

SHIFT4GOOD

ARTICLE 29 REPORT

ENERGY-CLIMATE LAW

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About Shift4Good

Shift4Good SAS is a French independent management company co-founded by four seasoned investment professionals with strong expertise in investing in Europe and the rest of the world, including Israel, Asia, and the US. The founders, who share a common goal to have an impact in addressing environmental challenges, have decided to leverage their expertise and extensive network to launch Shift4Good Fund I, an impact venture capital fund focused on decarbonizing the transportation sector and minimizing other negative environmental contributors of this industry.

The founders are conscious and concerned that the world population cannot continue living, producing, and consuming the way it has been for the last few decades. Humanity's social and environmental issues have reached a tipping point. The team strongly believes that the time to shift is now. Directing significant amounts of private capital to the most promising entrepreneurs is an effective way to achieve the UN Global Goals by 2030 and help save our planet. The fund will only invest in companies whose mission involves a positive environmental impact.

Article 9 SFDR - Impact Fund

Shift4Good Fund I ("the Fund") is an impact fund that is aligned with Article 9 of the Sustainable Finance Disclosure Regulation (SFDR). It complies with all the requirements associated with this status. You can find the sustainability-related disclosures [here](#).

Shift4Good is dedicated to investing in sustainable companies that contribute to reducing the environmental impact of the transportation sector. The Fund is committed to investing 100% of its funds in companies that actively pursue this environmental objective.

Shift4Good adheres to impact investing framework:

Intentionality



S4G is actively committed towards complying with all sustainable development standards. The Fund will only invest in companies whose mission involves positive environmental impact. The Management Company has identified six Strategic Impact Objectives (SIOs). These SIOs are used to select investment opportunities upstream, based on companies' impact commitment. The Strategic Impact Objective #1 specifically addresses intentionality in the investment opportunities considered by the Fund. Shift4Good ensures that portfolio companies align with the SIO's as well as key recognized ESG standards and codes. Upon investing, Shift4Good and portfolio companies develop an impact plan along with the business plan. Moreover, the Fund intention is to adhere to international impact investing standards and norms.

Additionality



The Fund seeks to invest in companies that will be regional or global champions of a proprietary environmental solution. As such, the Fund's portfolio companies will be additional from an environmental and global perspective. The Fund implements a very "hands-on" model, in line with the methodology developed by the Management Company. First, the Investment Team and its network of experts help the portfolio company define impact performance indicators; then, the Investment Team, its network of experts and the entrepreneur design an appropriate impact plan with supportive impact KPIs and action plan. Finally, there will be frequent follow-up through workshops and annual audits to help the entrepreneur achieve his or her financial and impact goals. S4G's sector/impact/multi-corporate LPs specialization offers a strong capital and impact additionality, unique to date, to the portfolio companies considered.

Measurability



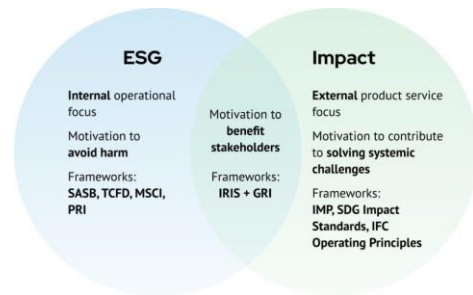
With the support of the Impact Committee, the Fund will determine for each portfolio company relevant impact performance indicators to appropriately assess non-financial performance. These indicators will be based on international standards such as IRIS+. The definition of SIOs will help the Fund and its Impact Committee to establish impact performance indicators with annual targets throughout the life of the investment concerned.

ESG policy and investment strategy

Shift4Good ESG approach

ESG investing refers to the infusion of funds in companies that meet ethical considerations of environmental, social, and governance standards.

Impact investing, on the other hand, refers to funds allocated to businesses driving environmental or social change, thereby creating impact.



Shift4Good is an Article 9 (SFDR) Impact fund, dedicated to Impact investing. It deploys a thorough impact methodology all along the investment process: (1) Impact screening which includes ESG assessment before investment, (2) Impact and ESG monitoring during the holding period, (3) At exit, impact objectives achievement validation.

Impact screening methodology

The Impact screening methodology consists of a 4-steps process assessed using proprietary questionnaires or international standards:

1. **Impact consideration:** Has the product/solution been designed with a focus on its impact? Are other negative impacts considered in the operations?
2. **Impact strategy:** How is the impact strategy implemented within the startup's activity (assessing leadership, implementation, and results)?
3. **SFDR alignment:** Does the investment align with SFDR sustainability criteria which include Principal Adverse Impacts (PAIs) indicators ?¹
4. **ESG assessment:** An external audit is performed by an external auditor for Series A investments, and it is internally audited for Seed investments to evaluate the startup's compliance with the best ESG standards. If needed, an action plan is defined to support the startup in achieving best ESG practices.

The ESG assessment is one element of the global impact screening process that enables to globally assess the 3 pillars: Environment, Social and Governance.

The impact screening is conducted in parallel with other due diligences and is fully integrated into the investment decision-making process. It carries equal weight to other due diligences and serves as a go/no-go criterion.

Impact monitoring during holding period

In order to maximize the positive impact of portfolio companies, the company, supported by the investment team & the Impact Committee establishes two relevant Impact KPIs. They reflect the positive impact of the company's activity on the environment. These KPIs are directly linked to the business plan & connect business growth with impact achievements. These KPIs are validated by Shift4Good Impact Committee and Advisory Committees. The Advisory Committee is composed of representatives from three major Limited Partners (LPs).

Shift4Good is committed to regularly monitoring these KPIs in dedicated meetings and, whenever possible, during Board meetings. Additionally, the Impact Committee holds quarterly meetings to update the investment team members on the progress and provide support to Shift4Good in monitoring the impact.

Assessment of Impact objectives achievement at exit

Upon the company's exit, an audit will be conducted to assess the achievement of the Impact KPIs for the company and evaluate its contribution to the overall impact of the Fund.

In order to incentivize Shift4Good team to achieve the Impact KPIs until the company's exit, 50% of the carried interest is linked to those KPIs.

¹ The SFDR sustainability assessment is composed of 3 steps:

- (1) Substantial contribution to one or several environmental objective assessed via the EU Taxonomy criteria;
- (2) Do Not Significantly Harm (DNSH) other environmental objectives assessed via the Principal Adverse Impact (PAI) indicators;
- (3) Governance Good practices assessed by S4G Governance compliance questionnaire and confirmed by an external auditor if needed.

This assessment is based on declarative information given by the company.

Integration of Sustainability risks into the investment process

Find more information in the Sustainability related disclosures [here](#).

Find more information in the Principal Adverse Impacts statement [here](#).

Exclusion policy

Shift4Good Fund 1 will not invest in any company which at the time of the initial Investment derives all or part of their revenues from:

- a) the production, trade and/or distribution of controversial weapons (including cluster bombs and munitions).
- b) an illegal economic activity (i.e., any production, trade or other activity, which is illegal under the laws or regulations applicable to the Fund or the relevant company or entity) and activities making use of animal testing;
- c) the production, trade and/or distribution of tobacco and distilled alcoholic beverages and related products;
- d) the production of pornography and related activities;
- e) the activity of prostitution or procuring of prostitutes;
- f) coal based activities, including, but not limited to, coal extraction and/or coal power generation and/or electricity via a coal powered plant and/or coal mining activity;
- g) casinos, gambling and equivalent enterprises; vii. biotechnologies (except lab food projects or related businesses);
- h) activities in breach of environmental regulations as provided in international treaties;
- i) products and commodities subject to French, US or European embargo;
- j) projects which have the effect of limiting people's individual rights and freedoms or violating their human rights as defined in international treaties;
- k) any business with a political or religious content;
- l) companies which would not represent due compliance with the minimum requirements relating to employment conditions (including the state of hygiene and safety at work for employees, sustainable use of natural resources, fair treatment for all employees in work relations relating to recruitment, promotion and compensation without regard for sex, race, skin color, language, disabilities, political opinions, age, religion or national or social origin, no significant payments or receipts (by way of compensation, gratuity or otherwise) intended to dishonestly obtain preferred treatment for the company, its representatives, shareholders or employees, or any member of the group of companies to which it belongs; or regarding which the Management Company would reasonably determine that they would not comply with these conditions;
- m) the research, development or technical applications relating to electronic data programs or in any event production of and trade in solutions, which are intended to enable one to illegally enter into electronic data networks; or download electronic data;
- n) human cloning;
- o) genetically modified organisms ("GMOs"); xvi. the exploration, exploitation, development, extractions and/or acquisition of resources;
- p) arctic drilling in relation to the extraction of fossil fuels, which increases the risk of pollution and accidents and negatively affect the biodiversity;
- q) highly polluting extraction methods, e.g., extraction of oil, coal and/or gas; xix. bottom trawling fishing along the sea floor, which disrupts the biodiversity and risks bycatching;
- r) which contributes to or is responsible for material and/or systematic violations of the human rights that are specified by the UN Universal Declaration of Human Rights or labor rights as specified by the UN/International Labor Organization (ILO) core conventions as set out at www.ilo.org (e.g. murder, torture, deprivation of liberty, forced labor, child labor or other form of child exploitation); xxi. which is associated with material and/or systematic corruption.

Allocated resources to ESG objectives

Shift4Good team

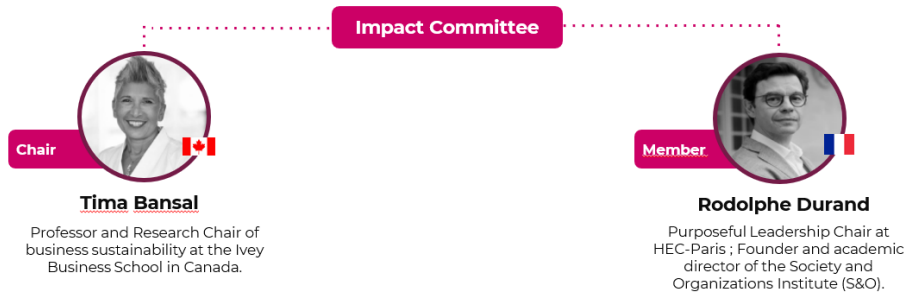
The Fund being dedicated to impact investing, each and every Shift4Good team member dedicates time to impact tasks. Sample activities include: prospect investment impact assessment, impact plan building and monitoring, reporting. Additionally, one Founding & Managing Partner has led the impact strategy definition and is responsible for managing the Fund's impact performance.

The Operating Partner, on the other hand, serves as the internal point of reference for ensuring Environmental, Social, and Governance (ESG) compliance. She communicates frequently with the Impact Committee, act as the first point of contact for discussing impact with portfolio companies, and ensures transparent communication about portfolio impact with the Fund's Limited Partners (LPs).

Reporting to Limited Partners

Shift4Good will provide reporting to its Limited Partners (LPs) according to their specific needs. This is done on a quarterly basis through dedicated reporting and/or annually through the Shift4Good Impact Reporting.

The Impact Committee



The Impact Committee serves as the guarantor of the Fund's consistency with the Impact Strategy. It is the decision-making body for the Impact Key Performance Indicators (KPIs) of prospective and/or actual investment. Its role is to establish guidelines regarding the desired impact and calculate financial returns directly related to impact. The Impact Committee is responsible for verifying the claimed benefits of an investment in terms of direct and indirect impact of its business.

The Impact Committee is also responsible for monitoring the selected metrics and indicators throughout the investment's duration. It ensures that the desired impact is being achieved and verifies annual audits, as the case may be, to check the impact performance of the Fund.

Shift4Good Financial product

SFDR Article	Number of product	Asset under Management (EUR M) 03/31/2023	Asset under Management (%) 03/31/2023
Article 9	1 (Shift4Good Fund I)	112,4	100%

References to International standards

International standards best practices

Shift4Good is an Impact fund in line with Article 9 of the Sustainable Finance Disclosure Regulation (SFDR) (see Sustainability related disclosures [here](#)).

In addition, the Management Company is already committed to complying with standards and recommendations, on a voluntary basis, of organizations such as France Invest. The impact process of the Management Company is largely inspired by the recommendations of the Impact Commission of France Invest in terms of intentionality, additionality and measurability.

Shift4Good is aligned with international guidelines and frameworks on impact investing: the IFC's Operating Principles for Impact Management, recommendations from the Global Impact Investing Network and from the Impact Management project.



It is specified that the above measures and process may be adapted and modified by the Management Company in order to take into account regulatory changes and the publication of future standards.

Internal ESG practices

Impact & ESG are at the heart of Shift4Good's DNA. Shift4Good has designed an internal charter covering all aspects of the internal ESG policy covering three categories :

Human resources

- Carbon offset when travelling;
- Continuous training on sustainability (e.g. the entire Management Team has taken a training course on the circular economy with Delft); and
- Mindset alignment with S4G charter for each new recruit;
- Continuing education on sustainability
- Gender & diversity targets in internal staff;
- Gender & diversity targets of staff in portfolio companies;
- Fair and transparent wage policy;
- An Impact Carried representing 50% of the carried interest; and
- A transparent governance as a key value.

Carbon offset

- Reducing travel wherever possible. The Management Team always tries to conduct initial introductory meetings with its investment opportunities via video conference. In addition, employees are asked, when they can afford it, to use low-carbon transportation methods in their business travel;
- Holding the 1st Investment Committees by video conference (only Financial Managers present in the same country will be required to meet);
- Paper printing is limited to what is strictly necessary and only for administrative papers or those requiring external use. In addition, employees are asked to use recycled paper (business cards, envelopes, etc.) whenever possible; and

Communication & Learning

- Workshops about sustainability for portfolio companies: the S4G experts' community is a great resource for education and best practice implementation;
- Workshops about sustainability with the Fund's LPs and the ecosystem: the S4G experts' community is a great resource for education and learning; and
- Membership in professional associations to standardize and improve the impact investing market.