



AZULIS
capital

/ESG REPORT 2014





ESG ANNUAL REPORT 2014

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EDITORIAL

ESG ANNUAL
REPORT 2014

« Our mission is to support companies over the medium term by supporting them to realise a joint endeavour - based on shared values, commitments, mission and vision - to reach new levels of achievement »

July 30, 2015,

In a time of growing stakeholder requirements and new business opportunities arising from responsible development strategies, globalisation and digitisation, **Azulis Capital** aims to support companies integrating this growing complexity. Such businesses must also innovate and foster deeper understanding between man and the economy, technology and the environment as well as the quality of social ties and solidarity.

So it is with conviction that we are reasserting our strategic approach to ESG and CSR. Our mission is to support companies over the medium term by supporting them to realise a joint endeavour - based on shared values, commitments, mission and vision - to reach new levels of achievement.

Many portfolio companies have made progress on social issues (such as job creation) and governance (strengthening boards and committees and addressing gender equality). More than half have committed, following CSR diagnosis, to projects that have already borne fruit, as witnessed by three entrepreneurs, later in this report.

New data shows the economic environment remains challenging and has impacted the social climate within companies. Focus on environmental issues is not yet a high priority for some portfolio companies. We have accounted for the contrasting state of the CSR data within the portfolio companies in full transparency; and we are giving full attention to these issues.

After five years experience, we are convinced that CSR must play a major role within business projects, heightening their coherence and impact. It is imperative that, together with the Stakeholders, we increase our vigilance and take action. This must be achieved for the good and proper management (the «nomia») of our common home («oikos»).

Which takes us back to the Greek term Oiko-nomia (managing the household, the root of the modern term «economics») and so to the prime object of any responsible economic act.

Franck Boget
Managing and Founding partner

Yann Collignon
Managing and Founding partner

1. PRESENTATION OF AZULIS CAPITAL

For over 20 years, the Azulis Capital Team has operated as a Private Equity GP accompanying French mid-size companies and their management in a professional and responsible manner. It is guided by values, commitment and the principles of ethical governance.

1.1

Our business focus

One of the leading independent Private Equity French players (LBO and growth transactions), Azulis Capital, focuses on SME's headquartered in France.

We provide private equity solutions that meet the capital needs of the company, and are also appropriate to each shareholding structure. This may involve a majority stake alongside management (LMBO) or becoming an active minority stakeholder (capital development or replacement capital).

Tending to focus on companies with an Enterprise Value of €15 million to €150 million, we have a «soft spot» from €30 million to €80 million.

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

Azulis Capital offers entrepreneurs and managers full partnership, within a proactive four to seven years business plan. It begins with a capital contribution of €8-€15 million and provides full deal-structuring with underwriting up to €30 million.

Since 1993, Azulis Capital has invested some €735 million through four funds in 105 companies. The focus has been on platforms with the capacity to become French champions, mainly via an external growth strategy based on acquisitions.

Our latest fund, MMF V, is currently under fund raising. Its final closing is expected to take place by summer 2016.

Azulis Capital Team strengthened

Anne Costasèque joined Azulis Capital in May 2015 as Partner, alongside Franck Boget, Yann Collignon, Nicolas Cosson, Pierre Jourdain, Bruno Lavollé, Christine Mariette and Michel Rowan, supported by Gilles Pérony and André Bélard, now Senior Advisors.

Anne began her career at Orange where she held a range of operating posts in its Business Development division, given her prior training as an engineer (at Telecom Paris) and Insead business school (where she graduated with an MBA). In 2002, she joined Orange's corporate venture fund, before the Natixis group's dedicated new tech fund, Seventure.

Anne Costasèque brings her extensive expertise in IT and communications technology to the Team, strengthening all four of Azulis Capital's major investment sectors (food industry, consumer goods & retail, healthcare and corporate services).

A STRONG, EXPERIENCED AND HIGHLY RENOWNED TEAM



André Bélard
Senior Advisor



Franck Boget
Managing and founding partner



Caroline Chemel
Manager Investment



Yann Collignon
Managing and founding partner



Nicolas Cosson
Partner



Anne Costasèque
Partner



Gabrielle Delle Vigne
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
Senior Advisor



Michel Rowan
Managing and founding partner

2. ESG REPORT AND OUTLOOK

Azulis Capital's 2010 decision to build its values, commitments, practices and convictions into an ESG framework is at the very heart of its business plan. As a result, the Team is committed to progress by ensuring its portfolio companies implement a CSR approach, and the development of a genuine corporate culture of social responsibility.

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

It is also a measure that reveals tensions within a company and so can be used to resolve them. Accordingly, it strengthens the quality of both internal relations and those with all stakeholders.

2.1

Level of commitment and integration: Azulis Capital's ESG approach

ESG practices in private equity investment are in line with the Principles of Responsible Investment (PRI) promoted by the United Nations (UNPRI). These focus on six commitments to:

1. Take ESG issues into account in the investment analysis and decision-making process.
2. Be active investors, bringing ESG criteria into consideration in shareholder policies and practice.
3. Require portfolio companies to publish information on ESG issues.
4. Promote the adoption and implementation of the Principles by all parties involved in asset management.
5. Work 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.

The Team's commitment to the process was formalised when Azulis Capital signed up to the UN's Principles for Responsible Investment (PRI) on December 15, 2011.

After four years deployment, we have the experience to assess our level of commitment and achievement in integrating ESG criteria into our investment practices, and compare it with standards in the private equity industry across France.

PRI and AFIC standards rank ESG practice at three levels:

- **Compliant:** with the regulations and investors' requirements.
- **Player:** targeting risk management, active dialogue with stakeholders.
- **Leader:** actively managing ESG, looking for opportunities, differentiation policies, and integrates stakeholder expectations into strategic approach.

■ **At the management company level**, according to consultants EthiConseil's assessment, Azulis Capital has, over the course of five-years, reached a level in its ESG approach that can be described as a *Leader*.

ESG ACTION TAKEN (BY COMMITMENT LEVEL)	CONCOMPLIANT	PLAYER	LEADER	AZULIS CAPITAL
At management company level				
Formulation of ESG policy/ESG Charter	✓	✓	✓	✓
Signing up to PRI		✓	✓	✓
ESG diagnostics: Management company		✓	✓	✓
Employee training		✓	✓	✓
Appointment of employee to lead ESG approach	✓	✓	✓	✓
Execution of carbon footprint assessment			✓	✓
Environmental impact management (waste sorting, water and energy consumption, etc.)		✓	✓	✓
PRI report		✓	✓	✓
Responding to investor questionnaires	✓	✓	✓	✓
Voluntary ESG report, re management company			✓	✓

■ **Viewed from MMF IV and MMF V portfolio companies**, Azulis Capital, having started at the Compliant level of commitment, looks set to reach the Player level within two to three years.

ESG ACTION TAKEN (BY COMMITMENT LEVEL)	COMPLIANT	PLAYER	LEADER	AZULIS CAPITAL
At portfolio company level				
ESG due diligence on investment	✓	✓	✓	Simplified due diligence
ESG due diligence on divestment			✓	-
ESG diagnostics on portfolio companies		✓	✓	46% of portfolio
Carbon footprint assessment		✓	✓	15% of portfolio
Support for portfolio company ESG approach during growth phase	✓	✓	✓	38% of portfolio
Azulis report, including CSR action at portfolio company level			✓	✓
Report covering financial and non-financial elements			✓	-
Non financial ratings			✓	-
Publication of ESG report, by portfolio company		✓	✓	7% of portfolio

Accordingly, the ESG approach is systematically presented in all our preliminary discussions with management, in our letters of intent, investment notes and shareholder agreements.

The pre-acquisition ESG due diligence is carried out by the team based on a simplified questionnaire.

ESG due diligences at exit were non-existent in 2014. This is a matter on which the team will move forward in the near future.

Once the investment has been made, Azulis Capital's primary goal is to have a CSR audit carried out by a consultant, 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, with management, the areas for improvement, setting goals and formalising the process in terms of corporate culture, innovation and energy savings.
- > Develop agility and flexibility within organisations, and mobilise teams on projects that are concrete and meaningful.
- > Introduce KPI's to measure CSR progress, and report on it.

Azulis Capital believes that the CSR audit is the **key starting point** for any efficient deployment over time.

CSR provides a major foundation for the business project, and the development strategy for any company. Through this it expresses the fundamental and common elements of its human and professional values, its commitment, vision and mission.

By the end of 2014, some 46% of MMF IV's portfolio companies had carried out or launched a CSR audit.

Two of its 13 portfolio companies had carried out a CO2 audit (i.e. 15% of total portfolio).

One company in the portfolio, EDD, had published an annual CSR report. Two, Store Novation and LVO, were to post their first report in 2015.

2.2

Actions taken in 2014

In 2014, Azulis Capital continued its commitment to promote internal CSR pre-diagnostics for all new portfolio companies, to be followed by full diagnostics for all majority controlled companies.

Accordingly, the three acquisitions made in 2014 - Ital Express, CEME and Father & Sons - were subject to simplified CSR pre-diagnostics.

Within its portfolio, Azulis Capital continued to deploy in 2014 an ESG approach at the corporate level, **despite greater difficulties**. In consequence, only two companies have launched a full CSR diagnosis.

The goal was to have at least 70% of MMF IV portfolio companies carrying out CSR diagnostics by end 2015, and have them signed up to **an action plan** focusing on:

- > A global business plan
- > Changes in corporate culture to place people, including the clients, back at in the heart 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.

This goal should be completed by end 2016.

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- Integrating in the 2014 Annual Report all ESG actions taken regarding detailed in MMF IV's Annual Report on the portfolio companies.
- Completion of a first annual ESG report integrating non-financial indicators on all MMF IV shareholdings.
- Reducing the Team's environmental impact.
- Contributions made by Azulis Capital to AFIC's ESF commission.
- Continuation of our partnership with ADIE aimed (as achieved in 2014) at growing our relationships with regional agencies (Lyon, Nantes and Paris).

Affiliates in MMF IV portfolio companies

- Continued implementation of CSR approach: Six (including two in 2014) of the 13 portfolio companies have either completed a CSR diagnosis or committed themselves to one.
- CSR support for companies with a diagnosis and identified areas for progress has already involved five of the 13 companies. We have encouraged them to continue and to formalise their approach (in terms of targets, organisation and resources) and to publish a first annual CSR report. In 2014, one of the 13 met this target.

Testimonials

Philippe Ecran at Store Novation, Jean-Luc Guéry from Optimum and Patrice Claverie at Itel Express report on the advantages of the ESG approach. The first on the plan for **Better Living** within the company, and the latter two, on their **Better Together** concept that has triggered the growth of a new corporate culture focusing intensely on a meaningful project:

Philippe Ecran
CEO, Store Novation



Historically, and this is even clear of recent years, our business in communications and POS equipment has proven to be highly stressful for all our team. Increasing time pressures, and ever-rising client demands are stress factors for most employees, whether they are operational or otherwise.

With this in mind, we have decided to give them a voice, especially those in middle management, leaving them to define the significance of their work within the enterprise. We provided a coach to guide a number of them in sorting their ideas and also coping with personal issues. Of course, such action was totally confidential and based on voluntary participation. While we hoped to attract half the management into this procedure, over 90% volunteered!

The result has been a drop of over 40% in absenteeism and those calling in sick. This year, we will launch a second session for those who did not go previously or could not do so.



Jean-Luc Guéry
CEO, Optimum



In addition to the management board's commitment, our CSR approach reflects the overwhelming response of our employees (92%) to our first survey. This revealed, in particular, ignorance of our strategy, too little feed-back and a need to focus on the customer.

With this accomplished, a large number of workshops were set up to suggest organisational and managerial responses.

Now, every day each department holds so-called 5-minute Flash meetings, as well as 15-minute and 30-minute meetings to bring everyone up-to-date, with a maximum three hours delay, vis-à-vis main developments.

It is noticeable that this bottom-up communication structure has allowed everyone to become far more autonomous. Problems are now resolved quickly, naturally and effectively. The hierarchy is less sidetracked by messy details, and can focus more on the medium term.

In the same vein, it is a pleasant surprise and encouraging that the creation of a number of Think-Groups (10) to consider our CSR approach has gradually metamorphosed into a true culture of joint projects and teamwork. Such workshops (whether temporary or otherwise) are popping up increasingly to find solutions to problems encountered. In just two years, in which we have seen growing autonomy and rising confidence, we have switched from a top-down pyramid culture to a truly horizontal one!

Our first symposium, held on June 23, 2014, put the spotlight on the values in our strategy that are shared by us all, management and staff alike. It was also an excellent celebration of togetherness. So we decided to renew the experience with a second symposium on June 1, 2015.

The keywords that illustrate our approach are Vision, Respect, Confidence and Togetherness.



Patrice Claverie
CEO, Italtel



Spurred on by Azulis Capital, we have recently initiated our ESG approach. A complete audit of our SME processes enabled us to take on a number of good practices and identify areas for improvement. These include a customer satisfaction survey, adopting a code of ethics, drawing up a supplier analysis chart, all within an action plan defined jointly with the company's employees. This approach also meets the environmental and societal aspirations of a growing number of Italtel's clients and partners. It will see us better prepared and offering even better performance.



2015-2016 Action Plan

We intend to focus on deployment of the ESG/CSR approach in MMF IV and MMF V's portfolio companies this year.

This will require completion of the following:

Affiliates in MMF IV and MMF V portfolio companies

- Execution of five new CSR company diagnoses at Father & Sons, Lagarrigue and CEME in 2015; Bioclinic and Fides in 2016. We will then meet a target where 70% of our investments have made a diagnosis.
- We will continue CSR support for the six companies that have made their diagnoses.
- Publish, with the support of external consultants, the first CSR reports for Store Novation and LVO.
- Execution of carbon footprint assessments by portfolio companies. In 2014, only two of 13 companies have done so. Our goal over this period is to get two or three more portfolio companies to carry out a CO2 assessment and commit to CO2 consumption reduction programmes.
- Completion of one or two CSR due diligences before exiting a portfolio company.

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- Targets include production of progress indicators and conclusions for the CSR projects already undertaken by the affiliated companies. Particular attention will be paid to indicators showing change in the corporate climate.
- Organisation of a CSR seminar bringing together most of our affiliated companies in order to generate sharing and feedback.
- Holding annual meetings to encourage continued mobilisation of the whole team and dealing with issues encountered.
- Intensify cooperation with AFIC and our investors.
- Azulis Capital will support the annual ESG conference, sponsored by PwC with the backing of the AFIC.
- Ongoing partnership with Adie. Our involvement with Adie's regional agencies will be extended to six regions in 2015 with the commitment of a growing number of Team members.

Governance of Azulis Capital - Two new members join the Advisory Committee

Good corporate governance, both for Azulis Capital and for the portfolio companies, is deemed essential to support growth and ensure success. It is an essential ingredient in strengthening the relations between investors, portfolio managers and all the stakeholders.

Governance implies defining - both for the management company and for 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 credibility factor, as well as a performance and creativity enhancer. Once determined, the rules and principles facilitate the definition of corporate strategy and the implementation of action plans.

In each of the portfolio companies that we support, we establish a governance structure that is appropriate considering their size and situation (See page 27: Governance Data).

Similarly, Azulis Capital's own governance is provided by a Management Board of five members (Franck Boget, Michel Rowan, Yann Collignon, Pierre Jourdain and Christine Mariette) and various associated structures (such as the Supervisory Board, Investors Committee, Executive Committee, Advisory Committee, and internal audit).

<p>SUPERVISORY BOARD OF AZULIS CAPITAL consists of members selected for their experience and skill in industry and/or finance. It is chaired by Gilles Auffret, a former member of the Management Committee at Solvay.</p>	
<p>MMF III, MMF IV AND MMF V 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 (EIF).</p>	
<p>EXECUTIVE COMMITTEE comprising partners on the Azulis Capital Team</p>	<p>ADVISORY COMMITTEE includes various personalities from the world of business and industry, chaired by Vincent Mercier, former Chairman of the Supervisory Board of Roland Berger, Strategy Consultants</p>
<p>INTERNAL CONTROL AND COMPLIANCE performed by the consultants 2AM</p>	<p>AUDITORS PWC, Auditors for the MMF funds Edouard Leduc, Auditor for Azulis Capital</p>

Two new members, Brigitte Ricou-Bellan and Nadine Deswasière joined Azulis Capital's Advisory Committee chaired by Vincent Mercier in January 2016.

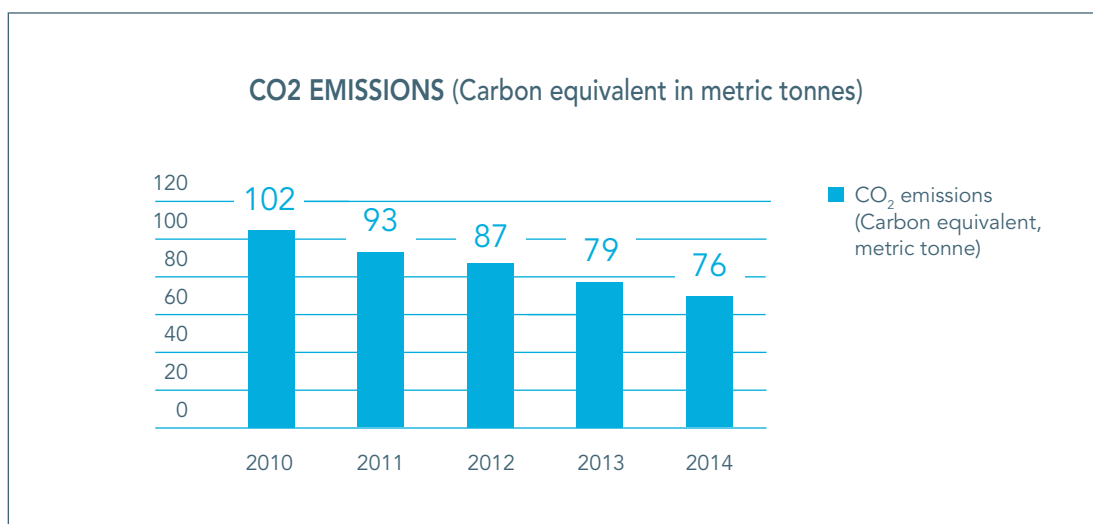
- > **Brigitte Ricou-Bellan**, thanks to her rich experience as COO at Cap Gemini, Dow Jones, eBay and Global TES, brings her international expertise in the fields of information technology and communication.
- > **Nadine Deswasière** founded the CSR consultants, EthiConseil, after a career on the Executive Committee of Nestlé in France, Russia and Asia, and then the Board of Labeyrie. She is also non executive board director and Chairman of the CSI Committee at Fleury Michon, since 2007. The Advisory Board will benefit from her ESG/CSR expertise as well as her extensive experience especially acting on an international level in consumer products and the food industry.

2.5

The environment

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

The following chart shows Azulis Capital's impact on its carbon footprint over the last five years. This shows an improvement of 5% per year over the period.



Azulis Capital is also committed to promoting policies to grow respect for the environment at its portfolio companies, and more particularly, support their efforts to reduce their carbon footprint, to re-cycle waste, and adopt eco-design business principles.

The goal is to publish an annual report showing a consolidated carbon footprint with the CO₂ levels of portfolio companies; at this stage only one in 13 businesses has published a CO₂ report. This demonstrates the difficulties (cost, time) facing SMEs in making progress on various CSR projects.

Our long-term social actions

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 General Partner, we have, since 2007, supported entrepreneurial initiatives, first through a partnership with ADIE (a 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 support persons excluded from the French labour market and the traditional banking system to create their own self-employment with the support of micro-credit. A micro-credit pioneer in France also Europe, Adie sponsors individuals with projects, upstream and downstream of their micro-business launch, with the aim of making them sustainable.

To date, Adie has awarded over 150,000 micro-credits, and contributed to the establishment of over 112,000 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 event, that awards prizes to a number of entrepreneurs funded by ADIE in the following areas:

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

The support provided by Azulis Capital from 2007-2015 resulted in its:

- > Partnering some 155 micro-entrepreneurs, and
- > Contributing to the creation of 195 jobs

In 2014/2015, Azulis Capital and Adie extended their partnership by creating regional Créadie events to reward more micro-project founders and contribute to the development of Adie's regional offices. Three regions, Lyon, Paris and Nantes, were selected to implement this extension.

In 2016 this partnership with Adie will comprise six regions in France. Our goal is also 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.

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

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

3.1

Consolidation methodology

Scope

For this year, we have consolidated the ESG criteria for all the companies in the MMF IV portfolio, namely:

- > Bioclinic
- > Brunel
- > Ceme
- > Européenne des desserts (EDD)
- > Father & Sons
- > Financière GOA
- > Holweg Weber
- > Inicéa
- > Ital Express
- > Lagarrigue
- > LV Overseas
- > Optimum
- > Store Novation

These criteria refer to the data collected in 2012, 2013 and 2014.

Criteria

The matrix consists of 87 KPI's grouped within four categories:

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

These indicators cover major ESG issues. The non-financial criteria matrix was built by Azulis capital from the ESG reporting matrixes structured by a number of our investors in 2013 and 2014. The goal is to build a single matrix covering all the data.

This matrix also incorporates several standard norms: Grenelle II, GRI, ISO 26000 and France's NRE 2001 Economic Reform legislation.

The ISO 26000 standard was agreed in 2010 by 99 countries and has been deployed in France since 2011. This International Standard of Social Responsibility incorporates and builds on existing intergovernmental and international agreements on 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 norms (ISO 14001). It provides a systemic approach that integrates risk and opportunity analysis for all the stakeholders.

The criteria have been updated to reflect AFIC's ESG reporting recommendations released in September 2014. The long-term goal is to establish a database of ESG criteria common to all LP's and GP's under the aegis of the AFIC.

Data control and validation

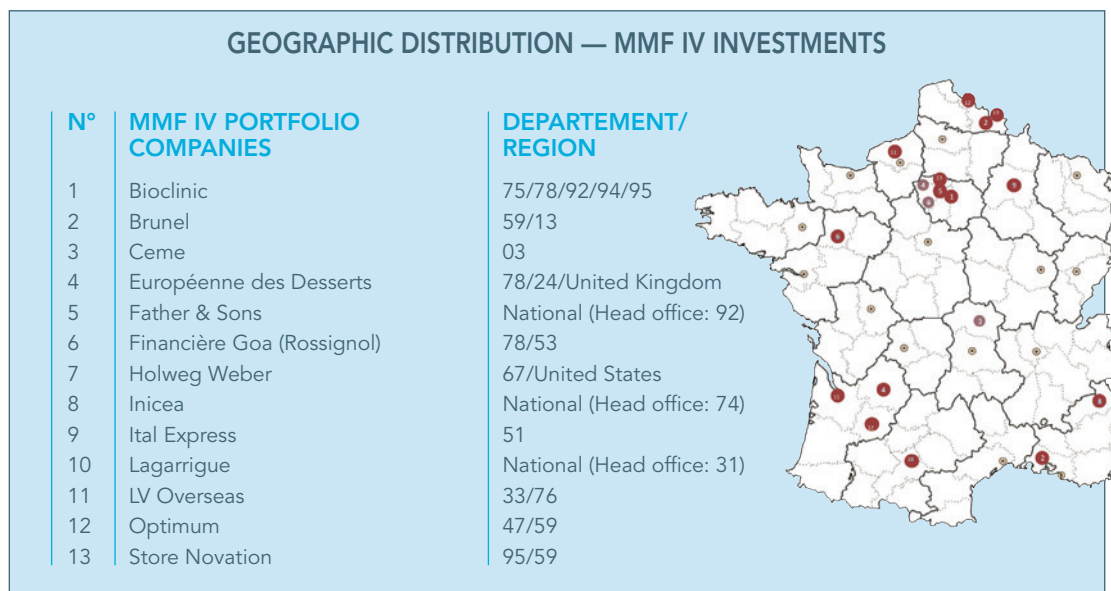
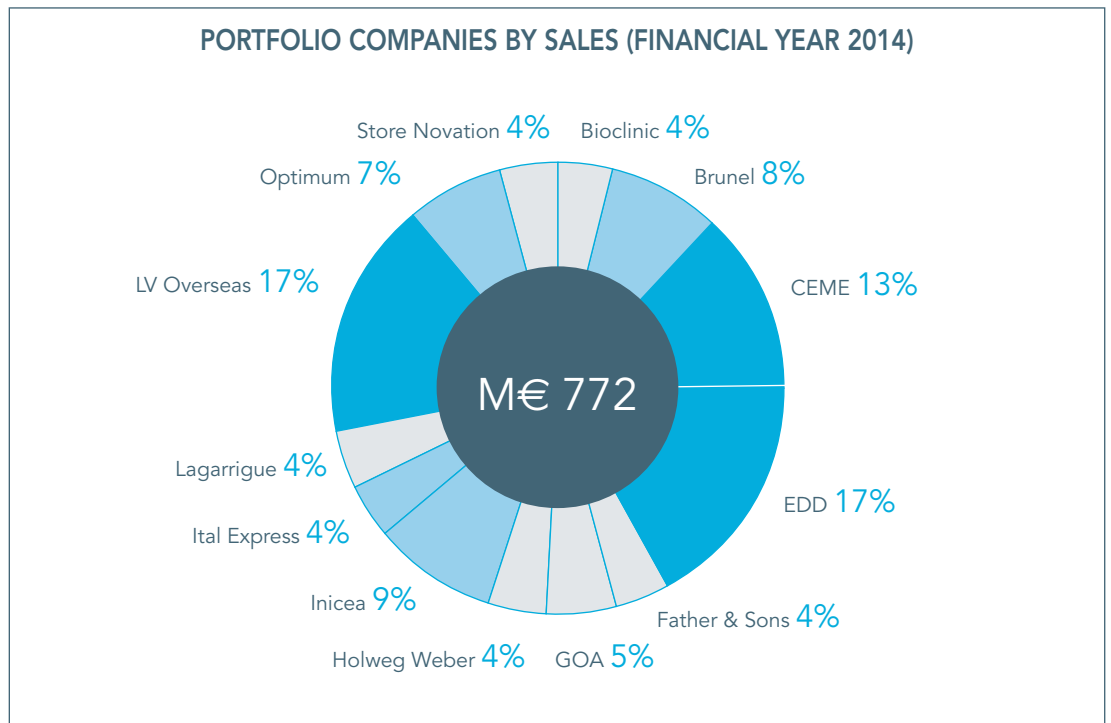
An Internal ESG review has been conducted by Azulis Capital with the support of the CFOs of portfolio companies to validate data consistency.

An independent ESR consultant, EthiConseil, has provided assistance in this process.

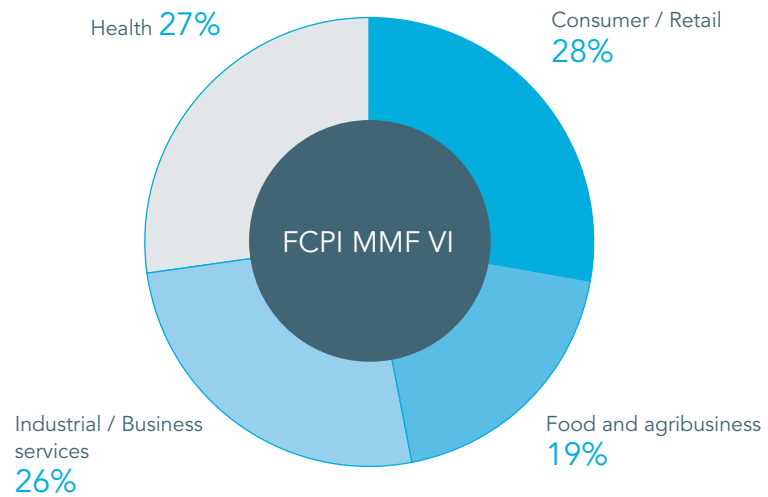
This first consolidated ESG Report is important as it illustrates the state of portfolio companies vis-à-vis their CSR/ESG approach. This consolidated approach will, in future, provide a reference to assess the impact of action plans and the progress made.

Economic data on portfolio companies in MMF IV

■ Portfolio companies provide good geographical coverage of France with a contribution to consolidated sales (financial year 2014).



SECTORAL BREAKDOWN OF MMF IV PORTFOLIO COMPANIES

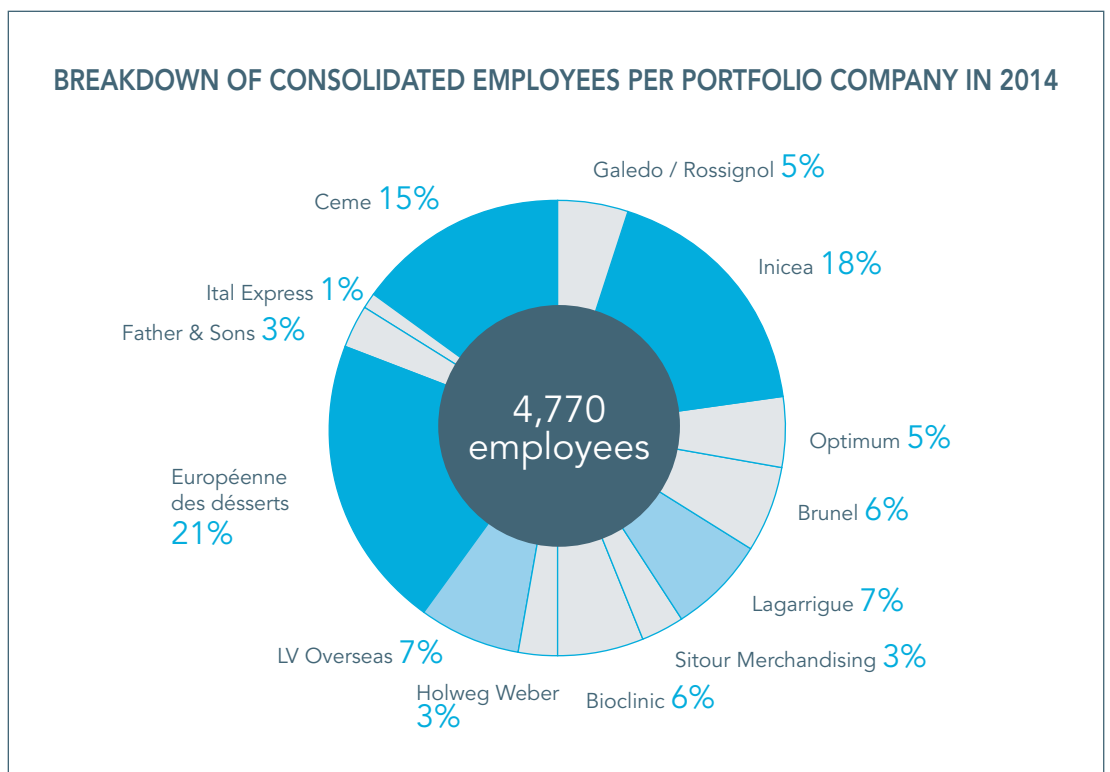
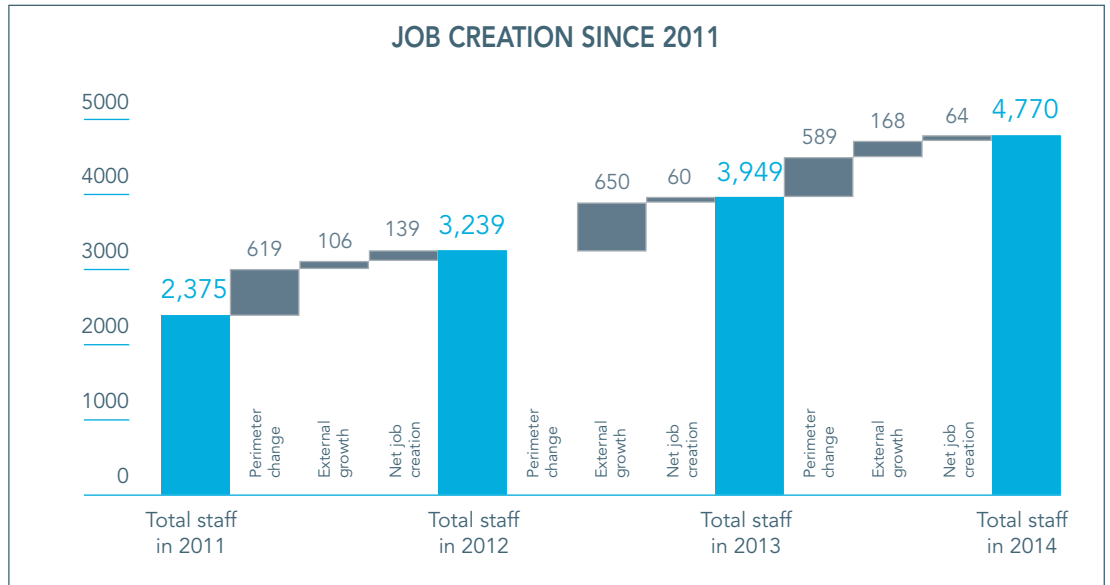


■ Supporting companies in their international development

TARGET	OUTCOME
Exports in 2014	<p>10 of the 13 exporting companies 77% of the portfolio</p> <p>The 3 non-exporting companies are in the services and healthcare sectors</p> <p>21% of total sales of these 11 companies is made abroad</p>

Employment data

- Supporting employment: Some 263 jobs were created between 2011-2014 (64 in 2014) in a period of economic slowdown.



- Exercising responsible management of human resources, promoting dialogue and communal ties, male-female equality, maximising human development.

TARGET		PERFORMANCE															
Employability	Recruitment and job creation	<p>> 64 jobs created in 2014</p> <p>> 91% of employees have permanent contracts, vs 87% nationwide. Source: Dares , July 2014)</p> <p style="text-align: center;">CDI %</p> <table border="1"> <tr><th>Year</th><th>CDI %</th></tr> <tr><td>2012</td><td>90%</td></tr> <tr><td>2013</td><td>91%</td></tr> <tr><td>2014</td><td>91%</td></tr> </table>	Year	CDI %	2012	90%	2013	91%	2014	91%							
	Year	CDI %															
	2012	90%															
	2013	91%															
2014	91%																
Training	<p>> 39% of staff received training</p> <p style="text-align: center;">% of staff having received training</p> <table border="1"> <tr><th>Year</th><th>% of staff having received training</th></tr> <tr><td>2012</td><td>27%</td></tr> <tr><td>2013</td><td>38%</td></tr> <tr><td>2014</td><td>39%</td></tr> </table> <p>> Training hours increased by 52% in 2014</p> <p style="text-align: center;">Number of training hours</p> <table border="1"> <tr><th>Year</th><th>Number of training hours</th></tr> <tr><td>2012</td><td>14,352</td></tr> <tr><td>2013</td><td>25,115</td></tr> <tr><td>2014</td><td>45,689</td></tr> </table>	Year	% of staff having received training	2012	27%	2013	38%	2014	39%	Year	Number of training hours	2012	14,352	2013	25,115	2014	45,689
Year	% of staff having received training																
2012	27%																
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2013	25,115																
2014	45,689																
Staff turnover/absenteeism	<p>> Absenteeism rate in 2014: 19.2 days absence due to accident or illness per employee, vs 15.6 days in 2013 nation-wide (Source : Alma Consulting Group)</p> <p style="text-align: center;">Average of absence days per employee</p> <table border="1"> <tr><th>Year</th><th>Average of absence days per employee</th></tr> <tr><td>2012</td><td>13.1</td></tr> <tr><td>2013</td><td>16.5</td></tr> <tr><td>2014</td><td>19.2</td></tr> </table> <p>> Staff turnover rate in 2014: 16% vs 13.7% nationally* Source: Hay Group is association with the Centre for Economics and Business Research, France)</p> <p style="text-align: center;">Average of staff turnover</p> <table border="1"> <tr><th>Year</th><th>Average of staff turnover</th></tr> <tr><td>2012</td><td>15%</td></tr> <tr><td>2013</td><td>14%</td></tr> <tr><td>2014</td><td>16%</td></tr> </table>	Year	Average of absence days per employee	2012	13.1	2013	16.5	2014	19.2	Year	Average of staff turnover	2012	15%	2013	14%	2014	16%
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Implementing non-discrimination and diversity policy	> 1 company in 13 formally followed through on this policy																

	TARGET	PERFORMANCE								
Diversity / discrimination	Support for handicapped persons	<p>> 2.7% of employees in 2014, totalling 128 handicapped workers</p> <p>% of handicapped workers</p> <table border="1"> <tr> <th>Year</th> <th>% of handicapped workers</th> </tr> <tr> <td>2012</td> <td>1.4%</td> </tr> <tr> <td>2013</td> <td>2.7%</td> </tr> <tr> <td>2014</td> <td>2.7%</td> </tr> </table>	Year	% of handicapped workers	2012	1.4%	2013	2.7%	2014	2.7%
	Year	% of handicapped workers								
2012	1.4%									
2013	2.7%									
2014	2.7%									
Staff breakdown by gender		<p>> 46% are women</p> <p>% of women</p> <table border="1"> <tr> <th>Year</th> <th>% of women</th> </tr> <tr> <td>2012</td> <td>46%</td> </tr> <tr> <td>2013</td> <td>54%</td> </tr> <tr> <td>2014</td> <td>46%</td> </tr> </table> <p>> 54% of companies have a woman on Board > 19% of Executive Committee members are women</p>	Year	% of women	2012	46%	2013	54%	2014	46%
Year	% of women									
2012	46%									
2013	54%									
2014	46%									
Share in value creation	Incentive/share ownership scheme introduced	> 9 of the 13 companies: i.e. 69% of the portfolio companies								

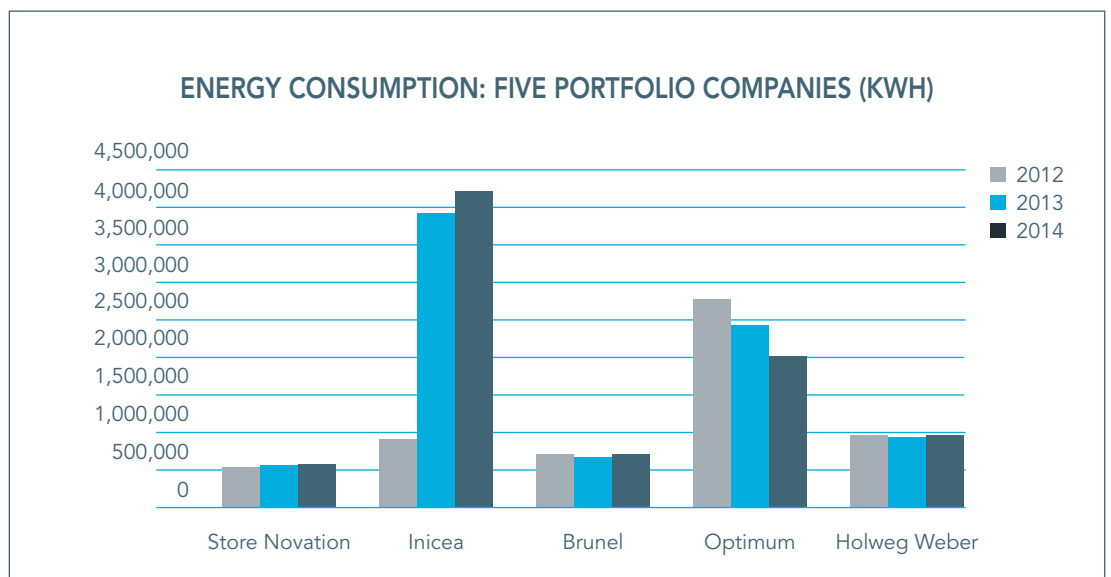
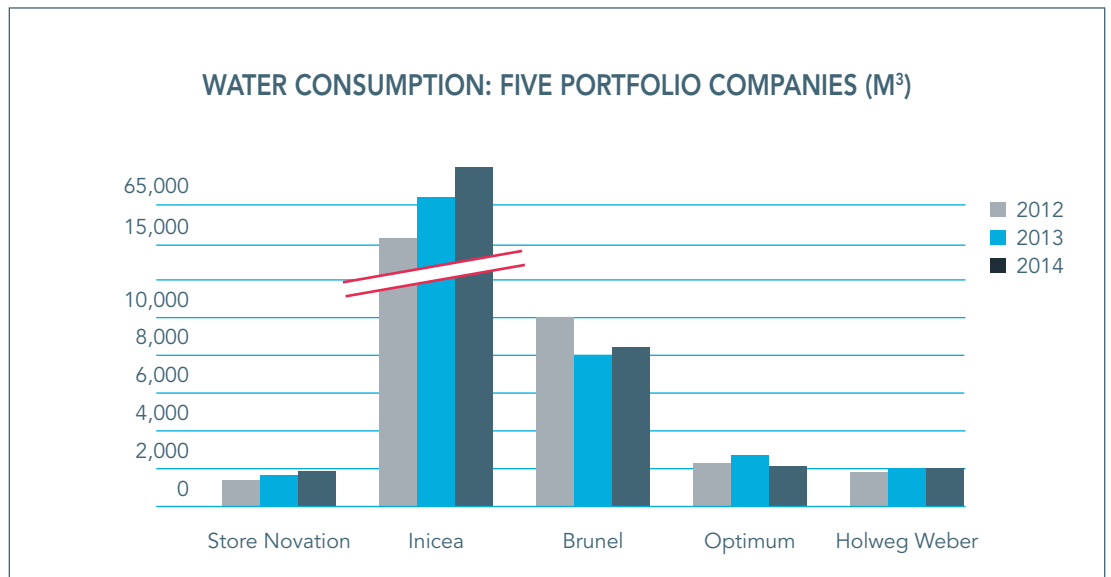
MMF IV's portfolio companies have created 64 jobs in 2014 and 263 over the last three years. Deployment of an incentive policy scheme grew modestly in 2014 and is applied by over 2/3 of portfolio companies.

However, analysis of social data over three years shows no improvement in the social climate. Absenteeism and staff turnover rates have grown and remain above national standards. The percentage of employees with permanent contracts who have benefited from additional training has remained stable over the period. The duration of the challenging economic situation has clearly impacted SMEs.

Improving the social climate within portfolio companies is a major CSR target. In 2015, the Azulis Capital team will highlight this issue.

Environmental data

- Making business aware of its environmental impact and natural resource consumption, teaching companies to respect and protect our ecosphere.



Water and energy consumption trends are stable overall. However, two portfolio companies have reduced their consumption, of water in one case, and energy in the other.

Inicea is a special case given significant extension of its perimeter (having acquired seven clinics), more than doubling the size of the company.

TARGET	PERFORMANCE
Environmental impact of portfolio companies	<ul style="list-style-type: none"> > 8 companies out of 13 (61%) have implemented at least one initiative to reduce their environmental footprint over the last three years > 2 out of 13 companies (15%) have carried out a carbon footprint audit or environmental certification over the last five years. Nationally, 26% of companies with 50–250 employees performed a carbon footprint audit in 2013* > 6 out of 13 companies (46%) are engaged in an eco-design approach > 8 out of 13 companies (61%) are using sources of energy other than electricity: <ul style="list-style-type: none"> - 4 are using gas - 2 are using renewable energy (solar) - The remainder have not specified

* Source : Carbon Footprint Association

The MMF IV portfolio companies are trailing in carbon footprint implementation and/or introduction of a carbon footprint reduction policy and natural resource consumption. In 2015 the Azulis Capital team will focus its efforts to get portfolio companies to commitment to this issue.

Social data

■ Support social commitment, Cooperation for the common good.

TARGET	PERFORMANCE
Establish an annual CSR Report	> 1 company, Européenne des Desserts, has published an Annual CSR Report
Support for community projects	> 7 companies out of 13 (54%) have launched one or more social initiatives

Governance

■ Ensure best practices are applied in governance.

FOCUS	OUTCOME
Existence of a Charter of Governance or a Code of Ethics	> 1 company out of 13, Européenne des Desserts.
Presence of at least one independent member on Board of Directors or Supervisory Board	> 6 of the 13 companies (46%).
Existence of a Supervisory Board	<ul style="list-style-type: none"> > 12 of 13 companies (92%) have a Supervisory Board Committee, one structured as a SAS (limited liability company) with a strategic Committee. > 8 out of 13 companies (61%) have at least one female member on the Supervisory Board. > Among the 13 Supervisory Boards and Strategic Committees, 23% of Board members are women against 12% in 2013. 30,3% of CAC 40 Board members are women (Ethic&Boards, 2014).
Appointment of a person responsible for ESG/CSR issues	<ul style="list-style-type: none"> > EDD has appointed a Sustainable Communication manager. > Inicea has appointed a Manager of Sustainable Communication & Risk Management. > Store Novation has a workshop on CSR issues. > 3 companies out of 13 have formalised their RSE approach.

Note the contrasting trends in the development of corporate practices regarding CSR and governance. There has been a noticeable improvement in gender representation on the Supervisory Boards in the companies that are associated with Azulis Capital. But progress towards formal adoption of CSR practices, monitored over time, is slow.

Only one of the 13 portfolio companies has published a CSR report, while nearly half have performed the diagnostics and taken actions.

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APPENDIX

Azulis Capital's Charter

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. These 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 the 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 terrorist financing and money laundering.
- We refuse to invest in 'sensitive' sectors - such as gambling, the manufacture or sale of arms and weapons.
- 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, setting priorities for improvement; and subsequently, tracking 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 portfolio companies, by applying both financial and non-financial criteria.

- We 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.





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