



# CLIMATE TRANSPARENCY REPORT 2020

Naxicap Partners

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-E29251BC-EF93-4160-82BE-4E96E06F756A/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	-	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	-	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Naxicap Partners
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 1 - 4.99 billion AUM
<b>Main Asset Class</b>	>50% Private Equity Internally Managed
<b>Signed PRI Initiative</b>	2016
<b>Region</b>	Europe
<b>Country</b>	France
<b>Disclosure of Voluntary Indicators</b>	36% from 38 Voluntary indicators

# Naxicap Partners

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

	Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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### Some examples of identified transition and physical climate-related risks and opportunities of Naxicap's portfolio:

- *Climate transition risks: **market*** (changing consumer preferences) increasing demand for building's environmental features
- eco friendly products and packaging are increasingly expected from customers
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- *Climate transition risks: **reputation*** reputational risks related to the high carbon footprint intensity of the e-commerce sector (transportation / fast delivery)
- 
- *Climate transition risks: **technology*** the shift to "cloud" which gradually reduces the sale of physical hardware
- 
- *Climate transition risks: **policy*** & legal change in national and/or European regulations on energy saving certificates
- 
- *Climate physical risks: **acute*** (flooding, droughts) direct implantation of portfolio companies in countries at risk
- 
- *Climate physical risks: **chronic*** (water stress) water dependent production in areas with potential future water resource scarcity
- 
- *Climate opportunities: **resource efficiency*** development of alternative products which do not require water in their production process
- development of a fully recycled insulation material enabling to contribute to the circular economy
- 
- *Climate opportunities: **energy source*** new solutions to substitute a company's raw materials with renewable input factors
- 
- *Climate opportunities: **products/services*** introduction of a "green" product range with certified external environmental certifications

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**Integration into investment strategies/investments:**

*Pre-investment:*

The climate analysis and ESG due diligence undertaken pre-investment both identify and evaluate material transition and physical climate-related risks and opportunities relevant to the target company.

*Holding period:*

- i)** The identified transition and physical climate-related risks are factored into the global ESG risk mapping analysis of Naxicap's portfolio, subject to annual monitoring and assessment.
- ii)** Naxicap Partners monitors the portfolio companies' exposure and adaptation strategies to the physical and transitional climate risks identified in the pre-investment climate analysis through relevant indicators via its online ESG reporting tool. These indicators are presented annually in Naxicap Partners's ESG report.
- iii)** The identified transition and physical climate-related risks and opportunities are, when relevant, integrated into the portfolio companies' dedicated ESG roadmaps, subject to annual monitoring in the Supervisory Board.

No

**SG 01.7  
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

- Yes
- No

Describe why your organisation has not yet assessed the likelihood and impact of climate risks

External ESG auditors identify the relevant transition and physical climate-related risks of the target company. For each risk, the auditors evaluate its level of materiality, taking into account the probability and impact of the identified climate risks.

**SG 01.8  
CC**

Indicate whether the organisation publicly supports the TCFD?

- Yes
- No

**SG 01.9  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

- Yes

Describe

As a signatory of the International Climate Initiative, formerly iC20, Naxicap Partners systematically factors climate risks into its investment process, as defined by the scope of its ESG policy. Naxicap also commits to effectively analyse and manage climate-related financial risk and emissions, in line with the recommendations of the FSB's TCFD. More specifically, Naxicap Partners is committed to:

- recognize that climate change will have effects on the economy which represent risks and opportunities for businesses,
- join forces to contribute, at its level, to the objective of COP21 of limiting global warming to two degrees,
- contribute to reduce the greenhouse gas emissions of its portfolio companies and ensure the sustainability of their performance.

As a signatory to International Climate Initiative, Naxicap aims to reduce the greenhouse gas emissions of its most carbon intensive portfolio companies and to disclose their direct and indirect carbon emissions.

A detailed climate analysis is integrated into the investment memorandums and follows a methodology elaborated by PWC. The methodology, shared between all International Climate Initiative signatories, provides a snapshot of the target company's current position with regards to significant climate issues facing its sector and activity, and is used to evaluate the materiality of the company with regards to relevant climate issues. It aims to establish the answers to the following questions:

- Is the company affected by carbon regulations?
- Have any of its clients (public sector, large groups, etc.) already formulated expectations in terms of carbon strategy?
- Is any part of the value chain located in countries or zones with a high climate risk ? Are any of its commercial partners (suppliers, subcontractors, distributors, etc.) affected by carbon regulations?
- Has the company or its industrial sector recently been involved in a carbon-related controversy?
- Are the company's market conditions sensitive to climate and energy issues (dependence, competition, technological challenges, etc.)?
- Has the company conducted a voluntary carbon footprint assessment (Scopes 1, 2 and 3)?
- Is the company planning an IPO?

The analysis also identifies areas of improvements and concrete actions to be implemented by the company, whether it is to capitalize on opportunities related to the transition towards a low carbon economy or to limit exposure to significant climate risks. The analysis is verified by an external auditor.

Depending on the results of the pre-investment climate analysis and the company's exposure to physical and transitional climate risks and opportunities, actions to be implemented are identified. This work is integrated into the company's ESG roadmap and may cover following topics, depending on the materiality: carbon footprint assessment, carbon reduction measures, implementation of KPIs, capitalizing on potential opportunities,.. Naxicap Partners seeks to see actions taken for reduced GHG emissions and approves the roadmap in the Supervisory Board, as defined in the Shareholders Agreement.

Naxicap Partners monitors the portfolio companies' exposure and adaptation strategies to the physical and transitional climate risks identified in the pre-investment climate analysis through relevant indicators via its online ESG reporting tool. These indicators are presented annually in Naxicap Partners's ESG report.

No

<b>SG 1.10 CC</b>	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

## Governance and human resources

<b>SG 07 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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<b>SG 07.5 CC</b>	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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#### Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

#### External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Other role, specify (1)
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**Risk manager (RCCI)**

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

<b>SG 07.6 CC</b>	For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.
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Angèle Faugier, Managing Director and Board member, supervises the climate strategy of Naxicap Partners and ensures that adequate measures are integrated into the portfolio companies' respective ESG roadmaps.

**ESG issues in asset allocation**

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities
- No, our organisation does not currently carry out scenario analysis and/or modelling

<b>SG 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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<b>SG 14.1</b>	Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.
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- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments
- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 14.5**

Additional information [Optional]

In order to contribute to the COP21 objective of limiting global warming to two degrees Celsius, Naxicap signed the IC20 (2020 Climate Initiative, subsequently renamed the International Climate Initiative in 2019) in October 2016. As a signatory to International Climate Initiative, Naxicap aims to reduce the greenhouse gas emissions of its most carbon intensive portfolio companies and to disclose their direct and indirect carbon emissions.

In 2019, Naxicap published for the first time the scope 1 & 2 carbon emissions of its portfolio and aims to publish the indirect carbon footprint for the most significant emitters in 2020.

**SG 14 CC**

Voluntary

Public

General

**SG 14.6  
CC**

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Identifying the portfolio's most carbon intensive companies.	tCO2e / M euros of revenues	Estimation methodology (PwC)
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Integrated into Naxicap's online reporting tool. Serves to track and analyse the emissions over time.	CO2 equivalent	Estimation methodology by using emission factors by ADEME (Agence de l'environnement et de la maîtrise de l'énergie).
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Integrated into Naxicap's online reporting tool. Serves to track and analyse the evolution over time	CO2 equivalent	Estimation methodology by using emission factors by ADEME (Agence de l'environnement et de la maîtrise de l'énergie).
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Integrated into Naxicap's online reporting tool. Serves to track and analyse the evolution over time.	CO2 equivalent	Estimation methodology by using emission factors by ADEME (Agence de l'environnement et de la maîtrise de l'énergie).
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Integrated into Naxicap's online reporting tool. Serves to track and analyse the evolution over time	CO2 equivalent/ revenues (revenues and or amount invested by Naxicap).	Estimation methodology by using emission factors by ADEME (Agence de l'environnement et de la maîtrise de l'énergie).
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Integrated into the ESG audits pre-investment.	% revenues generated from carbon related assets.	ESG auditors methodology.

**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management
- Processes for climate-related risks are not integrated into overall risk management

Please describe

#### Climate-related risk assessment

Currently, integration of climate-related risks into Naxicap's overall risk assessment is ongoing. However, the ESG team, in collaboration with the Risk & Compliance Director, continuously evaluates sector specific regulations and guidelines on climate-related topics (such as the French Grenelle II, Article 173 of the

French Energy Transition law, etc).

Naxicap factors the identified climate-related risks of its portfolio companies into its annual ESG portfolio risk mapping analysis, with the objective of identifying, evaluating, prioritizing and managing the material climate risks inherent in the portfolio companies' activities.

**The process for identifying climate-related risks**

All investment memos, related to new investments and/or reinvestments where the total amount invested exceeds €5m, include a pre-investment environmental analysis in the investment memorandum with a special focus on risks (and opportunities) related to climate change. This analysis is verified by PwC and INDEFI.

The climate section of the ESG due diligence identifies relevant actions to be implemented by the company to limit or better manage the identified climate risks and issues. The auditor provides the level of materiality, impact and probability, of the identified risks.

Naxicap has also integrated several climate indicators into its online ESG reporting tool, answered annually by the majority of its portfolio companies, to evaluate the companies' exposure to physical and transition climate-related risks.

**Actions/measures**

Naxicap requires its portfolio companies to construct an ESG roadmap based on the due diligence carried out pre-investment. This roadmap also includes a dedicated climate section. The companies need to show their actions on these issues, especially on how they act on climate risks regarding as being of high materiality as evaluated by the auditor.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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- Yes
- No