Sustainable Finance Disclosure Regulation Flexam Invest Asset Management

In accordance with Article 3 and 4 of Regulation 2019/2088 on the publication of sustainability information in the financial services sector ("Disclosure" Regulation), Flexam Invest Asset Management ("FIAM") provides information on its policies for addressing sustainability risks.

A sustainability risk is an environmental, social or governance event or situation which, if it occurs, could have a material adverse effect, actual or potential, on the value of the investment.

The purpose of this policy is to provide information on how sustainability risks are integrated by FIAM's investment teams into their investment decision-making process.

Our ESG commitment

The Flexam Invest team has been built around a common set of values: entrepreneurship, industrial DNA and loyalty. These values have naturally led Flexam Invest to build over the years a responsible investor approach, for which environmental, social and governance (ESG) criteria are determining factors in investment choices. With the launch of its new vintage, Flexam Tangible Asset Income Fund II, Flexam Invest aims to formalize its responsible investor’s approach.
Flexam Invest's commitments to responsible investment are motivated on the one hand by the search for investment opportunities that generate financial performance and on the other hand by the desire to respond to major societal and environmental challenges, particularly those included in the Sustainable Development Goals (SDOs) as defined by the UN.
The systematic consideration of environmental, social and governance criteria, both upstream when analyzing investment opportunities and downstream when monitoring its investments, will also enable Flexam Invest to better identify and characterize the potential risks to which investments could be exposed.

Flexam Invest's Vigilance and Exclusion Policy

As part of its ESG approach, Flexam Invest has created a vigilance and exclusion policy, which is divided into three types of exclusion: sector exclusions, norm-based exclusions and asset exclusions with regard to non-compliance with pre-determined ESG criteria.
The sector exclusion’s framework defines the sectors that Flexam Invest commits to exclude from its investment scope, which are the following:

• Assets involved in thermal coal projects;
• Assets involved in non-conventional oil and gas projects, namely shale oil, shale gas, oil sands, oil and gas resources located in the Arctic;
• 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, 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 and other cruel, inhuman or degrading treatment or punishment.”

This exclusion policy is complemented by a monitoring of the controversies[2] regarding Flexam Invest's direct and indirect counterparts, namely the operators benefiting from the financing solutions as well as the end users of the financed assets. It will be referred to as the normative exclusions through which Flexam Invest commits to monitor, to the extent of the available means, the compliance of its counterparts with the various international standards in the fight against corruption, respect for human rights and labor law. Controversies will be monitored during the pre-investment phase and during annual monitoring.

Lastly, as part of its investment decisions, Flexam Invest undertakes to exclude from its scope:
• Assets that do not comply with the regulations and directives in force or that will come into force in terms of energy performance and security during the financing period;
• Assets that have caused environmental and/or human damage and for which no satisfactory corrective action has been implemented;
• Operators and/or end-users that are the subject of proven serious controversies.

Integration of ESG criteria

Flexam Invest is committed to systematically taking into account environmental, social and governance criteria in its investment decisions. To this end, Flexam Invest has set up an extra-financial evaluation grid enabling it to analyze the ESG maturity level of its counterparts as well as the impact of the assets that the company may finance.
This grid is composed 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?

Flexam Invest's teams perform:
• During the pre-investment phase: Flexam Invest is committed to incorporating ESG criteria into its due diligence process. These criteria concern both the assets financed and the counterparts involved in the projects so that Flexam Invest's investment committee has a global understanding of the various issues related to each transaction;
• During the annual monitoring: The annual collection of ESG criteria will allow Flexam Invest to monitor the maturity of its counterparts on environmental, social and governance issues until the end of the contract.
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 funds.

<u>No consideration of Adverse Sustainability Impacts at entity level</u>

With due observance of Article 4 sub 1 (b) of the SFDR, FIAM declares that it currently does not consider adverse impacts of investment decisions on sustainability factors at entity level as outlined in article 4 sub 1 (a) of the SFDR and therefore does not make the disclosures as described in this article.
Given the size and scale of FIAM's investment activities, not all of its portfolio companies are able to report on their adverse impacts, nor is such data available in any other way. As such, FIAM cannot guarantee the appropriate completeness and required quality of the information needed to fully comply with the technical standards associated with Article 4 of the SFDR.
FIAM will reconsider disclosing adverse impacts of its investment decisions on sustainability factors at entity level, as set forth in article 4 sub 1 (a) of the SFDR, when data quality and availability in relation to its portfolio are at a level required to comply in full.
FIAM is in the process of modifying its ESG assessment procedures to include them in the near future.