

FLEXAM INVEST

TANGIBLE ASSET INVESTMENT

ENERGY AND CLIMATE LAW REPORT - 2023



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Regulatory context :

Article 29 of the Energy and Climate Law (LEC) repealed the regulatory provisions relating to article 173 of the Law on Energy Transition for Green Growth (LTEC).

It aims to harmonise and coordinate French national regulations with the European Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy regulations, and to provide a framework for non-financial reporting by market players.

The regulatory changes relate to articles D-533-16-1 and L.533-22-1 of the French Monetary and Financial Code (COMOFI).

FLEXAM INVEST ASSET MANAGEMENT (FIAM) is required to comply with the relevant regulatory requirements in terms of Economic, Social and Governance (ESG) criteria.

Article 29 of the LEC requires portfolio management companies (PMCs) to comply with the following requirements under Article L.533-22-1 of the COMOFI:

- Include information on the risks associated with climate change and biodiversity in their policy for integrating sustainability risks into investment decisions, as referred to in Article 3 of the SFDR, with information on this policy to be published on the SGP's website;
- Make available to the public a document outlining their policy for taking environmental, social and governance (ESG) criteria into account in their investment strategy and the means implemented to contribute to the energy and ecological transition, as well as the strategy for implementing this policy.

The purpose of this report is to present how environmental, social and governance criteria are taken into account in the investment process and in the general approach of the management company FLEXAM INVEST ASSET MANAGEMENT.

It has also been sent to the French Environment and Energy Management Agency (ADEME) for the 2023 financial year.

I. The entity's general approach to environmental, social and governance criteria

Flexam Invest Asset Management has been authorised as a management company by the AMF since 22 December 2022. Flexam Invest Asset Management is an investment company specialising in the financing of tangible industrial assets in the industrial mobility and logistics sectors.

Through its historic activity of structuring transactions on behalf of third parties and its two funds, Flexam Tangible Asset Income Fund (art. 6 SFDR) and Flexam Tangible Asset Income Fund II (art. 8 SFDR), Flexam Invest Asset Management offers financing solutions to ensure sustainable growth for its industrial partners.

Through its investments, Flexam Invest Asset Management directly or indirectly supports a wide range of industrial players, namely the operators who benefit from the financing solutions and the end users of the assets financed.

A) Summary of the approach

Flexam Invest Asset Management's commitment to responsible investment is motivated on the one hand by the search for investment opportunities that generate financial performance and on the other by the desire to be a player in the decarbonisation of the transport and logistics sectors.

The systematic consideration of environmental, social and governance criteria, both upstream when analysing investment opportunities and downstream when monitoring its holdings, also enables Flexam Invest Asset Management to identify and qualify the risks to which its investments may be exposed.

Flexam Invest Asset Management is a signatory of the PRI "Principles for Responsible Investment" and is committed to meeting the major societal and environmental challenges, in particular those set out in the Sustainable Development Goals (SDGs) as defined by the UN, in particular SDGs 7, 9, 13, 14 and 15.

These principles of responsible investment are set out, alongside our commitments and values, in Flexam Invest Asset Management's ESG Charter.

A dedicated committee is responsible for implementing Flexam Invest Asset Management's ESG approach and ensuring that it is properly applied. Flexam Invest Asset Management's ESG approach applies to all employees and managers of the company. Flexam Invest Asset Management ensures that the members of the company adhere to and sign the ESG Charter and that they carry out their duties with transparency, probity, moderation and courtesy.

The signatories undertake to disseminate and promote Flexam Invest Asset Management's ESG approach and to conduct their activities in accordance with the principles set out in the Charter.

Flexam Invest Asset Management has been named in the **IRRI** (Independent Research Responsible Investment) ranking for 2019.

CSR :

Flexam Invest Asset Management has also put in place a CSR policy designed to reflect its desire to become a responsible player in relation to its stakeholders and which addresses the following issues:

- Reducing waste consumption: by implementing a selective sorting system, recycling coffee capsules or choosing a cleaning service provider with an ESG policy;
- Reducing its carbon footprint: in order to limit business travel, the company favours train journeys and is currently working on the deployment of an optimal videoconferencing system. In addition, with the provision of a bicycle room, employees are encouraged to use an alternative mode of transport.

Putting people at the heart of our business through responsible human resources management. To foster a fulfilling, motivating and stable working environment, Flexam Invest Asset Management is committed to equal opportunities and skills development.

Adopt a good governance structure that ensures CSR is integrated into the company's overall process. This is why Flexam Invest Asset Management has set up a committee responsible for ESG issues.

B) Content, frequency and means used to inform subscribers, members, contributors, beneficiaries or customers about the criteria relating to the ESG objectives taken into account in the investment policy and strategy.

To enable investors in our second fund to measure Flexam Invest Asset Management's commitment to ESG practices, dedicated reporting is provided on an annual basis.

The purpose of this reporting is to demonstrate the consistency between the ESG results of the portfolio and the ESG policy of Flexam Invest Asset Management. It highlights measures of impact to enhance the value of the investment approach:

- Communication on the extra-financial performance of the FTAIF II fund ;

- Communication, through impact indicators, on its contribution to achieving the Sustainable Development Goals defined by the UN.

Flexam Invest Asset Management also publishes the UNPRI report and its ESG charter on its website. These documents are public and accessible to all.

- C) Adherence by the entity, or by certain financial products, to a charter, a code, an initiative or obtaining a label on the consideration of ESG criteria, as well as a brief description of these criteria.



Flexam Invest Asset Management aims to meet the social and environmental challenges of the United Nations' Sustainable Development Goals.

Since 2022, Flexam Invest Asset Management has been a signatory of the Principles for Responsible Investment (PRI), in the belief that integrating environmental, social and governance issues has become necessary to create long-term value.

As a signatory of the PRI, Flexam Invest Asset Management :

- Takes ESG issues into account in the investment analysis and decision-making process ;
- Takes ESG issues into account in shareholder policies and practices;
- Requires companies with leases on portfolio assets to publish extra-financial information on ESG themes;
- Promotes the acceptance and application of responsible investment principles among asset management professionals;
- Increases efficiency in the application of responsible investment principles ;
- Reports on activities and developments in the application of the principles of responsible investment.

At the Sustainable Finance Summit Series 2014, Flexam Invest was awarded the prize for "Best energy transition financing programme". This award highlights Flexam's contribution to sustainable finance and ESG principles and reaffirms Flexam's commitment to supporting European SMEs in their ambitions for growth, transformation and decarbonisation.



Flexam is also assisted by a number of ESG experts, including :

- Carbometrix to help Flexam identify, measure and report on its carbon footprint
- Ethifinance assists Flexam in analysing its compliance with sustainable finance regulations and the alignment of its ESG approach with market practices. Ethifinance also offers training sessions on ESG issues for all Flexam employees.
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Flexam Invest Asset Management's ESG investment policy is detailed below.

As part of its ESG approach, Flexam Invest Asset Management has implemented a policy of vigilance and exclusion. The company therefore undertakes to exclude from its field of investment :

- Assets involved in thermal coal projects ;
- Assets involved in unconventional oil and gas projects, i.e. shale oil, shale gas, oil sands, oil and gas resources located in Arctic ;
- Assets involved in the production of distilled alcoholic beverages;
- The assets used to produce the controversial weapons - anti-personnel mines, cluster munitions, nuclear weapons, biological and chemical weapons, as well as the 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 treatment or punishment, inhuman or degrading".

This exclusion policy is supplemented by monitoring controversies concerning Flexam Invest Asset Management's direct and indirect counterparties, i.e. operators benefiting from financing solutions and the end users of the assets financed. In this context, Flexam Invest Asset Management undertakes to monitor, to the best of its ability, its counterparties' compliance with the various international standards relating to the fight against corruption and respect for human rights and labour law.

Controversies are monitored in the pre-investment phase and during annual monitoring.

Integration of ESG criteria

Flexam Invest Asset Management is committed to systematically taking into account environmental, social and governance criteria in its investment decisions.

To this end, Flexam Invest Asset Management has set up an extra-financial evaluation grid enabling it to analyse the degree of ESG maturity of counterparties as well as the impact of the assets that the company could finance.

This grid comprises 17 criteria. Here are some examples of indicators monitored as part of the ESG evaluation of assets:

Environmental and social characteristics	Example of an evaluation indicator
Attenuation of climate change	Have you set up a management system that complies with one or more international standards? ?
Sustainable resource management	Will the asset base evolve in terms of energy efficiency?
Protecting ecosystems and biodiversity	Does the asset use innovative technologies? If so, please specify the type of technology and its use in the commentary. what are the benefits
Protecting ecosystems and biodiversity	The asset/activity responds directly to an issue Sustainable Development Goals (SDGs) below: - MDG 15: Preserve and restore terrestrial ecosystems, ensuring their sustainable use, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.
Good governance and the fight against corruption	Formalisation of a business conduct and anti-corruption policy
Respect for human rights and the fight against discrimination	Is the asset used in countries where human rights are at risk?

The teams at Flexam Invest Asset Management carry out a valuation :

- In the pre-investment phase: Flexam Invest Asset Management is committed to integrating ESG criteria into its due diligence process. These criteria concern both the assets financed and the counterparties involved in the projects, so that Flexam Invest Asset Management's investment committee has an overall understanding of the various issues relating to each transaction;
- During annual monitoring: The annual collection of ESG criteria will enable Flexam Invest Asset Management to monitor the maturity of its counterparties with regard to environmental, social and governance issues until the end of the contract in place.

No consideration of negative impacts on sustainable development in the Management Company's investment strategy

In compliance with article 4 sub 1 (b) of the SFDR, FIAM declares that it does not take into account the negative impacts of its investment decisions relating to its funds under management on sustainability factors at entity level, as described in the report.

Given the size and scale of FIAM's investment activities, not all companies in the portfolios of its funds under management are able to report on their negative impacts on sustainable development, nor is this data available in any other way.

FIAM therefore cannot guarantee the completeness and quality of the information required to comply fully with the technical standards associated with risk assessment.

FIAM will reconsider the disclosure of the negative impacts of its investment decisions on sustainability factors at entity level, as provided for in Article 4 of the SFDR, when the quality and availability of its portfolio data reaches the level required to fully comply with the technical standards associated with Article 4 of the SFDR.

II. List of financial products referred to under Articles 8 and 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the publication of sustainability information in the financial services industry (SFDR)

At 31.12.2023, Flexam Invest Asset Management had two funds under management:

Flexam Tangible Asset Income Fund II, FIA under French law & Flexam Tangible Asset Income Fund SICAV-RAIF 1, FIA under Luxembourg law.

Flexam Tangible Assets Income Fund 2 falls under Article 8 of the EU SFDR Regulation and promotes the following characteristics:

- Mitigating climate change
- Protecting ecosystems and biodiversity
- Energy efficiency
- Good governance and the fight against corruption
- Sustainable resource management
- Respect for human rights and the fight against discrimination

Wording	Category	SFDR classification	Outstandings in M€ (% of total outstandings)	of assets under management taking ESG criteria into account
Flexam Tangible Asset Income Fund II (FTAIF II)	FIA (SLP)	Article 8.	127 M€ (78%)	58%
Flexam Tangible Asset Income Fund RAIF 1	FIA (RAIF)	Article 6.	36 M€ (22%)	0%