



MOMENTUM INVEST

CAPITAL TRANSFORMATION®

**Information requested by the European Union regulation on
sustainable finance**

1. Introduction and positioning

In March 2018, the European Commission launched the European Union action plan on sustainable finance with the objective of financing the transition to a low-carbon economy. This plan has set 3 main objectives:

- Redirecting the capital flows to a more sustainable economy;
- Integrating sustainability in risk management;
- Promoting transparency and long-term sustainability in financial and economic activities.

The action plan is implemented in particular through the European regulation SFDR 2019/2088 ("Disclosure" regulation) and the regulation 2020/852 ("Taxonomy" regulation), which have imposed new obligations in order to increase transparency regarding the sustainability of financial actors and products.

According to our understanding that we share with our advisors on the Disclosure Regulation, the FPCI Momentum Invest I is compliant with the Article 6. However, although it was fully closed before the Disclosure regulation was introduced, the FPCI considers environmental, social and governance issues as part of a global approach. The goal of the management company is to have its next fund under management comply with Article 8.

2. Integration of sustainability risks into the investment decision-making process (article 3)

2.1. Sustainability risks in the investment process

In accordance with Article 3 of the Disclosure regulation, Momentum Invest incorporates relevant sustainability risks, whether important or likely to be, in its investment decision-making process. A sustainability risk is an environment, social or governance ("ESG") event or situation that could have a material adverse effect, actual or potential, on the value of the investment, if it were to occur.

Since its creation, Momentum Invest has systematically analysed ESG criteria and extra-financial performance prior to any investment. This analysis, carried out in particular through due diligence made by external auditors, is formalized in an investment note. It highlights the main ESG risks and opportunities and is taken into account in investment decisions.

The consideration of sustainability criteria is formalized at each stage of the investment:

- During the pre-acquisition phase: systematic analysis of the sustainability criteria of the investment opportunity, internally and then in depth by an external auditor. At least one ESG clause is integrated into the shareholders' agreement and plans (i) ethical commitments on the part of management and the company, (ii) the determination of a detailed action plan, (iii) the publication of an Ethics Charter and an ESG Charter within the company and (iv) the production of periodic information and responses to ESG survey.
- During the post-acquisition phase: Assistance in establishing a roadmap with priority projects and annual improvement objectives by the management team of the company in which Momentum Invest has invested, taking into account the main ESG issues, particularly on climate change.
- During the holding period: Formal monitoring at least quarterly by the governance body and regular informal exchanges with the management teams of the companies in which Momentum Invest has invested throughout all of the investment period on all ESG issues and in particular on the priority projects defined in the post-acquisition phase, and an annual ESG survey sent to the companies on the platform Reporting21 (software provided by Sirsa, a service provider specialized in ESG reporting).

2.2. Sustainability risks mapping

During the investment process, Momentum Invest produces a sustainability risks map related to its portfolio companies' activities, in order to monitor these risks and the actions implemented to reduce them.

Focus on risks associated with climate change

Momentum Invest considers that climate risk is a major challenge for society. In line with its commitments and the French legislation, Momentum Invest regularly assesses the climate risk exposure of its investments with the management teams it supports.

Momentum Invest encourages its portfolio companies to assess their carbon footprint and asks to include it in the shareholders' agreement whenever it is possible.

Focus on risks associated with biodiversity

Momentum Invest takes into consideration the risks associated with biodiversity upstream of each acquisition, as part of an external audit. This risk is fully integrated in the investment decision process.

In addition, Momentum Invest encourages its portfolio companies to report annually on measures taken to protect biodiversity in its ESG survey.

3. Consideration of negative sustainability impacts (Article 4)

3.1. Identification of negative impacts

In accordance with articles 4.1.a), 4.2. and 4.5.a), we publish our policy for addressing the main negative impacts of our investment decisions on the sustainability factors. Negative impacts are those impacts of investment decisions that result in negative effects on sustainability factors (environmental, social, human rights and anti-corruption factors).

Momentum Invest has therefore chosen the "Comply" approach, although it is not obliged to take into account the main negative impacts.

Momentum Invest has excluded from its investment policy any company or entity from the following sectors:

- Economic activities that are illegal, or in opposition to the Universal Declaration of Human Rights adopted in 1948 by the United Nations Organization;
- The production and trade of tobacco and distilled alcoholic beverages;
- The production and trade of arms and ammunition of any kind;
- Casinos and their equivalents;
- Support, research and development related to the above activities, but also to pornography, production or trade related to human cloning, trade in wildlife or wildlife products regulated under CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora);
- Illegal access or downloading of electronic data networks.

Issues and negative impacts are identified during the pre-investment analysis, and they are taken into account in ESG action plans to improve the non-financial performance of investments.

The proactive commitment of Momentum Invest with the companies in which we invest is a key factor in our ESG approach. We work with the management of our portfolio companies to improve the sustainability of their business models, discussing with them on the specific issues of their business and the best ways to address them.

3.2. Monitoring negative impacts

Since its creation in 2018, Momentum Invest has been collecting data annually from each portfolio company on all ESG issues applicable to all sectors, through 117 indicators. These indicators have been selected based on recommendations and studies conducted by sector experts (France Invest ESG commission, PRI, external consultants).

The annual collection includes a specific section on climate issues to assess the exposure of portfolio companies to physical and transition risks and their adaptation strategies.

This tool allows them to consult the history and progress trajectories.

ESG reports are produced annually, since the first report in 2019 based on 2018 data collected from reporting tool.

The main negative impacts are therefore monitored annually.

3.3. International standards

The management company is a signatory of the **Principles for Responsible Investment (“PRI”)** of the United Nations. We make the following commitments in relation to the 6 UN principles:

- We integrate ESG issues into investment decision-making processes;
- We are active shareholders and consider ESG issues in shareholder policies and practices;
- We require portfolio companies to report on their ESG practices whenever possible;
- We promote the acceptance and application of the PRI in the investment industry;
- We cooperate with financial players that have committed to the PRI;
- We report on our activities and progress in implementing the 6 principles.

In order to contribute to the COP21 objective of limiting global warming to 2°C, Momentum Invest signed the **Initiative Climat International** in 2020. Therefore, we commit to:

- Recognize that climate change will have impacts on the economy, which represent both risks and opportunities for businesses;
- Integrate climate change into our investment process;
- Engage with our portfolio companies on action plans to reduce their greenhouse gas emissions.

All our commitments are defined in the **ESG Charter of Momentum Invest**, publicly available on its website.

4. Transparency of compensation policies with respect to the integration of sustainability risks (Article 5)

Momentum Invest aims to align the interests of employees with its long-term vision and promotes a strong risk management culture.

Consideration is being given to integrating sustainability risks into the remuneration of all employees in an objective and harmonized manner as soon as possible.