capital aims to reduce its carbon footprint and has taken various steps towards this (carrying out a carbon footprint audit, installing monitoring systems, and training courses to develop individual staff awareness).

The following chart shows Azulis Capital's impact on its carbon footprint over the last three years. It improved by 9% in 2011 and 7% in 2012.



The five-year target is to integrate the CO₂ footprint of all the portfolio companies into our consolidated annual report.

Azulis Capital is also committed to promoting policies that develop respect for the environment among its portfolio companies, starting with action plans to reduce their carbon footprint, to re-cycle their waste, and adopt eco-design principles in their day-to-day business.

2.8

Our long-term social goals

We are convinced that our approach to the outside world and interaction with our direct stakeholders, also with actors within the social community (NGOs, corporations and organisations actively engaged in sustainable development) will enhance human capital, constitute a creative force and also a source of performance for Azulis Capital.

Accordingly, as a private equity player, we have supported entrepreneurial initiatives since 2007, first through a partnership with ADIE (an charity promoting micro-business initiatives) and secondly, by sponsoring philanthropic initiatives to promote contemporary artists.

Founded in 1989 by Maria Nowak, Adie is a charity that works in conjunction with social services to help persons excluded from the labour market and the traditional banking system to create their own self-employment with the support of micro-credit.

Pioneering micro-credit in France and Europe, Adie assists individuals with projects, providing support upstream and downstream of their micro-business launch, and helping to make them sustainable.

To date, Adie has awarded more than 126,000 micro-credits, and contributed to the establishment of over 91,000 micro-enterprises. Those it has funded post a remarkable survival rate of 70%, with an 84% re-insertion rate after two years.

Adie is chaired by Catherine Barbaroux, since 2011.

Azulis Capital supports ADIE through a financial commitment, but also by providing its expertise to micro-entrepreneurs and business creators.

In addition to this support, Azulis Capital sponsors the annual CréAdie competition that awards prizes to a number of outstanding business creators funded by ADIE in the following areas:

- > Economic development
- > Sustainable development
- > Human development

The support provided by Azulis Capital has, as of today, resulted in its:

- > Partnering some 138 micro-entrepreneurs, and
- > Creating 173 jobs

In 2013, Capital Azulis and ADIE extended the CréAdie project, by arranging for one of the MMF IV portfolio company managers to join the Jury. The goal set for 2014 — consistent with our business practises and sponsorship — is to grow relationships between our portfolio companies' managers and Adie's entrepreneurs, and thereby strengthen the charity's programmes at a local level, and broaden its relations with French SME's / mid-cap companies.

Given this enriching experience, Azulis Capital is committed to encouraging its portfolio companies to launch and even expand a communal approach within their operating territory.

3. CONSOLIDATING NON-FINANCIAL ESG DATA INTO MMF IV'S PORTFOLIO

3.1

Consolidation methodology

Scope

For the first time ever, we have consolidated the ESG criteria for all the present companies in the MMF IV portfolio, namely:

- > Financière GOA
- > Européenne des desserts (EdD)
- > Prodène Klint
- > Inicéa
- > Optimum
- > Brunel
- > Lagarrigue
- > Store Novation
- > Bioclinic
- > Holweg Weber
- > LV Overseas

This is based on the 2012 data.

Criteria

The matrix consists of 67 indicators grouped within five categories:

- > Economic data
- > Governance
- > Corporate
- > Environmental
- > Social

These indicators cover the key issues in ESG. The non-financial criteria was built by Azulis Capital from the ESG reporting audits provided in 2013 by a number of our investors in order to create a single matrix covering all the data requested.

The matrix also incorporates several other standards: Grenelle II, GRI, ISO 26000 and France's NRE 2001 Economic Reform legislation.

Some 99 countries signed on to the ISO 26000 standard in 2010, which was introduced in France in 2011.

This International Standard of Social Responsibility incorporates and values on existing intergovernmental and international agreements relating to social responsibility, including the United Nations Universal Declaration of Human Rights and those adopted by the International Labour Organization (ILO), together with other UN conventions.

The ISO standard also includes safety, quality (ISO 9001) and environmental (ISO 14001) norms. It provides a systematic approach that integrates risk and opportunity analysis for all the company's stakeholders.

In order to standardise the CSR audit criteria used in its investments, Azulis Capital has decided to follow the Global Reporting Initiative in drafting its non-financial audit charts.

The criteria will be updated to reflect the private equity industry developments in the ESG approach. The long-term goal is to establish, under the aegis of the AFIC, a database of ESG criteria common to all general partners and their management companies.

Data control and validation

An Internal ESG Audit unit has been established by Azulis Capital with the support of the CFOs of the portfolio companies.

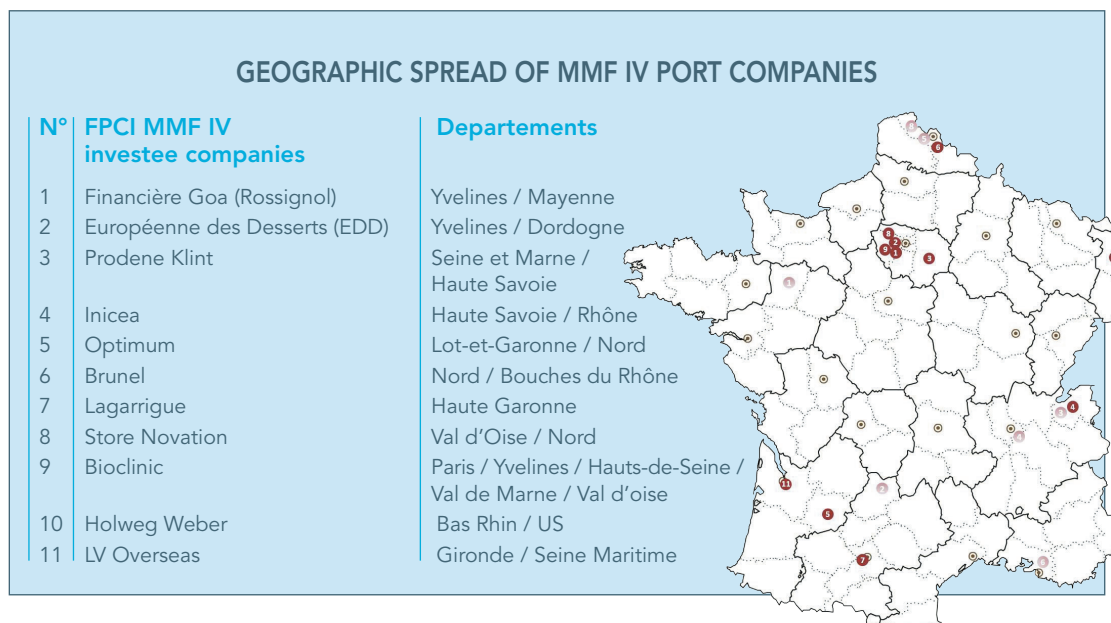
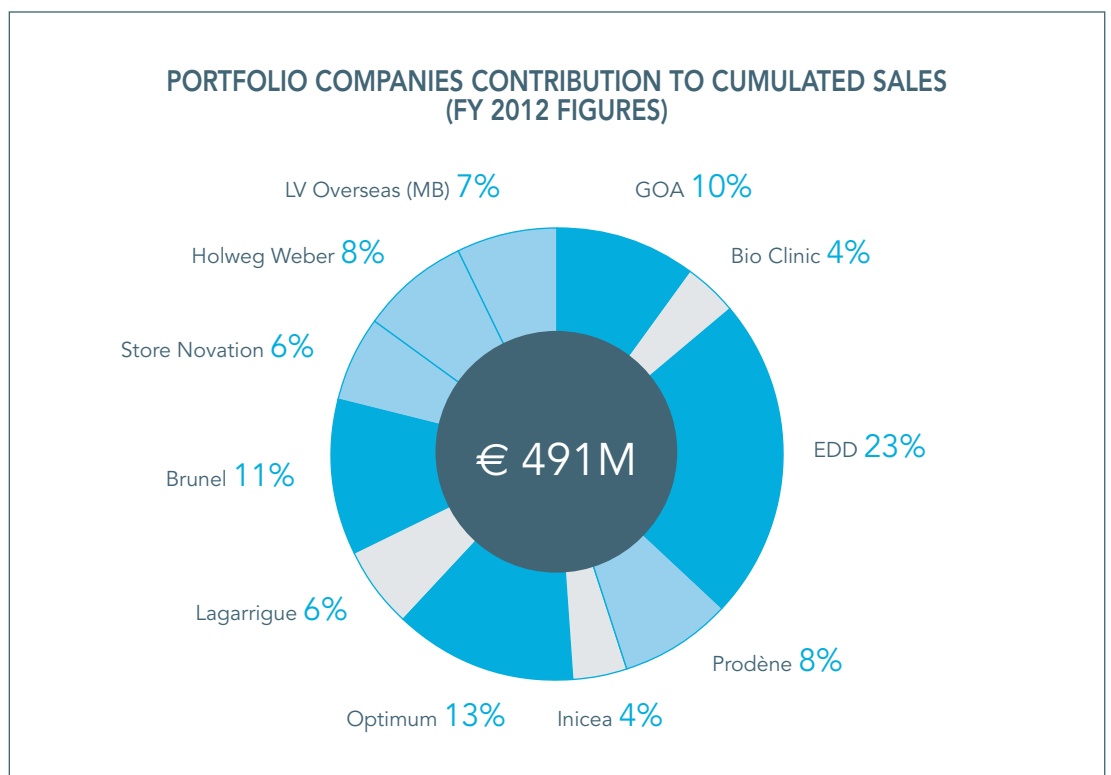
The independent consulting firm, EthiConseil, has assisted in this process.

This first Consolidated ESG Report is important because it allows us to audit our companies with reference to their CSR/ESG performance.

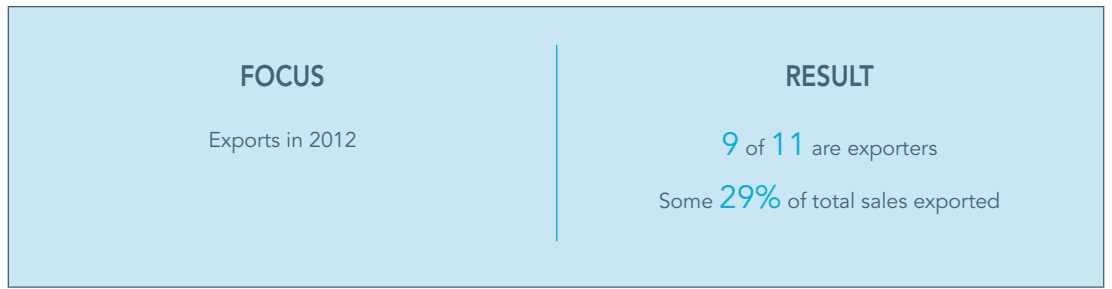
It will, in future, provide the audit framework for our portfolio companies and an assessment of their progress.

Economic data on MMF IV portfolio companies

■ Our portfolio companies are spread throughout the territory of France

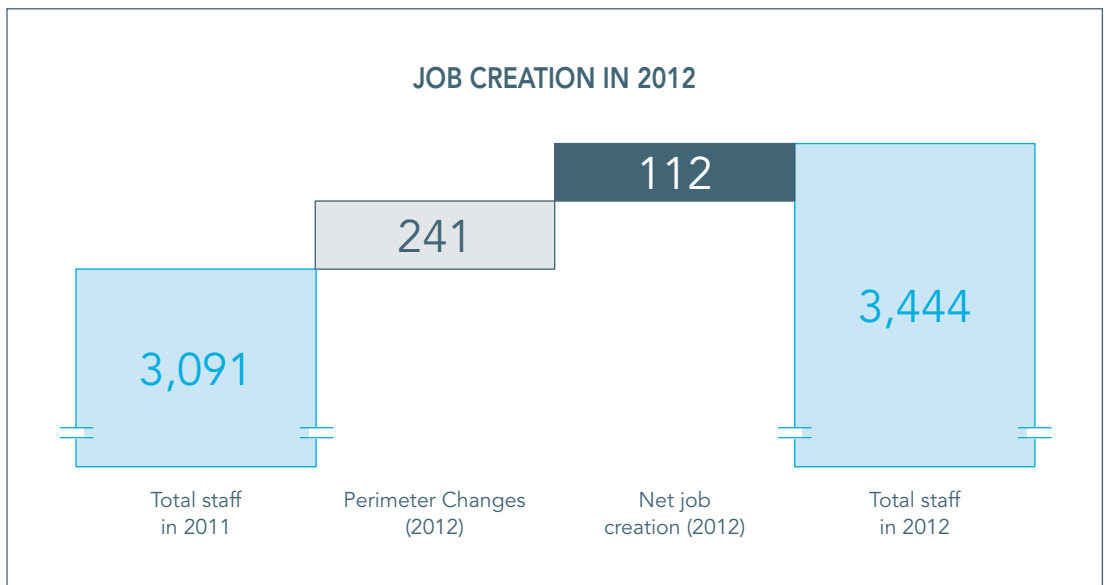
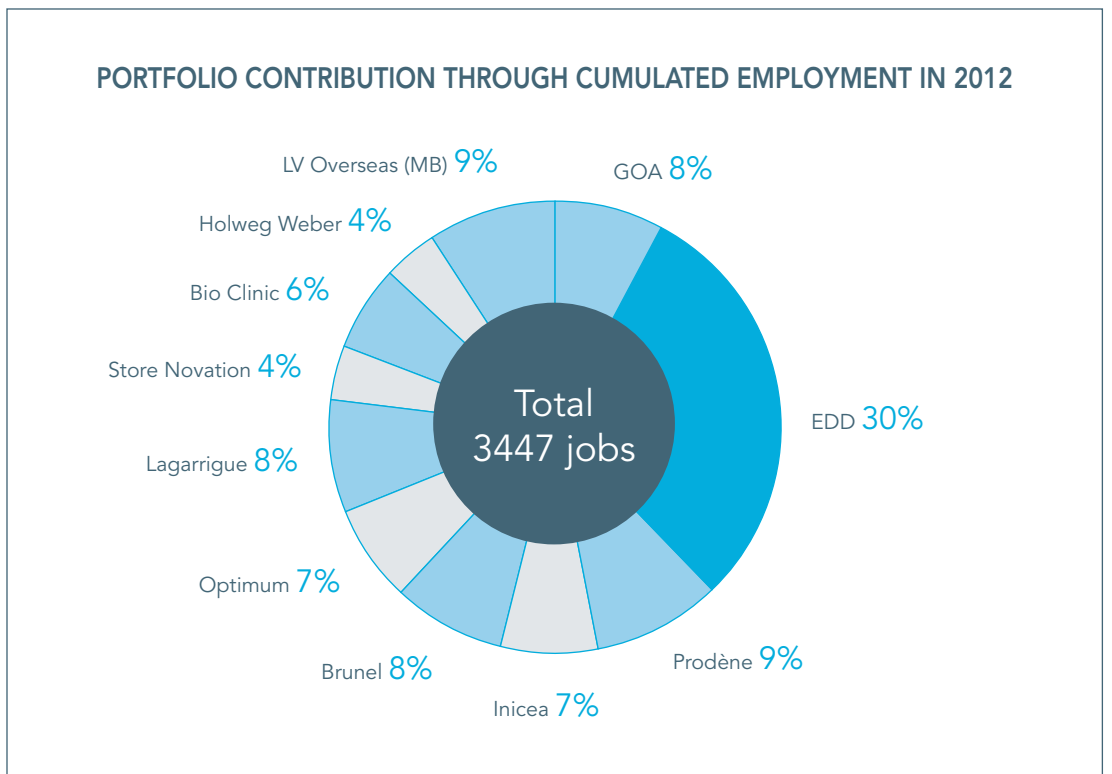


■ Supporting companies in their international development



Social Data

■ Supporting employment: 112 net new jobs created over 12 months, despite a lack lustre economy



■ Exercising responsible management of human resources, promoting dialogue and communal ties, gender equality maximising human development

	TARGET	PERFORMANCE
Employability	Recruitment and job creation	<ul style="list-style-type: none"> > Some 112 new jobs created in 2012 > 81% of employees have permanent contracts, vs 76.5% nationally*
	Training	<ul style="list-style-type: none"> > 23% of staff received training > Training hours increased by 13% in 2012
	Staff turnover/absenteeism	<ul style="list-style-type: none"> > Absenteeism rate in 2011: 3.5% vs 3.84% nationally* > Staff turnover in 2011: 10.4%
Diversity / discrimination	Implementing non-discrimination and diversity policy	<ul style="list-style-type: none"> > 1 company in 11 followed through on this policy
	Hiring handicapped persons	<ul style="list-style-type: none"> > 1.3% of the workforce in 2012 against a 2.8% nationally* > 41 handicapped staff
	Staff breakdown by gender	<ul style="list-style-type: none"> > 29.3% are women > 45% of companies have a woman on Board > 25% of Board members are women
Share in value creation	Incentive share ownership scheme introduced	<ul style="list-style-type: none"> > 7 companies in 11

* Source: Dares, Employment in France (2012)

Environmental data

■ Make business aware of its environmental impact and natural resource consumption, teach companies to respect and protect our ecosphere

WATER CONSUMPTION (for five portfolio companies)	
Water consumption	2012
Inicea	16,865
Optimum	1,646
Brunel	10,255
Store	1,190
Holweg Weber	1,285
Total	31,241

The next ESG report will include a presentation of changes in consumption patterns in each portfolio company.

10.5 Olympic swimming pools: That's the annual consumption equivalent at the five companies that have carried out an annual CSR audit.

ENERGY CONSUMPTION (for five portfolio companies)	
Energy consumption	2012
Inicea	896,561
Optimum	2,733,000
Brunel	685,498
Store	461,285
Holweg Weber	974,132
Total	5,750,476

Energy consumption equivalent to a city of 800,000 inhabitants.

TARGET	PERFORMANCE
Environmental impact of portfolio companies	<ul style="list-style-type: none"> > 7 out of the 11 companies have implemented at least one initiative to reduce their environmental footprint > 3 companies in the 11 (27%) carried out a carbon footprint audit or environmental certification for the past 5 years. Nationally, 26% of companies with 50-250 employees carried out a carbon audit in 2012.* > 5 of the 11 companies have committed themselves to an eco-design approach > 8 of the 11 companies are using an energy source other than electricity: <ul style="list-style-type: none"> • 5 companies are using gas. • 1 company uses fuel oil. • 1 company is using wood. • 1 company uses renewable energy (solar)

* source: Carbon Footprint Association.

Employment data

■ Support social commitment, cooperate for the common good

FOCUS TARGET	PERFORMANCE
Establishing an annual CSR Report	<ul style="list-style-type: none"> > One company, Européenne des Desserts, has drawn up an Annual CSR Report > Two companies are in the planning stages: Inicea and Store Novation
Support for community projects	<ul style="list-style-type: none"> > 7 of 11 companies have launched one or more social initiatives

Governance

■ Ensure best practices are applied in governance

FOCUS TARGET	PERFORMANCE
Existence of a Charter of governance or a Code of Ethics	> 1 company of the 11, Européenne des Desserts
Presence of at least one independent member on the Management or Supervisory Board	> 6 of the 11 companies
Existence of a Supervisory Board	<ul style="list-style-type: none"> > 10 of 11 companies; one as SAS (simplified limited liability company) with a Strategy Committee > 6 of the 11 companies have at least one female member on the Supervisory Board > Women comprise 16% of the members of the Supervisory Boards and Strategy Committees of the 11 companies in the fund. Women constitute 20.8% of members of the Boards of Directors of the companies in the CAC 40.
Appointment of a person responsible for ESG/CSR issues	<ul style="list-style-type: none"> > EDD has appointed a Sustainable Communication Manager. > Inicea has nominated a Manager of Sustainable Communication and Risk Management. > Store Novation has a Working Group on CSR issues



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