

ERGON
CAPITAL

2020 Corporate
Social Responsibility Report



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Introduction



Wolfgang de Limburg,
Managing Partner, Ergon

Patrick Gavoty, Director
& Head of Corporate Social Responsibility, Ergon

“Sustainability is a fantastic opportunity”



Ergon has formalised a corporate social responsibility strategy that aims at bringing positive change and business opportunities to its portfolio companies and various other stakeholders.

How is ESG integrated into Ergon’s strategy?

Wolfgang de Limburg

At Ergon, we firmly believe that corporate social responsibility and taking into account environmental, social and governance principles can create value, and have therefore placed ESG at the core of our strategy. We see ESG as a fantastic opportunity as it can contribute to attracting talented employees, increasing competitiveness, lowering waste and therefore costs.

Patrick Gavoty

Our ESG approach is pragmatic and progressive. We intend to improve every day, step-by-step, and to convince rather than impose. It is also holistic: we try to inspire our various stakeholders (managers of portfolio companies, senior advisors, investors, etc.) and to embark them next to us in this journey.

Since inception, the firm has been partnering with founders and families. Has it influenced your CSR journey?

Wolfgang de Limburg

We have a diversified investor base with a significant share of high-profile European families. Also, a majority of the businesses we invested in since our creation were founders or family-owned, with founders or families typically reinvesting alongside us. We have therefore been and continue to be influenced by this family DNA characterized by a long-term and sustainable philosophy.

What role can investment funds play in accelerating change towards a more sustainable economy?

Patrick Gavoty

As an active shareholder, especially when it typically has a controlling stake such as Ergon, a fund has definitely a responsibility and a role to play in supporting companies to become more sustainable. Our role is never to replace managers or to act on their behalf, but to suggest ideas and support them in implementing initiatives with a positive impact. With more than fifteen companies in portfolio today, we can also share best practices and recommend solutions which are the most impactful. In addition, we are also active as a company to try to set an example. As illustrations, we are dedicating time and sharing our network with young people throughout Europe or have implemented a carbon reduction plan; this further reinforces our ability to help our portfolio companies willing to engage in similar initiatives.

What is the key to a successful ESG strategy?

Wolfgang de Limburg

The key is to get people on board. For a company to be responsible, or for a fund to have an impactful ESG strategy, the people who work for those organisations must be convinced to be then able to embark others. It is also critical to have clear objectives; at Ergon, we have committed to four priorities: promote ESG throughout our investment cycle, reduce our environmental footprint, support youth and education, and report transparently. Such objectives are supported by a specific organization including in particular an in-house foundation, the Ergon Capital Fund, launched in 2020 and financially supporting youth and education projects throughout Europe.





Ergon's DNA

Sustainability is profoundly rooted in Ergon's culture shaped by its proximity with families and founders and its impact-driven approach.

Pan-European

Created in 2005, Ergon has grown to become a pan-European firm with offices in Brussels, Paris, Munich, Milan, Madrid and Luxembourg. Having local teams helps us seizing the best opportunities and supporting our portfolio companies in their expansion across Europe. Specific attention is paid to the development of the internal talents, which creates continuity and reinforces culture.



Offices

Family-oriented

The Ergon story started with families. Fifteen years later, the fund has evolved while maintaining the same values. Our investors are still consisting of many families and we invest in companies that are mostly founders or family-owned. All of our stakeholders share our vision of long-term sustainable development.

≈ €2,500M

raised from families and leading institutional investors

≈ 60%

of investments in founders / family businesses

Entrepreneurial and Impact-driven

As investors with an entrepreneurial mindset working with entrepreneurs, we value fast and reliable decision-making and our main goal is to help our portfolio companies to grow. Our firm culture guarantees integrity, discretion and humility, and is driven by impact.

Since 2005, we have completed:

≈ 30

buyout transactions

≈ 70

add-ons

“With our pragmatic and entrepreneurial mindset, we proactively support our portfolio’s organic and external growth initiatives, ensuring sustainable and long-term growth.”

Emanuele Lembo, Senior Partner, Ergon



Investing In Megatrends

As a fund focused on long-term growth, Ergon has always aimed at investing in companies underpinned by global megatrends that are shaping the world and our collective futures. Over the past years, sustainability has emerged as one of them, transcending all sectors.

At Ergon, we are trying to focus on investment opportunities driven by megatrends. These include for example digital revolution, in particular with artificial intelligence, or increased attention paid to quality personal time, or aging population, which all create new challenges to be addressed.

Over the past few years, we have seen an increasing awareness of environmental and social considerations. There has been for example a growing desire to preserve biodiversity or reduce carbon footprint. At the same time, consumers have never been more conscious of their potential leverage and are actively supporting companies that respect the environment and which have a positive social impact, while employers have nowadays to demonstrate a strong Corporate Social Responsibility strategy in order to attract the most talented

people.

ESG has therefore become a megatrend itself, transcending all sectors. Small or large, directly or indirectly exposed to environmental, social or governance considerations, all companies have to embrace change if they want to stay ahead of their competitors.

At Ergon, we strongly believe that ESG is not a marketing trend, but a profound transformation of the economy, one that impacts the way we assess and drive a company's performance, especially in the long-term. This is in particular why, profoundly aligned with our DNA, we increasingly try to focus on companies which products or services have a positive impact on the society and we pay attention to supporting the ESG transformation of our portfolio companies.



Our CSR commitments



Our CSR approach is based on 4 specific commitments which we intend to implement in a progressive, pragmatic, holistic and impact-driven way.

At Ergon, we are convinced that responsible investment principles are essential to long-term success and crucial for maintaining the trust of our investors, business owners, management teams and employees.

We therefore include environmental, social and corporate governance considerations in our investment process, our own corporate culture, as well as at the level of decisions taken in our portfolio companies.

In line with these beliefs, we have defined a Corporate Social Responsibility strategy based on four commitments:

Promote ESG throughout our investment cycle

From entry to exit, we promote ESG in our portfolio companies and help them assess and implement their own ESG strategies.

Reduce our environmental footprint

We are committed to limiting our organisation's overall environmental impacts, and to offsetting our carbon footprint.

Support youth & education

We believe that young people are key drivers of social change and that education is paramount to develop young talents.

Report transparently

We believe we cannot manage well what we do not measure. We therefore monitor KPIs and report transparently to ensure we remain in a continuous improvement process.

In addition to those four pillars, Ergon has implemented a diversity and inclusion policy. As a pan-European firm, we know that having individuals with varied backgrounds, perspectives, skills and experiences helps strengthening teams and leads to better decisions. Ergon is therefore also committed to promoting and supporting diversity and inclusion within its teams, as well as at its portfolio companies.



Our CSR Organisation



To support our commitments, we have created a specific organisation, in particular with a newly created role of Head of Corporate Social Responsibility and an ESG Committee whose role is to ensure that our CSR strategy is meeting its objectives. We have also created a foundation, the Ergon Capital Fund, to financially support youth and education projects throughout Europe.

Ergon ESG Committee

Our ESG Committee is composed of five members:



Ergon Capital Fund

The committee meets formally on a quarterly basis. Its missions include defining the ESG strategy for Ergon and its portfolio companies, proposing and implementing ESG actions, sharing best practices, supporting deal teams and portfolio companies in their ESG journey, and reporting on their progress.

It was important for us to include members from various geographies, to ensure a homogeneous approach to ESG throughout Europe. The presence of partners of Ergon in this committee was also important, and reflects that ESG is a strategic topic, at the core of our activity.

Focused on financially supporting youth and education projects on a pan-European basis, the Ergon Capital Fund is an in-house foundation launched in 2020 under the umbrella of the King Baudouin Foundation.

The foundation management committee, which includes representatives from Ergon and the King Baudouin Foundation, as well as an independent member, Murielle Machiels, meets formally on a semester basis and decides on the allocation of funds. Ergon professionals have also the possibility to support some projects via an internal voting process.

“Our society is transforming drastically and the pandemic has accelerated this shift. Great education plays a critical role for our future citizens, leaders, organizations and planet.

In my previous role as CEO of Plantyn educational publishing, I contributed to an improved educational system. Today, I’m helping leaders and organizations transform their mindset, culture & habits in order to have a meaningful impact. I joined the Ergon Capital Fund because education is still in my heart and my expertise can be useful in selecting the best educational projects. I’m glad that Ergon created this foundation to support great educational initiatives.”



Murielle Machiels is an academic director & MBA teacher at Solvay Brussels School. She also created QjLeader, is a podcaster, TEDx speaker, a mom and part-time digital nomad. She helps leaders build meaningful lives and organizations.

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Sustainability In Our Portfolio Companies



Promoting ESG Throughout Our Investment Cycle

Ergon's corporate social responsibility includes the promotion of our values and best practices in our portfolio companies. That is why we formalised the integration of an ESG process throughout our investment cycle, from entry to exit, with the view to support our portfolio companies in delivering sustainable growth.

At entry

Avoiding sensitive sectors

In agreement with our investors, we chose to exclude some controversial sectors from our investment universe. Thus, we do not invest for example in companies in the tobacco, gambling or weapons industries.

Assessing ESG profiles

Before investing, we assess the ESG profile of the target company. If we identify substantial issues or unresolvable controversies, the investment opportunity is turned down. Companies do not need to be perfect from an ESG standpoint for us to invest, but it is important that we are able to identify ways to help them improve and grow sustainably.

During the holding period

Conducting a detailed audit

Once the investment is made, we perform a detailed internal audit on the basis of an ESG questionnaire discussed with the management of the invested company during an ESG introductory session (as part of our overall 100-day plan). The aim is to identify where the company is strong and where it could improve, regarding each of the ESG criteria: environment, social and governance.

Drafting an improvement plan

The aforementioned audit allows us to draft an improvement plan that includes two different timescales. In the short term, we tend to focus on the implementation of basics, such as appointing an ESG manager or drafting an ESG policy. In the medium to long term, we focus on more structural objectives (adjust the company's business model to decrease its carbon emissions for example), and decide with the portfolio company on the steps required to achieve those goals.

Providing support

While some companies are already well organized and advanced with regards to ESG topics, others need more support. At Ergon, we offer continuous support and share best practices amongst our portfolio companies. Every one of them can therefore benefit from our cumulated knowledge and the achievements of other companies in a number of different ESG areas.

Reporting

Each year, we measure and report ESG KPIs to assess progress being made, and to check whether the portfolio company is well on-track to achieve our commonly defined objectives.

At exit

Supplying ESG information

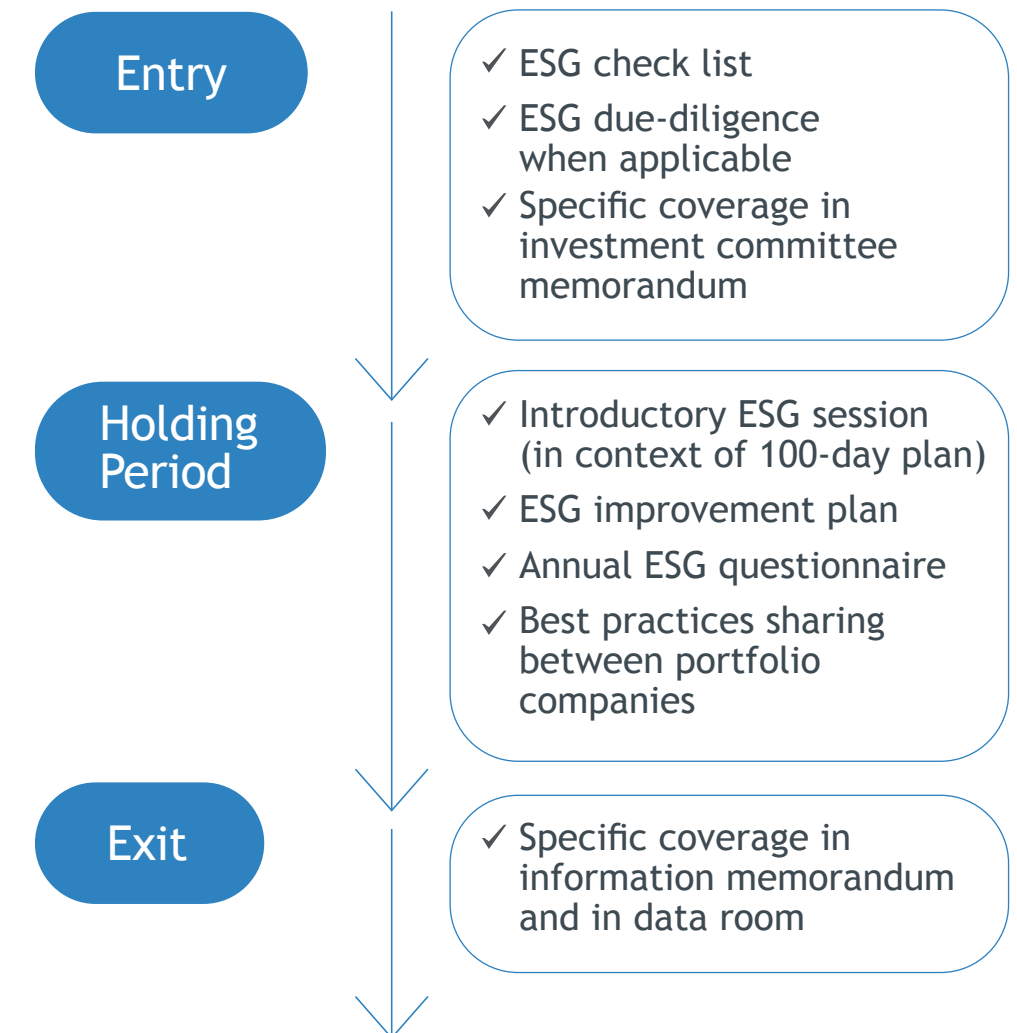
At exit, we supply ESG information to potential buyers as part of the divestment process. We clearly believe that a strong ESG profile reflects a company ultimately able to deliver better and higher value.

Assessing the adherence of potential buyers

As long-term investors with a strong family DNA, we care about who will be the next owner. We assess the adherence of potential buyers to our values and those of the exited company to ensure they will maintain the company's growth trajectory and pursue the initiatives and improvements made from an ESG standpoint.

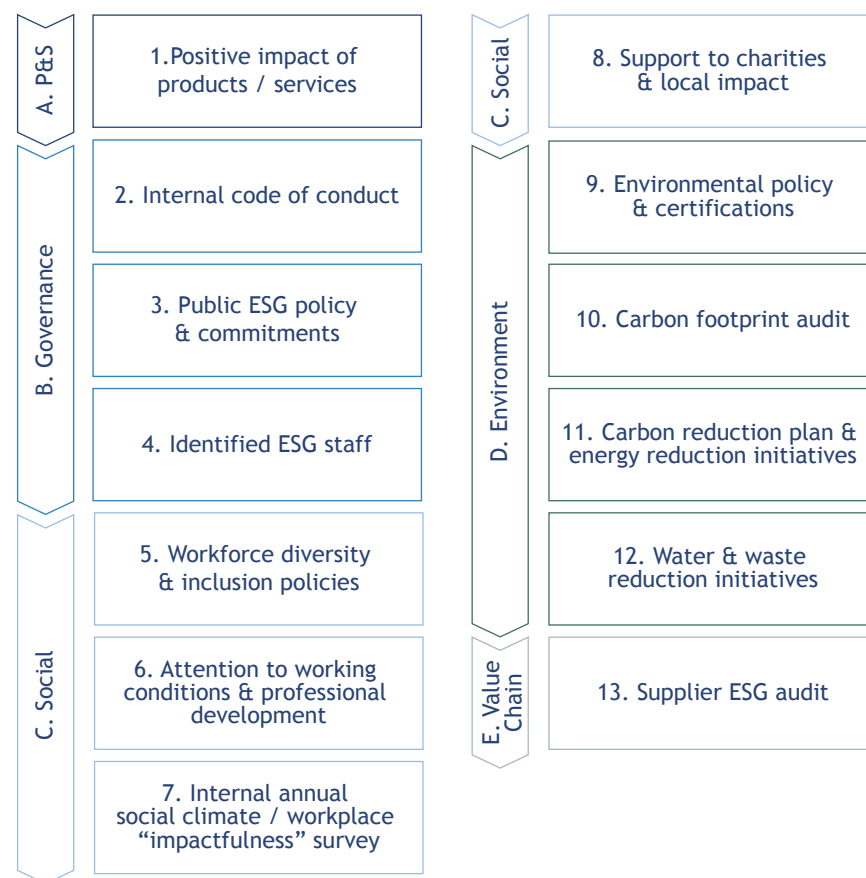
Specific tools

To support the integration of ESG considerations throughout the investment cycle, we have developed specific tools and processes to better assess and support our portfolio companies.



Key ESG Indicators

In order to be able to track precisely and better support the ESG developments of our portfolio companies, and as part of our continuous supporting process, we are using in particular 13 key indicators as shown below:



These allow us to provide, on an annual basis, a comprehensive high-level view of where our overall portfolio stands, which companies are the most advanced and inspiring, and which ones would need to progress in the year ahead (and on which specific areas).

Our successes to date



Our areas of improvement



In general, we believe we have to improve the data collection process of ESG KPIs from our portfolio companies and are working on it to make it more efficient and impactful in the year ahead.

CASE
STUDY

TMC: Invest In Talent To Drive Sustainable Growth

N° 1

Technical, engineering and R&D consultancy company TMC has developed a strong corporate identity based on an innovative talent management model. By investing in its team, the company is able to thrive in a very competitive market.



Emmanuel Mottrie,
CEO, TMC

“We take care of our engineers.” This statement by TMC’s CEO Emmanuel Mottrie summarises the company’s approach to talent management. Founded in the Netherlands in 2000, the engineering consulting firm has experienced rapid and sustained growth. It attributes much of its success to its particular management style, called “employeneurship”.

Employeneurship, an innovative management model

This model is based on extensive training and coaching provided by the company to every employee. “We recruit the best engineers and help them develop entrepreneurial skills. It is beneficial for them on a personal and professional level, for our clients and for our local economies” explains Emmanuel Mottrie. TMC has also established a profit-sharing scheme with full transparency; every employee knows how much the company charges its clients for its work, and financial results are shared on a monthly basis. “We encourage them to be the CEOs of their own company. We do not treat them as employees, but as entrepreneurs, and they behave as such.”

Promoting proximity management and autonomy

TMC has taken the concept even further by structuring the company as a series of business cells. Each of the 17 cells is focused on a specific topic, such as mechatronics or nanotechnology, and is managed by the employeneurs themselves. They share their knowledge and organise events, internally and with clients. “As they grow, companies often become more centralised, with a stronger hierarchy”, explains Emmanuel Mottrie. To remain people-driven instead of process-driven, TMC does the opposite: the company promotes proximity management and encourages autonomy at every level of the organisation.

Employeneurs also have the opportunity to develop their own ideas in the Entrepreneur Lab. “The lab’s mission is to create innovative solutions that will solve very concrete problems”, explains TMC’s CEO. Completed projects include a machine that recycles plastic collected in Uganda to make reusable and affordable face masks. Made in collaboration with British NGO Eco Brixx, the project will help to protect people at local hospitals and will lead to the creation of 2,500 jobs locally.

A model awarded

In 2021, the company’s initiatives during the Covid-19 pandemic were recognised with the Excellence Award in Governance & Finance at the Best Managed Companies awards, organised by Deloitte. “The unique employeneurship model of TMC, in which employees really share in the successes, ensures a very high involvement and customer loyalty”, explained Hans Honig, CEO of Deloitte Netherlands, during the event.

TMC now plans to develop its model even further. The company, which has offices in 11 countries, including in particular the Netherlands, Belgium, France, Italy, Spain, the United Arab Emirates, Canada and the United States, also plans to conquer Asia. “The employeneurship model helps us attract and retain the best engineers, not only locally but also internationally. Because it is based on universal values, it is applicable on a worldwide basis” explains Emmanuel Mottrie. TMC’s ultimate goal: to reach 10,000 employeneurs within 15 years.

Key figures

7

EBIT points are shared every year with employeneurs through TMC's profit-sharing scheme

1400

employeneurs of 65 different nationalities work for TMC

100%

of employees are trained and coached annually

“Ergon and TMC share the same entrepreneurial values, and Ergon supports our willingness to spread our management model to fulfill our ambition for growth, in particular internationally.”

Emmanuel Mottrie, CEO, TMC

“TMC's employeneurship helps the company not only to retain the best talent, but also to attract clients, who want the consultants they hire to be skilled and innovative. They want to work with TMC as they know they will benefit from the company's unique entrepreneurial approach.”

Pieter Lambrecht, Partner, Ergon



CASE
STUDY

svt Group: Protect Your Values

N°2

A leading player in passive fire protection products and installation services, svt is also one of Germany's largest restoration management companies. The company sees ESG as an integral part of its business with a number of potential improvement areas which are also opportunities, and invests in R&D to ensure the highest product quality for its clients, as well as a sustainable manufacturing process.



Berna Weyer, Director Marketing & Corporate Communications, svt



Dr. Jens Reiners, CEO, svt

Approximately 4 million fires occur worldwide each year, with impact on people's lives, along with major environmental and financial effects. In Germany's private sector alone, more than €1 billion is spent every year on repairing fire damage.

In keeping with its corporate mission to “protect what matters - people's lives, health and valuables”, svt spends approximately €4 million per year on research and development to improve the quality, functioning and sustainability of its products. “Our core business contributes to a long-term goal of reducing CO2 emissions, as our products make buildings and vehicles secure, and prevent fires from spreading” explains Berna Weyer, Director Marketing & Corporate Communications of svt. By slowing the spread of fire and smoke in a building, svt's activities also help to conserve assets, thereby reducing the requirement of complex demolitions and new builds.

Certified management processes

To ensure that safety and sustainability goals are met at every level of the company, svt has implemented a highly-effective quality management system. All plants are ISO 9001 certified, except from two recently-acquired ones. By the end of 2022, the company is planning to move to the ISO 16949 standard, which brings together standards from across Europe and the United States and provides a framework for the design and manufacture of products for the automotive supply chain. “We aim for continuous improvement” says Berna Weyer. “Our management system is embedded in the company’s culture, which encourages employees to develop their own ideas”.

svt’s clients, especially in the automotive and transportation industry, demand certified products of high quality. As a result, the company closely monitors its supplier contracts and includes ESG criteria in all of them. svt also conducts regular audits, with a particular focus on checking the origin of raw materials used by its suppliers. In turn, the company is

Integrating environmental issues

With regards to environment, the company is supporting e-mobility by making production, transport, storage and usage of batteries safer. In addition, the company contributes to CO2 reduction in the train and ship industries by making modern and hybrid fire proof materials.

Communicating about the environmental and social aspects of ESG also helps to attract young employees. “svt is a traditional German company, and we want to attract talented young people and to internationalise further” says Dr. Jens Reiners, CEO of svt. To retain those talented people, svt decided to create a leadership pool amongst its employees to encourage professional development. “Employees want to contribute and it is our role to give them responsibilities so that they can develop themselves and enhance the company’s growth” adds the CEO. svt has also started to work on defining its corporate values during 2021 and is willing to engage in the next months in a carbon footprint audit.

Key figures

€4M
spent each year on R&D

700
product certifications

2
management system certifications: ISO 9001 and the SCCP safety and environment standards

“Not all funds have a focus on ESG. Ergon is supporting us in implementing a stronger CSR strategy and achieving our goal of ensuring safety for people and sustainability for the environment.”

Dr. Jens Reiners, CEO, svt

“svt is eager to play its part in relation to sustainability. For example, by preventing fire from spreading around buildings and vehicles, by contributing to its customers’ development in the field of light-weight materials or battery safety, svt is already making an impact. This will only become greater as the company strengthens its ESG initiatives in the years to come.”

Nils Lüssem, Partner, Ergon



CASE
STUDY

Telenco: Where Eco-Design Meets High Performance

N° 3

Telecom equipment company Telenco was founded in 1999 in France. Twenty years later, the company is selling its products in ~50 countries worldwide with a turnover of over €150 million. By drawing on its culture of innovation, Telenco has made its environmental impact a priority, without compromising its financial performance.



Gregory Guimarães,
CEO, Telenco

Supporting telecom operators and network contractors in their fiber development projects is the core mission of Telenco. The company has made a name for itself with its anchoring clamps, connectorized telecom cables and boxes, and technician equipment, which its clients use to build reliable and sustainable networks.

Since a few years already, Telenco is taking action on environmental, social and governance topics which are embedded in its corporate culture, with its environment-related actions being particularly innovative.

Reducing waste

Telenco has chosen to use, as often as possible, recycled or easy-to-recycle materials for its products. “We replaced for example plastic with cardboard, and glue with staples in our fibre optic boxes, which make them easily recyclable” explains Grégory Guimarães, CEO of Telenco. To reduce waste and in a context of accelerated growth, the company has also shifted to a 3 x 8 hours schedule at its Portuguese cable production site. “In a cable extrusion line, the first units are not usable. Such a shift allowed us to decrease waste from 8% to 4%” says the CEO.

Eco-design

To reduce its environmental impact, Telenco has also established a systematic life-cycle analysis of the carbon footprint and the other environmental impacts of all its products. This led the company for example to redesign one of its key cables so that its diameter went from 4.2mm to 3.3mm, thus reducing the cable’s use of raw materials by half. “For indoor use, it is not necessary to have thicker cables that are made to resist outdoor conditions” explains Grégory Guimarães.

Reconditioning

Environmental challenges can also turn into new business opportunities. When a client decides to change his telecom operator, the newly selected operator has to remove the previous connectorized cable and plug in a new one. This leads to the underuse of cables that have a theoretical lifespan of 20 to 25 years, with 97% of them being perfectly reusable, according to Telenco, which has therefore decided to develop a reconditioning activity. “Every cable can be reconditioned up to three times” adds Grégory Guimarães. The potential related CO2 saving is estimated at 200 tons per year.

Key figures

100%
of French operations
powered by green electricity

50%
of waste reduced in the
Portuguese production site

50%
weight reduction for
eco-designed cables

“Our eco-design approach is another differentiating element of our offer. The next step for us is to make this strategy global, covering every product, and to systematically assess the carbon footprint of our solutions for our clients.”

Gregory Guimãraes, CEO, Telenco

“Telenco is among the best-in-class companies of our portfolio in terms of environmental initiatives. The common values we share were among the reasons that made us want to invest in Telenco, and we are keen to continue to support the company’s initiatives for a sustainable growth.”

Denis Fraenkel, Director, Ergon



CASE
STUDY

Palex: an ESG audit turned into a transformational project

N° 4

The ambitious ESG strategy pursued by Palex, the leading distributor of high value-added MedTech equipment and solutions in the Iberian market, has led the company to develop a major ESG project with a detailed action plan for the next four years. The Barcelona-based company has managed to turn sustainability into an opportunity, getting employees, clients and suppliers on board, with the support of its shareholders.



Lluís Buscà,
Chief Corporate Officer

In 2020, Palex decided to launch an internal ESG audit. “We wanted to have a better view on where we were standing from an ESG standpoint, to be able to identify where we could progress” says Lluís Buscà, Chief Corporate Officer.

Supported by its shareholders, the management team decided to turn this audit in a major ESG project associated with a number of opportunities for the company to grow and evolve.

A detailed ESG action plan

An ESG maturity map was created to position the company on each of the three pillars: environment, social and governance. “We were already doing well on the S and G pillars, but had been less focused on our environmental impact, even if we were already ISO 9001”. On this basis, an ESG policy was approved by the board of directors; it includes specific actions to be implemented in the next four years: 24 related to social, 18 to governance and 21 to environmental criteria. Palex is aiming not only to reduce its risks with regards to these topics, but also to improve competitiveness by enhancing employee and customer satisfaction. Short-term objectives include in particular the implementation of a monitoring tool for customer service, the creation of a code of conduct for suppliers, the inclusion of ESG criteria in the company’s purchasing policy and the drafting of an ESG report which has just been published.

Engaging with employees

To ensure the plan’s success, the Palex management team has communicated with the company’s ~600 employees from the very beginning. “We have been very transparent, every step of the way, and our ESG report was shared with everyone. Most of the actions we are going to take will impact the whole company. To communicate about the progress being made and to lead the transformation of Palex, we also created an ESG management team” explains Lluís Buscà.

Led by the company’s quality manager, the team includes the HR and compliance managers. It will meet on a monthly basis and will be responsible for ensuring the successful implementation of each action.

The support of our shareholders has been critical throughout the process, explains the Chief Corporate Officer. “When I presented the project to the board of directors for the first time, Ergon was very enthusiastic and offered its support.”

Key figures

63

actions are included in the Palex ESG plan, to be implemented by 2025

10

UN Sustainable Development Goals were identified as being closely linked to the company’s activities, including access to health and decent work

1

additional certification to be obtained in 2021: ISO 27001, covering information security

“Aligning different interests is critical for making such an ESG strategy possible. In this context, the enthusiasm of Ergon was key and we look forward to achieving together our objectives by 2024.”

Lluís Buscà, Chief Corporate Officer

“Palex decided to treat ESG matters not only as a compliance issue, but also as a real opportunity to enhance the company’s work environment, supply chain management and customer service, contributing to further strengthen its development perspectives.”

Pablo Álvarez Couso, Director, Ergon



CASE
STUDY

Visionnaire: A Pioneer Brand In Sustainability In Its Industry

N° 5

Founded in Bologna in 1959, the luxury brand Visionnaire is committed to creating products that embody a concept of absolute quality, combined with an environmentally sound approach. In line with its ambitious CSR strategy, Visionnaire targets to become a Benefit Corporation by the end of 2022.



Eleonore Cavalli,
Art Director, Visionnaire

2019 was a pivotal year for Visionnaire, with the Italian brand publishing its 10 foundation values in an artbook-manifesto entitled “Decàlogo”. The idea was for the company to reaffirm its identity and to formalise its commitment to meeting high standards on social and environmental issues.

**Bio-sourced
and recyclable
materials**

Visionnaire has been a pioneer in working to reduce its environmental impact, combining innovation with respect for the environment. The Bastian sofa, part of the Greenery Collection released in 2017, was one of the brand’s first experiments with low-impact materials. The sofa’s support systems can be made from jute, in a move away from

petroleum-based elastic belting, while the padding can be produced by a bio-based expansion process. The pillows are filled with seeds, while the coverings can be made from natural fibres derived from linen, wool or cotton, and coloured with vegetable dyes.

Since then, a number of new materials have been added to Visionnaire’s palette, including Iris, a textile made of polyester threads obtained from recycled plastic bottles. Along with being 100% recycled and 100% recyclable, it can be used indoor or outdoor. “This process guarantees a 60% reduction of CO2 emissions and water waste” says Eleonore Cavalli, Art Director at Visionnaire. The latest innovation is a 100% recycled velvet with a soft touch. “Our goal is to use low-impact fabrics that still feel luxurious and provide the soft touch one gets with usual fabrics.” Visionnaire will present a new project, a book titled Re-Generation, entirely on fabrics and leathers that comply with criteria of low environmental impact. In this special selection of materials, every single fabric is accompanied by a technical profile, providing details on its composition, spinning, weaving, systems of cultivation and traceability, to get to a view of the entire product life cycle.

**Involving the
supply chain**

To support its vision, the Italian brand works closely with its suppliers, approximately 50 artisans all located in Italy. They were asked in particular to complete a self-assessment ESG questionnaire with two main goals: raising their awareness about the environmental and social impacts of their activities and starting to collect the data needed by Visionnaire’s R&D team for its work on production methods that are reducing the environmental impacts of the company’s designs.

**From responsible
to purpose-driven**

Ergon is now supporting Visionnaire in its ambition to go even further in the sustainability process, with the company planning to become a Benefit Corporation. To prepare for this status change, the company is working on a process to monitor and assess its precise impact on society and the environment. “Today, customers do not buy furniture for the

aesthetics alone, but for its values: made in Italy, ethical suppliers and a goal to lower impact on the environment; this is what we call “meta luxury”, the new luxury” explains Eleonore Cavalli. This change of status, which will enhance the company’s market positioning, attractiveness to investors, and its ability to attract and retain talented people, is expected to be completed by the end of 2022, along with another ambitious project: calculate the company’s carbon footprint and set a goal of becoming net zero.

Key figures

3

certifications support the company’s commitments: the Forest Stewardship Council (FSC), the Programme for Endorsement of Forest Certification (PEFC) and ISO 9001

25%

of the company’s product range will be FSC-certified in 2021, ensuring the responsible sourcing of wood

50%

of Visionnaire’s contractors already use today recycled raw materials in their production processes

“As a meta luxury brand, we want to take on the formal commitment of generating benefits for society and the environment through our business activity. Our investors and suppliers are fully aligned and committed to this.”

Eleonore Cavalli, Art Director, Visionnaire

“Visionnaire’s commitments to create low-impact designs and support Italian craftsmanship increases the brand’s unique attractiveness. At Ergon, we are convinced that this CSR strategy will help them to thrive and continue to expand.”

Riccardo Collini, Partner, Ergon



3 Sustainability At Ergon



Reducing Our Environmental Footprint

Climate change is probably one of the key challenges of our century, if not the main one. As an investment fund, we owe it to our investors to take this challenge into account and to anticipate its implications for the economy. Climate change is expected to impact most of the industries, and environmental issues are therefore inherent parts of today's and tomorrow's business models and business risks.

Initiatives
for reducing
environmental
impacts at Ergon
level (“Ergon
Sustainable Plan
2030”)

As investment professionals, we want to set an example. That is why we have committed, as an organisation, to reducing our carbon emissions by 30% by 2030, to comply with the United Nations' Science Based Targets Initiative (SBTi). Achieving this target will also align us with the Paris Agreement's objective of keeping global temperature increase below 2°C.

30%

Ergon is committed
to reducing its carbon
emissions by 30% by 2030

The SBTi's goal is to help companies across the globe tackle climate change issues by using science-based targets. The initiative translates climate science and emission scenarios into actionable target-setting tools, a method we have applied at Ergon.

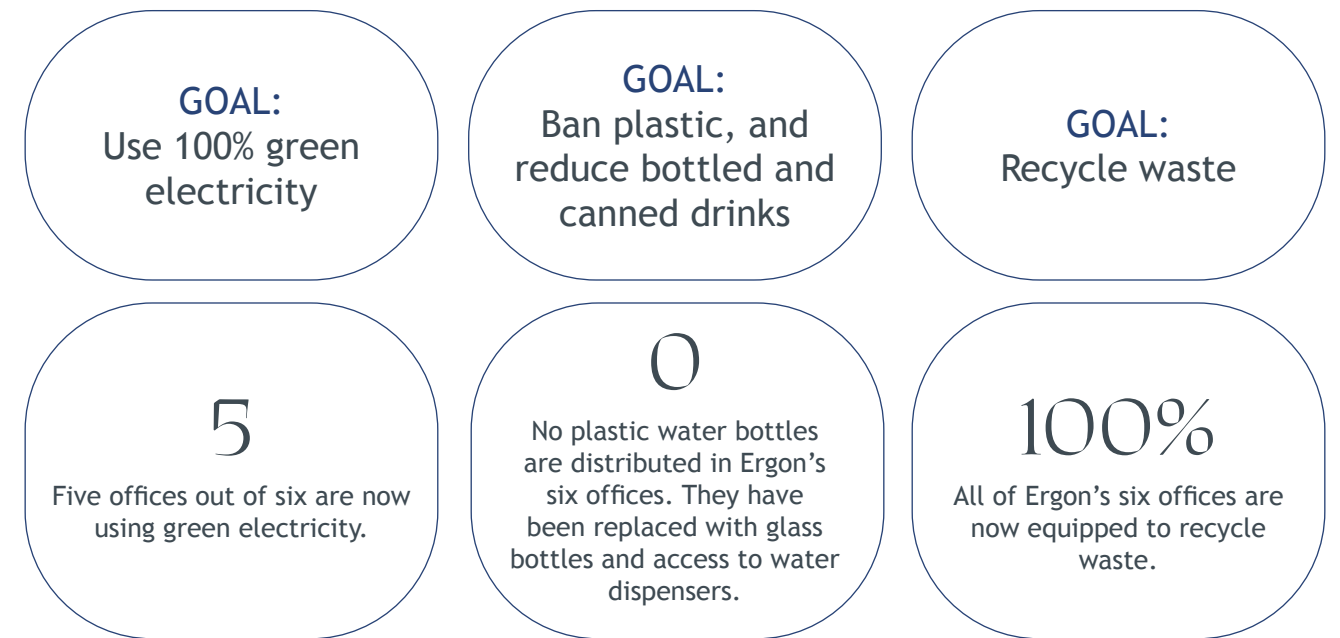
Practically, we have conducted an initial audit of our environmental footprint in 2020 with the climate consulting firm CO2 Logic. On this basis, we have established a plan to reduce our environmental impacts in line with the aforementioned objectives, with transportation and energy identified in our case as the main areas for improvement.

Such plan is based on 10 specific initiatives (which are themselves translating into a number of sub-initiatives), implemented across Ergon's offices:

- 1 Reduce overall travel and use of transport
- 2 Promote green transport solutions
- 3 Source locally to save fuel costs
- 4 Use 100% green electricity
- 5 Limit overall energy use
- 6 Ban plastic, and reduce bottled and canned drinks
- 7 Reduce unnecessary printing
- 8 Recycle waste
- 9 Reduce cloud storage
- 10 Promote all the above on a continuous basis

Measuring progress

In addition, we committed to having yearly external audits to assess our progress and ensure that they are aligned with our reduction objectives. After a few months, we have already made progress in a number of areas:



Becoming a carbon-neutral company

Finally and based on our footprint assessments, we are offsetting the annual emissions of Ergon's offices by financing reforestation projects through certified carbon credits. This strategy makes us a carbon neutral company, a status confirmed by the CO2-neutral label from Belgian certifier, Vinçotte.

The reforestation project financed in 2020 aimed at supporting farmers in Zambia in the use of agricultural methods that safeguard the forest. It is certified by the Verified Carbon Standard (VSC), an independent non-profit organisation that monitors the project's impact in terms of reducing CO2 emissions. To do so, they collect data such as the number of hectares protected, the amount of CO2 sequestered by the trees and the number of people positively impacted. The project also respects the United Nations' REDD+ Framework (Reducing Emissions from Deforestation and Forest Degradation).

Promoting Environmental Stewardship At Portfolio Companies' Level

As an investment fund, Ergon's environmental impact also depends on the efforts and environmental commitments of its portfolio companies. That is why promoting environmental stewardship is crucial to us. Together with the management teams, we help our portfolio companies to adopt environmental-friendly initiatives, based on their own corporate social responsibility journey and industry.

Generating clean energy with Dolciaria Acquaviva

One of Ergon's goals is to use 100% of green electricity. We have supported our portfolio company Dolciaria Acquaviva, an Italian producer of frozen bakery products, with the implementation of a photovoltaic system on its main plant's roof. This initiative enabled the company to reduce its environmental impact by producing around 1,300,000 KW of renewable energy each year.

Banning plastic straws with Sausalitos

Ergon has backed German chain Sausalitos, a cocktail bar and restaurant chain, in its decision to ban all plastic straws. The latter have been replaced by straws made of pasta, making them 100% bio-sourced and biodegradable. This solution has also been adopted by Looping, one of Ergon's previous portfolio companies, that runs amusement parks.

Sharing best practice amongst our portfolio companies is essential to accelerate change. As a community of investors, managers and employees, we can be efficient in reducing our collective environmental footprint by learning from each other's experiences.

Supporting Youth & Education

At Ergon, we believe that young people are a key driver of social change, particularly through their education. We are therefore seeking to actively implement initiatives for young people across Europe in the fields of education and health by providing time of our local teams and various stakeholders as well as financial support from our in-house foundation, the Ergon Capital Fund.

Education and professional inclusion

We believe that access to education, equal opportunities and diversity are key to ensuring not only a sustainable future, but also successful businesses. That is why we have chosen to actively support education and professional inclusion initiatives throughout Europe, through initiatives such as workshops but also through grants from the Ergon Capital Fund as detailed afterwards.

“Education and good health are key factors for success. In a rapidly changing world, children and young people need to be equipped to face environmental and social challenges, and also encouraged to be innovative and to raise their voice.”

Wolfgang de Limburg, Managing Partner, Ergon

Children's health

Along with education, we chose children's health as another lever for action. In addition to financially supporting charities that aim at supporting children in hospital or

medical research, we also demonstrated our commitment by joining various races including for example Run to Kick, a family charity run organised by the Kick Cancer Foundation.

In 2019 and 2020, employees from Ergon's six offices took part in Run to Kick, raising money for research in paediatric cancers, the first cause of mortality by disease among children aged over one year in Europe. In 2020, Ergon came second among corporates in terms of funds raised.



Empowering Youth Through Mentoring

To share knowledge and sectoral expertise, Ergon has started to organize workshops with its local teams, senior advisors and investors, and plans to do so as well with the managers of its portfolio companies. It has also begun to arrange one-on-one mentoring between young people and Ergon professionals.

Workshops

Organising workshops and mentoring sessions is a complementary activity to the financing of charities. It allows us to make a tangible impact by sharing our knowledge with young people who have not yet entered the labour market. It also strengthens our relationships with our various stakeholders, as we invite our portfolio companies, investors and senior advisors to take part in these events.

The first type of events that we started to organize were career exploration workshops, where professionals could explain their jobs to groups of four to five young people, mostly scholarship students.

Ergon teams at its Brussels, Paris and Milan offices have all organised such workshops to explain their roles as private equity professionals, teaming up with local charities including Duo for a Job in Belgium, Linked Up! in France and the Italian non-profit Teach for Italy.

Our senior advisors were also eager to be involved. As an example, Patrick Albaladejo, former deputy CEO of Hermes International, held a workshop about the luxury industry.

“Creating equal opportunities for employment is a major driver for change. The workshop I attended gave me the opportunity to share my knowledge and - I hope - some wisdom about the job itself, but also about the culture and unspoken rules that might be needed to thrive in this particular industry.”

Patrick Albaladejo, Ergon's senior advisor

One of our investors also took part in a workshop about the various professional roles that can be pursued in the finance industry. We are proud to be able to partner with such high-level professionals for these workshops.

One-on-one mentoring

To take this support even further, Ergon teams have begun to test a one-on-one mentoring programme. The goal is to mentor one young person over a six-month period, with the mentors being Ergon employees. This one-on-one relationship means that more personalised advice and support can be provided to each mentee's individual project. Two mentoring pairs have begun their six-month collaborations.

Site visits

Yet to be deployed, the final initiative will be to organise site visits with our portfolio companies. Plans for the first visits were delayed by the pandemic, but some of our portfolio companies have already voiced their enthusiasm for the project.

The aim is two-fold: allow young people to discover local career opportunities, and make contact with the corporate world, and enable our portfolio companies to create bonds with local communities to potentially help them meet their recruitment needs.

Supporting Charities Through Ergon's Foundation

Our in-house foundation, the Ergon Capital Fund, supports youth and educational charities throughout Europe. Since its launch in 2020 under the umbrella of the King Baudouin Foundation, it has in particular supported four organisations in the fields of either education or children's health.

Teach For All
A Global Network

As a global network of 60 independent partner organisations, Teach For All actively promotes education throughout the world. It relies on an interconnected global community to foster growth, create impact and share best practices. Teach For All also seeks to influence the global discussion, in particular about social issues. More than 600 of the network's alumni have launched social businesses. Through its grant, Ergon financially contributed to the launch of Teach for Italy.

JA Europe
A Member of JA Worldwide

Dedicated to preparing young people for employment and entrepreneurship, Junior Achievement Europe believes that education is essential not only to shape the mindsets of young people, but also to provide the skills, knowledge and attitudes that will be key to tomorrow's jobs. Students who have participated in its entrepreneurship programmes are three to six times more likely to start their own businesses according to the organisation.

Ergon financially contributed to the development of a large pan-European platform/social network which allowed students, alumni and staff to better interact together.

kick cancer

Ergon has been financially supporting the Kick Cancer Fund, which is dedicated to research in paediatric oncology. The Kick Cancer Fund finances clinical trials on innovative drugs with a view to improving the understanding of the origin and functioning of paediatric cancers, which will ultimately lead to the development of new drug treatments.

WIELS

Ergon has also been financially supporting workshops organised by Wiels, a major European centre for contemporary art, located in Brussels. The aim of the workshops is to educate children through art, drawing on Wiels' innovative and creative approach to contemporary art.





“Ergon is a champion of our mission”

Teach for All network partners work alongside both public and private sector partners and closely with schools, teachers, students and parents to develop leadership in classrooms and communities to ensure all children can fulfill their potential.

Europe is often seen as a region that does not need support for education. But what is the true picture?

Abigail Huston

Europe is actually the biggest region at Teach for All, representing 19 local partners out of a total of 60 partners globally. In Europe, education is free and available to all, but we still face many challenges, including a high risk of segregation and discrimination. Our goal is to ensure all kids, no matter what their background is, have access to equal opportunities. Even with a strong basis to start with, we need to continue to be more innovative and inclusive, and to promote excellence and values. Teach for All is not only about teaching, but also about building the leadership, skills and mindsets to allow children to have an impact in the future.

Ergon’s financial support enabled Teach for Italy to be launched. Can you tell me more about this local organisation?

Abigail Huston

Teach for Italy was launched during the pandemic. That meant everything that had been planned had to be reconsidered and digitalised. Andrea Pastorelli, the CEO of Teach for Italy, did a wonderful job at leveraging different people who had a background in remote teaching, to ensure that students had the best-prepared teachers. It was not part of Andrea’s theory of change at the beginning, but he was able to be flexible and to adapt. Today, Teach for Italy is actually called upon to share

its expertise in digital learning. It is also one of the amazing aspects of the network: we work in many different countries, but share similar challenges in different parts of the world that can be adapted for diverse contexts.

What kind of support can private partners like Ergon offer?

Abigail Huston

Financial support is crucial. Teach for Italy, for example, would not have been launched without Ergon’s support, and our private partners such as Ergon are also champions of our mission. Many dedicate their time to Teach for All, providing for example mentoring or advice for teachers. Ergon shared our vision, in particular around the need to build leaders in each country. We invest a lot in our teachers, encouraging them to continue teaching or move into other sectors such as school leadership, social entrepreneurship and government after their 2 years with us. The problem that we are trying to solve is complex so we need leaders in all sectors working together to make the change. Ergon also made connections between Teach for Italy and their office in Milan, further strengthening our partnership.

What are your projects for the future?

Abigail Huston

Since the pandemic, the inequality gap has widened. It is a huge opportunity for us to make major changes. We are thinking, for example, about what an excellent education is beyond just academics. We are also prioritizing our continued efforts around building a more interconnected community amongst our European partners, alumni and participants. We are a growing network and region and we hope to see 5 new partner organisations join our European region in the next three years, five new partners will join us over the next three years, and are delighted that Ergon already committed to pursue its support by financing structural developments at Teach for Belgium.

19

partners in Europe

10000+

alumni working in sectors including school leadership, public policy and social innovation

54000+

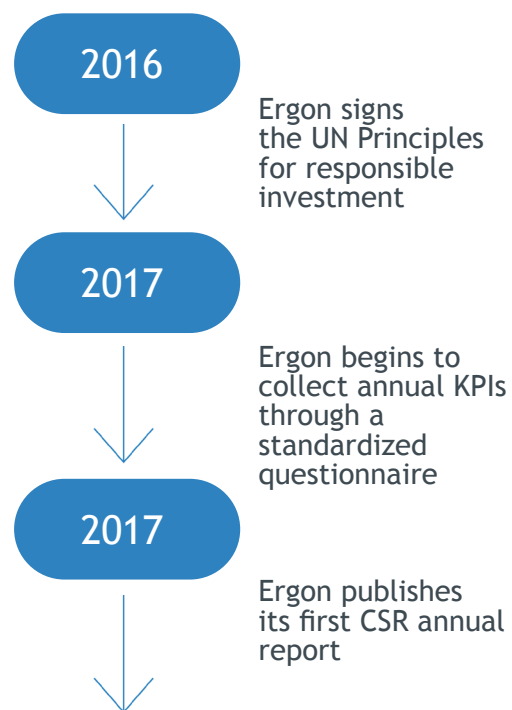
teachers

500,000+

students supported

Reporting Transparently

To make a tangible impact on society and the environment, we believe that our ESG journey must come with a commitment to openness, transparency and accountability.



In 2016, Ergon signed the UN Principles for Responsible Investment (PRI). Developed by investors for investors, the six principles are a mirror of our own corporate social responsibility journey. We started by incorporating ESG factors into our investment analysis and decision-making processes (Principle 1), and then incorporated them into our policies (Principle 2).

In 2017, we began to seek ESG disclosures from our portfolio companies (Principle 3). As our expertise increased, we now start to contribute to promoting sustainability within the investment industry (Principles 4 and 5). We are also now fulfilling the sixth and final principle by committing to report on our progress, in particular through the launch of our first CSR annual report.

To our investors and peers

Since 2016, we have completed an annual questionnaire for the PRI, providing notations on the incorporation of ESG topics into our investment practices. We use this base to report to our investors on our progress, but also to foster discussions within the private equity community.

To our portfolio companies

We gather information from our portfolio companies through a standard ESG questionnaire every year. By collecting the relevant KPIs, we can assess their progress and compare with the improvement plan we drew up together in the context of our 100-day plan. It serves as a reporting tool for us, but also for the companies involved. As previously mentioned, we believe we have to improve this data collection process to make it more efficient and impactful in the year ahead.

To the general public

This report is our first CSR annual report. It is not perfect but we aim at improving it each year as we progress in parallel in our ESG journey at Ergon level, at the level of our portfolio companies and with our ecosystem as a whole. It is being made public to ensure a maximum level of transparency.

What's Next?

Over the past months, Ergon has achieved important steps, in particular by initiating a better assessment and support of its portfolio companies in their ESG developments, engaging into a carbon reduction plan with an annual offset of its emissions, launching its in-house foundation and starting to implement regular initiatives in favour of young people across Europe.

In parallel, we worked on this first annual report and on the formalization of a comprehensive CSR strategy in support of our primary mission: help European companies with high potential to sustainably grow their businesses. The journey is only beginning. What's next?

An impactful portfolio

Our work in the months and years ahead will be to continue the journey underway with our portfolio companies. Over the past months, we were able to identify where each portfolio company was performing well and where improvements were needed. We will now further reinforce our support to the respective management teams to accelerate their ESG developments.

Carbon reduction initiatives throughout our portfolio

As previously mentioned and based on an initial audit, we have launched in 2020 a plan to reduce our carbon emissions by 30% by 2030 and are doing yearly assessments with an offset of our emissions. We now want to support our portfolio companies in developing similar initiatives to ensure that our organization, as a whole, is fully engaged in limiting its environmental impacts.

Further support for young people

We will pursue and further extend our financial support for charities working in the fields of youth & education through the Ergon Capital Fund. We will also continue to launch initiatives and organise events that encourage youngsters to make ambitious career choices or that contribute to improving lives of sick children. The involvement in these initiatives of our investors, senior advisors and professionals, along with our portfolio companies' teams, will remain a key focus to further strengthen our impact in this holistic approach we have taken.

Communicate to positively influence our ecosystem

As anticipated, we will work on improving our process to collect ESG KPIs from our portfolio companies and on developing our overall communication to ensure that our progress are reported transparently and that our initiatives, if inspiring, can motivate others to do so as well.

“At Ergon, we are convinced that integrating ESG criteria will lead to a greater impact on society and new opportunities for our portfolio companies. By trying to set an example and sharing best practices so that one can learn from each other's successes and challenges, we will together contribute to creating sustainable growth.”

Wolfgang de Limburg, Managing Partner, Ergon

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