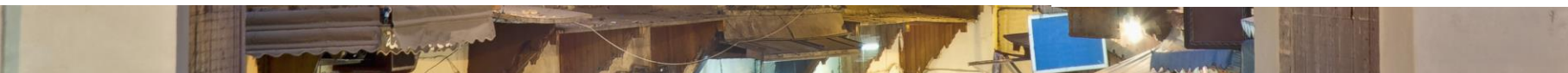




Annual Sustainability Report 2017



MEDITERRANIA
CAPITAL PARTNERS
PRIVATE EQUITY





Mediterrania Capital Partners is a Private Equity firm focusing on growth investments in SMEs and mid-cap companies in Africa. With offices in Abidjan, Algiers, Barcelona, Cairo, Casablanca, and Malta, Mediterrania Capital Partners takes an intensely proactive, hands-on approach to implementing its growth strategy by leading the governance of the companies and driving the key internal value creation process.



Daniel Viñas

Partner and Head of Sustainability

Since the Mediterrania Capital funds began operating in 2008, the pursuit of sustainability has been key in our approach as a financial services provider.

As investors, we seek to create value in our portfolio companies and help them move to the next stage of development. We do so with a specific methodology geared towards environmental, social and governance (ESG) factors. Strong corporate governance, ethical business conduct, systematic risk management, employment equality, etc. are core focus areas in our day-to-day operations. We consider ESG factors a fundamental part of our value creation process, which enables portfolio companies to build the right foundations for long-term growth.

Nowadays, the UN Sustainable Development Goals (SDGs) are quickly gaining traction; in this report, you will see how well our portfolio companies are performing against them.

We are pleased to say that seeking to generate a positive impact on the communities and economies of African countries in addition to financial returns is a reality for Mediterrania Capital Partners.

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- Embracing the SGDs
- UNPRI principles
- Mediterrania Capital Partners' impact in Africa
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- MC II Portfolio companies



Committed to sustainability

Value Creation goes beyond the financial and operational aspects of the investee company. It also involves improving the Environmental, Social and Governance (ESG) factors of a business, thereby focusing on both the internal policies and the external impact of an organisation.

ESG considerations have always formed an integral part of Mediterrania Capital Partners' investment process and portfolio management, supporting and driving sustainable thinking and practices in the industry.

Mediterrania Capital provides strategic advice and governance support to investee companies to help them improve their operations and expand their geographical reach in a sustainable manner. This in turn enables companies to create new jobs and boost long-term growth.

MC II has invested in a total of eight companies in a wide range of sectors with relevant ESG impact.

Embracing the SDGs



Through Mediterrania Capital Partners' funds we have invested in sectors which have a very important role to play in delivering progress against the SDGs goals, including healthcare, education or low-income financial services.

UNPRI principles

Since 2016, Mediterrania Capital Partners has been signatory to the UN principles for Responsible Investment. As an UNPRI signatory, we are committed to the correct implementation of the following Principles and reporting against them on a regular basis.



- 1 Incorporate ESG issues into investment analysis and decision making process.
- 2 Be an active owner and incorporate ESG issues into our ownership policies and practices.
- 3 Seek appropriate disclosure on ESG issues by the entities in which we invest.
- 4 Promote acceptance and implementation of the Principles within the investment industry.
- 5 Work together with other signatories to enhance our effectiveness in implementing the Principles.
- 6 Report on our activities and progress towards implementing the Principles.

Mediterrania Capital Partners' impact in Africa

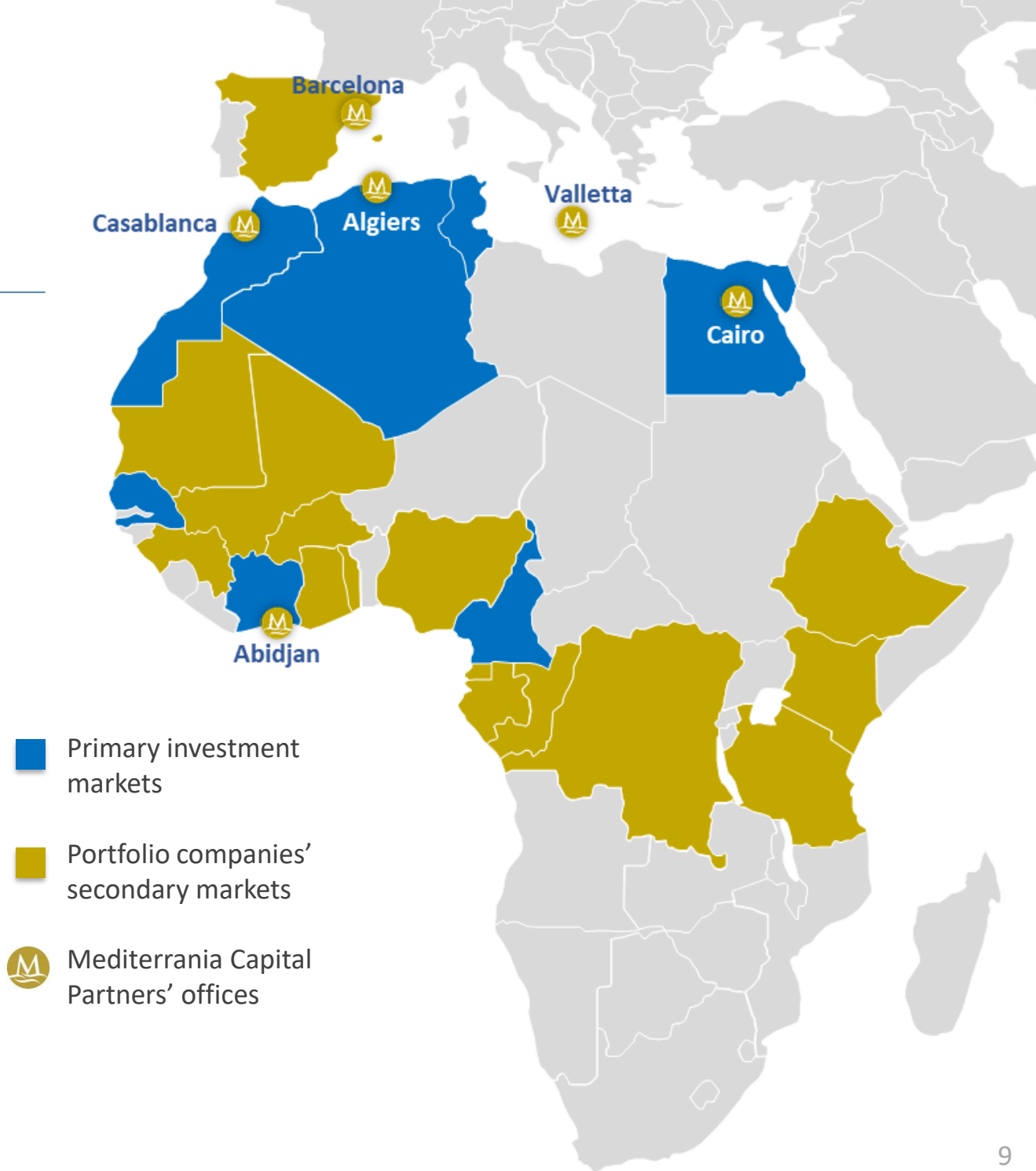
Creating robust governance structures, improving the employment conditions of workers, defining and implementing specific environmental protection policies... For many entrepreneurs in Africa, focusing on sustainability while trying to run their business profitably is a huge undertaking.

That's why private equity firms can help them to achieve their growth objectives while also taking a responsible approach to ESG issues.

Mediterrania Capital Partners' hands-on approach in the value creation process of the investee companies coupled with our diversification strategy means that we can have a wide impact on the economies and quality of life of the African people. And we are able to do so not only in the countries where we invest directly but also in those into which our companies are expanding, since the same business ethics, employment benefits and governance processes will be replicated there too.



Rajaa Berrkia
Operations Director
(Sustainability Officer)



MC II impact at a glance

Improving communities

 **4,708**

Total number of employees at eight reporting companies

 **32%**

Of jobs are held by women

 **26%**

New jobs created during 2017

Championing change

 **100%**

Of reporting companies produced annual audited financial statements

 **100%**

Of partners companies provide health insurance and pension plans to employees

 **63%**

Of companies have policy statement documenting commitment to environment

Boosting innovation

€88 m

Resources invested in eight portfolio companies since 2014

Contributing to societies

€9 m 

Corporate taxes paid in 2017 helping to sustain local government and social services

Championing change through partnership and collaboration

Improving communities' living conditions

We invest not only to maximise gains for investors but also to improve the economy and the quality of life of communities through:

- Job creation
- Employment quality enhancement
- Empowering of women
- Setting the basis for long-term growth

Championing change

Working closely with our shareholders and partner companies we make change happen

- Co-leading projects alongside our partners to support companies' increasing efficiency and sustainability
- Supporting portfolio companies as they introduce ESG, operational or governance best practices
- Helping our partners to widen their network and facilitate new projects and/or expand into new geographical areas

Boosting innovation

- Empowering and supporting our partners in widening their product and service offerings and challenging the status quo of markets and organisations
- Investing in companies to take on innovative projects (€84 million deployed since 2014 through MC II)
- Innovating with third parties such as government agencies, business partners and institutions



Creating jobs and improving employment quality

In 2017 our portfolio companies made strong efforts towards job creation and higher employment quality:

- 26% increase in total employees (4,708 in 2017 up from 3,735 employees in 2016)
- 973 new jobs
- 100% of reporting companies implement official equal opportunity employment policies
- 100% of reporting companies provide employees with secondary benefits including health insurance, vacation pay and pension plans
- 75% of reporting companies provide complimentary benefits such as vaccination campaigns and medical check-ups



Empowering women: how will tomorrow differ from today?

- 32% of the workforce in the eight portfolio companies is female
- More than 50% of our portfolio companies have women in senior and middle management positions
- 1,499 women work in full-term jobs across our portfolio companies (up from 1,259 at the end of 2016)

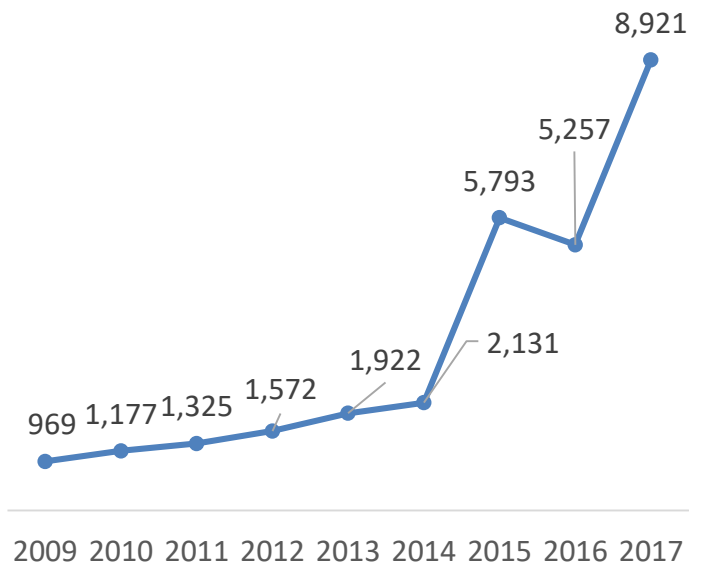
Improving corporate governance and tax contributions

In all our investee companies we establish transparent governance structures and fluid relationships with our partners and focus on sustainable growth development and impact investment:

- 100% of reporting companies fully comply with their tax and labour regulations
- 100% of reporting companies produce annual audited financial statements, thereby increasing the level of transparency among the management and shareholders
- 100% of reporting companies pursue anti-corruption policies
- 100% of reporting companies have executive committees in order to reinforce the overall governance system (audits, remuneration/incentives, HR, etc.)
- 25% of reporting companies have independent board member. Different backgrounds and experience are highly complementary and very useful in increasing the potential for value creation

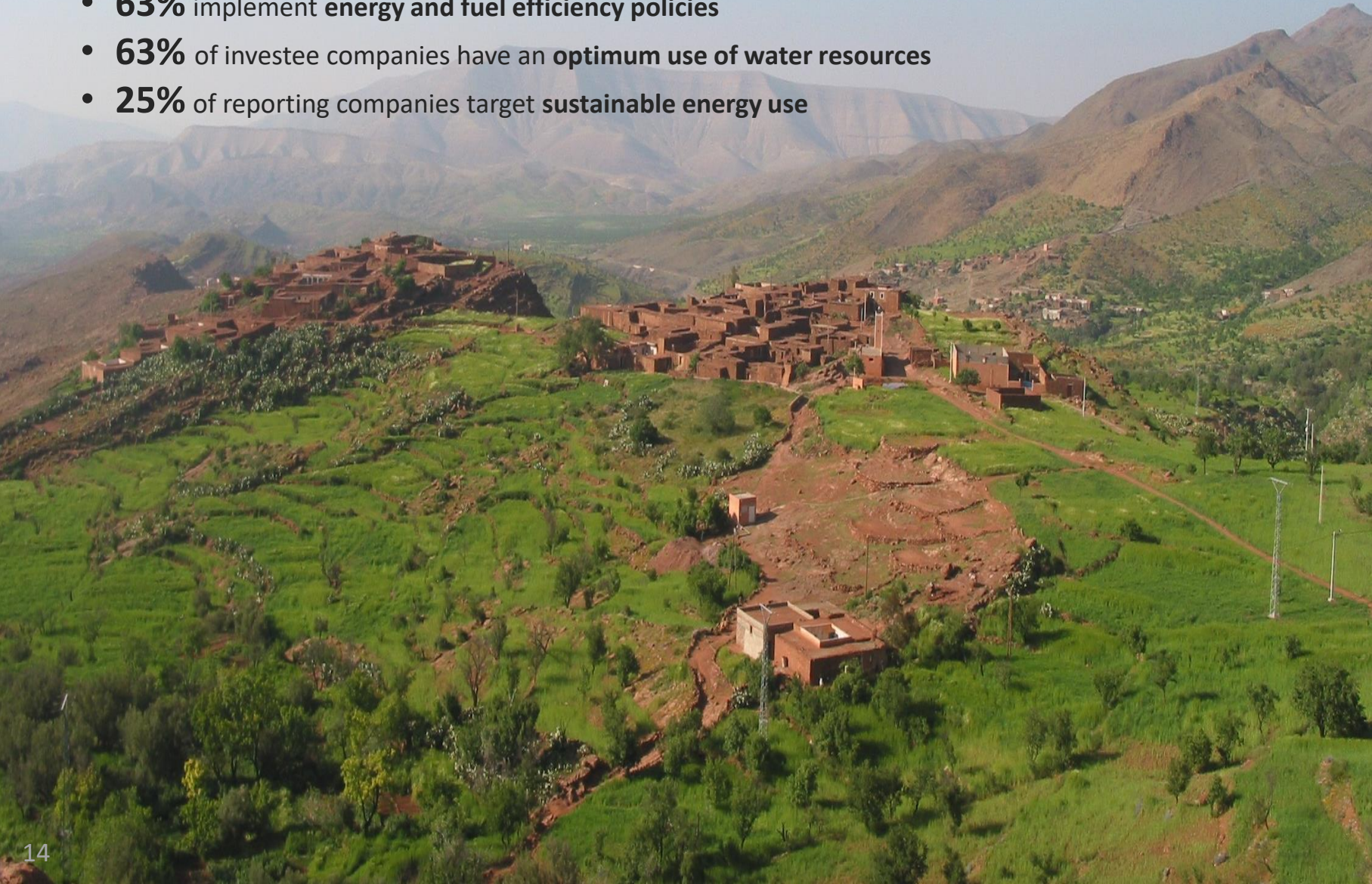


Total corporate taxes paid by investee companies (in '000 EUR)



Contributing to sustainability and reducing impact on the environment

- **100%** of portfolio companies effectively pursue **one or more environmental objectives**
- **75%** of reporting companies claim that **pollution prevention** and **waste management** are a major environmental concern
- **63%** implement **energy and fuel efficiency policies**
- **63%** of investee companies have an **optimum use of water resources**
- **25%** of reporting companies target **sustainable energy use**



MC II portfolio companies

- **Cash Plus** (Morocco)
- **C.E.C.I.** (Morocco and Algeria)
- **Randa** (Tunisia)
- **Indigo Company** (Tunisia, Morocco and Algeria)
- **Cieptal Cars** (Algeria)
- **Medtech** (Morocco)
- **Université Privée de Marrakech (UPM)** (Morocco and Senegal)
- **Groupe Scolaire René Descartes (GSRD)** (Tunisia)

Cash Plus



Investment summary

- **Sector:** Financial services
- **Business Focus:** Money transfer
- **Impact Focus:** Money transfer enablement in remote areas
- **Location:** Casablanca (Morocco)
- **Company description:** Founded in 2004, Cash Plus is Morocco's leading independent money transfer and low-income financial services provider, enabling its clients to access a comprehensive portfolio of inclusive financial products through its growing number of points of sales and its transactional mobile application
- **Investment date:** July 2014
- **Ownership:** 47.2%



Revenues: €17 million (2017)

Employees: 451 (2017)

Female employees: 147 (2017)

Tax contribution: €482,000 (2017)



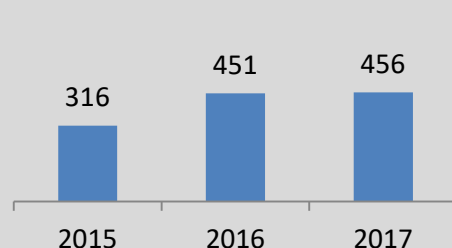
Sustainability progress

- Since Mediterranean Capital's investment, Cash Plus has had a noticeable impact on households and communities by giving access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.
- Combined with its expansion, Cash Plus has been able to increase the number of customers served to over 2 million.
- The ultimate goal of Cash Plus is that of the UFA as a whole: providing adults who are currently not part of the formal financial system with access to a transaction account enabling them to store money, send and receive payments as the basic building block to manage their financial lives by 2020.

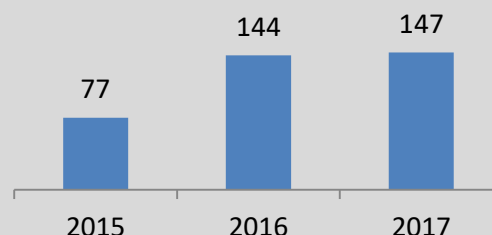
Looking ahead

- As Cash Plus expands its geographic footprint, more communities will benefit from accessible financial products at affordable costs.
- Digital technology is spurring financial inclusion around the world, enabling millions more people and businesses to join the global economy for the first time.
- Cash Plus is conscious that, in the near future, mobile banking has the potential to become a primary channel for delivering financial services to rural populations.
- Digitally-enabled financial services will facilitate day-to-day living, help families and businesses plan for everything from long-term goals to unexpected emergencies, and contribute to their prosperity and resilience.

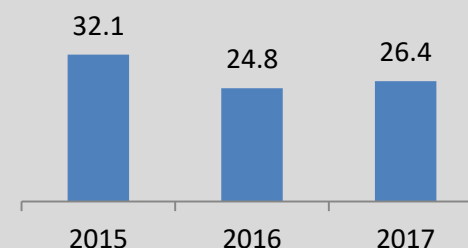
Number of employees



Num. of female employees



Salaries paid (in m MAD)





Investment summary

- **Sector:** Trucks assembly and car body manufacture
- **Business focus:** Manufacturing and assembling of truck body and spare parts sales
- **Impact focus:** Creating jobs through business growth and technology improvement
- **Location :** Casablanca/Algiers (Morocco/Algeria)
- **Company description:** Founded in 2003, C.E.C.I. is active in the truck assembly and truck and car body manufacturing markets in Morocco and Algeria, working with major groups such as AB Volvo, KIA, Mitsubishi. C.E.C.I. is the largest player in the market, with a top-quality industrial tool and a well-structured organisation.
- **Investment date:** November 2014
- **Ownership:** 45%

Revenues: €24 million (2017)

Employees: 158 (2017)

Female employees: 11 (2017)

Tax contribution: €343,000 (2017)



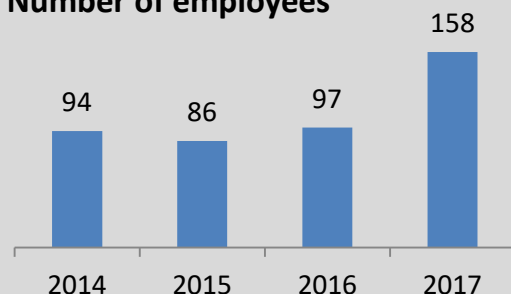
Sustainability progress

- CECI has embedded ESG into its business model to address gaps and drive long-term value.
- CECI firstly appointed a Group-level EHS Manager as an initial step towards building a deeper ESG culture. The EHS Manager oversees CECI's diverse business units in Morocco and Algeria, ensures the consistency of practices and procedures across these units and reports directly to the Board of Directors.
- As a next step in further augmenting its ESG practices, CECI is in the process of developing a supply chain governance strategy that will cover all its operating sites.

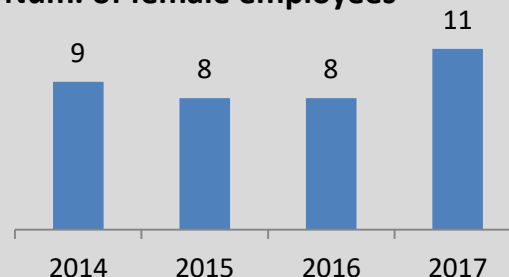
Looking ahead

- CECI has addressed 78% of the action plans identified at the time of investment.
- CECI will focus on the continued implementation of its corrective action plans in the different business units and especially in Algeria.
- The replacement technology for the R-134a liquid refrigerant has not yet been launched by suppliers, and CECI is closely monitoring market moves to comply with the new requirement in parallel with its launch.

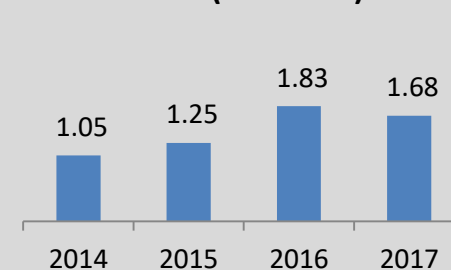
Number of employees

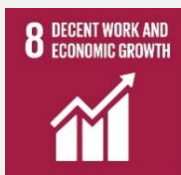


Num. of female employees



Paid salaries (in m EUR)





Randa

Investment summary

- **Sector:** Industrial foods
- **Business focus:** Wheat collection and production
- **Impact focus:** Empowering local farmers and entrepreneurs
- **Company description:** Founded in 1987 by the Hachicha family, Randa Group is a leading integrated Tunisian player specialising in wheat collection, transformation and distribution in the local market and abroad.
- **Investment date:** September 2015
- **Ownership:** 16.6%

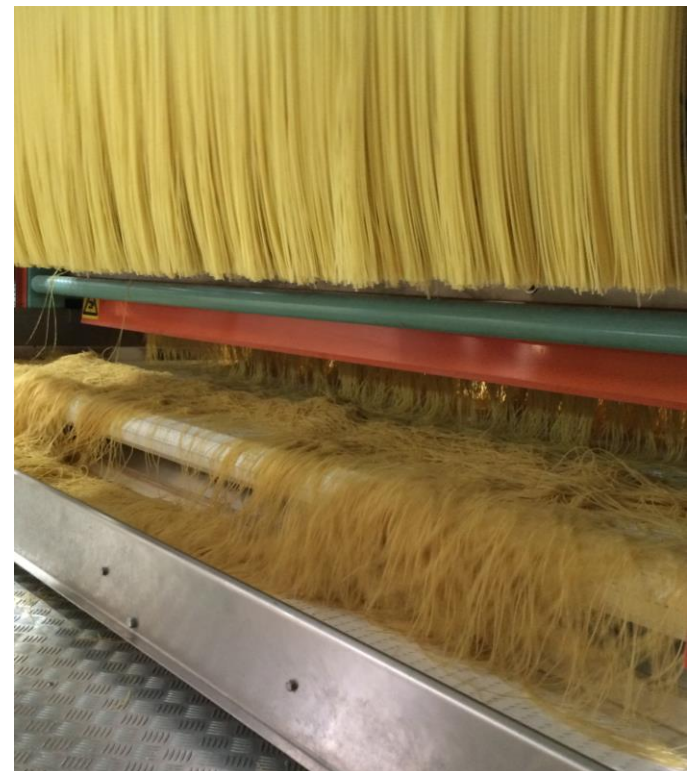


Revenues: €80 million (2017)

Employees: 801 (2017)

Female employees: 150 (2017)

Tax contribution: €70,000 (2017)



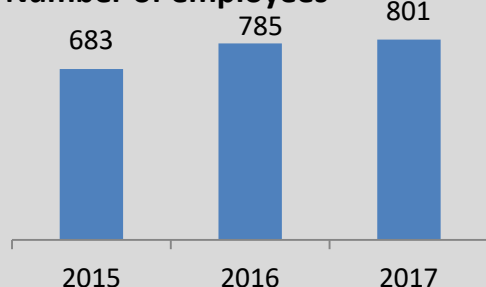
Sustainability progress

- Shortly after investing, Mediterrania Capital Partners recommended that Randa Group conduct an energy audit as pasta factories need both electric and thermal energy, combined cooling, heat and power (CCHP) systems are the most suitable.
- Randa invested in a trigeneration system to reduce energy costs and carbon emissions in the environment (it is expected to reduce fuel energy consumption by up to 30% and CO² emissions by up to 44%).

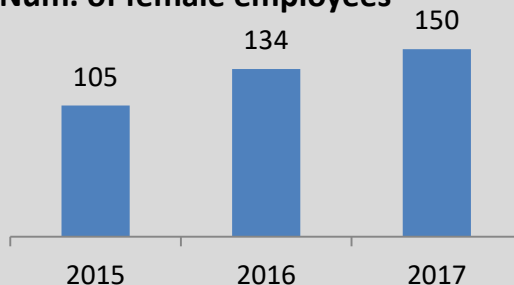
Looking ahead

- As Randa Group continues to expand its footprint outside Tunisia, it is also interested in measuring (i) the water footprint of pasta production, which is the sum of the water directly used in manufacturing and the water used indirectly in the energy needed to process and package pasta, and (ii) air emissions arising from a variety of sources (during wheat milling, packaging and thermal processing such as pasta extrusion or drying).
- Mediterrania Capital Partners will continue to support Randa in the implementation of ESG improvements to become more energy-efficient and reduce its waste and water footprint.

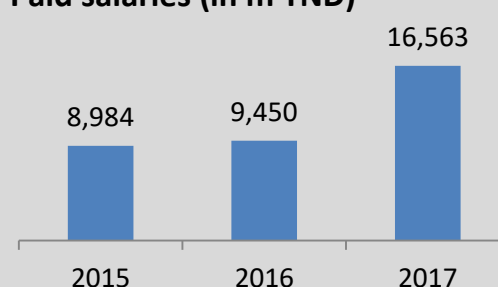
Number of employees



Num. of female employees



Paid salaries (in m TND)



Indigo Company



Investment summary

- **Sector:** Retail and distribution
- **Business focus:** Distribution of international apparel brands
- **Impact focus:** Enhancing female employment and promoting gender equality
- **Company description:** Founded in Tunisia in 1997 by the Ben Salem brothers, Indigo Company is a leading apparel retail group distributing 12 brands from six major international groups including Inditex, Waikiki, Celio and Mango.
- **Investment date:** November 2015. Follow-on envelope in October 2016
- **Ownership:** See note¹



Revenues: €120 million (2017)

Employees: 1,598 (2017)

Female employees: 665 (2017)

Tax contribution: €3.4 million (2017)

¹The percentage ownership of the 50/50 co-investment with another PE Fund amounts to 15% in BS Invest Sicaf and 30% in Cap Retail

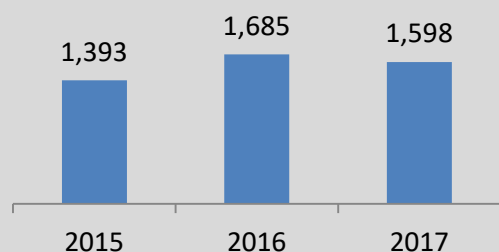
Sustainability progress

- Mediterrania Capital Partners created a social and ethics committee to focus on social and economic development, good corporate citizenship, health and public safety, consumer relationships and complaint hearings.
- The committee identified several action items including the implementation of IT security measures to protect client and employee data.
- Additionally, an ethics e-mail system has been implemented to collect and send messages weekly to the deputy CEO for action and follow-up.
- Furthermore, a third-party safety specialist was hired in 2017 to evaluate all stores for compliance with the applicable safety industry standards and requirements, energy efficiency and waste management.

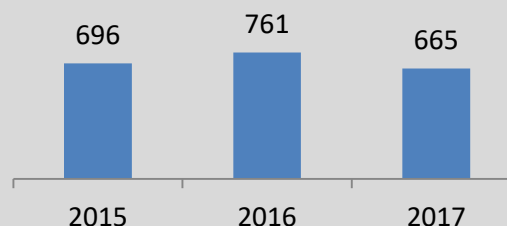
Looking ahead

- Mediterrania Capital Partners' objective is to build the leading regional retail platform in the Maghreb and continue to actively support Indigo Company in finalising its implementation and standardisation of EHS practices and formalising its HR policies and procedures.
- By mid-2019, Indigo aims to have a fully integrated Environment, health and safety (EHS) management system in Tunisia, Morocco and Algeria; to have created a formalised emergency plan; and to have completed an energy conservation plan for the headquarter and outlets.

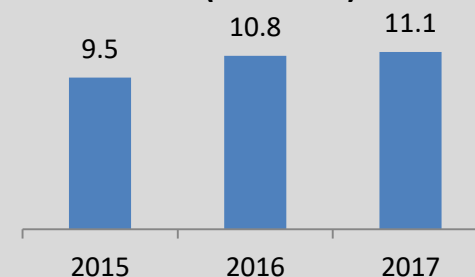
Number of employees



Num. of female employees



Paid salaries (in m EUR)

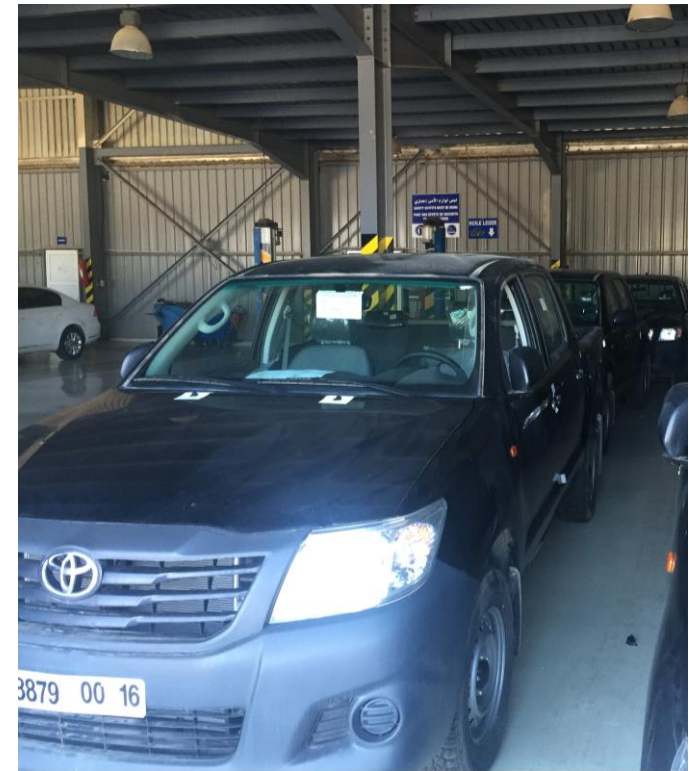


Cieptal Cars



Investment summary

- **Sector:** Car rental services
- **Business focus:** Long-term car rental and transportation business
- **Impact focus:** Job creation fueled by strong business growth
- **Company description:** Founded in 2006, Cieptal Cars' core business consists of long-term car rentals in Algeria, which represent around 86% of its total revenues (2017). The company is service oriented and, additionally, provides transportation, car maintenance and driver services on demand. It operates from two sites: Algiers and Hassi Messaoud.
- **Investment date:** March 2016
- **Ownership:** 43%



Revenues: €13 million (2017)

Employees: 340 (2017)

Female employees: 10 (2017)

Tax contribution: €781,000 (2017)

Sustainability progress

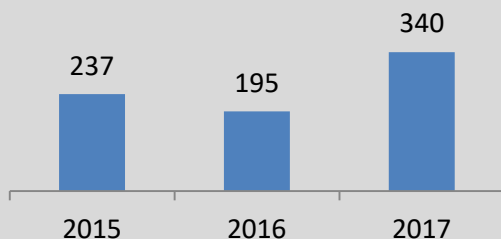
- Mediterranean Capital Partners has worked with Cieptal to improve the company's health and safety culture, beginning with the appointment of an Environment, health and safety (EHS) Manager to implement the action plan developed at the time of investment.
- The action plan had a wide range of initiatives including improving the working, health and safety conditions in and around the living camps and the operational efficiency of the company. Key achievements to date include upgrades to the storage infrastructure; improved bunding around fuel tanks; and improved procedures related to waste management from the washing facility and car maintenance.

- As part of the value creation plan, Cieptal replaced its old fleet with better cars, reducing the company's carbon footprint and improving energy efficiency. Mediterranean Capital helped to put in place regular maintenance programmes reducing the probability of frequent fleet breakdowns.

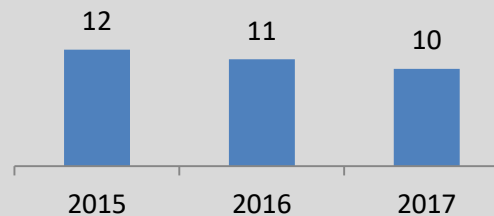
Looking ahead

- Mediterranean Capital will continue to actively support Cieptal in finalising the standardisation of EHS training procedures and formalising HR policies and procedures.
- The main goal for 2018 is to continue to progress with these corrective actions. The key tasks include implementing recommendations such as analysing the wastewater and the oil waste in the water from the car washing activity at the two sites of operations.

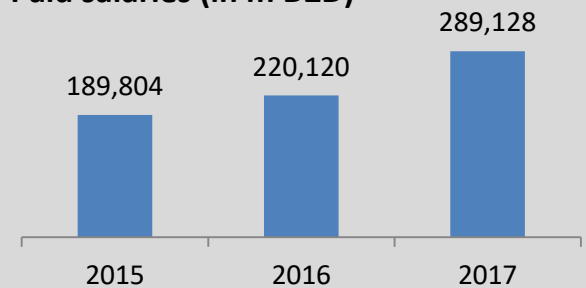
Number of employees



Num. of female employees



Paid salaries (in m DZD)



Medtech Group



Investment summary

- **Sector:** Comprehensive IT and telecommunications services
- **Business Focus:** IT and Telecom services
- **Impact focus:** Creating jobs through innovation
- **Company description:** Founded in 1989 by Mr. Said Rkaibi, a highly qualified and experienced entrepreneur. Medtech offers comprehensive IT and telecom services through partnerships with leading international players and software editors such as Oracle, IBM and Alcatel-Lucent. Thanks to build-up operations in the Moroccan market and Europe, the group has extended the range of services and product offering and now covers the entire IT value chain.
- **Investment date:** May 2017 with a follow-on in July 2017
- **Ownership:** 16.4%

Revenues: €105 million (2017)

Employees: 996 (2017)

Female employees: 315 (2017)

Tax contribution: €2.7 million (2017)



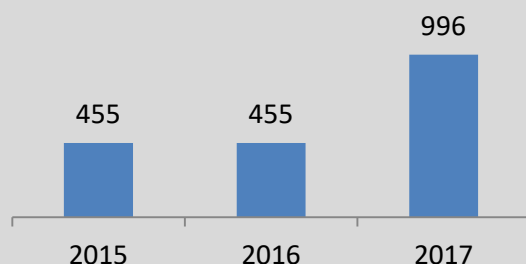
Sustainability progress

- Prior to Mediterrania Capital Partners' investment, Medtech did not have a formal Environmental and Social management system.
- Following Mediterrania's recommendation, Medtech has formalised an Environmental and Social Management System (ESMS) as well as HR policies and procedures at the holding level – which will then be implemented across the subsidiaries of the group.
- Medtech is creating high-quality jobs that provide good secondary benefits such as private health insurance, disability coverage, paid vacation, maternity leave, retirement benefits and a performance-based bonus structure. They recently hired an HR Manager at the holding level, who has been tasked with further improving working conditions.

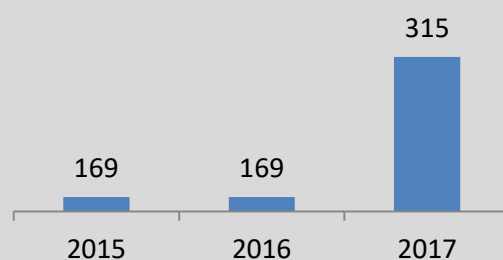
Looking ahead

- Medtech aims to have a fully integrated Environment, health and safety (EHS) Management System, install a comprehensive fire alarm system in each subsidiary and create a formalised emergency plan, and complete an energy audit for the headquarters.

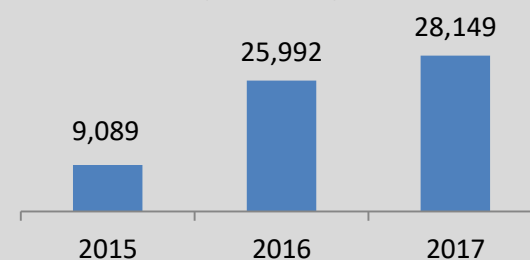
Number of employees



Num. of female employees



Paid salaries (in k EUR)



Université Privée de Marrakech (UPM)

4 QUALITY
EDUCATION



5 GENDER
EQUALITY



8 DECENT WORK AND
ECONOMIC GROWTH

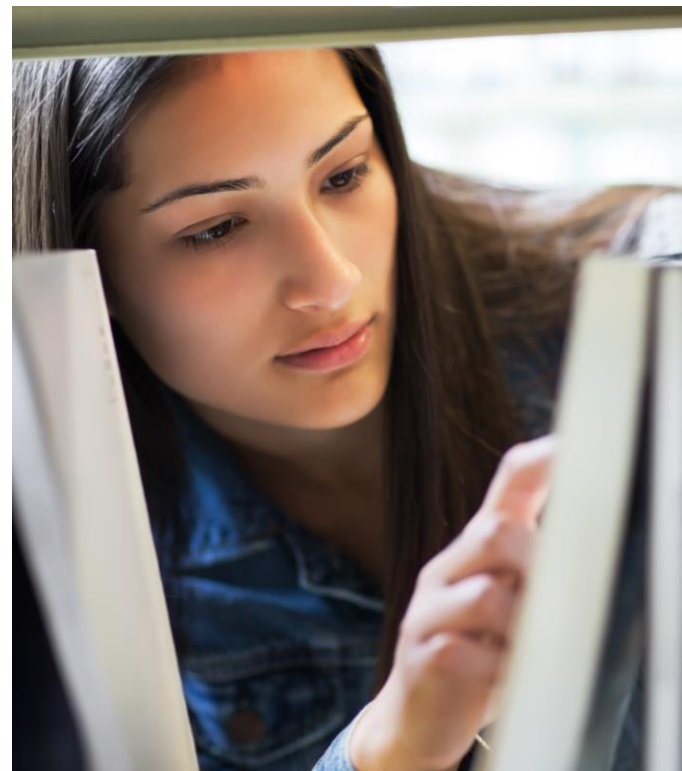


10 REDUCED
INEQUALITIES



Investment summary

- **Sector:** Higher education services
- **Business focus:** Education
- **Impact focus:** Sustainable development through modern education systems
- **Company description:** Founded in 2005, UPM has grown into one of Morocco's largest providers of private higher education, offering more than 60 undergraduate, graduate and master's programmes in a number of major fields including management and governance, tourism and hospitality management, engineering, health sciences, sports management and the arts.
- **Investment date:** September 2016
- **Ownership:** 18.33%



Revenues: €17 million (2017)

Employees: 145 (2017)

Female employees: 69 (2017)

Tax contribution: €850,000 (2017)

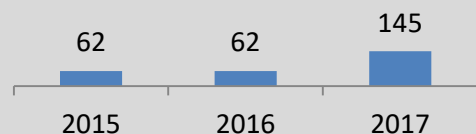
Sustainability progress

- Several initiatives were launched to improve working conditions and employee benefits, such as wider health and dental benefits and long- and short-term incentive plans.
- Additionally, regular sessions are held to ensure all the employees have a clear understanding of how they contribute to the company's mission, purpose and strategic objectives.
- UPM's corporate governance greatly improved following the recruitment of an independent Board member providing greater oversight and participation in strategic decisions.

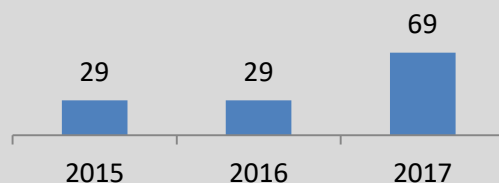
Looking ahead

- As UPM expands and delivers its build-up strategy, more students will benefit from better learning opportunities, thereby improving their future opportunities and subsequently, as they develop their potential, their ability to contribute to their local communities.
- Mediterranean Capital Partners will continue to drive the implementation of Environment, health and safety (EHS) best practices, particularly relating to UPM's new clinic project.

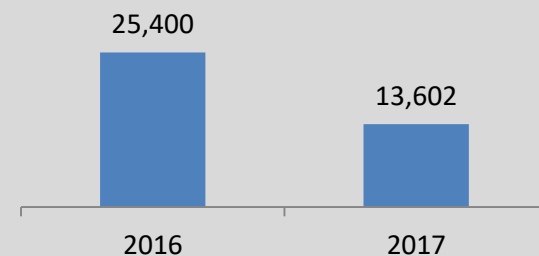
Number of employees



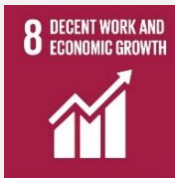
Num. of female employees



Paid salaries (in k MAD)



Groupe Scolaire René Descartes (GSRD)



Investment summary

- **Sector:** Primary School and K-12 education
- **Business focus:** Education
- **Impact focus:** Sustainable development through modern education systems
- **Company description:** Established in 1993, René Descartes is a Tunisian group headquartered in Tunis, specialising in French and Tunisian tuition programmes from pre-primary school to high school. René Descartes operates two entities:
 - Groupe Scolaire René Descartes (GSRD), which provides a French tuition programme from pre-primary school to high school
 - Foundation Habib Bourguiba (FHB), which provides Tunisian tuition programmes from pre-primary school to college
- **Investment date:** January 2018 + additional investment (2018)
- **Ownership:** 30.3% (49.9% post follow-on)



Revenues: €4.4 million (2017)

Employees: 219 (2017)

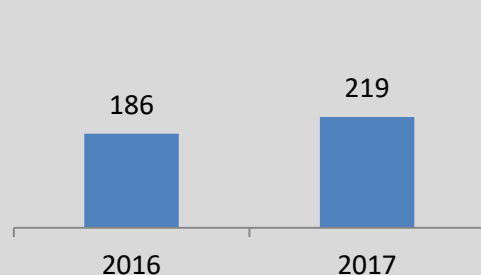
Female employees: 132 (2017)

Tax contribution: €123,000 (2017)

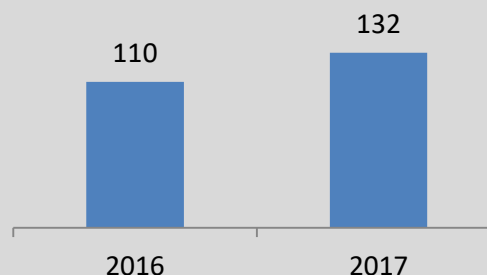
ESG status – Social performance

- GSRD must develop a Social and Environmental Assessment & Management System that complies with the MC II Fund's ESG Requirements and includes policies and procedures to address key ESG risks faced by the company at all locations.
- The investment made in GSRD is to fund the acquisition of additional land and building a new school in Le Lac (Tunis) and extending the existing school in Ennasr.
- GSRD's expansion means significantly more children can benefit from better scholarship, thereby improving their future opportunities and subsequently, as they develop their potential, their ability to contribute to their local communities.
- As planned, a new ERP system was acquired to streamline business processes, improve the accuracy and the consistency of reporting and budgeting. The new ERP is expected to be operational before the end of 2018. It will also deliver a better and more consistent educational experience including a smart interaction between students, parents and teachers.
- Recruitment for positions including the CFO, HR Manager and Control Manager have been agreed to ensure the business is equipped to face the next stage of growth.

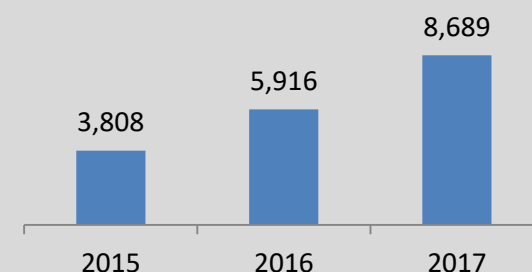
Number of employees



Num. of female employees



Paid salaries (in k TND)





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