

2019-2020 ESG report



2020 was hit hard by the Covid-19 crisis. The companies that we back had to cope with unprecedented situations and face a multitude of wide-ranging challenges. For one thing, they had to ensure the safety of their staff, keep their factories running in complex conditions, guarantee supplies and distribution and ultimately continue to produce “essential” agri-food products throughout the crisis. These events lend weight to our firm belief that the CSR measures introduced by companies guarantee sustainability and are absolutely crucial in the crisis that we are currently facing.

At such a critical time, the Cerea Partners team has rallied to support and assist the managers of the SMEs and mid-caps in which we have invested and ensure that they have the financial and human resources to withstand the crisis. We have been impressed by their ability to cope with the situation and maintain their operations.

Every member of the Cerea Partners team is proud to see how committed and generous so many of our portfolio companies have been, as evidenced by the donations they have made to help people in need. In Store Display, Carambar & Co, Mademoiselle Desserts and Cerise et Potiron are just a few of the companies to have taken such an initiative.

Cerea Partners has been openly committed to ESG issues since 2010, when it became a signatory to the United Nations Principles for Responsible Investment (UNPRI). We have been steadily taking our ESG approach even further since then, through various initiatives such as an ESG-based assessment of our investment portfolio, in association with PwC, and our membership of two more recent initiatives, the International Climate Initiative (PRI) in 2019 and the France Invest Charter for gender equality in the private equity industry in 2020.

We are keen to push forward with this approach, which is why we have decided to gauge the ESG performance and actions of our portfolio companies in a very pragmatic and concrete way, and hence provide them with more targeted solutions.



This has led us to develop an in-house ESG rating tool. We have adapted it to investment in the agri-food value chain with a particular focus on nutrition and the supply chain. Each new investment is systematically scored and validated by the Investment Committee from an ESG perspective and the ratings are reviewed each year.

With this new tool in particular, we intend to go even further in our commitment to ESG issues through our investment policy for new funds. With this in mind, our forthcoming Cerea Mezzanine IV fund will aim to invest first and foremost in companies with high ESG standards or with a measurable social impact.

As usual each year, we are pleased to share the results of our survey of our portfolio companies, with a response rate that has been climbing since 2018. The high standard of the responses provided in the survey and the ever-improving progress made show just how important ESG issues are becoming in the eyes of our portfolio companies.

I hope you enjoy reading this report.

Michel Chabanel, CEO

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1. Cerea Partners

1.1. Presentation

At Cerea Partners, we have been managing investment funds wholly-focused on SMEs and mid-caps operating in the agri-food value chain (in particular processing, distribution, catering, equipment, packaging and logistics, which are essential to the smooth operation of the entire chain) for more than 15 years.

In that time, we have raised €1.4 billion, mainly through institutional investors, and we have completed more than 130 deals.

As a leader in the agri-food value chain, we have funds and teams specialising in buyout capital or mezzanine, unitranche and senior debt financing solutions. With such wide-ranging and diverse financing solutions, Cerea Partners is perfectly placed to support companies in their product-related, industrial and geographic development, both through organic and external growth.

1.2. Our business lines

Private Equity team

Private Debt team

Buyout

2 Cerea Capital funds

- Majority or co-majority buyout, succession, takeover, asset diversification, secondary, spin-off and PtoP deals
- Investments ranging from €10m to €50m
- Companies with an EV of between €20m and €200m
- France and Western Europe

Mezzanine Debt

3 Cerea Mezzanine funds

- Financing for business development, external growth, buyout and strengthening of equity capital
- Investments ranging between €4m and €70m
- Companies with an EV of between €20m and €300m
- France and Western Europe

Senior Debt

2 Cerea Debt funds

- Financing of companies' buyout capital, growth capital, general or investment needs
- Investments ranging between €5m and €70m
- Companies with an EV of between €20m and €500m
- France and Western Europe

2. Our ESG commitment

By signing the United Nations Principles for Responsible Investment (UNPRI) in 2010, the entire Cerea Partners team undertook to incorporate environmental, social and governance (ESG) criteria in the manner in which we operate our management company and to include them in the analysis criteria we apply in our investment policy, in order to act as a responsible investor and partner.

2.1. ESG approach within the management company

OUR ESG CHARTER

In September 2014, we formally defined the Cerea Partners ESG Charter to provide a framework for a long-standing commitment. This charter takes into account the specificities of the investment sector for the funds that we manage - agri-food and related sectors - and in particular the importance of the supply chain, which is fundamental to the development and sustainability of the companies in this sector.



ESG GOVERNANCE AND COMMITMENTS

Our activity is subject to regulatory obligations: in 2004, Cerea Partners was approved by the *Autorité des Marchés Financiers* (AMF - French financial markets regulator) as a portfolio management company on behalf of third parties and was granted AIFM (Alternative Investment Fund Managers) approval in 2013.

We strive to conduct our business professionally and have set up a strict organisation and governance rules. Cerea Partners is governed by a Management Committee and various

associated bodies (Supervisory Committee, Partners' Committees, Remuneration Committee, etc.), as well as by committees specific to each business line (e.g. for the Private Debt business line: Investment Committee, Advisory Committee, Valuation Committee, etc.).

In addition to our regulatory obligations, we are involved in private equity industry organisations and are driven by a strong ambition to promote sustainable development in the industry.



By signing the **United Nations Principles for Responsible Investment (UNPRI)** in 2010, we have committed to incorporate environmental, social and governance (ESG) criteria into our investment method and strategy and to take these criteria into account in the development of the companies that make up our fund portfolios.



Cerea Partners is a member of **France Invest** (formerly AFIC - *Association Française des Investisseurs pour la Croissance* - French association of investors for growth). Our Chairman, Michel Chabanel, was a director of France Invest and served as its Chairman from 2014 to 2016.

In 2020, Cerea Partners **formally committed to promote gender equality in private equity**, by signing the France Invest Charter.



In early 2019, we went even further in our commitment to combating climate change by becoming a signatory to the **International Climate Initiative**. This is the first collective commitment from private equity firms to promote responsible and transparent management of the greenhouse gas emissions of the companies in which they are shareholders.



Cerea Partners has been committed since 2014 to the **United Nations Global Compact's** corporate social responsibility initiative and its 10 principles regarding human rights, labour standards, the environment and the fight against corruption.

Even before we engaged with our portfolio companies on these issues, we were keen to incorporate an ESG approach into the very manner in which we operate.

OUR MAIN ACTIONS

- Introduction of a human resources management policy commensurate with the size of the team, that gets employees involved in our development and in the creation of value (discretionary profit-sharing scheme);
- Developing employee skills through training (in private equity professions, anti-money laundering, legal, tax and regulatory areas, etc., as well as in ESG and first aid);
- Training employees to take ESG issues into account in the performance of their duties;
- Raising employee awareness of environmental impacts: reducing consumption of paper, bottled water and energy, recycling waste, etc.



150 trees spared, i.e. **9.8 tonnes** of paper since 2014



195,595 l of water conserved



9,825 l of oil saved from consumption



In 2012, we measured the carbon footprint of our management company and shared the findings with our employees. Following this assessment, and in order to improve the carbon footprint associated with our business, we put together an action plan to introduce eco-friendly measures and presented this plan to the entire team.

Since 2014, our paper-recycling efforts have saved 150 trees from being cut down.

In 2017, we reviewed our carbon footprint to measure the progress made since 2012.

We found that our emissions per FTE had decreased by 12% between 2012 and 2017 on a like-for-like basis.



Organising blood donations with the EFS (*Établissement Français du Sang*)

Since 2019, Cerea Partners has regularly (roughly every three months) offered employees the chance to donate their blood or plasma during work hours.

Blood donation makes it possible to treat more than one million patients each year in France. Blood products are irreplaceable and vital and are needed in two main scenarios: emergency situations (haemorrhages during childbirth, a surgical operation, caused by an accident, etc.) and chronic conditions (blood diseases and cancers).

10,000 blood donations are needed each day.



CSR awareness campaigns at Cerea Partners

Awareness-raising seminar on ESG issues organised for all employees in 2011, with specific training led by the partner in charge of sustainable development consulting at PwC.

Report on the findings of the work carried out by PwC as part of the ESG review of the Cerea Partners portfolio.

New ESG seminar organised in 2016 with Cerea Partners employees to set goals and raise awareness among new employees.

Climate risk training carried out in 2019 in association with the Carbone 4 climate strategy consultancy.

Organisation of “leadership breakfasts”: on the French EGALIM law (law for balanced commercial relations in the agricultural and food sector and healthy, sustainable and accessible food for all) (June 2019) and on the theme of “Risk mapping and crisis management: what are the key issues?” (November 2019)

2.2. Highlights since 2010

Cerea Partners has been committed to sustainable development for a long time.

By signing the UN PRI in 2010, the entire team undertook to incorporate ESG criteria in the manner in which we operate our management company and to include them in the analysis criteria we apply as part of our investment policy. Since then, we have taken concrete action within our management company and our activities:



Key: ESG partnerships and commitments | Actions taken at portfolio level | Actions taken at Cerea Partners level

2.3. Cerea Partners is committed to promoting gender equality in the private equity industry



By signing the France Invest charter, Cerea Partners is setting ambitious goals to further gender equality within its organisation and at the companies it works with.

22% of our Partners are women. At Cerea Partners, we truly believe that increasing the number of women within an organisation is a responsible performance-driver. With this in mind, we are asserting our commitment to actively promote gender equality within our organisation and at the companies we partner.

As a signatory to the France Invest charter, we will endeavour to ensure that women make up a significant proportion of our investment teams by 2030 (in terms of the overall workforce and appointments to senior positions). We will also seek to promote gender equality on the executive boards of the companies we partner between now and 2030.



In February 2020, we organised **training on gender equality (Pénicaud law, equal pay index, etc.)** for members of the investment team of the Cerea Capital funds. This training was provided by the Actance Avocats law firm.

We organised a **meeting with all our employees to present the content of the France Invest Charter on gender equality.** This was an opportunity to explain each of the commitments made by the our management company, and to discuss them and engage with employees on how best to achieve these goals.

At the end of the presentation, **a working group was set up to:**

- (i) Review the actions in favour of gender equality already implemented at our management company, and
- (ii) Consider what new concrete action could be taken to achieve the new objectives set out in the France Invest Charter. Several avenues are currently being explored, such as **raising awareness of these issues among our portfolio companies, promoting flexible work hours at our management company, attracting new female talent to join our investment teams, etc.**

2.4. First "impact" financing for Cerea Dette



Cerea Partners carried out its first sustainable financing deal in November 2019.

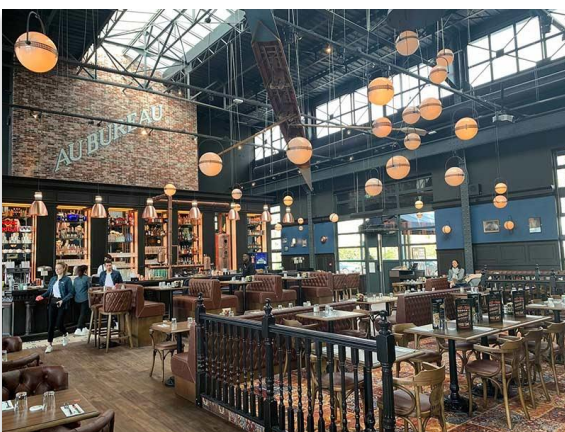
Bertrand Restauration, founded in 1994 by Olivier Bertrand, is the original arm of Groupe Bertrand, which is ranked second in the French commercial foodservice market with tradename revenue of close to €2bn.

At the time of Groupe Bertrand's takeover of Léon de Bruxelles, the Cerea Dette II fund invested €10m in Bertrand Restauration as part of a private placement programme, alongside Eiffel Investment Group and other lenders. This financing incorporates a **50% change in margin based on certain labour-related criteria, such as job creation and the proportion of permanent positions** (as opposed to temporary positions).

Bertrand Restauration has undertaken to:

- create at least **3,500 net jobs** in France over the term of the financing;
- maintain a **permanent contract employment rate** of at least 94% within its workforce;
- maintain a permanent contract employment rate of at least 95% for all new jobs created;
- compliance with these obligations will modulate the financing rate until maturity of the loan.

This milestone deal was publicly recognised by the French labour ministry on 27 January 2020, an announcement that formed part of the roadmap for responsible finance and capitalism championed by the labour minister, Muriel Pénicaud.



2.5. ESG review of the Cerea Mezzanine III portfolio

We developed and tested our ESG rating tool at the end of 2019 and applied it to all our strategies.

ESG rating process

- We have adapted our in-house rating tool to our investment theme, which targets the agri-food value chain, with a particular focus on nutrition and the supply chain;
- The investment team has rated each company in the Cerea Mezzanine III portfolio and these ratings have been reviewed and validated by the Investment Committee;
- Each new investment is systematically rated by the investment team as part of Cerea's investment process, and the ratings are then validated by the Investment Committee;
- The investment team will review all the ratings once a year and they will then be presented to the Investment Committee in order to provide a dynamic progress report.

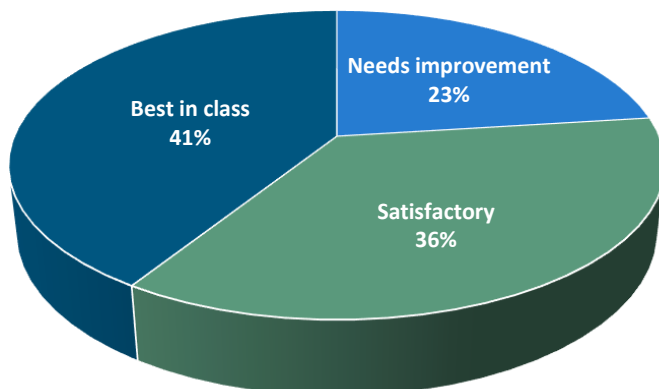
ESG rating methodology

- The rating tool includes a list of excluded sectors on which basis an investment opportunity may be automatically rejected;
- It also includes a list of sectors on the watch list together with sensitive themes that must be carefully addressed and monitored;
- Various criteria covering the environment, labour issues, governance, nutrition and the supply chain are assessed with scores ranging from 1.0 (lowest) to 3.0 (highest);
- Where an investment opportunity scores an average of < 1.5, it is rejected;
- As part of the rating procedure, the three main ESG strengths and weaknesses of each company are ascertained in order to guide the investment team in its monitoring of ESG elements.

Average score (S)	Classification	Result
$1.0 < S < 1.5$	Not acceptable	Opportunity rejected
$1.5 < S \leq 2.0$	Needs improvement	Acceptable, some risks require special attention and monitoring
$2.0 < S \leq 2.5$	Satisfactory	Satisfactory, room for improvement
$2.5 < S \leq 3.0$	Very satisfactory	Best in class

Results of the Cerea Mezzanine III portfolio review at 31 July 2020

- The existing Cerea Mezzanine III portfolio includes 41% best-in-class companies (in value), of which:
 - Organic Alliance: distributor of organic fruit, vegetables and fresh products;
 - BCF Life Sciences: 100% natural ingredients derived from recycled poultry feathers;
 - Mademoiselle Desserts: pastry producer with a sustainable ESG policy that it leads according to the most exacting standards;
 - Novepan: a bread producer where organic products make up 20% of the product base and which uses sustainable and responsible crops that are submitted to complete testing procedures (sourced from farmers who use sustainable, environmentally-friendly practices) at its two largest sites.
- 36% of the portfolio (in value) is classified as “satisfactory”;
- 23% (in value) is classified as “needs improvement”;
- No existing investment is classified as “not acceptable” as part of Cerea’s investment process. Any new investment opportunity falling into the “not acceptable” category would be rejected automatically.



2.6. Cerea Partners is committed to biodiversity alongside OFA

Cerea Partners has been working since 2020 to preserve biodiversity by providing financial support to the French melittology observatory (*Observatoire Français d'Apiculture* or **OFA**). Since our investment in Icko Apiculture, we have come to understand how disastrous an impact the disappearance of bees would have on ecosystems.

OFA is a public interest association that works to **protect bees and maintain biodiversity**. We take a closer look at what OFA does in this **interview with its Chairman, Thierry Dufresne**.



You are the founder of the French melittology observatory. Tell us about OFA, its history and its goals.

For nearly 20 years, bee-keepers have been relentlessly raising awareness about the decline of bees, which are showing very high annual mortality rates. Yet, it is a well-known fact that bees account for nearly 80% of the pollination that is needed to produce crops, which represent a third of the food that we eat.

The issues raised by bee-keepers made me realise that food security for our children and grandchildren was in danger of being affected by a shortage of pollinating insects, as acknowledged by the 120 countries that ratified this alert at a global IPBES (Intergovernmental Scientific and Political Platform on Biodiversity and Ecosystem Services) conference on biodiversity, held in Kuala Lumpur on 26 February 2016.

Grasping the danger and the urgency of the situation and nearing retirement after a career as an executive at major luxury groups, I wanted to devote my time, energy, skills and network to an issue that has implications for all of us. With the help of experts in the field, I founded the French melittology observatory (OFA) in order to find solutions to such a crucial problem that is the deficit of pollinating insects, first and foremost of bees.

OFA has been working since 2014 to:

- Reduce bee mortality through applied research in pathologies and resistance to varroa,
- Regenerate the bee population by improving the characteristics of colonies through selection work, validated within a testing network in various environments,
- Train professional bee-keepers specialising in melittology in order to develop bee-keeping and reproduction operations,
- Address the pollination deficit that is jeopardising food security by taking action to repopulate beehives,
- Analyse, from a scientific perspective, the beneficial impacts of bee products on human health and encourage their use.

What are OFA's values?

At OFA, we work with humility, kindness, expertise and determination to ensure that any bee-keepers who want can use the results of our work. We interact and work with all stakeholders in the bee-keeping sector who share the same values. We are driven by a purpose to serve the general interest and by a passion for bee-keeping and the role played by bee-keepers.

How are you positioned in relation to other players in the bee-keeping sector?

OFA is a non-profit public-interest association. Our work is financed exclusively by private funds. We do not rely on any public financing to manage the association. Our partners are renowned and respectable foundations and companies.

OFA is completely independent and we endeavour to reflect two essential notions in our work, the notion of results and the notion of time.

We do not, under any circumstances, purport to be a body that represents French bee-keeping, but we do our best to provide concrete answers to the difficult situation in which bee-keepers find themselves.



Photo taken at OFA's bee-keeping facility.
Credit: Hugues Charrier



Photo taken at OFA's bee-keeping facility.
Credit: Hugues Charrier

What are the challenges faced by bees and bee-keeping?

From an ecological point of view, bees and bee-keepers will probably have to continue to face attitudes of denial of environmental problems, indifference and resignation in some quarters and the blind trust of most people. All those who believe that there is no proof our planet is undergoing any upheaval and that, beyond the countless visible signs of pollution and deterioration, the situation is not so serious and the planet will endure for a long time under current conditions.

By trying not to see the deterioration of our planet and even taking great pains not to acknowledge it, they are delaying important decisions by continuing to act as if nothing is happening.

From an economic angle, bee-keeping must be developed and take on a professional dimension so that the response to the recurring annual production shortfall of 20,000 tonnes of honey does not lead to massive imports of products that can be called "honey" only in name. Efforts are also needed to successfully implement and comply with labelling that will enable rigorous and scrupulous bee-keepers to promote their production by obtaining a sale price worthy of the extraordinary and difficult job they are so passionate about. We are truly lucky to have them.



Photo taken at OFA's bee-keeping facility.
Credit: Hugues Charrier

New recognition is essential for the profession of bee-keeper and its sense of ethics. Every effort must be made to give new generations a chance to enjoy the exceptional benefits of honey and bee products.

What are the answers?

In ecological terms, we must first take steps to ensure that a free economy does not take precedence over the freedom of mankind, animals and the biodiversity around them. Economic imperatives must satisfy ecological requirements such that a 30% plunge in bee colonies will raise as much concern as a 30% collapse in the stock markets. It is therefore imperative that we continue to confront politicians on these issues, on both a national and a European level.

From an economic perspective, professional training structures must be developed in order to pass on the specific knowledge and appropriate apiary techniques to younger generations so that they can avail of all the necessary support and assistance to plan a future career in bee-keeping. It will also be necessary to build a bee-keeping model with players in the banking sector so that banks can support the creation and development of new professional bee-keeping operations.

2.7. Strong commitment alongside the French food bank organisation

Cerea Partners has supported the French food banks since 2015 and we renewed this partnership in June 2018 for another three years.

The food banks network and missions

As a self-reliant, non-political, non-confessional association, the French federation of food banks bases its work on sharing, donation, the free provision of food and volunteering. For nearly 35 years, it has been carrying out the important task of giving unsaleable consumer products a second lease of life by redistributing them to nearly two million people in need.

The food banks collect nearly 106,000 tonnes of food each year, more than 60% of which is collected from farmers, agri-food manufacturers and major retailers.



Largest food collection network
In France



79 food banks



5,400 partner associations and community social action groups

Cerea Partners' actions

As part of this partnership with the food banks, Cerea Partners carries out concrete actions to:

- **Publicise and promote the food banks' activities:** creation of a special website, letters sent out to our partners, communication at our General Meetings;
- **Provide financial support for food bank programmes:** donation of office furniture when we moved to new premises in 2016, financial sponsorship to have a cold room installed and set up a social grocery store in Gers (2015), to equip a mobile kitchen workshop in Bordeaux (2016), to finance a mobile social grocery store in Aude (2017) and to launch the "ClickDon" platform set up to simplify donations by industrial players (2018); and
- **Encourage voluntary work by employees:** visit of the Marne food Bank (2015), participation in nationwide food collections every year since 2015.

2 million

people helped by the food banks



1 in 2 people

receiving food donations in France benefit from the collections made by the food banks

212 million meals distributed to people in need

thanks to the donations collected by the food banks each year



FOCUS ON THE 2019 NATIONWIDE FOOD COLLECTION

The Cerea Partners team took part for the fifth consecutive year in the nationwide food collection drive for food banks in Paris and the greater Paris area.

**New record set in 2019:
160 boxes of food collected**

Thanks to the efforts of the entire team and a number of Unigrains employees who joined us in this initiative, Cerea Partners was again able to run two collection points this year.

Four teams took turns over eight hours on 29 November 2019 to appeal to the generosity of customers at two supermarkets in the 17th arrondissement of Paris and collect donations of non-perishable goods such as tinned fruit, vegetables, fish, cooked dishes, baby products, flour, oil, coffee, tea, etc.

Hundreds of flyers and bags were handed out (and then recovered and handed out again), thousands of food items were carefully boxed, all with enthusiasm and good humour!



- **June 2015**
The partnership is signed
- **September 2015**
A letter is sent out to our portfolio companies to raise awareness
- **October 2015**
Visit to the Marne food bank
- **November 2015**
First participation in the food bank collection day
- **January 2016**
Donation of office furniture prior to our move
- **November 2016**
Second participation in national food collection day
- **February 2017**
Cérélia enters into a partnership with the food banks
- **November 2017 / November 2018**
Third and fourth participation in national food collection day
- **November 2019**
160 boxes of food collected in our fifth participation in national food collection day

3. ESG approach as an investor

In order to act as a responsible investor and partner, we strive to integrate ESG as one of the areas of analysis of our investment policy, and to this end rely on the following three pillars:

1



PORTFOLIO REVIEW

Between 2012 and 2014, we carried out a review of the portfolio companies of the Cerea Capital I and Cerea Mezzanine II funds, in order to make an initial ESG assessment and draw up a roadmap. With the help of PwC, we identified key ESG issues, collected existing ESG data, assessed how each company was positioned in relation to these key issues and pinpointed areas for improvement.

This was an opportunity to get the managers at portfolio companies involved, as well as their level 2 or 3 executives (industrial, HR and sustainable development officers, etc.). We adapted the extent of our analysis to the funds' investor status (majority, minority, mezzanine or debt) and therefore their leverage to raise awareness of ESG criteria with the companies' managers.

In 2020, we also conducted a comprehensive review of the Cerea Mezzanine III portfolio to coincide with the roll-out of our ESG rating tool.

2



ESG ANALYSIS IN THE INVESTMENT PROCESS

An ESG review is carried out when investment opportunities are being examined, according to the needs and the proposal. This review can be conducted in-house or by an outside expert. The extent of this review and the resources allocated depend on our investor status (majority, minority, mezzanine, priority debt, etc.). The procedures introduced involve the following steps:

- Inclusion of ESG topics in committee memos: for majority investments, performance of ESG due diligence; for minority mezzanine and debt investments, ESG review completed by the team on the basis of available information;
- For all investments, the company undergoes an ESG assessment using the internal ESG rating tool, systematically validated by the Investment Committee;
- Inclusion of an ESG clause in the shareholders' agreement (depending on investor status);
- Presentation and discussion of the results of these ESG analyses with the new portfolio company's management team.



REPORTING OF PROGRESS TO INVESTORS

Cerea Partners has chosen to report regularly to investors, in a transparent manner, on the progress that has been made, which we consider to be a core aspect of risk management and value creation:

- Inclusion of ESG topics in the summary reports presented to the bodies representing the fund investors;
- Preparation of an annual report on our own activity and that of our portfolio companies.

4. ESG approach in portfolio companies

Encouraging and supporting portfolio companies to take ESG issues into account

As a responsible investor, it is crucial for Cerea Partners that the companies supported by the Cerea funds continue to develop in the long term, beyond the term of the investment. The responsibility of the company and the funds is to lead these companies to adopt best practices in all areas that foster tangible and intangible value creation. With this in mind, we take measures designed to sustainably integrate ESG issues at our portfolio companies:

- For majority investments, ESG issues form a basis for dialogue and work with the portfolio companies, particularly at supervisory or board meetings,
- For minority, mezzanine and debt investments, ESG issues are taken into account in our dialogue with companies and their main shareholders,
- Portfolio companies are encouraged to sign the United Nations Global Compact.

Promoting the implementation of ESG criteria in supply chain management

The agri-food sector has many players across a complex value chain where transparency and control are of strategic importance in terms of quality, safety and respect for the end-customer. As a responsible investor, the Cerea funds must give their portfolio companies the means to implement the elements of control and transparency of this chain. The Cerea funds also want their portfolio companies to introduce monitoring and control procedures throughout their supply chain, in the following areas:

- Securing procurement
- Quality of products and raw materials
- Traceability across the entire value chain



5. ESG report on portfolio companies

5.1. Scope and methodology

This consolidated report is drawn up based on an ESG/CSR questionnaire that is sent out to the portfolio companies of the Cerea Capital, Cerea Capital II, Cerea Mezzanine II, Cerea Mezzanine III, Cerea Dette and Cerea Dette II funds.

The questionnaire is sent out every year and is subject to change depending on the various ESG/CSR norms and standards in the industry.

It has been prepared in conjunction with an outside consultancy (PwC) and includes quantitative indicators, qualitative questions and more analytical questions related to the sector-specific nature of the funds managed by Cerea Partners.

The indicators covered by the questionnaire are grouped into six categories:

- ESG/CSR approach
- Environment
- Labour
- Social
- Supply chain
- Additional information

The supply chain analysis is a category in its own right, as it is a particularly important subject in agribusiness.

The answers submitted in these questionnaires are used to measure ESG/CSR progress at the portfolio companies and also serve as a tool for our teams to discuss ESG/CSR issues with their portfolio companies.

5.2. Economic data

The reporting data presented below has been calculated based on the answers submitted by the respondents who completed the ESG/CSR questionnaire, namely 33 companies in Cerea Partners' consolidated portfolio at 31 December 2019.

A total of 80% of the companies surveyed responded. This high number shows just how important E, S and G themes are becoming in the eyes of our portfolio companies, and is evidence of their desire to improve.

2019 SCOPE

33 questionnaires returned, i.e.:

100% of the companies in the Cerea Capital portfolio (unchanged on 2018)

92% of the companies in the Cerea Mezzanine portfolio (unchanged on 2018)

77% of the companies in the Cerea Dette portfolio (88% in 2017)

5.3. Focus on BCF Life Sciences



Description of the business: extraction of natural amino acids

Location of the head office: Pleucadeuc (Brittany)

Revenue at December 2019: €38.2m (2.5x the 2008 level)

Workforce: 185 employees

Investment date: July 2018 (CM III, CD II)

Website: www.bcf-lifesciences.com

Founded in 1986, BCF Life Sciences is the European specialist in the extraction of free amino acids. Its production site is located in the Morbihan region of France. It has two representative offices in Latin America and South-East Asia.

BCF Life Sciences is at the heart of biotechnologies and the circular economy through its work in the recovery of joint products from the Breton poultry sector.



The ingredients produced by BCF Life Sciences are used in human health and nutrition applications (infant nutrition, pharmaceuticals and food supplements), animal health and nutrition applications (veterinary and aquaculture sectors) and plant-based applications (biostimulants).

BCF Life Sciences has become super-specialised in each of these areas thanks to numerous field tests and clinical trials carried out by a team of specialised experts (business developers and R&D organised by strategic segment) with a proven performance objective (26 trials carried out as of the end of August 2020 and two patents filed in 2020).

INNOVATING IN CORPORATE SOCIAL RESPONSIBILITY BY DEVELOPING EMPLOYEE SHARE OWNERSHIP

BCF Life Sciences created an employee investment fund in 2014, enabling its employees to acquire shares in the company.

Based on a strong belief that its success hinges above all on collective performance, and that economic success goes hand in hand with great human success, the managers of BCF Life Sciences decided to open up subscriptions again to the employee investment fund in 2019, with financial investor MBO & Co playing a key role.

80% of the employees availed of this opportunity to invest in the company, reflecting their confidence in the company's future. BCF Life Sciences wanted to develop employee share ownership in order to get employees more involved in the company's growth. This led it to receive the **2019 FAS** (*Fédération de l'Actionariat Saliés* - French employee share ownership federation) award in the SME category.



In order to encourage as many employees as possible to participate in the operation, the company decided in 2019 **to match the contributions paid into the fund by employees up to €500**. Employees were entitled to invest in the fund by paying in their statutory profit-sharing bonus, their discretionary profit-sharing amounts and through voluntary contributions. BCF Life Sciences ensured that the timing of the operation **coincided with the payment period for the statutory and discretionary profit-sharing, which encouraged employees to transfer this available cash to the fund**.

Building on what it learnt from 2014, BCF Life Sciences also **enhanced its communication strategy with employees**, key to achieving the opt-in objectives it had set (at least 50%). With the help of the Equalis Capital consulting firm, a number of information meetings were held in the days leading up to the operation to provide employees with all useful and necessary information to enable them to make an informed decision (technical and tax aspects, etc.).

According to the managers of BCF Life Sciences, **the company's solid growth track record (revenue growth of 2.5x since 2008), together with the regular communication to employees of the company's growth plan and ambitions**, were also powerful drivers of the success of the operation.

GOING FURTHER IN CORPORATE SOCIAL RESPONSIBILITY

In order to go further in corporate social responsibility, BCF Life Sciences is keen to launch more innovative projects.

The next step will be the **introduction of a labour-related barometer** to measure **quality of work life (QWL)**. This is part of BCF Life Sciences' CSR approach based on four key issues: (i) human and territorial development, (ii) creation of shared value (ecosystem, sector and subcontractors), (iii) health and nutrition (human, animal and plant), and (iv) conservation of resources and the energy transition.

Other action plans relating to health and safety at work, the company's contribution to society (e.g. inter-company nursery from mid-2022) and energy efficiency will also be rolled out.



5.4. Focus on Novepan



Description of the business: industrial baking

Location of the head office: Lomme (Lille) (Hauts-de-France)

2020 revenue: €61m (June 2020)

Workforce: 250 employees

Investment date: February 2017 (CM III)

Website: www.novepan.fr

Novepan is the holding company that was formed at the time of the merger of two regional industrial baking specialists:

- **Grain d'Or Gel**, formed in 1967, with three production sites in the north of France. This company produces pre-baked and unbaked breads, snacking products and frozen pizza dough for supermarkets and hypermarkets, the foodservice sector and the export market; and
- **Lubrano**, founded in 1934 and based near Sète, specialising in the production of frozen pre-baked hearth breads for the food retail and OOH (Out-Of-Home) markets. Lubrano stands out due to the high quality of its products, which it is able to produce thanks to its unique know-how (liquid sourdough starters produced in-house and cutting-edge industrial equipment).

In 2019, Novepan also acquired organic bread-making specialist, Bionatis, located in the Monts du Lyonnais region.

IMPLEMENTATION AND STRUCTURING OF NOVEPAN'S CSR APPROACH

Novepan has recently structured a CSR policy. The launch of this policy was one of the company's three overarching objectives, alongside growth and margin.

This project was steered by two "pilots", both of them QHSE (Quality, Health, Safety, Environment) officers within the company.

Novepan also set up a CSR Committee, composed of the Executive Committee and the two CSR "pilots" and subsequently extended to include the managers of the five Novepan sites (Gigean (34), Lomme (59), Dunkirk (59), Haute-Rivoire (69) and Rouen (76)).

Novepan was advised in its approach by GreenFlex, which trained the two "pilots", carried out fact-finding missions at two sites and assisted the company with its methodology.



Novepan began by defining its CSR mission: **to create tasty, natural and responsible products, conserving resources and respecting people.**

It then based its CSR approach on three pillars (product line, labour and environmental issues). Each pillar is based on goals that are themselves grouped into three main focuses.

“A CLEAN, SUSTAINABLE AND NUTRITIONAL APPROACH THAT PROMOTES TASTY PRODUCTS”

The “product line” pillar of its CSR approach has three fundamental focuses:

- **Clean:** Novepan formally defined its Clean Label Charter in November 2019. This charter contains around thirty commitments (no colourants, preservatives, selection of packaging without chemical contaminants, etc.).

- **Sustainability:** Novepan has been actively leading a sourcing policy based on sustainable, environmentally-friendly practices since March 2019. It has also made a greater shift towards organic products with the acquisition of Bionatis in June 2019. Novepan is also committed to prioritising local sourcing and to ensuring that French-sourced products make up 90% of the ingredients in its snacking products.

- **Nutrition:** Novepan’s goal is to produce the most nutritionally-balanced products possible. It has committed to ensure that 65% of its products carry an A or B Nutri-Score rating in 2020. Novepan has also set other ambitious targets (25% reduction in the salt content of bread, no added sugar, one vegetarian recipe per family of snacking products, etc.)



“SAFETY, HUMAN DEVELOPMENT AND QUALITY OF WORK LIFE TO SERVE PEOPLE”

The “labour” pillar is based on three main commitments:

- **Safety:** Novepan has implemented a safety system and encourages the sharing of “good safety practices”. It is aiming for “zero workplace accidents” by 2023.
- **Human development:** the company has implemented a rigorous professional interview policy in order to ascertain the various training needs and have a dynamic and proactive training plan.
- **Quality of work life:** Novepan is committed to reducing occupational health risks and is working on a number of issues (work area assessments, spending on equipment to carry heavy loads, automation of certain repetitive tasks, etc.).

“EXEMPLARY ENVIRONMENTAL SITE PERFORMANCE, BETTER MANAGEMENT OF THE END OF LIFE OF PRODUCTS AND TAKING BIODIVERSITY INTO CONSIDERATION TO CONSERVE RESOURCES”

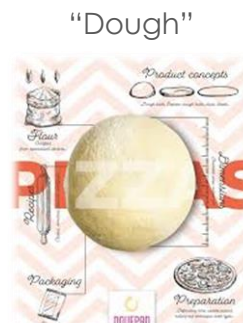
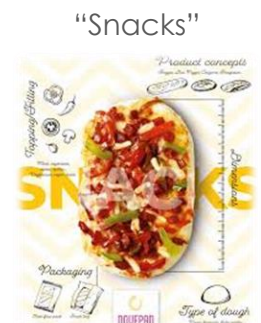
The "environmental" pillar of Novepan's CSR approach is based on:

- **The site's exemplary environmental performance:** Novepan carried out an initial carbon audit in 2017 and will soon review it. It has high ambitions when it comes to sorting and recovering waste and reducing energy consumption (notably through a heat recovery system).
- **Biodiversity:** the company joined the United Nations Global Compact in 2018 and has committed to taking local action (differential mowing, insect hotels, etc.) at production sites.



- **End-of-life product management:** Novepan reduces the waste of factory seconds by donating them to associations (food banks, animal feed, etc.). The company is also keen to adopt a ecodesign approach for its products.

To coincide with the launch of its CSR approach, Novepan organised a presentation seminar to encourage employees to take ownership of these topics. This initiative brought employees together to focus on CSR by asking them to choose which missions should be given priority among the commitments made.



5.5. Focus on 1883-Maison Routin



Description of the business: production of syrups
Location of the head office: Chambéry (Auvergne-Rhône-Alpes)
2019 revenue: €55.7m (December)
Workforce: 160 employees
Investment date: November 2019 (CM III)
Website: www.routin.com

1883 - Maison Routin was founded as a vermouth producer in 1883 in Savoie by Philibert Routin before gradually specialising in syrups. It is now a major sector player.

It is present both in mass retail, with distributor brands and own brands (Fruiss and Oasis Sirop), and in the international on-trade market with the 1883 brand. With Distillerie des Alpes, it has also maintained a small spirits production and distribution activity.

STRONG CSR COMMITMENTS

1883 - Maison Routin has organised its CSR policy around five commitments made in 2018, signed by all the members of the Executive Committee.

These commitments are as follows:

- 1. Strengthen employee pride and commitment:** 1883 - Maison Routin has committed to providing its employees with the means to develop their skills, pride and commitment, through information meetings, internal communication and appropriate training. It has also extended its work on the components of workplace safety.
- 2. Respect our land, our roots and our environment:** the company is keen to pursue its efforts to reduce its environmental footprint, particularly through methanisation.

It has also begun to explore new projects such as biogas recovery and the sourcing of natural ingredients with a low environmental impact.

- 3. Maintain a high standard of quality:** 1883 - Maison Routin puts quality at the heart of its governance.
- 4. Ensure the ethical development of the company:** in addition to its efforts to tackle fraud, corruption and discrimination, the company wants to set an example in terms of business ethics and competitive practices.
- 5. Position 1883 - Maison Routin as a benchmark for the development of its business lines,** taking into account consumer trends that have a positive impact (natural materials, local products, lower sugar consumption, etc.) more extensively and proactively.

A 10-person CSR Committee representing various company departments meets every month. Its role is to monitor the indicators put in place to meet these commitments and to think of ways to raise awareness both within and outside the company.

TWO EVENTS ORGANISED:

CSR DAY DEDICATED TO EMPLOYEES

Last year, 1883 - Maison Routin stopped its factory for one day to organise for the first time a CSR awareness session for its employees. The day was structured around five workshops.

The theme of the first workshop was **Health**. Employees were invited to work on muscle awakening. This workshop was particularly relevant to production employees, but also aimed at office staff.

Suez, which handles the sorting and management of waste at 1883 - Maison Routin, took part in the second workshop on the **Environment** in order to raise staff awareness about waste sorting.

The Red Cross provided first aid training as part of the **Safety** workshop.

A fourth workshop on the theme of **Innovation** was held to raise awareness about sugar consumption.

1883 - Maison Routin invited local associations (Emmaüs, food banks, French society for the prevention of cruelty to animals, etc.) to attend the fifth workshop on **Local Action** so that they could talk about their work.

GREEN SUPPLIER DAY

All suppliers wishing to work with 1883 - Maison Routin must first sign its CSR Supplier Charter. During its supplier audits, the company makes sure that CSR actions are in place.

1883 - Maison Routin invited around twenty suppliers to its “Green Supplier Day” to **share their know-how and discuss best practices.**

Each supplier was asked to talk about their own CSR commitments and three concrete actions that they had carried out, as well as a CSR action that could be entirely specific to 1883 - Maison Routin.

This was also an opportunity for suppliers to visit the company’s methanisation site, which has been up and running since 2014 to treat all of the company’s effluents and cut the factory’s organic load by 80%.



1883 - Maison Routin has secured the **SME+ label, which rewards companies that combine economic performance and responsible development.**

The first “Green Supplier Day” was aimed at suppliers of all sizes that supply raw materials and packaging. The company is keen to build on the success of this day to make it an annual event. The second “Green Supplier Day” will focus on suppliers in other sectors such as transport and temporary staffing.

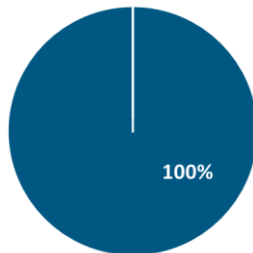
Through these events, 1883 - Maison Routin wants to deliver on its commitments and involve as many employees and suppliers as possible in projects in favour of "the greater good".



5.6. Qualitative portfolio data

GOVERNANCE

ESG DISCUSSED BY THE SUPERVISORY BOARD/BOARD OF DIRECTORS

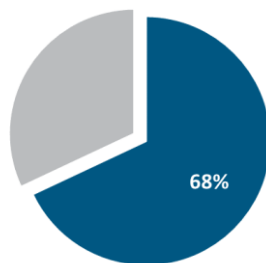


100% of the companies mentioned ESG/CSR at least once in a supervisory board or board of directors meeting in 2019.



vs. **91%**
2018 / 19

PRESENCE OF WOMEN ON THE BOARD OF DIRECTORS/SUPERVISORY BOARD

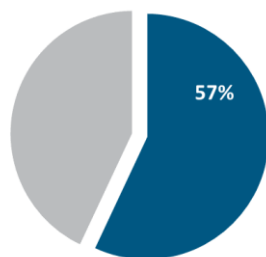


68% of companies have appointed women to their boards of directors/supervisory boards. On average, women make up **14%** of the boards



vs. **47%**
2018 / 19

PRESENCE OF INDEPENDENT DIRECTOR(S) ON THE BOARD OF DIRECTORS/SUPERVISORY BOARD



57% of companies have appointed directors to their boards of directors/supervisory boards. On average, independent directors hold **19%** of the seats

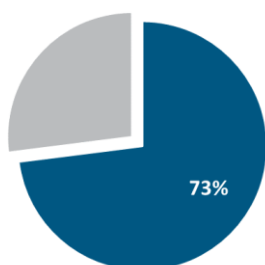


vs. **63%**
2018 / 19

Important: the figures and data given are calculated on the basis of the companies that responded to the questionnaire

ESG/CSR APPROACH

FORMAL DEFINITION OF AN ESG POLICY

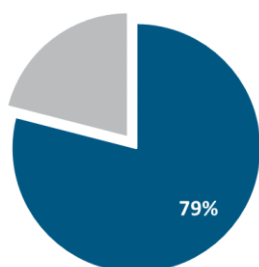


73% of companies have formally defined an ESG/CSR policy. **71%** of them have introduced a system of indicators based on this policy



vs. **75%**
2018 / 19

APPOINTMENT OF AN ESG/CSR OFFICER

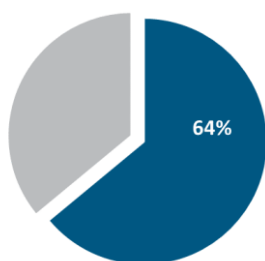


79% of companies have appointed a person responsible for all of the company's ESG/CSR issues



vs. **84%**
2018 / 19

SIGNING OF MARKETPLACE ESG/CSR COMMITMENTS



64% of companies have signed ESG/CSR commitments

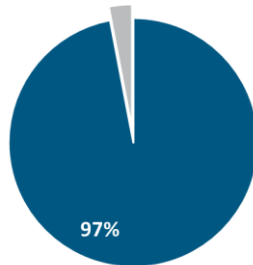


vs. **59%**
2018 / 19

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ENVIRONMENT

WASTE

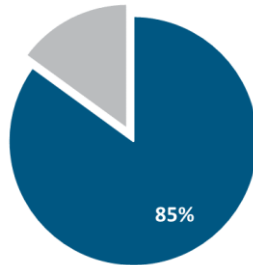


97% of companies have implemented a sorting or recycling incentive programme

vs. **100%**
2018 / 19



ENERGY SAVINGS

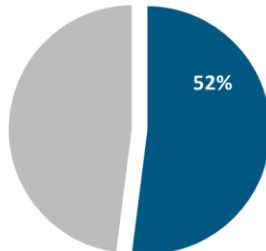


85% of companies have changed the lighting in their buildings

vs. **78%**
2018 / 19



WATER

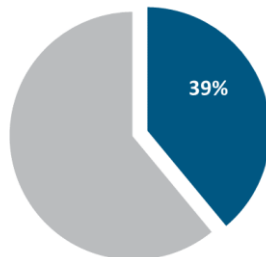


52% of companies have introduced water treatment measures

vs. **41%**
2018 / 19



CARBON

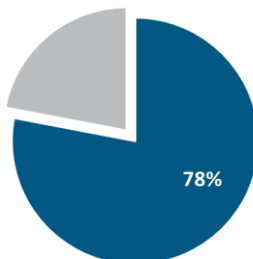


39% of companies have calculated their carbon footprint in recent years

vs. **25%**
2018 / 19



RESOURCE CONSUMPTION



78% of companies have reduced their paper consumption

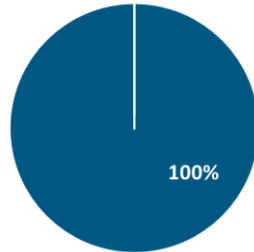
vs. **75%**
2018 / 19



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SOCIAL

HEALTH / SAFETY

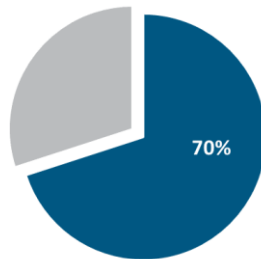


100% of companies have introduced training or prevention measures in the area of health and safety

vs. **97%**
2018 / 19



ORGANISATION OF WORK HOURS

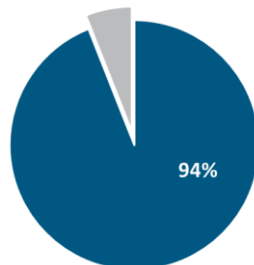


70% of companies offer their employees the possibility of adjusting their work hours

vs. **72%**
2018 / 19



TRAINING

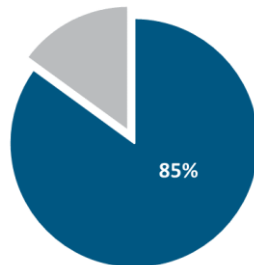


94% of companies have introduced a training plan for their employees

vs. **94%**
2018 / 19



PROFIT-SHARING/ EMPLOYEE SHARE OWNERSHIP

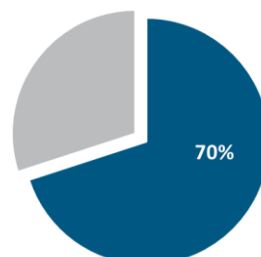


85% of companies have set up a value sharing scheme that goes beyond legal obligations

vs. **84%**
2018 / 19



DIVERSITY



70% of companies have introduced initiatives to integrate disabled people

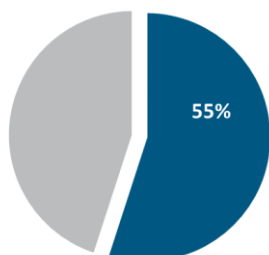
vs. **84%**
2018 / 19



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SOCIAL

BUSINESS CONDUCT

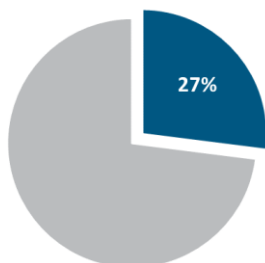


55% of companies have signed an ethics charter

vs. **56%**
2018 / 19



LOCAL IMPACT

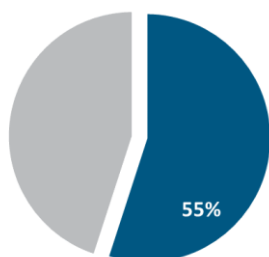


27% of companies have partnerships with local SMEs

vs. **28%**
2018 / 19



SPONSORSHIP, DONATIONS

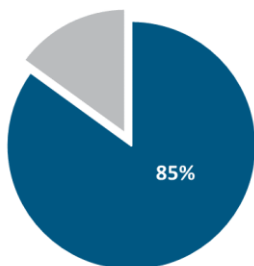


55% of companies support community projects

vs. **59%**
2018 / 19



RELATIONS WITH STAKEHOLDERS

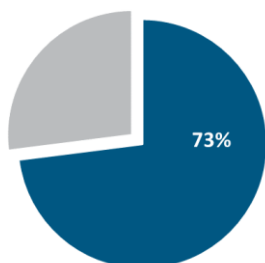


85% of companies consult with stakeholders (works councils, trade unions, etc.)

vs. **78%**
2018 / 19



CRISIS MANAGEMENT



73% of companies have introduced a formal crisis management system with regular drills

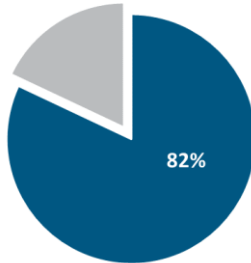
vs. **72%**
2018 / 19



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SUPPLY CHAIN

RISK ANALYSIS

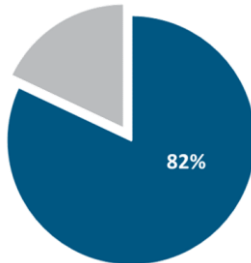


82% of companies have mapped the risks associated with their supply chain

vs. **75%**
2018 / 19

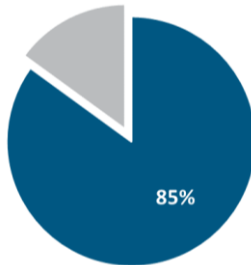


RISK MANAGEMENT AT SUPPLIER LEVEL



82% of companies have introduced contractual clauses to control their supplier risks

vs. **91%**
2018 / 19

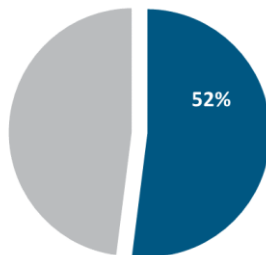


85% apply competitive tendering procedures and/or evaluate their suppliers

vs. **78%**
2018 / 19



RESPONSIBLE SOURCING

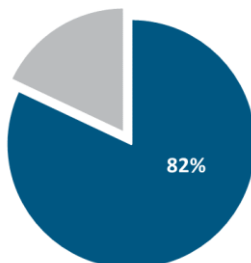


52% of companies have implemented a responsible sourcing policy

vs. **55%**
2018 / 19



TRACEABILITY, SAFETY AND QUALITY



82% of companies believe that the actions taken to guarantee product traceability, safety and quality are valued by their customers

vs. **81%**
2018 / 19



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