

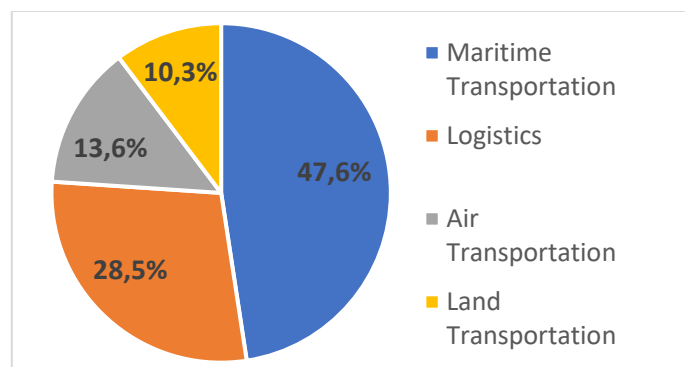
a) Summary

FTAIF II does not have sustainable investment objectives but promotes the following environmental and social characteristics:

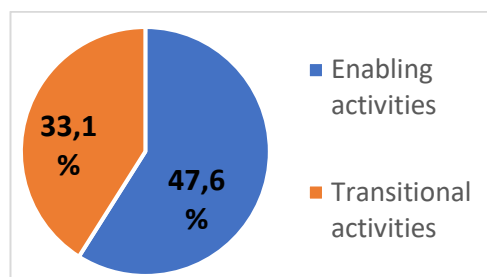
- climate change mitigation;
- energy efficiency;
- sustainable use of resources;
- protection of ecosystems and biodiversity;
- good governance and anti-corruption and anti-bribery matters;
- respect of human rights and the fight against discrimination.

The investment strategy of the Funds promotes the environmental and social characteristics aforementioned through:

- A focus on the decarbonization of transport, logistics and energy: Flexam invests in the rail sector, and in maritime assets serving renewable energies (cargo vessels transporting biomass, CTVs operating offshore wind farms). In addition, Flexam contributes to the circular economy by financing mid-life or reconditioned assets. FTAIF's investments can be broken down by sectors as follows:



61.8% of investments made by FTAIF II are aligned with environmental and social characteristics. They can be broken down as follows:



- Exclusion policies: The Fund's investment criteria exclude investments in sectors such as non-conventional O&G, thermal coal, controversial weapons as well as investments in geographic areas at war or areas where human rights are not observed. Among the

exclusions of the Funds also are the investments related to assets or operators that do not respect regulations (corruption, labor law, energy performance).

During the pre-investment stage, Flexam conducts an extensive due diligence in order to gain comfort that the investment complies with the environmental and social criteria of the Funds. This due diligence includes different processes:

- In-depth ESG analysis (review of the documentation provided by the counterparty, the broker, the experts, Q&A with the counterparty, Internet researches);
- ESG questionnaire (designed with EthiFinance) to assess compliance with the Sustainable Development Goals as defined by the UN at the various levels of the transaction (asset, operator, final user);
- KYC process to verify the identity and the integrity of the client, particularly with regard to corruption, money laundering, tax evasion or financing of illegal activities.

Once the investment has been made, Flexam ensures that it remains responsible over the investment period. The ESG questionnaire is updated annually as part of the portfolio management process, and an ESG report is produced each year. In order to better assess our performance, we have also committed to submitting to the UNPRI rating for 2022.

Besides, Flexam wants to extend its ESG policy beyond its investments by having an impact on its counterparties, their strategic decisions and their operations. Even if not sitting at the boards of the companies, Flexam has different levers of influence such as the conditioning of more attractive financing offers on the compliance with high ESG criteria or the inclusion in leasing contracts of clauses making the continuation of the contract conditional on compliance with carbon emission targets throughout the term of the transaction. Flexam also encourages its counterparties to reflect on their impact on environmental and social factors by asking them to complete annually the ESG questionnaire designed with EthiFinance.

Regarding the purpose of attaining the environmental or social characteristics promoted by the Fund, no reference benchmark has been designated for. The environmental and social characteristics promoted by the Fund are guidelines that continuously drive the investment strategy of the Fund. However, we do review the ESG ratings assigned to our transactions on a quarterly basis as part of the rating established with EthiFinance. This gives us a less rigid view of the state of our investments and also encourages us to step back and consider the transaction as a whole and not just rely on a threshold. This allowed FTAIF II to meet satisfying ESG figures with an overall ESG score of 73.3/100 for 2022 under the EthiFinance ESG evaluation matrix.

b) No sustainable investment objective

FTAIF II promotes environmental and social characteristics but it does not have sustainable investment objectives.

c) Environmental and social characteristics promoted by FTAIF II

The Fund promotes the following environmental, social and governance (ESG) characteristics:

- climate change mitigation;
- energy efficiency;
- sustainable use of resources;
- protection of ecosystems and biodiversity;
- good governance and anti-corruption and anti-bribery matters;
- respect of human rights and the fight against discrimination.

d) Investment strategy

First of all, the investment strategy of the Funds promotes the environmental and social characteristics aforementioned through exclusion policies:

- At sector level: The investment must comply with the Fund's investment criteria, which exclude investments in:
 - Assets involved in thermal coal projects;
 - Assets involved in unconventional oil and gas projects, i.e. shale oil, shale gas, oil sands, Arctic oil and gas resources;
 - Assets involved in the production of distilled alcoholic beverages and tobacco - and its derivatives;
 - Assets involved in the production of controversial weapons, namely anti-personnel mines, cluster munitions, nuclear weapons, biological and chemical weapons and depleted uranium munitions.
 - Assets used in the production, sale or purchase of equipment and goods whose purpose is "to inflict capital punishment, torture or other cruel, inhuman or degrading treatment or punishment".
- At geographic level: The exclusions also relate to the countries of investment and FTAIF II have an exclusion list which prevent from investing in countries at war, or countries where human rights are not observed.
- At a normative level: Finally, FTAIF II excludes from the scope of its investments assets that do not respect regulations or whose operator does not respect regulations whether these relate to energy performance, safety, etc. or to corruption, respect for human rights, labor law.

Besides, FTAIF II promotes investments in environmentally-friendly assets with the aim of contributing to the decarbonization of transport and logistics. Without directly funding research and development in these sectors, Flexam wants to contribute to greening these sectors by acquiring more environmentally friendly assets, such as helicopters and ships running on biofuels and other energy efficient assets. Flexam also aims to continue financing

the rail sector for freight operators because the train represents a real alternative to polluting means of transport. The transport sector, more generally, is subject to increasingly stringent emissions rules and since Flexam's strategy remains largely that of investing in the transport sector, Flexam's investments will necessarily tend towards greater respect for the environment.

Finally, FTAIF II also aims to promote the energy transition through investments in assets such as ships operating on offshore wind farms or freight ships transporting biomass. As part of this investment strategy geared towards the energy transition, sourcing opportunities are also open to other renewables such as geothermal and photovoltaic sectors.

e) Investment breakdown

Below is the list of investments made by FTAIF II from its beginning until 31/12/2022:

Investments	Sector	% Assets	Country
<i>Longship I – Dry bulk vessels</i>	<i>Maritime transportation</i>	<i>17,3%</i>	<i>Netherlands</i>
<i>GROB – Training aircrafts</i>	<i>Air transportation</i>	<i>13.6%</i>	<i>Germany</i>
<i>NOG – M-class CTVs</i>	<i>Maritime transportation</i>	<i>12.2%</i>	<i>Denmark</i>
<i>Longship II – Dry bulk vessels</i>	<i>Maritime transportation</i>	<i>11.4%</i>	<i>Netherlands</i>
<i>Gaussin – Electric logistics vehicles</i>	<i>Land Transportation</i>	<i>10.3%</i>	<i>France</i>
<i>Ontime III – Trailers & Containers</i>	<i>Logistics</i>	<i>9.8%</i>	<i>Spain</i>
<i>Ontime IV – volumetric scales</i>	<i>Logistics</i>	<i>8.3%</i>	<i>Spain</i>
<i>NOG – E-class CTV</i>	<i>Maritime transportation</i>	<i>6.7%</i>	<i>Denmark</i>
<i>IMT – Trackers</i>	<i>Logistics</i>	<i>2.7%</i>	<i>Netherlands</i>
<i>IMT – Trackers and sensors</i>	<i>Logistics</i>	<i>1.3%</i>	<i>Netherlands</i>
<i>NA-KD – Automated storage</i>	<i>Logistics</i>	<i>1.2%</i>	<i>Netherlands</i>

From its beginning to the 31/12/2022, FTAIF II invested in the following sectors:

Industry	Flexam Investment
<i>Maritime Transportation</i>	<i>47.6%</i>
<i>Logistics</i>	<i>28.5%</i>
<i>Air transportation</i>	<i>13.6%</i>
<i>Land transportation</i>	<i>10.3%</i>

At of 31/12/2022:

- 61.8% of the investments made by FTAIF II were aligned with environmental and social characteristics (even if not being sustainable investments) ;

- Among these investments aligned with E/S characteristics:
 - 33.1% were made in transitional activities;
 - 47.6% were made in enabling activities.

The investments unaligned with environmental and social characteristics are investments in logistics mainly (volumetric scales, automated storage solution, rotating telescopic forklifts, refrigerated containers and trailers), as well as investment in training aircrafts. However, these investments may also have positive environmental and social characteristics :

- The rotating telescopic forklifts are certified UE 2016/1628 for low emissions;
- The automated storage solution improves workers conditions and reduces the risks of musculoskeletal disorders. Besides it reduces storage space requirements by up to 75% and consequently limits concretization;
- The volumetric scales, refrigerated containers and trailers have been financed for an operator that has taken a “green” syndicated loan conditional on a number of KPIs, including carbon emission reduction, the use of photovoltaic panels in its logistics centers and the installation of electric charging points in its logistics centers to green its vehicles.

f) Control of environmental and social characteristics

During the pre-investment phase, an in-depth ESG analysis of the asset is carried out to ensure that the asset is within the investment scope of the Fund in terms of ESG criteria as described in d).

This pre-investment analysis is accompanied by the completion of an ESG questionnaire developed with EthiFinance to assess compliance with the Sustainable Development Goals as defined by the UN at the various levels of the transaction, the one of the asset itself, the operator and the final lessor. This questionnaire consists in an evaluation grid of 17 criterias. Following are some examples of indicators monitored as part of the ESG evaluation of assets:

Environmental and social characteristics	Example of evaluation indicator
Climate change mitigation	Did you implement a management system (environmental, quality, etc.) that meets one or more international standards?
Energy efficiency	Will the asset evolve with regard to energy efficiency?

Sustainable use of resources	Could you please indicate the type of energy used (fossil, electric, etc.) and the energy efficiency of your asset?
Protection of ecosystems and biodiversity	The asset/activity is directly in line with the following fundamental sustainable development goal (SDG): - SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss
Good governance and anti-corruption and anti-bribery matters	Formalisation of a business conduct and anti-corruption anti-bribery policy
Respect for human rights and the fight against discrimination	Is the asset used in countries with human rights risks?

Once the investment has been made, we ensure that it remains responsible over the investment period. The ESG questionnaire is updated annually as part of the portfolio management process, and an ESG report is produced each year in order to assess our ESG performances over the year and to be able to better consider the future changes that need to be put in place to bring us closer to the social and environmental characteristics promoted by the fund. In order to better assess our performance, we have also committed to submitting to the UNPRI rating for the 2022.

g) Methods

Regarding the purpose of attaining the environmental or social characteristics promoted by the Fund, no reference benchmark has been designated for. The environmental and social characteristics promoted by the Fund are guidelines that continuously drive the investment strategy of the Fund. This allowed FTAIF II to meet satisfying ESG figures with an overall ESG score of 73.3/100 for 2022 under the EthiFinance ESG evaluation matrix:

Type of assets	%	Asset's grade	Operator	End user	Average
Low-carbon logistics trucks	9%	83.3	71.7	100	83.2
Training aircrafts	19%	33.3	80.8	100	60.9
Trackers and temperature sensors	1%	100	52.1	100	85.6
Trackers	2%	100	52.1	100	85.6
Rotating telescopic forklifts	4%	66.7	52.1	100	69
Dry bulk vessels	14%	54.2	70.8	100	68.3

Dry bulk vessels	18%	54.2	87.1	100	73.2
Automated storage solution	1%	83.3	87.5	100	87.9
Crew transfer vessels	6%	75	98.8	87.5	84.6
Crew transfer vessels	10%	75	98.8	87.5	84.6
Refrigerated containers and trailers	8%	41.7	86.3	100	66.7
Volumetric scales	7%	91.7	86.3	100	91.7
Portfolio average		59.4	80.7	97	73.3

h) Data sources and processing

The data used in the procedures to achieve E/S characteristics comes from a variety of sources.

ESG analysis in the pre-investment phase involves :

- In-depth research carried out on the Internet to gain a better understanding of the asset, its activity, its impact and its ESG positioning in relation to other substitutable assets, as well as to gain a better understanding of the activity of the counterparty and the various players involved and their environmental and social impact;
- Review of the documentation provided by the counterparty, operator or broker. This documentation may consist of presentations of the company, its market, the asset, the transaction or the business plan, but it is also possible to obtain documents from the counterparty detailing calculations of CO2 emissions, for example;
- Exchanges by email or video conference call with the counterparty, operator or business contributor, to obtain answers to specific questions;
- Finally, we can also call on experts and consultants to help us understand the asset, the market and the associated ESG issues.

Alongside this ESG analysis, we also ask our counterparties to complete the ESG questionnaire designed with EthiFinance.

The confidence we place in this data relies on its multitude, the cross-references we make between the different data provided by different sources, and our professional judgement.

Data is processed in different ways at different stages of the investment process:

- The data obtained as part of the pre-investment ESG analysis is included in the investment memorandum for assessment by the investment committee. This assessment is based on qualitative and/or quantitative data. Quantitative data may include carbon emissions or the number of electric cars in a company's fleet, for example. The members of the investment committee review this data in detail in order to give a positive or negative opinion;
- The data obtained as part of the ESG questionnaire designed with EthiFinance is then calculated to give ratings to the asset, the counterparty and the end user. The final score given to the transaction is obtained by weighting the scores for the asset at 50%,

the operator at 30% and the user at 20%. These ratings are taken into account in the investment decision and are updated and reviewed quarterly during portfolio reviews.

i) Limits to methods and data

Regarding the method used to attain the environmental or social characteristics promoted by the Fund, no reference benchmark has been designated for. Consequently, we do not assess the alignment of our investments with E/S characteristics using fixed thresholds, but we do review the ESG ratings assigned to our transactions on a quarterly basis as part of the rating established with EthiFinance.

This gives us a less rigid view of the state of our investments and also encourages us to step back and consider the transaction as a whole and not just rely on a reference benchmark. Besides, Flexam's investment strategy is partly based on exclusions that allow FTAIF II to meet satisfying figures in terms of ESG score, thus reducing the need for a threshold. The overall score of FTAIF II under EthiFinance ESG evaluation matrix was 73.3/100 in 2022 with no transaction below 60/100.

Regarding the data source and processing, some limits can be raised in Flexam procedures. Indeed, Flexam do not systematically have access to quantitative data for the assessment of the environmental impact of the different assets. But we mitigate this risk by looking for data about similar assets on the Internet and if we do not have sufficient assurance that the asset is in line with our ESG criteria, we can call in an expert to obtain better comfort.

Besides, in order to carry out its pre-investment ESG analysis, Flexam obtains its data from various external sources which can be questioned including the operator, the broker or the different websites consulted. However, the risk that these information can be incorrect or misleading is mitigated by :

- The fact that sources such as websites are always indicated as footnotes in the investment memorandum which is reviewed by various people at different levels. The investment team always seek to refer to reliable sources;
- The multitude of data and the cross-references made between the different data provided;
- Professional judgement.

j) Due diligence

During the pre-investment stage, Flexam conducts an in-depth due diligence in order to gain comfort that the investment complies with the environmental and social criteria of the Funds. This due diligence includes different processes:

- An exhaustive ESG analysis is carried out and conclusions are included in the investment memorandum in order to be taken into account during the investment committee. This ESG analysis is done through different means, via the review of the documentation provided by the counterparty, the broker or by other third party experts, via Q&A and discussions with the counterparty or via Internet researches;

- An ESG questionnaire is filled in by the counterparty to assess compliance with the Sustainable Development Goals as defined by the UN at the various levels of the transaction, the one of the asset itself, the operator and the final user;
- The due diligence is completed with a KYC process in order to verify the identity and the integrity of the client, particularly with regard to corruption, money laundering, tax evasion or financing of illegal activities such as terrorism. During the KYC process, different documents are requested such as the Articles of Association or identity documents of the company's directors.

Finally, after the due diligence, some clauses are included in the contracts in order to ensure that the counterparty remains upright during the period of the transaction.

k) Engagement policies

As FTAIF II is not a private equity Fund, the investments made do not involve the acquisition of shares of the related companies and therefore do not allow Flexam to sit on the boards of the companies.

However, Flexam wants to extend its ESG policy beyond its investments by having an impact on its counterparties, their strategic decisions and their operations.

The Fund's first lever of influence is the conditioning of more attractive financing offers on compliance with high ESG criteria. The greener the assets that the counterparty seeks to finance, the more Flexam will be inclined to offer low interest rates. This can encourage counterparties to review their long-term acquisition strategies by moving towards more environmentally-friendly assets in order to obtain more attractive financing.

Flexam has also already included clauses in its leasing contracts making the continuation of the contract conditional on compliance with carbon emission targets throughout the term of the transaction. This second approach makes it possible to influence the counterparty in its day-to-day operations with the aim of reducing its emissions over the long term.

Finally, by asking its counterparties each year to complete the ESG questionnaire designed with EthiFinance, Flexam encourages its counterparties to reflect on their impact on the various ESG criteria assessed in order to answer the questions correctly.