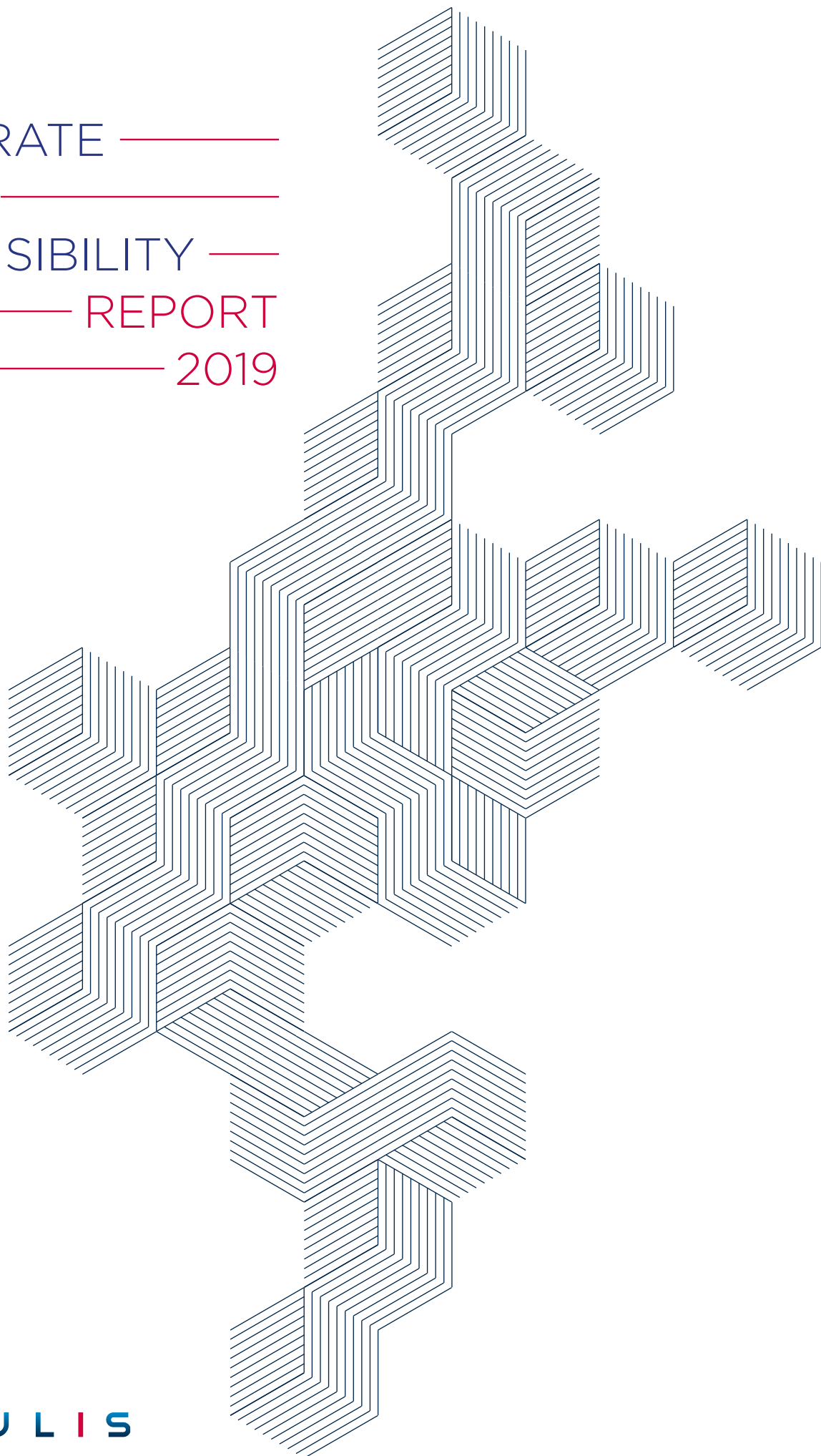


CORPORATE —  
SOCIAL —  
RESPONSIBILITY —  
— REPORT  
— 2019





## « Provide support to businesses as they grow in the ongoing quest for sustainability, usefulness and social and ecological justice »

This is our Corporate Social Responsibility (CSR) mission :

- / An inclusive mission that requires it being placed at the heart of practicing our profession of investor to support businesses in their necessary transformation to seek sustainable development in the common interest of society and the planet
- / A distributive mission that must be mindful of sharing the values generated by business development and pollinating the best CSR innovations and practices used in the interest of ecological transition and fostering social ties

In 2019, Azulis Capital opened new avenues in its CSR approach:

- / Value sharing with the desire to heed the recommendations made by France Invest with regard to value sharing, the application principles of which are enshrined in the Pacte Law
- / Carbon neutrality with the support of the firm Carbone 4: how to make a roadmap to increase our positive contribution to carbon reduction in order to go beyond simply measuring the carbon footprint, by reducing, preventing and offsetting emissions to work towards carbon neutrality
- / Gradual inclusion of the Sustainable Development Goals (SDGs) in our CSR approach to clarify and measure our real positive impacts
- / Ongoing vigilance regarding any potential discrimination (specifically Male/Female salary inequality)

With six new investments, 2019 was also a very active year for the Azulis Capital team. As we constantly strive to ensure that our CSR support is productive and transformative, we look forward to these new affiliates joining us on this ambitious CSR pathway.

### The Azulis Capital Team



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# 1. AZULIS CAPITAL

## 1.1 Our profession

A major player in capital investment in France, Azulis Capital professionally and responsibly supports small and medium businesses with high potential by providing them equity and a partnership to accelerate their dimension changes and to facilitate their transfer.

Azulis Capital is an independent management company held by its partners. It is certified by the AMF (the French financial markets authority), and is a member of France Invest and Invest Europe.

### Since 1993, Azulis Capital

**5**

fundraisings

**€1bn**

invested in  
capital

Over  
**120**

businesses  
supported

Over  
**200**

external  
growth

**€215m**

(most recent  
fundraising in 2016)

#### Investment strategy:

Driven by ethical values, commitments and principles, the team forms long-term, close relationships with entrepreneurs, pursuing dialogue in full transparency.

**Our goal is to encourage the development of our affiliates with ongoing and sustainable growth while supporting them in a transformative and impactful CSR approach.**

#### Investment:

Majority stake along with management or active minority stakes (growth capital, reclassification).

#### Size:

Businesses valued at 20 million to 120 million euros.  
Capital contribution of €7m to 30m (with our co-investors).

#### Investment term:

Between 4 and 7 years.

## 1.2 Presentation of the team

The Azulis Capital team is made up of 12 professionals, 9 of which are investors, 1 CFO and 2 executive assistants.

Over the last 20 years, the team has acquired broad experience in all aspects of investment and has developed unique know-how regarding “buy and build” operations by investing in “platform” businesses, which, over time, could become “French champions”.

The team has developed specific sector expertise, allowing it to quickly establish relationships of trust with entrepreneurs and intermediaries based on a solid understanding of the profession and the prospects of the business. The members of the management board have worked together for over 20 years focusing on four investment sectors: **Food & Beverages, Consumer & Brands, Healthcare & personal services, Business services.**



« An experienced and responsible team »



## 1.3 Our values

### PARTNERSHIP

We **support** entrepreneurial projects and growth.

We serve our managers to help them in their development.

**The team's sector approach facilitates** interactions with our interests in a pragmatic way, as well as providing a better understanding of the problems and challenges of their sectors.

### PROXIMITY - SIMPLICITY

We believe that the profession of capital investor is a **team effort**.

All our investment decisions are made **collegially and jointly** and we ensure that each of Azulis' team members feel free to express themselves and flourish in their profession.

Entrepreneurial

Collegiality and cohesiveness

**Azulis Capital**

Reasoned development

Responsible

### SUSTAINABILITY

We **prioritise internal and external growth strategies** intended for strengthening businesses' positions in their markets and likely to provide them with a more international dimension.

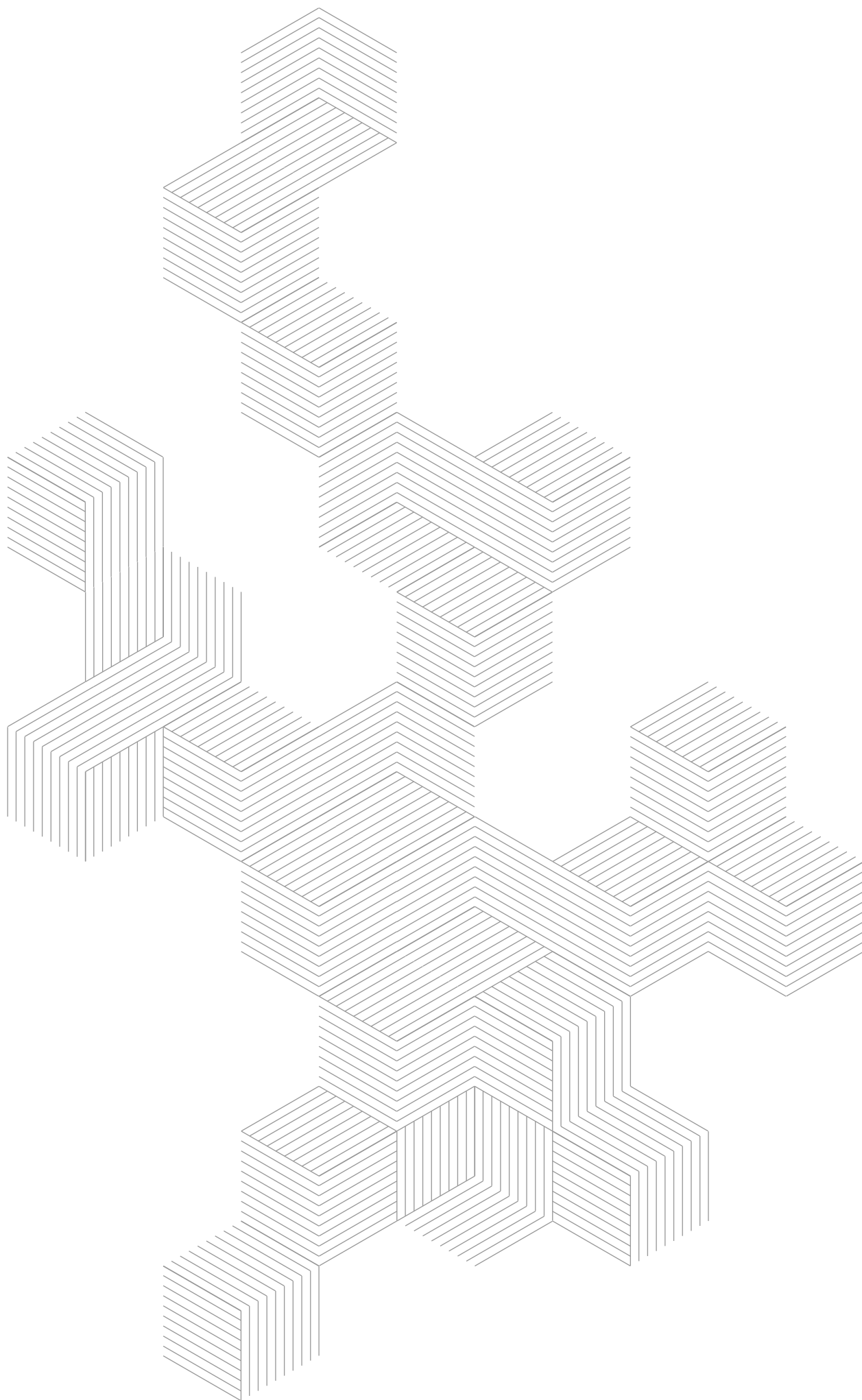
We **limit the debt leverage** in financial structures in order to **maintain** the development capacities of the business.

### PROFESSIONAL - COMMITTED

We make sure to **uphold the principles of responsibility and ethics** by building relationships of **trust, respect** and **transparency** with our investors, our affiliates and our partners.

Azulis' governance is based on strict rules and decision-making processes as well as on several oversight and exchange committees in which CSR challenges are regularly presented and discussed.



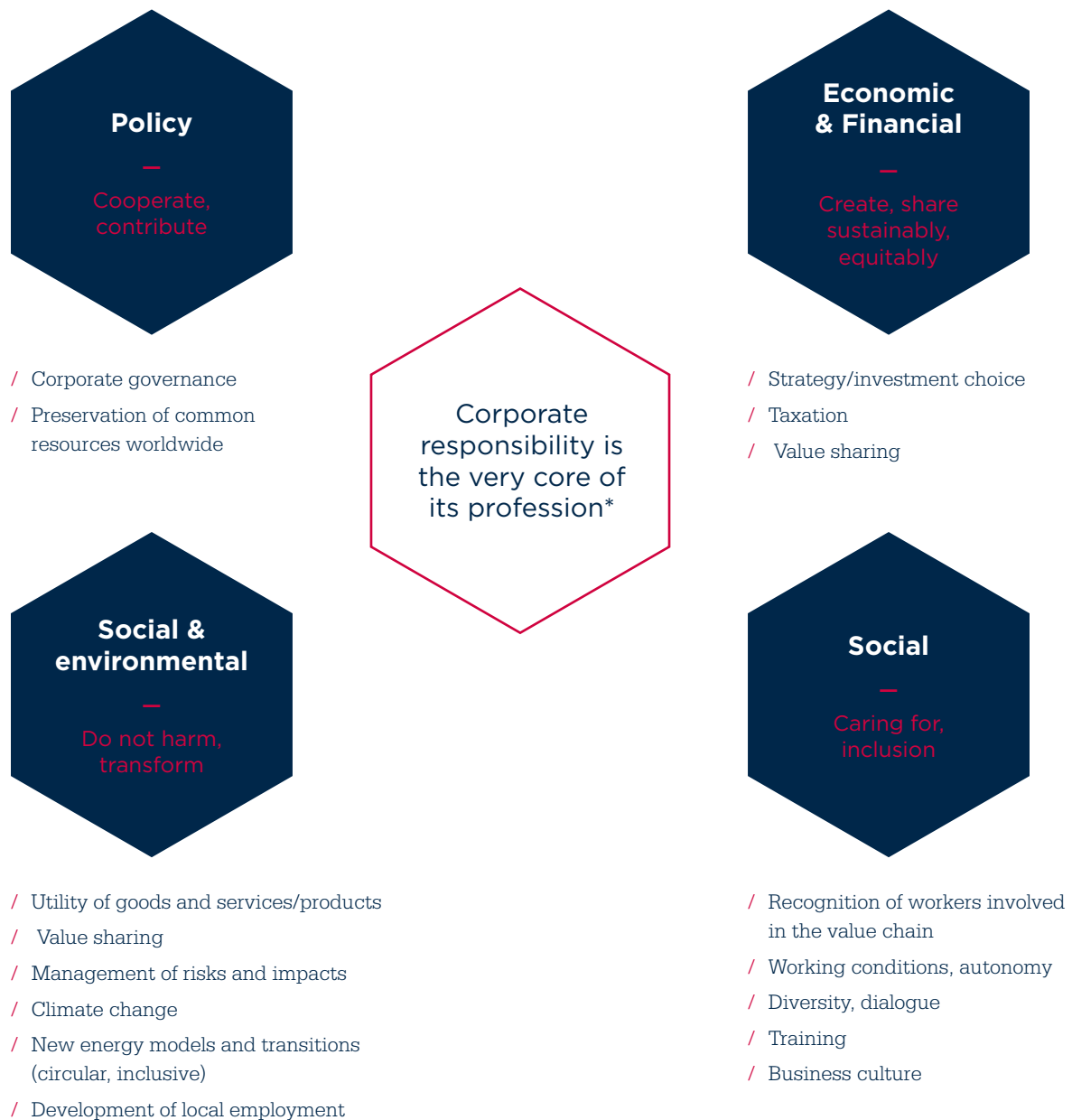


## 2. CSR MISSION AND PATHWAY

### 2.1 Responsibility and mission

**Businesses are at the heart of the large challenges facing society.** They play a key role in environmental, social and political change and transformation worldwide.

Businesses thus have multiple and widescale responsibilities divided into **four major spheres of involvement.** They are **true levers for transformation** in the creation of sustainable economic, social and ecological values.



As a responsible investor in businesses' capital, we **share** all of their responsibilities.

In this regard, our CSR mission consists of providing support to businesses as they grow in the ongoing quest for sustainability, usefulness and social and ecological justice.

\*L'entreprise comme commun, Swann Bommier / Cécile Renouard

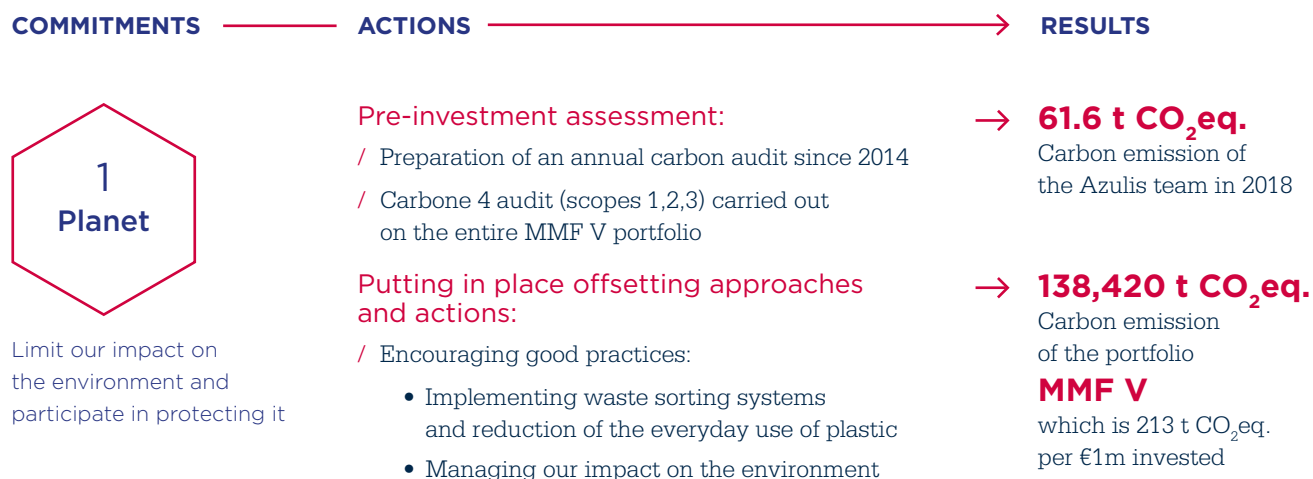
## 2.2 Our Commitments and Actions

Our CSR mission is based on fundamental principles, namely, it is:

- / **central and non-optional** (Azulis' core strategy)
- / **coherent and comprehensive** with all of the broader responsibilities of businesses
- / **impactful** with defined goals
- / **transparent, critical and vigilant** as part of open and clear governance

Our **mission** involves concrete **actions** and **commitments** that build trust in the development of ongoing relationships with our affiliates, partners and within our team.

They encourage **questioning** our development methods as well as the pathway for meeting sustainability challenges.



## 2

## Affiliates

Building awareness and putting in place our CSR approach with businesses

## Pre-investment assessment:

- / Including the CSR theme in preliminary interviews with managers, letters of intent and investment notices

→ **100%**  
shareholders' agreements now contain a clause concerning CSR commitments

## Support and transformation:

- / Conducting a CSR diagnosis
- / Appointing a CSR reference person
- / Appointing an independent director
- / Publishing a CSR report

→ **83%**  
of businesses in the portfolio

→ **67%**

→ **17%**

→ **8%**

## Transfer:

- / What are we transferring?
- / Assessment of the CSR actions and results achieved by the business

→ **5**  
companies of the portfolio have been subject to a CSR VDD at the time of their transfer

## 3

## Affiliates

Foster employment, diversity and equal opportunity

## Prioritise the development of businesses

- / Debt leveraging compatible with the financial abilities of the businesses
- / Total number of employees
- / Organic growth
- / Consolidation (external growth)

→ **2.1xEBITDA**

→ **5,276**  
employees

→ **614**  
net job creation in 7 years

→ **2,401**  
consolidated jobs as part of external growth operations in 7 years

## Fostering involvement for enhancing employee integration and development

- / Developing training
- / Improving working conditions
- / Fighting against discrimination
- / Promoting Male/Female equality
- / Sharing the value created

→ **81,190**  
The number of hours of training taken by 39% of employees

→ **6%**  
Absenteeism rate

→ **2.2%**  
Disabled workers

→ **x1.2**  
Male/Female salary ratio

→ **83%**  
of companies in the portfolio have put in place a profit-sharing policy (including shareholding)

## 4

## Team

Building awareness and training Azulis' colleagues involved in CSR issues and fostering their growth

## Team building and employee well-being:

- / Regular events
- / Improvement of the working environment
- / Putting in place annual interviews for exchanges on colleagues' viewpoints
- / Male/Female equality
- / Sharing value with all colleagues



- **50%** of women of the total staff
- **100%** of employees involved in the results of the management company
- 100%** of employees having access to carried interest

## Training and skills development:

- / Annual CSR seminars in partnership with EthiConseil and Carbone 4
- / Training in climate challenges and sustainable development for those not listed
- / Great Place To Work and Carbon Neutrality Conference

## 5

## Society

Foster the development of our home territories and their communities

## Sponsorship and non-profit support:

- / Commitment with ADIE for 10 years

- Support of 220 micro-entrepreneurs
- Creation of over 280 jobs
- Organiser of the Créadie competition



## 6

## Our Peers

Encourage and participate in development and the harmonisation of best CSR practices with regard to investment capital

## Commitments:

- / Signatory to the PRIs since 2011
- / Signatory to the IC20 (Initiative Climat20 /2020 Climate Initiative)
- / Signatory to the France Invest charter

Azulis has grade **A** since 2015 by the **UNPRI**



## Commitment within professional associations:

- / Organisation of three ESG conferences in 2018
- / Involvement within the ESG commission of France Invest



## Working groups and exchanges:

- / Active participation in the IC20 working group (Workshop 3: Advanced methodology for calculating carbon footprints and action plan)
- / Close relations with CSR / business risk experts (supply chain, cybersecurity, etc.)



## Over 10 years of Azulis Capital's commitment with ADIE

In keeping with our profession of capital investor, we have supported entrepreneurial initiatives for over 10 years through a partnership with ADIE (Association pour le Droit à l'Initiative Économique [the Association for the Right to Economic Initiative]).

Azulis Capital's contribution takes the form of both a financial commitment and especially, the availability of the entire team to fulfil the needs of entrepreneurs and creators who are excluded from the normal economic channels.

ADIE, founded in 1989 by Maria Nowak, is a well-known public-interest association that, through micro-credits, helps individuals excluded from the workforce and who do not have access to traditional bank credit for creating their businesses.

Azulis Capital's support over this period (2007–2019) has allowed for:

- / Providing support to 220 micro-entrepreneurs
- / The creation of 280 jobs



## At the ADIE General Meeting on 29 March, Christine Mariette, Donatien Noyelle and Yannick Ballandras were the 3 winners of the Créadie 2018 competition:

rising from the joint aspirations of Azulis Capital and ADIE to support the original initiatives of micro-entrepreneurs, Créadie, the Microcredit Award, rewards the innovations or development initiatives of creators of financed businesses and cases supported by ADIE.

The winners selected from among 42 regional candidates are nominated by a panel made up of business creators and members of ADIE and Azulis Capital teams.



## Yann Collignon and Gabrielle Delle Vigne provided support to the employees of Love & Green in cleaning the beaches in Landes in partnership with the association SurfRider.

Since 1990, SurfRider Foundation Europe has become a leader in the fight for protecting the ocean and those who use it, driven by the commitment of its community in the field.

SurfRider Foundation Europe is a non-profit association, in charge of protecting and restoring lakes, rivers, the ocean, waves and shorelines.

Today, it has over 13,000 members and is involved in 11 countries through its volunteer chapters. SurfRider Foundation Europe is involved in 3 specific areas for which the organisation has acquired well-known expertise for nearly 30 years: aquatic waste, the quality of water and the health of those who use it, restoration of shorelines and climate change.



## Commitments and actions

The Azulis Capital team, in partnership with Carbone 4, conducted a training workshop on the theme of carbon offsetting.

The goal of this innovative workshop was to consider a strategy for carbon neutrality for Azulis concerned with:

- / Working on reducing the team's emissions (eco-friendly practices, recycling, limiting travel, etc.)
- / Continuing to encourage reducing emissions within portfolio holding (carbon audits, definition of the CSR pathways, exchange policies with interests, etc.)
- / Reflecting on and committing to carbon offsetting projects carried out in France by associations active in carbon neutrality



## Measure / Reduce / Offset

### Active participation in the 2020 Climate Initiative (IC20) working group

IC20 reflects the commitment of French Capital Investment actors to measure, manage and reduce the greenhouse gas emissions of companies in their portfolios.

Azulis Capital, signatory of IC20 since 2016, participates in the "Workshop 3" working group which handles the advanced methodology for calculating carbon footprints and establishing an action plan.

A three-step approach:

1. In the investment phase: assessment of the carbon challenge in the future development of the business
2. During the holding phase: raising team awareness; analysing the materiality of the business' carbon impacts; based on the issues, thorough calculation and definition of an action plan to reduce emissions and adapt to climate change
3. During the transfer: assessment of the significant progress made

# iC20

Relying on the expertise of well-known firms (PwC, Carbone 4), Azulis Capital has conducted carbon audits of its affiliates to better understand the climate challenges in its portfolios and make recommendations for reducing the carbon footprint.

A bottom-up approach centred on the main greenhouse gas emissions sources scopes 1, 2 and 3 / Emissions taken into account:

- / Direct: on site / by the audited entity (a business, administration, product, territory, individual, etc.)
- / Indirect: by others (clients, suppliers, employees)





## 2.3 Pathway and Goals

### Aims

Our CSR approach consists of finding the best pathway possible for supporting businesses seeking sustainability, usefulness and social and ecological justice for sustainable development.



### 2018 - 2019

- / First social climate enquiries
- / Committing to a plan to balance the carbon footprint with certain affiliates
- / Carbon Neutrality Workshop

### 2017

- / Awarded Swen Capital ESG prize for Best Practice Honours
- / Carrying out carbon audits for affiliates of MMF V funds
- / Supervising the drafting of the ESG guide "Capital Investissement acteur du développement durable" [Sustainable Development Capital Investment Actor]



### 2016

- / Signed up to IC20.
- Active participation in working groups



### 2014

- / Azulis' first carbon footprint reading

### 2013

- / Azulis' first CSR report

### 2011

- / Signed up to PRI



### 2010

- / Azulis Capital CSR Charter
- / Collaboration with France Invest



### 2007

- / Launched partnership with charity ADIE





## GOALS 2020

Implementing a first  
integration of the SDGs  
within the CSR approach

Conducting an assessment  
of the social climate  
with our affiliates in  
the healthcare sector

Engaging in a carbon  
footprint reduction plan  
with our affiliates  
in the industrial and  
distribution sectors

Putting in place  
mechanisms for  
value sharing

Putting in place  
a carbon offset  
mechanism  
at the Azulis level

# 3. IMPLEMENTING OUR CSR PRACTICES

## 3.1 Methodology

Our CSR approach extends across all phases of our profession



### PRE-INVESTMENT

#### 1. Review of the investment opportunity

##### « Awareness / understanding where we stand »

- / Including the CSR theme in preliminary interviews with managers, letters of intent and investment notices
- / Carrying out ESG Due Diligence
- / Insertion of specific clauses in shareholders agreements



### INVESTMENT PHASE

#### 2. Support and transformation

##### « Long-term action »

##### I. Implementing our “essentials”:

	Situation en 2018	Objectifs	
<b>UNDERSTAND AND ORGANISE</b>			
Conducting a CSR diagnosis	83%	100%	↗
Appointing a CSR reference person	67%	100%	↗
Appointing at least one independent director	25%	100%	↘
<b>ACT (MATERIAL OPERATIONALITY OF IMPACTS)</b>			
Risk map (supply chain, cybersecurity, etc.)	0%	100%	=
Measuring the greenhouse gas footprint (climate level)	92%	100%	=
Social climate survey (human level)	33%	100%	↗
Creating a CSR action plan	42%	100%	=
<b>FOLLOW-UP AND DECLARE</b>			
Integration of CSR in the Strategic Committees agenda	50%	100%	↗
Publishing a CSR report	8%	100%	↘

The team must promote integration of the CSR approach within corporate governance bodies e.g. the strategic committee, cooperation with independent directors and CSR on board agendas.

##### II. Enhancing the approach

- / Regular exchanges on the risk map, social climate surveys and the action plan
- / Work on the culture, the decision-making processes and the organisation of the business with regard to the challenges identified
- / Consideration and integration of innovative CSR approaches specific to the business' activity sector



### TRANSFER

#### 3. Transfer

##### « What are we transferring? »

- / Implementation of a CSR Vendor Due Diligence
- / Assessment of the CSR actions and results achieved by the business

## 3.2 Example : Father & Sons

### - A “finely spun” CSR approach



FATHER & SONS

#### Presentation of the Company

**The business:** Founded by the Mliczak family in 1994 with the opening of the first boutique in Paris, Father & Sons is today a men's ready-to-wear brand with 48 stores in France and Belgium.

#### Missions and Ambitions:

The two priorities of Father & Sons are to take care of their clients and their employees. The company's development strategy is based on four pillars:



##### Expectation

Attain our goals through our retail obsession.  
DETAIL IS RETAIL: culture and performance obligation



##### Benevolence/Generosity

Develop each talent so that women and men advance with the business



##### Transfer

Between generations, between friends, with our customers, enhance family and social ties, collaboration, nurturing the DNA



##### Human values

Authenticity, justice, elegance, enthusiasm

#### Shared journey and support of Azulis Capital

- 2014** Azulis Capital investment
- 2015** An independent director enhances the Supervisory Board Meeting with the firm Ethiconseil
- 2016** A CSR diagnosis is conducted for identifying areas of improvement in terms of governance, product placement and offers, HR strategy, environmental impact, etc.
- 2017** REACH training of the sourcing teams and launching of a policy for selecting suitable suppliers (product safety, reducing the carbon footprint by favouring local sourcing, etc.)  
Beginning of managerial transfer: Thierry Herbé becomes Managing Director and puts in place a Management Committee
- 2018** Conducting of a social climate survey:  
90% of employees are satisfied with their working conditions;  
95% of employees say they are proud to be a part of the business  
Beginning of the partnership with the association La Cravate Solidaire which helps the long-term unemployed get back to work
- 2019** Publication of the first CSR report



#### Testimonials

“I am convinced that these relationships established with our partners, our values, established with the entire business as well as our mission, the foundations of a strong identity, have a significant role to play for our customers in their search for uniqueness, for our teams in their quest for meaning, and for our suppliers in providing them with a long-term secure future and building solid relationships for the future. Our brand and our teams have development projects for the next 10 years and I am particularly proud to mention our societal action with La Cravate Solidaire as well as the creation of the ETHIQUE label to put our respect and our commitments for the planet and for humanity on full display.”

Thierry HERBÉ, Managing Director

“Father & Sons has undergone a radical transformation over the last five years. Today, the company has some 20 additional stores and has been thoroughly restructured and organised while striving to remain abreast of a ready-to-wear market in which operational excellence alone is rewarded with strong performances. This transformation is enshrined in a very comprehensive CSR approach and one that today impacts every level of the business: governance, product sourcing, management and training of teams, with customer satisfaction at the top of the agenda... Always with the overriding theme of Human development.”

Caroline CHEMEL (Azulis)

3.3 Our MMF V affiliates







### Activity

Boulangerie industrielle

### Location

Siège social : Lomme (59)

### Sales revenue

65 M€ (2019)

### FT employees

211 (2019)

### Investment date

01/03/2017

### CSR Reference

Claire Michelin

### Key indicators

Training hours (2018)

**3,439** hours  
with **172 employees**

Training budget:

**2.7%** of the total payroll



The Novepan group is a specialist in frozen bakery products intended for specific markets: premium bread products, snacking products and pizzas sold in large retail outlets, in the restaurant and catering sector, in France and in Europe.

Born of the fusion of three industrial actors – Grain d'Or Gel, created in 1988 in the North of France, Lubrano et Fils, a business from a family bakery founded in Sète in 1934, and Bionatis, created in 2002 and specialising in the production of organic products – the group has 5 industrial sites in France: Lomme (59), Dunkerque (59), Rouen (76), Haute-Rivoire (69) and Giguean (34).

### Climate focus\*

#### Emissions produced (scopes 1,2,3):

76 kt CO<sub>2</sub>eq. (2017 data – updating of data for the 5 sites underway)

#### Emissions reduced (scopes 1,2,3):

4.57 kt CO<sub>2</sub>eq. (2017 data – updating of data for the 5 sites underway)

#### Main challenges:

- / Energy consumption (process)
- / Refrigerant fluid leaks
- / The use of high carbon content agricultural products

#### Recommendations:

- / Reduce refrigerant fluid leaks/ substitute lower impact fluids
- / Reduce energy consumption
- / Prioritise local/national suppliers, as is the case for wheat, the most consumed raw material

### CSR approach

Beyond the Valorise or EcoVadis (ACCOR group) approaches, the CSR approach was actually initiated with GreenFlex and BPI on a methodology beginning with two diagnostics (in Dunkerque and Giguean) followed by defining a CSR mission with 3 priority areas related to Product offers, Human and Social Aspects as well as the protection of resources.

Novepan products comply with the Clean Label charter, prioritising local purchases and suppliers engaged in CSR approaches.

Furthermore, the Group has strengthened its position on organic products by acquiring one of the main actors in the sector. In the social realm, safety at work is a priority issue, and the number of work accidents has fallen by one-third in one year, namely by putting in place security visits at the workplaces. Finally, in the environmental area, energy savings have been made by recycling heat generated by compressors, by equipping the sites with LED lights, by establishing policies for separating waste and purchasing recycled boxes.

There is also a plan to substitute refrigerant fluid with other fluids that have a lesser impact on the ozone layer and the greenhouse gas effect.

The group's 5 sites are all IFS Food Superior Level certified and three sites are also BRC Food certified.

### Manager testimonial

“ At Novepan, more than ever, we are convinced that long-term company performance is inseparable from its ability to understand CSR issues. In 2019, we launched a structured CSR approach and were supported by a specialised firm. After the discovery phase, we defined our CSR mission with its three pillars, oriented on products, social aspects, and the environment. Our objective for 2020 is to take it further by launching the approach with all colleagues and including the indicators in the action plan formalised and validated by the CSR committee. Respect for customers, consumers, colleagues, stakeholders, products and the environment remain the key words of our approach.”

Jean-Manuel LEVEQUE, President

\*Source: Findings of the review by Carbone 4 related to greenhouse gas emissions (scopes 1,2,3) conducted in 2017



The Destia group is one of the major actors for personal services to individuals in France. It arose from the March 2015 merger of Avidom, a specialist in Ile-de-France in helping elderly people remain at home, and Sous Mon Toit, a regional specialist for frail people. The group is active nationally through a network of 90 agencies.

**Activity**  
Home services

**Location**  
Orléans (45)

**Sales revenue**  
€69m (2018)

**FT employees**  
2,396 (2018)

**Investment date**  
26/02/2016

**CSR Reference**  
Xavier Mura

## Climate focus\*

**Emissions produced** (scopes 1,2,3):  
2.4 kt CO<sub>2</sub>eq.

### Main challenges:

- / Work-home travel of colleagues
- / Energy consumption

### Recommendations:

- / Raise employee awareness of the carbon balance
- / Raise awareness within teams of the benefits of eco-driving

## CSR approach

In the context of Qualisap certification, all Destia establishments have successfully completed external assessments and renewed their certificates for three years.

2018 saw the group strengthen their training and integration approaches, bringing the volume of training hours taken by the teams to over 50,000 hours.

Destia also implemented with the public job search over 12,000 hours of training, leading to the hiring of 45 people. The goal of professionalising the field and administrative teams thus facilitated the training of 1,013 people in 2018.

In terms of transportation, Destia, through an ever more efficient sectorisation, seeks to reduce travel times and distances travelled to carry out the group's missions.

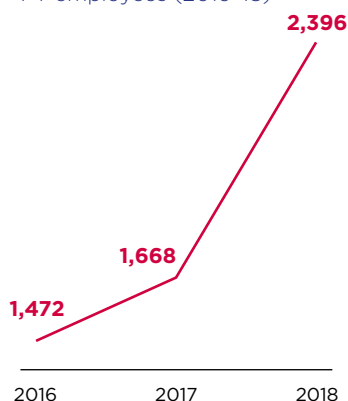
Destia also offers its employees an overall long-term rental offer with a special discount on new combustion engine and electric vehicles that are more economical and produce fewer emissions with combustion engines and electric motors. The first of these vehicles were delivered in 2019.

Furthermore, the Destia group has widely communicated to encourage its teams to develop solutions using carpooling or public transport (specifically, trains).

Mindful of ensuring improved working conditions for its teams without this causing harm to the environment, Destia has equipped its headquarters with a water bar with filtered or sparkling water thus reducing the use of plastic bottles.

## Key indicators

Change in the number of FT employees (2016-18)



Proportion of executive women (2018)

**43%**



## Manager testimonial

“ The well-being of our colleagues and beneficiaries is a key issue for our Group. It is impossible to guarantee the high level of quality that our clients have the right to expect without our employees feeling good in their mission and in their business. Creating a true sense of belonging in our group is a constant challenge that is met through listening, respect and the commitment of all of us. Putting employees at the heart of the system is essential today for a company where humans are the foremost creator of value.”

Xavier MURA, President

\*Source: Findings of the review by Carbone 4 related to greenhouse gas emissions (scopes 1,2,3) conducted in 2017





Established in 2007 in Lyon by Pascal Vivier and Julien Cohen, the company [laboutiqueofficielle.com](http://laboutiqueofficielle.com) is an online sales site for urban ready-to-wear collections (called streetwear or urban-wear) specialising in the sale of fashion clothing, shoes and accessories (caps, watches, sunglasses).

The business has an original positioning centred on urban culture at the crossroads of the worlds of music, sports and performing arts.

#### Activity

Online urban clothing

#### Location

Dardilly (69)

#### Sales revenue

€50m (2018)

#### FT employees

71 (2018)

#### Investment date

11/07/2017

#### CSR Reference

Pierre Valat

#### Climate focus\*

**Emissions produced** (scopes 1,2,3):  
12.6 kt CO<sub>2</sub>eq. (which is 254 t CO<sub>2</sub>eq./€1m)

#### Main challenges:

- / Manufacturing of raw materials
- / Freight (specifically, airline freight)

#### Recommendations:

- / Sourcing cotton with a low environmental impact
- / Continue to replace airline freight with another type of freight

#### CSR approach

Further to the work done by Ethiconseil (CSR Diagnosis) and Carbone 4 (Greenhouse gas audit), the business has taken a number of initiatives:

#### Climate:

- / "Carbon neutrality" partnership with the French Postal Service
- / Increasing importance of local sourcing by leveraging the increased strength of their brands
- / Replacements of LED lights in the warehouse
- / Putting in place a policy of separating waste

#### Social:

- / Putting in place an annual equal contribution for all employees
- / Bringing the teams together around moving to a new site (warehouse and offices) in April 2020

#### Organisation:

- / Designating a CSR reference (P. Valat)

#### Value chain:

- / Launching a line of eco-responsible clothing under its brand
- / Choosing certain suppliers on the basis of environmental criteria

#### Key indicators

Net job creation (2018)

**+21%**  
(vs. 2017)

#### Manager testimonial

“100% of LBO's colleagues are proud of their business and have faith in its future! This is what emerged from an internal survey conducted in June with our employees. And since we are convinced that LBO's success is the fruit of everyone's involvement, we regularly share it with our "Road to 100" which forecasts our activity doubling in 2023. Beyond economic performance, it consists of a human project that relies on participatory management and empowerment at all levels. We feel that maintaining our business culture and guaranteeing the well-being of our employees while growing LBO is essential. We are thrilled at the growing commitment of actors in the fashion industry in terms of CSR. At LBO, we have already begun implementing concrete measures such as prioritising local sourcing for our own brands, changing to organic and ethical cotton for products printed internally, launching an LBO eco-responsible collection in 2020, recycling our waste... Beyond our personal conviction, we are convinced that a CSR approach generates value for all actors in the chain and for our customers as well.”

Théa ROSIN, Managing Director

\*Source: Findings of the review by Carbone 4 related to greenhouse gas emissions (scopes 1,2,3) conducted in 2017



### Activity

Organic products retailer

### Location

Les Pennes Mirabeau (13)

### Sales revenue

€54m (2018)

### FT employees

213 (2018)

### Investment date

22/10/2015

### CSR Reference

Emmanuel Dufour

Established in 2008 in Venelles by its current manager Emmanuel Dufour, Marcel & Fils, in the Provence-Alpes-Côte d'Azur region, is one of the regional distribution leaders specialising in organic products.

Today, the brand has a network of 30 stores and offers more than 7,000 organic items from among the largest in the market. The stores located in commercial activity areas reflect a drive to make organic products available to consumers by offering the convenience of large retailers.

The brand has distinguished itself by developing the "Organic gourmet" concept, operating 3 Marcel à Table restaurants, and showcasing regional producers.

### Climate focus\*

**Emissions produced** (scopes 1,2,3):  
30 kt CO<sub>2</sub>eq. and 840 t CO<sub>2</sub>eq./€1m (2017)

#### Main challenges:

- / Production of agricultural goods
- / Consumption of refrigerant fluid

#### Recommendations:

- / Map the energy consumption of the points of sale and put in place an action plan for the most energy-intensive/carbon-intensive stores
- / Identify locations that are easily accessible for transportation for future stores

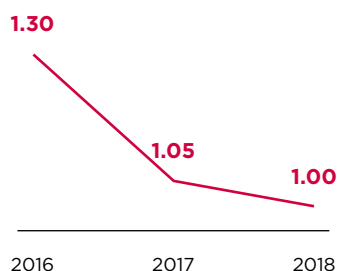
### CSR approach

The business has been developing a CSR approach based on several actions:

- / Foster and structure a short-circuit supply chain with local producers by taking advantage of the abundance of organic agricultural and vinicultural establishments in the Provence-Alpes-Côte d'Azur region
- / Collect fresh local produce with Marcel & Fils' own logistics
- / Strengthen oversight of the supply chain, questionnaire and dialogue with the suppliers for Marcel & Fils brand products, "co-branded" and the products that present risks in terms of traceability
- / Take action to reduce energy consumption at stores e.g. replacing old refrigeration systems with newer, less polluting ones
- / Increase the purchasing power of employees by offering bonuses to more employees

### Key indicators

Male/Female salary ratio



### Manager testimonial

“ At Marcel & Fils, the traceability of products is paramount. Each producer is subject to a visit by our purchasing manager in order to verify operating conditions: layout of the site, certification, compliance with production/surface area ratios. Additionally, we are launching an innovative social approach, seeking to pay agricultural employees working on our partner producer sites part of the profits generated through the harvest. We have also launched collaboration with a robot manufacturer dedicated to agriculture, to provide technological advice and solutions to conventional producers who would like to convert to organics.”

Emmanuel DUFOUR, President

\*Source: Findings of the review by Carbone 4 related to greenhouse gas emissions (scopes 1,2,3) conducted in 2017



Vivalto Vie was created in January 2015 from the takeover of the group Fides, an independent regional actor specialising in the creation and management of retirement homes (EHPADs– housing establishment for dependent elderly persons).

It is active in Poitou-Charentes-Pays de la Loire and more recently in Ile-de-France.

#### Activity

Retirement homes

#### Location

Poitou-Charente  
Pays de Loire

#### Sales revenue

€42m (2018)

#### FT employees

506 (2018)

#### Investment date

29/01/2015

#### CSR Reference

Guillaume Raoux

#### Climate focus\*

**Emissions produced** (scopes 1,2,3):  
4.6 kt CO<sub>2</sub>eq.

#### Main challenges:

- / Energy consumption
- / Purchasing products and services
- / Work-home travel

#### Recommendations:

- / Identify the most energy inefficient buildings
- / Raise staff awareness of the impact of work-home travel (carpooling)

#### CSR approach

Ethical issues are at the heart of managing Vivalto Vie establishments. Therefore, several measures have been implemented at the Group level and with each establishment in order to oversee the well-being of patients (establishing a vade mecum, regular meetings within the group and in each establishment on the subject of proper care, drafting of a charter underway...)

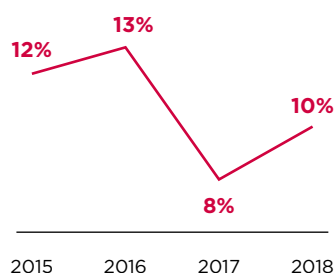
A training program has also been offered to employees on the protection of the environment: selective sorting, carpooling, accountability for energy consumption, weekly monitoring of water usage.

Additionally, the Vivalto Vie group has put in place innovative services such as telemedicine and art therapy.

Mindful of continuing to improve its CSR strategy, in early 2019 Vivalto Vie conducted a CSR diagnosis with the company Ethifinance to work on the various areas for improvement.

#### Key indicators

Absenteeism rate (2015–2018)



Female employees (2017)

**88%**

#### Manager testimonial

“ At Vivalto Vie, the quality of care and services for residents and the working conditions of our employees are at the top of our agenda. Training the managers of establishments and the employees who help the highly dependent elderly is one of the responses that the group provides daily. We have developed new tools and new systems geared to improving care for our residents and the working conditions of our employees (absenteeism rate of 8–10% is far below the average for the sector). ”

Guillaume RAOUX, Managing Director

\*Source: Findings of the review by Carbone 4 related to greenhouse gas emissions (scopes 1,2,3) conducted in 2017



Meotec is a French consulting firm specialising in project management, purchasing and economic performance.

The company was created in 2005 by Richard Caron, former manager of operations at Altran. It has developed primarily by internal growth.

Meotec is mainly involved in the sectors of industry (with client such as Thalès, Airbus), transportation (Alstom, SNCF), healthcare (Sanofi), energy (Total) and the financial sector (BNP Paribas)

#### Activity

Business consulting

#### Location

Boulogne-Billancourt (92)

#### Sales revenue

€35m (2018)

#### FT employees

232 (2018)

#### Investment date

21/03/2018

#### CSR Reference

Pascal POUILLOUX  
– Deputy General Manager

#### Climate focus\*

**Emissions produced** (scopes 1,2,3):  
0.9 kt CO<sub>2</sub>eq.

#### Main challenges:

- / Work-home travel of colleagues
- / Energy consumption at the headquarters

#### Recommendations:

- / Raise employee awareness of the carbon balance (50% of employees use public transportation)
- / Measure the energy performance levels of the buildings

#### CSR approach

- / Access to capital of the 7 associates and 32 managers and employees
- / Appointment of a CSR reference person
- / Existence of a CSR charter and an ethics charter
- / Conduct a Happy At Work survey in 2018
- / Certified Silver in 2019 by Ecovadis
- / Male/Female salary difference less than 2% for equal responsibilities
- / Work on a mission dedicated to handicap accessibility in the business
- / Microdon may be able to allow employees to donate the portion of their salary rounded down to whole amounts to associations known for working in the public interest

#### Key indicators

Proportion of executive women consultants (2018)

**48%**

#### Manager testimonial

“ Being the manager of a business means being responsible for integrating into its tactics an approach that is resolutely humane and ‘proper’. The men and women that make up our business, our colleagues, are its prime assets. We provide chances for atypical personalities, and both the young and seniors for whom we know their value. That is why we are betting on an ambitious and demanding management that is nevertheless resolutely respectful and caring. Thus, our ‘manager charter’ is a tool for management, communication, cohesiveness, training and personal development. The well-being of our colleagues and their adherence to our values are inseparable from our success, for their smiles and trust boost our productivity. We have programs for prevention, safety at work, we equitably redistribute the same amount of profit sharing to each employee without factoring in age, position or seniority. We encourage ergonomics. We help social-development associations through skills-based sponsorship. We support sporting associations and educational programs. Finally, even though our environmental contribution is low, we made the choice “to inhabit” an HQE (high environmental quality) building, and we have put in place a program to reduce paper waste and plastic disposables, logistics for selective sorting and recycling, and a plan to reduce energy consumption.”

Richard CARON, President

\*Source: Findings of the review by Carbone 4 related to greenhouse gas emissions (scopes 1,2,3) conducted in 2017



Jordenen is among the French leaders in the market of promotional products.

The company distinguishes itself through its Corporate Offer intended for large groups or multisite businesses which represent over half of its sales revenue. Jordenen manages some 30 websites dedicated to its clients.

The company, which is headquartered in Orléans, has four showrooms in France and employs over 88 people.

#### Activity

Promotional objects

#### Location

Orléans (45)

#### Sales revenue

€25m (2018)

#### FT employees

85 (2018)

#### Investment date

27/03/2018

#### CSR Reference

Majda BENCHEKROUN

– QSE Manager

#### Climate focus\*

##### **Emissions produced** (scopes 1,2,3):

15.5 kt CO<sub>2</sub>eq.

##### **Main challenges:**

- / Purchasing policy of the Group (raw materials, freight)
- / Energy consumption

##### **Recommendations:**

- / Foster efforts towards energy efficiency in the group's buildings
- / Develop offers based on products made with recycled raw materials
- / Continue to promote CSR dialogue with suppliers

#### CSR approach

Jordenen has long developed strong CSR sensitivity:

- / Jordenen has been a member of the Global Compact since 2012
- / An individual is in charge of CSR within the business and a CSR charter has been made available on the group's website
- / The business is ISO 9001 and ISO 14001 version 2015 and Qualiserv certified
- / Environmental and social practices form an integral part of discussions and negotiations with suppliers
- / The supply chain has been assessed at the GOLD level by Ecovadis for the third consecutive year
- / The automobile fleet includes 3 electric vehicles
- / A CSR/SDG mission is underway within the company

#### Key indicators

Training hours (2018)

**948** training hours  
with **88 employees**

Proportion of executive women (2018)

**70%**



#### Manager testimonial

“ I would like Jordenen to progress in terms of visibility, growth and commitments, and to continue its strong involvement and participation in terms of sustainable development. We are committed to including the principles of the Global Compact as well as the Sustainable Development Goals (SDGs) in our business strategy, our operating procedures and our area of influence through our stakeholders. We place special emphasis on the role of governance as a central pillar to the CSR approach. Work has been undertaken with stakeholders to create a dialogue procedure that is in keeping with our business values and responsibilities.”

Derek ROHDE, President

\*Source: Findings of the review by Carbone 4 related to greenhouse gas emissions (scopes 1,2,3) conducted in 2017

### 3.4 A year rich in investments for the Azulis team



#### Activity

Coverings, plumbing,  
waterproofing

**Sales revenue**  
€22,2m

**Investment date**  
29/01/2019

#### Activity

Hélios is one of the key actors in the Paris region market for services dedicated to the building envelope (roof maintenance, waterproofing and plumbing).

The group mainly performs renovation and maintenance work with a diversified customer base including public housing agencies, regional councils, city halls and asset managers in the private sector. The Hélios group is very involved in the market of energy-efficiency renovation.

“ All of Hélios’ management and myself are thrilled with this new step to continue our efforts in the market of energy efficiency renovation to be able to live and prosper from our activities in keeping with our values and those of our clients.”

**Jean-Christophe BLOT, President**

# ENVIRONMENT / HABITAT / PROTECT /  
SOCIAL / BUILD / COVER / RENOVATE



#### Activity

Public sector softwares

**Sales revenue**  
€17m

**Investment date**  
30/09/2019

#### Activity

Eksaé is an HR and accounting software company for the public sphere. Through its services, Eksaé takes part in digitalising and modernising public services.

Former subsidiary of the Cegid group, Eksaé was taken over in September 2019 by its team and Azulis Capital which decided to support the group in its development strategy.

“ Joining Azulis Capital, has provided the opportunity for the Cegid public sector business to become a key player on its market with a strategy entirely focused on serving the clients of this sector. The team thus benefited from all the resources necessary for its development potential in a stable market that is in full digital transformation. Eksaé’s clients benefit from the support of a serious and responsible investor.”

**Laurent LEENHARDT, Manager of the ERP BU, Eksaé**

# SERVICES / SOFTWARE / LOYAL / COLLECTIVE /  
DIGITAL / NETWORK / INNOVATION





### Activity

Natural hygiene products

Sales revenue

€20,6m

Investment date

30/07/2019

### Activity

Established in 2011 by Céline and Gabriel Augusto, Love & Green is a pioneering French brand in the natural and ecological nappies sector. The company offers a large range of natural products for both baby and feminine hygiene.

“ Responding to the high expectations of young parents seeking healthy products that are more respectful of the planet, Love & Green's wish is to grow the market for natural and ecologically friendly hygiene products and to have a positive and sustainable impact on its ecosystem.”

Gabrielle DELLE VIGNE (Azulis)

# COMMITMENT / NATUREL / CREATIVITY / LOVE / INFANT / PROTECTION / IMPACT / FAMILY / GREEN







#### Activity

Importation of  
Italian products

#### Location

Monaco (98)

#### Sales revenue

€46.8m

#### Investment date

12/03/2019

## Activity

Created in 2002 by Roberto Mengozzi, Ital Passion specialises in importing and distributing Italian food products in France. The group offers over 500 items with premium positioning. The group adheres to a view towards responsible consumption, favouring the quality and authenticity aspect of its services.

In 2017, the company developed a line of organic products that were a major success.

“ I was receptive to the professionalism and dynamism of the of Azulis Capital teams, their knowledge of agri-food issues will allow us to continue to develop in the years to come in the world of Italian products.”

**Roberto MENGOZZI, President and Founder**

“ Roberto Mengozzi and his team were able to meet the high expectation of French consumers seeking products typical of Italian gastronomy by relying on their intimate knowledge of small to medium food businesses of the Italian Peninsula and Sicily. We believe that Ital Passion already has strong development potential by continuing to expand its sourcing, offering new products adapted to French tastes and strengthening its presence in the various distribution channels.”

**Pierre JOURDAIN (Azulis)**

# AUTHENTICITY / QUALITY / PLEASURE / SUNSHINE /  
CREATIVITY / RESPECT / ITALY / PASSION / GRAZIE!





### Activity

Wine cellars and  
refrigeration equipment

### Sales revenue

€51.0m

### Investment date

30/09/2019

## Activity

The Frio group creates and sells wine cellars and refrigeration equipment for individuals and professionals.

Relying on the French vinicultural tradition, Frio is a producer with a focus on quality. Its factories are certified and its products undergo rigorous tests and oversight based on specific protocols. The innovative products of the Frio group companies are constantly evolving, especially in terms of energy consumption (A and A+).

“ We were impressed by the dynamism of the management team as well as its strong cohesiveness. Frio is also highly committed to the quality of their products, with rigorous quality management processes involving dual control of purchases and a very strong quality monitoring policy with its suppliers. We are thrilled to support this group in its quest for international expansion, its innovative strategy (connected cellar) and its policy of diversification, in particular, in medical refrigeration.”

**Astrid CLOAREC and Julien HESS (Azulis)**

# INNOVATION / COHESIVENESS /  
EXPORT / QUALITY / PLEASURE /  
COLD / WINE / MEDICAL / SAVOIR FAIRE



## 4. CONSOLIDATED EXTRA-FINANCIAL DATA

### Scope of the compilation

#### MMF IV

LV Overseas  
Father & Sons  
Rossignol  
Ital Express  
Ceme

#### 2018 exiting businesses:

Mademoiselle Desserts  
Holweg Weber  
Bioclinic

#### MMF V

Destia  
La Boutique Officielle  
Marcel & Fils  
Vivalto Vie  
Novepan  
Jordenen  
Meotec

#### 2018 entering businesses:

Meotec  
Jordenen

### Referencing and oversight

#### Reference

Grenelle II, GRI, ISO 26000 standard, law NRE 2001, United Nations Sustainable Development Goals (SDGs)

#### Oversight and validation of data

Internal auditing put in place by Azulis Capital with the support of the financial managers of the interests to validate the cohesiveness of data.

For the fifth year running, we have a consolidation of CSR criteria for 100% of the MMF IV and V portfolios at 31 December 2018 (12 interests) from a CSR questionnaire sent to each of our affiliates. This questionnaire was made up of 94 indicators collected annually (details follow) related to 4 analysis categories: Environment, Governance, Social Issues and Economics.

### Our compilation grid



#### Environment

**Limit** Azulis' and its affiliates' impact on the environment (climate, pollution, biodiversity, etc.).

**Evaluate, anticipate, prevent, take advantage** of the changes related to climate change, and the energy and ecology transition.



#### Gouvernance

**Establish** at Azulis and with its affiliates governance mechanisms that allow the business to maximize its value creation in the present and the future.



#### Economics

**Support** businesses in their transformation and ensure their economic longevity.

**Create and share** value for all stakeholders.



#### Social / Societal

**Foster** the well-being and the development of Azulis' and its affiliates' colleagues.

**Participate** in developing the areas where Azulis and its affiliates carry out their activity.

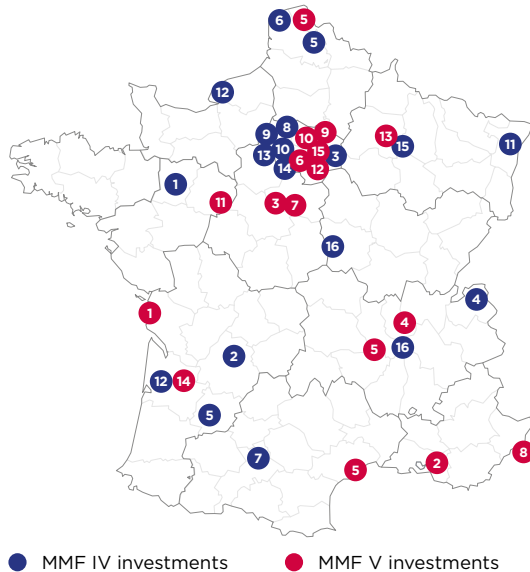
The purpose of reviewing this extra-financial criteria grid is:

- / to support businesses in their CSR strategy and their transformation
- / to make them aware of the current risks and issues (cybersecurity, supply chain, social climate, etc.)
- / to facilitate dialogue and exchanges structured around their business culture and their pathway.

## 4.1 KPIs – Economic data

### Geographic location and economic impact

Geographic distribution of MMF IV and MMV investment funds managed by Azulis Capital



Sectoral distribution of MMF IV and MMF V investment funds (in number of affiliates)

Food & Beverages



**22%**

Consumer & Brands



**22%**

Business services



**29%**

Healthcare & personal services



**26%**

**The sector division** of our investments reflects our wish to diversify portfolio risk and profit from all the opportunities offered within these various sectors. Geographically, our affiliates are located throughout France.

Percentage of exporting companies

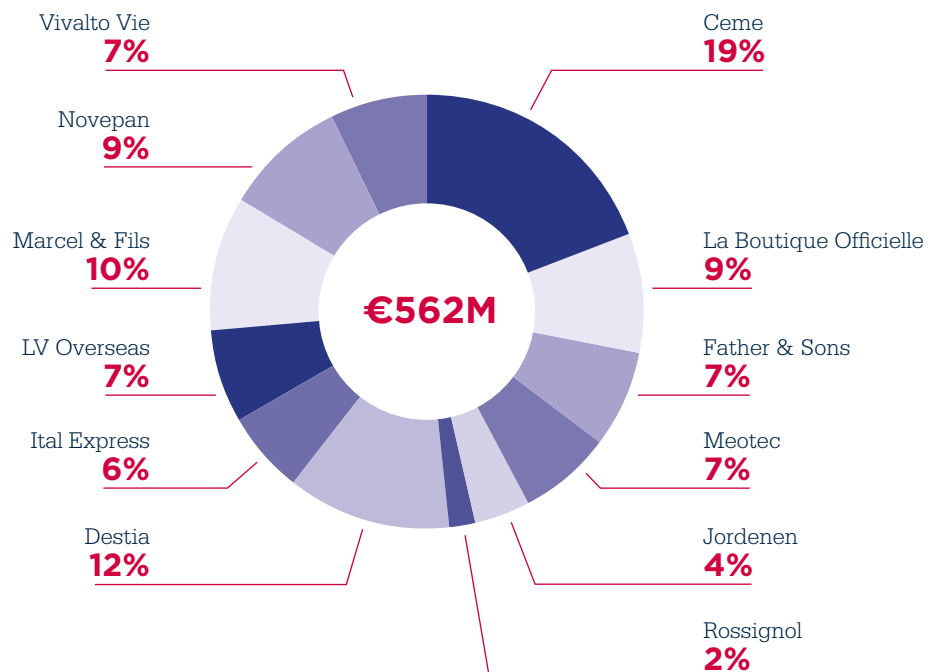
**58%**  
(-4% vs. 2017)

Portion of sales revenue for exports carried out by these businesses

**19%**  
(-2% vs. 2017)

Over half of our affiliates generate sales abroad. The non-exporting businesses are businesses in the services and healthcare sectors primarily targeting the national market.

Measure of activity of businesses in the portfolio by their sales revenue (business year 2018)



### Our ambition:

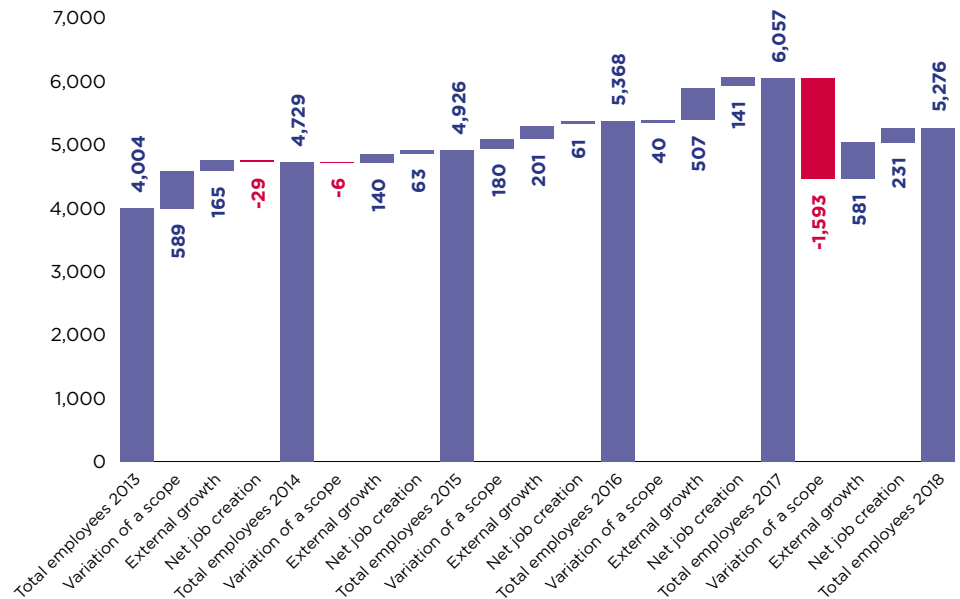
- / To continue to take part in the development of regional small and medium businesses.
- / To develop our affiliates' export business for promoting France's influence worldwide.

## 4.2 KPIs – Données sociales

### Employability

We observe **net job creation of 467 jobs** between 2013 and 2018, during an economic period that was not favourable to job creation. The good performers for job creation over this period are companies providing services to individuals, the sectors of large-scale distribution and agribusiness.

Creation of jobs since 2013 – Changes in employees

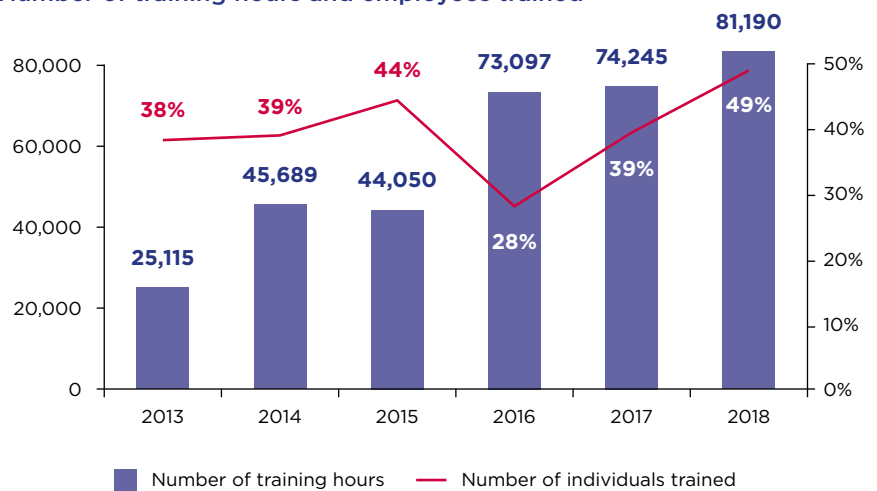


The number of **training hours** as well as the number of individuals trained slightly increased in 2018 compared to 2017.

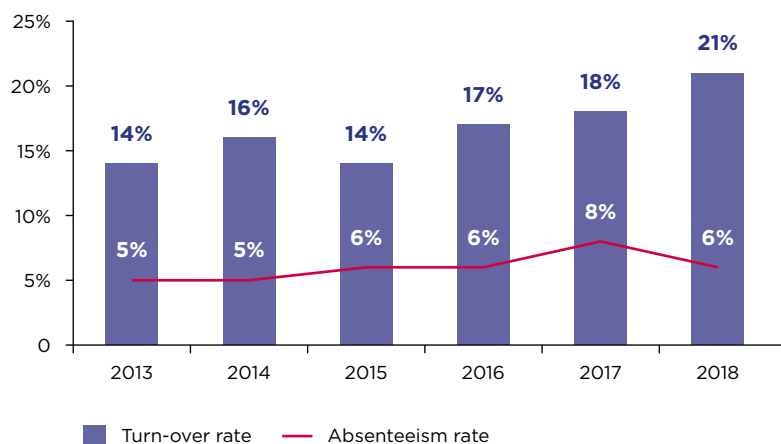
The **rate of employee turn-over** with our affiliates has increased for the fourth consecutive year and specifically in the sectors of healthcare and services within which this indicator is structurally high. Specific actions have been taken with some of our affiliates (social climate survey) to reverse this trend.

On the other hand, the absenteeism rate has decreased compared to 2017.

Number of training hours and employees trained



Turn-over and absenteeism

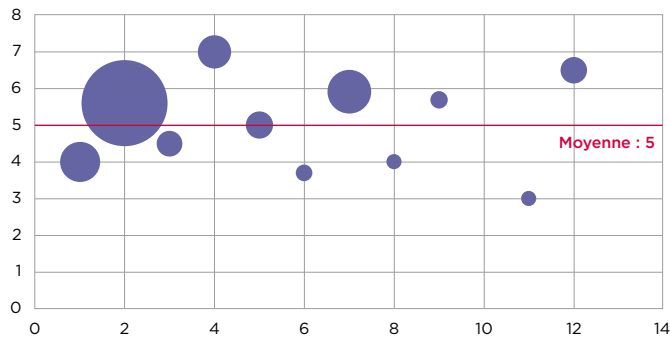


## Sharing value created

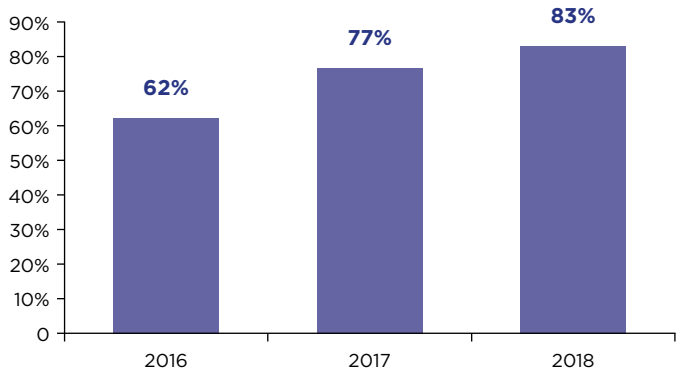
We pay special attention to the indicators regarding the **wage gap**, which are well-known factors in the deterioration of the social climate of businesses.

The increase on the part of our businesses having a **profit-sharing plan** for their employees results from putting in place such policies at Marcel & Fils and La Boutique Officielle.com.

### Division of companies based on the multiplication factor between the lowest salary and the highest salary and the number of employees



### A profit-sharing policy (including shareholding), put in place

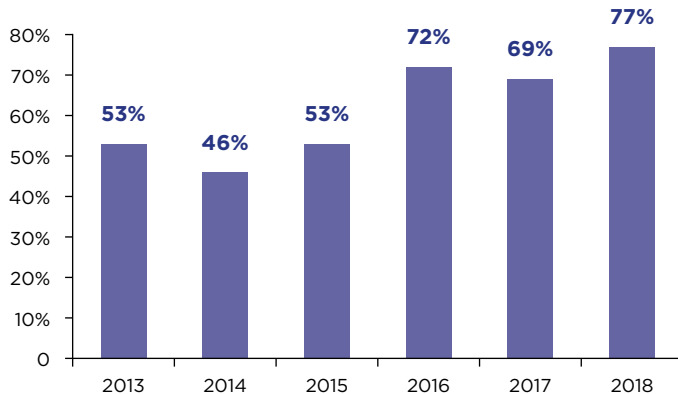


## Diversity and fighting discrimination

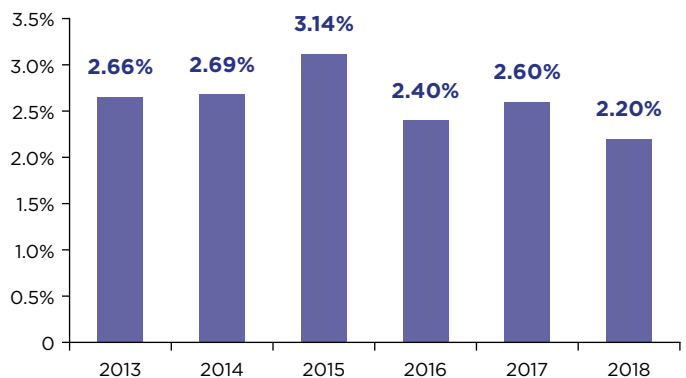
Promoting **equality** and **diversity** holds a fundamental place within our CSR approach.

The higher percentage of women among the employees in part results from the high numbers in the sectors of healthcare and services to individuals in our portfolio, where they are very highly represented.

### Percentage of women



### Percentage of disabled workers



### Male/Female salary ratio

**x1.2**  
(= vs. 2017)

## Our ambition:

- / Improvement to the social climate is a key goal of our approach as responsible investor, we are also particularly vigilant on changes to criteria such as training, the absenteeism rate, the employee turnover rate and the employment of women which is structurally higher in healthcare and which has become the predominant sector of our portfolio in terms of the number of employees.
- / To meet this goal, we have begun conducting social climate surveys with some of our affiliates. These surveys will be generalised for our entire portfolio in the years to come. The Azulis team chose social climate as the CSR training theme in 2018.
- / Azulis pays particular attention to the management committees of our affiliates being more inclusive to employees.

## 4.3 KPIs – Environmental data

### Environmental impact

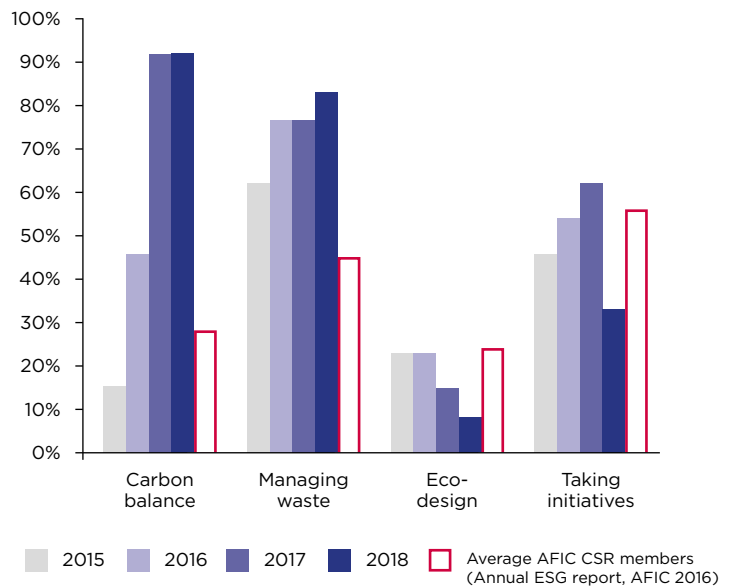
The environmental impact of the companies in the portfolio has increased in 2018 compared to 2017.

This is explained in particular by the efforts made by Azulis Capital's interests regarding initiatives to reduce their environmental footprint.

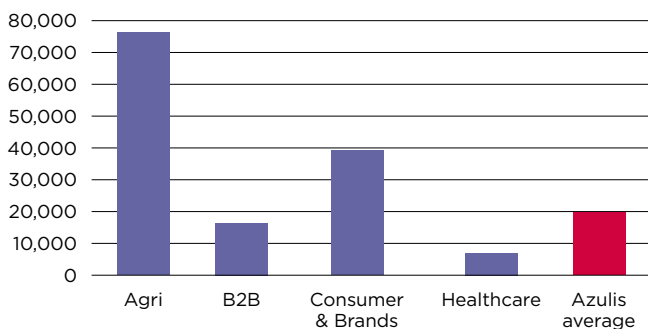
The businesses in our portfolio taking into account environmental subjects is overall higher than the average shown by France Invest (consolidated ESG report, France Invest, 2016).

Our commitment to IC20 has led us, since 2016, to carry out an assessment of the carbon footprint of 12 businesses in the MMF IV and MMF V portfolios.

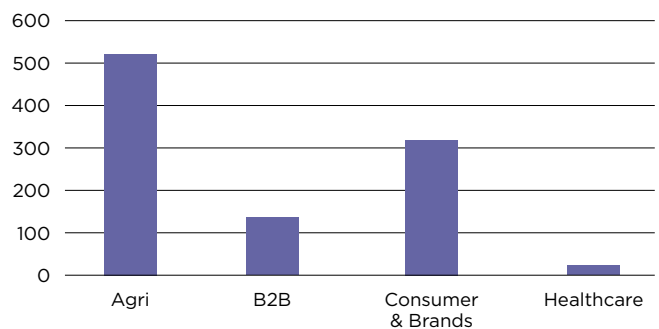
Percentage of businesses taking into account the 4 environmental themes



CO<sub>2</sub> emissions by activity sector (in t CO<sub>2</sub>eq.)



Carbon intensiveness by business sector (in t CO<sub>2</sub>eq./€1m invested)



The analysis reveals that the agribusiness companies, and to a lesser degree those developing the commercial activities of purchasing and selling B2C products, have a higher carbon intensity than those operating in the B2B distribution and healthcare sectors.

The emissions of these businesses are essentially indirect (87% on average for scope 3). They are largely from the upstream supply chain of the businesses studied, which limits their immediate actions to reduce these in missions.

### Our ambition:

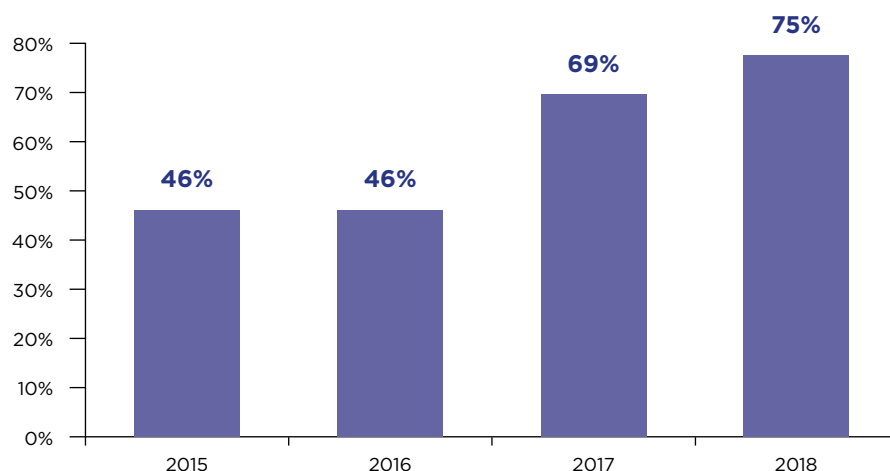
/ Azulis Capital is committed to following over time the changes to the Climate KPIs adapted according to the businesses' professions and to set 3-year goals for improving these KPI.



## 4.4 KPIs – Societal and governance data

### Societal data

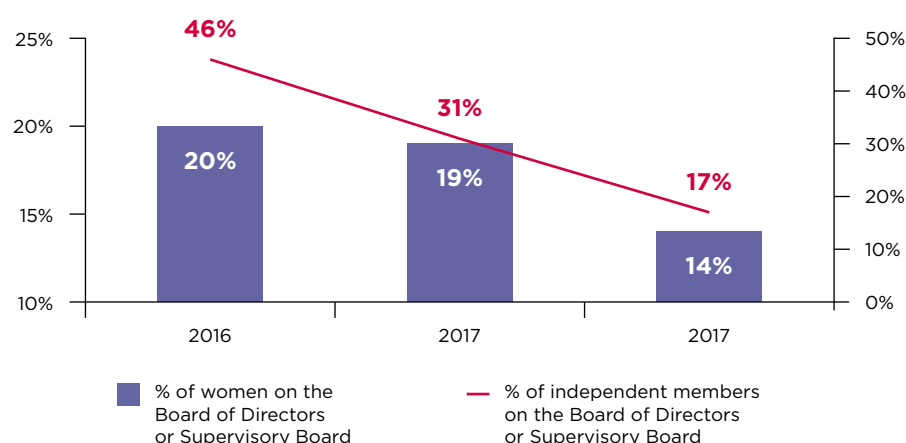
#### Support for non-profit/sponsorship projects



**9**  
of our affiliates  
supported non-profit  
projects in 2018

### Governance

#### Composition of boards



**42%**  
of our affiliates  
have a code of  
governance or  
an ethics charter

**67%**  
have designated a  
person responsible  
for ESG issues

The proportion of women on the Board of Directors and/or Supervisory Boards of our affiliates has decreased since 2016.

The decrease in the percentage of **independent members** on these boards results from a correction of the data collected. Nevertheless, we intend to improve this percentage.

The presence of a CSR reference person with each of our affiliates is part of our essential goals to identify the vector and initiator of CSR approaches within the business.

#### Our ambition:

- / We seek to increase the proportion of our affiliates having a **code of governance** or an **ethics charter**. In fact, it seems to us that formalising such a document would further the consolidation of the values and ambitions of the company for the various layers of the business. This constitutes a foundation for the further pursuit of responsible approaches.
- / Azulis will closely monitor supervisory boards to ensure they are more inclusive to employees and include independent members.

## NOTES



