



The Charter of Private Equity Investors

In recent years, private equity investors have become major players in the economy as shareholders in an increasing number of companies.

Their specific role and growing influence has given them particular responsibilities in all economic, social and environmental contexts.

Private equity investors are **professional shareholders** and partners of entrepreneurs and management teams. They are involved as minority or majority shareholders throughout the lifecycle of a company: from its creation and development to its sale or turnaround.

They are **active partners** who draw on their experience, skills and network to support, professionalize, strengthen and accelerate the creation and development of companies.

As professional shareholders, private equity investors are committed to promoting principles of **good governance** for each company of their portfolio they are involved with.

By signing this Charter, private equity investors publicly express the **values** they wish to promote, the **responsibilities** they assume and the **commitments** to which they subscribe.



Values

The main objective of private equity investors in the projects they support is to target the **long-term** growth and development of companies.

Following an average 4 to 5 year investment period, their objective is to transfer their stake in a **healthy company with strong growth potential** to new shareholders. This key condition ensures that the new shareholders will recognize the value that has been created, thus providing the private equity investors with an appropriate return on the capital with which they have been entrusted.

The company's development needs to be considered in a broad context that also takes into account social and environmental considerations.

The continuing and lasting improvement of corporate **performance** is what guides the actions of private equity investors. Corporate performance criteria are considered at all levels: in terms of corporate research and development, of economic and financial results as well as of commercial and industrial performance.

A company's human resources, from its executive management to its staff, represent its **fundamental wealth**. Operational excellence which results from the efficiency and the motivation of a company's teams, therefore depends on high uncompromising standards in terms of social responsibility.

Private equity investors are remunerated by the **actual value created** which is the direct result of the risks assumed in the course of their investments and in the development of the portfolio company.

The financial engineering implemented by private equity investors is therefore only a tool for optimizing this value creation.

The success of the partnership requires **an alignment of interests** of the various participants in the project, as well as an equitable **sharing of the value created** that takes into account the risks and contributions of each participant.





Responsibilities

Private equity investors act as minority or majority partners to entrepreneurs and executive management teams that remain fully responsible for their companies' management.

Private equity investment professionals are most often represented on the company's governing bodies as administrators or as members of the supervisory board. As a rule, they do **not** exercise **operational responsibilities**.

Nevertheless, as representatives, they perform their duties in full and assume responsibility for their mandates, which confer a **duty to propose, advise and control** the executive management, notably:

- in business matters (strategic and operational planning),
- in relations with the company's partners (customers, suppliers, sub-contractors, bankers, shareholders),
- in labor relations (with employees, employee representatives and unions),
- in environmental issues.

Transparency, quality and responsiveness of communication, as well as objectivity of information, are key requirements for private equity professionals. Transparency is an operational imperative as much with regard to interactions with the managers of the companies in which they are investing, as with regard to their own shareholders or investors which have confided the responsibility for their capital investments to them.



Commitments

The private equity investors who have signed this charter (the “signatories”) reiterate the commitments that establish and guide their activities as well as those they wish to promote. These commitments are to:

- 1) Favor ambitious and controlled growth strategies,
- 2) Ensure professional and responsive management,
- 3) Ensure compliance with laws, agreements, regulations and rights,
- 4) Promote good labor relations,
- 5) Promote the sharing of value creation,
- 6) Develop transparency, and in particular, the measurement of the economic and social impact of private equity investment.

1) Favor ambitious and controlled growth strategies

The signatories agree to support ambitious company growth and development projects through the launch of new activities, commercial, manufacturing and technological investment, geographic expansion and the acquisition of other companies.

2) Ensure professional and responsive management

In their capacity as company directors and shareholders, the signatories agree to ensure that their companies implement industry best professional practice and are always in a position to respond quickly and effectively in all circumstances.



3) Ensure compliance with laws, agreements, regulations and rights

In their capacity as company directors and shareholders, the signatories agree to ensure that the company is managed, at all times, in full compliance with the laws, agreements, regulations and rights applicable to the company, notably in terms of:

- quality and conformity of the goods and services being developed and marketed,
- fairness and loyalty of all commercial relations with partners, customers, suppliers, sub-contractors and bankers,
- relations with employees as well as employee and union representatives in accordance with the labor laws, contracts and collective bargaining agreements.

4) Promote good labor relations

In their capacity as mandated company directors and shareholders, the signatories agree to promote the development of good labor relations, the key to success in efficient and balanced company growth.

In particular, they undertake to propose, within the scope of the company's governing bodies, open dialogue with employee representatives at the time of entry into the capital of the company and of their investment exit.

5) Promote the sharing of value creation

In their capacity as company directors and shareholders, the signatories agree to promote the equitable sharing of value creation. They agree to propose the implementation or expansion of profit-sharing or equity ownership schemes, to the largest possible number of employees, at terms adapted to the situation of each company. In this context, they agree, specifically, to promote and extend the implementation of profit-sharing agreements as provided for by law.



6) Develop transparency, particularly in the measurement of the economic and social impact of the private equity activity.

The signatories agree to promote transparency in the exercise of their activity and particularly in the measurement of its economic and social impact:

- in their interactions with each of their portfolio companies,
- at the level of the overall portfolio, as part of their regular and for annual reporting activity, based on a format best-suited to the type of the portfolio, the type of investments (small minority, largest shareholder, majority owner, etc.) and the size of the companies,
- for the entire private equity business, by submitting to AFIC the relevant information (at the very least sales figures and the total number of employees in France and worldwide) needed to compile an annual activity report of the industry.

In specific cases and for the “leading French corporations” either majority-owned or controlled by private equity investors, *i.e.* those that fulfill each of the three following criteria at the time of the transaction:

- registered offices in France,
- more than 1,000 full-time-equivalent employees in France,
- enterprise value exceeding €750 million,

both the companies and private equity investors concerned will publish an annual activity report.

Date of Signature : Paris _____

Signatory Company : _____

Name of Signatory : _____



Position held by Signatory : _____