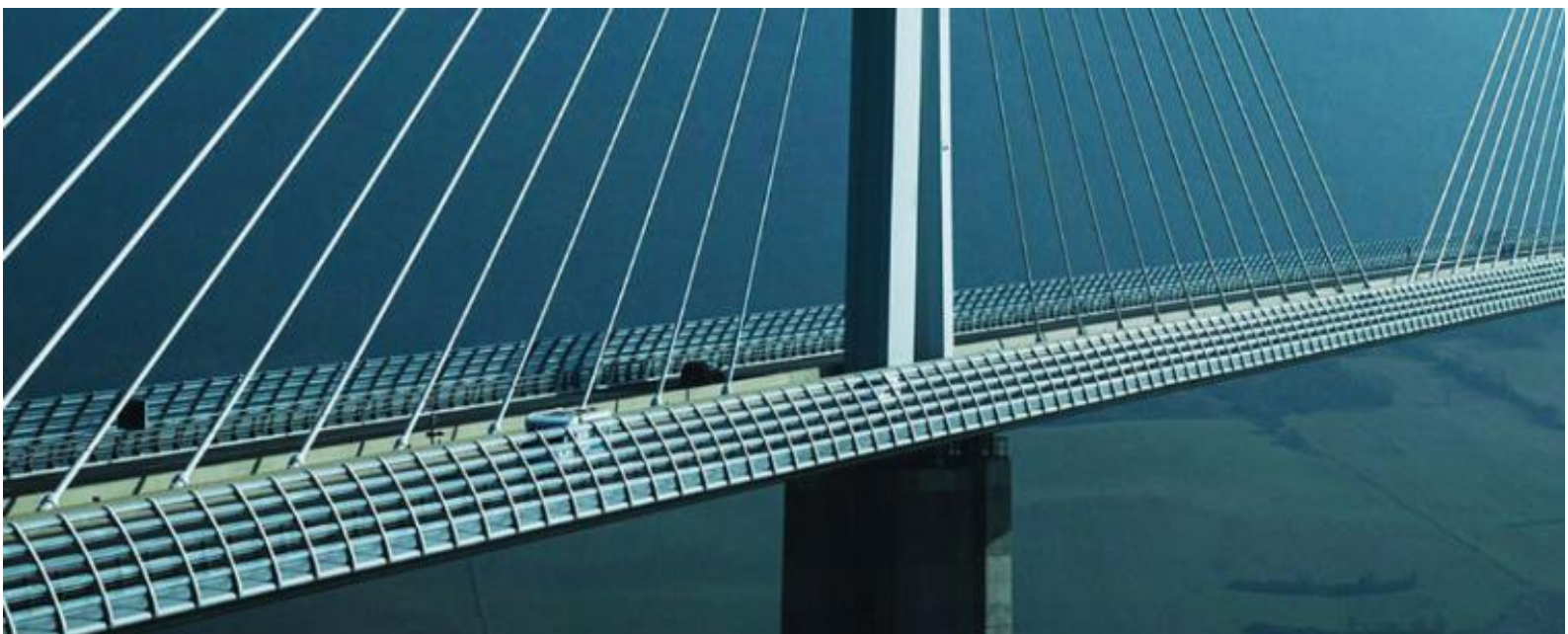


# LATOUR CAPITAL

OPERATIONAL EQUITY

## 2019 ESG Report



# Editorial

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**Aware of the major social and environmental challenges ahead of us**, we have the ambition, at Latour Capital, to embrace a principle of responsible investor. Since our inception in 2011, we are committed to supporting long-term activities and creating long-term value driven by profitable and sustainable economic models. We support our portfolio companies in all the challenges they face, which includes, first and foremost, considering the interests of their stakeholders and having a positive impact on society. We accompany our portfolio companies with a pragmatic and operational day-to-day approach, acting on value-creation subjects such as health and safety at work as well as the reduction of our companies' environmental footprint.

**Since 2012, date at which we have started to formalize our commitments and actions regarding responsible investment**, we have come to a conviction: Environmental, Social and Governance (ESG) issues contribute to the performance of organizations. This process has resulted in an increasing integration of ESG criteria in our investment process and during the holding period. This consideration also became a reality with the sponsorship of ESG at the highest level of the management company.

**2018 was a pivotal year in our commitment**, as a symbol of our desire to make ESG a key and structuring issue in our strategy. Beyond respecting the various regulatory and market standards, we aim at deepening and strengthening our approach. Ambitious in the way we manage our portfolio, we also want to be as demanding in the way we manage ESG issues. Thus, this ambition was reflected in 2018 with the publication of our first ESG Policy, formalizing our approach on the matter and detailing the different stages of our investment process, the systematic conducting of ESG due diligences when investing as majority investors and the publication of a first ESG Report.

**In 2019, we confirmed our commitment and strength our approach** with the implementation of various initiatives: (i) the organization of an ESG roundtable during our annual off-site which gathered the top managers of our portfolio companies who shared their ESG best practices after a presentation done by Didier Gaudoux, partner and ESG sponsor; on this occasion, our portfolio companies demonstrated their involvement on this subject; (ii) the organization of a half-a-day training dedicated to ESG for the whole investment team: this initiative translated our ambition to make ESG a key element of our investment activity; (iii) the realization of a raising-awareness campaign towards our portfolio companies regarding social criteria such as job creation and gender equality: a questionnaire was filed by the companies, as a starting point that will enable us monitor the evolution of such indicators; and (iv) the integration of ESG objectives in the variable pay of 3 top managers of our portfolio companies with a commitment to extend this initiative to 100% of our companies in 2020.

Finally, we continue to conduct ESG due diligences when investing in new companies: prior to our investment in Atlas For Men, a due diligence was conducted on one of the major ESG issues for this industry, which is the Environmental and Social issues in the Supply Chain, and we committed to conduct two post-closing ESG due diligences on the two other investments we made in 2019, namely Primonial and San Sac.

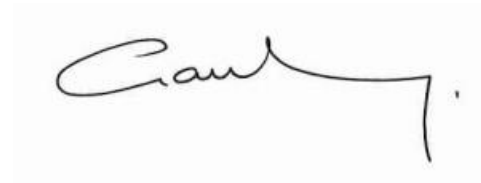
In addition, in 2019 the team responsible for ESG was reinforced with the appointment of two process owners, members of the investment team, Caroline Ballaloud (Senior Associate) and Tatiana Gagey (Analyst).

**Aware of our mission**, we are convinced that the transparency of our approach and our commitments towards ESG are part of a structural evolution of our industry and a fundamental movement where ESG issues become essential for the majority of Private Equity players.

Wishing to formalize and closely monitor our ESG commitments, we have published this second ESG Report.



**Cédric Bannel**  
Founding Partner



**Didier Gaudoux**  
Partner, ESG sponsor

# Overview

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# **1 Latour Capital's commitments towards responsible investment**

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## **1.1 Latour Capital, a corporate investor**

### An experienced team with an entrepreneurial and operational profile

For 9 years now, Latour Capital has been supporting companies in their development and growth. Founded by Cédric Bannel, Philippe Léoni and Alain Madelin, Latour Capital has leveraged on an entrepreneurial and innovative identity, with a strong operational dimension based on the multi-industry expertise of its managers.

Today, the team is made up of 18 employees.

## Investment strategy

Latour Capital is an independent management company, active in the mid and large cap segments of French private equity and dedicated to growth capital or LBO operations on growing companies with a sectorial focus on industry, business services and digital.

## Latour Capital's key figures

Latour Capital has now €1,300M of assets under management, across three funds:

- Latour Capital I (€115M) - 2012 vintage, fully invested in 7 companies between 2011 and 2015;
- Latour Capital II (€306M) - 2015 vintage, fully invested in 6 companies between 2015 and 2019;
- Latour Capital III (target: €800M) - still in fundraising with one investment realized in 2019. This fund targets companies with higher enterprise value (€80M-€250M).

Latour Capital's AUM is supplemented by three co-investment funds for an additional amount of €250M.

The 10 portfolio companies for this reporting period are: Oxand, NextPool, YellowKorner, Syclef, ERI, Oak Nation, Sogetrel, Sulo, Atlas for Men et Primonial.



**YELLOWKORNER**



OAK  NATION

**Sogetrel**

**SULO**



  
**PRIMONIAL**

## 1.2 ESG for Latour Capital

### ESG responsibility

Our ESG approach is sponsored by two of our partners: Cédric Bannel, founding partner of Latour Capital and Didier Gaudoux.

Our General Secretary as well as Financial and Administrative Director, Véronique Cayrol, is responsible for ensuring the proper implementation of the ESG policy at management company level and for ensuring the smooth communication between Latour Capital and its investors on ESG issues.

The investment team monitors the evolution of ESG performances for each portfolio companies and ensure that the subject is well discussed at least once a year during a Supervisory Board or an Executive Board. Caroline Ballaloud (Senior Associate) as well as Tatiana Gagey (Analyst) are responsible for managing and overseeing the proper implementation of this monitoring.

### Our commitments

- **Towards our investors**

We are committed to treating our investors with fairness, honouring our commitments and being transparent with them. We are committed to providing our investors with clear and fair information about our investment practices and to taking ESG issues into consideration throughout our investment process. We are committed to reporting on the ESG performances of our portfolio companies and to informing our investors in the event of an incident.

- **Towards our portfolio companies**

We place our entrepreneurial spirit at the service of managers, and we are committed to supporting them in their development project.

We encourage them in improving the environmental, social and governance aspects related to their activity. Our involvement is reflected during the investment process, during which we systematically conduct an ESG due diligence prior to the investment or at the latest in the year following the closing. During the investment period an ESG action plan is established; this action plan is proposed by the Management of the portfolio company and validated by Latour Capital. We make sure this subject is regularly reviewed with the Supervisory Board or during our Business Reviews and discussed at least once a year with the Supervisory Board / Executive Board. We make sure our portfolio companies improve on operational and value-creating subjects such as health and safety at work as well as the reduction of companies' environmental footprint.

In doing so, we provide future buyers, during the selling process, with a holistic view of long-term value created on top of financial value.

We are convinced that a fair sharing of the value creation among the companies we partner with is essential as it stimulates everyone's involvement in the project and adds trust to our relationships. To this end, we try and extend the management package beyond the sole top management of our portfolio companies.

Regarding conflicts of interest, our governance strategy based on the independency of our teams, is supervised by our Supervisory Board / Executive Board whose responsibility is to advise management teams on these subjects.

- **Towards Latour Capital's employees**

Our employees are key to our project. As a result, we are committed to providing them with a fulfilling and enriching professional environment and training them throughout their careers.

We make sure that we have an open working environment, that promotes exchange and communication between the entire team. This is achieved in practice by regular meetings during which we cover all the companies in the portfolio, so that everyone has an adequate and consistent level of information.

We have implemented a dynamic compensation policy, based on alignment between the employees' interests and the investors' interests. This policy is illustrated by having a Carried Interest scheme extended to the entire Latour Capital team.

The right to disconnect (*droit à la déconnexion*) has been officially formalized with an addendum to the employment contract of all executive employees.

- **Towards society**

Building on our desire to have a positive impact on our entire ecosystem, we are committed to promoting responsible investment practices across our industry (cf. p.9 Latour Capital's public commitments).

Our activity has limited direct impact on the environment. However, we are taking care to reduce our footprint on the planet. As such, we have implemented a waste sorting system in our office and are seeking to limit the carbon footprint related to our trips. In addition, we fully removed the use of plastic bottles within the management company by installing a filtering water fountain. Finally, we use a "zero non-recyclable waste" coffee machine.

Wishing to have a broad impact on society, we have defined key areas in terms of sponsorship. As an example, we are a regular sponsor of "Little Princes", an association recognized for public utility, supporting for 30 years children and teenagers with serious illnesses and helping them fulfilling one of their dream (cf. p.24).



### 1.3 Latour Capital, an involved player within its industry

Since our inception in 2011, we have been committed to supporting responsible investment, in particular by joining two initiatives promoting responsible investment values and practices within the French Private Equity industry (France Invest) as well as more globally within world finance (UN PRI).

#### France Invest's active member since 2011



Formerly known as the French Association for Growth Investors (*Association Française des Investisseurs pour la Croissance* or Afic), France Invest aims at representing and promoting the capital investment profession towards institutional investors, entrepreneurs, opinion leaders or public authorities.

The association has 310 active members (as of December 31<sup>st</sup>, 2018) and gathers all France-based private equity structures.

#### PRI signatory since 2012



Founded by the United Nations in 2006, the Principles for Responsible Investment (PRI) bring together an international network of signatory investors aiming at applying the six principles for responsible investment.

These principles aim at determining the relations between investment and environmental, social and governance (ESG) issues and helping signatories to integrate these questions into their investment and shareholders' decisions (more details on the principles in the appendix).

Latour Capital chose to become PRI signatory in 2012 in order to embrace a global approach supporting responsible investment. For a few years we have focused on improving our rating delivered by the PRI and, as an evidence of the quality of our responsible investment approach we were rated A for the 2018 fiscal year.

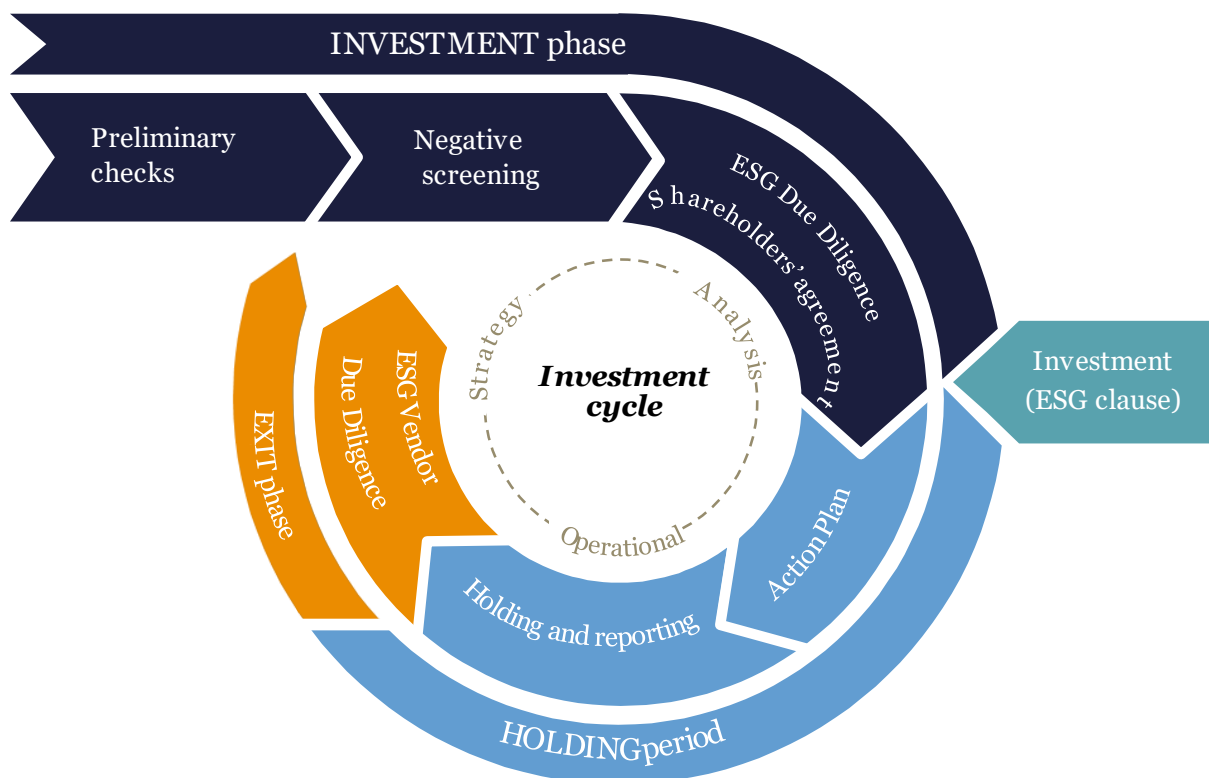
## 1.4 Key milestones of our commitments

Since our first fund, 9 years ago, Latour Capital has gone a long way and has been working to continuously improve its responsible investment approach. While this commitment was first illustrated through adherence to principles and working groups, we have become more specific and proactive since 2018.



## 2 ESG stands at the heart of our investment cycle

### 2.1 Our investment cycle



### 2.2 Detection phase

#### Exclusion criteria: negative screening

In accordance with our values as responsible investor, we refrain from investing in sectors that have a negative impact on society, notably the following industries:

- Military weapons and equipment (production or distribution of anti-personnel mines or cluster munitions);
- Tobacco production or distribution;
- Pornography;
- Gambling.

#### Pre-analysis

During our detection phase, it is part of the investment team's responsibility to identify and measure the main ESG-related risks and opportunities to which the target is exposed.

In case of any doubt on these issues, we can resort to our investment committee or to third-party experts in parallel with our financial investigations. If the exposure to such ESG issues is considered as too risky for the sustainability of the business, Latour Capital may withdraw from the investment process.

## 2.3 Investment phase

Since 2018 and the publication of our ESG policy, we committed to systematically conduct an ESG due diligence for all our majority investments, at the latest in the year following the closing of the operation. Thus, in 2019 we conducted one ESG due diligence prior to our investment in Atlas For Men (sale of outdoor clothing) on one of the major ESG issues for this industry, which is the Environmental and Social issues in the Supply Chain. In addition, for the two other investments we made in 2019, namely Primonial (company specialized in asset management) and Sansac (Swedish player specialized in waste containerization, build-up of Sulo) we made a firm commitment towards external consultants to conduct ESG due diligences in 2020, in accordance with our official commitments.

### ESG Due Diligence

Due diligences aim at identifying the target's most material ESG issues, as well as any shortfalls that should be addressed as a matter of priority once the investment has been made.

These reviews and due diligences, conducted by third-party consultants, focus on:

1. Identification of ESG-related risks and opportunities inherent in the business sector of the target.
2. In-depth study on the level of maturity of the company regarding the management of ESG issues: analysis of current policies, action plan, management organization and resources, initiatives implemented and objectives that have been defined etc.
3. Implementation of an action plan focusing on ESG issues with corresponding quantitative and qualitative objectives.

This ESG due diligence is then reviewed by the investment committee and integrated in the investment memo in order to justify the final investment decision.

### Shareholders' agreement

If the investment decision is positive, a specific clause related to ESG issues and respect for Environment and People is integrated in the Shareholders' Agreement.

## **2.4 Supporting Phase**

### Implementation and support of our ESG Policy

Once the investment has been made and based on the due diligence conclusions, the management of the portfolio company submits an action plan which is subject to Latour Capital approval. This action plan details the objectives to be achieved, the indicators to be followed and the major areas for improvement.

### Management awareness and constant dialogue

This detailed action plan is part of a constant dialogue we have with the companies in our portfolio, which regularly report to us on their main ESG progresses or difficulties.

Latour Capital's objective is to monitor the results of these action plans, to adapt accordingly and to improve them year on year depending on the performance of companies.

ESG subjects are systematically addressed for each portfolio company during the Supervisory Board / Business Review.

For example, important work on health & safety at work is carried out within companies such as ERI, Oak Nation, Sogetrel and Sulo. This subject being a major operational issue for these companies is systematically covered during the Supervisory Board / Business Review.

## **2.5 Exit Phase**

### Valuation of ESG performance and progress made

During our exit phase, we want to establish a measure of progress made in terms of ESG. This assessment should be based on progress towards the action plan put in place during the acquisition and holding phases. Depending on the circumstances, we therefore aim at conducting Vendor Due Diligence in order to formally value this progress to third parties.

### Supporting the Management

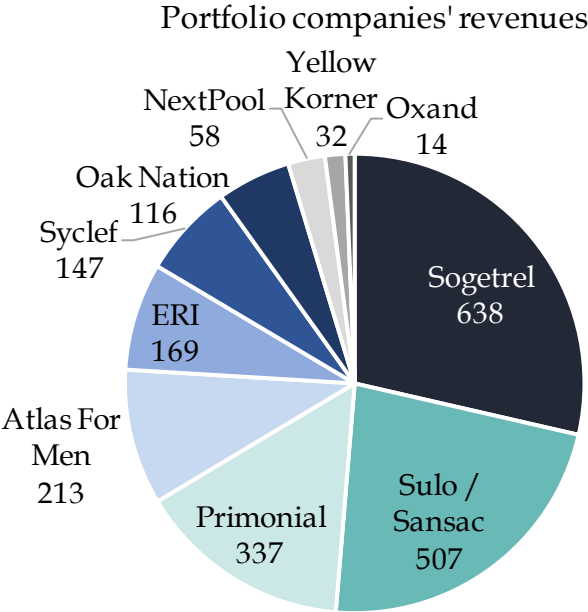
In parallel of this consideration for ESG performance, Latour Capital is committed to continuing its role of responsible investor, by supporting and preparing the management during the exit phase to answer potential buyer's questions on ESG subjects.

### 3 Detailed ESG integration at portfolio companies' level

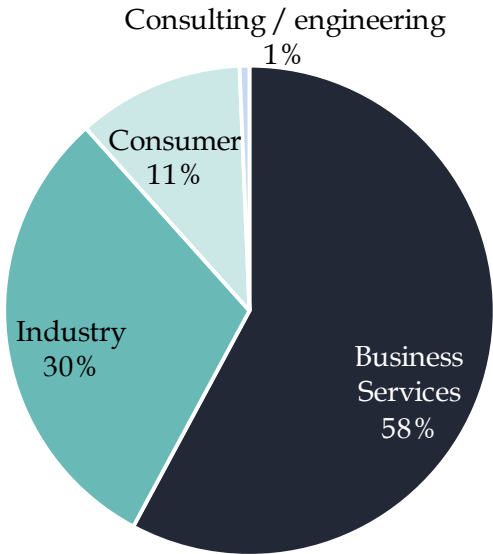
#### 3.1 Overall portfolio review

This ESG review is an opportunity for Latour Capital to monitor its portfolio and the progress made by the companies in their ESG approach.

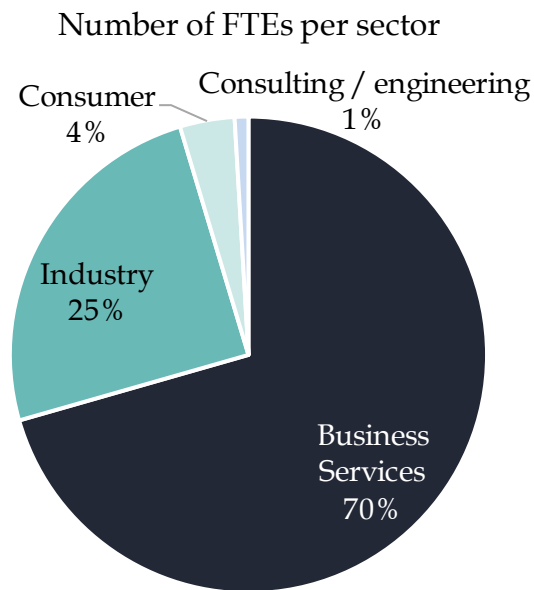
#### Economic data of companies from Latour I, Latour II and Latour III funds



#### Portfolio companies' breakdown per sector



Social data of companies from Latour I, Latour II and Latour III funds



Environmental data of companies from Latour I, Latour II and Latour III funds

- Companies that have carried out, or are in the process of carrying out, an ESG due diligence before the investment closing or at the latest during the year following the closing: 100% of our portfolio companies for Latour II and III.
- Companies that have implemented ESG initiatives: 100% of our portfolio companies
- 2019 Case Studies :
  - Sulo
  - Sogetrel
  - Oak Nation
  - ERI

## 3.2 SULO



<u>Activity</u>	Waste containerization	<u>Investment</u>	2018
<u>HQ</u>	Levallois	<u>Sales</u>	€342M (2019)

### Company presentation

European leader in waste containerization operating in 12 countries, SULO (formerly Plastic Omnium Environment) has 6 factories in France, Germany and Spain, an R&D and customer service centre in Saint Priest (69) as well as a large network of agencies and service points serving more than 8,000 customers. Privileged partner of municipalities and companies for waste management & environmental preservation and with 1,800 employees, SULO achieves in 2019 a turnover of €342M, thanks to a wide range of products (wheel bins, recycling banks, underground and semi-underground containers, etc.) and services dedicated to waste management (assessment and installation /roll-out, washing services, data management systems and dynamic pricing...).

### Investment context

Latour Capital acquired a stake in SULO in 2018, as part of the spin-off of Plastic Omnium Environment, a division that had become a non-core business for the listed group Plastic Omnium. With this investment, Latour Capital carried out the fifth operation of Latour Capital II, a vehicle equipped with nearly € 310 million AUM.

### **SULO: First French company positively assessed for its circular economy projects**

Since April 2019, SULO is the first French company certified by the AFNOR Certification, AFAQ "Circular Economy", an evaluation model, based on the XP X30-901 standard, which certify its ability to lead projects in the field of the circular economy.

Committed to municipalities and private companies, SULO has been innovating for more than 20 years in the reuse of raw materials from recycling, therefore contributing to the emergence of a more resource-efficient society.

The assessment carried out by the AFNOR Certification relates to two projects conducted by the SULO industrial site in Langres in Haute-Marne (170 employees, 2 million wheeled bins 2 and 4 wheels produced each year) around the CIRCULAR ECO® brand products:

- 100% recyclable bins made entirely from recycled materials,
- The integration of at least 60% of material from "household post-consumption" (bottles, caps, etc.) in recycled High-Density Polyethylene (HDPE).



Concrete proof of the efficiency of waste sorting inside households and of the reality of plastic recycling, CIRCULAR ECO® is the guarantee for an optimized management of energy and natural resources used through a production process that consumes less CO2.



3.3 Sogetrel



<u>Activity</u>	Communication networks	<u>Investment</u>	2018
<u>HQ</u>	Issy-les-Moulineaux	<u>Sales</u>	€638M (2019)

Company Presentation

A major player in the integration of networks and communication systems, Sogetrel is notably known for its involvement in the digital irrigation of territories (deployment of optical fibre in France & maintenance of the Orange network) or its position in the digital solutions market for the "Smart City". Sogetrel's turnover is €638M in 2019 for nearly 4,000 employees.

Investment context

Sogetrel's fourth LBO since its creation in 1985, this operation aims to supporting both its strong growth and its acquisition strategy. Latour Capital invested alongside an historic investor, Bpifrance, and other minority shareholders, BNP Développement and Paluel-Marmont Capital funds.

**Sogetrel: Responsible and sustainable growth rewarded with ECOVADIS Gold recognition**

Willing to make sustainable development a permanent priority fully integrated into the exercise of its activities, the Sogetrel Group is committed to an ESG approach for "responsible and sustainable growth".

Considering CSR as a structuring element of its activity, Sogetrel formalized a robust CSR policy included in its strategic plan for 2020. A CSR manager was appointed, and the regional managers are now in charge of implementing locally the action plans and reporting back the key indicators.

An ESG report is presented each year to the Supervisory / Executive Board, reporting on the achievements of the year.

This ESG approach not only enables the Group to strengthen the relevance of the various actions undertaken over the years, but also connects its employees around a common project: "Ambition 2022". By relying on an integrated QSE (Quality Safety Environment) management system based on continuous improvement of performance, the commitments of the Sogetrel Group increase employees retaining, reduce costs and meet the expectations of the stakeholders.

Each year, the Sogetrel Group is assessed by ECOVADIS, which measures its level of CSR engagement. For 2019, and for the third consecutive year, ECOVADIS has granted the "Gold" recognition to the Sogetrel Group.

ECOVADIS offers a comprehensive assessment service for Corporate Social Responsibility. The ECOVADIS rating comprises a wide spectrum of non-financial management schemes, in particular: Environment, Social & Human Rights, Ethics and Fair trade. Each company is assessed based on key issues according to its size, location and sector of activity.

Gold recognition is awarded to the top 5% of companies assessed by ECOVADIS. The Sogetrel Group ranks among the top 3% of the highest rated companies.



### 3.4 Oak Nation



<u>Activity</u>	Stave and cooperage	<u>Investment</u>	2018
<u>HQ</u>	Murlin	<u>Sales</u>	€116M (2019)

#### Company Presentation

Oak Nation is the second French cooperage company, combining the cooperage groups Charlois and Nadalié.

Their activity is split in two segments:

- 1<sup>st</sup> transformation, transformation of wooden logs into stave
- 2<sup>nd</sup> transformation, cooperage (barrel production activity, used for the aging of wine and certain spirits), blasting (large containers) and oenological products

Oak Nation achieved a revenue of €116M in 2019 for more than 600 employees.

#### Investment context

In 2018, Latour Capital invested in Oak Nation, alongside the management and the founders of the company. With this investment, Latour Capital carried out the third operation of Latour Capital II, a vehicle equipped with nearly € 310 million AUM.

#### **Oak Nation: A commitment for continuous improvement of employee health & safety**

The Charlois group maintains constant improvements in the working conditions and safety of its employees and temporary workers: for more than 10 years, the group has been developing high-performance machines for the group's sawmills, stave mill and cooperages that incorporate security processes. The design department is located at the headquarters in Murlin, where a workshop manufactures, maintains and renews machine tools. A team of 4 technicians is dedicated to serving employees, based on the needs and requirements of their respective specialities.

It should be noted that the Charlois group has a web page dedicated to ESG, regularly updated through the publication of articles, case studies and interviews: <https://charlois-rse.com/>

### 3.5 ERI



<u>Activity</u>	Electrical & engineering services	<u>Investment</u>	2016
<u>HQ</u>	Fontenay-sous-Bois	<u>Sales</u>	€169M (2019)

#### Company Presentation

Founded in 1957, ERI achieved a turnover of € 169M in 2019 and has nearly 800 employees. It offers to contracting authorities, electrical & engineering services (strong currents and weak currents) and technical specialties. The Group intervenes during the renovation, maintenance and rehabilitation of all types of buildings with a customer base composed mainly of public and parapublic actors.

#### Investment context

Latour Capital acquired a stake in ERI in 2016, when the company was passed on by the two main historic shareholders Patrick Oudot and Michel Faury to the current CEO Pierre Chaplain, accompanied by his management team. Latour Capital carried out the second operation of Latour Capital II.

#### **ERI: a best-in-class health & safety risk management**

Aware of the risks of work-related accidents, ERI has implemented an effective health & safety risk management system:

- A Safety manager was recruited at the end of 2018
- An awareness campaign was conducted with the Management Committee, strongly encouraged to show best-in-class conduct
- On-site visits are regularly organized to train workers to adopt the right gestures and postures, warn them of the risk of falls and electrification, etc.

In addition, a strict monitoring of changes in the frequency rate of accidents with and without lost working time is carried out during each Board / Business Review, with a review of each accident (identification of the victims, employment impact, circumstances of the accident and sick days).

## 4 ESG integration within the management company

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### 4.1 Our commitments within the management company

#### Diversity within the management company

Aware of the societal challenges carried by gender issues, and convinced of the richness and positive effects on our activity that more diversity and interaction between women and men can bring, Latour Capital has increased the share of women present within its management team in 2018, bringing it from 15% in 2017 to 36% in 2019. By doing so, Latour Capital is thus above the average share of women in investment teams in the Private Equity sector (25%)<sup>1</sup>.

This proportion of women in our team is set to grow in the years to come, in line with our vision of society.

#### A sustainable vision of investment

Since its creation in 2011, Latour Capital has made 13 investments, for 3 sales, bringing the total number of companies in the portfolio to 10 (as of 31/12/2019). On average, the companies within Latour Capital's portfolio have been there for more than 4 years, thus reflecting a long-term vision and commitment of Latour Capital. Excluding the four investments made by Latour Capital since 2018, this average is of 5 years per company.

In line with this long-term vision of investment, we reinvested in 2015 in Proxiserve, historically the first investment made by Latour Capital (2011) before exiting definitively in 2019, as well as in Primonial in 2019, the penultimate investment of Latour Capital I, reflecting our confidence in the management of the company and our ability to monitor our portfolio companies in the long run.

#### Sharing value with our employees

In 9 years, Latour Capital has opened its capital in order to integrate employees to its shareholding structure and thus fostering the share of the value created.

In parallel with these capital opportunities, Latour Capital has implemented an internal promotion policy, rewarding the loyalty and commitment of its employees. Thus, at the end of 2017, we made the choice to promote three of our employees, present since 2011 and 2016, to the positions of Director and Associate. Likewise, in 2019 two other collaborators were promoted to the positions of Director and Senior Associate.

#### Awareness of the management team

As illustrated by our ESG policy published in 2018, we have continued in 2019 our work on the operational integration of ESG issues within Latour Capital. Convinced that this change can only be real if it is embraced by the team, we organized, with external consultants, half-a-day training session early 2019 in our Parisian premises. This training covered the following subjects:

- The considerations covered by ESG

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<sup>1</sup> Study on gender diversity inside Private Equity in 2018 – 9<sup>th</sup> Edition – France Invest with Elles, Deloitte

- A vision of ESG practices within Private Equity;
- A summary of ESG at Latour Capital from a strategic and operational point of view;
- An action plan and next steps.

Awareness also involves the appointment of two *process owners*, members of the investment team, in charge of monitoring the implementation of the ESG policy.

#### Reduction of our direct environmental impact

Careful about limiting our environmental impact at our scale, we are implementing initiatives to consume less plastic, less paper and monitor our energy consumption. We are also looking to reduce the carbon footprint of our business trips.

## 4.2 Our commitments towards society

Historical sponsor of the association Les Petits Princes for several years, and aware of its role in favor of society, Latour Capital has decided to extend its sponsorship to two additional associations: AD Augusta and the Apprentis d'Auteuil Foundation in addition of the Association les Petits Princes and Just World International.

### Association Petits Princes



The association Les Petits Princes has set itself the goal of realizing the "dreams" of children and teenagers suffering from cancer, leukemia and genetic diseases. In December 2018, the 7,000<sup>th</sup> childhood dream was realized, in particular by letting 8 children singing in front of 1,500 people at the Casino de Paris.

Latour Capital has been involved alongside the association since 2016.

More information on: <https://www.petitsprinces.com/>

### Just World International Europe



Just World International is a humanitarian organization of the equestrian world created in 2003 and aiming to provide education and professional training for the children of the poor communities of Cambodia, Guatemala and Honduras.

Latour Capital joined the association for the first year in 2018.

More information on: <https://www.justworlddeurope.org/>

### Apprentis d'Auteuil



Apprentis D'Auteuil is a foundation created in 1866 engaged in the prevention and protection of childhood. Apprentis d'Auteuil develops programs in France and abroad for reception, education, training and integration for more than 30,000 vulnerable young people and families. Latour Capital joined the association for the first year in 2019.

More information on: <https://www.apprentis-auteuil.org/>

### AD Augusta



Ad Augusta is an association created in 2011 which supports and offers reconstruction paths for soldiers, firefighters and gendarmes injured and suffering from mental trauma.

Latour Capital joined the association for the first year in 2019.

More information on: <https://adaugusta.fr/>



### 4.3 Our 3-year action plan - implemented in 2018



- ▶ Implementation of a system for an in-depth monitoring of the development of ESG indicators within our companies and across our management company
- ▶ Pursuit and deepening of our efforts within the various committees and initiatives in which we take part in favor of responsible investment (France Invest, PRI committees)



- ▶ Reaching 100% of companies that have performed due diligence or an ESG review
- ▶ Carrying out the first follow-ups on the ESG action plans established in 2018
- ▶ Carrying out due diligence when companies exit our fund when necessary
- ▶ Implementation of a monitoring tool to also include minority companies in our portfolio
- ▶ Structuring of ESG policies and teams within the companies concerned in the portfolio. Encouragement to draw up annual ESG reports at company level.

## 4.4 Latour Capital and the Sustainable Development Goals

Adopted in 2015 by the General Assembly of the United Nations, the Sustainable Development Goals (SDGs) define 17 goals for 2030 and 169 targets to respond to the global challenges facing humanity.



The SDGs are today one of the subjects of increasing importance for businesses, analysing their positive or negative footprint on these major subjects.

We are currently in the process of identifying the SDGs relevant to each of our portfolio companies in order to gradually integrate them into our monitoring and use them as an analysis tool to identify the environmental and societal impact of our investments.

LATOIR CAPITAL - 104 Avenue des Champs Elysées 75008 Paris

Phone: (33) 1 40 62 30 00

<http://www.latour-capital.co.uk/contact>



<https://www.linkedin.com/company/latour-capital/about/>

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Appendix 1 : Principles for Responsible Investment

# IMPLEMENTING THE SIX PRINCIPLES

The Principles offer a menu of possible actions for incorporating ESG issues:

**1 We will incorporate ESG issues into investment analysis and decision-making processes.**

Possible actions:

- Address ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment managers to incorporate ESG issues
- Assess the capabilities of external investment managers to incorporate ESG issues
- Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals

**2 We will be active owners and incorporate ESG issues into our ownership policies and practices.**

Possible actions:

- Develop and disclose an active ownership policy consistent with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- File shareholder resolutions consistent with long-term ESG considerations
- Engage with companies on ESG issues
- Participate in collaborative engagement initiatives
- Ask investment managers to undertake and report on ESG-related engagement

**3 We will seek appropriate disclosure on ESG issues by the entities in which we invest.**

Possible actions:

- Ask for standardised reporting on ESG issues (using tools such as the Global Reporting Initiative)
- Ask for ESG issues to be integrated within annual financial reports
- Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
- Support shareholder initiatives and resolutions promoting ESG disclosure

**4 We will promote acceptance and implementation of the Principles within the investment industry.**

Possible actions:

- Include Principles-related requirements in requests for proposals (RFPs)
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate)
- Communicate ESG expectations to investment service providers
- Revisit relationships with service providers that fail to meet ESG expectations
- Support the development of tools for benchmarking ESG integration
- Support regulatory or policy developments that enable implementation of the Principles

**5 We will work together to enhance our effectiveness in implementing the Principles.**

Possible actions:

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning
- Collectively address relevant emerging issues
- Develop or support appropriate collaborative initiatives

**6 We will each report on our activities and progress towards implementing the Principles.**

Possible actions:

- Disclose how ESG issues are integrated within investment practices
- Disclose active ownership activities (voting, engagement, and/or policy dialogue)
- Disclose what is required from service providers in relation to the Principles
- Communicate with beneficiaries about ESG issues and the Principles
- Report on progress and/or achievements relating to the Principles using a 'Comply or Explain' approach
- Seek to determine the impact of the Principles
- Make use of reporting to raise awareness among a broader group of stakeholders

“These Principles serve as valuable platforms for formalising and focusing our responsible investment efforts, raising internal awareness, and providing a common language and set of expectations for our investment partners, our portfolio company management teams, and other stakeholders. We see the value of interacting with, and learning from, others who share this commitment.”

George R. Roberts  
Co-Chairman and Co-Founder, Kohlberg Kravis Roberts